



mandiri

friend of the nation

2015 Annual Report

PT BANK MANDIRI (PERSERO) Tbk.
www.bankmandiri.co.id

mandiri

friend of the nation

Bank Mandiri as a friend of the nation represents a concept of services offered by the largest bank in Indonesia; with products and services in hand, the Bank is capable of inspiring, working and growing together as well as providing support to the whole society.

Adhering to the principles of good corporate governance, during the year 2015 Bank Mandiri did not only manage to carry out its business plan, make progress and record business growth, but it also made significant contributions to improving the welfare of the society. Bank Mandiri is committed to consistently be a friend of the nation by undertaking work in national development to achieve the future goal of bringing on a better Indonesia.

It is our aspiration to be able to give the best to all the stakeholders through economic prosperity, social welfare and nature conservation so that we can continue to contribute to achieving a sustainable Indonesia.

Disclaimer

This annual report contains statements concerning the financial condition, operational results, projections, plans, strategies, policies, and objectives of the Company, all of which are categorized as forward-looking statements under the definitions contained in the laws and regulations, save for matters of an historical nature. Such forward-looking statements are subject to a number of risks and uncertainties, and 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.

This 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.





theme continuity



2012

MANDIRI FOR WHATEVER YOUR DREAMS

As the largest financial institution in Indonesia, Bank Mandiri is committed to swift, proactive and innovative responses in delivering solutions to the financial needs of all our customers.

2013

PROSPEROUS SPIRIT

We are imbued with what we call “prosperous spirit,” whereby our goals are to promote national economic growth, develop and grow the business sector, keep the wheels of the economic turning, and help realize the dreams of our customers.

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.

annual report at a glance

Welcome to the 2015 Bank Mandiri Annual Report. The theme of the annual report this year is “Mandiri, Friend of the Nation”, which symbolizes our aspiration to be able to give the best to the country. This is achieved by undertaking the Bank’s business plan which promotes progress and business growth in the long run, as well as makes tangible contributions to improving the welfare of the wider society. A goal of bringing on bigger things than merely doing work, one which is imbued with a high spirit, has placed Bank Mandiri as the best performance bank.

The annual report was written based on an in-depth assessment of the outlook for the Bank’s business and the dynamics of the banking industry in 2015, suffused with the spirit of achieving greater goods for Indonesia. The report provides comprehensive and detailed information on the performance and statements of financial position, income, and cash flow of the Bank. It also provides an overview of the duties, roles, and functions of the bodies established as part of the organizational structure of Bank Mandiri, and how they reflect the implementation of good corporate governance.

The main objective of the report is to enhance the understanding and trust of all stakeholders by providing appropriate, balanced, and relevant information on the Bank so that all employees, executives and shareholders can obtain adequate information related to the strategies and policy measures that have been and will be taken following the Bank’s achievements in 2015.

For Bank Mandiri, the annual report is not just a mechanism for reporting management accountability to the General Meeting of Shareholders, but rather serves as an effective medium of communications to all stakeholders about the performance and prospects of the Company in the future. It also represents a form of good corporate governance implementation, as well as a means for Bank Mandiri of obtaining input from various stakeholders while at the same time further consolidating the Bank’s position as the best and biggest bank in Indonesia.

notes to readers of the report

In all tables and graphs presenting numeric data, the Indonesian standard is used. Where the numerical values are presented in text format, English and Indonesian standards are used respectively.

priceless heritage



1

Head Office of ex-legacy bank, PT Bank Pembangunan Indonesia (Persero) or Bapindo



2

Head Office of ex-legacy bank, PT Bank Bumi Daya (Persero) or BBD



3

Head Office of ex-legacy bank, PT Bank Dagang Negara (Persero) or BDN



4

Head Office of ex-legacy bank, PT Bank Export Import (Persero) or Bank Exim

“Armed with a long history and the spirit of building an independent Indonesia, Bank Mandiri has and will continue to demonstrate its commitment to making a maximum contribution to the growth and development of the Indonesian economy”

Consolidation and Integration

Immediately following the merger, Bank Mandiri embarked on a comprehensive process of consolidation, including the successful implementation of its new, integrated core banking system to replace the separate core banking systems of the four legacy banks.

Since its inception, Bank Mandiri's performance has continued to improve, as evidenced by an increase in profit from IDR 1.18 trillion in 2000 to IDR 5.3 trillion in 2004. In addition, the Bank successfully conducted an initial public offering of 20% of its shares, or the equivalent of 4 billion shares, on July 14, 2003.

Transformation Phase I (2005-2010)

The year 2005 marked a turning point for Bank Mandiri in which the Bank resolved to become a Regional Champion Bank. To achieve this goal, Bank Mandiri formulated its Transformation Program based on 4 (four) key strategies, namely:



In order to achieve the aspirations of becoming a Regional Champion Bank, Bank Mandiri is to transform gradually through three (3) phases:



The transformation process from 2005 to 2010 has consistently improved Bank Mandiri's performance, as reflected in its financial parameters. In tandem with the transformation of its business, the Bank has conducted a process of corporate culture transformation by redefining the values of its corporate culture and embedding them in the employee code of conduct. The Bank adopted 5 (five) corporate culture values, also known as "TIPCE": Trust, Integrity, Professionalism, Customer Focus and Excellence.

Transformation Phase II (2010-2014)

To maintain and continue to improve its performance, Bank Mandiri launched its 2010-2014 continuing transformation program. It was part of the Bank's concerted efforts to revitalize its vision "To be the

most admired and progressive Financial Institution in Indonesia". With this vision, the Bank focused its business transformation in 2010 on three areas as follows:

01

Wholesale Transaction

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

02

Retail Deposit & Payment

Become the bank of choice in retail deposit and payment by providing unique and top-quality banking experience to the customers.

03

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.

The success of our 2010-2014 continuing transformation program is shown by the achievement of a market capitalization of IDR 251.4 trillion, return on assets of 3.39% and a non-performing loan ratio of 2.15%. Bank Mandiri has also successfully retained the title as "the best bank in service excellence" for 7 (seven) consecutive years from the Marketing

Research Indonesia (MRI) and the title as "Most Trusted Company" for 8 (eight) years in a row from The Indonesia Institute for Corporate Governance (IICG). Afterwards, by the year 2020 the Bank aims to enter the Top 3 Banks in ASEAN in terms of market capitalization and become a major player in the region.

Transformation Phase III (2015-2020)

Starting Transformation Phase III for the period 2015-2020, the Bank has been conducting business transformation and sustainable management of the

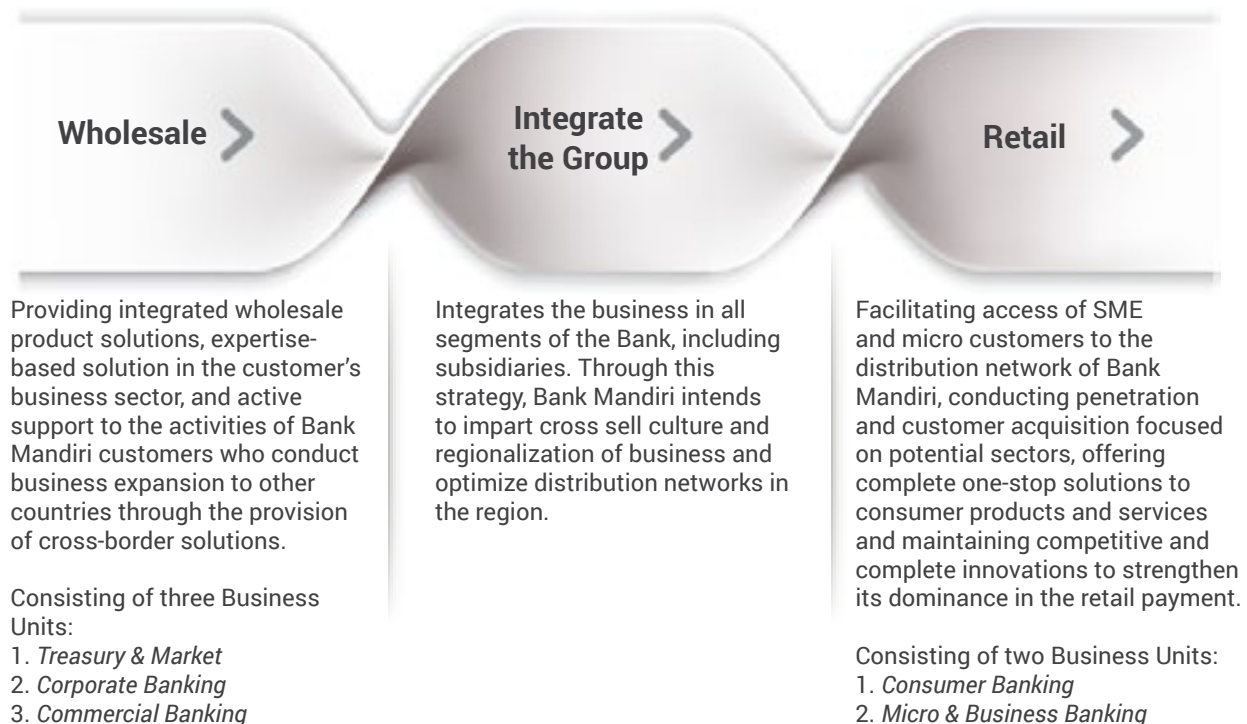
organization in achieving its vision “To Be The Best Bank in ASEAN by 2020”. The vision statement is as follows:

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

02 Determined **to be the pride of the nation** and every person who works in the bank has a responsibility to be fulfilled through the best practices in management and good corporate governance.

03 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 achieve this vision, Bank Mandiri’s growth strategy in the future will be focused on three (3) main areas as follows:



Those three focus areas are supported by organizational strengthening to provide integrated service solutions, improvements of infrastructure

(offices, IT, operations, risk management) and human resource strengthening.

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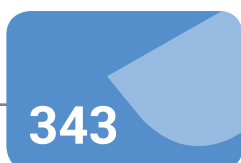
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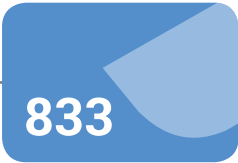
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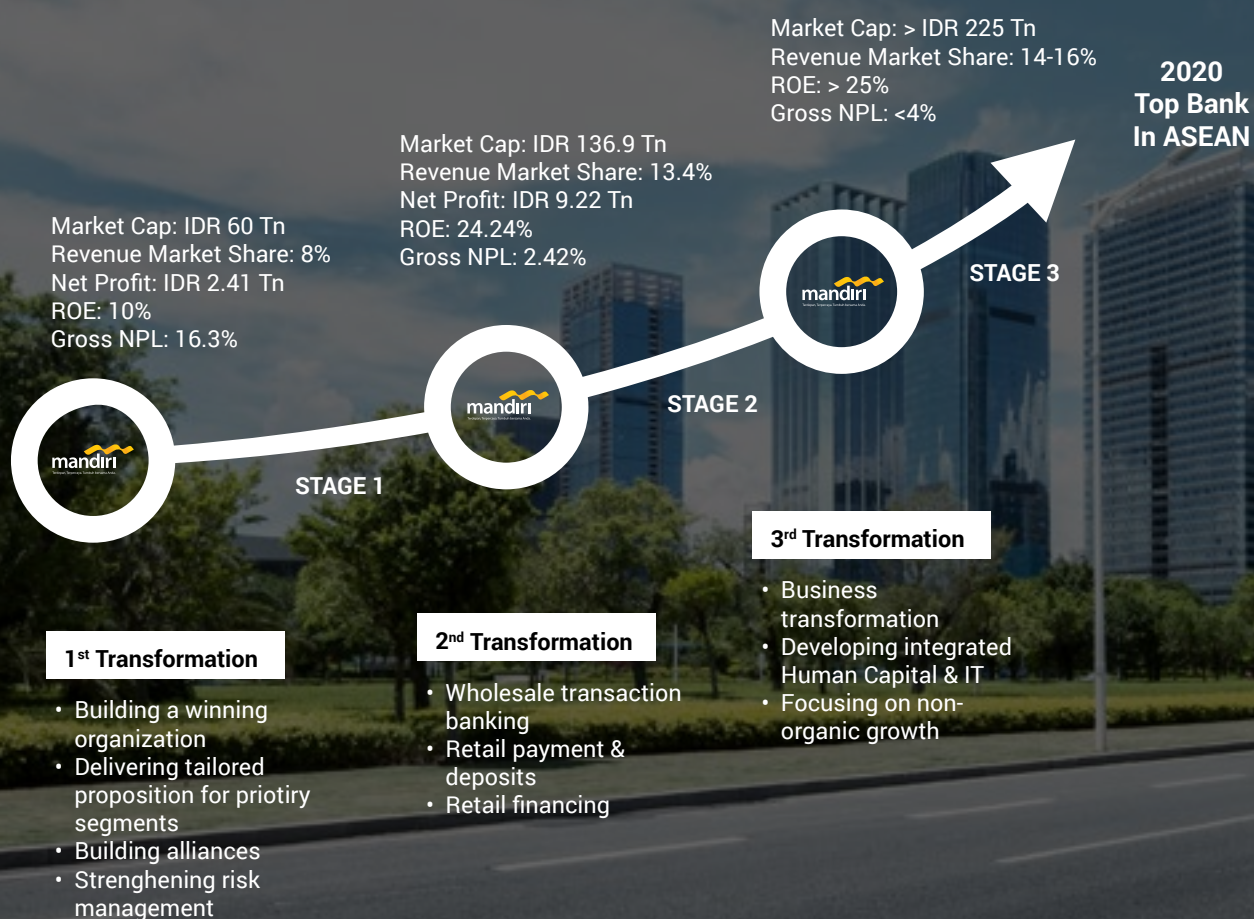
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OJK REFERENCE FINANCIAL REPORT

We Ready for the Next Journey





The Bank continues to play an active role in developing Indonesia in order to achieve the aspiration of becoming “a great, self-reliant nation”, with a focus on running businesses that positively impact the people’s lives and communities through financing of both productive sector and consumption.

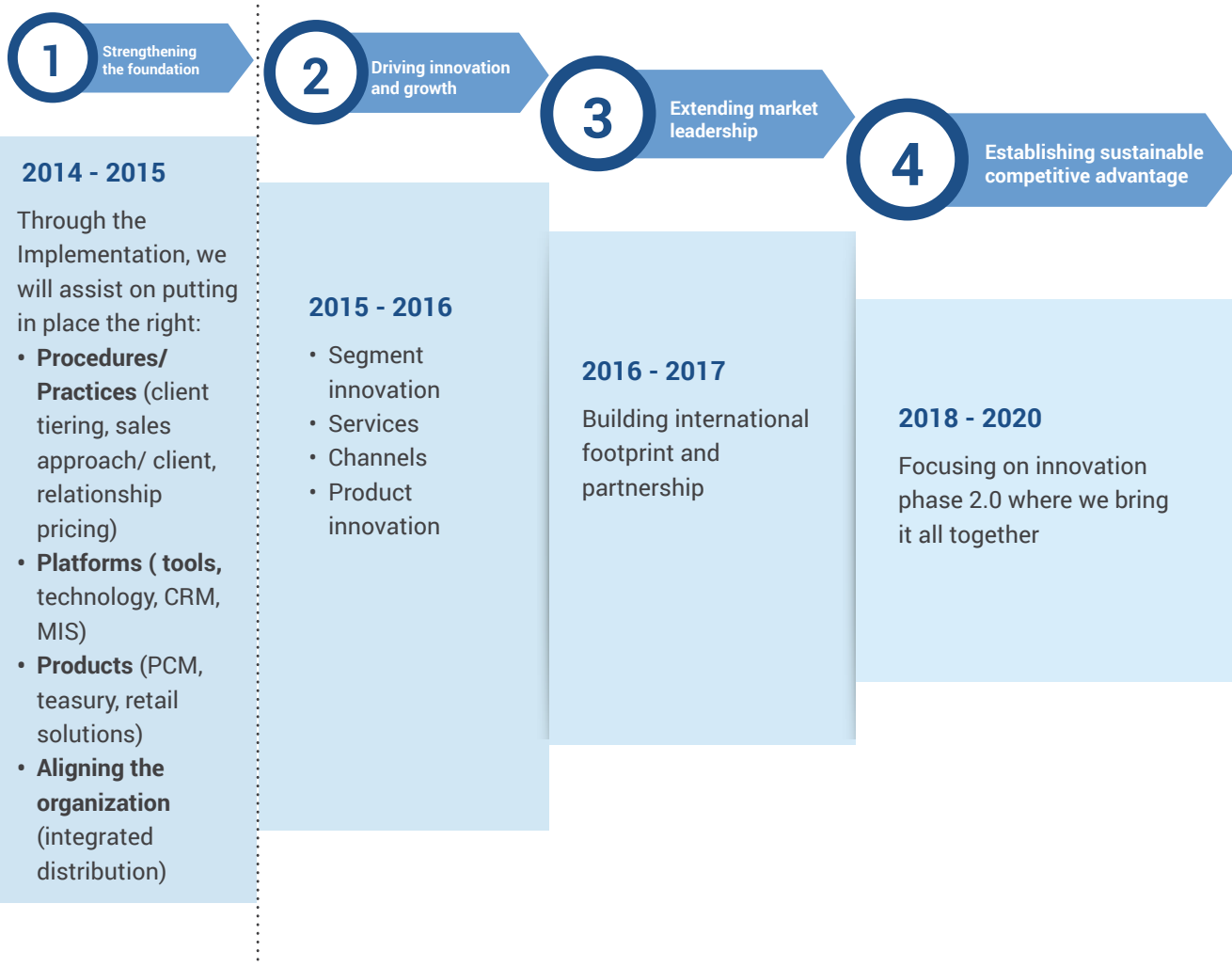
Bank Mandiri Group has financed a number of construction projects of toll roads in different cities, financed 25% of the construction of national power plants, and financed the phase II of Belawan Sea Port construction.

The year 2015 marked a new chapter in the Transformation Phase III to become the Best Bank in ASEAN by 2020. Transformation Phase III will bring the Bank into a regional player that is ready for competing at the ASEAN level in providing the best financial services for all customers and the community as well as becoming the pride of Indonesia as the best financial institution in ASEAN.

Road Map to Become the Best Bank in ASEAN by 2020

Key immediate focus

Natural progression from setting strong foundations

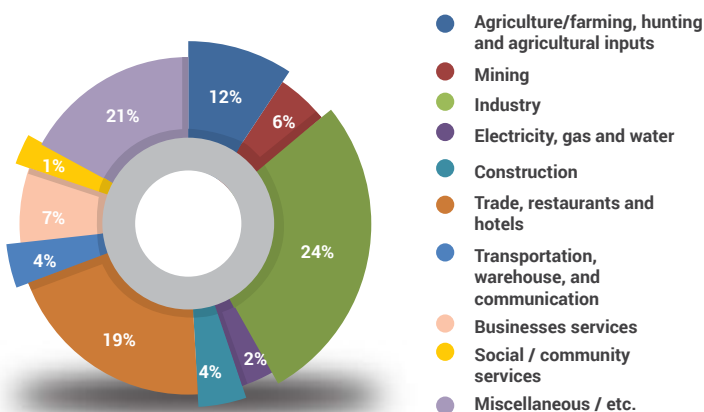


Performance targets in 2015 were well achieved, even exceeded, despite the global economic conditions which have not shown full recovery. Liquidity conditions were reflected by the LDR ratio of 87.05%, the quality of earning assets well maintained with credit growth (net) reaching 12.36% and the net NPL ratio remaining at the level of 0.60%, increased share of low-cost funds to at least 64.9%, increased profitability with fee-based income growing to 28.81% and the efficiency ratio reaching 39.5%.

Mandiri Spirit to Build the Nation

Bank Mandiri actively contributes to national development for the betterment of the nation by continuing to support financing in various industrial sectors, including the fields of energy, telecommunications, oil and gas, transport and various other areas of infrastructure. We continue to enhance our role by pushing financing to sectors which give multiplier effects to the economy and the wider society.

Loan Portfolio by Economic Sector



The Realization of Infrastructure Financing

- Construction of several toll roads in many cities
- Construction of the tracks and railings as Soekarno Hatta Airport supporting facilities
- Construction of Belawan sea port Phase II in North Sumatra
- Co-finance 25% of the financing needs of the national power plants with a capacity of 3,040 Megawatts

Mandiri Floating Cash Office Reaches Communities around the Rivers

As a means of promoting banking literacy among the community living in watersheds, Bank Mandiri Regional Office IX Banjarmasin launched Mandiri Floating Cash Office. With this service, the Bank reaches out to the floating market players, businesses and communities living around the rivers. The locations are along the flows of Martapura and Barito Rivers.

However, the operational activities of the floating cash office have not been optimal yet, given the limited frequency and the range of services provided which are offline. However, in the future the Regional Office IX Banjarmasin will make various efforts to improve the services of Floating Cash Office, primarily related to the operational schedule, and seek approval from the Financial Services Authority (OJK) to make the Floating Cash Office an official electronic banking office.



Developing Wider Digital Banking Services

Bank Mandiri continues to enhance its network throughout the country, supported by 17,388 ATMs and 286,861 EDCs spread across the country and integrated online in a real time manner.



Being the Best since the Days of Branch Office to the Branchless Banking Era

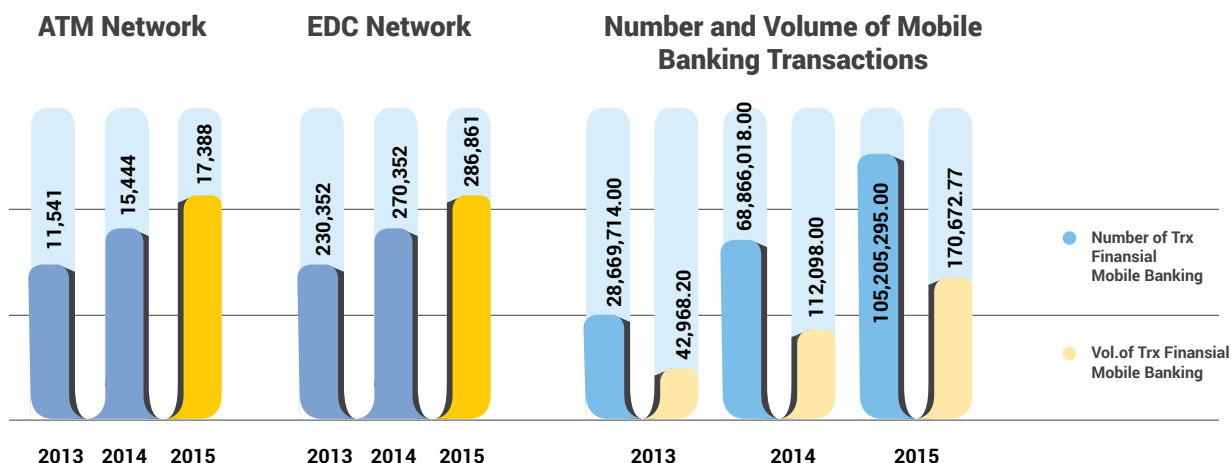
Currently, banks no longer have to be physically present to serve their customers. E-channel sector has to date continued to penetrate the daily life of the people of Indonesia. In 2015 the Marketing Research Indonesia (MRI) and Infobank Magazine conferred its annual Bank Service Excellence Monitor (BSEM) award. For the 8th time, the Bank was awarded the best bank service excellence. Bank Mandiri continues to strive to provide the best service for the customers, mainly related to the customer service aspects.

USD180 million to develop its IT network

IDR800 billion to build new network offices

2,457 regular and micro branches

17,388 ATMs





Delivering Branchless Banking (Laku Pandai) Program to the Regions

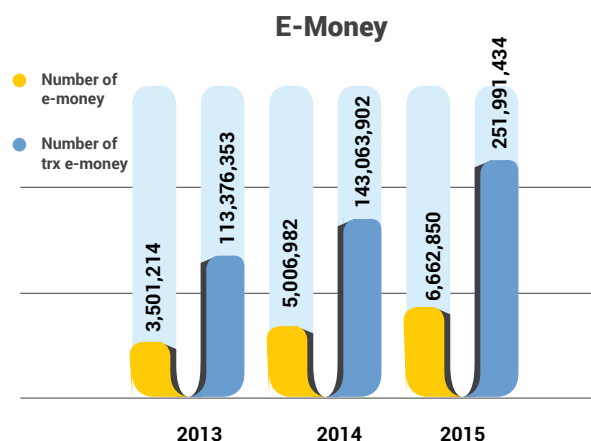
Of the total population of Indonesia, which reached 249 million in 2013, there are still 48% who have yet to gain access to financial services.

“Laku Pandai”, an abbreviation of Layanan Keuangan Tanpa Kantor Dalam Rangka Keuangan Inklusif (Financial Services through Branchless Banking for Financial Inclusion), refers to a program for providing banking services and/or other financial services through cooperation with other parties (bank agent) which is supported by the use of IT infrastructure. The purpose of the Laku Pandai program is providing financial products that are simple, easy to understand, and suitable to the needs of people who have not been able to access to today’s financial services so as to encourage economic growth and equitable development among different regions in Indonesia, especially between rural and urban areas.

Bank Mandiri and the Financial Services Authority (OJK) inaugurated the launch of the Laku Pandai Program in Pasar Burung-Burung, Gowa, South Sulawesi. Bank Mandiri supports the OJK in initiating the program to promote equitable access to financial services for the people of Indonesia.

Bank Mandiri has in itself supported expansion of access to financial services since 2013, through the trial of branchless

banking services along with four other banks, both public and private. In October 2014, the Bank also became the bank piloted for channeling government assistance through bank agents using electronic money products and Mandiri e-cash. Currently, the number of Mandiri e-cash users, including beneficiaries of government assistance, reached more than 1 million customers with as many as 391 agents and targeted will be more than 9,000 agents at the end of 2015.



summary of important financial information for the last five years

Consolidation-including subsidiaries (in US \$ Million)

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

(in IDR million)					
Description	2015	2014	2013	2012 ¹⁾	2011 ¹⁾
Financial Position					
Total Assets	910,063,409	855,039,673	733,099,762	635,618,708	551,891,704
Credit ²⁾ - Gross	595,457,650	529,973,541	472,435,041	388,830,299	314,380,848
Government Bonds	103,869,361	86,153,906	82,227,428	79,072,173	78,661,519
Equity Investment - Net	48,394	55,490	4,667	4,306	6,498
Total Liabilities³⁾	790,571,568	750,195,111	644,309,166	559,863,119	489,237,296
Third Party Funds - Customer Deposits ³⁾					
Current Accounts	172,165,990	128,067,091	123,445,524	113,911,014	92,616,188
Savings Accounts	271,707,530	252,444,999	236,510,887	202,216,209	163,779,820
Time Deposits	232,513,741	255,870,003	196,385,250	166,786,895	165,854,396
Other interest bearing liabilities	57,717,893	53,870,042	39,570,135	32,613,314	32,420,514
Capital/Equity⁴⁾	119,491,841	104,844,562	88,790,596	75,755,589	62,654,408

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

(in IDR million)

Description	2015	2014	2013 ¹⁾	2012 ¹⁾	2011 ¹⁾
Profit and Loss Statement					
Interest Income					
Including Interest on Government Bonds	71,570,127	62,637,942	50,208,842	42,550,442	37,730,019
Excluding Interest on Government Bonds	66,296,272	58,003,439	46,725,244	39,475,434	33,516,005
Net Interest Income¹⁾					
Including Interest on Government Bonds	45,363,103	39,132,424	33,809,418	28,421,569	22,535,156
Excluding Interest on Government Bonds	40,089,248	34,497,921	30,325,820	25,346,561	18,321,142
Other Operating Income	18,378,678	14,687,815	14,686,637	11,897,822	11,768,351
Other Operating Expenses ¹⁾	28,754,543	25,374,351	22,533,779	19,804,005	17,071,195
Reserve for Impairment (CKPN) Expenses	11,664,837	5,718,130	4,871,442	3,423,067	3,297,670
Profit before Tax	26,369,430	26,008,015	24,061,837	20,504,268	16,512,035
Net Profit in Current Year	21,152,398	20,654,783	18,829,934	16,043,618	12,695,885
Profit attributable to owner of parent company	20,334,968	19,871,873	18,203,753	15,504,067	12,246,044
Profit attributable to non-controlling interests	817,430	782,910	626,181	539,551	449,841
Comprehensive profit (loss)	20,446,829	21,482,680	17,996,086	16,256,581	12,479,456
Comprehensive profit attributable to owner of parent company	19,658,155	20,699,770	17,369,905	15,717,030	12,029,615
Comprehensive profit attributable to non-controlling interests	788,674	782,910	626,181	539,551	449,841
Net Earnings per Share (in IDR)	871.50	851.66	780.16	664.46	529.33

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

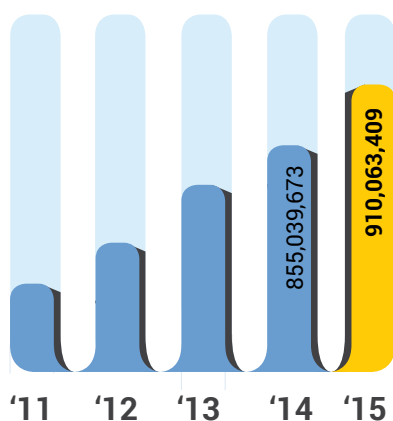
Description	2015	2014	2013	2012	2011
FINANCIAL RATIOS (Bank Only)					
Capital					
Capital Adequacy Ratio (CAR)	18.60%	16.60%	14.93%	15.48%	15.34%
Productive Assets					
Productive & Non-Productive Assets to total productive assets & non-productive assets	1.56%	1.15%	1.17%	1.17%	1.43%
Non-performing productive assets to total productive assets	1.96%	1.42%	1.43%	1.45%	1.59%
Financial asset CKPN to productive assets	3.10%	2.61%	2.86%	2.77%	2.84%
Non-Performing Loans (Gross NPL)	2.29%	1.66%	1.60%	1.74%	2.18%
Net NPL	0.60%	0.44%	0.37%	0.37%	0.45%
Profitability					
R O A	3.15%	3.57%	3.66%	3.55%	3.37%
R O E	23.03%	25.81%	27.31%	27.23%	25.57%
N I M	5.90%	5.94%	5.68%	5.58%	5.29%
B O P O	69.67%	64.98%	62.41%	63.93%	67.22%
Liquidity					
L D R	87.05%	82.02%	82.97%	77.66%	71.65%
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	7.50%	8.00%	8.00%	8.00%	8.00%
Minimum Demand Deposits in Foreign Currencies	8.50%	8.49%	8.10%	8.01%	8.06%
Net Exchange Position	2.91%	2.01%	2.40%	1.27%	1.50%

Note:

The Information concerning Stock Price is outlined further on "Information for Shareholders and Investors" section.

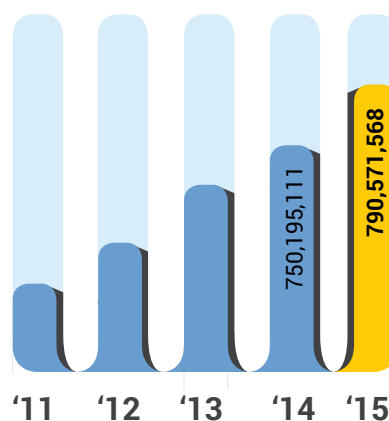
Description	2015	2014	2013	2012	2011
Number of Branch Offices	2,457	2,312	2,050	1,810	1,537
Number of ATM Machines	17,388	15,444	11,514	10,985	8,996
Number of ATM-LINK Machines	53,957	47,327	40,127	33,465	22,794
Number of Third-Party Accounts (in IDR million)	16.9	15.7	14.0	13.7	11.9
Number of Employees	36,737	34,696	33,982	30,762	27,907

Total Assets



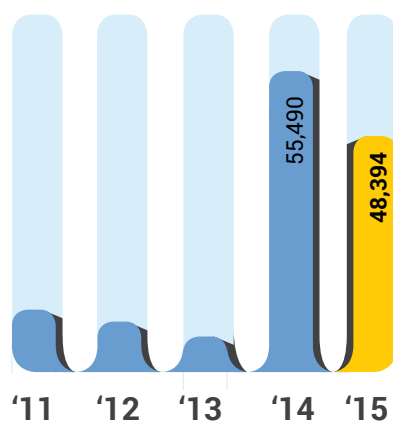
Total Assets increased from Rp855,039,673 million in 2014 to Rp910,063,409 million in 2015

Total Liabilities



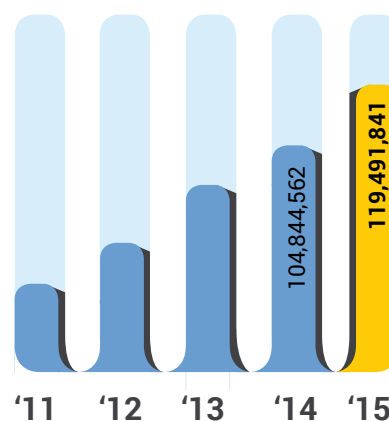
Total liabilities increased from Rp750,195,111 million in 2014 to Rp790,571,568 million in 2015

Equity Investments-Net



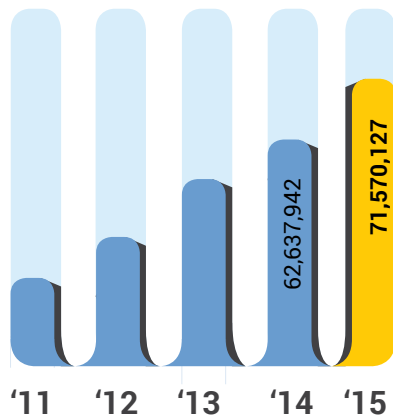
Equity investments - net decreased from Rp55,490 million in 2014 to Rp48,394 million in 2015

Total Equity



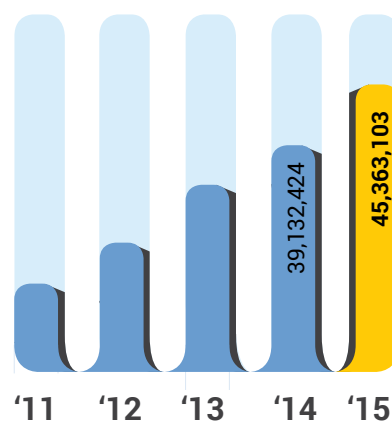
Equity increased from Rp104,844,562 million in 2014 to Rp119,491,841 million in 2015

Interest Income



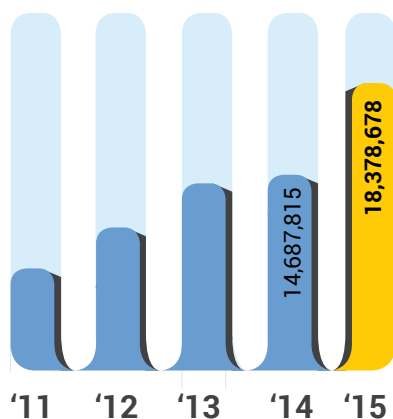
Interest Income increased from Rp62,637,942 million in 2014 to Rp71,570,127 million in 2015

Net Earnings



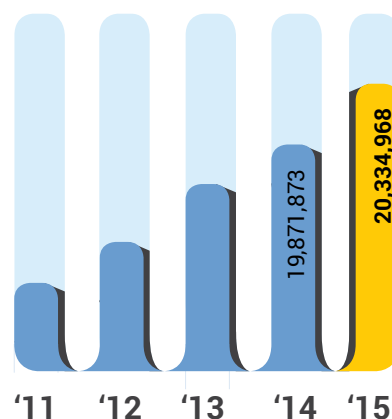
Net Earnings increased from Rp39,132,424 million in 2014 to Rp45,363,103 million in 2015

Other Operating Income



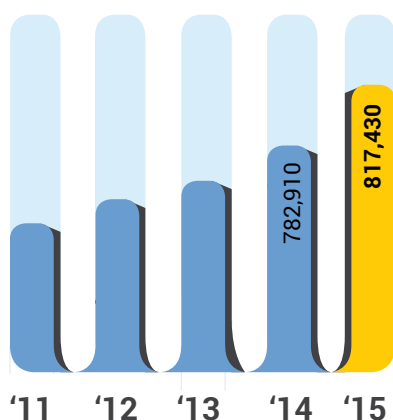
Other Operating Income increased from Rp14,687,815 million in 2014 to Rp18,378,678 million in 2015

Total Profit Attributable to Owner of Parent Company



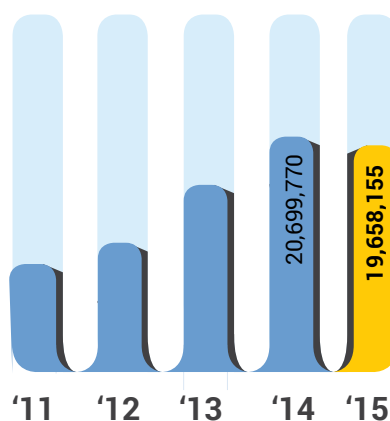
Total Profit attributable to owner of parent company increased from Rp19,871,873 million in 2014 to Rp20,334,968 million in 2015

Profit Attributable to Non-Controlling



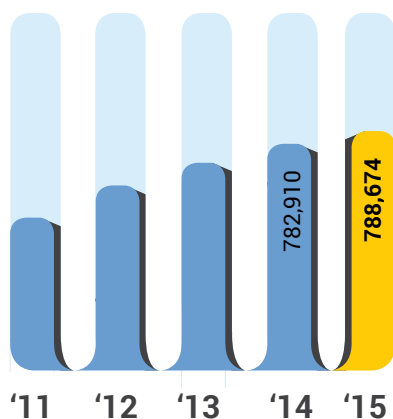
Profit attributable to non- controlling interests increased from Rp782,910 million in 2014 to Rp817,430 million in 2015

Comprehensive Profit Attributable to Owner of Parent Company



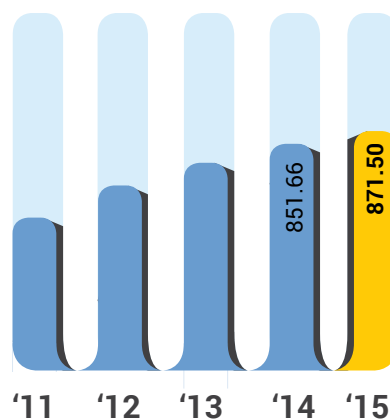
Comprehensive profit attributable to owner of parent company decreased from Rp20,699,770 million in 2014 to Rp19,658,155 million in 2015

Comprehensive Profit Attributable to Non-controlling Interests



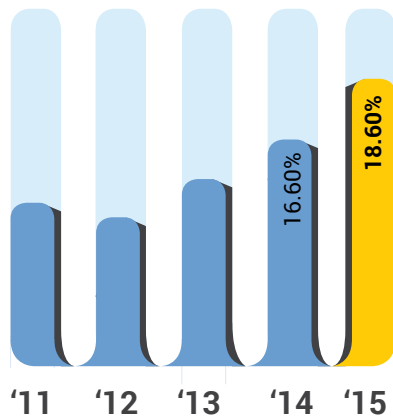
Comprehensive profit attributable to non-controlling interests increased of Rp782,910 million in 2014 to Rp788,674 million in 2015

Earnings per Share



Earnings per Share (Rp) increased of Rp851.66 million in 2014 to Rp871.50 million in 2015

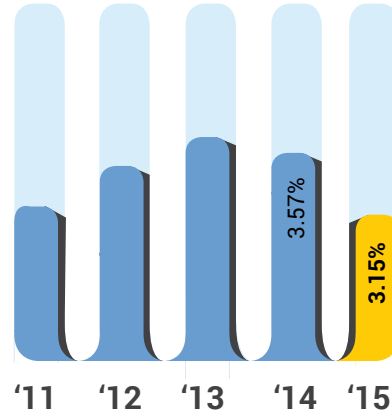
Capital Adequacy Ratio (CAR)*



Capital Adequacy Ratio (CAR)
increase from 16.60 % in 2014
became 18.60 % in 2015

*) Bank only

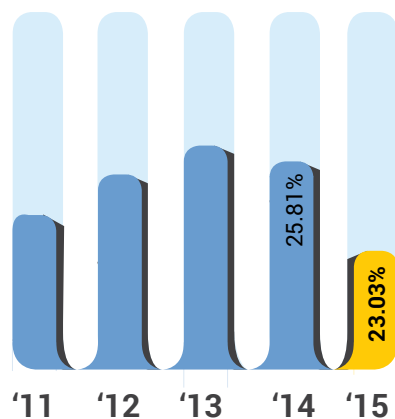
Return on Asset (ROA)*



Return on Asset (ROA) decreased number of
3.57% in 2014 to 3.15% in 2015

*) Bank only

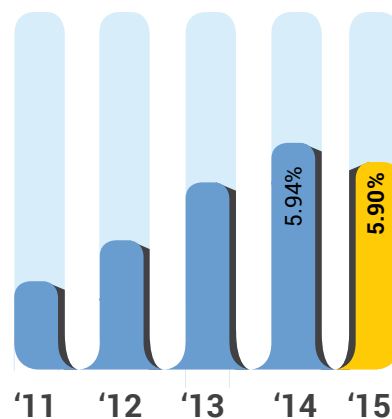
Return on Equity (ROE)*



Return on Equity (ROE) decreased
from 25.81 % in 2014 became 23.03 %
in 2015

*) Bank only

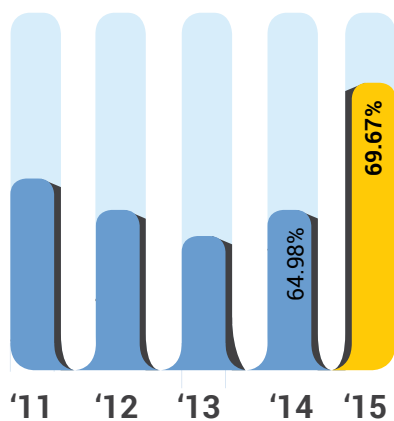
Net Interest Margin (NIM)*



Net Interest Marging (N I M) decreased from
5.94% units in 2014 to 5.90% in 2015

*) Bank only

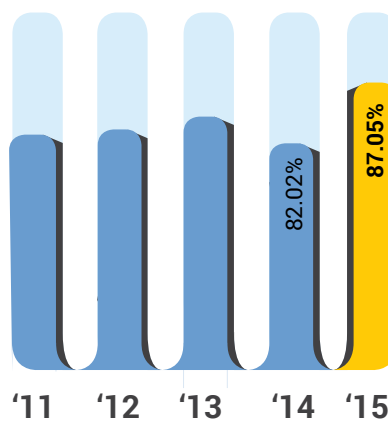
Biaya Operasional terhadap Pendapatan Operasional (B O P O)*



B O P O increases from 64.98 % in 2014 to 69.67 % 2015

*) Bank only

Loan to Deposit Ratio (L D R)*



Loan to Deposit Ratio (LDR) increasing number of 82.02 % in 2014 to 87.05 % in 2015

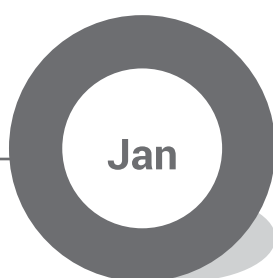
*) Bank only

awards and certifications

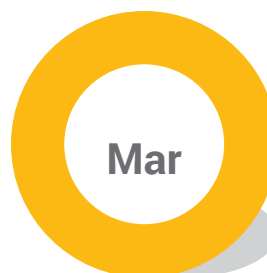


Awards

Bank Mandiri consistently strives to give optimal returns to all stakeholders, as evidenced by the fact that it has obtained more than tens of awards and accolades from leading domestic and international institutions as follows.



	Name of Award	Award Category	Presented by
01	The Asset Triple A Country Awards 2014 Dinner .	The Best Bank in Indonesia.	The Asset.
02	8th Annual Best Deal & Solution Awards 2014	Best Loan Deal Of the Year In South-east Asia. Best Receivable Solution Of the Year In Southeast Asia.	Alpha Southeast Asia.



	Name of Award	Award Category	Presented by
03	Corporate Treasurer Awards 2014.	Best Bank in Indonesia.	Corporate Treasurer.
04	The Asian Banker Excellence in Retail Financial Service Award.	Best Trade Finance Bank in Indonesia Best Retail Banking in Indonesia.	The Asian Banker .
05	Infobank Award.	1. 1 st Place, Wealth Management. 2. 2 nd Place, KPR. 3. 3 rd Place, Tabungan. 4. 3 rd Place, Kartu Kredit. 5. 3 rd Place, Kartu Debit.	Infobank.

Apr

	Name of Award	Award Category	Presented by
06	Indonesia Most Admired Company 2015 Indikator .		Warta Ekonomi Magazine
07	BUMN Award.	1. 3 rd Place, Kategori Transparansi. 2. 3 rd Place, Kategori Kontribusi Ekonomi.	BUMN Track.

Jun

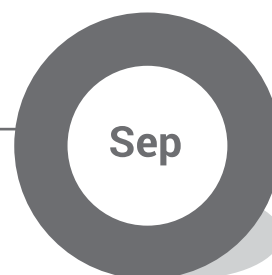
	Name of Award	Award Category	Presented by
10	Banking Service Excellence 2015.	1. Golden Trophy for Bank Service Excellence for 8 consecutive years 2. The Most Consistent Bank in Service Excellence. 3. 1 st Place, the Most Consistent Bank in Service Excellence. 4. 1 st Place, the Best Teller 5. 1 st Place, the Best Security 6. 1 st Place, the Best Branch Phone Services 7. 1 st Place, the Best Branch Phone Services 8. 1 st Place, the Best Mobile Internet 9. 1 st Place, the Best Internet Banking 10. 1 st Place, the Best Phone Banking 11. 2 nd Place, the Best Customer Service 12. 3 rd Place, the Best SMS Banking	Infobank dan Marketing Research Indonesia (MRI).
11	Bisnis Indonesia Award 2015.	The Best Issuer in Financial Sector - Banking CEO of the Year, Mr. Budi G. Sadikin	Bisnis Indonesia.
12	Investor Best Bank 2015.	3 rd Place, Best Bank Aset di atas Rp100 triliun.	Investor Magazine
13	Asia Responsible Entrepreneurship Award.	For the CSR Category through Mandiri Young Technopreneur and Mandiri Sahabatku	Enterprise Asia.

May

	Name of Award	Award Category	Presented by
08	Indonesia Property & Bank Award 2015.	The best commercial bank with prime performance and services	Property & Bank Magazine
09	Finance Asia Award.	1. 1 st Place, The Best CFO. 2. 2 nd Place, The Best CEO. 3. 2 nd Place, The Best Corporate Governance.	Finance Asia.

Jul

	Name of Award	Award Category	Presented by
14	Asian Banking and Finance Awards 2015.	Domestic Retail Bank of The Year Advertising Campaign of The Year Credit Card Initiative of The Year.	Asian Banking and Finance.



Name of Award	Award Category	Presented by
15 CSR Awards 2015.	"Small & Medium Entrepreneur Project" CSR Program	Sindo Weekly
16 Forbes The Global 2000.	490th place the world's biggest public companies 2015.	Forbes
17 Infobank Awards 2015.	Bank with Very Good Financial Performance in 2015 Financial Performance "Best of The Best" 2010-2014	Infobank Magazine
18 Social Business Innovation Award.		Warta Ekonomi
19 Finance Asia 2015 Country Awards.	Best Bank in Indonesia. Best Private Bank Best Foreign. Exchange Bank in Indonesia.	Finance Asia. Award
20 Indonesia Public Company Awards 2015	Bank Industry in Financial Sector	Economic Review.
Indonesia Good Corporate Governance Awards 2015.	Bank Industry in Financial Sector	Economic Review.

Name of Award	Award Category	Presented by
21 Indonesia Best eMark Award 2015 - Best ICT Implementation in Sales & Marketing.	Financial Institution - Bank.	SWA Magazine and Telkom University
22 Indonesia WOW Banking Awards IBEX 2015.	Mandiri Internet Mandiri Mobile.	Marketeer.
23 Asiamoney Summer Awards Dinner 2015.	Best FX Research and Market Coverage Best Domestic Provider of FX Services 2015 . Best for FX Product and Services & for FX Options.	Asiamoney
24 9th Annual Best Financial Institution Awards in Southeast Asia.	Best Bank in Indonesia. Best Foreign-Exchange Bank for Corporates dan Fis in Indonesia. Best CFO. Best Corporate Investor Relations.	Alpha Southeast Asia.
25 Indonesia Banking Award 2015.	The Best in Retail Banking Services. The Most Reliable Bank. The Best Bank in Digital Services. The Most Efficient Bank.	Tempo Media Group
26 Annual Report Award 2014.	1 st place, Listed SOE in Financial Sector	Indonesian Ministry of Finance, Indonesia Stock Exchange, OJK
27 BUMN Web Awards 2015.	2 nd Place, The Best BUMN Web 2015 The Best BUMN Web 2015 for Transaction Category	Investor Magazine

Oct

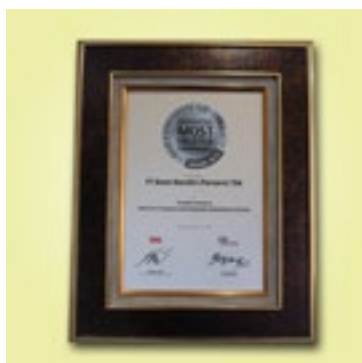
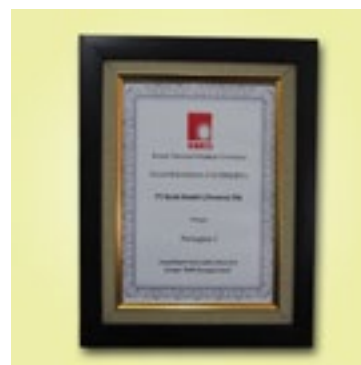
Name of Award	Award Category	Presented by
28 PR Program & People of the Year.	Indonesia Best Corporate Secretary Team 2015.	Mix Magazine

Nov

Name of Award	Award Category	Presented by
29 Corporate Governance Award 2015 .	Best Financial	Indonesia Institute for Corporate Directorship (IICD).

Des

Name of Award	Award Category	Presented by
30 Indonesia Most Admired CEO 2015.	Indonesia Most Caring CEO in Banking Industry.	Warta Ekonomi.



certifications

Type of Certifications	Recipient Unit	Validity	Provider
ISO 20000:2011 IT Service Management	IT Operation Group/ IT Infrastructure Group	Augst 9, 2015	Societe Generale de Survellance (SGS) Indonesia
ISO 9001:2008 Provision of Security Services in Bank Mandiri Head Office and Registrasion & Logistic	Direktorat Finance & Startegy	February 3, 2017	SGS Indonesia
ISO 9001:2008 Operation & Development of Data Center, DRC & Infrastructure	Direktorat Technology & Operations	October 9, 2015	SGS Indonesia
ISO 9001:2008 Operations	Direktorat Technology & Operations	October 31, 2016	SGS Indonesia



2015 milestones

Mandiri Young Entrepreneur Expo
Bank Mandiri keeps making efforts in nurturing young entrepreneurs capable of providing added values to the public through Mandiri Young Entrepreneur, as its contribution to the nation's development.

Laku Pandai
Laku Pandai and Digital Financial Services are services provided by the Bank Mandiri to allow the public to have greater financial access by simply visiting agents appointed by Bank.

Family Welfare Card
Bank Mandiri actively engages in efforts aimed at improving public welfare. One of the commitments fulfilled was to support the family welfare program and educate the public on saving money.

Donations from Himbara for Orphans

Bank Mandiri together with Himbara held a collective fast-breaking event and provided donations to 1,200 orphans in Medan, North Sumatra.

Mandiri Investment Forum
Bank Mandiri together with Mandiri Sekuritas and Barclays held the 2015 Mandiri Investment Forum (MIF) to encourage participation from private sector through investment in support of the national development programs.



Jul

Mar

Apr

May

Jun



Feb

Jan



Synergy between State Owned Banks for Bali Mandara Toll Payments

Bank Mandiri together with other state owned banks under the association of state owned banks (Himbara) and Jasa Marga established a synergy for toll road electronic payments.

Support for the Asian-African Conference

This international event was an effort to demonstrate the nation's ability and resolve to the world. Such spirit is in harmony with Bank Mandiri's wish to be a companion that supports all the nation's components and strives to become independent.

Easier Overseas Remittance

To make remittance by Indonesian overseas easier, Bank Mandiri initiated collaboration with The Dairy Farm Company Limited or 7-Eleven. Customers just need to present a card issued by Bank Mandiri in all 7-Eleven outlets for remittance purposes.

From SOEs to the Nation

Bank Mandiri led 36 State Owned Enterprises (SOEs) in celebrating the 70th Independence Day of the Republic of Indonesia in West Nusa Tenggara (NTB) Province. The ceremony was filled with a set of activities, including renovation of houses owned by veterans in NTB.



Kredit Usaha Rakyat (KUR)

Bank Mandiri was active in promoting the development of Small and Medium Enterprises (UKM), namely through distribution of Kredit Usaha Rakyat (KUR) by utilizing all micro networks.



Des

Nov

Oct

Ags

Sep



Empowering Migrant Workers

The Minister of BUMN, Rini Sumarno, together with the President Director of Bank Mandiri, Budi G. Sadikin, enjoyed an array of handicrafts created by Indonesian Migrant Workers during Mandiri Sahabatku program in Hong Kong.



Mandiri Karnaval and Mandiri Jakarta Marathon

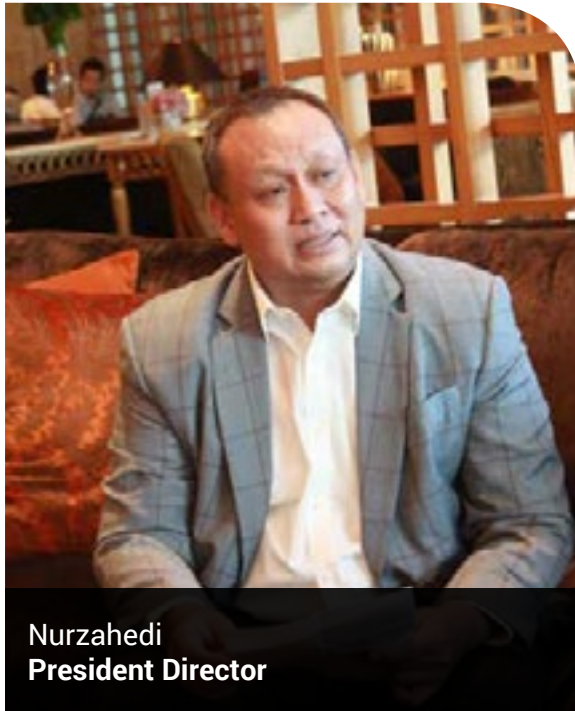
Mandiri Karnaval and Mandiri Jakarta Marathon were activities held by Bank Mandiri for customers and the public in commemoration of its 17th anniversary and are to be conducted every year.



Simpanan Pelajar

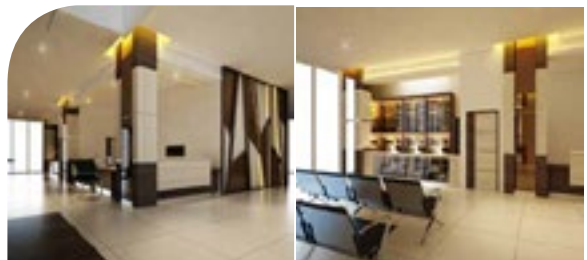
Through Mandiri Simpanan Pelajar, Bank Mandiri attempts to attract students to save money in saving accounts with characteristics and features tailored to their needs.

customer testimony



Aulia Hospital, Pekanbaru, Riau
(PT Puteri Aulia Dita Medica)

The increased public demand for excellent healthcare services has prompted a growing number of hospitals in Indonesia. This is also the reason for the establishment of Aulia Hospital in Pekanbaru, Riau. The hospital that will commence its operation in January 2016 secured financing from Bank Mandiri and employs around 600 workers, which will increase by 300 in June 2016 apart from doctors. "Besides



funding, the collaboration with Bank Mandiri will be forged through joint promotion and opening of a cash office in Aulia Hospital to facilitate payment transactions," he said. Nurzahedi also expected that Bank Mandiri will help him grow his business in order to continue developing and expanding in times to come.



Permadi Setiakusuma
President Director



For decades, PT Karya Mitra Nugraha has participated in supporting the development of electricity and telecommunications infrastructure in Indonesia, as well as providing services and products with the best quality to power and telecommunications companies.

During 40 years engaged in the field of electricity and telecommunications infrastructure development, PT Karya Mitra Nugraha has recorded various achievements including, among others, receiving loans totaling IDR 2 billion from Bank Mandiri in 2002. Other successes include the moments when the company was appointed distributor of Indosat prepaid cards in 2004, following the award of a contract for transmission work from PLN and when it won a contract for construction of 150 kV Submarine

Cable from Batam to Bintan. He also admitted that the success of their business is owing to the cooperation with Bank Mandiri since decades ago when it was still around as Bank Bumi Daya. The company has used various services provided by the Bank, such as Current Accounts, Business Savings, Working Capital Loans, Trade Loans, non-cash loan for bank guarantee, payroll and Mandiri Cash Management facilities.

Key Financial Highlights

CURRENT ACCOUNTS &
SAVINGS ACCOUNTS
(in trillion Rp)
443,9
(Desember 2015)

380,5
(Desember 2014)

ASSETS
RP **910,1** triliun

CREDIT
(in trillion Rp)
595,5
(Desember 2015)

530,0
(Desember 2014)

TOTAL OF BRANCH OFFICES
2.457

NET PROFIT
(in trillion Rp)
20,3
(Desember 2015)

19,9
(Desember 2014)

TOTAL OF ATM
17.388





Report to Shareholders and Stakeholders



report from the board of commissioners

"BOC is committed to sustainable business development internal along with the strengthening of risk management and corporate governance and internal control."

Dear Shareholders and Stakeholders,

The condition of the world economy is still in the process towards a new equilibrium which is overshadowed with the uncertain condition as indicated by the economic slowdown in some countries, the decline in commodity prices and the economic policies in some countries such as China and the United States.

As excerpted from the report of the International Monetary Fund (IMF) entitled "World Economic Outlook Update" the world economic growth in 2015 slowed to 3.1% from 3.4% in the previous year. Meanwhile, Indonesia's economic growth in 2015 was 4.8% from 5% in 2014.

Bank Indonesia forecasts economic growth in Indonesia by the end of 2015 grew 4.8%. The inflation rate in 2015 reached 3.35%, or in accordance with BI's

target is 4% ($\pm 1\%$), which is caused by the controlled price of fuel oil (BBM) in the country and the success of the strict monitoring of basic commodities bunga. While the exchange rate of Rupiah against the US dollar experience a slight weakening, up to the level of IDR 13,785 / USD, which is triggered by the raise of interest rate by the Fed, the increased demand for foreign exchange for debt repayment and dividend seasonally, and concerns about slowing domestic economy.

The above factors negatively impact the performance of the national banking industry in 2015, marked by a decline in net profit of national banks to 6.72% from a year ago, and return on assets fell 53 basis points. There are 5 of the 10 large banks are able to record positive growth in earnings per December 2015. However, in general, Indonesia's banking industry is

still maintained at a controlled level of risk supported by the resilience of the banking system and a good financial market performance. In December 2015, the capital adequacy ratio (CAR) stood at 21.39%, while the Non Performing Loan (NPL) is in the range of 2.49% (gross). In terms of intermediation, fixed credit

grew by 10.4% (yoy), although growth slowed when compared to the same period the previous year, in line with slowing economic growth. Meanwhile, the growth of third party funds (DPK) in December 2015 stood at 7.3% (yoy).

Duties and Supervisory of the Board of Commissioners

The BOC has undertaken the task of monitoring and providing advice to the Board of Directors, with reference to the Constitution and legislation in force, full responsibility, objective and independent and focus on strategic activities established by the Bank Mandiri.

The Board of Commissioners has worked harmoniously with the Board of Directors, which is conducted through regular meetings to discuss the Bank's strategy and performance, and provide necessary suggestions that are required for the attainment of the Bank's business plan. Hence, the supervisory task of the Board of Commissioners is more optimal and effective.

Assessment of Financial Performance

2015 be the period of hard work for Bank Mandiri and Mandiri Group to continue to improve the growth and achievement of business targets in the midst of the instability of global economy and Indonesia , consequently Bank Mandiri and Mandiri Group needs to take anticipative measures to support their business activities, which in turn have impact on the economic growth of Indonesia.

In the midst of the global economic conditions that are not yet fully stable, and the competition is increasingly competitive, Bank Mandiri is able to maintain performance in various segments of its business by managing risk and running good corporate governance as reflected in the indicators of Bank Mandiri financial performance.

The Board of Commissioners expresses his appreciation to the Board of Directors for the achievement of Bank Mandiri performance during 2015 through a number of views as follows:

The Statement of Financial Position

In 2015, the Bank's financial performance on a consolidated basis reached total assets amounted to IDR 910.063 billion, an increase of 6.44% over the previous year amounting to IDR 855.040 billion. The increase in assets is mainly due to the increase in loans amounted to 12.36% and government bonds increased by 20.56% compared to 2014.

As for the Statement of Financial Position in 2015 compared to 2014, the outline can be presented as follows:

- 1) In terms of assets, there are items that exceed the target include cash, government bonds and the Reserves for Impairment (CKPN). Cash reached IDR 25.109 billion, increased by 21.27% include major cash, cash ATMs and petty cash. Government bonds reached IDR 103,869 billion, up 20.56% from the end of 2014, boosted by government bonds available for sale amounted to IDR 74,153. Number of Credit CKPN in 2015 increased 25.89% to IDR 22,558 billion compared to 2014 due to an increase CKPN Loans and CKPN Consumer Financing Receivables.
- 2) Loans increased by 12.36% compared to 2014, amounted to IDR 595,458 billion, with gross NPL rate of 2.60%.
- 3) In terms of liabilities including temporary syirkah funds increased by 5.38% compared to the year 2014 amounted to IDR 790,571 billion, driven by higher customer deposits increased by 6.29%.
- 4) DPK, which consists of checking, savings, and time deposits, on a consolidated basis reached IDR 676,387 billion, an increase of 6.29% compared to 2014 which only amounted to IDR 636,382 billion. Of the total deposits, Giro registered a growth of 34.43% to IDR 172,166 billion, savings increased by 7.63% to IDR 271,707 billion, while deposits decreased by 9.13% to IDR 232,514 billion.
- 5) On a consolidated basis, the Equity in 2015 increased by 13.97% compared to 2014, amounted to IDR 119.492 billion, driven by an increase in profits. Meanwhile unappropriated retained earnings in 2015 increased by 19.54% to IDR 76,822 billion.

In connection with the realization of financial performance until the year 2015, the Board believes there are some things that need attention: first, On

credit, the continuity of sustainable credit growth can be continuously maintained by taking into account the precautionary principle, improve the quality of internal controls and the implementation of adequate credit risk management. Credit distribution up to Rp 595,458 billion on a consolidated basis, in order to maintain its credit quality.

For financing in the retail sector needs to be supported by the development of infrastructure and human resources with a better improvement of internal control. Distribution of credits in foreign currencies to be carried out more selectively and aligned with the ability to fund foreign currency.

Second, from the aspect of fund raising, the actual volume and low-cost funds have not exceeded the national growth. Fund management strategy can be made more progressive to the increase in cost of funds in all segments, both through strengthening plan account upgrading service quality, marketing and innovation or development of products and services that are owned in order to improve competitiveness in the midst of tight competition.

Profit and Loss

Bank Mandiri continues to encourage every strategy and efforts in improving overall company performance. In 2015 the Bank achieved growth compared to last year's financial performance, as indicated by the increase in operating income by 14.77% to IDR 99,495.7 billion, profits from the sale of marketable securities and government bonds increased by 17.50% to IDR 275.5 billion, operating profit increased by 1.39%, amounted to IDR 26,338.97 billion and net profit rose 2.33% to reach IDR 20,334.97 miliar. The basic earnings per share in 2015 increased by 2.33% to IDR 871.50 of previous IDR 851.66. Bank Mandiri increase in operating income is mainly due to increased interest income, contributing 66.70% of total operating income earned. The interest income

is affected by the increase in the number of loans, oligasi government securities and placements with Bank Indonesia and other banks, consumer financing income, and others.

Financial Ratios

In general, the realization of the Bank's performance in 2015 has reached the set target. Financial ratios regarding asset quality and profitability is better than the target. Gross NPL ratio on a consolidated basis as indkator nonperforming loans reached 2.6%, while

consolidated net NPL was recorded at a low level, namely 0.90% while the ratio of loans to deposits or LDR stay healthy at the level of 87.68%.

The ratio of the rate of return on assets (ROA) of 2.99% and return on equity(ROE) of 18.33%.The CAR stood at 17.99% per December 2015 compared to 16.13% as of December 2014, reiterated the Bank's capital position is strong.The net profits above can not be separated from achieving the Net Interest Margin (NIM) at the level of 6.08%.The level of efficiency shown by the ratio of Operating Expenses compared to Operating Income (BOPO) reached 74.28% higher than last year which reached 70.02%.

The Bank Business Prospects

The prospects of banking in 2016 still overshadowed by the global and domestic economic growth that are relatively moderate and characterized by relatively high interest rates. Additionally, the national banking are also required to prepare all aspects prior to the implementation of the ASEAN Economic Community. Such challenges require Bank Mandiri to formulate strategies and policies that can bring Bank Mandiri and Mandiri Group stepped up and actively involved in the coming years

The achievement of various financial main indicators in 2015, showed the readiness and the potential of

Bank Mandiri to continue to grow and develop in line with the Vision of Bank Mandiri in undertaking Transformation Phase III, which was started in 2015. The Board of Commissioners is committed to support the sustainable business of Bank Mandiri and Mandiri Group accompanied by the strengthening of the application of risk management, strengthen the function of internal control, perform anticipative action against potential risks that may affect the business continuity of the Bank and improve good corporate governance.

Monitoring Activity

In carrying out its oversight function, the Board of Commissioners formed the Audit Committee, the Integrated Governance, Risk Monitoring Committee, Remuneration and Nomination Committee has been working well in accordance with the rules and regulations.

All Committee has performed their duty and authority in accordance with charter applicable to each

Committee, including providing recommendations and reports to the Board of Comissioners over any issues that need the attention of the Board of Commissioner in performing their duties and functions of their supervision as well as improvements related to the aspect of supervision and responsibility at each committees.

In general there are 10 main aspects that has always been the focus of discussion of the Board of Commissioners together with the Board of Directors, such as:

1) Fund Raising

An increase in the composition of low-cost funds are accompanied by the provision of a thorough solution to our customers and develop alliances based value chain to meet the needs of the customers business / enterprise.

2) Disbursement

Disbursement of funds is done in compliance with the prudential principles and adequate risk management and supervision of the quality of loans disbursed. In Bank Mandiri channeling funds are expected to become the market leader, especially for the development of retail financing in the consumer finance segment and Micro & Retail Banking.

3) Capitalization

Bank Mandiri has revalued some of the Bank fixed assets as one step to strengthen its capital structure in the preparation for the implementation of Basel III and anticipate the competition ahead of the application of the ASEAN Economic Community. Strengthening the aspect of capitalization can open up business opportunities in the future.

4) Risk Management

The management of business risk is well performed through the control or by maintaining conservative inherent risk. Mandiri Groups need to continue evaluating the integrated risk management and to develop a better system to monitor the risk management of Mandiri Group.

5) Internal Control

Improving the quality of internal controls, among others, by improving the implementation of Data Quality Audit, enhance technical guidelines compliance Compliance Risk Assessment and

Standards Compliance Guidelines. In addition, also increased competence Risk, Control, Audit and Governance through the implementation of the Compliance Audit Governance Academy.

6) GCG Implementation

The principles of GCG always be implemented consistently and continuously. In preparing the application of ASEAN Economic Community, Mandiri Group is required to do improvement and perfection in conformity with the prevailing standards in ASEAN which in turn can provide added value to the reputation of Mandiri Groups

7) Compliance

Compliance awareness should be conducted sustainably at all levels of the Bank beings, including evaluating the effectiveness of the socialization relevant results in order to prevent deviation from the rules and regulations.

8) Information Technology

Doing repairs and improvements Management Information System (MIS) and the data warehouse to support cross-selling transactions the Bank as well as to support the operations of the bank in order to achieve the vision of Bank Mandiri.

9) Non-Organic Growth

Non-organic business growth is expected to support and improve the overall performance of the company and must meet the precautionary principle, including the application of adequate risk management and every non-organic growth is expected to contribute to the performance of Bank Mandiri.

Assessment of the Performance of the Committees under the Board of Commissioners

In carrying out its supervisory function, the Board of Commissioner established an Audit Committee which has the scope of task to assist the Board of Commissioners in evaluating the effectiveness of internal controls performed by the internal audit and the external auditor; Risk Monitoring Committee which assists the Board of Commissioners to evaluate the conformity of risk management policies with its implementation; and the Remuneration & Nomination Committee which assists the Board of Commissioners to develop criteria and nomination of Directors and the Board of Commissioners, as well as giving advice on the Remuneration of Directors and Board of Commissioners.

Evaluation and assessment of the performance of the entire committee conducted every year by using the method determined by the Board of Commissioners. Evaluation by the Board of Commissioners is in the interests of increasing the effectiveness of implementation and performance of each committee in the future.

The Board of Commissioners realize the increasing competition in the business, especially with the start-up of the ASEAN Economic Community, it requires the improvement of various policies in order to grow the trust of our customers, business partners, shareholders and other stakeholders. Therefore Bank Mandiri and Mandiri Group should be able to implement the Corporate Governance at a higher level.

The Board of Commissioner reported that Bank Mandiri has implemented the Financial Services Authority regulations on Corporate Governance, Integrated Management of Risk and the aspects of Internal Control. Currently, Bank Mandiri has an Integrated Corporate Governance Committee, whose members consist of Independent Commissioner of Bank Mandiri and the Independent Commissioner of the Bank Subsidiaries and to develop Integrated Governance Guidelines which serves as a guide for Mandiri Group.

Changes in the Composition of the Board of Commissioners

In 2015, there were changes in the composition of the Board of Commissioners twice. Based Annual General Meeting of Shareholders (RUPS) for the fiscal year 2014 on March 16, 2015 which decided termination of duties of Mr. Mahmuddin Yasin, Mr. Krisna Wijaya and Mr. Herman Anton Gunawan and subsequently named Mr. Darmin Nasution as Chief Commissioner, Mr. Imam Apriyanto Putro as Deputy Chief Commissioner, Mr. Goei Siau Hong and Mr. Bangun Sarwito Kusmuljono as Independent Commissioner and Mr. Suwhono as Commissioner. In addition to that, the Annual RUPS decided that the transfer function of Mr. Abdul Aziz from Non-Independent Commissioner to Independent Commissioner with the tenure of the term of office as Commissioner.

At the Extraordinary General Meeting of Shareholders (RUPSLB) on December 18, 2015 Mr. Wimboh Santoso was named Chief Commissioner to replace Mr. Darmin Nasution who was appointed as Coordinating Minister for the Economy of the Republic of Indonesia on August 12, 2015 by the President of the Republic of Indonesia

Having regard to the decision of the RUPSLB, the Board of Commissioners of Bank Mandiri's position as at December 31, 2015 has 8 (eight) members where 4 (four) of them are Independent Commissioners. Number of Board of Commissioners of 8 (eight) does not exceed the number of members of the Board of Directors 11 (eleven) people so it goes in accordance with the provisions of Bank Indonesia.

On behalf of the Board of Commissioners, I express my thanks to all members of the Board of Commissioners completed its term, namely: Mr. Mahmuddin Yasin, Mr. Krisna Wijaya, Mr. Anton Herman Gunawan and Mr. Darmin Nasution who have contributed energy, thought and dedication to the Bank. Furthermore, the members of the Board of Commissioners entirely, namely Mr. Wimboh Santoso, Ms. Aviliani, Mr. Askolani, Mr. Abdul Aziz, Mr. Goei Siau Hong, Mr. Bangun Sarwito Kusmuljono and Mr. Suwhono, and congratulations on duty as well as carry out the mandate properly in Bank Mandiri.

Conclusion

Finally, on behalf of the Board of Commissioners, I express appreciation to the Board of Directors, and all employees for achieving good performance throughout 2015. We hope that the spirit, dedication, and teamwork throughout the year can be further improved to address the greater challenges in the coming year as a continuation Transformation Phase III (2015-2020).

The Board also say thank you to all the subsidiaries of Bank Mandiri on its contribution to the success and contribution to the business development of the bank as a whole.

Finally, we would like to thank all of our stakeholders and customers for their loyalty and trust that make Bank Mandiri as FRIEND of the COUNTRY.

Jakarta, February 26, 2016



Wimboh Santoso
Chief Commissioner

profiles of commissioners





◀
Askolani
Commissioner

Goel Siauw Hong
Independent Commissioner
▼



◀
Suwhono
Commissioner



◀
Bangun Sarwito Kusmuljono
Independent Commissioner



Wimboh Santoso

Chief Commissioner



Mr. Wimboh Santoso is an Indonesian citizen. He is domiciled in Jakarta. He was appointed as the Chief Commissioner of Bank Mandiri at the Extraordinary General Meeting of Shareholders on December 18, 2015.

Career:

His professional experience began with working at Bank Indonesia as Bank Auditor Staff in 1990 and has had a brilliant career with important roles, including as the Head of Internal Research Bureau (1993-1994), Chairman of the Banking Transformation Program (2001-2003), Head of Financial System Stability Bureau (2006-2009), Director of Research and Development Banking (DPNP) (2010-2012), Head of Bank Indonesia Representative of New York (2012-2013), Executive Director of the IMF (2013-2015) and the Economic and Finance observer and LPPI consultant (2015-present).

He has a degree in Economics from the State University of Surakarta (1983), Master of Science, Business Administration from University of Illinois (1993) and Master of Financial Economics from the University of Loughborough (1999).

Training course:

Several training courses attended, among others, include training and seminars in the field of economics and banking, among others Bookkeeping Courses Bond

In 2015 there were two changes in the holder of Chief Commissioner position.



Mahmudin Yasin

Januari - Maret 2015

Mr. Mahmudin Yasin is an Indonesian citizen. Born in 1954. He is domiciled in Jakarta. He was appointed as the Chief Commissioner of Bank Mandiri at the Extraordinary General Meeting of Shareholders on September 5, 2014.

Graduated from University of Krisnadipayana in Law (1983), Master of Business Administration (MBA), Washington University, USA (1986) and Doctorate in Human Resources Management, Jakarta State University (2012).

Career:

His professional experience includes serving as Deputy Minister for Restructuring and Privatization (2001- 2010), Secretary to the Ministry of State-Owned Enterprises (2010-2011), Vice President in the Ministry of State-Owned Enterprises (2011-present), Commissioner of Bank Mandiri (2008-2012) and Commissioner of PT Pertamina (2013-2014).



Darmin Nasution

Maret - Agustus 2015

Mr. Darmin Nasution is an Indonesian citizen. Born in 1948. He is domiciled in Jakarta. He was appointed as the Chief Commissioner of Bank Mandiri at the Annual General Meeting of Shareholders on March 15, 2015.

He graduated from the University of Indonesia with a Bachelors' degree in economics in 1978, obtained a DEA in Development Economics from the Pantheon-Sorbonne University (1982) and earned his doctorate in Development Economics - from the same university in 1986.

Career:

His professional experience before named as the Bank's Chief Commissioner included, Commissioner of the Indonesia Deposit Insurance Corporation (2005-2009), Director General of Taxes (2006-2009), Senior Deputy Governor of Bank Indonesia (2009-2010), Governor of Bank Indonesia (2010-2013) and Head of the Indonesian Economist Association (ISEI) from 2009 to 2015.

Imam Apriyanto Putro

Deputy Chief Commissioner

2



Mr. Imam Apriyanto Putro is an Indonesian citizen. Born in 1964. He is domiciled in Jakarta. He was appointed as the Deputy Chief Commissioner of Bank Mandiri at the Annual General Meeting of Shareholders on March 16, 2015.

Career:

His professional career began while working at the Ministry of Finance in 1991 and he had a brilliant career by stepping up the ladder progressively, assuming the position as the Head of Financing and Resource Analysis Section of Business Insurance (1993-2010), Assistant Deputy of Research and Information (2010-2012), Head of Human Resources and Planning Bureau (2012-2013) and Secretary of the Ministry of State Owned Enterprises (2013-present).

Imam Apriyanto Putro attained a degree in Management Economics from the Diponegoro University in 1988, Master of Management from the Economics College of IBII, Jakarta (2000) and a Master's Degree in Human Resource Management from the State University of Jakarta (2008).

Training course:

He had actively partaken in the training and seminars on economics and banking both nationally and internationally from the Social Security Conference in South Africa (2010) to Investment Workshop in Hong Kong (2010).

Abdul Azis

Independent Commissioner

3



Mr. Abdul Azis is an Indonesian citizen. Born in 1961. He is domiciled in Jakarta. He was appointed as the Independent Commissioner of Bank Mandiri at the Annual General Meeting of Shareholders on April 2, 2013 and was reappointed in the Annual General Meeting of Shareholders on Maret 16, 2015 shifting positions as Independent Commissioner.

Career:

His professional experience commenced a business development officer at PT Pasarini Padibumi (1993-1997), followed by serving as a Commissioner in a number of companies, such as PT Panca Nugraha Paramitra (1997-2005), PT PLN (Persero) (2009-2013), Special Staff of the Minister of State Owned Enterprises (2009-2011) and then the President Director of PT Sarana Jasa Utama (2005-present).

He graduated from Bogor Agricultural University in 1987, dan his post graduate degree in Strategic Management was attained from the Institute for Management Education and Development in the field of strategic management (1993).

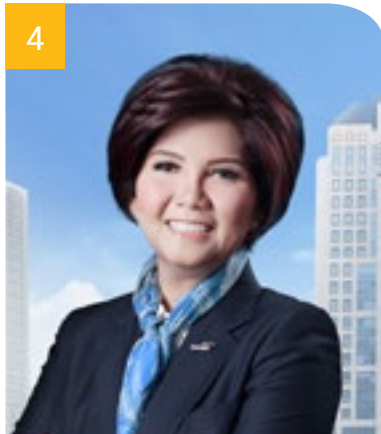
Training course:

In addition to formal education, he participated in various competency development programs including Indonesia-Japan student exchange program, JICA (1987); fishing technology, Taiwan Government (1991); and decision making techniques, IPPM (1991).

Aviliani

Independent Commissioner

4



Mrs. Aviliani is an Indonesian citizen. Born in 1961. She is domiciled in Jakarta. She was appointed as the Independent Commissioner of Bank Mandiri at the Extraordinary General Meeting of Shareholders on May 21, 2014.

Career:

Her professional career set off in 2005 as an Independent Commissioner of PT BRI (which she still serves to date), advisor to Indonesian Chamber of Commerce and Industry (Kadin) Team, Chair of Islamic Economic Society (MES), Chair of the Indonesia Audit Committee Association (IKAI) and a member of the National Economic Committee (KEN). In May 2014, she was appointed a Commissioner of Bank Mandiri.

She graduated from Atma Jaya University with a degree in Economics (1985), then attained her Master of Business Administration (MBA) at the University of Indonesia (1995) and her doctorate in Business Management from Bogor Agricultural University in 2012.

Training course:

She participated in various training programs both at national and global levels, including Risk Management Certification Refresher Program Beyond Regulation, BARA (2013); Executive International Conference Program, BARA (2013); Refresher Survival in Crisis Program: "Enhancing Bank Strategy and Performance, Implanting BCM and Fraud Prevention Process", BARA (2012); Executive Banking Forum: Financial Sector Expertise Exchange Program, Netherlands-Indonesia Forum (2011); and Senior Management Risk Summit 2010: Leadership for Sustainable Risk Management, BARA (2010).

Askolani

Commissioner

5



Mr. Askolani is an Indonesian citizen. Born in 1966. He is domiciled in Jakarta. He was appointed as the Commissioner of Bank Mandiri at the Extraordinary General Meeting of Shareholders on May 21, 2014.

Career:

His professional career began as Director of Non-Tax Revenues (PNBP) with the Ministry of Finance in 2011, then he went on to be Commissioner of PT Indonesia Ferry (ASDP), Commissioner of PT Pertamina Gas (2012), Commissioner of PT Angkasa Pura I (2013-2014) and the Director General of Budgeting at the Ministry of Finance in 2013.

Graduated from Sriwijaya University with a degree in Economics (1990), he earned a Master of Arts degree from University of Colorado, Denver, USA in 1999.

Training course:

In addition to his formal education, he participated in various competency development programs and events, including Macroeconomic Management and Fiscal Issues, IMF (2004); Health Sector Reform and Sustainable Financing, World Bank (2007); Developing Cluster and National Competitiveness, Lee Kwan Yew School of Public Policy (2008); The 9th Indonesia Regional Science Association International Conference, IRSA and Sriwijaya University (2008) and the Oxford High Performance Leadership Programme at the University of Oxford (2012).

Suwhono Commissioner



Mr. Suwhono is an Indonesian citizen. Born in 1955. He is domiciled in Jakarta. He was appointed as the Commissioner of Bank Mandiri at the Annual General Meeting of Shareholders on March 16, 2015.

Career:

His professional career was off to a start when he joined Bank Bumi Daya since 1981 to the year when a merger into Bank Mandiri occurred. At Bank Mandiri, he held such positions as the Head of Government Relations Department (1999-2000 and 2001-2003), Ratu Plaza Branch Manager (2000-2001), Head of Corporate Banking Department (2003-2005), Head of Corporate Banking Group during the period 2005-2009 while at the same time served as a Commissioner of Mandiri Sekuritas. Subsequently, he served as the Finance Director of Pelindo I (2009-2011) and the President Director of PT Pegadaian (2011-2015).

He graduated from Diponegoro University with a major in Accounting by the year 1980.

Training course:

Besides formal education, he actively participated in various competency development programs which, among others, included Customer Focus (2008), Leadership Forum (2009), Regional Economic Growth (2014), Seminar on Literacy (2014), Indonesia Economic Prospects 2015 (2014) and Financial Literacy (2014).

Goei Siau Hong Independent Commissioner



Mr. Goei Siau Hong is an Indonesian citizen. Born in 1964. He is domiciled in Jakarta. He was appointed as the Independent Commissioner of Bank Mandiri at the Annual General Meeting of Shareholders on March 16, 2015.

Career:

His professional experience began as a Systems Analyst at Astra Graphia (1988). After completing his MBA in 1993, he began working as an Equity Analyst at WI Carr Indonesia, managing to get promoted as a Senior Equity Analyst in 11 months. In 1995-1996, he served as Senior Analyst at CLSA Indonesia and got a promoted to the post of Deputy Research which was equal to Head of Research. In 1996-1998, he worked at SocGen Crosby as Head of Research leading the company to being awarded with The Most Improved Research by Asiamoney. In 1999-2001, he worked at Nomura Indonesia as Head of Research. During his career span, he was conferred the Top 5 Analyst in Indonesia award by Asiamoney, in addition to sit in the Risk Monitoring Committee of Bank Permata (2006-2010).

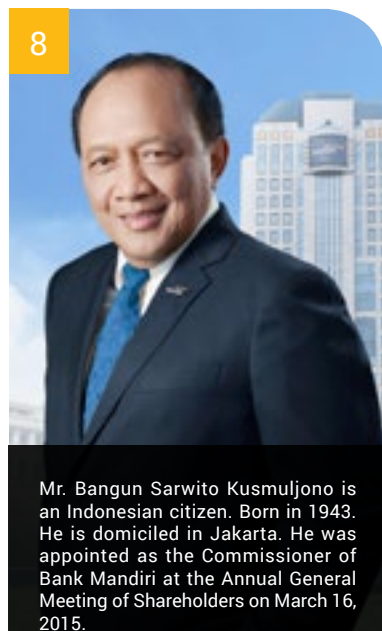
Graduated from Bogor Agricultural University majoring in Agronomy, he attained his Master of Business Administration (MBA) in Business, Finance and Marketing from Indiana University, Bloomington, the United States of America (USA) in 1993.

Training course:

In addition to formal education, he had actively taken part in various professional competency development and certification programs including, among others: Chartered Financial Analyst (CFA) from the CFA Institute (1996), Financial Risk Manager (FRM) of the Global Association of Risk Professionals (GARP) (2005) and the Risk Management Certification issued by GARP/BSMR for level 1, 2, and 3 as well as by BARA/LSPP for level 1 and 2.

Bangun Sarwito Kusmuljono

Independent Commissioner



Career:

His professional career began at the Investment Coordinating Board (BKPM) in 1972 as executive staff, and he had careers in several banks until 1986, including Chase Manhattan Bank (New York and Hong Kong), Fincorinvest and the Asian Development Bank. He served as the President Director of Bank Nusa International (April 1997-September 1999), then worked at PNM (June 1999-May 2005), was Expert Staff of the Ministry of State Owned Enterprises (January 1998-June 1999) and a member of the Board of Commissioners with a number of banks, including Maybank Nusa (April 1997-May 1994), Bank Niaga (May 1999-2002), Syarikat Takaful Indonesia (June 2007-June 2009), BRI (May 2005-2010) and BNI (May 2010 - March 2015). He was then assigned to leading the National Committee on Microfinance Development since August 2005. Also active as a member of academe, he taught at several universities including, among others, the Tokyo Institute of Technology and Kansai University in Japan (2007), Maribor University in Slovenia (2008) and Queensland University in Brisbane, Australia (2009) as a visiting professor.

He graduated from Bandung Institute of Technology with a Bachelor's degree in Chemical Engineering (1970). After that, he continued to pursue his MBA at the University of Southern California, Los Angeles, USA (1974) and obtained the Doctor of Environmental Management degree conferred by Bogor Agricultural University in 2007.

Training course:

Besides formal education, he actively participated in various competency development programs to build his capacity, including Risk Management Certification Program (2005), the International Symposium on Micro Finance and the 26th Conference (2006), Networking for the Present Ideas for the Future (2007), Executive Risk Management Refresher Course Program (2008), Risk Management in Retail Banking (2010) and ALM Liquidity Risk Management (2014).





report of the **board of directors**

As one of the locomotives of economic growth in Indonesia as well as an agent of development, the Bank has an important role in the nation's effort to rise up toward the better. Fundamentally during 2015 the Bank continued to show positive business growth and is consistent with implementing three major business strategies, which is to deepen relationships with customers, business acceleration in the main segment and the integration of Mandiri Group. Moreover, in the spirit of encouraging sustainable economic growth in the Bank fully supports the strengthening of financial inclusion in Indonesia through Smart Code system that expands access to financial services in the archipelago.

Dear Shareholders and Stakeholders,

Global Economy and National Banking in 2015

The year 2015 to an exciting moment for developed countries such as USA, EU and Japan. Their economic growth is expected to continue to increase while the unemployment rate posted a record low since the global financial crisis. On the other hand, Indonesia and other developing countries are facing a tough challenge. The World Bank forecasts economic growth of India and the ASEAN-5 is stagnant, while China dropped 0.5%. The national economy is also expected to fall 0.3% from a year ago to reach 4.7%.

The rupiah weakened to IDR 13,788/USD triggered by the anticipation of the Fed's interest rate hike and the depreciation of the Yuan and increased demand for foreign currency for debt repayment and dividend seasonally, and concerns about slowing domestic economy. The economic slowdown also affected the inflation rate amounted to only 3.35%, well below last year's 8.36%.

The above factors negatively impact the performance of the national banking industry in 2015. Asset quality declines marked by NPL, which reached 2.49%, an

increase of 2.2% compared to last year as of December 2015. Thus, banks have to set aside a huge cost to CKPN which eroded net income. Only 5 of the 10 large banks are able to record positive growth in earnings per December 2015. Overall net banking income fell 6.72% from a year ago and return on assets fell 53 basis points.

In terms of business volume, 10.4% credit growth slowed, but the accumulation of public funds high growth reached 7.3% and capital adequacy ratio rose to 21.4%. Liquidity conditions also improved, as reflected by the level of the Loan to Deposit Ratio (LDR), which reached 92.11%. This is largely influenced by Government spending is hampered and the attitude of wait-and-see business sectors that tend to follow the efficiency of the economic slowdown.

Responding to national economic conditions are less favorable, the Government has issued six packages of economic measures to boost growth. The core of this policy package is to facilitate and accelerate investment permit economic activities and provide incentives for businesses. In addition, various reforms in monetary and real sectors are also being pursued. Thus, the Bank remains optimistic about the future of Indonesia, because we already have a lot of experience with and through various crises and difficult situations. As one of the locomotives of economic growth in Indonesia as well as an agent of development, the Bank has an important role in the nation's effort to rise up toward the better.

In 2015, the bank achieved a net profit of IDR 20.34 trillion, an increase of 2.33% from 2014 amounting IDR 19.87 trillion, enter the Transformation Phase III with a return on equity of 18.33% and a market capitalization of IDR 215.83 trillion, which experienced a slight decline due to declining performance of the capital markets nationally.

However, fundamentally the Bank continued to show positive business growth and is consistent with implementing three major business strategies, namely (1) to deepen relationships with customers, (2) the acceleration of business in the main segment and (3) the integration of Mandiri Group.

The strategic measures to maintain continuity of business growth we have to do with the focus on three strategies that strengthen liquidity, margin management and control of asset quality. Bank Mandiri continues to encourage the growth of low-cost funds (demand and savings) by optimizing current accounts as an operating credit customer accounts, increasing the current account transactions of corporate customers and government agencies, as well as increasing savings through the intensification of the customer value chain. This strategy succeeded in maintaining the condition of the Bank's liquidity as reflected by the level of our LDR ratio amounted to 87.68%.

Margin management is done through the growth of retail loans that yield a more optimal, namely through the expansion of the distribution network of micro lending business and consumer card business area as well as the development of business models for business banking and consumer card. The effort, the level of margin has increased as reflected in the ratio of NIM (net interest margin) which reached 6.08%, improved from the position in December 2014 which was 5.97%.

From the aspect of quality control of assets, Bank Mandiri conducted strict monitoring on vulnerable sectors, the development path for the debtor's credit quality improvement, forming a flying NPL team to be more responsive to the condition of the debtor's cash flow, and strengthening the management of credit risk. As a result, the gross NPL levels are well preserved in the position of 2.60% by December 2015, far below the maximum limit required by the regulator.

Mandiri Builds the Nation: Active Role in Promoting Sustainable Economic Growth for the Nation

The year 2015 was an exciting moment in line with the direction of development of the nation in nine priority program “Nawacita”, the Bank continues to play an active role as an agent of development is to encourage economic independence by moving the strategic sectors of the economy. In the Wholesale segment, the Bank contributed to the financing of infrastructure projects with a credit limit reached IDR 94.1 trillion for infrastructure development in the electricity sector, airports, oil and gas, as well as transportation and telecommunications, as a priority in RJPMN 2015-2019.

Through syndicated loans, the bank has realized the construction of toll roads 249.26 KM, among others, the toll roads segment Medan - Tebing Tinggi - Kualanamu in North Sumatra and additional Gempol - Pandaan toll road in East Java. In addition the bank also financed the construction of the provision of facilities and infrastructure trajectory Railway Soekarno Hatta airport and sea port construction Phase 2 Belawan in North Sumatra. In the field of energy sovereignty, the Bank helped to fund 25% of the financing needs of the national electricity with a capacity of 3,040 Megawatts.

In the Retail segment, Bank Mandiri helped to increase the economic capacity of more than 844 thousand MSMEs and 70 thousand businessmen KUR in Indonesia through lending and other banking facilities. Throughout 2015, KUR Bank Mandiri reached IDR 3.5 trillion, exceeding the target set by the Government. In the maritime field, the Bank contributed to the empowerment of fishing communities through the NETS program (Reach, Synergy, and Guideline) initiated

by the FSA and the Ministry of Maritime Affairs & Fisheries. Some 1,907 Debtors Net Fishermen Bank Mandiri in the sectors of fisheries, aquaculture and processing has received financing and mentoring to develop the business.

It becomes a commitment to support and encourage the economic independence of the nation that the aspirations of the spirit of Trisakti. Bank Mandiri increasingly significant role by financing 198,000 houses have been nurturing families in Indonesia and saw a family of Indonesia has had 495,000 vehicles through financing that we distribute.

The spirit of encouraging sustainable economic growth we achieve through financial support and provision of access to financial services in order to support the strengthening of financial inclusion in Indonesia, one of them through the Laku Pandai system. If the system is realized, the number of people accessing banking services could reach 240 million people, through the presence of agents spread all over Indonesia. Up to December 2015, the number of agents Laku Pandai Bank Mandiri reached 1,452 agents spread in East Java and South Sulawesi, and going forward the bank is committed to continue increasing the number of agents throughout the archipelago.

Bank Mandiri also encourages traffic growth of financial transactions in Indonesia as the support of the mobility of funds more efficient. The volume of transactions real time gross settlement (RTGS) through the Bank Group achieved IDR 66.3 trillion/day and transactions via electronic channels of IDR 3.42 trillion/day.

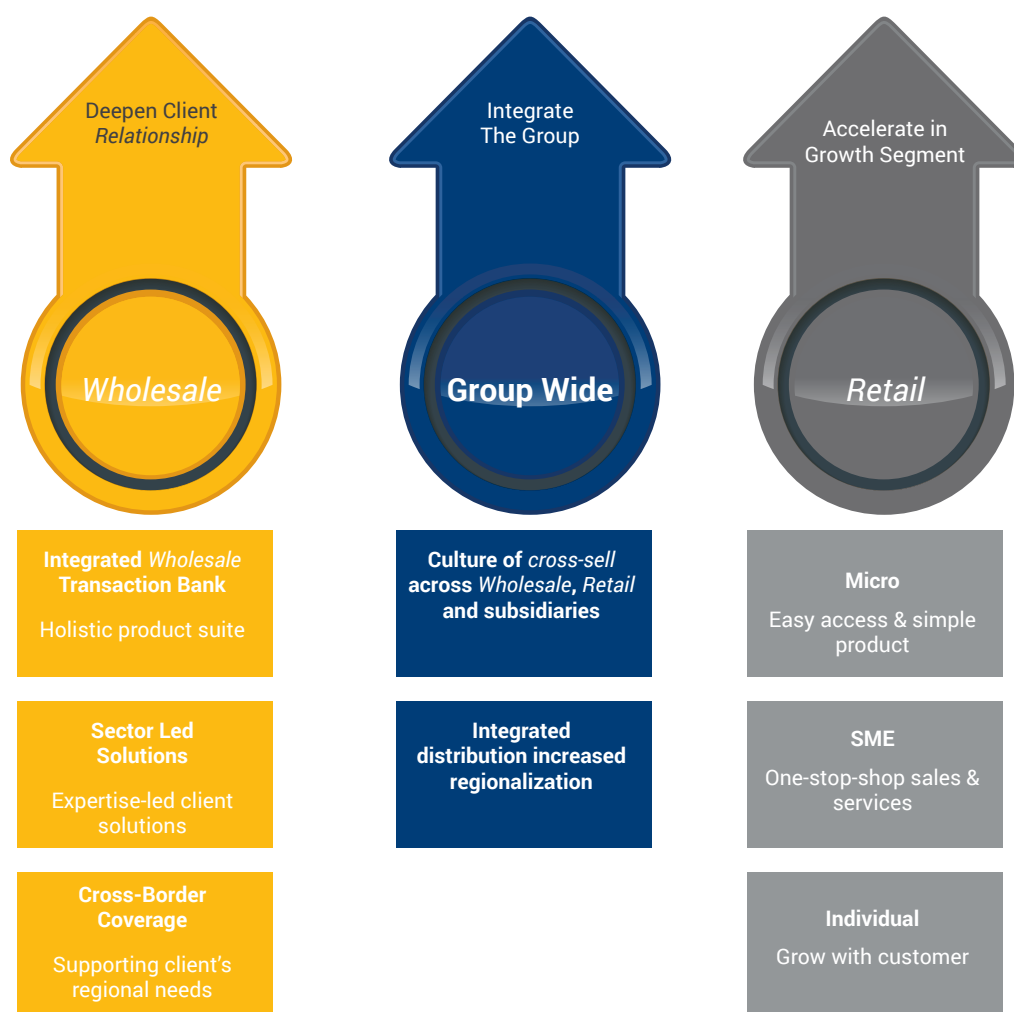
Bank Strategy and Policy in 2015

Aspiration and Key Strategies to Become the Best Bank in ASEAN by 2020

Bank Mandiri has set three main aspirations in order to achieve the aspirations as the Best Bank in ASEAN in 2020, namely:

Mandiri's 3 Key Strategies, 2015-2020

To Be The Best Bank in ASEAN 2020



To achieve the vision of being the Best Bank in ASEAN in 2020, Mandiri has set up three main strategies, namely:

1. In the Wholesale segment, performed with deepening strategic relationships with customers (Deepen Client Relationship)
2. In the Retail segment, with business acceleration strategies in the main segments (Accelerate in Growth Segment), which became the main driver of growth in the retail business of Bank Mandiri
3. Integrate business in all segments in Bank Mandiri, including with its subsidiaries (Integrate the Group) through cross-sell culture, both among the working unit that handles wholesale

and retail segments, as well as encourage the regionalization of business and optimizing the distribution network in the region.

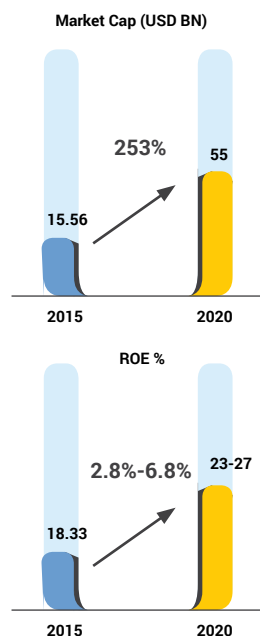
To encourage the implementation of three key strategies with measurable milestones, the main strategy in the Wholesale segment, SME, Micro, and the individual has been further elaborated into 40+ 100+ programs and strategic initiatives. The year 2015 is the first year of implementation of the corporate plan in 2020 with a focus on strengthening the foundation for the successful execution of the entire implementation of strategic initiatives. Going forward, management will ensure that the execution of the program and the initiative will involve the active participation of all employees Mandiri.

The achievements of the three main strategies are translated into the following three things:

1. **Asean Market Cap Leader**, with a minimum market capitalization of USD 55 billion, or 253% of the market capitalization value position of the end of 2015.

2. **Leading ROE**, which is in the range 23-27%, so there is considerable scope ROE enhancement of the value of the position of the end of 2015 amounted to 18.33%. To reach the target market capitalization and ROE, the bank requires a revenue growth of 23% -28%, and will strengthen its inorganic growth.

3. **Broader Socio Economic Impact**, namely: a) be the Employer of Choice, by implementing employee value proposition, b) be a Role Model for the community; and c) the forefront of the implementation of Good Corporate Governance.



Liquidity Management

Liquidity factor is the most important thing in running the business operations of banks so that the Bank focus in monitoring and fulfilling their adequacy at adequate levels. As an anticipatory action on the economic conditions is slowing down, the whole range of the Bank to focus on three things: liquidity, credit quality and margins.

Although the condition of the national banking system liquidity tight enough, the bank can still increase the Third Party Funds (DPK) so that liquidity remains good as reflected by the level of LDR (Bank Only) amounted

to 87.05%. Meanwhile, currency LDR is in an excellent position that is equal to 73.07% while LDR amount of 90.45%.

Liquidity management is done through third party fund-raising efforts, optimal placement of productive assets, and the development of e-channels, improving relationships with customers, as well as transaction-based services development fund to encourage precipitation.

Credit Quality

Amid a slowdown in the national economy that impact on the quality of banks' loan, the bank will still be able to maintain its credit quality is well reflected in its NPL ratio of 2.60%.

Bank Mandiri to conduct quality control assets more closely, with attention to the sectors affected by economic conditions. In addition, the bank also increased vigilance NPL better control, among others through the implementation of the watch list more

disciplined against the debtor which may experience down grade. Especially for the handling of relapse, the bank also maintain and monitor more strictly and make the handling of non-performing loans with better, so relapse ratio does not exceed the specified threshold ratio. Thus, NPL can be maintained at a low enough level.

Bank Mandiri Group Net Interest Margin (NIM) Increased

Amid the pressures of national banking conditions, including the increase in interest rates and the weakening of the rupiah, Bank Mandiri was still able to maintain the level of profitability to an acceptable level as reflected in the NIM ratio of 6.07%, an increase of 0.1% on the previous year.

Some of the factors that support the increased profitability of the Bank, among others, the position of funds that are well preserved with a composition of 65.6% with the successful retail deposit strategy supported by a large customer base, an increase in yield on assets derived from the placement of productive assets more optimal.

Performance Achievement in 2015 at a Glance: The First Year of Transformation Phase III

The year 2015 was the first year in Transformation Phase III 2015-2020, in which the Bank aims to be The Best Bank in ASEAN 2020. One of the programs undertaken in support of the achievement is by restructuring the organization to focus on the business segment of the Bank is to strengthen the position Corporate Banking as one of the market leaders in terms of distribution and the volume of corporate loans in Indonesia. Merging the Institutional Banking Directorate into Corporate Banking Directorate is also aimed to strengthen the position and the Bank that focuses on infrastructure growth and economic progress of the people of Indonesia.

Throughout 2015, the Bank has completed implementation of Phase Transformation of strategic initiatives III with milestone achievement of financial and non-financial, among others capitalization until the end of 2015 reached IDR 215.83 trillion, with ROE reached 18.33%, the NPL ratio of 2.60% better than the target set at 3.0%. Also in the aspect of non-financial, the Bank managed to retain the title as “the best bank service excellence” for 8 (eight) years in a row from MRI and retain the title as Enterprise Trusted for nine (9) consecutive years of IICG.

The results are the success of the execution of business strategies that Deepen Client Relationship, Accelerate Growth Segments in and Integrate the Group with the following explanation:

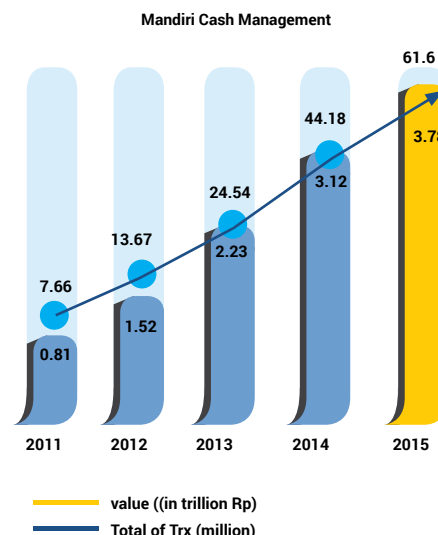
Deepen Client Relationship

The strength of the bank in the area of Wholesale, reflected in relations with major companies both nationally and regionally in the list of Fortune 500 and Forbes Global 2000. The presence of 244 customers in the segment of business group Corporate and 16,2 thousand customers in the Commercial Banking segment Mandiri may encourage penetration in Retail segment, which is the value chain from Wholesale customers, including customers who are employees of the corporation. In addition, the bank has taken a number of potential business sectors that will be the focus of strategy implementation solution sector, especially in Wholesale & SME segment.

Bank Mandiri has undertaken a number of initiatives to support the business development of Wholesale Transaction by providing wholesale products integrated solutions-based expertise in the business sector customers, developing solutions distributor financing, the development of Cash Management, provides total solutions for integrated financial transactions including crossborder nature, implementation host- to-host transactions for customers, and accelerate the execution plan account.

Commitment and consistency of the Bank in executing the strategic initiatives in the wholesale segment has shown positive results. Cross Sell Transaction ratio of anchor customers, which is the ratio of share of wallet transactions (Fx, Trade, BG, Remittance) and CASA to credit, reaching 1.44 at the end of 2015.

Business cash management also increased rapidly. As of the end of 2015, the volume of cash management transactions reached IDR 3.78 trillion with 61.6 million transactions, up 39.4% over the previous year and serves about 15.1 thousand customers, grew 9.4% from the year 2014 as many as 13,800 customers.



Excellent relationships with depositors particularly large depositors/institutions made the position of this segment is more sustained funding. Account Implementation Plan on 76 anchor clients in the Corporate segment has been successfully increases the low-cost funds. Mandiri Group low-cost fund from

Wholesale Business Transaction accounted for IDR 140.3 trillion, increasing the share of the fund's total assets reached 62.9% Wholesale. Fee-based income generated from the Wholesale segment reached IDR 6.65 trillion.

Accelerate in Growth Segment

With the spirit of togetherness, the bank also bring innovative products retail transactions for all customer business chain (value chain) in order to link major business and derivatives business can be served.

Retail transaction of business, the Bank made the moves to raise funds with the transaction and savings tools business through intensification telecommunication industry value chain, Cement, Oil & Gas, FMCG/Tobacco. Until December 2015, the bank had raised cost of the business value chain (lead sector and cluster) with the average balance amounted to IDR 17.5 trillion. Up to 2015, the Bank has to acquire more than 125 thousand customers with transaction value reached IDR 19 trillion. Other

initiatives in the segment of retail transactions that we do include: building customer loyalty individual savings through the program fiesta points, develop business payroll and business value chain, customer education to e-channel transaction, improving the quality of e-channel services, expansion of e-channel: ATM - EDC - Internet Banking.

The bank also continues to strive to meet the needs of customer transactions continued to expand its ATM network. During 2015, the Bank has added 2,044 ATMs so that the total number of ATMs across Indonesia has reached 17,388 units. The number of customer transactions serviced reached 1,014.7 million transactions, up 13.79% compared to 2014.

The bank also managed to increase the number of EDC network of 270 352 machines in 2014 to 286 861 engines in 2015. The number of transactions generated during 2015 as many as 125.5 million transactions, an increase of 19.9% from 104.7 million transactions in 2014.

To meet the needs of customers who have high mobility and routine, this time we have developed a service e-Money prepaid card that can be used in supermarkets, gas stations, transportation services such as Commuter, Transjakarta and the freeway. We also continue to innovate in digital banking, one of them by developing a standalone e-cash or so-called electronic money by using telecommunications technology. Mandiri e-cash allows the holder to carry out banking transactions without having to open the accounts to a branch of Bank Mandiri. The advantages of this product are in social banking experience for its holder and feel the ease of use. By the end of 2015 e-cash users grew 230% to 605.4 thousand from the previous year which amounted to 183.7 thousand users.

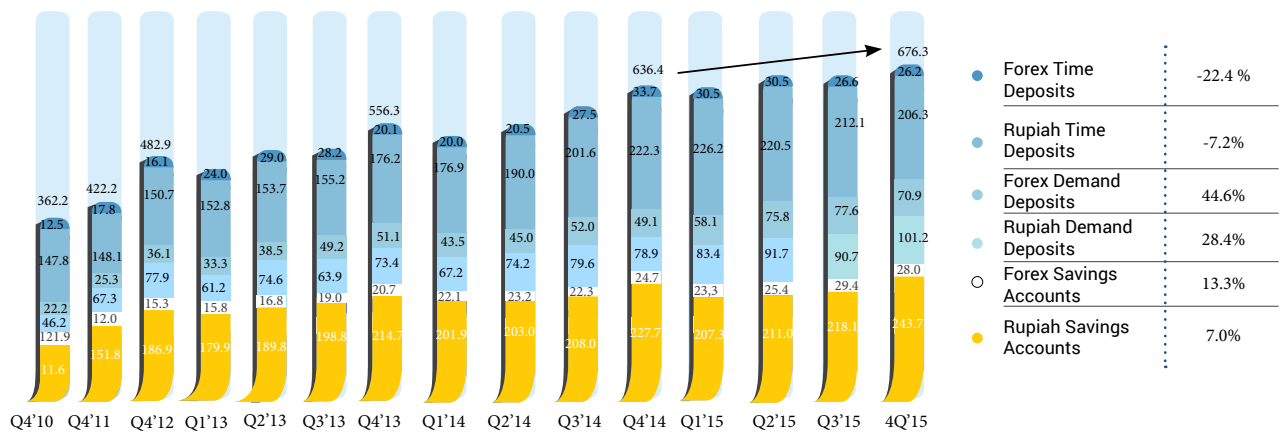
In line with the development strategy of retail transactions Mandiri Group, transactions conducted Mandiri customers via e-channels has significantly increased far beyond transactions through branches. The number of transactions of e-channels-per-December 2015 reached 2.2 billion transactions (ATM, internet, mobile banking), or an average of 6.1 million transactions per day, far beyond transactions through branches that only amounted to 192.4 million transactions, or the mean average 630.7 thousand transactions per day.

Other electronic channels to facilitate customer transactions anytime and anywhere is mobile banking and internet banking. During 2015, mobile banking transactions reached 678 million transactions, an increase of 40.3% from 483.7 million transactions in 2014, while the internet banking transactions has also reached 454 million transactions. In terms of innovation, after the year 2013 the Bank launched a service Mandiri e-Cash, back in 2014, launched innovation is Mandiri Fiestapoin.

In the prepaid card business, Bank Mandiri has had and continues to develop Mandiri e-Money cards (including e-Toll Card, Indomaret Card, and Gaz Card) where in 2015 the total number of e-Money card users has reached 6.7 million cards or grew 33.1% from 2014 and has produced 252 million transactions, or 690 thousand transactions per day and the transaction value of IDR 2.5 trillion, or IDR 6.8 billion per day in 2015.

Of the retail financing business, strategic initiatives which the bank did in 2015, among others, to develop alliances based value chain with the potential for cross selling to increase product holdings; improve product basic facilities and implementation of giro programs and contests; optimize your checking account as an operating account debtor through the cashback program and giro premiere; improve micro savings through savings products borrowers and non-borrowers; develop products house ownership program (HOP) with various companies; develop programs specifically alliance customers priority banking and managed corporate/commercial banking; launches community card; add a strategic partner for co-branding cards, corporate cards and commercial cards; expand the marketing area to the secondary card city; and develop a loyalty program.

Deposits by Type (consolidated (Rp trillion))

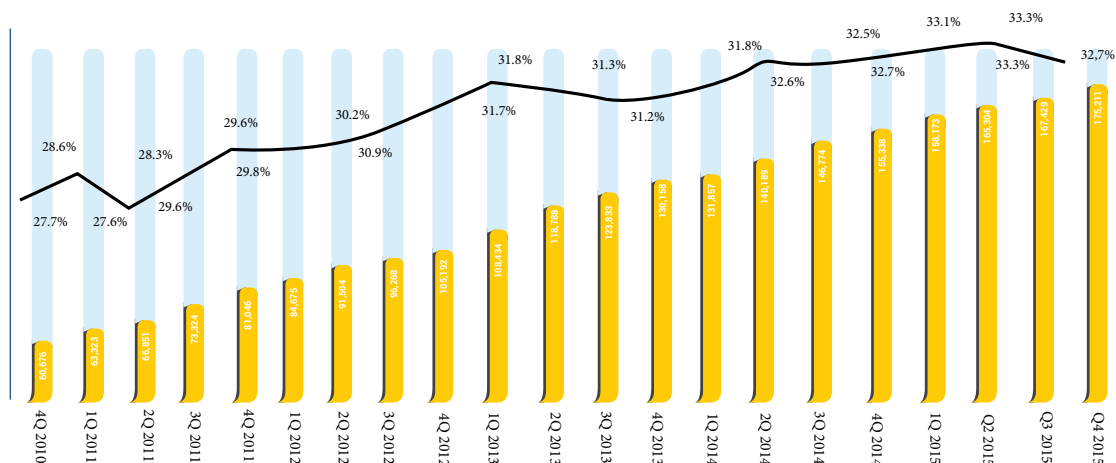


Implementation of the initiative in the retail finance business has managed to increase retail loans reached IDR 175,2 trillion or 12.8% annual growth. Meanwhile, the composition of retail loans to total loans maintained at the level of 32.7% at the end of 2015. The micro network grew to 247 units in 2015 to 2,080 micro units, supported by 9,865 micro marketing sales so that on average each month there were 50 thousand new customer segments that received the micro financial services, so this time the bank became the participating banks in the financing of micro segment the second largest

Implementation of consumer financing initiatives has been successfully financed 198,000 customers to own a home/mortgage. We have published more than 3.97 million credit cards with the addition of a new card with a card of 300 thousand monthly transaction value of around IDR 2.5 trillion.

In addition to the successful implementation of the initiative is also supported by the growth of retail business financing that is contributed by the subsidiaries of Bank Mandiri, i.e. Mandiri Tunas Finance. Mandiri Tunas Finance in 2015 reached Accounts Receivable amounted to 26.6 trillion, up 11.6 times from the year 2009 that amounted to IDR 2.3 trillion. In terms of new liquefaction (new disbursement), Mandiri Tunas Finance managed to channel new financing 9-fold, from IDR 1.9 trillion per year in 2009 to IDR 17.1 trillion per year in 2015 with quality that is still well preserved. In 2015, Mandiri Tunas Finance contributed a profit of IDR 306.8 billion, growing 31 % compared to last year with ROE of 29.8% in 2015.

Retail and Its Composition to Credit



Retail to Total Loans

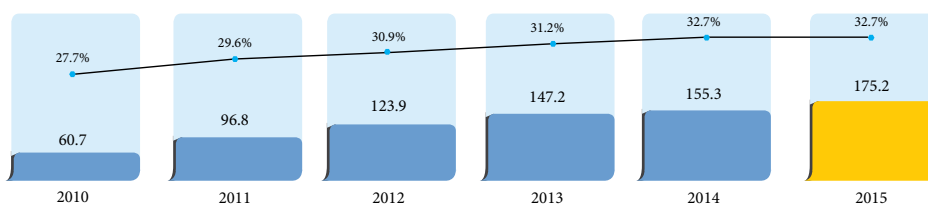
The performance of this child is much better than the competitors in the industry. This can be seen from the development of the market share of new financing for four-wheeled vehicles which in November 2015, Mandiri Tunas Finance has occupied the third position disbursement of new loans for vehicles, the same as in the previous year. In terms of market share of new car financing, Mandiri Tunas Finance managed to

achieve a market share of 8.52% in November 2015, an increase from the previous year of 7.49%.

Micro-financing segment also showed a remarkable increase, the total loan portfolio in 2015 reached IDR 42.5 trillion, an increase of 23% compared to 2014. The loan portfolio growth was accompanied with a NPL rate of 3.70% which means that bad credit can still be controlled properly.

Development And Growth Of Debit Credit Retail Banking

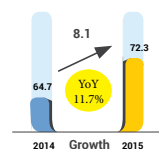
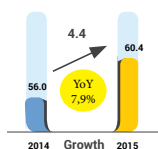
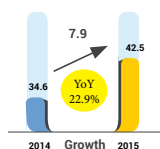
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Micro Credit

Micro Credit Business Banking

Consumer Credit





Integrate the Group

Thirdly is to integrate business strategies across all segments in Mandiri, including with its subsidiaries (Integrate the Group).

Through this strategy, we want to encourage a culture of cross-sell, either between units that handle wholesale and retail segments, including the subsidiaries, as well as encourage the regionalization of business and optimizing the distribution network in the region.

Bank Mandiri has completed the transformation of the distribution organization, through strengthening the role of Region 12 to increase the penetration of all business segments in the region. In 2015, various initiatives have been undertaken to encourage the transformation as follows:

- Expanding the branch network
- Improve alliances and synergies across business segments and subsidiaries

- Encourage a culture of cross-sell, either between units that deal with retail and wholesale segments, including subsidiaries.
- Maintain and improve the quality of services The Best Service Excellence across the front lines of business of Bank Mandiri

Until the end of 2015, following the volume of business alliances:

- Bank guarantee of IDR 34.7 trillion.
- Foreign currency IDR 16.4 trillion.
- Funds Under Management for IDR 3.6 trillion.

Meanwhile, the alliance wholesale revenues also increased:

- Financing vehicles by IDR 325 billion.
- The number of credit cards as much as 359,111 cards.

Organizational and Professional HR Development

"Our ability to achieve success depends on the combined applied strengths of our people gained over time, through experience and shared knowledge. The greater the application of the strengths, the more successful we become."

To be the best bank in ASEAN by 2020, of course, the Bank requires reliable human resources and human resources can compete with other regional banks. Fully aware that the challenges facing the increasingly complex, so in early 2015 the Bank has been reorganized by strengthening the distribution network in the Region by integrating all business segments and subsidiaries (Distribution Network Transformation) and review the effectiveness of organizations by re-mapping a number of directorates or group in the framework of synergies as well as

form and function of the new directorate in order to focus on the performance and optimization of the expected results. The new directorate established the Directorate Distributions and directorate-level functions, namely Wholesale Risk. As for newly formed groups, they are the Enterprise Data Management Group, Value Chain Solutions Group, Corporate Real Estate Group, Decision Management Group, Strategic Marketing & Communication Group, IT Audit Group and several other functions similar to group. Background for the establishment is none

other than to accelerate business growth in each of the segments and strengthening synergies as well as control and monitoring bankwide.

With SDM number reached 36,737 employees and employees of Gen-Y composition as much as 60%, HR management strategies require a holistic and systematic. Bank Mandiri has set HC Strategy 2020 and Mandiri People Management Framework, which is the strategy of human resource management from the recruitment process involving the hiring managers, ratings are aligned with the strategic direction of the Bank, the program long-term development by Mandiri University, a competitive compensation and development talent for succession and business developments. HC Strategy 2020 consists of seven main program, 32 strategic initiatives, values Mandiri, and People Management Framework into the main handle human resource management in Mandiri during the next five years.

Focus Human Capital is to prepare the foundation of human resource management based on the best practices that apply (7 programs and 32 strategic initiatives), accompanied by the implementation of a consistent on all lines of management, which in turn can create a conducive working environment for employees to enhance the excellence and competitiveness at the level regional - ASEAN. In line with the long-term plan, the reorganization of the bank that has been carried out in early 2015, continued with the implementation of talent management in stages through the talent panel at Headquarters and talent level panel on the level of the Regional Office. Through talent management program which is run twice a year, then talent will increase mobility and provide the opportunity for all employees to sharpen their technical and leadership skills they have.

Corporate university-owned Bank Mandiri, Mandiri University, is a key driver in improving the capabilities of all the Bank personnel. Through seven academies that exist in it, namely Wholesale Banking Academy, Banking Operations Sales & Service Academy, IT &

Supporting Function Academy, Micro & Retail Banking Academy, Governance Risk & Compliance Academy, Leadership Academy, as well as Islamic Banking Academy. Mandiri University prepares employees of the technical skills and leadership skills. In improving the leadership skills of employees, the Bank held General Management Development Program (GDP),

which aims to prepare leaders at Senior level (Level Group Head) in 2015 in cooperation with the Swiss IMD which is one of the best executive education organizers in the world. Meanwhile, to prepare leaders at the level of middle management, the bank has the Middle Management Development Program (MDP), which until 2015 had been held for two batches with total participants as many as 47 people, in collaboration with three leading universities in the world, Ross School of Business - University of Michigan, Thunderbird School of Management and the Asian Institute of Management.

In addition, employee competence development as well as talent retention program for employees, Bank Mandiri through Mandiri University has a scholarship program S2 domestically and abroad, particularly in the 50 top universities in the world. Up to 2015, more than 150 employees who follow the scholarship program either batch or non-batch. Mandiri University development programs is not only focused on classroom program, but also on learning in the work environment of employees, namely through blended learning solutions. To support the development programs, built 14 learning infrastructure in the form of Mandiri University campuses scattered across the archipelago and the technology infrastructure in the form of Electronic Learning Management System (ELMS) and Electronic Knowledge Management System (EKMS). Its main focus is to encourage an increase in employee productivity, mobility and leadership talent pipeline according to plan the development of the Bank and all subsidiaries within the group of Bank Mandiri. The target is in the future Mandiri University can be one center of excellence for knowledge banking in Indonesia.

In the management of human resources, in addition to improving the competence of employees, the bank places great emphasis on governance. Employee disclosures related to kinship, dual position, and so forth, that may pose potential conflict of interests regularly. Implementation of CLA, safeguard that protects the rights of employees carried out in accordance with the applicable legislation. It becomes an important initiative of the Bank as a responsible corporate citizen.

Finally, the focus of HC Strategy 2020 is to create a conducive working environment for all Mandiri

personnel to optimally developing its power to contribute to the bank's business strategy. In line with the value proposition of Mandiri, namely "Spirit for Prosperity of the Country", working at Mandiri is not only good for employees, their families, and Mandiri, but the main thing is good for the nation. All the initiatives in the HC Strategy 2020, namely to increase the ability of employees and increased leadership pipeline not only have an impact on the business of Bank Mandiri, but also on improving the competitiveness of Indonesia to be able to compete in the ASEAN regional and global environment.

Synergies Building Bank Mandiri Group

Performance Growth of Mandiri Subsidiaries in the Last Five Years

Ending the second stage of the transformation period, many changes occurred in our Company, among others, the growth in net profit and total assets of Bank Mandiri Group has increased since the last 5 years. Net profit growth and the Bank Group's assets cannot be separated from the contribution of all of the Company's performance Children who become major players in their respective fields as a reliable revenue generator at the Mandiri Group.

Each subsidiary Mandiri has a business focus that different as the Bank Group's business diversification. Bank Syariah Mandiri (BSM) is a subsidiary company engaged in Islamic banking, AXA Mandiri Financial Services (AMFS) in life insurance/health, Mandiri AXA General Insurance (MAGI) in general insurance, Mandiri Sekuritas in investment banking, Mandiri Manajemen Investasi (MMI) with a focus on asset

management, Mandiri Tunas Finance (MTF) is engaged in the financing of motor vehicles, Mandiri International Remittance (MIR) with a business focus remittance and Bank Mandiri Europe Limited (BMEL is mandated) that engages in treasury and financial institution, Mandiri InHealth focusing on health insurance. In 2015, has established three subsidiaries new in order as one of the efforts to implement the initiative of non-organic Bank Mandiri to some areas of business growth and provide business synergies of the entire Group ventures, Bank Mandiri Taspen Pos originally Bank Sinar Harapan Bali (BSHB) with a focus on micro-finance business, Mandiri Utama Finance engaged in Multifinance which will focus on motor products, used cars and multipurpose and Mandiri Capital Indonesia which focuses on potential Equity of Start Up Companies.

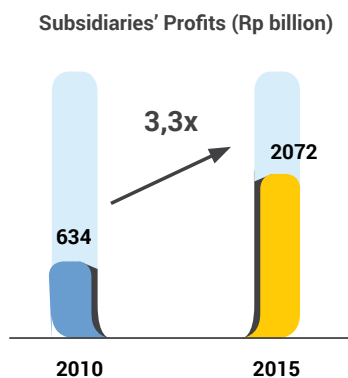
The Bank Group's contribution to the national economy as well we achieve through the successful performance of its subsidiaries as follows:



1. **PT AXA Mandiri Financial Services** recorded a profit of IDR 1.3 trillion in 2015, growing 456.3% from 2010. Meanwhile, assets reached IDR 23.03 trillion or grew by 163.2%, over the same period.
2. **PT Bank Syariah Mandiri** recorded a profit of IDR 306.8 billion in 2015, or grew by 338.6% from 2010. Meanwhile, assets grew to IDR 9.2 trillion or grew by 308.0% in the same period.
3. **PT Mandiri Tunas Finance** booked a profit of IDR 306.8 billion in 2015, an increase of 338.6% from 2010. While the assets reached IDR 9.2 trillion, increasing 308.0% from 2010.
4. **PT Mandiri InHealth** recorded a profit of IDR 154.6 billion in 2015, growing 28.8% from 2013. Meanwhile, assets reached IDR 1.8 trillion, an increase of 20.4% in the same period.
5. **PT Mandiri AXA General Insurance** contributed a profit of IDR 19 billion in 2015, an increase of 3543.4% from 2011. While assets reached IDR 1.6 trillion, or grew by 697.1%, from the year 2011.
6. **PT Mandiri Sekuritas** contributed a profit of IDR 15 billion in 2015 or a decrease of 82.8% from 2010. Meanwhile, assets reached 1.7 trillion or grew by 10.4%, during the same period.
7. **PT Mandiri Manajemen Investasi** has Assets Under Management (AUM) worth IDR 28.2 billion and a profit of IDR 11.1 billion in 2015 or a decrease of 30.6% from 2010. Meanwhile, assets reached IDR 150.8 billion or grew 74.5% over the same period.
8. **PT Mandiri International Remittance** contributed profit of IDR 1.1 billion in 2015, an increase of 122.0% from 2010. Meanwhile, the assets reached IDR 11.4 trillion or decreased by 42.9%, during the same period.
9. **PT Bank Mandiri Europe Limited** recorded a profit of IDR 9.4 billion in 2015, an increase of 104.8% from 2010. Meanwhile, assets reached IDR 2.5 trillion or grew by 67.2% during the same period.
10. **PT Bank Mandiri Taspen Pos** formerly the Bank Sinar Harapan Bali recorded a profit of IDR 24.4 billion in 2015, an increase of 70.6% from 2010. Meanwhile, the assets grew to IDR 2.6 trillion, an increase of 236.3% , in the same period.
11. **PT Mandiri Utama Finance** scored a net loss of IDR 13.5 billion at the end of 2015. Total assets reached IDR 113.2 billion. Mandiri Utama Finance was recorded officially established in January 2015.
12. **PT Mandiri Capital Indonesia** is a company engaged in the field of venture capital, established in Indonesia on June 26, 2015. In order to carry

out their business activities in the field of venture capital, Mandiri Capital has obtained a license to carry out business activities in the field of venture capital on November 10, 2015. Shareholders of Mandiri Capital is Bank Mandiri at 99% and PT Mandiri Sekuritas amounting to 1%

Along with the business growth of the Bank, a subsidiary also experienced growth and contribute significantly to the Bank Group. The growth is the result of our efforts in making alliances and synergies optimally.



Strengthening Monitoring Functions - Internal Audit, Risk Management and Compliance

Challenge for aspiration to become the best bank in ASEAN by 2020 requires the fulfillment of the quality of corporate governance is getting better. Regulation in the field of supervision and control requires strengthening of internal controls through functions consisting assurance of internal audit, risk management, and compliance. Readiness of these functions are critical factors to achieve healthy growth and sustainable. Currently, the unit internal control, risk management, and compliance Bank Mandiri has become a strategic partner for the units of other work to ensure the development and implementation of

strategic initiatives have been equipped with adequate risk management and internal control.

Bank Mandiri continues to encourage the strengthening of collaboration between assurance functions among others to ensure that all potential risks can be mitigated with a good appear, increasing the traffic of information between units, and the affirmation of roles and responsibilities. Bank Mandiri's commitment to ensure the functionality of assurance as an enabler of growth of our business in the long term we continue to be optimal.

Internal Control as the Key Guard for Operational Control

Bank Mandiri continues to strengthen its third line of defense through a more active collaboration in the preparation and implementation of strategies assurance functions. The mechanism of fraud prevention, detection and investigation in the Bank has been effective in helping to prevent and detect fraud early. In line with the strategic focus of strengthening the Retail business segment and growth in transaction banking business, the need to strengthen the internal control in various aspects of the Retail business operations, to minimize the potential for fraud and operational losses. Internal Audit as a working unit which undertakes the function of assurance, is responsible for ensuring the effectiveness of internal control is built. To ensure that this responsibility can be run with both the internal audit is now supported by auditors who have a good competence. Competence is not only limited to auditing knowledge and skills, but also product knowledge and banking activity, the auditor is able to provide solutions for problems particularly related to the internal control and risk management of products or transactions conducted by the Bank.

Through the governance structure and process that is effective in the Bank as a parent company, a subsidiary of monitoring function is also reinforced through

the consolidation of the internal audit function and the application of audit charters in any subsidiaries that reflect the methodology, duties and authority of the internal audit function of the Bank. This is done through the establishment of standards/procedures, competency Head of Internal Audit and its auditors, and the use of methodologies in accordance with best practices.

In addition, the implementation of anti-fraud strategy as the mandate of the regulator, which includes mechanisms for fraud prevention, detection and investigation in the Bank has been effective in helping to prevent and detect fraud early.

Building a Culture of Risk for Integrated Risk Management Implementation

We have developed an Enterprise Risk Management (ERM) is a risk management in an integrated way, linking strategic planning, risk appetite, business execution, risk assessment and performance evaluation, in our effort to optimize business growth Mandiri Group's appropriate risk-adjusted return and maximizing shareholder value. ERM implementation becomes a means for the implementation of Basel II and III in Bank Mandiri gradually in accordance with the regulations of the Financial Services Authority (OJK).

With ERM, Our Company has the ability to accurately determine the capital required to cover the risk, allocating capital to all business lines efficiently and rationally, and identify opportunities for portfolio diversification and optimization.

Mandiri Group ERM Implementation System in a comprehensive scale is the first application in Indonesia. The successful implementation of ERM System is also recognized internationally, among others by The Asian Banker The Asian Banker awards through the Risk Management Award for Enterprise Risk Management Project.

Strengthening Governance for Sustaining Sustainable Performance Growth

We have implemented the practice of good corporate governance (GCG) consistently that we have built through five (5) stages of the implementation framework, namely; formulation of governance commitment, improvement of governance structure, improving governance mechanism, dissemination and evaluation and walking the talk.

Bank Mandiri will also implement an integrated governance to achieve a shared understanding between the Bank and all its subsidiaries to the improvement of good governance in the financial conglomerate. In addition, the bank continues to follow the development of corporate governance best

practices both nationally and regionally. The quality of the implementation of good corporate governance and disciplines to be part to gain recognition from the Institute of GCG Independent Rating Agency both

in Indonesia and in Asia, which is becoming a very reliable company for 9 years in a row by IICG and ICON on Corporate Governance by Corporate Governance Asia.

Subsidiary Management and Integrated Governance Implementation of Bank Mandiri Financial Conglomerate

In order to comply with the regulator concerning the implementation of corporate governance is integrated in the financial conglomerates in Indonesia, Bank Mandiri has prepared Governance Guidelines Integrated who provide guidance to the Bank and its subsidiaries to apply the principles of transparency, accountability, responsibility, independence, professional, naturalness integrated within financial conglomerates. The management of subsidiary companies we do through the device functions integrated governance is structured to be able to give a span of control that are more flexible and function of monitoring and supervision more effective business appropriate job descriptions of the duties of each business unit. The device that we form in 2015 is the Integrated Governance Committee, the application function Integrated Compliance Unit, the Internal Audit Unit Integrated and Integrated Risk Management Unit. All functions are implemented in the Bank and its subsidiaries in 2015.

In addition through the supervision by the Board of Commissioners and Internal Audit at each subsidiary, as well as the organ of governance integrated the Bank Group, the bank also manages the subsidiaries through the mechanism of multiple namely by business units as units that supervise and monitor the performance of the subsidiaries and by Capital & Subsidiaries Committee (C & SC). In addition to supervising the performance, C & SC also carry out the function of management of the equity in a subsidiary, ensuring the implementation of the General Meeting of

Shareholders (AGM) of the subsidiaries and drafting policies and establishes management subsidiaries. Bank Mandiri as the parent company has been aligning strategy and business direction subsidiaries in order to support the achievement of the aspirations of the Bank Group.

The integrated management translated into four (4) policy functions, namely:

1. "Management policies of subsidiaries" function, i.e. capital management is setting policy, monitoring performance including Leadership and Policy by Capital & Subsidiaries Remuneration Committee;
2. "Shareholders Proxy" function, i.e. monitoring business and financial performance of subsidiaries and representing shareholders in the Corporate Action;
3. "Business Supervision" function, i.e. evaluation and assessment of the performance of the company's capital includes child guidance and planning as well as the synergies and business development subsidiaries;
4. "Control" (Compliance, Audit & Risk Management) function, i.e. strengthening compliance and risk management functions through the Internal Audit Board of Commissioners and its subsidiaries.

In addition to supporting the implementation of good governance structure, the Bank has implemented an end-to-end process management of consolidated subsidiaries which include planning, monitoring and evaluating. From the aspect of planning, the company already has a blueprint child long-term strategic plan to guide the company of children in developing business to support the achievement of the aspirations of Bank Mandiri.

As part of the monitoring and supervision, the Bank periodically conducts performance review and audit forum subsidiaries performance as well as a means of evaluating the performance of the board of each Subsidiary.

In order to comply with the regulator concerning the implementation of integrated management for financial conglomerates, Mandiri Group has started the implementation of risk management in an integrated manner to all types of business risks include reputation risk, credit risk, market risk, operational risk, liquidity risk, strategic risk, legal risk and compliance risk. The risk management includes the areas of strategic planning, risk appetite, execution, risk assessment and performance evaluation, so as to maximize the shareholder value of the Mandiri Group.

In addition, the bank also has to have the committee organization associated with the implementation of risk management, the Risk Management Committee, and policies and procedures for integrated risk management.

Service Excellence for Customer - Strengthening Service

Extensive distribution network and the products and services of Bank Mandiri continues to grow is a challenge for us to be able to present excellent service in all contact points with customers. Excellent service or service excellence is one of the three pillars of the performance of the Bank in addition to the financial aspects and GCG.

In 2015, the commitment and hard work to continuously deliver excellent service to our customers has resulted in the return achieved the highest award in the field of Service Excellence as follows:

1. **The Best Bank Service Excellence** for 8 consecutive years (2008-2015).
2. **The Most Consistent Bank in Service Excellence** for 6 consecutive years (2010-2015).
3. **Golden Trophy for Banking Service Excellence four years** in a row (2012-2015) in a survey of Bank Service Excellence Monitor (BSEM) organized by Marketing Research Indonesia (MRI) and Infobank Magazine.
4. **The Best Performance E-Channel 2015** the Bank Service Excellence Monitor survey (BSEM) organized by Marketing Research Indonesia (MRI) and Infobank Magazine.

Redefinition of Bank Mandiri Service Soul (Proactive & Timely Solution, Reliable, Friendly & Convenient) into Life Service of Mandiri Personnel (Fast, Reliable, Comfortable) further strengthens the commitment of all employees of Bank Mandiri to contribute in achieving service excellence according to the position and role of each.

Besides the service branch Regular e-channel as measured by the industry, in order to maintain the high quality of services throughout the contact point of Bank Mandiri, we also make and measure the standard

of services other channels that serve clients directly, namely: Micro Branch, Priority Outlet, Regional Card Center. In fact, we also measure the implementation of Life Service in Group/Unit Head Office which serves many Branch/Unit Front Office service excellence in order to create end-to-end.

In addition to the standard measurement service as mystery shopping, we also measure the level of customer satisfaction (Customer Satisfaction Index) in the Regular and Priority Branch Outlet, which will gradually be implemented in other units.

Customer Complaint Handling

The basic principles of customer complaints management of the bank is "Welcome Complaint". In this case, the bank opened a lot of channel reception complaints so that customers can easily submit complaints directly to the bank without going through the mass media, both print and online, which may affect the Bank's reputation.

In addition to providing conventional channel complaints such as Mandiri Call, corporate websites, and email, we also accommodate customer complaints via social media means popular today as Twitter and Facebook. In fact, we currently have penetrated through the means of social messenger.

In accordance Life Service of Mandiri Personnel (Fast, Reliable, Convenient), settlement of customer claims conducted in accordance with Service Level Agreement (SLA) as stipulated by Bank Indonesia, even faster.

In order to meet the objectives of the Bank to meet any customers' needs and create a positive customer experience in accordance Life Service, the Bank continued to improvement in the management and resolution of customer complaints, among others:

1. Completion of process improvement and monitoring of customer complaints.

2. Acceleration SLA settlement of customer claims in end-to-end.

Improvements to the 4P (people, product, process, place) in order to reduce the number of similar complaints.

Along with the development of channels for customer complaints, the number of customer complaints continues to increase. Increasing the number of customer complaints is influenced by:

1. Increasing the number of customers
2. Increasing the number of transactions
3. Increasing new products and features in existing products
4. The openness and ease of customer complaints through social media, such as Twitter, Facebook, etc.
5. Problems of the system/network/on the other bank transactions related to Bank Mandiri.

Improved Service Excellence across the contact point and end to end and the good management of customer complaints is expected to support the level of customer satisfaction and loyalty, thereby enhancing business growth of the bank.

Challenges/Business Prospects

The national economy is expected to improve in 2016, with improved various macroeconomic indicators and achievements in 2015, as reflected in the trade surplus, an increase in the growth of investment realization, as well as the slowdown in external debt, and the government's efforts to accelerate infrastructure spending to complete the process Tenders for the project in 2016 at the end of 2015. As economic conditions improved, the banking sector was considered would have a better performance in 2016.

With the acceleration of infrastructure spending is expected to increase in demand for bank credit, especially from the construction industry. More optimism that the economy in 2016 will improve consumer sector is still increasing with increasing middle class groups. Besides the relaxation of rules regarding Loan To Value (LTV) of 70% to 80% can

provide stimulus to housing loans and vehicle loans, which in turn is expected to provide a positive effect on other industrial sectors.

Although the banking situation is expected to improve, but the bank still faces many challenges ahead, including the level of Loan to Deposit Ratio (LDR) is high, nearly 90% will limit the bank's business expansion because liquidity is increasingly limited. Not easy for banks to achieve growth of credit without the support of a good fund growth, it is estimated there will be an increasingly tight competition in the fund, so that banks can still increase lending. Competition in services will also increase, mainly related to the e-channel transactions that require the support of technology is increasingly reliable.

Changes in the Composition of the Board of Directors

In 2015, there were changes in the composition of the Board of Directors by the RUPS for FY 2014 on March 16, 2015. The RUPS decided to dismiss with respect members of the Board of Directors who have ended their term of office, namely Mr. Riswinandi, Mr. Abdul Rachman, Ms. Fransisca N. Mok, Mr. Sunarso and Mr. Kresno Sediarsi. On behalf of the Board of Directors, I express my thanks to all members of the Board of Directors completed its term. The RUPS appointed Mr. Sulaiman Arif Arianto as Deputy President Director, Mr. Tardi as Director of Micro & Business Banking, Mr. Ahmad Siddik Badruddin as Risk Management & Compliance Director, Ms. Kartini Sally as Commercial Banking Director and Mr. Kartika Wirjoatmodjo as Finance & Strategy Director. Furthermore, the new

Board members, we congratulate duty and carry out the mandate properly in Bank Mandiri.

With the commitment of the Board of Directors to oversee transformation of Phase III for all members of the management to keep working hard and smart in implementing the entire Bank Mandiri business plan. Achievement of the larger and more valuable will be the main target, as well as our commitment to all shareholders and all stakeholders.



Conclusion

Mandiri Group's success is the result of solid teamwork process, not just from the ranks of management, but also of all human Mandiri, which has contributed to the optimum for the continuation Mandiri Group. To be able to grow a sustainable future, we are supported by reliable management and employees, who have had character, integrity, cultural values, professionalism, and experience necessary to be able to carry out the duties and authority in running the business Mandiri Group. We shared all employees are proud to work and dedicate themselves completely in Mandiri Group.

The things which we have gone along with all employees, it is highly extraordinary. On behalf of Mandiri Group and the board of management, we would like to express appreciation profusely to all employees for their dedication and contribution optimal Commitment, hard work and accomplishments have given you is certainly an encouragement for us all to move forward again.

We are also grateful to all stakeholders, in particular that has been guarding the implementation of the transformation, providing full support and laying a strong foundation to continue and complete the transformation Mandiri Group forward.

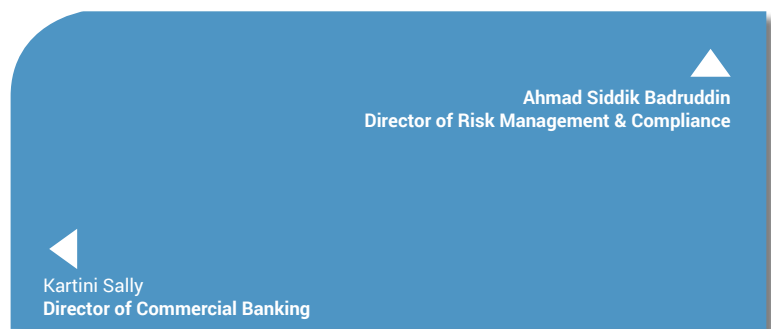
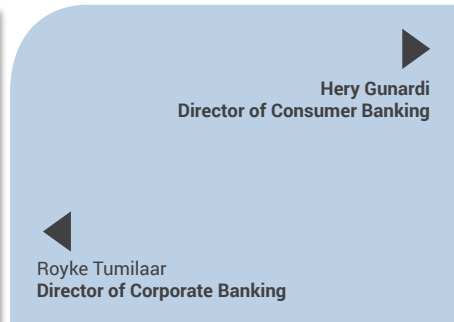
Together with more than 36,000 employees across the country that work with the spirit of togetherness for the prosperity of the country, let us express our sincere gratitude to all customers and shareholders and regulators for their support and the trust that has been given to Mandiri Group for this. An honor for us become a trusted partner of customers and all stakeholders. We will continue to kindle the spirit of togetherness to continuously deliver the best financial solutions and services that you can be proud.

Jakarta, February 26, 2016

Budi G. Sadikin
President Director

profiles of directors





Budi G. Sadikin

President Director



Mr. Budi G. Sadikin is an Indonesian citizen. Born in 1964. He is domiciled in Jakarta. He was appointed as the President Director of Bank Mandiri at the Annual General Meeting of Shareholders on April 2, 2013.

Career:

Before serving as the Bank's President Director, his professional career commenced in the IBM Headquarter in Japan as System Integrations & Professional Service Manager (1988-1994). He later joined Bank Bali as the Business Alliance Manager until his last position as the Chief General Manager of Jakarta (1994-1999). He then joined ABN AMRO Indonesia as the Vice President Director - Vice President Director of Consumer Bank (1999-2003), from which he moved to Bank Danamon as the Executive Vice President, Head of Consumer Mass Market (2003-2006).

He earned a Bachelor's degree from the Bandung Institute of Technology in 1998.

Training course:

He had attended a wide range of overseas training programs and seminars, including Senior Management Course, the Netherlands (2000); Risk Management Certification, Singapore (2007); Strategic Thinking and Management for Competitive Advantage Program, the United States of America (USA) in 2008; Global Strategic Management, USA (2009); Venture Capital Executive Program, USA (2010); and Interpersonal Dynamics for High Performance Executives, USA (2011).

Sulaiman Arif Arianto

Vice President Director



Mr. Sulaiman Arif Arianto is an Indonesian citizen. Born in 1958. He is domiciled in Jakarta. He was appointed as the Vice President Director of Bank Mandiri at the Annual General Meeting of Shareholders on March 16, 2015.

Career:

His professional career began at BRI during the period 1984-2015 where he held various high ranking positions in loans-related divisions. During his early tenure at BRI, he joined the Business Loans and Training Division and went on to become Assistant Manager of Corporate Loans at the Head Office (1991-1992), Deputy IV of Corporate Head (1992-1994), Head of Corporate Loans Section (1994-1999), Deputy Head of Corporate Loans Division (1999), Head of Corporate Loans Division (1999-2002), Head of Agribusiness Division (2001-2002), Head of Denpasar Region (2002-2003), Head of Jakarta Region (2003-2006), Director of Micro and Small Business (2006-2009) and his last position title was the Director of Commercial Banking (2009-2015).

He graduated from Bogor Agricultural University (1981) and earned his Master of Business Administration (MBA) in Finance from the University of New Orleans in 1991.

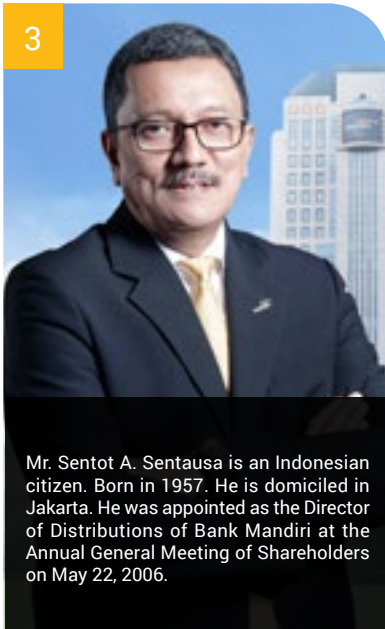
Training course:

He actively participated in training events and seminars on economic and banking sectors both at home and abroad, including the Asian Banking Forum (2007); Financial Technology Conference, Singapore (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 Refresher Program, Germany (2012); and Risk Management Certification Refresher Program (2013).

Sentot A. Sentausa

Director of Distributions

3



Mr. Sentot A. Sentausa is an Indonesian citizen. Born in 1957. He is domiciled in Jakarta. He was appointed as the Director of Distributions of Bank Mandiri at the Annual General Meeting of Shareholders on May 22, 2006.

Career:

He commenced his professional career in 1986 as an Officer in the Research and Development Division of Bank Pembangunan Indonesia (Bapindo). He was then assigned to the Directorate of Treasury in Assets & Liabilities Committee (ALCO). Following the establishment of Bank Mandiri, he was named the Vice President of Global Market & Treasury, Division Head of Operations & Legal Risk (2000), Division Head of Procurement and Fixed Assets (2001), Group Head and Senior Vice President of Procurement and Fixed Assets (2003), Senior Vice President and Group Head of Consumer Risk (2004), Group Head of Portfolio & Operational Risk (2005), Coordinator for the Directorate of Risk Management and the Chairman of BMEL London (2005-2006).

He earned his degree in statistics from Padjajaran University (1983) and attained MBA from Monash University Australia in 1995.

Training course:

He actively attended a variety of training programs including Customer Focused Innovation (2015) and Risk Management Banking Level 5 (2015).

Ogi Prastomiyono

Director of Technology & Operations

4



Mr. Ogi Prastomiyono is an Indonesian citizen. Born in 1961. He is domiciled in Jakarta. He was appointed as the Director of Technology & Operations of Bank Mandiri at the Annual General Meeting of Shareholders on April 2, 2013.

Career:

Prior to serving as a Director of Bank Mandiri, he embarked upon a professional career by joining Bank Ekspor Impor Indonesia as Staff until his last post as the General Manager of Planning and Development (1986-1999). Later on, he served as the Head of Compliance Division in Bank Mandiri, Senior Vice President, Director of Bank Syariah Mandiri and Executive Vice President (1999-2008).

He obtained his Bachelor's degree from the Bogor Agricultural University (1984), a Pre-MBA Program from the Economics Institute Boulder, Colorado, USA in 1992 and an MBA from the University of Notre Dame (1994).

Training course:

He actively attended a variety of training programs and seminars both nationally and internationally, including Trade Finance Training Scheme in Jakarta and Accelerated Development Programme 7 in London (1991), Sharia Banking Workshop in Jakarta (2004), Asian Business Dialogue on Corporate Governance in Singapore (2005), World Economic Forum in Davos (2005), Internal Audit Training for Managers in Jakarta (2006), Internal Audit & Risk Management in Singapore (2006) and Singapore Human Capital Summit in Singapore (2010). He has also attained certification of competencies in various fields, including Risk Management (2004), Sharia Financial Advisor (2005) and Internal Audit (2006).

Pahala N. Mansury

Director of Treasury & Market

5



Mr. Pahala N. Mansury is an Indonesian citizen. Born in 1971. He is domiciled in Jakarta. He was appointed as the Director of Distributions of Bank Mandiri at the Annual General Meeting of Shareholders on May 17, 2010.

Career:

Prior to serving as a Director with Bank Mandiri, he set out on a career path as a Change Management Consultant at Andersen Consulting, Jakarta in 1997. The following year, he worked on a part-time basis in an investment management company in New York, USA. After that, he held a Senior Consultant role in Booz Allen Hamilton and a Project Leader at the Boston Consulting Group until 2003 conducting various banking projects in Southeast Asia. He joined Bank Mandiri and assumed various roles including, among others, Group Head of Corporate Development, Change Management Office, Accounting and Economic Research (2003-2006), EVP Coordinator for Finance & Strategy (2006) and Chief Financial Officer. He is currently active in the board of CFA Indonesia as the Vice President.

He graduated from the University of Indonesia with Economics Degree from Accounting Department and attained his MBA in Finance from the Stern School of Business, New York University, USA. He has also been certified as a CFA Charterholder from the CFA Institute since 2003.

Training course:

Malcolm Baldrige Executive Briefing, General Management and Pension Training Program, the 5th Training and Development Summit 2013 and Balancing Leader & Manager.

Royke Tumilaar

Director of Corporate Banking

6



Mr. Royke Tumilaar is an Indonesian citizen. Born in 1964. He is domiciled in Jakarta. He was appointed as the Director of Corporate Banking of Bank Mandiri at the Annual General Meeting of Shareholders on May 23, 2011.

Career:

He began his professional career at Bank Dagang Negara, where the last position he assumed was Professional Staff of Bank Dagang Negara Jakarta's Loan Settlement Team. Since 2007, he served as Group Head of Regional Commercial Sales I until May 2010 and was concurrently appointed Commissioner of Mandiri Sekuritas in August 2009. Since May 2010, he was named Group Head of Jakarta Commercial Sales until May 2011.

He earned his Economics Degree from Trisakti University (1987) and attained his MBA in Finance from the University of Technology, Sydney in 1999.

Training course:

He had taken part in various training programs and seminars which, inter alia, are: Corporate Finance Workshop (2003), High Impact Leadership (2008), Strategic Business Leadership Engagement (2011) and Risk Management Certification (2012).

Hery Gunardi

Director of Consumer Banking

7



Mr. Hery Gunardi is an Indonesian citizen. Born in 1962. He is domiciled in Jakarta. He was appointed as the Director of Consumer Banking of Bank Mandiri at the Annual General Meeting of Shareholders on April 2, 2013.

Career:

His professional experience dates back to his time at Bapindo as a Member of Product Development & Promotion Team, Member of Non-Performing Loan Settlement Team - Special Debtor Affairs, Head of the Syndicated Bond Subsection - Financial & Banking Service Affairs (1991-1998). He then joined Bank Mandiri as Member of the Merger Team, Regional Marketing Manager, Acting Area Manager, Director of Establishment of Joint Venture Insurance Company with AXA, Director of PT AXA Mandiri Financial Services, Senior Vice President, President Commissioner of PT AXA Mandiri Financial Services, Executive Vice President and Chief Commissioner of PT Mandiri Manajemen Investasi (1998-2013).

Earning a Bachelor's degree in Business Administration from the 17 August 1945 University (1987), he attained Master of Science in Finance & Accounting from the University of Oregon, USA (1991).

Training course:

He had actively partaken in a long list of courses and seminars, including Foreign Exchange and Money Market Dealer in Singapore (1987), Chartered Life Underwriter in Singapore (2003), Chartered Financial Consultant in Singapore (2003), Certified Wealth Manager in Indonesia (2005), Certified Financial Planning in Indonesia (2007), Executive Development Program in USA and London (2008 and 2011), as well as Risk Management Level 4 in Indonesia (2012).

Tardi

Director of Micro & Business Banking

8



Mr. Tardi is an Indonesian citizen. Born in 1964. He is domiciled in Jakarta. He was appointed as the Director of Micro & Business Banking of Bank Mandiri at the Annual General Meeting of Shareholders on March 16, 2015.

Career:

His professional experience began as an Assistant to Credit Analyst in PT Bank Bumi Daya, a predecessor of Bank Mandiri, and held important positions in the organization, including on syndicated loans and corporate affairs. During the merger of Bank Mandiri, he was also involved in system integration and loan procedure for quality assurance of risk management. He also took on the roles of Department Head and Group Head of Credit Operation, Group Head of Credit Recovery and Group Head of Micro Business Development. It was in April 2013 that he was appointed the Senior Executive Vice President (SEVP) of Consumer Finance and later SEVP of Micro and Business Banking in January 2015. He also sat in the Board of Commissioners of PT Pengelola Investama Mandiri (October 2007-May 2009) and Bank Syariah Mandiri (June 2008-May 2013).

He earned a Bachelor's degree in Agronomy from the 11 March University (1987) and Master's degree from Padjajaran University in 1999.

Training course:

Besides formal education, he actively attended numerous competency development programs for capacity building, including Credit Training for Lending to Finance (2000), Collateral Loss Insurance Training (2011), Risk Management Certification (2007), Risk Management in Banking (2008), Certification of Risk Management Competency (2011) and Developing the Strategic Leader (2011).

Ahmad Siddik Badruddin

Director of Risk Management & Compliance

9



Mr. Ahmad Siddik Badruddin is an Indonesian citizen. Born in 1964. He is domiciled in Jakarta. He was appointed as the Director of Risk Management & Compliance of Bank Mandiri at the Annual General Meeting of Shareholders on March 16, 2015.

Career:

His career in banking industry commenced in 1990 when he joined Management Associate Program at Citibank until 1999. At Citibank he held various positions, including in overseas establishments such as the Regional Risk Officer with Global Consumer Bank (AVP) in Singapore (1995-1997) and Retail Bank Risk Director of Global Consumer Bank (VP) in Jakarta (1997-1998), Country Risk Director of Global Consumer Bank in Philippine (2001-2004), Country Risk Director of Global Consumer Bank in Düsseldorf, Germany (2004-2008), Regional Senior Credit Officer for Central & Eastern Europe and Middle East Africa Region of Global Consumer Bank in London, UK (2008-2011), Global Unsecured Product Risk of Global Consumer Risk Management Division in New York, USA (2001-2014). During such period, he also served as the Head of Risk Management of Consumer Banking Division of ABN AMRO in Hong Kong (1999-2001). In 2014, he joined Bank Mandiri as an SEVP of Retail Risk.

He graduated with a Degree in Chemical Engineering (1990) and attained MBA in Management Information System (1998), both from the University of Texas, Austin.

Training course:

Besides formal education, he actively attended numerous competency development programs for capacity building, such as: Global Risk Conference, Citibank (2008, 2009 and 2010); EMEA Business Conference, Citibank (2008); Senior Credit Officer (SCOO) Seminar, Citibank (2012); Advance Risk Seminar, Citibank (2013); and Basel 2 & 3, PWC (2014).

Kartini Sally

Director of Commercial Banking

10



Mrs. Kartini Sally is an Indonesian citizen. Born in 1965. She is domiciled in Jakarta. She was appointed as the Director of Commercial Banking of Bank Mandiri at the Annual General Meeting of Shareholders on March 16, 2015.

Career:

Her career path began as she joined Bank Ekspor Impor Indonesia (Bank Exim) in July 1990 as a general loan officer under the Directorate of Corporate Banking and her last position was the Head of Telecommunications and Transportation Section, prior to its merger into Bank Mandiri in 1999. During the merger, she served as the Senior Relationship Manager focusing on telecommunications and transportation sector, which was part of the Directorate of Corporate Banking since August 1999. Since then, she held various important roles in the Directorate of Corporate Banking until February 2006. In the same year, she was appointed the Executive Vice President of Commercial Risk Group and later in 2012 she led the Corporate Banking Group I. In addition, she was a member of the Board of Commissioners of Mandiri Sekuritas in the period 2012-2015 and concurrently sat in the membership of the Indonesian Bankers Association.

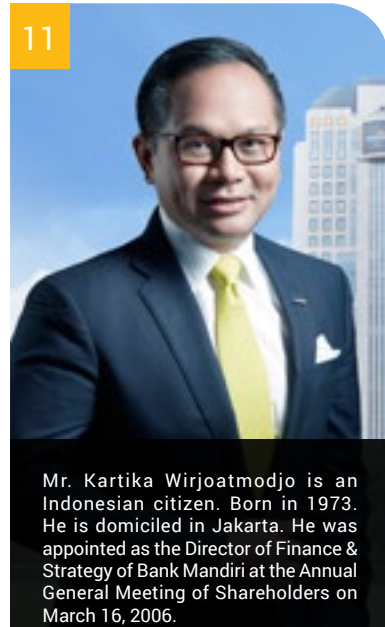
She earned her Bachelor's degree in Dentistry from the University of Indonesia (1998), MBA from IPPM Jakarta, Indonesia (1990) and Master of Management from Jayabaya University, Jakarta (1998).

Training course:

In addition to her formal education, she actively attended competency development programs for capacity building, such as: Structuring & Financing Telecom Project (2002), Ventura Capital (2004), Bank Strategy Masterclass (2006), SME Banking & Financing (2008), the Asia Gas Conference (2008), Risk Management in Banking (2009), Structured Mezzanine & Equity Financing (2011) and Structuring Merger & Acquisition (2012).

Kartika Wirjoatmodjo

Director of Finance & Strategy



Mr. Kartika Wirjoatmodjo is an Indonesian citizen. Born in 1973. He is domiciled in Jakarta. He was appointed as the Director of Finance & Strategy of Bank Mandiri at the Annual General Meeting of Shareholders on March 16, 2006.

Career:

His career began as a Tax and Accounting Consultant in RSM AAJ from 1995 to 1996. Afterwards, he served as a Credit Analyst in the Industrial Bank of Japan (1996-1998), Senior Consultant in PWC Financial Advisory Services (1998-1999) and Boston Consulting Group (2000-2003). In 2003, he joined Bank Mandiri as the Head of Strategy & Financial Analysis Department in Strategy and Performance Group, which he then led in his capacity as the Group Head. In 2008, he was assigned to the Managing Director of Mandiri Sekuritas. After that, he served as the CEO in Indonesia Infrastructure Finance (2011-2013) and Indonesia Deposit Insurance Corporation (2014-2015).

He earned his Degree in Economics and Accounting from the University of Indonesia (1996) and MBA from Erasmus Huis University in Rotterdam (2001).

Training course:

In addition to his formal education, he actively attended various competency development programs for capacity building, such as the Leadership Journey: Creating and Developing Young Leadership, Wharton Business School, USA (2009); Government Policy in Building Business Environment (2003); Workshop of Balanced Scorecard and KPI (2004); Risk Management Certification 1 (2006); Risk Management Certification 2 (2007); Risk Management Certification 3 (2008); Marshal Goldsmith Workshop (2009); and Coaching for Excellence - Executive (2010).





certificate of accountability by members of the board of commissioners and board of directors for PT Bank Mandiri (Persero) Tbk annual report 2015

We, the undersigned, hereby certify that all of the information contained in the PT Bank Mandiri (Persero) Tbk Annual Report 2015 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, February 26, 2016

board of commissioners declaration



Wimboh Santoso
Chief Commissioner



Imam Apriyanto Putro
Deputy Chief Commissioner



Aviliani
Independent Commissioner



Goei Siauw Hong
Independent Commissioner



Bangun Sarwito Kusmuljono
Independent Commissioner



Abdul Aziz
Commissioner



Askolani
Commissioner



Suwhono
Commissioner

board of directors declaration



Budi G. Sadikin
President Director



Sulaiman Arif Arianto
Vice President Director



Sentot A. Sentausa
Distributions Director



Ogi Prastomiyono
Technology & Operations Director



Pahala N. Mansury
Treasury & Markets Director



Royke Tumilaar
Finance & Strategy Director



Hery Gunardi
Consumer Banking Director



Tardi
Micro & Business Banking
Director



Ahmad Siddik Badruddin
Risk Management & Compliance
Director



Kartini Sally
Commercial Banking Director



Kartika Wirjoatmodjo
Finance & Strategy Director





Information for Shareholders and Investors

the stock market conditions and bank mandiri's share performance

2015 was a less favorable year for domestic stock markets. This was due to the national economic condition which was not conducive to growth, where the exchange rate of Rupiah depreciated and the Gross Domestic Product (GDP) was even more repressed. It was recorded on December 30, 2015 that the Indonesia Stock Exchange (IDX) Composite was closed at 4,593 or down 12,13% compared to December 30, 2014 amounting to 5,227. Throughout 2015, there were only 16 new issuers, which also failed to create any improvement on the capitalization of Indonesian stock markets. As recorded by the end of 2014, the capitalization of Indonesian stock markets added up to IDR 5,228 trillion whereas at the end of 2015 it decreased by 6,80% to IDR 4,873 trillion.

During the period January-December 2015, the daily transaction value averaged IDR 5,77 trillion or fell by 3,9% compared to the same period in 2014 which equaled to IDR 6,01 trillion. However, the average daily number of share transactions for January-December 2015 increased by 4,38% with 221,942 transactions compared to the same period in 2014, i.e, 212,635 transactions. The average of daily share transaction for the period January-December 2015 also increased by 7,66% amounting to 5,90 billion shares, compared to the same period in 2014 with only 5,48 billion shares.

The Share Performance of Bank Mandiri

Bank Mandiri shares, with the ticker BMRI, were first listed and traded on the IDX as of July 14, 2003. In addition to being listed on the main board, BMRI shares were also listed as 2015's blue-chip shares on the IDX, including on the IDX30 Index, LQ45 Index, Kompas 100 Index and Sri Kehati index.

The share price of BMRI in 2015 was fluctuating and in line with economic developments and sentiments of global capital markets. The fluctuated stock price of BMRI in 2015 ranged between its lowest level of IDR 7,525 in September and its highest reaching IDR 12,475 in March. Meanwhile, the transaction volume decreased from a total of 6,591 million shares in 2014 to 5,807 million shares throughout 2015.



By the end of December 2015, the stock market capitalization of BMRI was IDR 215,83 trillion or down by 14,15% from IDR 251,42 trillion posted at the end of 2014. Due to a number of negative influences from both outside and within the country, at the end of

December 2015 the Bank's stock price declined to IDR 9,250 from IDR 10,775 recorded at the end of 2014. Nevertheless, from financial performance aspect, we continued to grow in the midst of current national and global crises.

stock summary

Stock Price Movement and Market Capitalization

Bank Mandiri, with stock ticker BMRI, whose shares were first listed on July 14, 2003, had a market capitalization of IDR 215,83 trillion, the third highest market capitalization for banks listed on the Indonesia Stock Exchange until December 31, 2015

Stock Price Movement of Bank Mandiri in 2015



	2015	2014	2013
Highest Closing Prices (in IDR)	12,475	11,000	10,750
Lowest Closing Prices (in IDR)	7,525	7,600	6,250
Closing Prices (in IDR)	9,250	10,100	7,850
Market capitalization (in IDR trillion)	215,83	251,41	183,16
The number of traded shares (number of shares)	5,807	6,591	7,411
Net earnings per share (in IDR)	871,50	851,66	780,16

The highest and lowest closing prices of Bank Mandiri occurred respectively in March and September, i.e. at IDR 12,475 and IDR 7,525.

Price, Volume and Capitalization of Bank Mandiri Shares in 2013-2015

YEAR	Price/Share (IDR)				Number of Shares	Transaction Volume (Number of Shares)	Market Capitalization (IDR trillion)
	Opening	Highest Closing	Lowest Closing	Closing			
2013							
Quarter I	8,250	10,150	8,000	10,000	23,333,333,333	1,294,194,000	233,33
Quarter II	9,900	10,750	8,250	9,000	23,333,333,333	1,813,248,500	209,99
Quarter III	8,900	10,300	6,250	7,950	23,333,333,333	2,587,401,000	185,49
Quarter IV	8,050	8,950	7,300	7,850	23,333,333,333	1,665,966,500	183,16
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

Chronological Listing of Shares

Indonesia Stock Exchange

Period	Authorized Capital	Issued and Fully Paid-Up Capital	Series A Dwiwarna Share (number of	Series B Ordinary Registered Share	Additional Listed Shares (number of shares)	Ownership by Retail Investors (number of	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 & 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

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

Based on the Extraordinary General Meeting of Shareholders (RUPSLB) held on May 29, 2003, as reflected in Notarial Deed No. 142 dated May 29, 2003 drawn up by Notary Sutjipto, S.H., the shareholders of Bank Mandiri agreed an employee stock ownership plan through an Employee Stock Allocation Program ("ESA") and a Management Stock Option Plan ("MSOP").

The ESA consists of a Bonus Share Plan program and a Share Purchase at Discount program. MSOP is designated for the Board of Directors (BOD) and senior management at certain levels or based on certain criteria. All costs and discounts related to the ESA program are borne by Bank Mandiri through allocation of established reserves. The management and execution of the ESA and MSOP programs are conducted by BOD while the supervision is overseen by the Board of Commissioners (BOC).

On July 14, 2003, the date of the IPO, Bank Mandiri issued 378,583,785 share options for the management through MSOP Stage 1 with an exercise price of IDR 742,50 per share and a nominal value of IDR 500 per share. The share options were recorded in the Shareholders' Equity account - Share Options at fair value amounting to IDR 69.71 per share option. Share options having been exercised in MSOP Stage 1 were 375,365,957 shares, thereby increasing the total issued and fully paid-up capital by IDR 187,683 million, and agio by IDR 117,193 million. MSOP Stage 1 could be exercised up to July 13, 2008 based on the Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated July 14, 2004. Further, the Annual General Meeting of Shareholders (RUPS) held

on May 16, 2005 approved MSOP Stage 2 amounting to 312,000,000 share options. The exercise price for each share was IDR 1,190,50 to be exercised in the first year and IDR 2,493 to be exercised in the second year and the following year. The nominal value per share was IDR 500, The Bank recorded MSOP Stage 2 in the Shareholders' Equity account - Share Options with fair value amounting to IDR 642,28 per share option. Share Options having been exercised in MSOP Stage 2 were 311,713,697 shares, thereby increasing the total issued and fully paid-up capital by IDR 155,857 million, agio by IDR 425,233 million. The last period to exercise the MSOP Stage 2 conversion option right started from May 4, 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange No. Peng-97/BEJPSJ/P/02-2007 dated February 2, 2007.

The Annual RUPS held on May 22, 2006 approved MSOP Stage 3 adding up to 309,416,215 share options. The RUPS also delegated an authority to BOC to determine the execution and monitoring policy of MSOP Stage 3 and report it in the next RUPS. The exercise price for each share in the MSOP Stage 3 was IDR 1,495,08 with a nominal value of IDR 500 per share, The share options were recorded in the Shareholders' Equity account - Share Options at fair value amounting to IDR 593,89 per share. Share Options having been exercised in MSOP Stage 3 were 309,415,088 shares, thereby increasing the total issued and fully paid-up capital by IDR 154,707 million, with agio by IDR 491,651 million,

The execution period of MSOP Stage 3 ended in February 2011. In 2015, Bank Mandiri did not commit any corporate action either MSOP or ESA.

chronological listing of other shares

Type of Security	Value (IDR)	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

PT Pemeringkat Efek Indonesia (“Pefindo”), in accordance with Letter No. 1240/PEF-Dir/X/2015 dated October 1, 2015 regarding Mandiri I Rupiah Subordinated Bond 2009 for the period October 1, 2015-October 1, 2016, reaffirmed its idAA+ (Double A Plus) rating on Mandiri I Rupiah Subordinated Bond 2009 amounting to IDR 3,500,000,000,000 for the period mentioned above.

In addition, by virtue of its Letter No. 1241/PEF-Dir/X/2015 dated October 1, 2015 regarding the Annual Rating Monitoring Certificate on Bank Mandiri for the period October 1, 2015-October 1, 2016, Pefindo decided to reaffirm the idAAA (Triple A; Stable Outlook) rating on Bank Mandiri for the period October 1, 2015-October 1, 2016.

chronological dividend payments

In accordance with the resolution of the Annual General Meeting of Shareholders (RUPS) held on March 16, 2015. Bank Mandiri made a final dividend payment for fiscal year 2014 amounting to 25% of net earnings in 2014, or in the amount of IDR 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). The value of the dividend per share paid on April 17, 2015 was IDR 212.91, or fell by 9.03% of the value of the dividend per share in 2014.

Date of RUPS	Ex-Date	Recording Date	Date of Payment	Fiscal Year	Dividend Payout Ratio	Dividend (in IDR billion)	Dividend per Share (Gross)
Mar 16, 2015	Mar 24, 2015	Mar 26, 2015	April 17, 2015	2014	25%	Rp4,968	Rp212.91
Feb 27, 2014	Mar 27, 2014	April 1, 2014	April 15, 2014	2013	30%	Rp5,461	Rp234.04
Apr 2, 2013	Apr 29, 2013	May 1, 2013	May 16, 2013	2012	30%	Rp4,651	Rp199.34
Apr 23, 2012	May 16, 2012	May 22, 2012	June 5, 2012	2011	20%	Rp2,449	Rp104.97
May 23, 2011	June 16, 2011	June 20, 2011	June 30, 2011	2010	35%	Rp2,814	Rp120.60
May 17, 2010	June 10, 2010	June 14, 2010	June 28, 2010	2009	35%	Rp2,100	Rp100.11
May 4, 2009	May 27, 2009	May 29, 2009	June 12, 2009	2008	35%	Rp1,859	Rp88.90
May 29, 2008	June 20, 2008	June 24, 2008	July 3, 2008	2007	90%	Rp3,911	Rp187.11
May 28, 2007	June 20, 2007	June 22, 2007	June 29, 2007	2006	60%	Rp1,453	Rp70.02
May 22, 2006	June 15, 2006	June 19, 2006	June 30, 2006	2005	50%	Rp,302	Rp 14.85

use of proceeds from public offerings

After conducting Initial Public Offering (IPO) in 2003, Bank Mandiri also took a number of corporate acts, including Public Offering of the Bank Mandiri Rupiah Subordinated Bond I 2009 and a Rights Issue in 2011. All of the proceeds from these two public offerings have been used as described below:

Use of Proceeds from Sub-Debt

The entire proceeds from the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009, net of issuance costs, were used in line with the plan for use of the proceeds as explained in the Bond's Prospectus described below:

(in IDR million)

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	Dec' 14, 2009	3,500,000	19,846	3,480,154	3,480,154	3,480,154	0

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 IDR 5,000 per share. Through this Rights Issue, the total proceeds generated by Bank Mandiri amounted to IDR 11.68 trillion of which the use is detailed in the following table:

(in IDR million)

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	jan' 27, 2012	11,684,193	305,000	11,379,193	11,291,207	11,379,193	0



**berkibarlah benderaku,
mandirilah Indonesiaku**





Company Profile

bank mandiri profile

Company Name	PT Bank Mandiri (Persero) Tbk
Date of Establishment	October 2, 1998
Business	Banking
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 (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 (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 (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
SWIFT Code	BMRIIDJA
Number of Employees	36.737 orang
Head Office	Plaza Mandiri Jl. Jenderal Gatot Subroto Kav. 36-38 Jakarta 12190 INDONESIA Tel. (6221) 5265045 Fax. (6221) 5274477, 5275577
Call Center	14000, (6221) 52997777
Office Network in 2015	2,457 Branch Offices 1,082 Sub-Branch Offices 273 Cash-Service Offices 17,388 ATMs 8 Overseas Offices
Website	www.bankmandiri.co.id Among others, it includes information related to the information of shareholders, the group company structure, financial performance analysis, annual financial reports since 2002, the profile of the Board of Commissioners and Board of Directors.
Contact Center	- Email: ir@bankmandiri.co.id corporate.secretary@bankmandiri.co.id - Facebook: https://id-id.facebook.com/officialbankmandiri/ - Twitter: @bankmandiri

**Moody's
(March 2015)**

Outlook	STABLE
Long Term Rating	Baa3
Foreign LT Bank Deposits	Baa3
Local LT Bank Deposits	Baa3
Senior Unsecured Debt	WR
Bank Financial Strength	D+
Foreign Currency	P-3
ST Deposits	
Local Currency ST Deposits	P-3

**Pefindo
(September 2015)**

Outlook	STABLE
LT General Obligation	idAAA
Subordinate Debt	idAA+

**Standard & Poor's
(December 2015)**

Outlook	STABLE
LT Foreign Issuer Credit	BB+
LT Local Issuer Credit	BB+
ST Foreign Issuer Credit	B
ST Local Issuer Credit	B

Fitch Rating (August 2015)

LT Issuer Default Rating	BBB-
ST Issuer Default Rating	F3
Local Currency LT Issuer Default Rating	BBB-
National LT Rating	AAA(idn)
National ST Rating	F1+(idn)
Viability Rating	bb+
Support Rating	2
Support Rating Floor	BBB-

For national ratings, Bank Mandiri obtains an AAA which is the highest rating that Fitch gives, reflecting a low risk of default. As for viability rating or sub-investment grade, it stands at bb + which reflects an above-the-average level of profitability compared to that of the competitors, relatively stable asset quality and adequate capitalization.

Bank Mandiri's 'BB+' rating reflects a healthy level of profitability, maintained asset quality and adequate capital base.

As the largest bank in Indonesia with its strong network, Bank Mandiri continues to build a large customer base which contributes to low funding. Bank Mandiri's focus on increasing loans with higher returns will allow the bank to counterbalance pressure on margins as a result of tighter competition in the domestic banking industry. Bank Mandiri has been capable of substantially maintaining its income to support business development and healthy core capital as its pillars.

a brief history of bank mandiri

Since established through a merger of four state-owned banks, Bank Mandiri has yet to make any change to its name.



Bank Mandiri's history is inseparable from the long journeys of four former state-owned banks, namely (1) Bank Ekspor Impor Indonesia, which was established in 1824 and became engaged in banking by 1870; (2) Bank Dagang Negara; (3) Bank Bumi Daya, which began life as the De Nationale Handelsbank NV before changing name to Bank Umum Negara in 1959; and (4) Bank Pembangunan Indonesia which began with the merger of Bank Industri Negara (BIN), a bank that had been involved in developing economic sectors in Indonesia since 1951.

1824-1928



1998

Bank Mandiri was established on October 2, 1998 as an effort to restructure national banking sector by the government of Indonesia.



1999

In July 1999, four state-owned banks (Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia and Bank Pembangunan Indonesia) merged to form Bank Mandiri. To date, Bank Mandiri has continued to preserve a tradition of contributing to Indonesian economy and banking industry that dates back more than 140 years.

2003



The year 2003 saw Bank Mandiri completing its Initial Public Offering (IPO).

2000 -2003

After the merger, Bank Mandiri embarked on a comprehensive consolidation process. At that time, we closed down 194 branch offices located adjacent to each other, reduced our workforce to 17,620 from a total of 26,600 personnel and completely replaced our technology platform. It took three years and an investment of USD 200 million to replace the previous core banking platform so as to meet the retail banking standards. In addition, the Bank Mandiri brand was rolled out across all networks, along with advertising as well as promotional activities.

2005

The year marked a turning point as the bank launched the first phase of its Transformation Program which spanned to 2010 in a bid of becoming a regional champion bank. The transformation process involved four key strategies: (1) implementation of culture, (2) aggressive control of non-performing loans, (3) accelerated business growth that exceeds the market's growth average, and (4) development and management of alliance programs across directorates and business units.

2006 - 2007

Representing the first stage of its Transformation Program, with the theme "Back on Track", this period was mainly focused on re-constructing Bank Mandiri's foundations for future growth.





The year 2011 marked the start of the Continued Transformation Program 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 the cultural transformation of Phase I, enriched with best practice and benchmarking with world-class operators.



Bank Mandiri's financial achievements in 2013 included a market cap of IDR 183.16 trillion, revenue market share of 12.0%, ROE of 22.35% and gross NPL ratio of 1.90%.

Menjadi tahun penting Bank Mandiri memasuki tahun pertama Transformasi Tahap Ketiga.



The second stage of the Transformation Program, under the theme "Outperform the Market", had its main focus on business expansion to ensure significant growth in various segments and achieve a level of profit that exceeds the market's average target.

2008 - 2009

2010

The last stage in the Transformation Program, with the theme "Shaping the End Game". In this stage, Bank Mandiri set the target of becoming a leading regional bank through consolidation of its businesses in financial services, and focusing on a non-organic growth strategy.

The transformation process that commenced in 2005 had consistently managed to improve the Bank's performance, as reflected in various financial parameters.

2011

2012

The Continued Transformation in 2012 involved Business Transformation focusing on three key areas, including Wholesale Transaction, Retail Deposit & Payment and Retail Financing.

2013

2014

The year marked the successful completion of the Second Phase of the Bank's Transformation, and preparations for the launching of the Corporate Plan 2015-2020.

2015

vision, mission and corporate culture

Bank Mandiri has refined its Vision and Mission Statements as set out in the Bank Mandiri Long Term Plan 2015-2020, which was formulated by the Board of Directors and approved by the Board of Commissioners.

vision

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

To accomplish the above mission, Bank Mandiri has formulated the following elaborations:

- We strive to build long term relationships based on trust with our customers, both businesses and individuals. We serve all customers with world-class, innovative financial solutions. We want to be known for the best performance, people and teamwork.
- By enabling the growth and success of our customers, we play an active role in supporting the long term growth of Indonesia and we will consistently deliver strong returns to the shareholders.

mission

- To be oriented toward fulfilling market needs
- To develop professional human resources
- To gain maximum benefit for stakeholders
- To conduct transparent management
- To care for social and environmental issues



culture

To support the achievement of its Vision and Mission, as well as the success of its strategies, Bank Mandiri has implemented a corporate culture that establishes its core values. This corporate culture is abbreviated to "TIPCE" which stands for:

trust

To instill trust and confidence in stakeholders through open and sincere relationships based on trustworthiness.

integrity

To think, speak and act truthfully, with dignity and upholding professional ethics.

professionalism

Committed to completing work accurately, based on a high level of competence and with a full sense of responsibility.

Customer focus

To always position our internal and external customers as the primary partners in mutually beneficial relationships that sustain growth.

excellent

To strive at all times to achieve excellence as an expression of our love and pride as Bank Mandiri personnel.

eleven key behaviors

Mandiri personnel's key behaviors as reflected in the TIPCE were increased from 10 to 11 so as to achieve the vision of becoming the best bank in ASEAN by 2020. These 11 key behaviors are:



trust

Honesty, sincerity, openness and frankness

Empowering potential, showing composure, continuously seeking synergies and promoting mutual respect

integrity

Discipline, consistency and fulfillment of commitments

Thinking, speaking and acting in a commendable manner

professionalism

Reliability, resilience, responsibility, willingness to learn and self-confidence

Spirit of intrapreneurship and courage to take decisions based on calculated risk

customer focus

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

excellent

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

culture of excellence

Under the Mandiri's Culture Strategy 2015-2020, Bank Mandiri has established the Culture of Excellence consisting of 4 (four) themes and 8 (eight) cultural programs as explained below:

4 TEMA	8 PROGRAM	DESKRIPSI
<i>Cross selling & entrepreneur</i>	CROSS SELL	Cross Sell Program is the main work culture supported by cross-collaboration between units in Mandiri, with reward points being integrated into the Fiesta Points platform.
	OWN & CARE	Own & Care Program is a work culture program intended to raise among employees awareness of maintaining all aspects of infrastructure, services and Mandiri products (such as EDC and ATM) and also the services of support units that assist its business counterparts.
	"THREE PROTECTING ACTS"	The "Three Protecting Acts" is a program that imparts the principles of better risk management (Protect Yourself, Protect Your Friend, Protect Mandiri).
<i>Governance</i>	BORDERLESS (bold but polite)	Borderless refers to a communication program for creating a more transparent, positive and comfortable working atmosphere, as in the relationships among Directors, Management and employees at Mandiri.
	ISLANDS OF INTEGRITY (TUNAS INTEGRITAS)	Tunas Integritas constitutes a cultural program implemented by Mandiri in its capacity as a strategic partner of the Corruption Eradication Commission (KPK) to strengthen corporate governance.
<i>People Development & Engagement</i>	DEVELOP	Develop is a competency development program for Mandiri employees in terms of public speaking (toastmasters), training and coaching in order to create a better learning culture.
	ENGAGE	Innovation Award is an innovation program to motivate and provide employees with opportunities to contribute creative ideas to improving Mandiri's performance.
<i>Community Development</i>	MANDIRIAN PRIDE	Mandirian Pride means the pride of a Mandiri employee, as a brand ambassador to the Company, who is capable of improving the positive image of Mandiri in the public's eyes (e.g. through CSR, Duta Mandiri, etc.)

Adopting the approach that behavioral change cannot take place instantly, the implementation of Culture of Excellence is divided into several phases as follows:

- Building Excellence Phase (2015-2016)
- Boosting Excellence Phase (2017-2018)
- Sustaining Excellence Phase (2019-2020)



Building Excellence Phase aims to gain and improve understanding of developing Culture of Excellence behaviors through: (1) dissemination and communication to all Mandiri personnel, (2) adjustment of systems and symbols with the Culture of Excellence, and (3) conducting activities capable of motivating and promoting employee's enthusiasm

to carry out the Culture of Excellence program. The key to succeeding in this phase lies with the roles that the Management, Cultural Internalization Team and Change Agent play in continuously conveying Culture of Excellence and becoming a Role Model for every Mandirian.

culture excellence scoreboard

In order to measure the extent to which a corporate culture is implemented both by Bank Mandiri personnel and the working unit, Bank Mandiri currently has put in place a system called the "CULTURE EXCELLENCE SCOREBOARD".





LOGIN

employees action
counted as fiestapoin

product selling

pride builders &
contribution to
society

coaching/
mentoring

training/
international
certification

Badges



Level



Prizes



redemption point by program

fiestapoin



MEA

The Culture Excellence Scoreboard (CES) is a web-based system application that serves as a mechanism of giving reward to Bank Mandiri personnel who put Culture of Excellence into practice in daily activities at work. Four themes and eight programs on work culture are monitored through CES, with Mandiri Fiesta Point as a reward. CES is prepared using the method of gamification (game application) which represents four themes of Culture of Excellence, i.e. WIRA (Cross Selling & Entrepreneur), RAKSA (Governance), MITRA (People Development & Engagement) and DUTA (Community Development). Each theme has challenges in store that must be tackled by Bank

Mandiri personnel to collect Fiesta Points and go up to the next level. There are four levels that Mandirian can achieve in CES, i.e. PRATAMA, MUDA, MADYA and UTAMA.

It is expected that CES is capable of further improving enthusiasm among Mandirian in implementing Culture of Excellence. Bank Mandiri has set up a Fiesta Point-based platform as a reward for employee performance with WIRA primed for obtaining the largest portion compared to the rest, in which performance appraisal of employees at business units differs from that of the supporting units with different responsibilities.

business line

According to Article 3 paragraph (1) of the Articles of Association, the aim and objective of the Company are to conduct business in the banking industry pursuant to the provisions of the applicable laws and regulations. Therefore, 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 and under the customer's instructions:
 - a) Negotiable instruments, including negotiable instruments that are accepted by the bank and whose periods of terms are not longer than normal practice in the trading of such negotiable instruments;
 - b) Acknowledgments of indebtedness and other trade papers whose terms are not 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; and
 - 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; and
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.



In addition, Bank Mandiri may:

1. Engage in foreign exchange operations pursuant to the laws and regulations; and make investments 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;
2. 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;
3. Act as the founder and manager of pension funds in accordance with the prevailing regulations governing pension fund industry.
4. Purchase collateral, both in its entirety or in part, through auctions or other means in the event that a borrower has failed to fulfill its obligations to the Company, subject to the provision that such collateral must be realized as expeditiously as possible.
5. Membeli agunan, baik semua maupun sebagian, melalui pelelangan atau dengan cara lain dalam hal debitur tidak memenuhi kewajibannya kepada Bank Mandiri, dengan ketentuan agunan yang dibeli tersebut wajib dicairkan secepatnya.

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.

banking products & services

Bank Mandiri continues to spread a new spirit of developing the country through various innovative products and services offered, which are based on its sincerity to give the best to its customers. For whatever you wish, all you need is Mandiri

The products and services of the Bank are divided into two segments, namely (1) the Wholesale Banking managed by Corporate Banking, Commercial Banking and Treasury & Markets Units. (2) Retail Segment is managed by Consumer Banking, Transaction Banking and Micro & Business Banking Units.

In general, the Bank products and services are divided into nine segments:

A. Savings products

Savings products

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

Mandiri Clearing Account Product and Deposit

- Rupiah Clearing Account
- Clearing Account in Foreign Currency
- Mandiri Rupiah Deposit
- Mandiri Foreign Currency Deposit

B. Financing Product

- Mandiri Loan for Investment
- Mandiri Working capital credit
- Mandiri Cash Collateral Loan
- Mandiri Micro Credit
- Mandiri Versatile Micro Credit
 - o Versatile Micro Credit for Civil Servants / Member of TNI-Indonesian National Army / Police
 - o Versatile Micro Credit for the Retirees
 - o Versatile Micro Credit for the Hajj bailout
- Mandiri Home Mortgage Loan
 - o Mandiri Mandiri Take Over Home Mortgage Loan
 - o Mandiri Top Up Home Mortgage Loan
- Syndication and Club Deal
- Mandiri Supply Chain Financing
 - o Supplier Financing
 - o Distributor Financing
 - o Account Receivable Financing

C. Treasury

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

- Euroclear
- KIK-EBA Administration

D. Trade Products Services

- Letter of Credit (LC)
 - o L/C Issuance & Amendment
 - o Forfeiting L/C Advising
 - o L/C Negotiation
 - o L/C Confirmation
 - o Export Bills Collection
 - o Documentary Collection
 - o 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)
- Wesel 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 (mandiri e-fx Service)

D. Agency Services

Jasa 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

Trustee Services

- Trustee
- Paying Agent
- Security Agent
- Escrow Agent
- Receiving Bank

Wealth Management

- Mutual Fund Product
 - o Money Market Mutual Funds
 - o Fixed Income Mutual Funds
 - o Mixed Mutual Funds
 - o Shares Mutual Fund
 - o Protected Mutual Funds
 - o Index Mutual Funds
- Securities Products
 - o Retail State Bond
 - o Sukuk Investment Bonds Retail
 - o Referral Retail Brokerage

E. 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

Master Card

- Everyday Card
- SKYZ Card
- Feng Shui Card

F. E-Channel Services

- 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

G. Mandiri Cash Management

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

H. Other Services

Treasury

- 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)
- Online Purchasing System for Pertamina Product
- Payroll
- Cash Pick up Delivery
- Petty cash card
- Special Aerogram
- Fleet Card

Bancassurance Product

- 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

I. 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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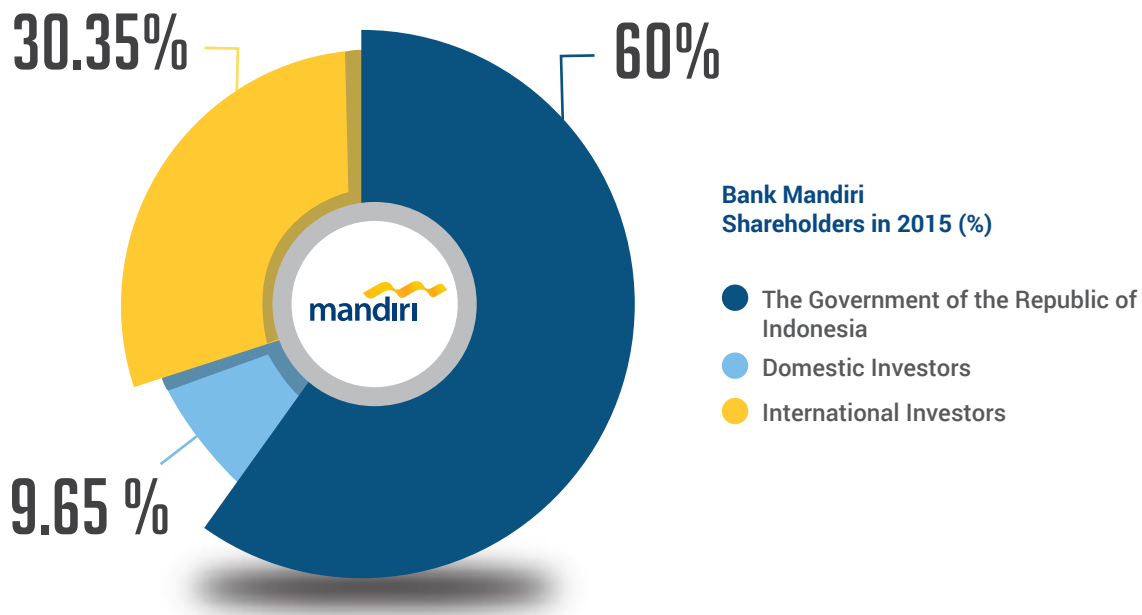
shareholder structure and composition

Information on Principal and Controlling Shareholders

The majority shareholder of Bank Mandiri is the Government of the Republic of Indonesia with an ownership of 60%.

The remaining shares of 40% are distributed to institutional and retail investors, both domestic and international shareholders, with shareholding of not more than 5% respectively. There are no strategic investors in the list of the Bank's shareholders other than the Government of Indonesia which holds the majority of the ownership.

As the Stock Administration Bureau appointed by Bank Mandiri, Datindo Entrycom has recorded and filed every nominee account as one shareholder, with the following composition:



Bank Mandiri Shareholder Composition per December 31, 2015

Description	No. of Investor	%	No. of Shares	%
I. Domestic Investors				
1. The Government of the Republic of Indonesia (RI)	1	0.00	14,000,000,000	60.00
2. Individuals	17,977	82.00	263,459,960	1.13
3. Employees	1,816	8.28	22,727,018	0.10
4. Cooperatives	8	0.04	1,426,656	0.01
5. Foundations	29	0.13	21,268,745	0.09
6. Pension Funds	195	0.89	183,054,230	0.78
7. Insurance Companies	91	0.42	433,192,751	1.86
8. Banks	-	0.00	-	0.00
9. Limited Liability Companies	134	0.61	628,711,398	2.69
10. Mutual Funds	231	1.05	698,731,242	2.99
Sub total	20,480	93.42	16,252,572,600	69.65
II. International Investors				
1. Retail	98	0.45	1,053,749	0.00
2. Institutional	1,344	6.13	7,080,760,984	30.35
Sub total	1,442	6.58	7,080,760,733	30.35
Total	21,924	100.00	23,333,333,333	100

Largest Shareholder Group

Until December 31, 2015, the number of Bank Mandiri shareholders decreased by 54.91% to 21,924 shareholders, consisting of 20,482 domestic shareholders and 1,442 international shareholders, compared to last year's 22,384 shareholders.

The names of the top 20 shareholders as at December 31, 2015 are listed in the table below:

NATIONAL SHAREHOLDERS (OTHER THAN THE GOVERNMENT)

No.	NAME	ADDRESS	CITY	NO. OF SHARES	%	D/I	STATUS
1	BPJS Ketenagakerjaan-JHT	Gedung Jamsostek. Jl. Jend. Gatot Subroto	South Jakarta	544,841,106	2.3350333	D	Limited Liability Company
2	PT Prudential Life Assurance-REF	Prudential Tower JL Jend, Sudirman KAV 7	South Jakarta	145,988,609	0.6256655	D	Insurance Company
3	Reksa Dana Schroder Dana Prestasi Plus 9	JSX Building Tower 2, 31st Floor	South Jakarta	121,030,386	0.5187017	D	Mutual Fund
4	Reksa Dana Schroder Dana Prestasi Dinami	Gd. BEI Menara li Lt.31. Jl. Jend. Sudirman	South Jakarta	60,626,700	0.2598287	D	Mutual Fund
5	Reksa Dana Schroder 90 Plus Equity Fund	JSX Building Tower II, 31st Floor JL. JE	South Jakarta	50,287,871	0.2155194	D	Mutual Fund
6	PT AIA FINL - UL Equity	Menara Matahari, 7th Floor JL. Bulevar	Tangerang	49,965,400	0.2141374	D	Insurance Company
7	Reksa Dana Schroder Dana Prestasi	JSX Building Tower II, 31st Floor JL. JE	South Jakarta	43,416,934	0.1860726	D	Mutual Fund
8	PT Taspen (Persero) - THT	Jl. Letjen Suprpto	Central Jakarta	43,074,912	0.1846068	D	Limited Liability Company
9	BPJS Ketenagakerjaan - JKK	Jl. Jend. Gatot Subroto No. 79	South Jakarta	36,521,607	0.1565212	D	Limited Liability Company
10	Reksa Dana Panin Dana Maksima 91033.40.0	C/O Fund Administration - SCS Deutsche B	Others	35,678,700	0.1529087	D	Mutual Fund

INTERNATIONAL SHAREHOLDERS

No.	NAME	ADDRESS	CITY	NO. OF SHARES	%	D/I	STATUS
1	SSB 21B5 S/A Oakmark International Fund	111 South Wacker Drive, Suite 4600 Chicago	Others	809,750,100	3.4703576	I	Foreign Corporation
2	GIC S/A Government Of Singapore	168 Robinson Road 37-01 Capital Tower	Others	296,083,928	1.2689311	I	Foreign Corporation
3	SSB 4545 S/A Lazard Emerging Markets EQU	30 Rockefeller Plaza New York NY 10112-6	Others	234,146,430	1.0034847	I	Foreign Corporation
4	BNYM SA/NV AS Cust Of Employees Providen	EPF Building, Jalan Raja Laut, 50350 KUA	Others	212,443,094	0.9104704	I	Foreign Corporation
5	Citibank New York S/A Government Of Norw	Bankplassen 2, 0151 OSLO, Norway	Others	164,374,577	0.7044625	I	Foreign Corporation
6	The Bank Of New York Mellon DR	0101 Barclay Street-22nd Floor West, New	Others	157,306,530	0.6741708	I	Foreign Corporation
7	BBH Boston S/A Vangrd EMG MKTS STK INFD	100 Vanguard Blvd Malvern PA 19355-2331	Others	152,024,480	0.6515335	I	Foreign Corporation
8	HSBC Bank PLC S/A Saudi Arabian Monetary	HSBC House, Harcourt Centre, Harcourt ST	Others	134,106,567	0.5747424	I	Foreign Corporation
9	Citibank New York ADR S/A Citibank N.A.	388 Greenwich	Others	94,456,250	0.4048125	I	Foreign Corporation
10	SSB C7M8 S/A MET INVSTR SER TR-HARRIS OA	One Financial Center 20th Floor, Boston	Others	91,217,400	0.3909317	I	Foreign Corporation

Shareholdings by the Board of Directors, Board of Commissioners and SVP of Bank Mandiri

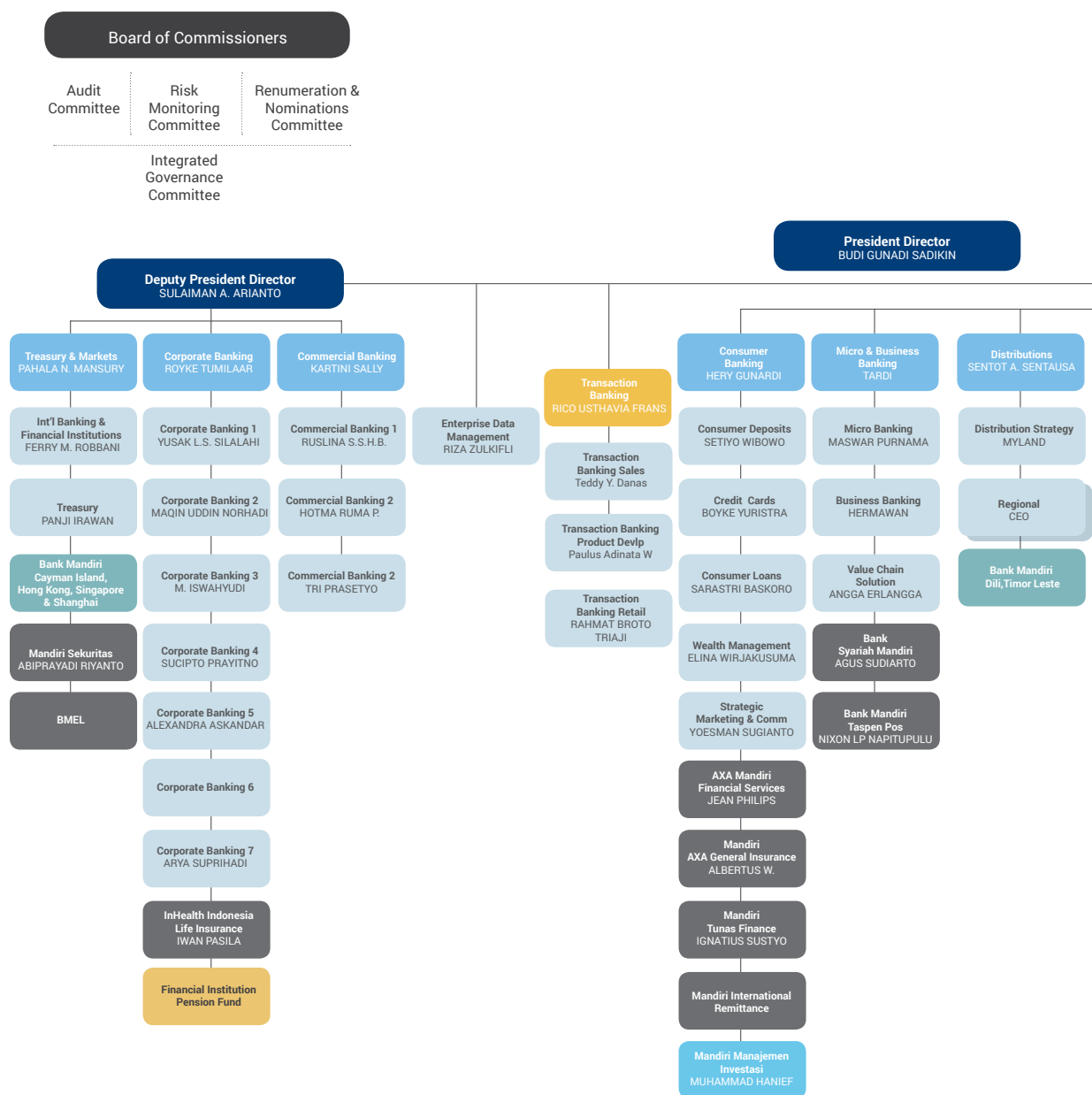
Options and stock ownership of Bank Mandiri by members of the Board of Commissioners, Directors and Senior Executive Vice President (SEVP) per December 31, 2015 are as follows:

No.	Name	Total of Shares before Shares Option	Total Option		Harga Opsi	Jangka Waktu Berlakunya Eksekusi Opsi Saham
			Yang Diberikan (lembar)	Yang telah Dieksekusi (lembar)		
Board of Comissioners						
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 Siauw Hong	0	0	0	0	0
5.	Bangun Sarwito Kusmuljono	0	0	0	0	0
6.	Abdul Azis	0	0	0	0	0
7.	Askolani	0	0	0	0	0
8.	Suwhono	0	0	0	0	0
Board od Directors						
1.	Budi G. Sadikin	3,500,500	0	0	0	0
2.	Sulaiman Arif Arianto	190,029	0	0	0	0
3.	Sentot A. Sentausa	4,350,000	0	0	0	0
4.	Ogi Prastomiyono	485,500	0	0	0	0
5.	Pahala N. Mansury	816,500	0	0	0	0
6.	Royke Tumilaar	51,000	0	0	0	0
7.	Hery Gunardi	171,500	0	0	0	0
8.	Tardi	462,500	0	0	0	0
9.	Ahmad Siddik Badruddin	600,000	0	0	0	0
10.	Kartini Sally	180,000	0	0	0	0
11	Kartika Wirjoatmodjo	0	0	0	0	0
Senior Executive Vice President (SEVP)						
1.	Riyani T. Bondan	0	0	0	0	0
2.	Ventje Rahardjo	0	0	0	0	0
3.	Mustaslimah	132,000	0	0	0	0
4.	Rico Usthavia Frans	0	0	0	0	0
5.	Kepas A. Manurung	500	0	0	0	0
6.	Sanjay N. Bharwani	0	0	0	0	0
7.	Joseph Georgino Godong	0	0	0	0	0

Ownership of shares by each member of the Board of Directors of Bank Mandiri not reach 5% (five percent) of the paid-up capital Bank Mandiri.

Referring to Bapepam-LK No.X.M.1 on Disclosure Certain Shareholders, can be informed that during 2015 there has been a purchase of shares of the Bank by a member of the Board of Directors, Mr. Ahmad Siddik Badruddin, in the amount of 400,000 shares on October 28, 2015 and has been reported to the OJK and published in the Indonesia Stock Exchange website on November 2, 2015 (3 working days). Thus, the number of shares increased to 600,000 shares.

organizational structure of PT Bank Mandiri (Persero) Tbk



BOC & Committees under the BOC

BOD & Committees under the BOD

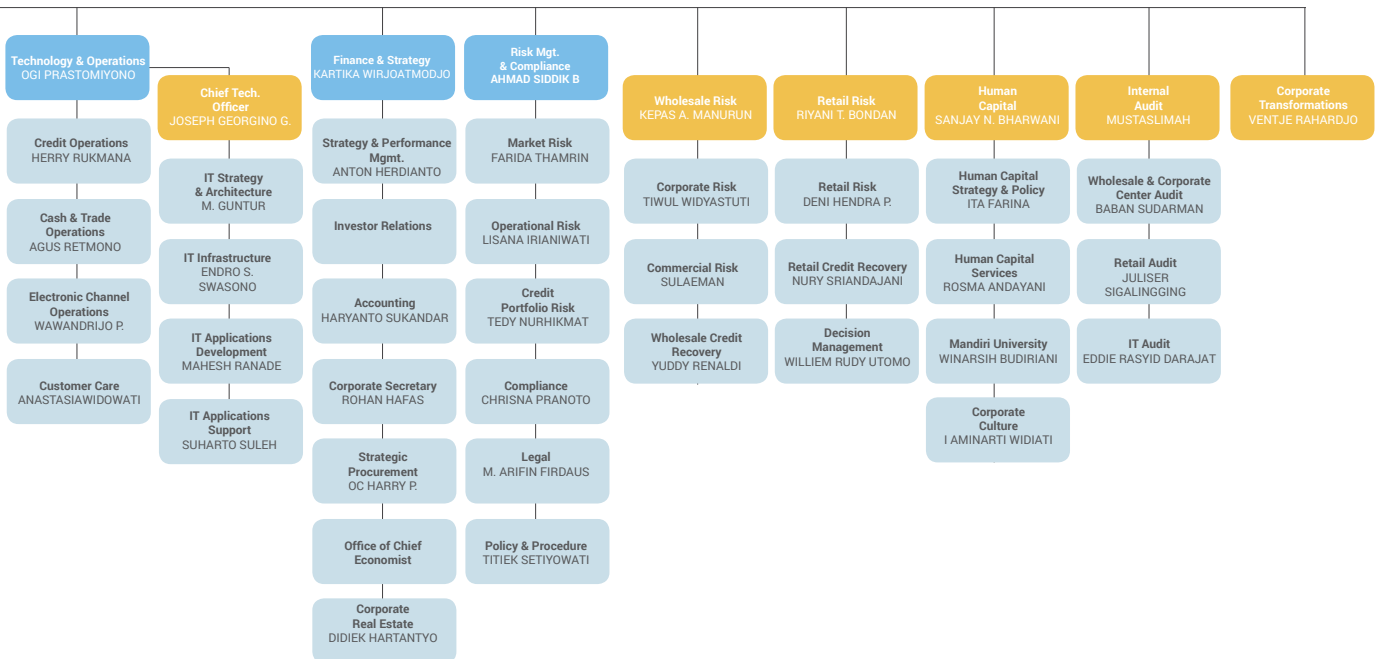
Director

SEVP

Group Head

Board of Directors

assets & liabilities committee	Risk Management Committee	Capital & Subsidiaries Committee	Information & Technology Committee	Human Capital Policy Committee
Wholesale Business Committee	Retail Business Committee	Credit Committee	Integrated Risk Management Committee	Policy Procedure Committee



Attachment to Decree of the Board of Directors No. KEP.DIR/001/2015
Dated January 2, 2015

Overseas
Office

Subsidiary

Second-Tier
Subsidiary

Affiliated
Entity

brief profiles of senior executive vice president (SEVP)

Riyani T. Bondan

Senior Executive Vice President
Retail Risk



Mrs. Riyani T. Bondan is an Indonesian citizen, born in 1961. Domicile in Jakarta. Appointed As SEVP Retail Risk through BOD Decree No. KEPDIR / 093/2015 dated March 26th, 2015.

Career:

She started her professional career as a Credit Analyst in the Plantation Credit Bureau of Bank Ekspor Impor Indonesia in 1987. In 1994, she was appointed Head of the Corporate Bureau Section, before being named Executive Secretary to the President Director in 1997, in which she remained until 1999. Upon the establishment of Bank Mandiri, she was appointed Group Head of Corporate and Commercial Credit. In 2000-2001, she served as Head of Commercial Credit III, and was appointed as Group Head Retail Credit Risk Approval in 2002. She then held the Group Head Learning Center position in 2005, and went on to become the Senior Executive Vice President Internal Audit in the year 2015.

She graduated from the Bogor Agricultural University in 1984 and the University of Illinois, Urbana Champaign, in 1994.

Training Courses:

She participated in various training courses and seminars, including Human Performance Improvement in Athens (2004), Advanced Corporate Credit Workshop in New York (2006), Leverage Finance Asia Conference in Hong Kong (2008), Specialized Corporate Credit in Shanghai (2008), the IIA International Conference in Atlanta (2010) and Strategic for Leadership in Lausanne (2010).

Ventje Rahardjo

Senior Executive Vice President
Corporate Transformations



Mr. Ventje Rahardjo is an Indonesian citizen. Born in 1954. He is domiciled in Jakarta. He was appointed as SEVP Corporate Transformations Formerly the Change Management through BOD Decree No. KEPDIR / 005/2015 dated January 2nd, 2015.

Career:

He began to climb the career ladder in Bapindo, where he worked as an Analyst and then the General Manager between 1981 and 1999. He then joined Bank Mandiri, where he served as a Member of the Merger Team and the Director of Commercial Banking (1999-2005), before moving to Bank Rakyat Indonesia as Director of Retail & Micro Banking (2005-2006). In the following years, he worked in other capacities, including a Senior Advisor with Batasa Tazkia Consulting (2006-2007), the Managing Director SME Commercial & Sharia Banking at BRI Syariah (2007-2008) and the CEO of BRI Syariah (2008-2011).

He graduated with a Bachelor's degree in economics from the University of Indonesia in 1980, and a Master's Degree in Economics from the University of New England, Australia in 1986.

Training Courses:

He had participated in various training courses, both nationally and abroad, such as Certification of Risk Management in Amsterdam (2004), SESPIBANK in Jakarta (1998), Advanced Course on Banking (1983), Advanced Management Program for Overseas Bankers (1993) and Top Management Program in Manila (1995).

Mustaslimah

Senior Executive Vice President
Internal Audit



Mrs. Mustaslimah is an Indonesian citizen. Born in 1965. She is domiciled in Jakarta. She was appointed as SEVP Internal Audit through BOD Decree No. KEP.DIR / 095/2015 dated March 26th, 2015

Career:

Her professional career began as she joined Bank Bumi Daya as Assistant Marketing Officer (1990). Afterwards, in 1997 she served as Instructor Regulator, followed by these posts: Senior Officer Support Function (1999), Group Head CRM – MOL Risk (2000), Group Head Logistics (2001), Department Head of Procurement & Fixed Asset Services (2001), Department Head of Asset Maintenance & Warehouse (2004) and Department Head of Credit Operation (2004-2005). Additionally, she was appointed Group Head of Compliance (2006-2007), Group Head of Procurement & Fixed Assets (2010) and Group Head of Human Capital Services (2014-2015).

She earned her undergraduate degree in Bogor Agricultural University in 1988.

Training Courses:

She had actively participated in various training programs and seminars, including Strength Based Performance Coach (2009), Communication Forum of Compliance Section (2010), Great Leader Training Program Phase III (2011), Accountability Session 4Dx (2012), Service Excellence for Senior Manager (2012), Mandiri New Horizon Workshop (2012) and Refresher for Risk Management Certification (2014).

Rico Usthavia Frans

Senior Executive Vice President
Transaction Banking



Mr. Rico Usthavia Frans is an Indonesian citizen. Born in 1970. He is domiciled in Jakarta. He was appointed as SEVP Transaction Banking through BOD Decree No. KEP.DIR / 007/2015 dated January 2nd, 2015

Career:

His professional experience commenced when he was appointed a Field Manager by Schlumberger (1993-1995). He then worked at Citibank NA (1995-2010) before moving to Bank Mandiri in 2010 as Group Head Electronic Banking.

He graduated from the Bandung Institute of Technology in 1992.

Training Courses:

He also had taken part in various training courses and seminars at home and abroad, including Core Credit Risk, Internet & e-Commerce, Intermediate Risk, e-Business Regional Conference, and e-Commerce Payment Gateway & Workshop.

Kepas A. Manurung

Senior Executive Vice President Wholesale Risk



Mr. Kepas A. Manurung is an Indonesian citizen. Born in 1961. He is domiciled in Jakarta. He was appointed as SEVP Wholesale Risk through BOD Decree No. KEP.DIR / 094/2015 dated March 26th, 2015

Career:

His professional experience includes, among others, Senior Officer CRM-Retail KUK Region 3 (1999), Group Head CRM-Retail KUK Region 3 & 6 (1999), Professional Staff Portfolio and Operational Risk Management (2001), Department Head - Credit Policy (2006), Regional Risk Manager in the Commercial Risk Group (2007-2010), PKMK Risk Management in Commercial Risk Group (2011) PJ Group Head - Corporate Risk I (2012) and Head of Corporate Risk Group I (2013).

He graduated from Bogor Agricultural University majoring in Agronomy in 1984 and then continued his education in Master's degree programs at IPPM and Gadjah Mada University/Kentucky University, with marketing and management as his fields of study in 1989 and 1997 respectively

Training Courses:

In addition, he had attended various training programs and seminars both at national and international level, among others; Training Service Mindset (2010), Workshop 4DX - Risk Management Directorate (2011), Great Leader Training Program Phase III (2011), Risk Management Competency Certification (2011), Great Leader Program Workshop (2012), Mandiri New Horizon Workshop (2013), Green Banking Seminar (AFD) (2014) and Wholesale Bankers Program 2014.

Sanjay N. Bharwani

Senior Executive Vice President Human Capital



Mr. Sanjay N. Bharwani is an Indonesian citizen. Born in 1961. He is domiciled in Jakarta. He was appointed as SEVP Human Capital through BOD Decree No. KEP.DIR / 009/2015 dated January 2nd, 2015

Career:

His professional career started as Senior Manager of Consulting, Accenture - Jakarta (1997-2004), Country Head of Watson Wyatt - Mumbai, India (2004-2005), Senior Consultant at Gyann, Jakarta and Australia (2006-2007), Senior Vice President of HR Centres of Expertise & Operations at Bank Permata (2007-2008), Group Head of Human Capital Strategy and Policies at Bank Mandiri (2008- 2012) and Director of Human Capital at PT Rajawali Corpora.

He graduated from the Federation University of Australia - Victoria in Technology and Business in 1993.

Training Courses:

He had taken various training courses and seminars, both at home and abroad, including Finance for non-finance managers, Accenture (2003), Watson Wyet Proprietary Job Evaluation tools, Watson Wyatt (2004), Certified Recruiter, Standard Chartered Bank (2008), Leading high impact teams, Kellogs School of Management (2011), Risk Management Certification Refresher Program, Bara (2013), Executive Overview of Islamic Banking, Indonesian Banking Development Institute (2013).

Joseph Georgino Godong

Senior Executive Vice President
Chief Information Officer (CIO)



Mr. Joseph Georgino Godong is an Indonesian citizen. Born in 1961. He is domiciled in Jakarta. He was appointed as SEVP Chief Information Officer (CIO) through BOD Decree No. KEP. DIR/010/2015 dated January 2nd, 2015

Career:

He commenced his professional career as Director of Information Technology and Operations, Permata Bank (2006-2008, 2009), Director of Compliance at Permata Bank (2008, 2009-2010), Director of Information Technology and Operations, Permata Bank (2008-2009). He joined Bank Mega as Director of Technology, Operations and Finance (2010-2013), Director of Technology and Operations (2013-2014) and Executive Officer (2014).

He graduated from Trisakti University in 1986.

Training Courses:

He had partaken in various training courses and seminars, both at home and abroad, including Technology Services Advisors meeting, Visa International, Seoul (2006), Leadership Communications, Permata Bank (2007), General Manager/Effective Leaders, Oxford School - SCB (2007), IT Summit, Sun Microsystems, San Francisco, 2007, Bank Indonesia 7th Annual International Seminar (2009), and The 4th Jakarta Risk Management Convention, BSMR, 2009.

map of region operational and branch locations



mandiri
SINGAPORE

mandiri
HONGKONG

mandiri
SHANGHAI

mandiri
remittance
MALAYSIA

mandiri
INDONESIA

mandiri
Financial Services

mandiri
General Insurance

mandiri
Kapen pos

mandiri
e-commerce

mandiri
e-commerce

mandiri
Europe

mandiri
Business Finance

mandiri
Islamic Finance

mandiri
Indonesia

mandiri
Sekuritas

mandiri
Remittance

mandiri
Infrastruktur

mandiri
TIMOR LESTE

	2012	2013	2014	2015
Head Office	1	1	1	1
Regional Offices	12	12	12	12
Overseas Branches/	7	8	8	8
Domestic Branches	1,810	2,050	2,312	2,457
Sub-Branches	882	929	1,018	1,082
Cash Service Offices	293	301	261	273

overseas branches/representative offices

OFFICE	ADDRESS	TELEPHONE	FAX	SWIFT
1. Bank Mandiri Cabang Singapura	3 Anson Road #12-01/02 Springleaf Tower Singapore, 079909 www.ptbankmandiri.com.sg	65-6213-5688 (General)/ 65-6213-5880 (Dealer)/ 65-6532-6086 (Dealer Board)	5-6438-3363 (General)/ 65-6536-3008 (Dealer)	BMRISGSG
2. Bank Mandiri Cabang Hong Kong	7th Floor, Far East Finance Centre 16 Harcourt Road, Hong Kong www.bankmandirihk.com	+852-2527-6611 / +852-2877-3632	852-2529-8131 / 852- 2877-0735	BMRIHKHH
3. Remittance Office Hongkong	Shop 3. G/F. Keswick Court, 3 Keswick Street Causeway Bay, Hongkong Cardinal Plaza 3rd Floor, #30 Cardinal	+852-2881-6850	852-2881-6850	
4. Cayman Island Branch	Avenue PO BOX 10198, Grand Cayman KY 1-1002 Cayman Islands Avenida Presidente Nicolau Lobato	+1-345-945-8891	+1-345-945-8892	BMRIKYKY
5. Dili Branch	No. 12 Colmera, Dili - Timor Leste	+670-331-7777/ +6221-526-3769/ +6221-527-1222	+670-331-7190/ +670-331-7444/ +6221-252-1652/ +6221-526-3572	
6. Shanghai Representative Office	Bank of Shanghai Tower 12th Floor, No. 168 Ying Cheng (M) Road, Pudong Area Shanghai 200120	+86-21-5037-2509	+86-21-5037-2509	BMRICNSH
7. Bank Mandiri (Europe) Limited, London	Cardinal Court (2nd Floor), 23 Thomas More Street, London E1W 1YY, United Kingdom	+44-207-553-8688	+44-207-553-8699	BMRIGB2L
8. Mandiri International Remittance Sdn. Bhd.	Wisma MEPRO Ground & Mezzanine Floor 29 & 31 Jalan Ipoh Cho w Kit, 51200 Kuala Lumpur mandiri4u@mandiriremittance.com.my	+603-4045 4988	+603-4043 7988	

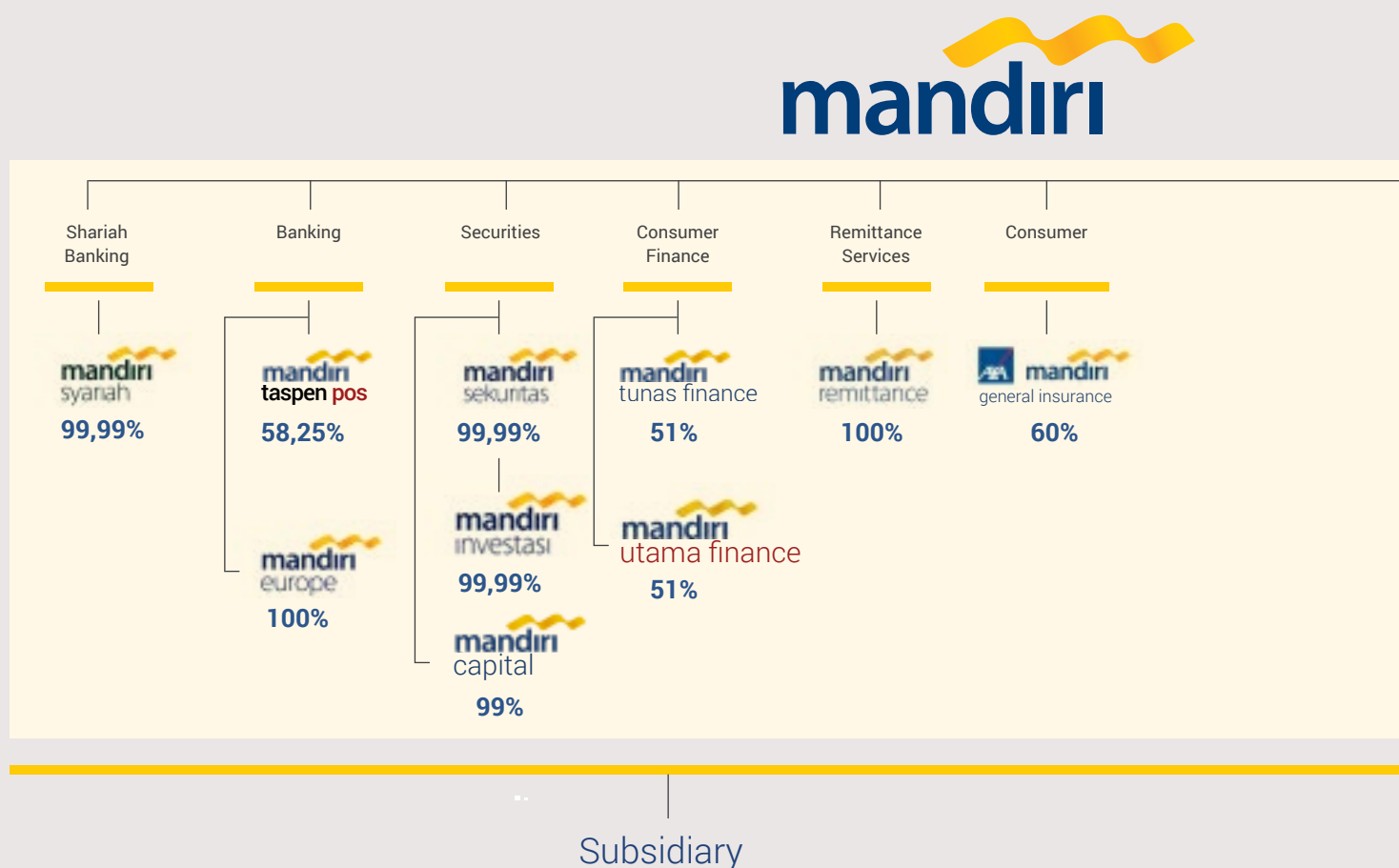
domestic branches

The branch offices listed here are limited to the area level. The full list of branch offices is provided separately on the attached CD.

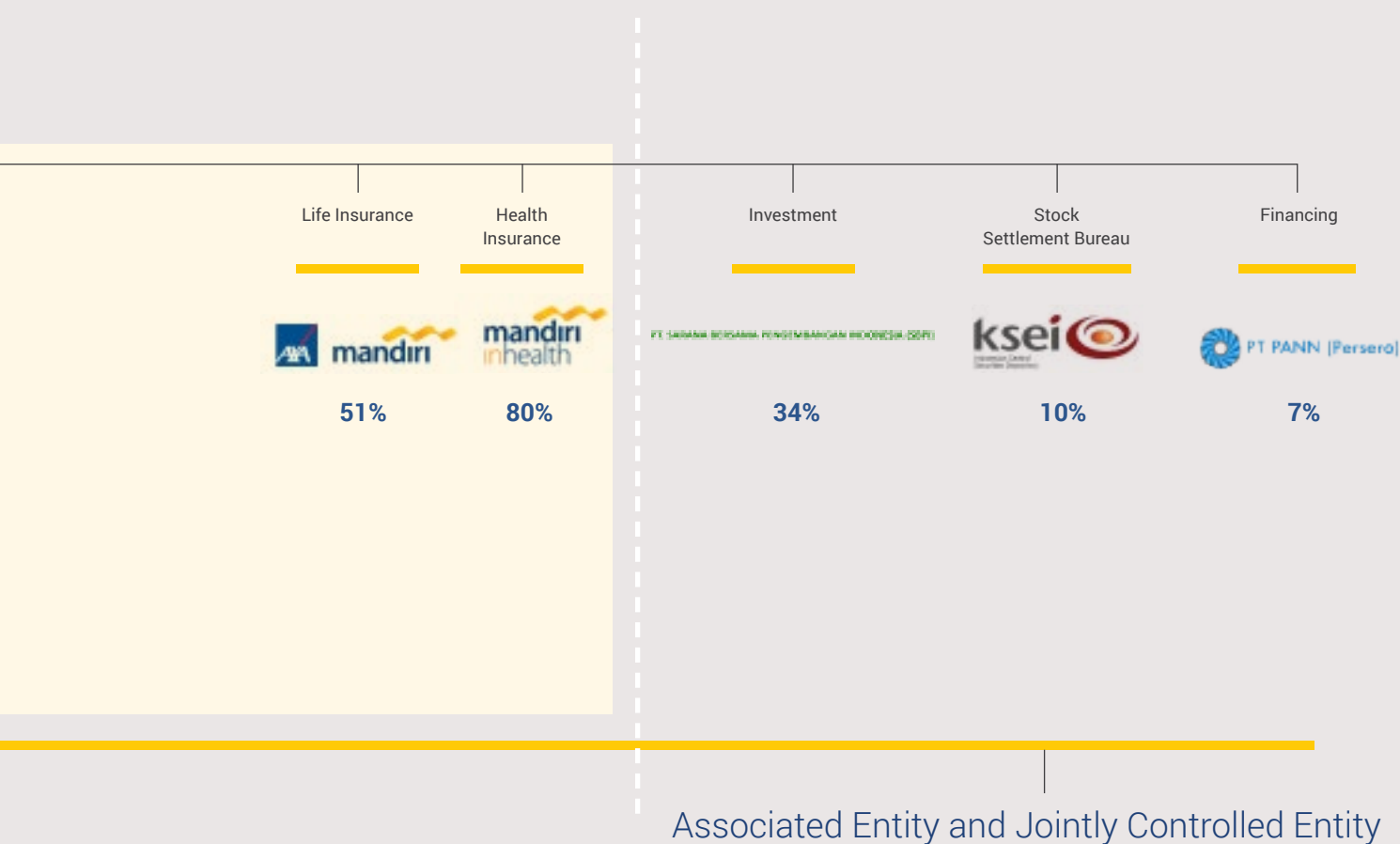
OFFICE	ADDRESS	CITY/ REGENCY	POSTAL CODE	TELEPHONE	FAX
1. REGION I/ SUMATERA 1	Jl. Pulau Pinang No. 1	Medan	20111	(061) 4153396, 4555434	4153273
2. REGION II/ SUMATERA 2	Jl. Kapten A. Rivai No.1008	Palembang	30135	(0711) 364008 - 012, 364013	310992, 3120417, 374279
3. REGION III/ JAKARTA 1	Jl. Lapangan Stasiun No. 2	Jakarta Barat	11110	(021) 6922004, 2600500, 6922343, 6922343, 6922005 6922204, 6918695 ,69833162-3,6916454	6922006
4. REGION IV/ JAKARTA 2	Jl. Kebon Sirih No. 83	Jakarta Pusat	10340	(021) 23565700, 39832922, 39832921, 30400144, 30400147, 30400105, 39832924	39832917, 39832918, 39832923
5. REGION V/ JAKARTA 3	Jl. Jend. Sudirman Kav. 54-55	Jakarta Selatan	12190	(021) 5266566, 5267368	5267371, 5267365
6. REGION VI/ JAWA 1	Jl. Soekarno Hatta No. 486	Bandung	40266	(022) 7506242, 7511878	7505810, 7506632
7. REGION VII/ JAWA 2	Jl. Pemuda No. 73	Semarang	50139	(024) 3517349, 3520484,3520487	3520485
8. REGION VIII/ JAWA 3	Jl. Basuki Rahmat No. 129-137	Surabaya	60271	(031) 5316764 - 66	5316776, 5320641, 5316597
9. REGION IX/ KALIMANTAN	Jl. Lambung Mangkurat No. 3	Banjarmasin	70111	(0511) 3365767	3352249, 4366719
10. REGION X/ SULAWESI & MALUKU	Jl. R.A. Kartini No. 12-14	Makassar	90111	(0411) 3629096, 3629097, 3634811; 3633913	3629095, 3650367
11. REGION XI/ BALI & NUSA TENGGARA	Jl. Veteran No. 1	Denpasar	80111	(0361) 226761 - 3	224077, 261453, 235924
12. REGION XII/ PAPUA	Jl. Dr. Sutomo No. 1	Jayapura	99111	(0967) 537081, 537183-4, 537189	(0967) 537181

corporate group structure

The following diagram shows the structure of Bank Mandiri corporate group comprising 12 Subsidiaries, 3 Associated Entities and no jointly controlled entities, either in the form of a Joint Venture or Special Purpose Vehicle (SPV), as depicted below:



Subsidiary is a company controlled by Bank Mandiri, which has the authority to regulate financial and operating policies of the subsidiary so as to obtain benefits from its activities.



Associated Entity is a company over which the Bank has significant influence, and which is not a subsidiary or a joint venture. The definition of “Significant Influence” is the authority to participate in the making of financial and operating policy decisions, but not to control or jointly control over those policies.

Jointly Controlled Entity is a joint company in which the parties share ownership, and which are governed by an agreement to share control over certain activities. In this company, strategic financial and operational decisions related to its activities must be taken consensually by all of the parties sharing control.

brief profile of subsidiaries and associated entities

Subsidiaries

The brief profile of Subsidiaries will be outlined further under a separate section in this Annual Report, i.e. Subsidiaries section.

Associated Entities

1



COMPANY PROFILE

PT Kustodian Sentral Efek Indonesia (KSEI) is a Central Securities Depository (CSD) in Indonesian capital market, incorporated in Jakarta on December 23, 1997 and obtained its operational license on November 11, 1998. In the institutional context of Indonesian capital market, KSEI is one of the Self-Regulatory Organizations (SRO) besides Indonesia Stock Exchange (BEI) and Indonesian Clearing and Underwriting Institution (KPEI). 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.

KSEI commenced its operational activity on January 9, 1998, i.e. completing settlement of script trading, by taking over similar function from PT Kliring Deposit Efek Indonesia (KDEI), previously a CDP. As of July 17, 2000, KSEI together with BEI (previously known as Jakarta Stock Exchange) and KPEI have been conducting script-less trading and settlement in Indonesian capital market. KSEI's shares are owned by its service users, namely: SRO (BEI and KPEI), Custodian Banks, Securities Companies and Stock Administration Bureaus (BAE).

The shareholders of KSEI are 26 securities companies, 9 custodian banks, 3 stock administration bureaus and 2 SROs. Bank Mandiri is one of the custodian banks holding 10% of the shares in KSEI.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Wahyu Hidayat
Commissioner : Ananta Wiyogo
Commissioner : Heri Sunaryadi

Board of Directors

President Director : Margeret M. Tang
Director : Syafruddin
Director : Friderica Widayarsi Dewi

Company Address

Head Office
Gedung Bursa Efek Indonesia Tower 1 Lt.5
Jl. Jend. Sudirman kav. 52-53,
Jakarta 12190
Indonesia
Telepon : (+62 21) 515 2855
Fax : (+62 21) 5299 1199
Bebas Biaya : 0800-186-5734
Website : http://www.ksei.co.id/contact_us

PT. SARANA BERSAMA PENGEMBANGAN INDONESIA (SBPI)

COMPANY PROFILE

PT Sarana Bersama Pengembangan Indonesia is a company 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.

At the beginning of its founding shareholders SBPI consists of 50 banks in Indonesia, but in the course of which some banks do stop operation and amalgamation (merger) by financial institutions Indonesian authorities.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Henry

Board of Directors

President Director : Arief Radjasa Wardhana

Company Address

Head Office
Setiabudi 2 Building, Suite 502A,
Jl HR Rasuna Said Kav 62, Kuningan,
Jakarta Selatan 12920
Telepon (021) 521 0715,
(021) 521 0732 (hunting),
(021) 521 0799
Fax No (021) 521 0755



PT PANN (Persero)

COMPANY PROFILE

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.

The company can carry out the main business activities:

- Procure ship by ordering new ships and the purchase of commercial ships as well as scientific equipment sold to the next ship either in cash or installments or rented to those in need.
- Procure purposes/equipment docks and shipyards
- Conduct equity in firms that perform other business activities considered strategic.
- Perform other businesses commonly conducted in the development of merchant fleet with regard to the provisions of national laws and regulations
- In addition PANN PT (Persero) to conduct business in order optimizeutilization of available resources, including in the field of hospitality.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Henda Tri Retnadi

Board of Directors

President Director : Hery S. Suwandi

Company Address

Head Office

Jl Cikini IV No.11 Jakarta 10330, Indonesia

capital market support bodies

Information on Trading and Listing of Shares on Indonesia Stock Exchange

Gedung Bursa Efek Indonesia,
Menara 1
Jl. Jend. Sudirman Kav 52-53,
Jakarta 12190, Indonesia
Telp: 62-21 515 0515
www.idx.co.id

Stock Administration Bureau PT. Datindo Entrycom

Puri Datindo –
Wisma Sudirman
Jl. Jend. Sudirman Kav 34,
Jakarta 10220, Indonesia
Telp: 62-21 570 9009
Fax.: 62-21 526 6702
www.datindo.com

Public Accountant's Office Purwantono, Sungkoro & Surja

Indonesia Stock Exchange
Building Tower 2, 7th Floor,
Jl. Jend. Sudirman Kav.
52-53, Jakarta Pusat, DKI
Jakarta, 12190
Telp : 62-21 52895000
Fax : 62-21 52894100

Stock Ratings Agencies

PEFINDO
(Pemeringkat Efek Indonesia)
Panin Tower - Senayan City 17th
Floor
Jl.Asia Afrika Lot.19, Jakarta
10270 INDONESIA
Telp: 62-21 7278 2380
Fax: 62-21 7278 2370

Fitch Ratings Indonesia
Prudential Tower Lt 20,
Jl. Jend Sudirman Kav 79
Jakarta 12910
Telp: 62-21 5795 7755
Fax: 62-21 5795 7750

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

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

Information for Investors

PT Bank Mandiri (Persero) Tbk
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta Selatan, Jakarta 12190
Indonesia
Telp: 62-21 526 5045
Fax.: 62-21 527 4477, 527 5577 Call
Center : 62-21 5299 7777, 14000
Website: <http://www.bankmandiri.co.id>
Swift Code: BMRIIDJA

Corporate Secretary

Rohan Hafas
Telp: 62-21 524 5299
Fax.: 62-21 526 3460
Website: <http://www.bankmandiri.co.id>
Email: corporate.secretary@bankmandiri.co.id

Investor Relations

Rohan Hafas
Telp: 62-21 524 5085
Fax.: 62-21 5290 4249
Website: <http://ir.bankmandiri.co.id>
Email: ir@bankmandiri.co.id





Bank Mandiri Subsidiaries

brief profile, performance and governance of the company in the subsidiary



Most Trusted Company based on Corporate Governance Perception Index (CGPI) of the Good Corporate Governance Award 2015 held by SWA Magazine and the Indonesian Institute for Corporate Governance



Indonesia Best Brand Award for the Platinum category from SWA and Mars survey institute



Indonesia Best eMark Award 2015 from SWA Magazine in cooperation with Telkom University for the ICT implementation in the field of sales and marketing



The Best Islamic Bank in Indonesia 2015 from Asiamoney



Service Excellence Award 2015, award for service from Infobank magazine in collaboration with MRI



Corporate Image Award 2015 from Tempo Media Group in collaboration with Frontier Consulting Group



Indonesia Middle-Class Brand Champion 2015 Product Category Hajj Savings from SWA in collaboration with Inventure



2nd Place in Annual Report Award (ARA) for Annual Report 2014



Islamic Bank of The Year, Triple A, from the media group The Asset of Hong Kong



Rating AA+ (idn) with Stable Outlook from Pefindo

Company Profile

PT Bank Syariah Mandiri (BSM) is a company engaged in banking with Islamic principles. Bank 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).

Company Product

PT Bank Syariah Mandiri offers innovative products for customers which are classified into four groups: financing, funding, service and sharia service. Funding products include third party fund (DPK), consumer fund and cheap fund. Meanwhile, financing products include per scheme financing, per economic

sector financing and per segment financing. Service products include product service, operational service and investment service. Finally, sharia service product includes priority Mandiri sharia.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Ventje Rahardjo
Independent Commissioner : Ramzi A. Zuhdi
Independent Commissioner : Bambang Widianto
Independent Commissioner : Zulkifli Djaelani
Commissioner : Agus Fuad

Board of Directors

President Director : Agus Sudiarto
Director : Agus Dwi Handaya
Director : Fahmi Ridho
Director : Putu Rahwidhiyasa
Director : Edwin Dwidjajanto
Director : Kusman Yandi
Director : Chairul Anwar

Company Address

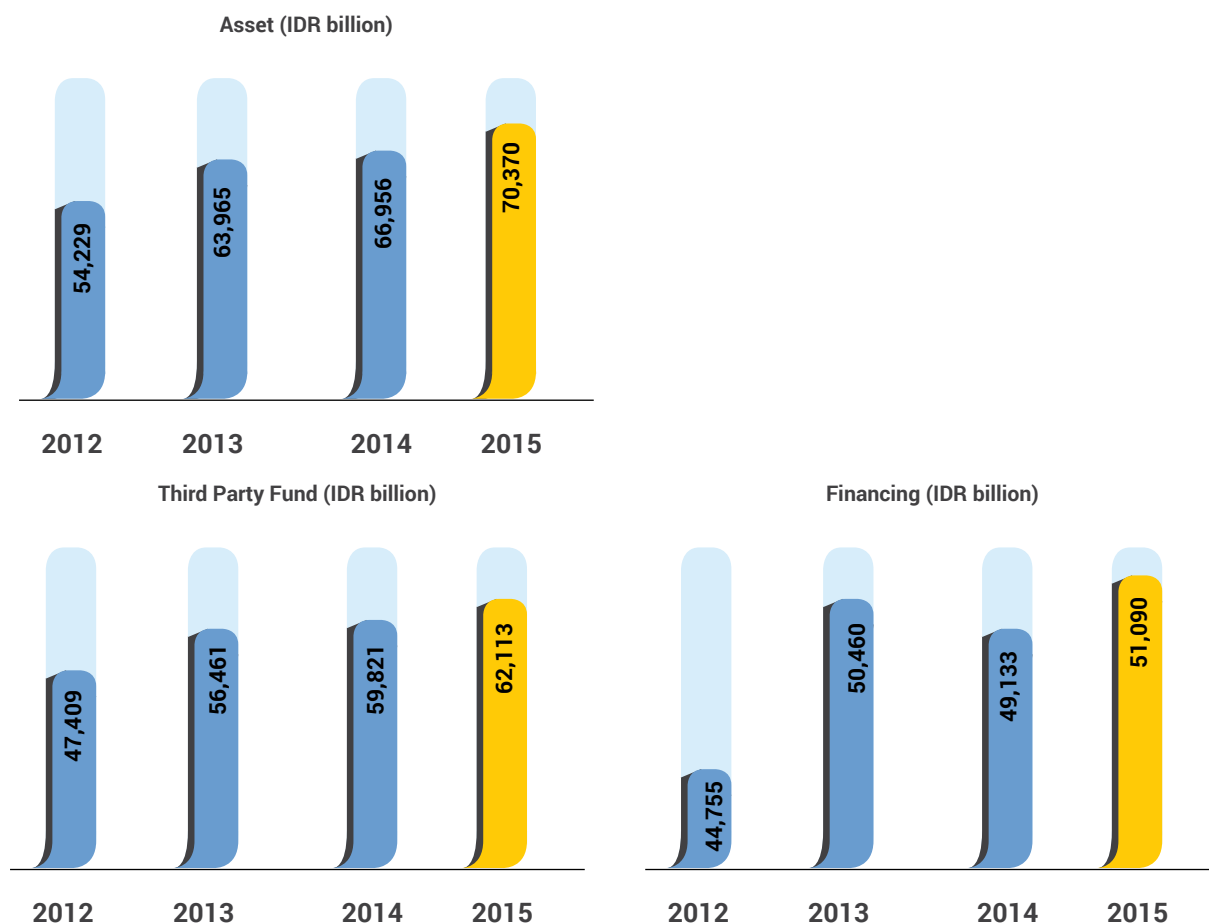
Head Office

Wisma Mandiri I,
Jl. MH. Thamrin No. 5 Jakarta 10340
Phone : (62-21) 2300 509, 3983 9000 (Hunting)
Fax : (62-21) 3983 2989
Website : www.syariahamandiri.co.id

Company Performance

Since its operation on November 1, 1999, BSM grew very fast. Assets rose by an average of 9.07% per year (Compounded Annual Growth Rate/CAGR of 2000 to December 2015), third party fund (DPK) rose 9.42% per year and financing grew by an average of 4.50% per year.

Such rapid growth put BSM as the largest sharia bank in Indonesia since 2003. BSM is able to maintain its top position despite increasing number of sharia banks in Indonesia, with 12 commercial sharia banks and 22 sharia business units as of 2015. BSM leads the sharia banking industry in Indonesia.



It also makes the BSM make the bank with top-ranking positions when compared to the national banks.

Throughout 2015, Indonesia's macroeconomic conditions are still not conducive characterized by the weakening of the rupiah against the US dollar and the continuing decline in commodity prices. Such

conditions have an impact on the actual business operations which then affect the Bank's business.

In the midst of these conditions, and focus on the decline of financing problems in 2015, BSM was still able to record business growth.

Indicators of the Bank's business growth show the continued strength of our liquidity throughout 2015, and financing growth throughout 2015. In the midst of the tight liquidity in 2015, BSM is able to improve the acquisition of third party funds became IDR 62.113 trillion from IDR 59,821 trillion in 2014. Of the total Fund Third-party, low-cost funds increased by 46.61% from to 49.63% as a result of growth in demand deposits reached 12.12% and 10.19% savings reached.

While financing grew 3.98% to IDR 51.090 trillion. Increased Funding impact on the increase in the Bank's income becomes IDR 6.913 trillion, an increase of 6.32% compared to the Bank's income in 2014.

From the cost side, the company is able to do so the overall efficiency of the load only increased by 1.16% to IDRR 6.623 trillion.

As a result of focusing on the completion of financing problems, in 2015 the Bank recorded a cash recovery amounted to IDR 423 billion, so as to strengthen the reserve.

Of the increase in revenues and cost efficiency, BSM managed to record an operating profit of IDR 1.416 trillion, up 46.38% from the previous year. However, the

high financing problems due to the unfavorable macro conditions, the Company should establish a provision charge of IDR 1.047 trillion.

With these efforts, in 2015 the Company managed to increase net profit to IDR 290 billion.

From the capital side, the BSM is quite strong with an indicator Capital Adequacy Ratio (CAR) as of December 2015 amounted to 12.85%. On 24 November 2015, the Company obtained a capital increase amounting to IDR 500 billion.

In order for the company's business is growing faster, throughout 2015 the BSM management synergizing business capacity building, infrastructure development, and improving the competence of human resources with the parent company and the group.

Support parent company and its stakeholders, as well as public confidence in the strong-marked BSM high market share, brand, as well as growth capital fund management for the society-be optimistic that we can bring better performance of BSM in 2016 to realize a vision to make BSM as Leading Islamic Bank and Modern.

Financial Performance

BSM's financial performance is summarized in the statements below:

Financial Position (IDR billion)

Key Indicator	2012	2013	2014	2015
Assets	54,229	63,965	66,956	70,370
Liabilities	50,048	59,103	62,338	64,755
Equity	4,181	4,862	4,617	5,614

Profit Loss Statement (IDR billion)

Key Indicator	2012	2013	2014*	2015
Revenue	5,830	6,640	6,502	6,913
Expense	5,024	5,988	6,547	6,623
Net Income	806	652	(45)	290

*) reclassified and restated

Work Plan and Strategy for 2016

The year 2015 was tough for the banking industry. Slowing the growth of macro-economic impact on the Bank's business and result in growing the Company's performance is not maximized.

As the pace of sustainable strategies, BSM has been developing and implementing strategies in the face of fiscal year 2016 through the Corporate Plan 2016-2020 in which the company sets its vision as Leader and Modern Islamic Bank with total assets reached 200 trillion and IDR 3.1 trillion in 2020 income.

Key Strategies BSM in the long term is to become Islamic banks Leading, Modern and Reassuring to focus efforts on segments of Retail, the business community based on sharia, infrastructure financing and placement of funds in State sukuk (project-based sukuk), and products typical of sharia as pledge, operating lease (Ijarah), MMQ, and others as well as maximize synergies with the Independent Group.

Good Corporate Governance

Governance Structure

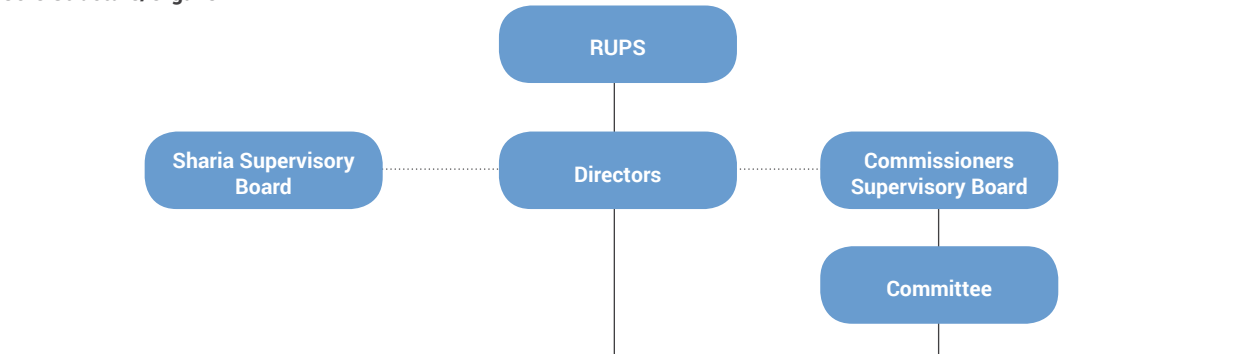
To support the implementation of good corporate governance (GCG) or Governance System as well as efforts to strengthen the supervisory function, Bank Mandiri Syariah (BSM) has a corporate governance structure or governance consisting of major organs, namely the General Meeting of Shareholders (RUPS),

the Sharia Supervisory Board, and the Board of Directors (BOD) and support organs comprising commissioners committee and directors committee and business unit compliance, risk management and internal audit units illustrated below:

Good Corporate Governance Structure



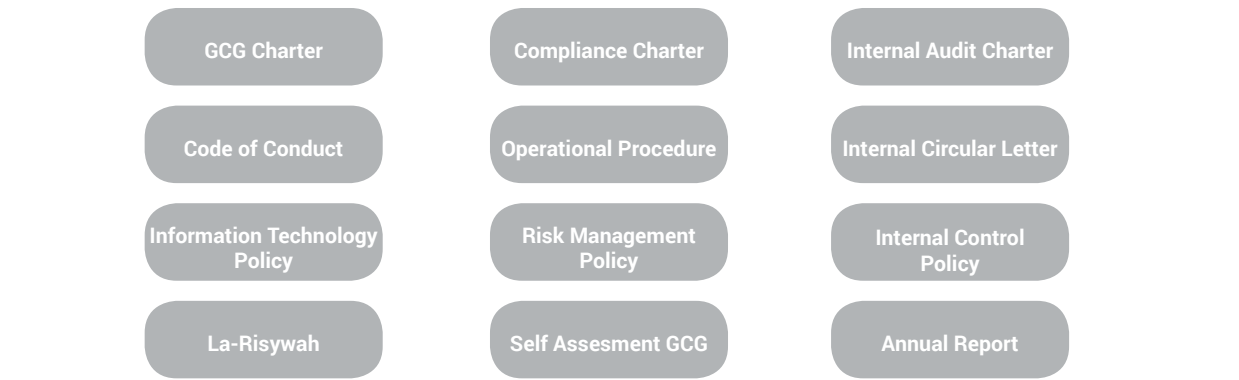
Core Structure/Organs



Supporting Structure/Organ



Guidelines and Reporting



Governance Guidelines

GCG implementation required the bank to do a check and balance, avoiding conflicts of interest in carrying out the tasks and increase protection for the interests of the stakeholders, especially the customer holding the funds and minority shareholders. In support of this, the Bank has a corporate Governance Guidelines which set out points on GCG implementation

With the publication of Regulation of the Financial Authority Services (POJK) No. 18/POJK/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomerates the Bank as a subsidiary of Bank Mandiri has updated the Governance Guidelines provided under the applicable provisions, which is currently in the process of finalization. Besides having Governance guidelines, the bank also has other supporting documents, namely:

1. Whistleblowing System

As a commitment of the Bank in order to hold the bank's operations in accordance with sound banking standards and implement GCG, the Bank designed a whistleblowing system. Whistleblowing system is a reporting system that allows each party involved in the prevention and early detection of irregularities in the BSM operations.

Whistleblowing system is managed by Internal Audit Unit. Each complainant is ensured in terms of confidentiality of its identity and protected by the Bank from adverse treatment. Submission of report can be carried out through:

- a) a) Anti-Fraud Unit Phone Line: 021-3143030
- b) Email: pengaduan@bsm.co.id
- c) Letter: Jalan Surabaya 58, Menteng, Central Jakarta, 10310
- d) Facsimile: 021-31900727 021-31900727
- e) Website: <http://bwise.syariahmandiri.co.id>.

2. Code of Conduct (CoC)

Code of Conduct is the company's internal guidelines containing systems, values, business ethics, commitment, as well as the enforcement of the regulations for the individual companies in conducting business and other activities and interacting with stakeholders. BSM Code of Conduct is stipulated through the Joint Decree of the BOD and Board of Commissioners (BOC) of BSM on BSM Code of Conduct No. 17/002-SKB/DIR.KOM dated June 4, 2015 which updates the previous code of conduct.

The intent of the code of conduct is to provide guidelines behave in Islamic, professional, responsible, fair, worthy and trustworthy manners for the whole range of banks both in conducting business relationships with customers/prospective customers, partners/potential partners, colleagues and other stakeholders.

As a commitment to the implementation of the code of conduct it annually ranks of the Bank charging the contents annual disclosure is the disclosure of information about the relationship between the Bank's employees with fellow ranks of banks and other parties in carrying out its duties and responsibilities as an employee of the Bank.

3. La Risywah, No Kick Back and No Special Payment

As a commitment to GCG implementation, the Bank launched a movement "La Risywah (No Bribe), No Kick Back and No Special Payment", a movement that intends to raise awareness (awareness) the whole range of BSM to always

work with straight and responsible and objective professional manner. For it is not justified when there lineup Bank who received gifts from prospective customers/clients or associates either directly or indirectly at the time of filing

finance/procurement of goods and services and the use of intermediaries, brokers or other third parties who charge a fee or commission.

Implementation of Compliance Function

1. Organizational Structure

Compliance function is a series of actions or steps that are ex-ante (preventive) to ensure that policies, regulations, systems and procedures, as well as business activities conducted by the Bank in accordance with the provisions of the applicable regulatory provisions. The Bank has appointed a Director in charge of Compliance Function and form a Compliance Unit to ensure the functioning of the compliance of the Bank.

2. Duties & Functions of Compliance Unit

- a. Ensuring the implementation of the identification, measurement, monitoring, and control of the Compliance Risk with reference to Bank Indonesia regulation concerning Risk Management Implementation for Commercial Banks.
- b. Ensuring measures are available in order to support the creation of a Culture of Compliance in all bank business activities at every level of the organization, such as the construction:
 - System;
 - Program;
 - Framework;
 - Compliance charter;
 - Compliance code of conduct; or
 - Compliance policy.

- c. Ensuring implemented assessment and evaluation of the effectiveness, adequacy and suitability of policies, regulations, systems and procedures that are owned by the Bank with the legislation in force, among others:

- assessing the design of policies, regulations, systems and new procedures; and
- having initiatives to improve policies, regulations, systems and procedures based on the information obtained.

- d. Ensuring the implementation of the review and/or recommend updating and refinement of policies, regulations, systems and procedures that are owned by the Bank to comply with the regulatory provisions and legislation in force, including the Sharia;
- e. Making efforts to ensure that policies, regulations, systems and procedures, as well as the Bank's business activities in accordance with regulatory provisions and legislation in force;
- f. Ensuring compliance of the Bank against the commitments made by the Bank to the regulator and/or other competent supervisory authority;
- g. Ensuring coordination done by the Sharia Supervisory Board on the implementation of the Sharia compliance function.
- h. Ensuring the implementation of GCG and CoC on all bank business activities at every level of the organization.

- i. Ensuring the implementation of compliance with the Act and the provisions on the implementation of Anti-Money Laundering (AML) and Combating

the Financing of Terrorism (PPT) on all the Bank's business activities at every level of the organization.

Implementation of Internal Audit Function

1. Internal Audit Unit

The Bank has possessed its own internal audit body (with the name of the Internal Audit Group) and it directly reports to the Director.

Internal Audit is headed by a Group Head, who is appointed and dismissed by the President Director with the approval of the BOC. In performing its duties, Group Head is assisted by Deputy Group Head and seven Department Heads

2. Duties and Functions of Internal Audit Unit

- a. Assisting the BOC and BOD in supervising the way describe in operational planning, implementation and monitoring of the audit results.
- b. Identifying all possibilities to improve and increase the efficient use of resources and funds.
- c. Providing an analysis and assessment in the areas of finance, accounting, operations and other activities through direct inspection and surveillance indirectly.
- d. Providing suggestions for improvements and objective information about the activities examined at all levels of management.
- e. Communicating directly with the BOC, BOD and/or the Audit Committee.
- f. Planning and implementing the 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.

- g. Taking measures in order to dig up information (investigation), reporting, and proposes sanctions for fraud to the Management.
- h. Monitoring follow-up results of the audit, both internal and external.
- i. Giving feedback/opinions on proposed policies and procedures or systems in order to ensure that the policy or new systems and procedures that are already covered aspects of internal control. Internal Audit involvement in providing feedback/opinions on proposed policies or systems and procedures does not mean that things will be excluded as the object of the audit.
- j. Improving the development system audit (audit development) in the direction of Bank policy.
- k. Developing written policies and procedures to guide the Internal Auditor in carrying out their duties.
- l. Providing consultation to the internal Bank to provide added value and improvement of quality control, risk management, and corporate governance.
- m. Conducting education on an ongoing basis in order to increase the competence of auditors.
- n. Conducting ongoing evaluation to improve the quality of Internal Audit.
- o. Coordinating activities with the activities of internal audit and external audit units/ functions other assurance providers. Coordination can be established through periodic meetings to discuss matters of importance to both parties.

3. Internal Audit Activities

Internal Audit Activities cover all aspects and elements of the Bank's activities that directly or indirectly can influence the level of implementation by both the bank and the public interest. In this connection, in addition to covering the examination and assessment of the adequacy and effectiveness of the internal control structure and quality of execution, also covers all aspects and elements of the organization of the bank so as to support the analysis of optimal in helping the process of decision-making by the management.

Internal Audit activity consists of the activity of the General Audit, Investigation activities, and Supporting Activities, with the following explanation:

a. General Audit Activities

Activities General Audit and Consulting Assurance activity is conducted through the stages of Planning, Implementation, Reporting, Monitoring and Follow-up.

b. Investigative Activities

Investigative activities aim to reveal the modus operandi, the causes, the potential losses, actors and other parties involved. Investigative activities include acquiring evidence and statements, report writing, testifying on their findings and follow-up monitoring is required. Investigative activities are carried out through several stages consisting of the preparation, implementation, reporting including the proposed sanctions for fraud and follow-up monitoring.

c. Supporting Activities

Supporting activities are activities other than the activity of the General Audit and Investigative Activities in order to support the implementation of the Internal Audit function, consisting of Development Activities Audit, Counterpart External Audit, and the use of External Services.

Application of Risk Management

Risk management is carried out by the risk management unit of the duties and functions as follows:

1. Ensuring updates Risk Management Policy and its implementing regulations according to regulations and best practices of risk management and dissemination of the policy.
2. Ensuring the implementation and development of enterprise risk management (ERM) in accordance with the regulations and the Bank's risk appetite.
3. Ensuring the availability of risk assessment on bank products and new activities.

4. Ensuring measurement, risk monitoring, management availability limit the application of risk management and risk culture development program.
5. Ensuring the development and analysis of risk measurement methodology in accordance with the best practices and regulations in force as well as the study of the effectiveness of the implementation of risk management tools.
6. Ensuring the availability of ALM management strategies and price-setting strategies in accordance with the Bank's policy.
7. Ensuring the implementation of stress test-

ing to determine the impact of the implementation of risk management policies and strategies the performance of each operating unit and the availability of a contingent plan is the reference conditions of crisis

8. Ensuring the implementation and development of portfolio management (portfolio guidelines) and the management of the Bank's portfolio management information system.

9. Ensuring the development and implementation of the Bank's Risk Management Information System application.

10. Ensuring the availability of materials and follow-up decision of the Risk Management Committee.

2

mandiri
sekuritas

Best Investment Bank in Indonesia 2011-2015, Best DCM House in Indonesia 2013-2015 and Best Broker in Indonesia 2015 from FinanceAsia



Best Indonesia Deals – PT Hanjaya Mandala Sampoerna IDR 20.3 trillion (\$1.4 billion) rights issue and share placement from FinanceAsia



Best Investment Bank in Indonesia 2015 from Alpha Southeast Asia



Best Local Currency Bond Deal & Local Yield Bond Deal Of the Year in Southeast Asia – Telkom's IDR 7 Trillion Corporate Bond from Alpha Southeast Asia



Best Local Brokerage House in Indonesia 2010-2015 from Asiamoney Polls



#1 Best Securities Company – Digital Brand of the Year 2015 from Infobank Magazine



Trusted Company from The Indonesia Institute for Corporate Governance (IICG)

Company Profile

PT Mandiri Sekuritas is a securities company resulted from the merger of other securities companies owned by Bank Mandiri, i.e. Bumi Daya Sekuritas, Exim Securities and Merincorp Securities Indonesia, and commenced its operations on July 31, 2000. With a paid up capital of IDR 638 billion, Mandiri Sekuritas is one of the best capitalized securities firms in Indonesia, which allows it to participate across the entire spectrum of capital market transactions in Indonesia. Currently, Mandiri Sekuritas is the foremost provider of investment banking and securities brokerage services in Indonesia.

Mandiri Sekuritas has committed and determined to always be in the forefront of the industry, and capable of providing effective services to its customers to enable them to profit from stock trading and bonds, initial public offerings and bond listing as well as other financing instruments.

Throughout 2015, Mandiri Sekuritas managed to maintain the consistency of its two main business lines, namely Investment Banking and Capital Market, in the midst of economic stagnation affecting Indonesian capital market industry. Mandiri Sekuritas successfully retained its lead as the largest investment

bank in Indonesia with a market share of bonds and stocks underwriting of 14.6% respectively based on data from Bloomberg League Table.

At the Capital Market business line, Mandiri Sekuritas was also able to maintain its consistency as the most active local broker in the stock market with a market share of 4.3%. One of the strategies that the Company employed is strengthening synergies with Bank Mandiri, both in the business of bonds and stocks underwriting, financial advisory services and distribution of capital market products. This strategy

was aligned with the main strategy of the Bank. "Integrate the Group", and deepening relationships with the customers (Deepening Wholesale Relationship).

With the spirit of enhancing its contribution to the nation's progress, the Company is committed to continuously improving financial literacy among the public through a series of educational programs named #InvestasiCerdas that have been implemented together with the Indonesia Stock Exchange during the last three years.

Company Product

Products and services of PT Mandiri Sekuritas consist of two segments, investment banking and capital market. In investment banking, PT Mandiri Sekuritas offers securities underwriting and financial advisory

services while in capital market the Company is an active member in bond and stock trading at both primary and secondary markets.

Board of Commissioners and Board of Directors

Board of Commissioners

Independent Commissioner : Cyril Noerhadi
Commissioner : Panji Irawan
Independent Commissioner : Alexandra Askandar
Independent Commissioner : Fransisca Nelwan Mok
Independent Commissioner : Suresh Lilaram Narang

Board of Directors

President Director : Abiprayadi Riyanto
Director : Iman Rachman
Director : Laksono W. Widodo
Director : C. Paul Tehusijarana
Director : I Nyoman Gede Suarja

Company Address

Head Office

Plaza Mandiri, Floors 28-29
Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
Phone : (62-21) 526 3445
Fax : (62-21) 526 3521
Website : www.mandirisekuritas.co.id

Company Performance

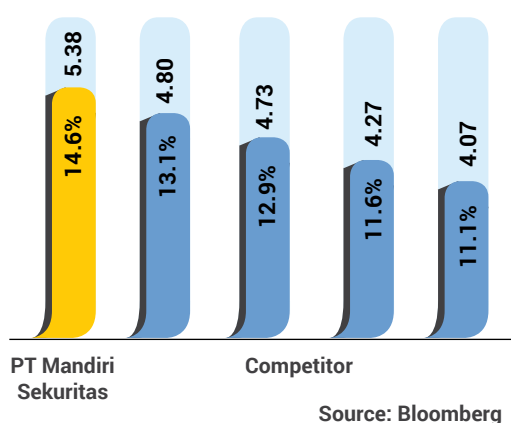
The performance of Mandiri Sekuritas can be assessed from its two business segments, i.e. investment banking and capital market. Here is a summary of the performance achievement of Mandiri Sekuritas:

Investment Banking

Mandiri Sekuritas continued its dominant contribution in underwriting of bonds, equity offerings and other debts in 2015. The Company managed to rank first in stock underwriting by completing 8 transactions totaling IDR 5.4 trillion, an increase of 340% compared to last year's IDR 1.6 trillion. In bond underwriting, Mandiri Sekuritas also topped the list released by

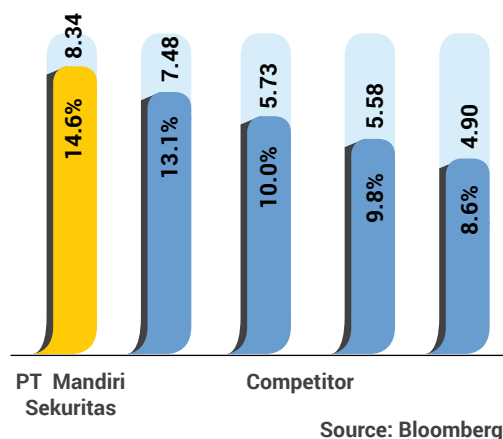
Bloomberg League Table completing 27 transactions, with a total underwriting of IDR 8.3 trillion. Besides transactions of bond underwriting, Mandiri Sekuritas provided services for other debt instruments such as Medium Term Notes (MTN).

Graphic of Stock Underwriting in 2015 (IDR trillion)



In 2015, Mandiri Sekuritas successfully completed a number of large transactions from various industries, such as Telkom bonds which were worth IDR 7 trillion and rights issue of HM Sampoerna amounting to IDR 20.8 trillion. Both transactions successfully gained public recognition internationally, by winning the "Best Local Currency Bond Deal & Local Yield Bond Deal of the Year in Southeast Asia - Telkom's IDR 7 Trillion Corporate Bond" from Alpha Southeast Asia and "Best

Graphic of Bond Underwriting in 2015 (IDR trillion)



Indonesia Deals - PT Hanjaya Mandala Sampoerna IDR 20.3 trillion (USD 1.4 billion) rights issue and share placement" from FinanceAsia.

Other major transactions successfully handled in 2015 included IPOs of PT. PP Properti, PT. Waskita Karya, PT. Adhi Karya and so on. Meanwhile, the issuance of bonds Mandiri Sekuritas handled over the year included, inter alia, PT. OCBC NISP, PTPP, UOB, PT.

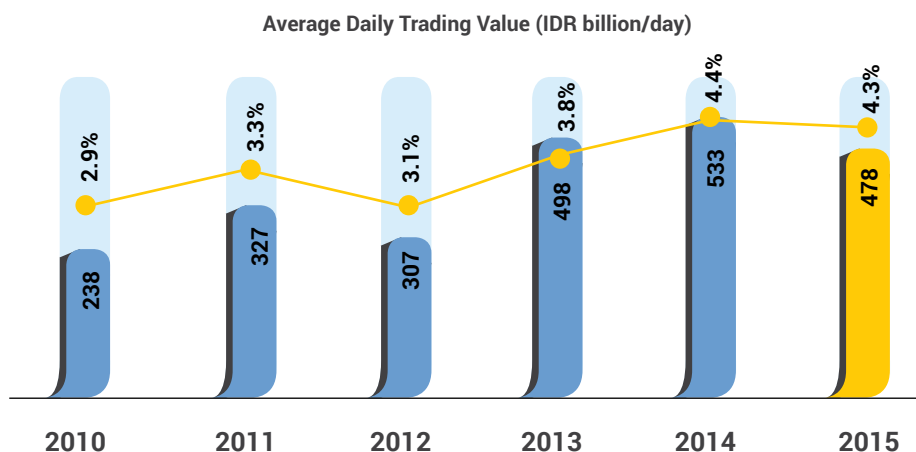
Summarecon, PT. Astra Sedaya Finance, PT. Mandiri Tunas Finance, PT. Adira, PT. XL Axiata and so on. Thanks to such achievements, Mandiri Sekuritas had the largest market share of 16.2% for Bonds & Equity category in Bloomberg League Table.

The Company also has been actively providing financial advisory services to large Indonesian firms, e.g. Waskita Toll Road, Asuransi Jasa Indonesia, Angkasa Pura, etc.. Mandiri Sekuritas continued to maintain its clients' trust with completion of more than 49 project advisory of various prominent companies. This increased from 37 deals mandated to the Company in 2014.

Capital Market

In capital market segment, Mandiri Sekuritas was the most active local broker in 2015 with a total transaction of IDR 111 trillion and a market share of 4.3%. The Company was capable of maintaining its consistency in pushing the volume of transactions despite a correction in the stock market of up to 12% due to unfavorable economic conditions during the

year 2015. The average daily transactions posted by Mandiri Sekuritas in 2015 added up to IDR 494 billion, where 65% of the transactions came from institutional clients and 35% from retail customers.



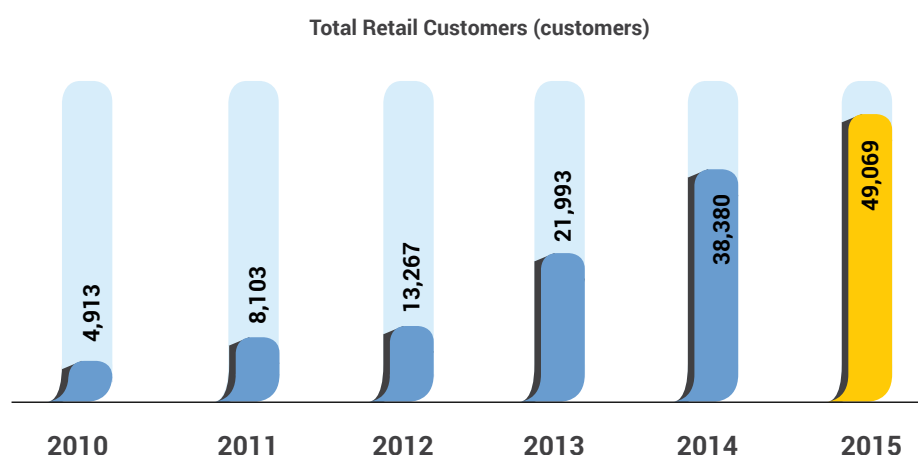
Mandiri Sekuritas also gave significant contribution to government securities (SUN) trading in 2015, booking IDR 55,7 trillion in transaction volume with a market share of 7,9%.

Along with the growth of customers and transactions in the capital market, Mandiri Sekuritas recorded growth on the number of its customer by 28% to 49,069 retail customers at year-end from 38,380 customers in 2014. Furthermore, Mandiri Sekuritas is committed to continue innovating to deliver investment products,

not only the most complete stock-related services through Mandiri Sekuritas Online Trading (MOST), but also through such alternative products as the MTN and mutual funds.

The Company continues to improve its performance amid the economic dynamics affecting Indonesian capital market industry. Besides creating product

and service innovations constantly, the Company keeps strengthening synergies and engaging in close coordination with all units in Bank Mandiri Group so as to maximize the existing opportunities, besides supports from the extensive customer base (which includes institutional and retail investors), reliable trading infrastructure as well as experienced and professional human resources.



Mandiri Sekuritas will continue to increase its customer base and daily retail transaction volume as one of the main focuses on new business development. Such development will be supported by online trading application services in collaboration with Daishin Securities Co., Ltd., a leading securities firm based in South Korea. The Company also continues to expand nationally with the presence of branch networks in

Jakarta, Surabaya, Malang, Bandung, Palembang, Medan and other major cities. The support provided by reliable systems and extensive distribution network is consistent with the business vision of Mandiri Sekuritas to become a securities company capable of promptly adapting to the dynamic changes and accommodating the needs of retail customers.

Financial Performance

Mandiri Sekuritas' financial performance is presented in the summary of financial statements below:

Financial Position (IDR billion)

Key Indicator	2012	2013	2014	2015
Assets	1,737	2,416	2,382	1,712
Liabilities	864	1,464	1,370	699
Equity	873	952	1,012	1,013

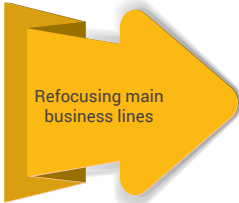
Profit Loss Statement (IDR billion)

Key Indicator	2012	2013	2014	2015
Revenue	448	613	702	607
Expense	381	460	548	529 ^{*)}
Net Income	29	93	87	15

^{*)} including costs of creating reserve amounting to IDR 27.9 billion

Work Plan and Strategy for 2016

As a follow up on its achievements in 2015, Mandiri Sekuritas has formulated a strategy in response to the challenges that may emerge in times to come. In brief, the strategy to implement is as follows:

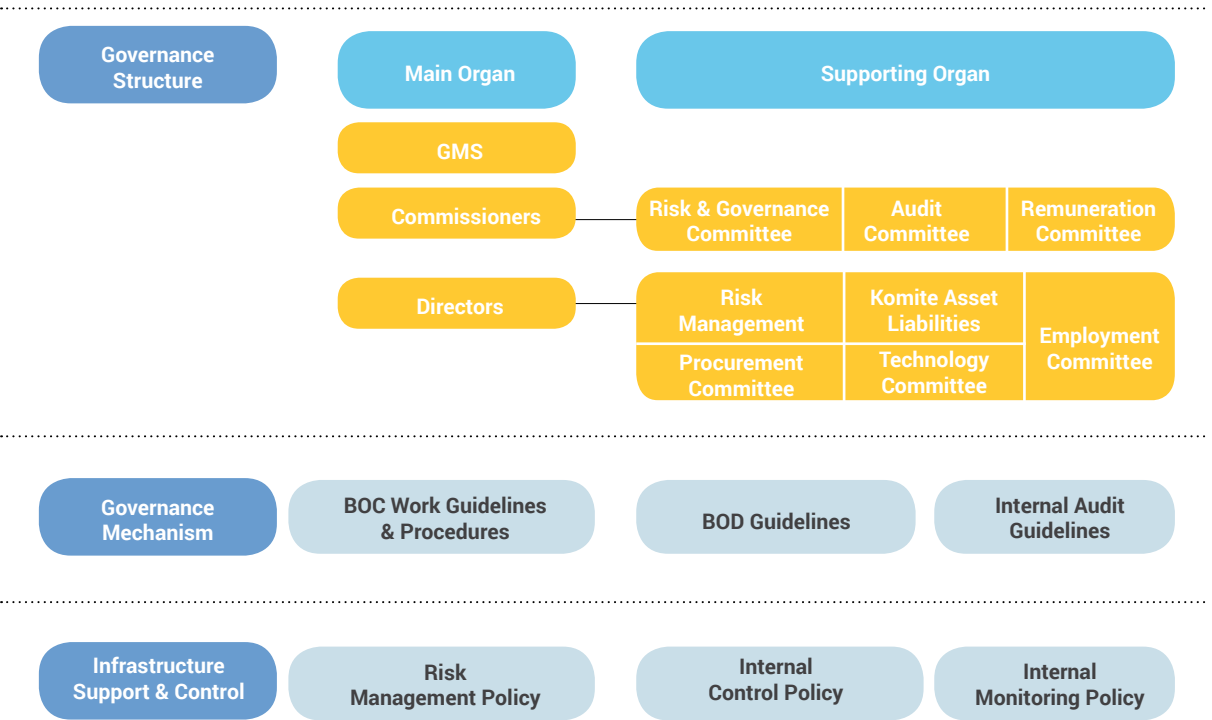
- 01**  Refocusing main business lines
 - Refocus main business lines based on risk adjusted return and capital optimization (NAWC)
 - Develop a high-margin revenue business line including underwriting and principle investment/reverse repo with due regard to risk acceptance criteria
 - Build the capacity of business lines with stable income (brokerage and debt proprietary)
 - Develop M&A (Bridging Finance) whose fees match the costs of resources used
- 02**  Developing business & innovation (Deepening)
 - Develop new products (new sources of income) which, among others, include retail bonds, retail MTN, ETF and early settlement
 - Develop a Pre-IPO financing facility (project financing) through MTN
 - Upgrade the Singapore branch into a subsidiary through CMS license
 - Assess prospective diversification of related businesses through, among others, joint venture
- 03**  Consolidating synergy & alliance
 - Draw up joint planning with Corporate Banking, Treasury & FI Bank Mandiri
 - Form a bond virtual distribution team and DCM joint underwriting committee
 - Implement co-location in BMRI outlets for development of MOST corner and outlet
 - Strengthen Referral Retail Brokerage (RRB) in alliance with BMRI Regional Offices and Wealth Management
- 04**  Cost control & efficiency
 - Reconfigure branches and carry out infrastructure standardization for them
 - Control the number of personnel through rationalization (right sizing) based on performance
 - Improve the effectiveness of cost control and capital allocation
 - Develop cost efficiency through optimization of MTBI account
 - Implement culture based individual performance
- 05**  Strengthening good corporate governance & support
 - Strengthen risk management and transaction monitoring system
 - Develop IT system including upgrading trading platform and internal control system
 - Continue development of Corporate Governance & Compliance
 - Develop the Mandiri Sekuritas Corporate Plan 2020

Good Corporate Governance

Governance Structure

The governance framework of Mandiri Sekuritas includes segregation of duties between the organs of the shareholders under the General Meeting of Shareholders (RUPS), supervisory duties by the Board of Commissioners (BOC) and Mandiri Sekuritas management by the Board of Directors (BOD). Each of

these organs is the main organ that define, control, and is responsible for the implementation of governance in Mandiri Sekuritas. Therefore, those three organs function as the Main Governance Organs of Mandiri Sekuritas.



Good Corporate Governance (GCG) within the company environment is implemented through the performance of compliance, internal audit and risk management functions as well as the preparation of the supporting infrastructure for GCG implementation, such as:

- Policies on code of ethics and business ethics;
- Anti-fraud strategy;
- Whistleblowing system;
- Gift, Rebate and Gratuity Policy;

- Anti-Money Laundering and Financing of Terrorism (AML PPT) Policy;
- Preparation of corporate website; and
- Consumer Protection Policy as product transparency;
- Commitment to GCG implementation through the preparation of the Budget,
- Implementation and Monitoring of Corporate Social Responsibility programs.

Implementation of Compliance Function

At the beginning of establishment, Mandiri Sekuritas forming the Legal Division, Compliance and Corporate Secretary in implementing the compliance function.

Since 2013, the Compliance Division have independently run the compliance function, separate from the other division. To support the implementation of compliance function, in 2014 Decree of the Risk Management Committee No. SK.99.2.P on the Functions of Compliance Division was issued. In general, the duties and responsibilities of the Compliance Division is to ensure compliance in order to support the decision-making process, business processes and relationships with all stakeholders in order to comply with the law, relevant regulations and internal policies have been prepared.

In order to carry out its duties and responsibilities, Compliance Division has set up compliance programs in 2015, namely:

- a) Aligning its Compliance Policy with Bank Mandiri Compliance Policy
- b) Aligning the company's Corporate Governance Policies with Bank Mandiri Integrated Corporate Governance Guidelines.

Currently, the Compliance Policy and Code of Corporate Governance is being reviewed by the Risk Management Committee and the BOD and will be finalized in 2016.

In addition to Compliance and Corporate Governance Policies, Compliance Division has also been implementing the following programs:

- a. Applying 8 internal policies based on the new regulations, including:
 - (1) The suggestions and draft Financial Service Regulation (POJK) on Foreign Account Tax Compliance (FATCA);
 - (2) OJK Circular No. 13/SEOJK.07/2014 on Standard Agreement;

- (3) POJK No. 39/POJK.04/2014 on Mutual Fund Sales Agent;

- (4) POJK No. 22/POJK.04/2014 on Know Your Customer Principles for Financial Service Provider in Capital Market;

- (5) Regulation of the Head of PPATK No. PER-02/1.02/PPATK/02/2015 on Categories of Service Users Potentially Committing Money Laundering;

- (6) POJK No. 3/POJK.02/2014 on OJK Contribution Fees;

- (7) POJK No. V.D.3 on Internal Control, in particular physical separation of functions;

- (8) Governance Risk & Compliance (GRC) Implementation as the Support to POJK No. 17 on the Implementation of Integrated Risk Management for Financial Conglomerates and POJK No. 18 on the Implementation of Integrated Corporate Governance for Financial Conglomerates.

- b. Applying four new internal policies regarding affiliated customer alert, updated Annual Disclosure of Management and Employees, Enhancement on Anti-Money Laundering and Combating the Financing of Terrorism and Anti-Fraud Strategy Implementation;
- c. Giving Advisory related to the company's business processes;
- d. Implementation of monitoring compliance of the transaction in accordance with the Compliance Plan;
- e. Coordinating the implementation of Know Your Customer and Anti-Money Laundering Principles;
- f. Reviewing new branch;
- g. Conducting dissemination and training on external and internal regulations to Branches and Branch Admin Section;
- h. Implementing web-based training through Mandiri Sekuritas Learning Portal.

Implementation of Internal Audit Function

Internal Audit is one of the Divisions directly reporting to the Director. On a regular basis, Internal Audit Division reported the audit results in the form of audit reports (Audit Report) to the President Director, the BOC through the Audit Committee and the Internal Audit Directorate of Bank Mandiri as the Integrated Internal Audit. Implementation of priority tasks have been carried out risk based, among others, by considering the business growth target for the current year, organizational change, and the results of the previous Audit Report.

In addition to carrying out routine audits, Internal Audit also helps management to conduct a review of an activity deemed necessary by management and also perform consultancy to improve internal control effectiveness such as the creation or update on the Company's internal policies. Internal Audit also monitors and updates the follow-up results of the internal and external audit (Bank Mandiri Internal

Audit, Kustodian Sentral Efek Indonesia, Indonesia Stock Exchange and the Financial Services Authority).

In the risk management Internal Audit acts as a third line of defense after the risk owner as a first line of defense is responsible for operational risk management of each unit and Risk Management as a second line.

To ensure that the implementation of Internal Audit Activities and Other Activities done at a reasonable standard, the Internal Audit Charter was drafted in 2010 and has been updated to the Internal Audit Charter Guideline No.S.10.1 on November 20, 2015 to meet the needs of Integrated Internal Audit Unit within Bank Mandiri Group pursuant to POJK No. 18/2014 concerning the Implementation of Integrated Corporate Governance for Financial Conglomerates.

External Audit

Mandiri Sekuritas RUPS, as outlined in the copy of the Minutes of the Annual RUPS on April 8, 2014, Deed No. 20, approved the appointment of Purwantono, Suherman & Surja – member of Ernst & Young Global

– to audit the financial statements for the fiscal year ending December 31, 2015.

Application of Risk Management

Common reference on the implementation of risk management as guided by Bapepam-LK (OJK) includes:

1. Bapepam-LK Regulation No. V.D.3 on Internal Control of Securities Companies Conducting Business as Securities Broker;
2. POJK No. 17/POJK.03/2014 on the Implementation of Integrated Risk Management for Financial Conglomerates; and

3. POJK No. 18/POJK.03/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomerates.

All three of the above rules only serve as a general reference in the implementation of risk management at Mandiri Sekuritas. Until now, the OJK or other regulators have yet to specifically regulate the application of risk management at securities companies. The risk management policies currently

applied at Mandiri Sekuritas refers to the risk management policies of banking (Bank Mandiri as the Parent Company) and generally accepted risk policies that are tailored to the nature of securities companies.

One of the key bases is the availability of risk management policies, procedures and methodology of risk management so that business operations can

still be controlled Mandiri Sekuritas at the acceptable and favorable limit. This is consistent with the vision of Mandiri Sekuritas risk management to make the company grow healthily in order to achieve an optimal risk adjusted returns with proactive risk management support.

Risk Management Process

Risk management is carried out on a wide corporate level, to the level of both the transactional and operational at the portfolio level. The process of risk management is a dynamic process, and is routinely compared with industry best practices and regulations that apply to customized and updated if necessary.

Implementation of risk management is done in a circuit consisting of risk identification, risk measurement, risk monitoring and risk control. Risk management information system generates reports on risk exposures, compliance implementation of risk management policies and procedures than arranged, and adherence to limits. The report submitted periodically to the Board which oversees the Risk Management function and the Risk Management Committee.

Decision-making in the Mandiri Sekuritas should consider the impact on the consolidated risk with Bank Mandiri Group as a whole. The evaluation of the position of each entity and consolidated positions by each regulator should be a concern in an integrated manner so that each entity or Mandiri Group in a consolidated manner obtain satisfactory results of the evaluation of each regulator.

Risk classification at Mandiri Sekuritas is as follows:

1. Market Risk	6. Reputation Risk
2. Liquidity Risk	7. Strategic Risk
3. Financing Risk	8. Compliance Risk
4. Operational Risk	9. Intragroup Risk
5. Legal Risk	

Evaluation of the effectiveness of the risk management system is carried out both internally and externally. Internally, the evaluation of the effectiveness of the risk management system Mandiri Sekuritas conducted by the Risk Committee and Governance as a form of active supervision of the BOC. In addition, internal monitoring carried out by the Internal Audit is one of their duties to evaluate and review the effectiveness of the risk management system. While the external evaluation can be done by the Bank and/ or the External (SRO) Audit that one focus of the audit related to the effectiveness of the risk management system in Mandiri Sekuritas.

Enterprise Risk Management (ERM) Mandiri Sekuritas

ERM in the Mandiri Sekuritas is done by integrating risk management into the business processes of the Company. Application of risk management in accordance with the concept of ERM in the business

processes implemented in defining a strategy and business planning, product development and new business, determination of pricing and business performance measurement.

Policies, Procedures and Limit Setting

Mandiri Sekuritas constantly evaluating the Policy, Procedure Standards and Technical Guidelines are conducted regularly. Some policies that are not in line with the Company's operations or do not comply with regulatory reform Regulator will be constantly adjusted. Mandiri Sekuritas constantly conducts -review on new regulations issued by the regulator and applying it in accordance with the mandate contained in the regulation. In addition, the Risk Management Work Unit or associated Division (user) can propose a policy to protect the Mandiri Sekuritas of the risks that may occur.

Establishment of limits on a business process in Mandiri Sekuritas conducted by the Risk Management Committee (KPR) which is one of its tasks is the provision Approve operational and business transaction limit for employees and officials. The membership is composed of:

1. President Director as the Chair of the Committee.
2. All Directors.
3. Senior Mandiri Officials whose appointment is stipulated by a KPR Decree.
4. Head of Risk Management as a reviewer and note taker.

Intragroup Transaction Policies and Transactions with Conflict of Interest

Mandiri Sekuritas has had a policy related to conflict of interest. In carrying out its duties and responsibilities, each individual shall prioritize the economic interest Mandiri Sekuritas above personal economic interest or family, or other parties. Each individual is prohibited abuse of office which aims to interest or personal gain, family, and others. Each individual is prohibited abuse of office which aims to interest or personal gain, family, and others.

In addition, the Company's related proprietary policy, Mandiri Sekuritas has a policy that the Company must put the interests of customer transaction if at the same time both the Company and the Customer orders on the same securities.



Rank 1st, Non Listed Company
Asset > Rp. 5 T - Indonesia
Multifinance Award 2015



Corporate Governance Award
(IGCGA) 2015



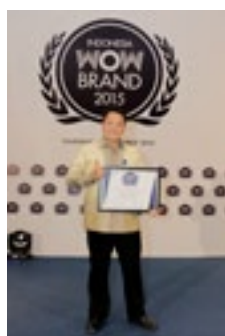
Excellent Company
Category in Good Corporate
Governance (GCG) 2015 -
Indonesia Good



Best of Multifinance
Indonesia of The Year 2015
- Indonesia Multifinance
Award 2015



Indonesia Trusted
Companies –
Indonesia Most
Trusted Companies
Award GCG SWA



Silver Award in Car Leasing
Category, 2015 – Indonesia
WOW Brand 2015



CEO of Mandiri Tunas
Finance as one of the
Financial Persons of
2015 for the Multifinance
Company category –
Investor Magazine Award
2015

Company Profile

PT Mandiri Tunas Finance (MTF) is a financing company focusing on investment financing, working capital and multipurpose loans, and other activities in financing business based on the approval of the Financial Services Authority (OJK), established in 1989 under the name PT Tunas Financindo Corporation and later PT Tunas Financindo Sarana. 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%. MTF's vision is "To be the most progressive & reliable multifinance in Indonesia" based on a strategy of being "top of mind" in the financing industry and providing service coverage throughout Indonesia.

Company Product

MTF provides financing services of vehicles, both to retail and corporate customers, in the form of consumer finance and leasing. Financing is available

for new car, used car, motorcycle, commercial vehicle and heavy equipment and multipurpose financing.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Anton Setiawan
Independent Commissioner : Hanifah Purnama
Commissioner : Sarasri Baskoro

Board of Directors

President Director : Ignatius Susatyo Wijoyo
Director : Harjanto Tjitohardjo
Director : Ade Cahyo Nugroho

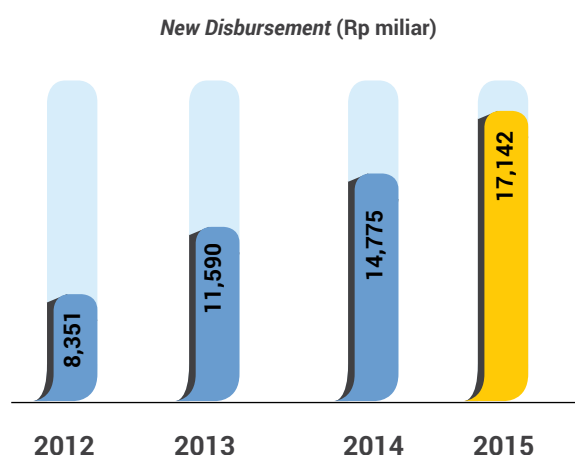
Company Address

Head Office

Graha Mandiri Floor 3A
Jl. Imam Bonjol No. 61
Jakarta 10310 – Indonesia
Phone : (62-21) 230 5608
Fax : (62-21) 230 5618
Email : corporate.secretary@mtf.co.id
Website : www.mtf.co.id

Company Performance

In 2015 MTF recorded 31.2% growth in net income to IDR 306,8 billion yoy, with Return On Equity (ROE) of 29.8% and gross NPL at 1.2%. PT PEFINDO gave MTF "idAA" ratings for 2015, reflecting strong and above average capability of meeting its financial obligations.



Financial Performance

The Company's financial performance can be seen from the following summary of financial statements:

Financial Position (IDR billion)

Key Indicator	2012	2013	2014*	2015
Assets	4,390	5,640	7,422	9,203
Liabilities	3,865	4,945	6,527	8,030
Equity	525	686	895	1,173

*) restatement of the financial statements upon adoption of IAS 24 (revised 2013), which applies retrospectively

Profit Loss Statement (IDR billion)

Key Indicator	2012	2013	2014*	2015
Revenue	841	1,166	1,514	1,988
Expense	685	929	1,201	1,577
Net Income	117	176	234	307

*) restatement of the financial statements upon adoption of IAS 24 (revised 2013), which applies retrospectively

Work Plan and Strategy for 2016

Having made it through the year 2015 marked with fluctuations, MTF is upbeat that its performance will grow in 2016. The well-prepared strategy will be key to its success. Some of the focus strategies include:

1. Sales focusing on Passenger Tier 1, i.e. the segment of passengers with a DP of at least 25% with proportion of 60%-70% to the new loan;
2. Sales of commercial segment products that focus on segments with high DP as well as restrictions on debt principal;
3. Focusing on market penetration in areas that are relatively healthy, especially Jakarta and East Java;
4. Shifting the portfolio for improvement of credit quality for areas with historical high AR losses;
5. Optimizing KPM products through Bank Mandiri branches as well as the continued strategic alliance with the Bank;
6. Optimizing fleet business portfolio with a focus on COP or rental to State Owned Enterprises.

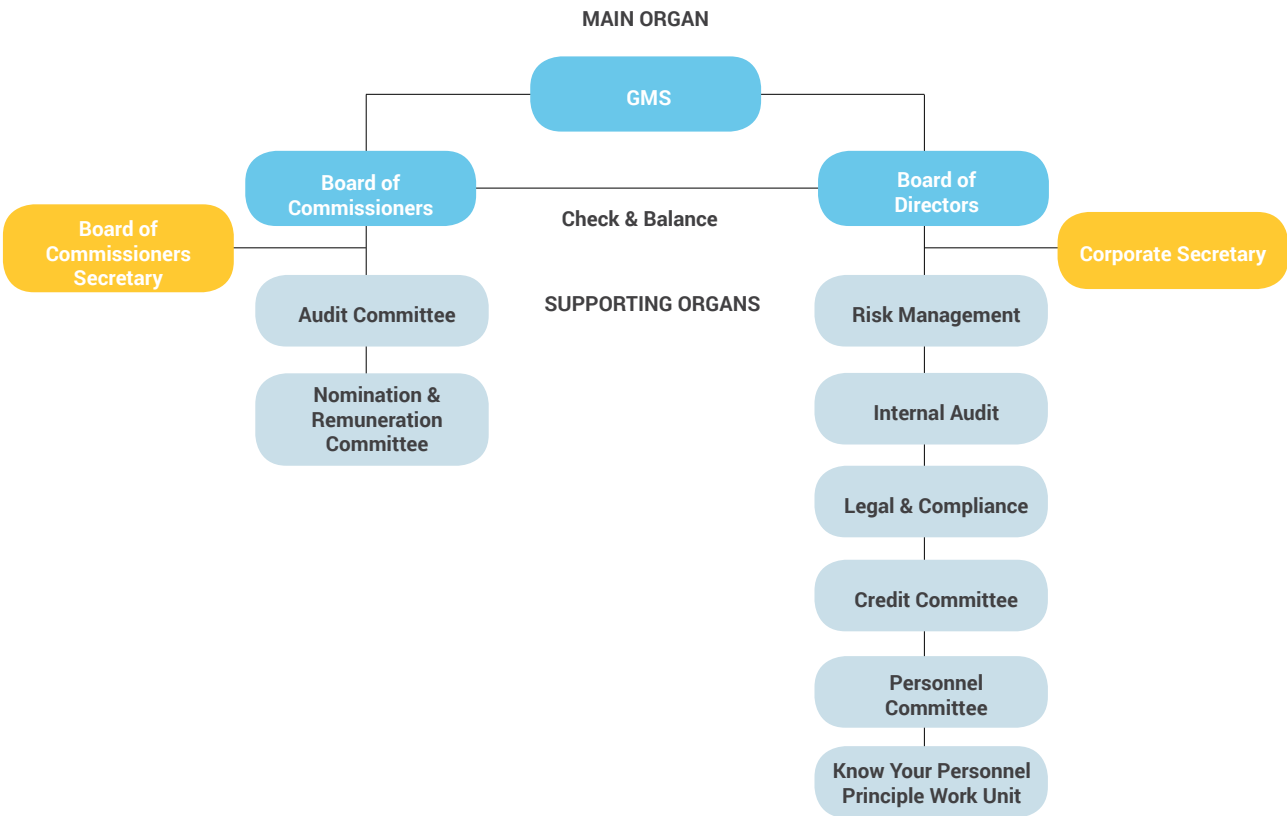
Good Corporate Governance

Governance Structure

The governance structure of Mandiri Tunas Finance (MTF) consists of the following organs, i.e. the General Meeting of Shareholders (RUPS), the Board of Commissioners (BOC) and Board of Directors (BOD). The Company organs play their respective roles in the successful implementation of Good Corporate Governance (GCG). Organ function of the Company is run in accordance with the legislation, Articles of

Association and other provisions are based on the principle that each organ is independent in carrying out the duties, functions and responsibilities in the interests of the Company. Thus, the RUPS, BOC and BOD are able to understand their respective duties, responsibilities and authorities in line with the laws and regulations and the Articles of Association.

- Transparency
- Accountability
- Responsibility
- Independency
- Fairness



Committees under the BOC

Audit Committee

Chair of the Audit Committee : Hanifah Purnama
Member : Rodion Wikanto
Njotowidjojo
Member : Sunardi Edirianto

Nominations and Remuneration Committee

Chair of the Committee : HanifahPurnama
Member : Sarastri Baskoro
Member concurrently serving as : Nenny
Secretary of the Committee : Lesmanawati

Committees under the BOD

Personnel Committee

Chair of the Committee (also Member) : President Director (also Member)
Permanent Members (Voting Member) : Director
Secretary/Permanent Member (Non-Voting Member) : Head of the Human Resources Development Division
Non-Permanent Member (Non-Voting Member) : Head of Division/Work Unit/Region Other Employees

Governance Guidelines

The Company has established a Code of Corporate Governance through general policy number 002 that was revised on September 1, 2015. The Code of Corporate Governance contains:

- a. General Definition
- b. Principles of Corporate Governance
- c. Organs Implementing Corporate Governance
- d. Internalization of Corporate Governance

It is expected that with the presence of Corporate Governance guidelines, the value, vision, mission and objectives of the Company can be created. As a supporter of good governance practices, the Company

provides several mechanisms used for the whole human being by the Company to any Duties and Responsibilities carried out in accordance with the GCG principles.

1. Whistleblowing System

A system designed to improve the active participation of all MTF employees on the development of the company as well as to jointly prevent, detect and anticipate and increase vigilance against fraud or breach in the company as part of the Perwira Culture, namely ownership of the company, then by Whistleblowing this

system can open up communication channels that can be utilized by all employees to raise the aspirations and other matters related to the company including:

- a. Ideas or positive ideas that can be implemented and benefit the development of the company. For example: Ideas or suggestions to improve the quality of lending, speed up the work process or SOP simplification, cost efficiency, or other ideas that can boost corporate profits, and so on.
- b. Complaints or reporting by employees when knowing or having information about their allegations or indications of procedural violations, fraud (fraud), both illegal or unethical other by both the employees and the BOD which may be detrimental to financial companies or a company's good name, for example:
 - Embezzling the company's money, which is supposed to be given to the company, but used for personal purposes.
 - Forging customer data.
 - Conduct violations to SOPs.
 - Receiving money, goods or gifts from dealer/showroom or others who may be indicated as bribery or gratuity.
 - Committing sexual harassment or racial abuse, etc.

2. Code of Ethics and Integrity Pact

The Company already has a Code of Ethics guiding applicable to both the employees and management of the Company. The Code of Conduct is listed in the appendix to the Company Regulation 2014-2016 which was distributed to all employees in order to be understood and implemented in daily work activities.

The main points of the Code of Ethics of are as follows:

- a. Obligated to perform basic tasks according to job descriptions and other tasks assigned by

the company.

- b. Devoting all abilities to the company, not working and committing to third parties, whether individuals or businesses or other institutions in exchange for compensation, unless with written permission from the Company.
- c. Always putting the interests of the Company first, not the personal/organization/group's interests (conflict of interest).
- d. Accepting and understanding the remuneration given has matched the Company's duties and responsibilities, so there will be no compensation in any form solicited or received from the parties related to the Company.
- e. Keeping professionalism, not making the effort or action that could harm the parties relating to the Company, including but not limited to clients, customers, relations in things that would violate the code of conduct.
- f. Maintaining trust in the works and at all times the confidentiality of:
 - All information and data about the Company that can be classified as confidential.
 - All the information that has been entrusted by customers to the Company.
 - All transactions that have been carried out by customers through the Company.
 - All the secret code that has been entrusted to the employees in order to carry out their tasks.
- g. Keeping professionalism in work by avoiding direct family relationship with one of the employees in the Company (father, mother, spouse, brother, sister and children).
- h. Always giving priority to the tasks of the Company, not using working hours to do private business.
- i. Wearing Company Identification (ID) Card given when in the workplace.

- j. Being polite and maintaining the atmosphere of family and solidarity in the workplace. Refrain from using physical violence, threatening, libelous or defamatory of fellow colleagues, which can disrupt the work.
- k. Maintaining a healthy work environment and clean, and keep away from the abuse of drugs and psychotropic drugs, including regarding the use, circulation, trade and ownership.
- l. Complying with legislation in the field of labor.
- m. Adhering to operational procedures and administrative procedures that have been outlined by the company.
- n. Upholding and implementing the values of corporate culture.

Each employee must sign an Employee Code of Conduct Statement upon receipt books Company Regulations and submit it to the Division of Human Resources Development. Any employee who violates the Code of Conduct Employees will be given a sanction in accordance with the Regulation of the Company ranging from letters of reprimand to termination of employment.

Every employee of the Company is also required to sign an Integrity Pact which contains among other things every employee should always uphold the integrity (moral quality and integrity) are good and honest, will not commit abuse of authority and comply with the provisions of company regulations or corporate policies that have been or will be determined. In the event of a breach of the Integrity Pact, the employee will be penalized in accordance with applicable regulations.

Implementation of Compliance Function

Compliance function is a series of actions or steps that are ex-ante (preventive) to ensure that policies, regulations, systems and procedures, as well as business activities conducted by the Bank in accordance with the provisions of the applicable regulatory provisions.

Implementation of duties and responsibilities of the compliance function is one important element in efforts to increase the resilience of the Company as finance companies.

1. Policies and Procedures

The Company has policies and procedures comply with the provisions applicable to the Company and the industry is aligned with the Bank Compliance Policy.

2. Duties and Responsibilities of the Compliance Function

- a. Supporting each unit through the provision of recommendations for action (advisory services) and business operations as well as the summary of regulations;
- b. Implementing compliance and the precautionary principle from all units at headquarters to all branches so that the course of business activities in accordance with Financial Services Authority Regulations (POJKs) and other related laws and regulations;
- c. Enhancing knowledge about the regulation through knowledge enhancement to all employees and knowledge sharing to the work unit according to the regulation in force.



- d. Fulfilling all commitments to the FSA and other regulatory authorities. On the fulfillment of this commitment, the unit compliance work continuously on a regular basis to monitor the entire regulatory obligation that is to be delivered on time.

Implementation of the compliance function has always stressed on the active participation of all elements of the compliance organization consisting of management, compliance work units, and other supporting units.

Implementation of Internal Audit Function

This unit serves to evaluate performance, assess, analyze, and test the internal control system and report to the President Director. Functionally, this work unit is also in synergy with the Audit Committee. The following is organizational structure for internal audit.

The Company has developed the Internal Control System (SPI). Application of SPI by all functions and work units in the Company is assessed periodically by the Internal Audit Division. Internal Audit Division is an independent unit reporting directly to the President Director. In performing its duties, the internal audit function also report their activities to the BOC through the Audit Committee.

1. Policies and Procedures

The Company has policies and procedures comply with the provisions applicable to the Company and the industry adjusted to the business scope of the company and is aligned with the Bank Compliance Policy.

2. Duties and Responsibilities of the Internal Audit Function

- a. Internal Audit is responsible for planning, implementing, regulating and directing the audit with an emphasis on areas/activities are

high risk and evaluate procedures/control systems that exist to obtain assurance that the Company's goals and objectives can be achieved in an optimal and sustainable manner.

- b. Developing Work Plan Annual Inspection (RKPT) and the budget, good operational management inspection routine and special audits (thematic), which is done in a branch, a particular work unit or certain divisions at the Head Office.
- c. Providing recommendations for improvements and objective information about the activities examined to management and actions to be taken as the handling of the examination results is limited to the reporting and disclosure.
- d. Preparing audit reports and submitting periodic reports to the President Director and on a quarterly basis to the BOC and the Audit Committee.
- e. Making improvements to audit quality improvement and developing audit techniques to strengthen the internal control of the Company.
- f. Upon the recommendation given, Internal Audit is responsible for monitoring, analyzing, and reporting on the implementation

of the follow-up of improvements that have been suggested to the management of the auditee. In case the auditee fails to follow up the findings of the audit, as recommended, then it will also be reported to management and influence the next audit rating.

- g. Coordinating activities with the activities of external audit inspectors in order to achieve optimal results.
- h. Carry out an investigation into the matters alleged or indicated fraud, and report to the President Director and the BOC through Audit Committee.

Implementation of internal audit follows the provisions of the Code which is the basis of professionalism of internal auditors in the audit. The professionalism of an internal auditor is reflected in the attitudes of being trustworthy, having integrity, capable of protecting confidentiality and being independent. Internal Auditor Code of Ethics refers to principles that are relevant to the profession and audit activities in accordance with the standards of conduct of the Institute of Internal Auditors (IIA).

Application of Risk Management

Berfungsi untuk melakukan pengukuran, pemantauan, This unit serves to make the measurement, monitoring, and managing risks to all components of the Company that the Company maintained and protected from any risks that may occur. The following is organizational structure for risk management.

Risk management The Company implemented the principle of proactive early detection principles are intended to support the Company's rapid growth, healthy and sustainable and maintain the level of risk and returns at optimal levels. Approach to risk management is made by the Company to comprehensively identify, quantify, prioritize, manage and monitor risks that affect our business, operations and organization.

1. Policies and Procedures

The Company has policies and procedures comply with the provisions applicable to the

Company and the industry adjusted to the business scope of the company and is aligned with the Bank Compliance Policy. Preparation of the procedure in order to gauge the possibility of worsening asset quality and increasing risk exposure of the Company to early so that the Company can establish the steps that need to be taken so that the potential loss does not occur or be minimized.

2. Application of Risk Management

a. Active Supervision by the BOC

Active supervision is reflected from business planning through a set policy and risk management strategies including the establishment of the authority in granting limits as well as a review of the quality of the portfolio on a regular basis, Evaluation of risk management policies on a regular basis, the

presence of the Audit Committee, the Work Unit Compliance and Risk Management Division as an organ of the BOC in conducting its supervisory functions.

b. Policies and Limit Setting

The Company set out policies related to risk management is checked regularly and always adjusted to the current business situation. The policies elaborated into Standard Operational Procedures and Circulars are disseminated to all employees. The Company also has policies regarding limitation of approval/authorization for both credit and non-credit transactions. Provisions on loss

provisioning accounts in line with the Company's provisioning policy in the Parent Company are in accordance and compliance with the Regulation of Bank Indonesia (as regulator of the Parent Company).

c. Identification, Measurement, Monitoring and Management Information System

The Company has had the tools to identify, measure and monitor the Top 8 in the Company's risk by using the system Risk Profile Extended (RPX) regularly every quarter. Eight Key Risk Areas, among others, include the Company's Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Compliance Risk, Legal Risk, Reputation Risk and Strategic Risk.

4 General Insurance



Best General Insurance 2015 in Indonesia Insurance Award 2015 awarded by Economic Review magazine.



Best Insurance Company 2015 for the category general insurance with the highest premium growth in three years in Investor Award 2015 event.



Best Financial Performance for the category general insurance with assets of IDR 500 billion-3 trillion in Indonesia Insurance Consumer Choice Award 2015 awarded by Warta Ekonomi magazine.

Company Profile

PT Mandiri AXA General Insurance (MAGI) was incorporated 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%. MAGI was engaged in vehicle

insurance business, but eventually expanded to other sectors. This is in line with corporate target to provide various products for optimum services and become a company of choice for customers, business partners, employees, shareholders and the public.

Company Product

Initially the Company was focused on vehicle insurance business, but currently the product line is expanding,

including accident, property, transportation, travel and others.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Kepas Antoni Adrianus Manurung
Independent Commissioner : Frans Wiyono
Independent Commissioner : Indra Noor
Commissioner : Randy Lianggara

Board of Directors

President Director : Albertus Wiroyo Karsono
Director : Djoko Yoewono
Director : Then Henry Marten

Company Address

Head Office

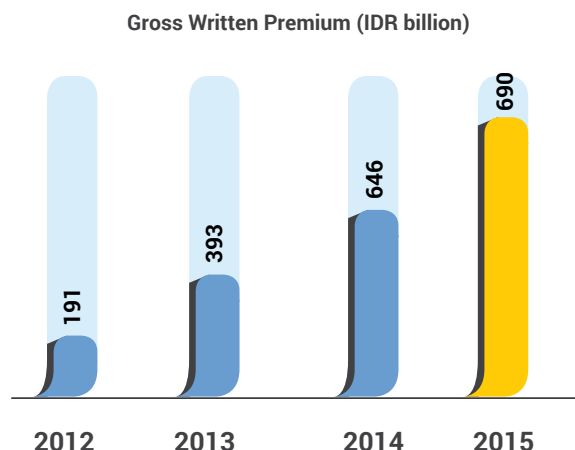
AXA Tower Floor 16,
Jl. Prof. Dr. Satrio Kav. 18, Kuningan City,
Jakarta 12940, Indonesia
Phone : (62-21) 3005 7777
Fax : (62-21) 3005 7600

Correspondence Office

AXA Tower Floor 16,
Jl. Prof. Dr. Satrio Kav. 18, Kuningan City,
Jakarta 12940, Indonesia
Phone : (62-21) 3005 7777
Fax : (62-21) 3005 7600

Company Performance

MAGI closed the year of 2015 by, once again, successfully meeting its premium target and gaining profit for the first time after three years in operation. The company posted IDR 690.2 billion in premium, a growth of 6.8% from IDR 646.2 billion in 2014. MAGI also recorded a profit of IDR18.8 billion, a significant growth of 1,228.3% from the IDR 1.4 billion posted in 2014. The achievements drove ROA and ROE of the company to 1.4% and 6.5%, respectively.



Financial Performance

MAGI's financial performance is presented in the summarized statements below:

Financial Position (IDR billion)

Key Indicator	2012	2013	2014	2015
Assets	356	659	1,177	1,551
Liabilities	228	551	923	1,228
Equity	128	108	254	323

Profit Loss Statement (IDR billion)

Key Indicator	2012	2013	2014	2015
Revenue ¹	47	152	317	501
Expense ²	99	179	316	534
Net Income	(40)	(19)	1	19

1) Net premium income + investment income

2) Underwriting + operating expenses

Work Plan and Strategy for 2016

A brief description of the strategies and focused action plan in 2016 is as follows:

1. Extensification
 - a. Forging cooperation with the banking unit by offering new bundled products according to the needs of Bank Mandiri priority customers;
 - b. Developing a sharia unit to collaborate with Bank Syariah Mandiri in offering a wide range of sharia general insurance products, including Property Insurance, Auto Insurance, Personal Accident Insurance, Money Insurance, Gold Insurance, Cargo Insurance, Marine Hull Insurance, Engineering Insurance and miscellaneous insurance products;
 - c. Collaborating with the new finance company to offer Auto Insurance for motorcycle and used car;
 - d. Exploring new opportunities for establishing cooperation with partners which focus on banking business in the micro segment by offering Personal Accident Insurance products and protection of business assets.
2. Intensification
 - a. Maximizing penetration of vehicle insurance into finance companies which have partnered with MAGI, including through promoting mutual collaboration with auto dealers and working closely with them in providing joint services to customers;
 - b. Enhancing penetration into retail banking segment through, inter alia, improvisation in automated business processes;
 - c. Improving micro businesses by intensifying insurance that protects collateralized assets and gives Personal Accident benefits for owners of micro savings;
 - d. Continuing to accelerate collaboration with commercial and corporate segments in developing insurance business.
3. Product development
 - a. Retail segmentation: Gadget, Domestic Travel, Hospital Cash Plan, Professional Liability and other retail products.
 - b. Commercial and corporate segmentation: Crop Insurance, Land Rig and other products.
4. Improved human resources and service processes.

Good Corporate Governance

Governance Structure

Mandiri AXA General Insurance Services believes that the implementation of good corporate governance (GCG) needs to be increased from year to year in order to creating optimal value driver for the company and accelerate the company’s business growth. With Mandiri AXA General Insurance Services, the

framework of corporate governance has a governance structure composed of the General Meeting of Shareholders (RUPS), the Board of Commissioners (BOC), Committees under the BOC, and the Board of Directors (BOD) and the Investment Committee under the BOD.

Anti-Fraud Policy

Fraud Control Framework consists of 7 (seven) pillars consisting in two groups: Proactive Fraud Risk Management and Responsive Fraud Risk Management. Fraud Control framework management refers to the concept of “three lines of defense” as presented below:

1 st Line	Management and Staff: - Executive Management - Management and Staff	The management and staff responsible for implementing and running the necessary controls to mitigate the risk of fraud. Fraud prevention and detection is the primary responsibility of the company management.
2 nd line	Risk Management/Supervisory Unit: - Risk Management - Compliance - Fraud Detection and Investigation - Legal - Finance	Each function is responsible for facilitating the implementation of the Fraud Control Framework and monitoring the effectiveness of Fraud. Fraud investigation should be handled by specialized staff trained in the field of fraud and designated as well as assisting in the activities of the 1st line of defense.
3 rd Line	Internal Audit	Internal Audits should be able to independently ensure the effective implementation of the Fraud Control Framework. Internal Audit may also be responsible for the effectiveness of anti-fraud activities.

Whistleblowing Policy

The Company realizes the importance of Whistleblowing Policy to increase and maintain the suitability of the employee's behavior, which is part of internal control, especially in reducing the risk of non-compliance with company rules and abuse of authority. The company has a Whistleblowing Policy in place as a means to encourage employees to report violations and/or fraud that occurred in the company's internal environment.

Types of complaints that can be delivered through the Whistleblowing among others related to 1) the violation of internal rules that ignore company policies or procedures either intentional or negligent, fraud (fraud), endanger the health or safety, unethical behavior, and so on. All reports logged into a Whistleblowing tool will be followed up and the company will keep the identity of the complainant and to provide protection for whistleblowers.

Implementation of Compliance Function

As a form to always maintain compliance, then Mandiri AXA General Insurance Services has established a Compliance Department since 2011. With the development of the regulations in force, Mandiri AXA General Insurance Services has referred to the Financial Services Authority Regulation (POJK) No.2/POJK.05/2014 on Good Corporate Governance for Insurance Companies where the BOD member responsible for overseeing compliance function, i.e. the Compliance Department, will be changed from the Director of Finance to the President Director.

The main task of the Compliance Department is to ensure that the operational Mandiri AXA General Insurance Services is conducted in accordance with the law, official requirements, the authority of agency guidelines and good business practices, as well as the provisions of the prudential principles. Through compliance with laws and regulations in force, Mandiri AXA General Insurance Services will be able to improve the GCG practices in all aspects of its operations.

Implementation of Internal Audit Function

Internal Audit Mandiri AXA General Insurance Services helped the company achieve its objectives through a systematic and orderly approach to evaluating the effectiveness of risk management, risk control and corporate governance processes.

In the execution of duties, internal audit AXA Mandiri has Internal Audit Charter approved by the BOC and ratified by the BOD which is the basis and guide the implementation of Internal Audit. In performing its duties, Internal Audit developed a risk-based

audit plan, taking into account the risks or controls that have been identified by management, external auditors, regulators, or other relevant committees. In addition, Internal Audit also proactive monitoring of the status of completion of the audit and report on the completion of the audit were reported to management and conduct quality assurance program to ensure the effectiveness of the internal audit.

Application of Risk Management

Application and development of risk management must be done consistently and continuously guided by POJK No. 1/POJK.05/2015 concerning the Application of Risk Management for Non-Bank Financial Services Institutions and POJK No. 17/POJK.03/2014 on the Application of Integrated Risk Management for Financial Conglomerates. Mandiri AXA General Insurance Services is developing and implementing the concept and principles of risk management systems in accordance with the conditions of the company as Financial Services organizations engaged in general insurance. With the development of risk management systems, it is expected Mandiri AXA General Insurance Services can utilize available capital more effectively and on target.

The implementation of effective risk management involves various functions in organizations such as the Company's BOC, BOD, Committees under the BOC as the Risk Monitoring Committee, the Audit and Compliance Committee and the Nominations and Remuneration Committee as well as such Committees under the BOD as the Investment Committee. Implementation of Risk Management in the Company independently and continuously monitored.

Corporate Risk Management Unit will be undertaken by the Legal Unit and Risk Management Department and separate work units that carry out the functions of internal control and operating unit (risk-taking units) in the Company. The organizational structure of Corporate Risk Management Unit is responsible to the Director in implementing the risk management function in this regard is the Director of Finance.

Policies, Procedures and Limit Setting

Mandiri AXA General Insurance Services has established policies and procedures that meet the principles of transparency and customer service and has established risk appetite were prepared in accordance with the mission, business strategy, capital adequacy and human resource capacity.

Adequacy of identification, measurement, monitoring and controlling risk

Mandiri AXA General Insurance Services processes risk identification and measurement of risks faced by each business unit includes all business activities of the Company. In order to mitigate risk, risk owners do an action plan that is monitored and reported every three months. The Internal Audit Unit perform periodic audits with adequate coverage, documenting audit findings and management responses to the audit results, as well as the review of the follow-up of audit findings.

Type of Risk and their Management

Referring to POJK No. 17/POJK.03/2014 on the Application of Integrated Risk Management for Financial Conglomerates, the Company must perform a risk management process that includes the identification, measurement, monitoring and controlling the top ten (10) types of risk, namely: Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Strategic Risk, Legal Risk, Reputation Risk, Compliance risk, Insurance Risk and Intragroup Risk. The company has made efforts to manage the risks to ten (10) types of risks as well as provision of integrated risk management implementation as a company.

In addition to managing the 10 (ten) types of risks set forth in POJK No. 17/POJK.03/2014 on Integrated Risk Management Application for Financial Conglomerates. Mandiri AXA General Insurance Services are also required to take over management of 7 (seven) types of risks set forth in POJK No. 10/POJK.05/2014 on the Assessment of Risk Level Institutions and Non-Bank Financial Services Financial Services Authority Circular No. 3/SEOJK.05/2015 on the Assessment Level of Risk Insurance and Reinsurance Company is expected to improve the function of the Risk Identification and Assessment, i.e. evaluation of the seven risks as follows:

1. Strategic Risk;
2. Operational Risk;
3. Asset and Liability Risk;
4. Management Risk;
5. Governance Risk;
6. Funding Support Risk;
7. Insurance Risk.

Key Risk Report

Key Risk Report is a report that is reported to the Risk Monitoring Committee every period of 3 months (quarterly). Risks are assessed to reflect the level of significance that helps management to focus on areas - areas requiring priority attention and may require mitigation measures and/or controls improvements to achieve the projected level.

5



**Contact Center Service
Excellence Award -
Customer Service Email
Centers**



Service Quality Award



**Infobank Digital Brand of
The Year 2015**



**Excellent Service Experi-
ence Award (ESEA) 2015**



**Contact Center Service
Excellence Award - Call
Center**



**The Best Insurance Company
2015 Life Insurance with
Assets > IDR 15 T from
Investor Magazine**



**The Best Life Insurance 2015
(Equity > IDR 1.5 T) from
Media Asuransi Magazine**



**Infobank Insurance Award
2015 (rated Excellent for
its financial performance
in 2014)**



**Infobank Sharia Finance Award
2015 (rated Excellent for its
financial performance in 2014)**



**Infobank Insurance Award 2015
(Golden Trophy for excellent financial
performance for five years in a row)**

Company Profile

PT AXA Mandiri Financial Services (AXA Mandiri) is a 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 2,000 Financial Advisors and 144 Sales Managers. As many as 502 Telephone Sales Officers support its operations by offering protection products through telemarketing.

Company Product

AXA Mandiri offers financial planning services through a variety of insurance products that provide added value to customers of Bank Mandiri and its subsidiaries. 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, in addition to a range of additional protections in the form of riders. 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.

Board of Commissioners and Board of Directors

Board of Commissioners

Independent Commissioner : Wihana Kirana Jaya
Independent Commissioner : Darwin Zahedy Saleh
Commissioner : Randy Lianggara
Commissioner : Myland

Board of Directors

President Director : Jean Philippe
Vandenschrick
Director : Kartono
Director : Franz Lathuillierie
Director : Henky Oktavianus
Director : Tisye Diah Retnojati

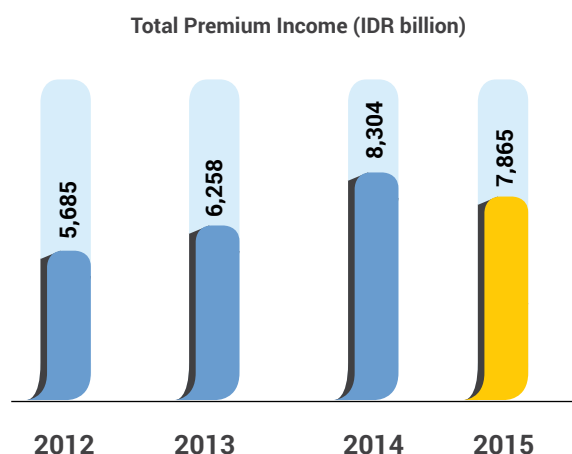
Company Address

Head Office

AXA Tower Floor 9
Jl. Prof. Dr. Satrio Kav. 18,
Kuningan City, Jakarta 12940
Phone : (62-21) 3005 8888
Fax : (62-21) 3005 8500
Website : www.axa-mandiri.co.id

Company Performance

In 2015, AXA Mandiri recorded 5.3% growth in premium income to IDR 7.9 trillion yoy. Net income as at December 31, 2015 stood at IDR 1.3 trillion. Meanwhile, assets as of December 31, 2015 amounted to IDR 23.0 trillion with RBC (risk based capital) of 416.8%.



Financial Performance

AXA Mandiri's financial performance is briefly explained in the summary of financial statements below:

Financial Position (IDR billion)

Key Indicator	2012*	2013	2014	2015
Assets	15,296	16,831	23,385	23,033
Liabilities	13,593	14,899	21,212	20,834
Equity	1,697	1,921	2,161	2,182

Profit Loss Statement (IDR billion)

Key Indicator	2012*	2013	2014*	2015
Revenue	6,384	5,775	11,759	6,265
Expense	5,027	4,360	10,161	4,641
Net Income	1,024	1,024	1,264	1,267

*) restated

Work Plan and Strategy for 2016

The strategy formulated by the end of the financial year was focused to anticipate market conditions in 2016. Some of the strategies are explained below:

1. Improving the Health and Protection product portfolio;
2. Exploring digital technology as a means of service and product marketing;
3. Optimizing the presence of sales force in the branches of Bank Mandiri and Bank Mandiri subsidiaries;
4. Increasing the productivity of the existing sales force;
5. Ensure the sales comply with the customers' needs;
6. Ensuring the database of prospects contacted by Telemarketing salespeople available.

Good Corporate Governance

Governance Structure

AXA Mandiri believes that the implementation of Good Corporate Governance (GCG) needs to be increased from year to year in order to creating optimal value driver for the company and accelerate the company's business growth. With AXA Mandiri, the framework of corporate governance has a governance structure composed of the General Meeting of Shareholders (RUPS), the Board of Commissioners (BOC), Committees under the BOC, Sharia Supervisory Board (DPS) and the Board of Directors (BOD).

The RUPS holds the highest power in the management structure with the authority that is not owned by the BOC or BOD. Such authority includes decisions about amending the Articles of Association, merger, consolidation, acquisition, bankruptcy and dissolution of the Company. Basically that authority is governed and limited by the Limited Liability Company Law and the Articles of Association of the Company.

The BOC supervises the company's management policy by the BOD and provides advice to the BOD including the company's development plan, annual work plan and budget of the company, the implementation of the provisions of the Articles of Association and decisions of the AGM as well as laws and regulations with regard to the interests

of the company. AXA Mandiri has established three (3) committees under the BOC, namely the Audit Committee, Risk Monitoring Committee, and Remunerations & Nomination Committee.

The BOD is the organ authorized companies and fully responsible for the management of the Company for the benefit of the company, in accordance with the aims and objectives of the company, as well as representing the Company, both in and out of court in accordance with the provisions of the articles of association. Members of the BOD are appointed by the RUPS for a certain period and can be reappointed.

The DPS performs the duties and responsibilities by providing advice and suggestions to the BOD and supervises the activities of the Company that are based on Islamic principles to conform with the sharia principles.

To monitor implementation of GCG in AXA Mandiri, Assessment GCG regularly conducted to measure the level of compliance AXA Mandiri in its application. AXA Mandiri has performed self-assessment on the GCG implementation of and has been submitted to the regulator.

Whistleblowing System

For AXA Mandiri, the presence of Whistleblowing System is very important and necessary as part of the application of the Anti-Fraud Strategy also become part of the system of internal control in preventing the occurrence of irregularities practices. Whistleblowing system (WBS) is a violation reporting system that puts forward the principle of transparency by providing security guarantees for complainants and can be used

as a medium for a witness, to submit information on action indicated violations occur in a company.

Complaints of violations can be submitted orally or in writing, by email at AMFS_whistleblower@axa-mandiri.co.id or AMFS Designated Complaint Recipient, or hereafter abbreviated DCR: 021 – 30058498. The Company only deals with the reporting

of a complaint submitted to meet the requirements that the complaint made in writing, containing the identity of the complainant, contains information that provides guidance on the type of violation as

determined by the complaint and the information must be supported by evidence sufficient and reliable as a baseline for further tests.

Internal Control System

Along with the development of the business continues to grow, AXA Mandiri sees the need to improve the overall internal control and integrated through the development of systems and procedures applicable and prevent fraud.

Implementation of internal control functions is performed by the BOD through the Internal Audit Unit. While the monitoring and advisory functions

have been carried out by the Board in relation to the adequacy and fairness of the process of preparing financial statements, risk management with regard to the principles of prudence is assisted by the Audit Committee and the Risk Monitoring Committee.

Implementation of Compliance Function

As stipulated by the Financial Services Authority Regulation (POJK) No. 2 on Good Corporate Governance for Insurance Companies Article 12, AXA Mandiri has a work unit that carries out the compliance function and reports directly to the President Director.

The primary responsibilities of Compliance Unit are to support the company in protecting companies from the risk of legal sanctions and/or regulations, and maintaining the reputation of the company together with all employees, business partners and regulators.

Compliance Unit is responsible for providing advice to companies in the implementation of processes and procedures designed to ensure compliance with:

- (i) Laws and regulations in the conduct of business activities;
- (ii) Regulations, business practices and good standards of behavior set by the regulator of financial services and professional organizations; and
- (iii) The company's internal provisions.

Implementation of Internal Audit Function

Internal Audit AXA Mandiri membantu manajemen Internal Audit AXA Mandiri helps management to protect the assets, reputation and sustainability of the company by providing objective and independent assurance, which is designed to provide added value and increase the company's operations. Internal Audit AXA Mandiri helped the company achieve its objectives through a systematic and orderly approach to evaluating the effectiveness of risk management,

risk control and corporate governance processes.

In the execution of duties, internal audit AXA Mandiri has Internal Audit Charter approved by the BOC and ratified by the BOD which is the basis and guide the implementation of Internal Audit. To adapt to the needs and dynamics of the Company, the Internal Audit Charter was reviewed regularly.

The contents of the Internal Audit Charter includes the mission, independence and reporting lines, models of corporate governance, scope of work, accountability, responsibility, authority and standard auditing practices.

During 2015, management reporting complaints managed by the Internal Audit is two (2) reports. Violations committed during 2015 are still within reasonable limits or not in the category of fraud that does not significantly impact the overall performance of the Company.

Application of Risk Management

The complexity of risk insurance business activities in terms of both transactions and regulatory developments as well as the technology requires every insurance company to enhance the application of good risk management as part of the internal control system to improve the GCG practices.

AXA Mandiri as a joint venture adopts and develop risk management which is owned by the AXA Group and the Bank to apply the concept of risk management known as 'Three lines of defense'. The concept of consolidating the three layers of defense in the functioning of the organization in AXA Mandiri, which include:

1. The first line of defense, namely the management and employees are responsible in managing business risks in daily activities;
2. The second line of defense, namely the Risk Management and Compliance Unit is responsible for managing all risks at the company level, ensuring the implementation of the framework of compliance, as well as monitoring of the work processes; and
3. The third line of defense, namely the Internal Audit is responsible for ensuring that the design and implementation of enterprise risk management is in conformity with the directives and policies of the AXA Group.

AXA Mandiri risk management refers to a policy and guidelines for risk management that are intended to ensure the risks that arise in business activities to be identified, measured, managed and evaluated, and

thus can provide benefits in improved confidence of decision makers, implementers operations and stakeholders of the Company. Risk Management Policies and guidelines have been established based on the decision of the Risk Committee.

Risk Management Focus in 2015

In 2015, AXA independently continue the program the previous year to further enhance the effectiveness of risk management across all business units, increase the intensity of risk awareness and implementation of risk management guidelines that had been developed in the previous year. The risk management program in 2015 was focused on:

1. Risk management policy
2. Investment policy
3. New coverage admission policy
4. Claim settlement policy

Corporate Risk Profile

In 2015, AXA Mandiri evaluating strategic policies that have been set in the previous year to better anticipate the risks that may occur and may impact the Company. The purposes of establishing a risk profile are:

- As risk identification to things that could potentially cause has been reached/not achieving the planned targets
- As predicted probability of occurrence of these risks and the impact on the financial predictions RKAP 2015 if it really happened

- As a preparation materials to prevent the risk mitigation to prevent or reduce the impact of risks if the risk actually occurs.
- The risk profile in AXA Mandiri consist of four (4) main risk Financial Risk, Insurance Risk, Operational Risk and Other Risks (including strategic and reputation risk)

Explanation of Risk Profile is described in the following table:

No.	Risk Identification	Explanation
1	Financial Risks	Financial Risks include: • Market Risk • Credit Risk • Liquidity Risk
2	Insurance Risk	This risk includes the life insurance and P&C Insurance risks. P&C insurance risk is divided into three categories: • Premium Risk • Reserve Risk • Catastrophe Risk
3	Operational Risk	Operational risk is the risk arising from the inadequacy or failure of internal processes, human resources or systems or from external events.
4	Other Risks	Other risks include strategic risks and risks to the regulations, including reputation risk.

Corporate Risk Profile Reporting

AXA Mandiri as a subsidiary of the Bank is required to prepare consolidated risk profile report to the Integrated Risk Profile Report of the Bank in accordance with the Financial Services Authority which require reporting in an integrated risk profile for commercial banks that have subsidiaries.

Each quarter, AXA Mandiri convey the risk profile report to the Bank's consolidated and synchronized. In addition to submitting a report on a quarterly basis also implemented Integrated Forum Risk Committee (FIRC) as a means of discussion and follow up work plan agreed upon earlier. In the execution of FIRC also as a means to provide an opportunity for the Bank and

its subsidiaries to explain the risk profile report that was submitted.

Effectiveness Evaluation of Risk Management System

Evaluation of the implementation of risk management systems in AXA Mandiri conducted regularly through Forum Integrated Risk Committee (FIRC), which provides an opportunity for the Bank and its subsidiaries to submit an explanation on risk profile report, means exchange ideas, and to follow up the work plan agreed upon earlier.

6




Infobank Award Excellent Financial Performance in 2014 from Infobank magazine



Pride of International Award The Best Admired Banking Company for Satisfaction of the Year from the International Achievement Foundation



GCG Awards Trusted Company Based on Corporate Governance Perception Index (CGPI) from the Indonesia Trusted Company

Company Profile

PT Bank Mandiri Taspen Pos was formerly PT Bank Sinar Harapan Bali, or known as “Bank Sinar”, embarked on its business as an Indonesian Joint Stock Company (Maskapai Andil Indonesia or “MAI”) Bank Pasar Sinar Harapan Bali founded on February 23, 1970, which was then set up as Bank Sinar’s date of birth.

Bank Sinar then made a good progress in its operations, and with the aim of supporting its development the Bank’s status was amended to a Limited Liability Company based on Deed No. 4 of November 3, 1992 executed before Notary Ida Bagus Alit Sudiarmika, S.H.. Further, it obtained a license for commercial bank from the Minister of Finance of the Republic of Indonesia and Bank Indonesia. By obtaining approval from the competent authority, MAI Bank Pasar Sinar Harapan Bali became PT Bank Sinar Harapan Bali.

On May 3, 2008 Bank Sinar was officially taken over by PT Bank Mandiri (Persero) Tbk. (Bank Mandiri) to comply with regulatory capital requirements for a commercial bank. 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.

During its journey, there was a greater opportunity to establish Bank Sinar as a National Bank with a network of offices outside Bali. Thus, on December 22, 2014 an Extraordinary General Meeting of Shareholders (RUPSLB) 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. The name change was made official on August 7, 2015 concurrent with the

issuance of permit by the Financial Services Authority (OJK) for the use of the new name and logo. The new name reflects the owners of Bank Mandiri Taspen Pos, namely PT Bank Mandiri (Persero) Tbk, PT Taspen (Persero) and PT Pos Indonesia (Persero).

Company Product

The Company offers savings, loan products and services. Saving products include savings, time deposits and current account. Meanwhile, loan

products include micro loan, retirement loan and retail loan. Services provided to customers include bank guarantee, transfer and collection.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Abdul Rachman
Independent Commissioner : I Wayan Deko Ardjana
Independent Commissioner : Edhi Chrystanto*)
Independent Commissioner : Sukoriyanto Saputro
Commissioner : Agus Haryanto
Commissioner : Endang Wahyudin

Board of Directors

President Director : Nixon Lambok Pahotan Napitupulu
Director : Ida Ayu Kade Karuni
Director : Nurkholis Wahyudi*)
Director : Josephus Koernianto Triprakoso
Director : Paulus Endra Suyatna*)
Director : Ihwan Sutardiyanta*)

Note:

*) effective upon obtaining the results of the fit and proper test from the OJK

Company Address

Head Office

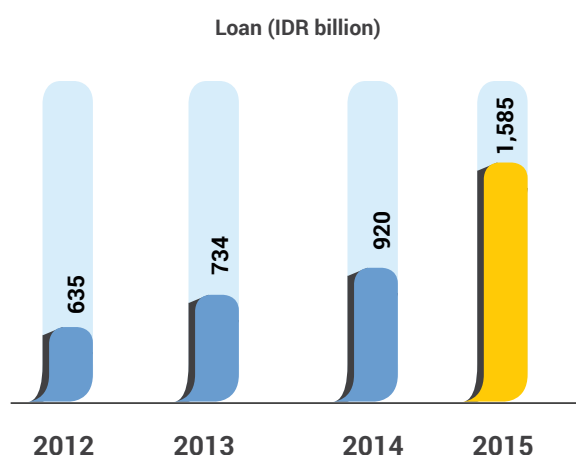
Jl. Melati No.65,Dangin Puri Kangin,
Denpasar 80233
Phone : (62-361) 227076
Fax : (62-361) 227783

Company Performance

The performance appraisal of Bank Mandiri Taspen Pos can be conducted on several aspects including credit disbursement, third party funds, finance and expansion of branch offices.

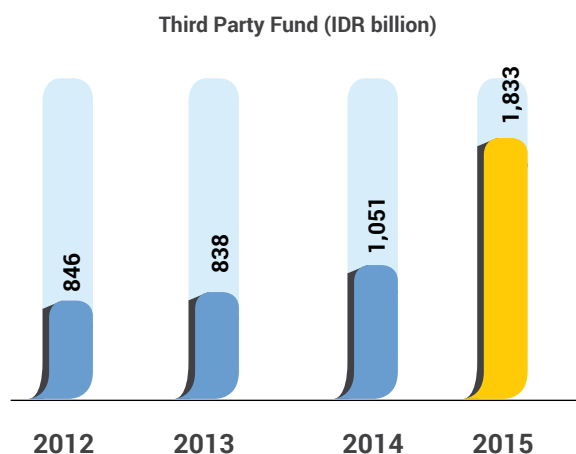
In 2015 Bank Mandiri Taspen Pos showed a positive performance recording significant growths of loans

and third party funds. Loans grew to IDR 1,585 billion compared to the year 2014's IDR 920 billion, or increased by 72.4% from the loans in 2014. The growth was mainly seen in the retirement sector. Adequate credit growth was also supported by credit quality control as reflected in the gross NPL ratio which at the end of 2015 amounted to 0.8%.



The year 2015 also saw third party funds increasing to IDR 1,833 billion compared to IDR 1,051 billion the year before. Growth in third party funds was mainly driven

by the increase in deposits which rose to IDR 1.413 billion, growing by 94.2% from 2014 which amounted to IDR 728 billion.



Financial Performance

The Company’s financial performance can be seen from the following summary:

Financial Position (IDR billion)				
Key Indicator	2012	2013	2014 ¹	2015
Assets	1,044	1,095	1,756	2,578
Liabilities	877	912	1,554	1,879
Equity	167	183	201	699

Profit Loss Statement (IDR billion)				
Key Indicator	2012	2013	2014 ¹	2015
Revenue ²	104	113	127	178
Expense	83	90	93	139
Net Income	15	16	20	24

1) restated

2) net interest expense + others operational interest

Work Plan and Strategy for 2016

Although the Bank is separately managed from Bank Mandiri, a well-established synergy is necessary considering the majority of its shares belong to

Bank Mandiri. Therefore, it takes a focused strategy going into the future. The main strategy to take in anticipation of 2016 is explained as follows:

Key Initiative Strategy to Achieve RKAP 2016

The initiative strategy is divided into three parts that will be implemented according to job descriptions of each division:

1 new business strategy

To support the achievement of RKAP 2015, there are five initiative strategies for new business development that will be carried out in 2016

Initiative	action plan	PIC	timeline
Establishing New Network	Setting up new offices & mobile cash offices	Network Development Div.	Q2-Q4 2016
IT & E-Banking Development	Developing ATM network	IT & Central Operations Div.	Q2 2016
New Cooperation Agreement (MoU)	New MoU with ASABRI	Business Development Div.	Q3 2016
Marketing collaboration	Collaborating with PT Pos in marketing	Business Development Div.	Q2 2016
New Products	MTN	Funding Management Div.	Q2 2016

3 developing and strengthen supporting unit

risk mgmt	- Preparing guidelines for Bank Mandiri Taspen Pos (Mantap) portfolio - Evaluation of Risk Acceptance Criteria (RAC) - Risk assessment on opening of a new office - Initiation of debtor's behavior scoring - Initiation of SMS blast for collection
compliance	- Reviewing Bank Mantap's policy architecture - Risk assessment of bank compliance in each unit by making a Risk Compliance Statement (CRS)

2 business acquisition strategy

Business acquisition strategy carried out through intensification and extension for customers of each business division

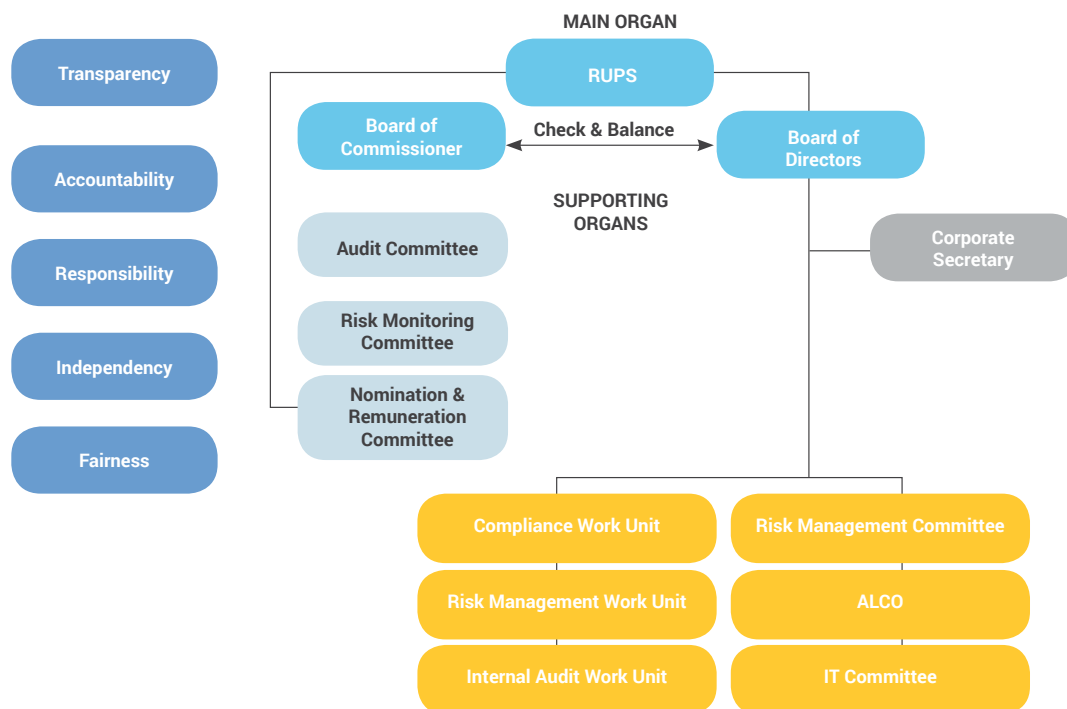
micro business	- Acquisition of such strategic clusters as midwives, farmers, merchants, etc. - Mobile lead initiative to accelerate SLA analysis and credit disbursement
retail business	- Customer Gathering for top retail customers to improve relationships and explore new business opportunities - Running an incentive program for ARM & RM
pension business	- THR reward program for retired debtors - Reward and incentive for retired sales/AO team members - Acquisition of pensioners formerly listed on BMRI payroll
IB & wealth mgmt	- Optimization of funding from the group and business partners - Customer gathering for top IB & retail depositors
credit & central ops	- LOS Integration & Enhancement - Improved archiving - Application of standards of services and data quality - Reviewing the terms and binding of collateral - Implementation of loan factory for pensioners
human capital	- Implementing sales and service culture - Developing ODP path - SDP improvement - Undertaking "graduate development program" for best students at universities - Developing career path and talent management - Developing new training modules
SKAI/RBC	Optimizing roles as the second and third line of defense

Good Corporate Governance

Governance Structure

To support the implementation of good corporate governance (GCG), or Governance System, as well as efforts to strengthen the supervisory function, Bank Mandiri Taspen Pos has a corporate governance structure or governance consisting of major organs, namely the General Meeting of Shareholders (RUPS),

the Board of Commissioners (BOC) and Board of Directors (BOD) and support organs comprising committees under the BOC and BOD and compliance, risk management and internal audit units as illustrated below



This is in line with Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006 as amended by PBI No. 8/14/PBI/2006 on the Implementation of Good Corporate Governance for Commercial Banks. Implementation of Good Corporate Governance is key for the company in achieving the vision and mission defined by five key principles: Transparency in disclosing information which is material and relevant and openness in the decision-making process; Accountability, clarity of function and implementation of accountability organ Bank Mandiri Taspen Pos so that effective management; Responsibility, conformance management of the Bank with the legislation in force and the principles of management of healthy bank; Independence, the Bank's management in a professional manner with no influence or pressure from any party; and Fairness, fairness and equality in fulfilling the rights of stakeholders arising under treaties and legislation in force.

The five key principles of GCG in Bank Mandiri Taspen Pos were implemented in an effort to increase public confidence, improve performance, and maximize the added value for shareholders (maximizing shareholder value) and ensure the realization of a healthy banking system in general. It aims to maintain the continuity of the bank's business is highly dependent on public trust that must be reflected in the performance and management of professional bank and the bank's ability to manage risks.

To support that can be achieved with good, Bank Mandiri Taspen Pos has established guidelines in the GCG implementation (governance structure), among others: (1) Guidelines Whistleblowing, (2) the Integrity Pact of the entire Company organs, (3) Anti-Gratuity Policy Implementation, (4) Guidelines for Anti-Fraud Strategy, (5) Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism (AML PPT), and so forth.

Implementation of Compliance Function

Realizing the Bank functions as an institution of trust for the placement of funds by the public and the increasing development of the bank's business will certainly have an impact on the risk exposure faced by Bank Mandiri Taspen Pos then needs to be managed with the principles of good corporate governance. Bank non-compliance with applicable regulations may pose risks that are financial in nature, such as fines, and also non-financial ones, such as a written warning to revoking the business license. To carry out this commitment, Bank Mandiri Taspen Pos has been appointed one of the Directors as Director in charge of compliance functions and also assisted by the Compliance Unit which is independent in accordance with the organizational structure specified.

During the period 2015 Compliance Unit has conducted activities that boost the culture stick to each unit by doing the following:

- 1) Ensuring that new products and activities that will be done is not contrary to the provisions and has complied with applicable regulations, this means that the compliance work unit has been involved in the approval of new products and activities.
- 2) Assessing internal and regulatory compliance of existing and proposed an adjustment to the terms, procedures and internal systems that exist to approve the internal regulations to be published.
- 3) Conducting a risk assessment of compliance and compliance risk profile compiling reports on a regular basis in order to manage compliance risk.
- 4) Ensuring compliance with Bank Mandiri Taspen Pos for the commitment he made to the authority of Bank Indonesia and/or the Financial Services Authority (OJK).
- 5) Following the adoption of the compliance function of the fulfillment of the program of integrated corporate governance as develop guidelines for corporate governance and compliance policies to be in line with the policy of integrated governance of the parent company (main entity).
- 6) Following the assessment of Good Corporate Governance 2014 Corporate Governance Perception Index conducted by The Indonesian Institute for Corporate Governance (IICG) and Bank Mandiri Taspen Pos was awarded "Trusted Company" in Good Corporate Governance Award 2015.
- 7) Monitoring of compliance with regulations related to change its name to Bank Mandiri Taspen Pos and logo as well as the development of a network of offices out of the area/region of Bali, associated with the formation of a Joint Venture Bank.
- 8) Monitoring the implementation of the audit of the Parent company's audit report for the period September 2105.
- 9) Updating to the BOD and employees on the new OJK provisions as part of efforts in creating a culture of compliance.

Implementation of Internal Audit Function

In carrying out the functions of Internal Audit, Bank Mandiri Taspen Pos has had Internal Audit Unit (SKAI) which is under the direct coordination of managing director who did an assessment of the adequacy and effectiveness of risk management, internal control, and governance and providing consultation for the internal party. Internal Audit is an independent unit reporting directly to the managing director who forwarded to the BOC.

Position, authority, responsibility professionalism, organization, and the scope of duties of SKAI refer to the Standard Internal Audit Function (SPFAIB). SKAI has established guidelines audit work since 2009 are set out in the Decree of the BOD Directors No. 0041/KP-Dir/SK/BSHB/VII/2009 which includes a provision the scope of the duties, functions,

authority, responsibilities Internal Audit functions including communication and coordination with relevant stakeholders. Supervision and inspection activities carried out on aspects of compliance with the requirements and SOPs, risk evaluation and risk control system effectiveness.

In performing the Internal Audit functions, Bank Mandiri Taspen Pos uses the (RBA) methodology Risk Based Audit, which is focused on high-risk areas. The application of this methodology in accordance with the needs of the organization, regulatory provisions and best practices. In 2015, the Internal Audit Division evaluated the Piagam Charter and Internal Audit Charter to comply with Bank Mandiri Integrated Corporate Governance Guidelines.

External Audit

Based Internal Audit Charter, Internal Audit synergies and become a counterpart to the External Auditor/unit supervision of others, both as a provider of data/information as well as during the discussion/confirmation of the results of monitoring and is the coordinator in monitoring the status of the follow-up monitoring by the External Auditor/other supervisory unit.

The RUPS of Bank Mandiri Taspen Pos as documented in the copy of the Minutes of the RUPS No. 22 dated April 9, 2015 approved the appointment of Public Accounting Firm (KAP) Purwanto, Suherman & Surja to audit the financial statements of the Company ending on December 31, 2015.

Application of Risk Management

In order to provide information risk management more transparent, Bank Mandiri Taspen Pos refers to PBI No. 14/14/PBI/2012 on Transparency and Publication Report of the Bank and the SE Bank Indonesia Number 14/35/DPNP regarding the Annual Report of Commercial Banks and annual report certain submitted to Bank Indonesia in line with the implementation of Basel II Pillar 3 on market discipline.

Bank Mandiri Taspen Pos has implemented risk

management and internal control systems are effectively tailored to objectives and business policy, size and complexity of the business activities of the bank with reference to the requirements and procedures as set out in the relevant Regulation of Financial Services Authority (POJK), and with reference to best practice through activity

- 1) The application of stress testing to determine the impact of the implementation of risk management policies and strategies on the work and income of each Unit Operations.

- 2) Assessment of the proposed activities and new products submitted by unit development including the systems and procedures used as well as the effect of exposure to risk.
- 3) Providing recommendations on the maximum risk exposure that must be maintained.
- 4) Evaluating the accuracy and validation of the data used to measure risk.
- 5) Preparing a report profile/composition of the risk presented to the OJK on a quarterly basis.

Policies, Procedures and Limit Setting

Application of Risk Management at Bank Mandiri Taspen Pos supported policies and procedures for comprehensive risk management. Risk Management Policy in the Post Bank Mandiri TASPEN consists of Guidelines for the Application of Risk Management and the General Guidelines for Assessment of Risk Profile and further described in the Circular and Standard Operating Procedure (SOP).

Risk Management Process

Bank Mandiri Taspen Pos risk management process includes identification, measurement, monitoring and control of eight (8) types of risk and Risk Management Information System. Bank Mandiri Taspen Pos identifies risks by analyzing the source of the risks inherent in the business (products/portfolio/activity) and then measured quantitatively or qualitatively appropriate measurement methods specified by the Regulator.

Risk measurement system is also equipped with a method of stress testing for liquidity risk. Furthermore, the risk monitoring process carried out by the Unit Owner Risk and Risk Control Unit is presented in the form of a risk profile report, report the loan portfolio. Risk Management Information System of Bank Mandiri Taspen Pos is used to support the implementation

of the process of identification, measurement, monitoring and risk control. Bank Mandiri Taspen Pos has built several applications of risk management, among others Scoring System and then refined into Loan Origination System (LOS) and iRisk system.

The entire unit in Bank Mandiri Taspen Pos has conducted the process of identification and measurement of risk in each work unit with sufficient and develop mitigation measures to reduce the likelihood and impact of occurrence of these risks. Risk identification includes business processes and strategy initiatives of the company. Risk monitoring is done by the Risk Management Division unit that independently monitors the inherent risks, as well as monitoring and monitoring of mitigation measures undertaken by the unit. Risk management at Bank Mandiri Taspen Pos focused on the types of risk defined by the Financial Services Authority as a regulator and the Bank as the main entity in the financial conglomerates, including: operational risk, market risk, credit risk, liquidity risk, legal risk, reputation risk, compliance risk and strategic risk.

Effectiveness Evaluation of Risk Management System

Internally, the evaluation of the effectiveness of risk management system at Bank Mandiri Taspen Pos is conducted by the Risk Monitoring Committee as a form of active supervision of the BOC. Internal audit as one of the Risk Control Unit also conducted an evaluation and review of the effectiveness of the risk management system. Externally, the evaluation of risk management performed by the external auditors and the OJK.

Additionally related to POJK No. 17/POJK.03/2014 on Application of Integrated Risk Management for Financial Conglomerates as outlined by the Integrated Corporate Governance Guidelines of Bank Mandiri as the Main Entity, Bank Mandiri Taspen Pos has been doing the alignment of the risk management policies.

Intragroup Transaction Policies and Transactions with Conflict of Interest

Bank Mandiri Taspen Pos has policies, systems and procedures for the settlement of the conflicts of interest in order to implement good corporate governance refers to the Conflict of Interest Code of Bank Mandiri Taspen Pos in accordance with Decree of the BOD No. 0152/KP-Dir/SK/BSHB/VIII/2014.

Guidelines for Conflict of Interest bind the officers and employees of the Bank, in case of conflict of interest, members of the BOC, members of the BOD, and Executive Officers did not take any action that may harm or reduce the profits of the Bank, Bank Mandiri Taspen Pos to curb the administration, documentation and disclosure of conflicts of interest referred to in the Minutes of Meeting.

Bank Mandiri Taspen Pos has to make sure all the operations of the bank free of intervention by owners/ stakeholders/other parties that may create a conflict of interest that may harm the Bank or reduce the profits of the Bank, in 2015 Bank Mandiri Taspen Pos has been able to solve/avoid conflicts of interest.

Some conflicts of interest or situations that cause a conflict of interest that has been set in the policy of Bank Mandiri Taspen Pos, among others:

- a. The situation that led to the personnel of the Bank accepting gratuities or giving or receiving gifts/souvenirs or entertainment on a decision or position in favor of the benefactor;

- b. Having concurrent positions at several companies that have a direct or indirect relationship, similar or dissimilar, so it can cause an abuse of position for the benefit of other positions;
- c. Affiliation, namely the relationship which is owned by the Board with parties related to the business activities of the company, whether by blood, marriage or friendship relationships that could affect his decision;

Handling conflict of interest situations in Bank Mandiri Taspen Pos do with the basic principle that all employees of Bank Mandiri Taspen Pos that he has the potential and/or have been in a situation of Conflict of Interest PROHIBITED to continue the activities/duties and responsibilities related to the situation of such Conflict of Interest. For further concerned may resign from the duties that have the potential existence of Conflict of Interest in them or decided not to get involved in the decision making process as intended, unless the specific considerations are solely for the benefit of Bank Mandiri Taspen Pos, the BOD may request concerned to continue performing their duties and responsibilities in the event.

Some conflicts of interest related to intragroup transactions, among others, consists of Giro at Bank Mandiri, Giro on BSM, and placements with Bank Mandiri.



Company Profile

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 for the time being its services are limited to money transfer to Bank Mandiri accounts.

Company Product

MIR's main product offering is money transfer to bank accounts across Indonesia or cash withdrawals from all branches of Bank Mandiri and post offices in Indonesia in Rupiah or US Dollar. MIR also offers

Indonesian migrant workers Mandiri saving accounts and serves as a contact center for Bank Mandiri customers in Malaysia.

Board of Commissioners and Board of Directors

Corporate Representative (CR)

CR Utama : Pahala Nugraha Mansury
Hery Gunardi

Board of Directors

President Director : Rachmat Widiyanto
Director : Abdull Aziz Bin Harun
Non-Executive Director : Fitri Wahyu Adihartati
Elmega Rosinta Greaceace

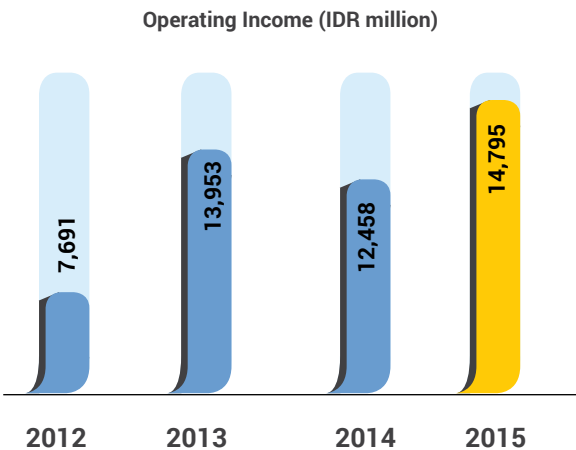
Company Address Head Office

Wisma MEPRO
Ground & Mezzanine
Jalan Ipoh Chow Kit, 51200
Kuala Lumpur, Malaysia
Phone : +603-4045 4988
+603-4045 8988

Company Performance

During the course of 2015, MIR posted an income of IDR 14.8 billion, or rose by 18.8% from 2014. The revenue growth pushed MIR’s net income to reach IDR 1.1 billion by the end of 2015, an increase of 580.2% from 2014, with Return on Assets (ROA) and Return on Equity (ROE) at 9.7% and 10.8% respectively.

The opening of three MIR branches, namely in Shah Alam (Selangor), Malaka and Senai (Johor) has pushed the number of transactions to grow 42.1% from 86.198 transactions in 2014 to 122,490 transactions recorded in 2015.



Financial Performance

MIR’s financial performance is summarized in the statements below:

Financial Position (IDR million)				
Key Indicator	2012	2013	2014	2015
Aset	9,574	11,311	11,592	11,405
Liabilitas	745	857	1,390	1,130
Ekuitas	8,830	10,454	10,202	10,275

note: exchange rate IDR 3,210.67

Profit Loss Statement (IDR million)

Key Indicator	2012	2013	2014	2015
Revenue	7,691	13,953	12,458	14,795
Expense*	10,773	13,912	12,297	13,693
Net Income/(Loss)	(3,082)	41	162	1,102

*) including income tax expense

Work Plan and Strategy for 2016

A brief description of MIR's strategic focus in 2016 is as follows:

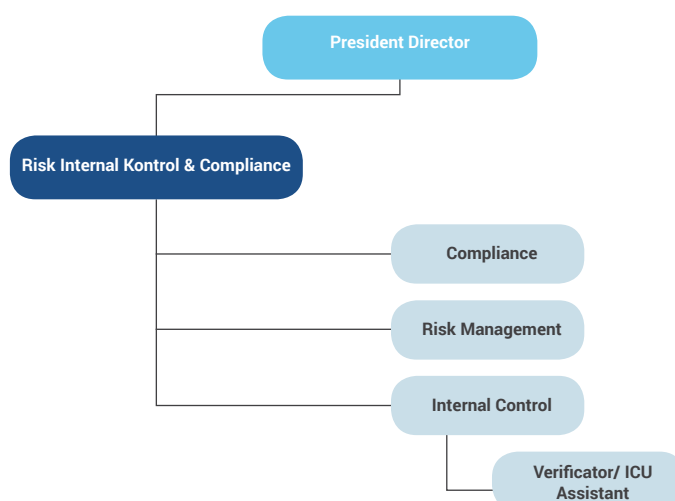
1. Adding 3 more branches to add up to a total of 15 branches
2. Opening remittance services to other destinations than Indonesia
3. Introducing inward remittance products to obtain low-cost funds

Good Corporate Governance

Governance Structure

Good Corporate Governance (GCG) implementation required the bank to check and balance each activity of the company to always adhere to the legislation

in force. In order to support the implementation of the GCG, MIR has had a compliance unit, unit of risk management and internal control unit, as follows:



Implementation of Good Corporate Governance in MIR supported with supporting infrastructure Corporate Governance implementation, such as the code of conduct, policy compliance, anti-fraud strategies, whistle blowing system, a ban gratification, risk management policy, a policy of conflict of interest, remuneration policy.

With the publication of Regulation of the Financial Authority Services (POJK) No. 18/POJK/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomerates, MIR as a subsidiary of Bank Mandiri has updated the Governance Guidelines provided under the applicable provisions, which is currently in the process of finalization.

Implementation of Compliance Function

Since 2012, MIR has been separation of the functions of the Internal Control unit and unit compliance. Compliance Unit mainly focuses on compliance policies to ensure MIR will always adhere to BNM regulations and applicable policies/guidelines. After this transformation, the Compliance Unit will also be updating the compliance system and compliance tools in accordance with applicable regulations. The duties and responsibilities of the compliance unit are as follows:

1. Updating all regulations and management policies;
2. Ensuring that all transactions in accordance with Rule AML/CFT and other applicable regulations;
3. Reviewing aspects of compliance with the decision of the Director of Operations
4. Ensuring that the operation of each branch and back office comply with internal and external regulations;
5. Reviewing the compliance culture based on the guidelines, good rules and Monetary Management Authority;
6. Ensuring that the recommendations have been incorporated into the responsibilities of each unit for follow-up;
7. Ensuring all products and services offered at MIR compliance with local regulations;
8. Conducting compliance checks on a daily voucher branch using a sampling approach;
9. Analyzing customer behavior/behavior analysis of responses (BAR) on a weekly/monthly basis a report to the Director of Operations at any suspicious activity;
10. Monitoring the status of regulatory compliance including Director of Operations of suspicious activity in a timely manner in accordance with applicable regulations;
11. Recommending the rules and policies to new product launches;
12. Monitoring Customer Information File (CIF) and recommend improvements to the system or new techniques to improve CIF accounting database records;
13. Keeping track of all the necessary supporting documents in every transaction made by the branch;
14. In collaboration with the Ministry of Human Resources and others appropriate to develop an effective compliance training program includes an introduction to the proper training for new employees as well as ongoing training for all employees as well as ongoing training for all employees and managers.

Implementation of Internal Audit Function

In general, the Internal Control Unit is responsible for evaluating the quality and implementation of internal control to all units in the Company, as follows:

1. Ensuring control of voucher transactions by all units of the Company (Head Office and Branch), which includes:
 - a. Ensuring that all transactions are accurate, truthful and reliable;
 - b. Reviewing the quality of risk management in order to set targets to be achieved
 - c. Monitoring the completion of the follow-up of audit results Internal Audit (SKAIT)
2. A routine check of all branches to evaluate the effectiveness of internal control by the branch to do a review on the following matters:
 - a. Cash Balancing
 - b. Adequacy of physical control.
 - c. Adequacy of cash limit.
 - d. Assessing the effectiveness of internal control in the branch
 - e. Assessing the adequacy of the internal control structure at the branch.
3. Evaluating the effectiveness of internal control in general, including:
 - a. Evaluation of responsibility and authority in all areas of the Company.
 - b. Evaluation of segregation of duties in accordance with applicable regulations
 - c. Evaluation of the implementation of internal control by the branch including asset utilization and storage of documentation.
 - d. Evaluation of customer service, such as Service Level Agreement (SLA) established service and availability of the necessary forms and information of customers as well as indoor comfort for the customers
4. Evaluating the implementation of IT systems, such as:
 - a. Evaluation of the use of the software, including password control and handover reports on user ID and password.
 - b. The accuracy of the database including the maintenance process.
 - c. Calculation accuracy of the system.
 - d. The accuracy of the system parameter settings.

Application of Risk Management

Risk management is carried out by the risk management unit of the duties and functions as follows:

1. Reviewing and analyzing the potential risks of the operation/business processes, systems and products and make recommendations for achieving the desired goal of Risk Management.
2. Developing an improvement plan if there are mistakes and providing recommendations to the prevention of internal compliance unit and control unit.
3. Developing or implementing risk assessment models or methodologies.
4. Managing the risks to the company, employees, customers, reputation, assets and interests of stakeholders.

5. Reporting risk profile.
6. Implementing a risk management policy.
7. Gathering data related to the risk of internal or external sources.
8. Collaborating with the Ministry of Human Resources and other units to develop and effective compliance training, introductory training for new employees as well as for all employees.

Risk Management Principles

In the implementation of Risk Management, the Board of Directors (BOD) has a duty to create, determine the policy, strategy and risk management procedures and is responsible for the implementation of risk management at MIR. In implementing risk management, MIR refers to the following principles:

1. Capital. MIR must provide the capital according to the risk borne by the MIR and maintain the level of capital in accordance with applicable regulations.
2. Transparency MIR has a transparent and fair regulation, including rights and obligations of the MIR with customers.

3. Independence MIR Management must act professionally and free from pressure or influence from other parties.
4. Continuous process Risk management is carried out continuously, developed for better business conditions and implemented best practices.
5. Accountability MIR management must implement policies and procedures to ensure the accountability of all stakeholders.
6. Responsibility MIR management should act on the principle of prudence and compliance with the legislation in force.
7. Justice MIR Management considers the interests of all stakeholders based on the principles of equality and fairness in business.

The types of risks that are applicable in MIR are credit risk, market risk, liquidity risk, operational risk, legal risk, compliance risk, strategic risk, reputation risk.



Company Profile

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.

Board of Commissioners and Board of Directors

Independent Non Executive Director & Chairman

Mr. I Wayan Agus Mertayasa

Executive Director & Chief Executive

Mr. Helmi Imam Satriyono

Independent Non Executive Director

Mr. J.K. Williams

Company Address

Head Office

6 Thomas More Square,
Thomas More Street,
London, E1W 1YW

Telp : +44-207-553-8688

Fax : +44-207-553-8699

Financial Performance

In 2015, BMEL posted net profit USD 560 thousand. Especially profit achievement driven by an improvement in net interest income becomes USD 3.022 thousand, up 4.2% at USD 2.898 thousand in 2014.

BMEL's financial performance is illustrated by the summary of financial statements below:

Financial Position (USD thousand)

Key Indicator	2012	2013	2014	2015
Assets	140,503	260,047	188,471	184,478
Liabilities	90,125	213,056	139,895	137,463
Equity	50,378	46,991	48,576	47,015

Profit Loss Statement (IDR billion)

Key Indicator	2012	2013	2014	2015
Revenue*)	11,221	3,153	4,604	4,461
Expense**)	9,518	5,213	3,729	3,778
Net Income	1,652	264	1,079	560

*) Interest income and FBI + Recoveries from NPL

***) Interest expense and operating expense + PPAP (allowance for uncollectible accounts) expense

Work Plan and Strategy for 2016

A brief description of BMEL's strategic focus in 2016 is as follows:

1. Developing and expanding services related to Export Import covering international trade financing (including products discounting and forfaiting), issuing, negotiating and advising on Letter of Credit.
2. Providing services related to money transfer, sale and purchase of currencies including the Indonesian rupiah, investment in bonds and money markets as well as hedging products.
3. Investing in bonds, bilateral loan as well as well as participating in syndicated loan.

Good Corporate Governance

Governance Structure

Implementation of Corporate Governance in BMEL was conducted systematically and continuously so that the principles of Good Corporate Governance (GCG) are used as references in daily activities. To support this, the Company has the Audit Sub-committee, Risk Management Committee, Remuneration Committee and the Credit Committee as well as ALCO Committee and Asset Committee to help manage, control and

oversee the Board of Directors (BOD) on the GCG implementation at BMEL.

Besides, BMEL also has GCG supporting infrastructure such as Corporate Governance Policy and Procedure, Compliance Policy, Anti-Money Laundering and Combating the Financing of Terrorism Policy, Anti-Fraud Strategy & Insider Trading, Anti-Bribery & Corruption, and the Code of Conduct.

Implementation of Compliance Function

Implementation of compliance in the BML refers to the regulations in the UK and in Indonesia. In April 2015, the Compliance Unit has been making improvements on GCG policies, particularly related to the internal control system, organization and management.

The compliance program BMEL was mandated in 2015 outline is as follows:

No.	Program	Target	Realisation		Timeline
			Status	(%)	
1	Reviewing of The High Level Control, Organisation & Management	Updated and approved by the Board of Directors - July 2015	Done	100 %	Dec 2015
2	Reviewing of Good Corporate Governance Duties & Authorities Policy	Update and approved by the Board of Directors - April 2015	Done	100 %	Dec 2015

During 2015, there were no sanctions/penalties from regulators and no case of fraud happened.

Implementation of Internal Audit Function

In general, the Internal Control Unit is responsible for evaluating the quality and implementation of internal control to all units in the Company. The findings of the

audit by the Internal Audit Unit had completed follow-up, as follows:

Audit Period	Finding Description	Follow Up	Progress	Recommendation
Aug 2014 to Aug 2015	Measurement to monitor unrealised loss for marketable securities not update policy/ procedure.	The policy/ procedure have been update by 31 Dec 2015	Completed	Acknowledged by DIA

Application of Risk Management

In the implementation of Risk Management, the BOD has a duty to create, determine the policy, strategy and risk management procedures and is responsible for the implementation of risk management at BMEL. As for the types of risks that are applied in the BMEL, they refer to types of risks regulated in Indonesia, i.e. credit risk, market risk, liquidity risk, operational risk, legal risk, compliance risk, strategic risk and reputation risk.

In connection with the implementation of Integrated Governance, risk management unit has identified compliance risk by using a methodology which is owned Bank Mandiri as the Main Entities. The compliance risks that have been identified are as follows:

No.	Identified Risks	Causes	Impact	Control & Mitigation
1	Good Corporate Governance as required under SYSC	System & Control	Regulatory Penalty & Sanction	- Maintain Compliance Monitoring of BMEL to SYSC; - Inform BMEL Directors & Management of any change to regulation - for their action, as required; - Monitoring any sanctions in respect to regulation.
2	Capital Adequacy Requirement	Inadequacy Capital	Bank operation & solvency	Monitored by MIS & Accounting and advised to Treasury & Management daily. Reviewed by ALCO, at least monthly.
3	Liquidity Management	Liquidity Mismatch	Bank operation & solvency	Monitored by MIS & Accounting and advised to Treasury & Management daily. Reviewed by ALCO, at least monthly.
4	Timely & Accurate regulatory reporting	Reporting System & Procedures	Overdue & Misleading Information	Financial reporting prepared by MIS & Accounting and submitted following review by Chief Executive.
5	Management information & records	Incomplete & Undelivered Information	Regulatory Requirement & Decision Making	Daily Management Accounts prepared by MIS & Accounting for Senior Management review.



Best Insurance 2015 with the title Excellent based on its performance in 2014 in terms of Gross Premium above IDR 1 trillion. Awarded on July 3, 2015 by Infobank magazine.



Best Life Insurance 2015 with equity between IDR 500 billion and IDR 1.5 trillion. Awarded on June 9, 2015 by Media Asuransi magazine.



Best Life Insurance Company 2015 1st Place under the category Life Insurance with Assets of IDR 1-5 trillion. Awarded on July 9, 2015 by Investor magazine.

Company Profile

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 ownership look as shown below:

1. PT Bank Mandiri (Persero) Tbk. 60%,
2. PT Kimia Farma (Persero) Tbk. 10%,
3. PT Asuransi Jasa Indonesia (Persero) 10%,
4. 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:

1. PT Bank Mandiri (Persero) Tbk. 80%,
2. PT Kimia Farma (Persero) Tbk. 10%,
3. PT Asuransi Jasa Indonesia (Persero) 10%.

During the period of seven years in operation, Mandiri InHealth has posted a quite significant growth of business compared to industry average.

Mandiri InHealth also has a strong infrastructure support throughout Indonesia which includes:

1. 12 Marketing Offices, 10 Operational Offices and 50 Customer Service Offices across the country.
2. Working directly with $\pm$ 7,000 service providers nationwide.
3. Controlling medicine formulary that puts the quality of medication and patient safety first.
4. Human resources experienced in administering the managed care, consisting of:
 - a. 42 Sales Manager
 - b. 183 Provider Relation Office (PRO)
 - c. 94 Customer Relationship Officer (CRO)

Company Product

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 remains marketing its products and services to businesses through B to B scheme, targeting medium-sized companies and above.

There are three Mandiri InHealth insurance products, namely:

a. InHealth Managed Care

InHealth Managed Care represents a product that provides comprehensive health insurance (promotive, preventive, curative and rehabilitative) following medical needs. The period of coverage is effective for one year and can be extended. InHealth Managed Care has six plans, i.e. InHealth Diamond, InHealth Platinum, InHealth Gold, InHealth Silver and InHealth Alba. To anticipate top up benefit in the era of BPJS Kesehatan, the Company also modifies its product offerings through plan smart and smart plus.

b. InHealth Indemnity

InHealth Indemnity is health insurance providing medical expense reimbursement with selection of benefits tailored to the need of organizations and their personnel. The coverage period is one year, and can be extended. There are a number of plans to choose from in accordance with the organization needs.

c. InHospital Cash Plan

InHospital Cash Plan is a health insurance product that provides inpatient compensation on a daily basis for the insured according to the duration of treatment deemed as medically reasonable for the related illness or injury.

Mandiri InHealth Life Insurance consists of Group Term of Life (GTL), Personal Accident (PA), Endowment and Credit Life.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Rico Usthavia Frans
Independent Commissioner : Untung Suseno Sutarjo
Independent Commissioner : Nizar Yamanie
Independent Commissioner : I Ketut Sendra
Commissioner : Herjanto

Board of Directors

President Director : Iwan Pasila
Director : Armendra
Director : Dikdik Yustandi
Director : Wahyu Handoko

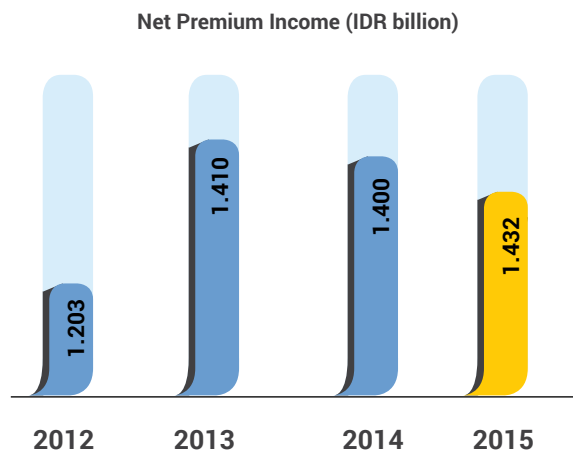
Company Address

Head Office

Plaza Setiabudi 2 Floor 5, suite 505-508
Jl. HR. Rasuna Said Kav 62
Jakarta Selatan 12920
Phone : 021- 5250900
Fax : 021- 5250708
Website : www.Inhealth.co.id

Company Performance

In 2015 Mandiri InHealth posted a premium income of IDR 1.4 trillion, or an increase of 2.2% compared to 2014. Such result was achieved in the midst of the challenges associated with the implementation of national health insurance (JKN) program, i.e. a health insurance program organized by the Social Security Agency for Healthcare (BPJS Kesehatan). There are 971 enterprises with the number of participants amounting to 940,696. As at December 31, 2015, the net income reached IDR 154.6 billion. Meanwhile, Mandiri InHealth's assets per December 31, 2015 amounted to IDR 1.8 trillion with a capital adequacy ratio/risk based capital (RBC) adding up to 865.8%.



Financial Performance

Mandiri InHealth's financial performance can be seen in the summary of financial statements below:

Financial Position (IDR billion)

Key Indicator	2012	2013	2014	2015
Assets	1,576	1,529	1,779	1,842
Liabilities	381	411	458	539
Equity	1,195	1,118	1,321	1,303

Profit Loss Statement (IDR billion)

Key Indicator	2012	2013	2014	2015
Total Revenue	1,425	1,542	1,592	1,489
Expense	1,174	1,390	1,340	1,227
Net Income	100	120	203	155

Work Plan and Strategy for 2016

In support of the corporate objectives set out in the Company target, the corporate strategy selected, among others, includes enhancing shareholder value through increased sales; optimizing underwriting profits and investment returns as well as cost efficiency; improving the quality of customer services; creating efficient business processes with integrated information systems; and developing its human resource competencies.

The following policy is put in place to support achievement of the Company target:

1. Increased sales through aggressive sales while maintaining good corporate governance practices,

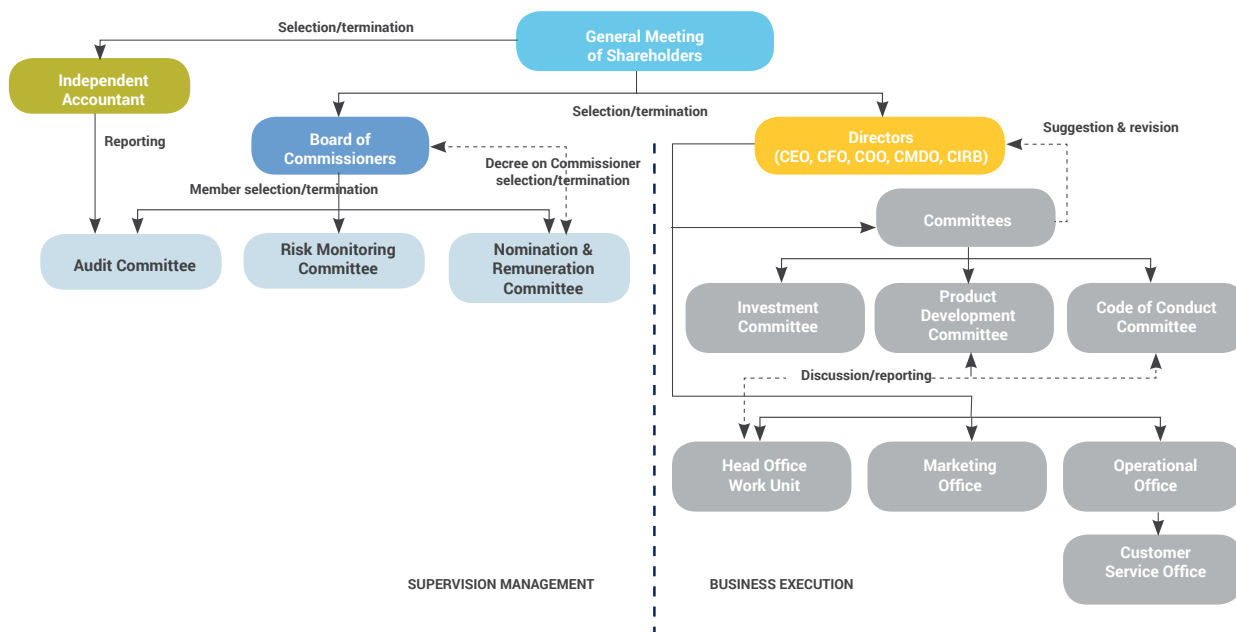
2. Management of investment portfolio in a prudent and optimal manner,
3. Running company operations effectively and efficiently in line with priority levels,
4. Conducting utilization review continuously,
5. Efficient management of organization and business processes pursuant to the Company's business direction ,
6. Competency-based human resource management,
7. Integrated information system management.

Good Corporate Governance Governance Structure

The Implementation of Corporate Governance in Asuransi Jiwa InHealth Indonesia, hereinafter referred to as Mandiri InHealth, was conducted systematically and continuously so that the principles of Good Corporate Governance (GCG) are used as references in daily activities.

In doing so, the Board of Commissioners (BOC) has formed committees to assist and enhance

the supervisory function of the BOC executed in accordance with the scope established by the Decree of the BOC. Similarly, the Board of Directors (BOD), has formed a committee under the BOD to help manage, control and oversee the GCG implementation in Mandiri InHealth.



GCG implementation in Mandiri InHealth is based on the Financial Services Authority Regulation (POJK) No. 2/POJK.05/2014 on Good Corporate Governance for Insurance Companies through the implementation of compliance, internal audit and risk management functions as well as the preparation of various

fundamental corporate governance policies, such as the code of ethics, integrity pact, Whistleblowing System (WBS), Anti-Money Laundering and Combating Financing of Terrorism (AML-PPT) guidelines, gratuity control and others.

Implementation of Compliance Function

Mandiri InHealth upholds the commitment to implement the functions of compliance with regulations, rules, other provisions of both provisions, internal and external, and standards of social behavior and business ethics regulations. To continue to improve the compliance function, in 2010 it established the Compliance Department under the Internal Audit Division based on Decree of the BOD No. 6/KEP/0209 on the organizational structure which was amended in 2015 to report to the Risk Management Division as the Organizational Structure set out.

Compliance Department is responsible for overseeing all activities and decisions involving compliance, including planning and coordinating compliance and

is responsible for ensuring that everyone is aware of the importance of compliance. In the framework of the implementation of the compliance function, Mandiri InHealth compiled a Compliance Program in 2015, namely the alignment of Compliance and Corporate Governance Policies Bank Mandiri's Compliance Policy and Integrated Corporate Governance Guidelines. In addition, during 2015 the Compliance Department has also conducted socialization program that aims to raise awareness of the importance of compliance, compliance risk and foster a culture of compliance in each individual employee in the Head Office, Marketing Offices, Operation Offices and the Office of Mandiri InHealth Service.

Implementation of Internal Audit Function

Internal Audit Division hereinafter abbreviated as DAI was set up in 2010 based on Decree of the BOD No. 6/KEP/0209 and amended by the BOD Regulation No. 232/V/HC/PER/1215 dated December 18, 2015 on the new Organizational Structure.

DAI is led by a Head of Internal Audit Division are appointed and dismissed by the Director of the internal mechanism based on the approval of the BOC. Auditors are responsible in stages to the Head of the Department of Internal Control and Internal Audit Division Head.

In performing the Internal Audit function, Mandiri InHealth uses the Risk Based Audit (RBA) methodology, which is focused on high-risk areas. The application of this methodology is in accordance with the needs of the organization, the provisions of the Regulatory and best practices. Audit implementation plan based on the methodology set forth in the form of Annual Audit Plan (AAP), which contains the entire plan of Internal

Audit Work Unit activities to be implemented within the next year.

To ensure that the implementation of the Activities of Internal Audit in accordance with the standards it has drawn up Internal Audit Charter (Internal Audit Charter) since September 2013, the General Guidelines for Internal Audit is defined in the Decree of the BOD No. 52/KEP/1012 dated October 23, 2012 and the Guidelines for Internal Audit Special Investigation based on Decree of the BOD No. 19.5/KEP/0312 dated March 1, 2012. The Internal Audit Charter is an elaboration of the policies on tasks, functions, authority, responsibilities as the conduct of the Internal Audit function in Mandiri InHealth. In 2015, the Internal Audit Division has perfected the Internal Audit Charter and Internal Audit Standards Guidelines in order to align with Bank Mandiri Integrated Corporate Governance Guidelines.

Audit Ekstern

Based Internal Audit Charter, DAI works in synergies and becomes a counterpart to the External Auditor/unit supervision of others, both as a provider of data/information as well as during the discussion/confirmation of the results of monitoring and is the coordinator in monitoring the status of the follow-up monitoring by the External Auditor/other supervisory unit. In the audit by the External Auditor, DAI act as a counterpart that facilitates the implementation of an inspection by an external audit.

Procurement process for Provider of Audit Services for Financial Statements was implemented based on Decree of the BOD No. 16.2/KEP/0212 on Guidelines

for Procurement of Goods/Services. The results of the procurement process undertaken procurement section reported to the BOD to be proposed and approved by the BOC to be ratified by the shareholders at the Annual General Meeting of Shareholders (Annual RUPS).

Mandiri InHealth has appointed Purwantono, Sungkoro and Surja (Ernst & Young) as an external auditor to carry out the General Audit on Mandiri InHealth Financial Statement for 2015. In the last four years, InHealth was audited by several public accounting firms (KAPs) as follows:

Audit FY	KAP
2011-2013	KAP Kanaka, Puradiredja
2014	KAP Tanudiredja Wibisana dan Rekan (PwC)
2015	KAP Purwanto, Sungkoro & Surja (Ernst & Young)

Application of Risk Management

Generally, the principles of risk management in Mandiri InHealth are actively contributing to support companies in optimizing the achievement of a healthy and sustainable growth which refers to POJK No. 2/POJK.05/2014 about Good Corporate Governance for Insurance Companies. It is implemented through a risk management framework and follows a risk management process is the identification, measurement, monitoring and risk management at all levels.

The risk management process is implemented with a comprehensive approach ranging from the establishment of context, risk assessment, establish mitigation strategies and monitoring and review of the risks affecting the business, operations, not only viewed from the downside risk but also upside risk which is the risk that can provide business opportunities that can optimize the risk-adjusted return and shareholder value. Mandiri InHealth has been developing policies, strategies, processes, competencies, champion, accountability, reporting, technology implementations risk supporters to run effectively and efficiently.

Mandiri InHealth Enterprise Risk Management (ERM)

Implementation of the risk management in Mandiri InHealth was carried out with reference to the framework of ISO 31000: 2009 because of: (1) it is an International standard that provides principles and guidelines for effective risk management; (2) it can be used for the entire organization and risk; (3) it can be customized to meet the needs of the organization.

Policies, Procedures and Limit Setting

Implementation of risk management in Mandiri InHealth was guided by risk management framework based on the ISO 31000: 2009 which includes policy and risk management guidelines, which are established in accordance with the vision, the mission of the company as a form of management commitment to risk management in Mandiri InHealth. Mandiri InHealth already has risk capital limits in reference to Minister of Finance Regulation No. 53/PMK.010/2012 on the Minimum Risk Based Capital for Insurance and Reinsurance Companies.

Mandiri InHealth has evaluated and updated the adequacy of policies, procedures and risk limits as a form of risk management in accordance with the risk management framework of the ISO 31000:2009.

Risk Management Process

The entire unit in Mandiri InHealth has done the process of identification and measurement of risk in each work unit with sufficient and develop mitigation measures to reduce the likelihood and impact of occurrence of these risks. Risk identification includes business processes and strategy initiatives of the company. Risk monitoring is done by the Corporate Risk unit that independently monitors the inherent risks, as well as monitoring and monitoring of mitigation measures undertaken by the unit.

Mandiri InHealth risk management is focused on the types of risk defined by the OJK as a regulator and the Bank as the main entity in the financial conglomerate, namely:

- management risk;
- governance risk;
- strategic risk;
- operational risk;
- asset and liability risk;
- insurance risk;
- funding support risk;
- market risk;
- credit risk;
- liquidity risk;
- legal risk;
- reputation risk;
- compliance risk;
- intra-group transaction risk.

Effectiveness Evaluation of Risk Management System

Evaluation of the effectiveness of the risk management system is carried out both internally and externally. Internally, the evaluation of the effectiveness of risk management system at Mandiri InHealth is conducted by the Risk Monitoring Committee as a form of active supervision of the BOC. Internal Audit will conduct future assurance functions, one of which is to evaluate and review the effectiveness of the risk management system.

Externally, the evaluation of risk management is performed by the external auditors and the OJK. Since 2014, Mandiri InHealth has been working with an external assessor to carry out conformity assessment of risk management.

Besides Mandiri InHealth also has been doing the alignment of the risk management policies in line with POJK No. 17/POJK.03/2014 on Implementation of Integrated Risk Management for Financial Conglomerates.

Intragroup Transaction Policies and Transactions with Conflict of Interest

Mandiri InHealth policy on intragroup transactions refers to the Minister of Finance Regulation No. 53/PMK.010/2012 on the Financial Health of Insurance and Reinsurance Companies, where placement of investments in affiliated parties is at most 10% (ten percent) of the total investment and does not include direct investments (shares listed on the stock exchange). Meanwhile, the placement of investments in affiliated parties but such party is not affiliated with the company is maximum 20% (twenty percent) of the total investment. Besides, Mandiri InHealth does not have transactions with conflict of interests.

With Mandiri InHealth there were intragroup transactions consisting of the placement of Demand Deposit Account at BMRI and BSHB; placement of time deposits in BMRI and BSHB; subordinated bond holdings BMRI I, 2009; placement of equity mutual fund Mandiri Investa dynamic; indemnity premium income and credit life insurance BMRI; BSM managed care premium revenue and premium income BSHB credit life insurance, credit life insurance premiums and Mandiri Tunas Finance.



Company Profile

PT Mandiri Utama Finance (MUF) is a finance company focusing on consumer finance, particularly in vehicle financing. On January 21, 2015 based on a deed signed before notary Ashoya Ratam, S.H., M.Kn. under document number: 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%.

Company Product

PT Mandiri Utama Finance provides financing services of vehicles, both to retail and corporate customers, in the form of consumer finance and leasing. Vehicle

types included in its services are cars and motorcycles, both new and used.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Riyani T Bondan
Commissioner : Erida
Commissioner : Rico Adisurja Setiawan

Board of Directors

President Director : Stanley Setia Atmadja
Director : Judy Lesmana

Company Address

Head Office

Plaza Bapindo Building
Menara Mandiri Floors 26 - 27
Jl. Jend. Sudirman Kav. 54 - 55
Jakarta Selatan 12950
Phone : (62-21) 527 8038
Fax : (62-21) 527 8039
Email : @muf.co.id
Website : -

Company Performance

MUF obtained a business license for Financial Services provided by Non-Bank Financial Institutions from the Financial Services Authority (OJK) on June 25, 2015, under Decree of the Board of Commissioners of OJK No. KEP-81/D.05/2015 on Issuance of Business License for a Finance Company to PT Mandiri Utama Finance, as stated in an OJK letter dated June 26, 2015 under document number: SR-3516/NB.111/2015 with the subject of Granting Business License to PT Mandiri Utama Finance.

On August 24, 2015 MUF commenced its initial operations through collaboration with major dealers and credit disbursement to customers. Until the end of 2015, MUF managed to book a total of IDR 24.3 billion in new financing, consisting of financing new motorcycles, used motorcycles, new cars and used cars.

Financial Performance

MUF's financial performance is as presented in the summary of financial statements below:

Financial Position (IDR billion)		Profit Loss Statement (IDR billion)	
Key Indicator	2015	Key Indicator	2015
Assets	113.2	Revenue	3.9
Liabilities	26.6	Expense	22.9
Equity	86.5	Net Income	(13.5)

Work Plan and Strategy for 2016

After completing the initial setup of company operations during the year 2015 and commencement of full operation in late 2015, Mandiri Utama Finance is optimistic regarding growth in 2016. To support achievement of the expected growth, the management set out some key strategies including:

1. Accelerating network expansion

MUF will accelerate development and distribution of expanded network in order to provide consumers and business partners with the best services.

2. Sustainable development of both the organization and human resources

MUF will continue to develop the organization and human resources to form competent human resources qualified in their field so as to support the growth of a healthy business.

3. Development and implementation of information technology

MUF understands the important role that information technology plays to support business growth so that it will constantly build its capacity in terms of information technology.

4. Building synergies with Bank Mandiri Group

Strategic business synergy with Bank Mandiri Group is established by offering combined products, expanding networks and exploring business potentials based on the Bank's customers.

5. Implementation of a strong risk management system and good corporate governance (GCG)

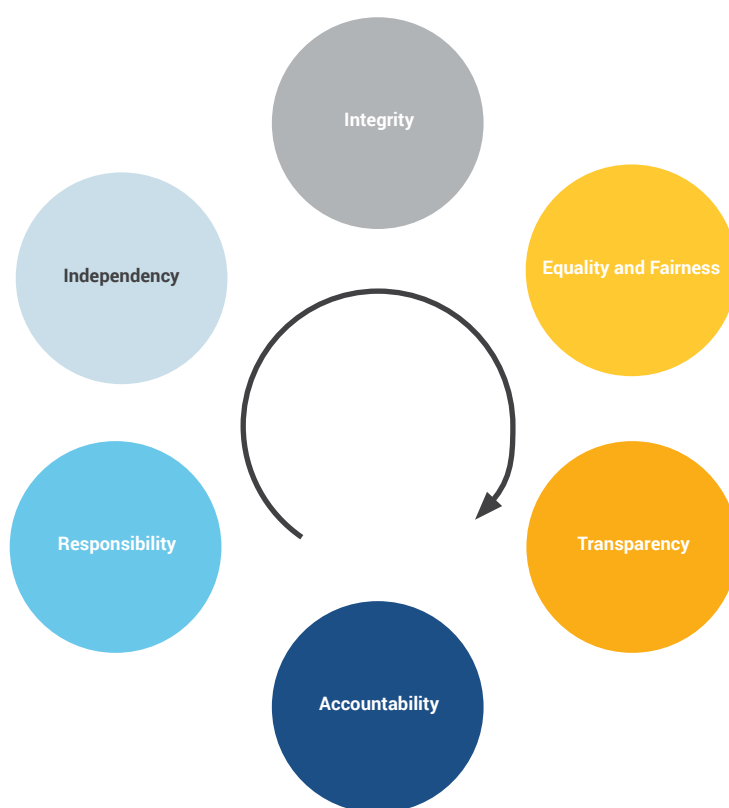
MUF will implement a strong risk management system by conducting a thorough analysis of the financial capacity of each prospective customer and requiring a minimum payment of advances according to the applicable regulations.

Good Corporate Governance

Governance Structure

Within the governance framework of Mandiri Utama Finance (MUF), there is segregation of duties between the organs of the shareholders at the General Meeting of Shareholders (RUPS), the Board of Commissioners (BOC) and Board of Directors (BOD). Each of these organs is the main organ that defines, control, and

is responsible for the implementation of governance in MUF. In carrying out operational activities, MUF applies the five principles of GCG and one additional basic principles of Integrity as good corporate governance.



The implementation of good corporate governance (GCG) in MUF is implemented through compliance, internal audit function and risk management as well as the principal policy-making GCG implementation, such as:

1. Code of conduct,
2. Anti-fraud strategy,
3. Anti-Money Laundering and Financing of Terrorism (AML PPT) Policy,

4. Preparation of Corporate Website and Consumer Protection Policy as Product Transparency,
5. Commitment fulfillment through the preparation of the Budget, Implementation and Monitoring of the Corporate Social Responsibility (CRS) program.

Implementation of Compliance Function

In its early years, the compliance function in MUF run by each division and has not become an independent unit. To improve the application of the compliance function at the Annual RUPS 2016 will be established compliance functions in particular are under Director in line with the Regulation of the Financial Services Authority (POJK) No. 30/POJK.05/2014 about Good Corporate Governance of Finance Companies.

In general, the work unit Compliance function is to ensure compliance in order to support the decision-making process, business processes and relationships with all stakeholders in order to comply with the law, government regulations/relevant institutional and internal policies have been prepared. In order to carry out its duties and responsibilities, MUF will set up compliance programs in 2016, namely:

1. Aligning the company's Compliance and Corporate Governance Policies with Bank Mandiri Integrated Corporate Governance Guidelines.
2. Applying 8 internal policies based on the new regulations, including:
 - a) OJK Circular No. 13/SEOJK.07/2014 on Standard Agreement;
 - b) POJK No. 1/POJK.07/2013 Protection of Consumer in Financial Services Sector;
 - c) POJK No. 29/POJK.05/2014 on the Operations of Financing Business;
 - d) POJK No. 30/POJK.05/2014 about Good Corporate Governance of Finance Companies;
 - e) POJK No. 18/POJK.03/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomerates;
 - f) Regulation of the Head of PPATK No. PER-02/1.02/PPATK/02/2015 on Categories of Service Users Potentially Committing Money Laundering.

Implementation of Internal Audit Function

In applying the Internal Audit function, MUF already has units of Internal Audit in 2015 under the President Director. Internal Audit Division reported the audit results in the form of audit reports (Audit Report) to the President Director, the BOC through the Audit Committee and the Internal Audit Directorate of Bank Mandiri as the Integrated Internal Audit.

Implementation of priority tasks have been carried out risk based, among others, by considering the business growth target for the current year, organizational change, and the results of the previous Audit Report. In addition to carrying out regular audits, Internal Audit also helps management to conduct a review of an activity deemed necessary by the management and

also perform consultancy to improve the effectiveness of internal control, such as recommendation on preparation or update of the Company's internal policies. Internal Audit also monitors and updates on the follow-up results of the internal and external audit.

To ensure that the implementation of the activities of the Internal Audit and Other activities carried out at a reasonable standard, it has prepared the internal audit charter in 2010. The charter has been updated to the Internal Audit Charter No.S.10.1 guidelines applicable since November 20, 2015 so that it meets the needs of integrated Internal Audit within Bank Mandiri Group pursuant POJK No. 18 of 2014.

External Audit

The decision of the BOC in 2015, as outlined in the minutes of the board meeting, approved the appointment Purwantono, Suherman & Surja –

member of Ernst & Young Global – to audit the financial statements for the fiscal year ending on December 31, 2015.

Application of Risk Management

Common reference based on the risk management as specified under OJK regulations include:

1. POJK No. 1/POJK.05/2015 on Risk Management for Non-Bank Financial Services Institutions;
2. POJK No. 17/POJK.03/2014 on the Implementation of Integrated Risk Management for Financial Conglomerates; and
3. POJK No. 18/POJK.03/2014 on the Implementation of Integrated Corporate Governance for Financial Conglomerates.

All three of the above rules serve as a general reference in the application of risk management in the MUF and typically refers to the Bank's risk management policies as the Parent Company.

One of the key bases is the availability of risk management policies, procedures and methodology of risk management so that business operations can still be controlled MUF at the limit of acceptable and favorable MUF. The risk management process is implemented through a risk management framework and follows a risk management process is the identification, measurement, monitoring and risk control.

Enterprise Risk Management (ERM)

ERM in the MUF is done by integrating risk management into the business processes of the Company. Application of risk management in accordance with the concept of ERM in the business

processes implemented in defining a strategy and business planning, product development and new business, determination of pricing and business performance measurement.

Policies, Procedures and Limit Setting

MUF constantly evaluating the Policy, Procedure Standards and Technical Guidelines are conducted regularly. MUF constantly conducts –review on new regulations issued by the regulator and applying it in accordance with the mandate contained in the regulation. In addition, the Risk Management Work Unit or associated Division (user) can propose a policy to protect the MUF of the risks that may occur.

MUF conducted by the Risk Management Committee (KPR) which is one of its tasks is the provision Approve operational and business transaction limit for employees and officials who composed Director as Chairman of the Committee and the entire BOD.

Establishment of limits on a business process in

Risk Management Process

Risk management is carried out on a wide corporate level, to the level of both the transactional and operational at the portfolio level. The process of risk management is a dynamic process, and is routinely compared with industry best practices and regulations that apply to customized and updated if necessary.

Implementation of risk management is done in a circuit consisting of risk identification, risk measurement, risk monitoring and risk control. Risk management information system generates reports on risk exposures, compliance implementation of risk management policies and procedures than arranged, and adherence to limits. The report submitted periodically to the Board which oversees the Risk Management function and the Risk Management Committee. Decision-making in the MUF should consider the impact on the consolidated risk with the Bank Group as a whole. Risk classification at MUF is as follows:

1. Market Risk
2. Liquidity Risk
3. Financing Risk

4. Operational Risk
5. Legal Risk
6. Credit Risk
7. Strategic Risk
8. Compliance Risk
9. Intragroup Risk
10. Reputation Risk
11. Insurance Risk

Evaluation of the effectiveness of the risk management system is carried out both internally and externally. Internally, the evaluation of the effectiveness of the risk management system MUF conducted by the Risk Committee and Governance as a form of active supervision of the BOC. In addition, internal monitoring carried out by the Internal Audit is one of their duties to evaluate and review the effectiveness of the risk management system. Meanwhile, the external evaluation can be done by the Bank and/or the External Audit that one focus of the audit related to the effectiveness of the risk management system in MUF.

Intragroup Transaction Policies and Transactions with Conflict of Interest

MUF has had a policy related to conflict of interest. In carrying out its duties and responsibilities, each individual shall prioritize the economic interest MUF above personal economic interest or family, or other parties. Each individual is prohibited abuse of office which aims to interest or personal gain, family, and others.

Besides, in relation to the Company's proprietary policy, MUF has a policy that the company is obliged to prioritize the interests of the debtor.



Company Profile

PT Mandiri Capital Indonesia (MCI) is a company engaged in venture capital business, incorporated in the Republic of Indonesia on June 26, 2015. To undertake its business, MCI has obtained permit for conducting venture capital business through a letter dated November 10, 2015 from the Financial Services

Authority (OJK) under document number: No. SR-6035/NB.111/2015. The shareholders of MCI are PT Bank Mandiri (Persero) Tbk holding 99% of the ownership and PT Mandiri Sekuritas holding the remaining 1%.

Company Products

PT Mandiri Capital Indonesia offers innovative products for start-up companies and developing companies in the form of equity participation, quasi-

equity participation, profit/revenue sharing and other forms of financing in the context of venture capital.

Board of Commissioners and Board of Directors

Board of Commissioners

Chief Commissioner : Joseph Georgino Godong
Commissioner : Rahmat Broto Triaji

Board of Directors

President Director : Mardianto Eddi.
Director : Danusaputro
: Hira Laksamana

Company Address

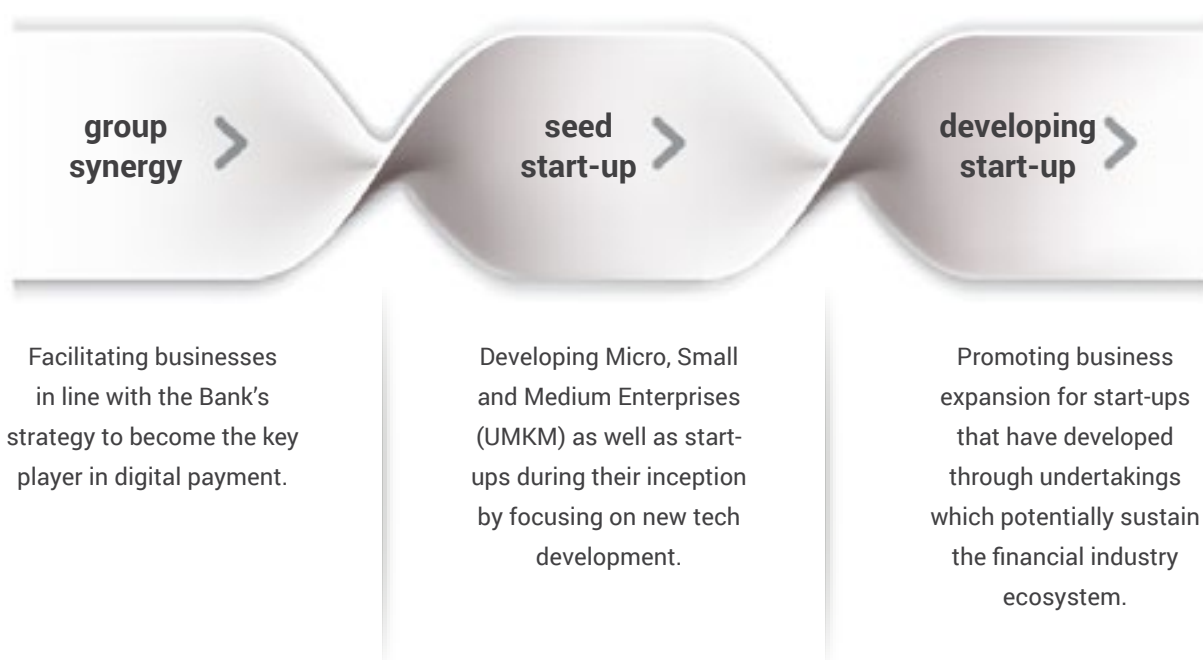
Head Office

Plaza Bapindo – Menara Mandiri Floor 20
Jl. Jend. Sudirman Kav. 54-55, Jakarta 12190
Phone : (62-21) 5266661
Fax : (62-21) 5266669
Website : www.mandiri-capital.co.id

Work Plan and Strategy for 2016

The incorporation of new companies, particularly start-ups, grows rapidly in the last few years. To seize this opportunity, Mandiri Capital as a venture capital

as part of Mandiri Group has created strategies for the fiscal year 2016 focusing on the following activities:



In conducting its business, MCI has value propositions as follows:

- **Equity Participation**, namely capital support Mandiri Capital provides to potential businesses, particularly companies focusing on financial technology.
- **Expert Advice**, namely mentoring activity for entrepreneurs in relation to business management and sharing of constructive ideas and advice for entrepreneurs in developing their business.
- **Connection to Market**, namely provision of access for companies to Mandiri Group networks and millions of Mandiri Group customers.

12




Best Mutual Fund in 2015 for the category Fixed Income with Average Highest Return in a Five Year Period through "Mandiri Investa Dana Utama" at the Investor- Infovesta Best Mutual Fund Awards 2015.



Indonesia Middle Class Brand Champion - Consumer Choice Award 2015 for Mutual Fund from SWA Magazine & Inventure Indonesia

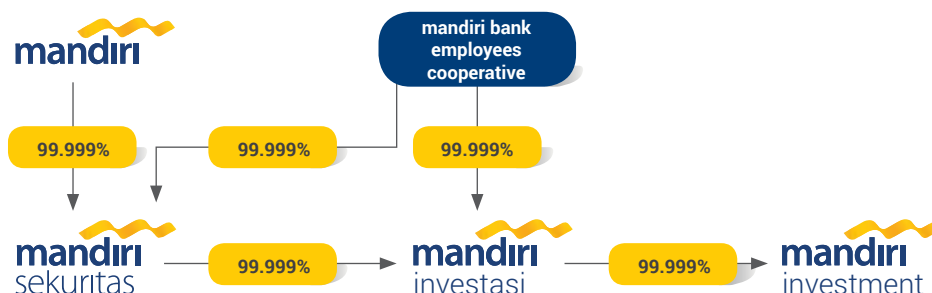


Best Mutual Fund in 2015 for the category Moderate Type for a One Year Period through "Reksa Dana Mandiri Aktif" in Investor-Infovesta Best Mutual Fund Awards 2015.

Company Profile

PT Mandiri Manajemen Investasi (Mandiri Investasi) is an investment management firm engaged in the business of investment manager and investment advisor. Mandiri Investasi commenced its operations back in 1993, as part of PT Mandiri Sekuritas. Then, in 2004 Mandiri Investasi was established as a legal entity resulted from the spin-off of PT Mandiri Sekuritas' investment management business. The shareholders include PT Mandiri Sekuritas at 99.9%

and Bank Mandiri Employee Cooperative at 0.1%. In anticipating the competition in the industry as one of its unique propositions, in August 2013 Mandiri Investasi expanded its business by establishing a subsidiary, Mandiri Investment Pte. Ltd. in Singapore to be able to access global markets and to attract international investors to invest in Indonesia



As part of the group of PT Bank Mandiri (Persero) Tbk., Mandiri Investasi has become a leading national investment management company in Indonesia with a wide range of experience in the field of fund management and investment portfolio. Currently Mandiri Investasi also has a special business unit to handle alternative investment and also coupled with

the presence of Mandiri Investment in Singapore, making Mandiri Investasi as an investment manager that is complete and ready to face competition both locally and regionally. This is also supported by the Mandiri Investasi's commitment to constantly develop innovative products that are in line with industry developments and regulations.

Company Product

Mandiri Investasi has become the leading investment management company in Indonesia and offers a range of products and services. The company provides fund management services in the form of Money Market, Fixed Income, Mixed, Equity and Protected Mutual Funds, Limited Investment Mutual Fund, Discretionary Funds, and investment advisory services.

As of the end of 2015, Mandiri Investasi managed 71 mutual fund products, including 11 equity, 4 mixed, 11 fixed income, 5 money market, 40 protected mutual

funds, 4 limited participation funds and 18 individual fund management contracts. Especially for Protected Fund, Mandiri Investasi has been actively expanding denominated in US dollars with an additional warrant in the structure of mutual funds. The aim is to provide alternative investment solutions in the US Dollar to investors with appetite for US Dollar. In 2015, Mandiri Investasi successfully issued 2 Protected Fund with US Dollar denominated this.

Board of Commissioners and Board of Directors

Board of Commissioners

President Commissioner : Anton Hermanto Gunawan
 Commissioner : Destry Damayanti *)
 Commissioner : Elina Wirjakusuma

*) Ms. Destry Damayanti resigned on December 28, 2015, due to her new assignment

Board of Directors

President Director : Muhammad Hanif
 Director : Ferry Indra Zen
 Director : Endang Astharanti

Company Address

PT Mandiri Manajemen Investasi
 Plaza Mandiri, Floor 29
 Jl. Jendral Gatot Subroto Kav. 36-38
 Jakarta 12190, Indonesia
 Phone : (62-21) 526 3505

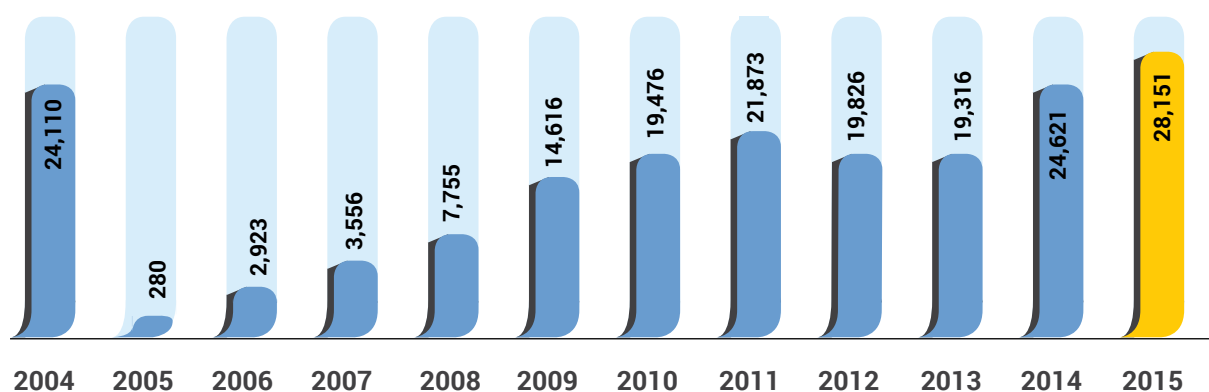
Fax : (62-21) 526 3506
 Email : info@mandiri-investasi.co.id
 Website : www.mandiri-investasi.co.id

Company Performance

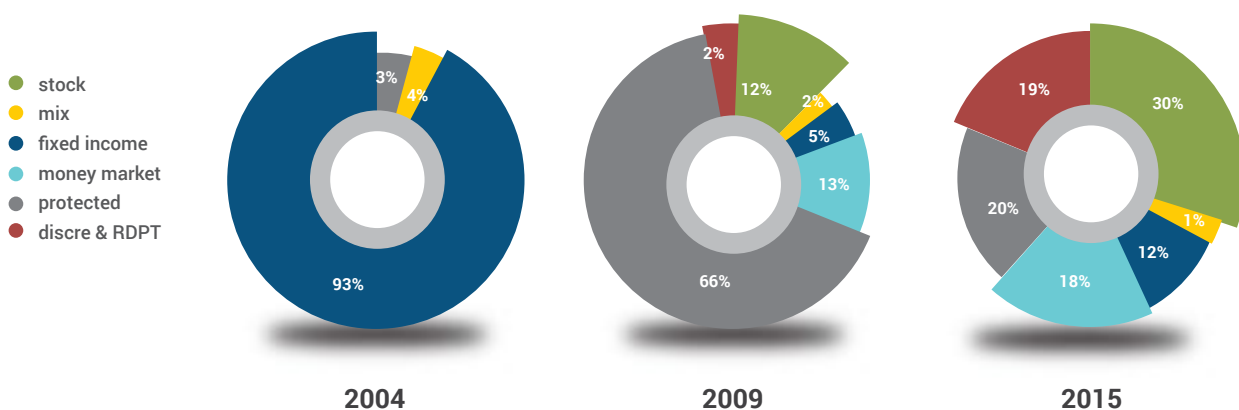
Since 2005, Mandiri Investasi has managed to increase Assets Under Management (AUM) of the original Mutual Fund amounting to Rp280 billion in 2005 to Rp28,151 trillion (AUM highest ever achieved since the establishment of Mandiri Investasi) in late 2015 and finished in third place AUM Mutual Fund Industry's Largest National Investment Fund with a market share of 8.5%. Mandiri Investasi also

continues to transform the composition of the asset class mutual funds from the previous majority in the Fixed Income Fund became the majority in the Equity Fund. Currently the composition of mutual fund asset class of Mandiri Investasi has been in a balanced and equitable position for each asset class.

AUM Development at Mandiri Investasi (IDR billion)



Change of Asset Class Composition with Mandiri Investasi Mutual Funds



The year 2015 was very challenging for the mutual fund industry in general. Global factors, namely the planned increase in The Fed's Rate affects the entire global investment activity throughout 2015, and the effects have a negative impact on the Indonesian market. This occurs because of the reversal of investment flows out of Indonesia and emerging markets to the US market. From within the country, the issue of the slow realization of the budget and again not reaching state revenues also contributed to negative sentiment to the Indonesian capital market. The combination of negative sentiment that occurred from abroad and within the country resulted in stock market performance in 2015 is reflected in the

movement of the Composite Stock Price Index was -12.13% (minus 12.13%). Indonesian capital market movement negative can be used as a barometer of the mutual fund industry in 2015.

Of the Company's financial performance, in 2015 Mandiri Investasi recorded a Consolidated Net Profit amounted IDR 11,1 billion ratios Return on Equity (ROE) of 12.8% Mandiri Investasi and capital adequacy ratio (adjusted net working capital or MKBD, which is an indicator of the health of the investment management company) amounting to IDR 71 billion.

Financial Performance

Mandiri Investasi's financial performance is briefly explained in the following summary of financial statements:

Financial Position (IDR billion)

Key Indicator	2012	2013	2014	2015
Assets	107	141	153	151
Liabilities	28	45	33	27
Equity	79	96	120	124

Profit Loss Statement (IDR billion)

Key Indicator	2012	2013	2014	2015
Revenue	161	185	192	175
Expense	127	149	147	164
Net Income	24	25	31	11

Good Corporate Governance

Governance Structure

Within the governance framework of Mandiri Manajemen Investasi, there is segregation of duties between the organs of the shareholders at the General Meeting of Shareholders (RUPS), supervisory duties by the Board of Commissioners (BOC) and company management by the Board of Directors (BOD). The BOC is assisted by such committees as the Audit Committee, Remuneration Committee and Corporate Governance Committee. Meanwhile, the BOD has formed several committees to assist the performance

of its duties including the Risk Committee, Product Committee, Executive Committee, Investment Committee and Customer Identification Unit.

Currently, Mandiri Manajemen Investasi is finalizing the Code of Corporate Governance which is expected to further encourage the adoption of good corporate governance (GCG) in the company on a viable basis. The GCG policies support system existing in the company includes, among others, the Whistle-blowing

Implementation of Compliance Function

In order to promote compliance with the applicable regulations, Mandiri Manajemen Investasi has established a Compliance Unit. This is done given that the aspect of non-compliance can pose risks that are financial in nature, such as fines, and also non-financial ones, such as a written warning to revoking the business license.

The duties and functions of Compliance cover the following aspects:

1. Ensuring compliance with the Investment Manager to the legislation;
2. Acting as the liaison officer with the Financial Services Authority (OJK);
3. Developing a compliance strategy;
4. Updating compliance strategy, in the event of:
 - a) changes and/or additions to the activities of the Investment Manager; and/or
 - b) publication of new regulations and/or amendments to Regulation of the OJK (POJK) or other relevant regulations;
5. Distributing and disseminating manual, policies, procedures, and other information associated with compliance to the relevant parties within the Investment Manager environment;
6. Supervising and ensuring the implementation of a business continuity plan in accordance with the policies established by the company;
7. Ensuring employee training and education related to compliance;
8. Preparing and submitting an annual work plan of compliance to the BOC that includes activities and schedule of implementation of the activities of the compliance function;
9. Preparing and submitting semi-annual reports and annual report on the implementation of the compliance function to the BOC; and
10. Submitting incidental report to the BOC in the event of finding any alleged violation of laws and regulations in the capital market conducted by the Investment Manager and/or customers no later than two (2) working days after the discovery of the alleged violation.

Implementation of Internal Audit Function

Duties and functions of Mandiri Manajemen Investasi Internal Audit are to assist the BOC and BOD by elaborating the operational aspects of the planning, implementation and monitoring of the audit results.

In doing so, Internal Audit makes an analysis and provides recommendations by providing assurance and consulting services. melalui pemberian jasa *assurance dan consulting*.

Application of Risk Management

Duties and functions of Mandiri Manajemen Investasi Risk Management include:

1. Preparing risk management strategy;
2. Updating risk management strategy in the event of:
 - a) changes and/or additions to the activities of the Investment Manager; and/or
 - b) publication of new regulations and/or amendments to Regulation of the OJK (POJK) or other relevant regulations;
3. Monitoring and regularly examining the implementation of risk management strategies through:
 - identification of all the risks that may arise in the activities of the Investment Manager;
 - explanation of the causes behind the emergence of such risks;
 - identification of the possibility of such risks;
 - explanation of the implications of the occurrence of such risks; and
 - the steps that must be taken if such risks occur.
4. monitoring risk positions both overall and per type of risk;
5. implementing Risk Management in an effective manner according to the size and complexity of operations and the ability of the Investment Manager.

Intragroup Transaction Policies and Transactions with Conflict of Interest

Total intragroup transactions up to Q3 2015 amounted IDR 5,038.86 million consisting of sharing fee and joint

marketing activities and such transactions have no conflict of interest.



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Management Discussion and Analysis

industry overview

Global Economy

Closing the end of 2015, the Federal Reserve (The Fed) of the United States eventually raised its benchmark interest rate (Fed rate) for the first time in almost a decade by 0.25%. The Fed's assessment that US economic growth will improve will in turn drive global demand up, given that the global economic problems were caused by plummeting commodity prices due to the weakened developing economies. Improvements in developed countries such as the United States and European countries would promote more dynamic international trade.

At the end of 2015, the Federal Reserve (The Fed) of the United States eventually raised its benchmark interest rate (Fed rate) for the first time in almost a decade by 0.25%. The Fed is optimistic on the prospects for US economic recovery in 2016. Although such a move would encourage refinancing and push up house prices and the cost of auto loans in the US, the Fed reported that there were considerable improvements in the US labor market. Positive US jobs data showed the unemployment rate declined to 5.0% by the end of 2015. It was the lowest since April 2008.

The US economic recovery took place when global economy has not fully recovered. The weakening economy still occurs in developing countries, especially in Asia. This is due to a significant decline in commodity prices, continued weak capital flows to developing countries as well as pressure on the currencies of developing countries proved to be the external challenges, particularly for commodity exporting countries, such as Brazil, Russia and Indonesia. With the development of the world economy today, the IMF even forecast in 2016 the economic growth of Brazil and Russia will each experience contraction of 3.5% and 1.0% respectively.

Meanwhile, China's economic growth slowed in Q4 15 amounted to 6.8% (YoY) and lower than the previous quarter by 6.9% (YoY). Throughout 2015, the Chinese economy slowed to 6.9% (YoY), or the lowest growth rate since the last 25 years. The People's Bank of China (PBoC) then decided to lower the interest rate to 4.35%. The IMF also estimated that China's economic slowdown will continue into 2016 and 2017, each of which is estimated at 6.3% and 6.0%.

From the Eurozone, the President of the European Central Bank (ECB), Mario Draghi, said the turmoil in financial markets and fears of economic conditions of China and other developing countries will prompt the ECB to re-examine its monetary policy. These conditions provide a signal about the prospect of monetary stimulus from the ECB. To cope with the economic downturn and low inflation in the European region, in December 2015 the ECB cut back interest rate of minus 0.20% to minus 0.30%. This step was taken in order to generate positive added value for business activity and increased consumption in Europe.

Until the end of 2015, the countries in the world still continue to make economic recovery with different policies in each country. Bank Indonesia (BI) predicted global economic growth in 2016 stood at 3.8% after recent time is under 3.5%. Improved world economic growth in 2016 is estimated to improving economic conditions in Europe. Domestic demand rose, their expansive manufacturing and quantitative easing, although it is not fully in line with expectations

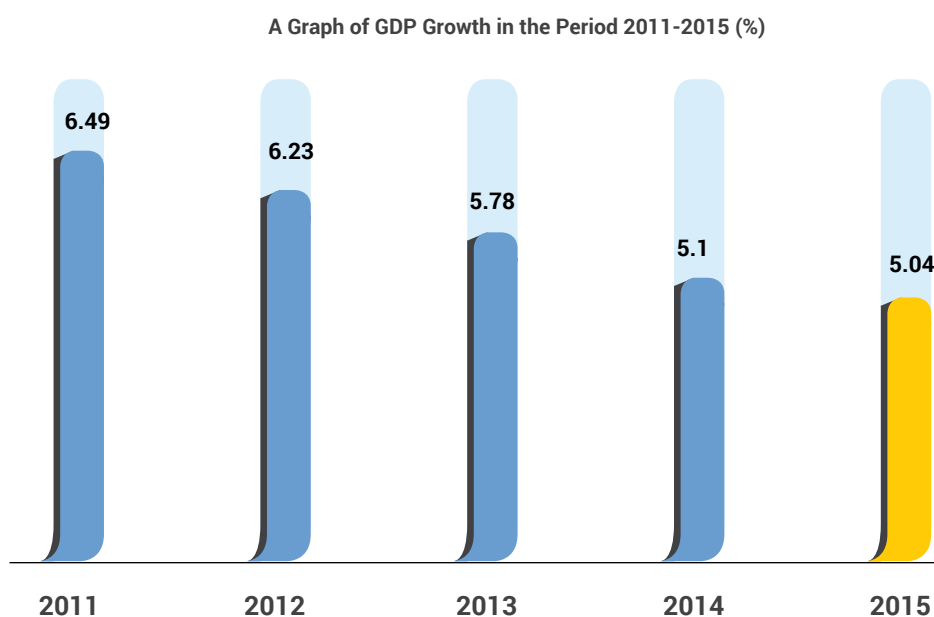
of market participants. On the other hand, the assessment of the Fed that the US economy will improve, will drive global demand, considering the causes of the problems is the low global commodity prices as the economy weakened in the developed countries. Improvements in developed countries like the US and Europe is expected to drive international trade becomes more dynamic.

National Economy

Gross Domestic Product

In the midst of global economic slowdown continued to take place throughout 2015, the country's GDP increased 5.04%. This figure has increased compared to the 3Q15 grew 4.74% and better than economists forecast of 4.8%. On the production side, growth was driven by almost any field of business with the highest growth of insurance and financial services grew 12.5%. On the expenditure side the highest growth achieved

by LNPRT Component Consumption Expenditure (8.3%) and the Government Expenditure Components (7.3%). Meanwhile, if the Indonesian economic growth seen throughout 2015, Indonesia's economy grew 4.79%. On the production side, the highest growth sectors of information and communication by 10.1%, while expenditure contributed by Government Consumption of 5.4%.



Exchange Rates

Rupiah strengthened in December 2015, along with a decrease uncertainty in global financial markets. The decline happened amid uncertainty in global financial markets after the Fed decided to raise the Fed Funds Rate at December 17, 2015. It encouraged the return of foreign capital inflows into government securities market. On average rupiah weakened in 2015, to a

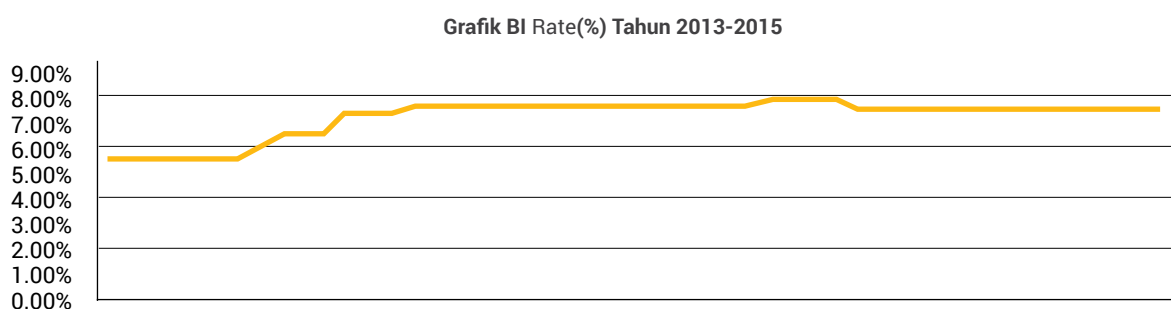
level of IDR 13,397 per US dollar compared with the average of IDR 11,863 per US dollar in 2014. Looking ahead, Bank Indonesia will continue to be aware of global developments, in particular the development of Chinese economy and commodity prices, while maintaining the stability of the exchange rate in accordance with its fundamental.

Benchmark Interest Rate (BI Rate)

Even though The Fed raised The Fed's Rate 0.25% in December 2015, Bank Indonesia decided to maintain the BI Rate in the level of 7.50% which has been stable since February 2015, with Deposit Facility interest rate of 5.50% and Lending Facility at 8.00%. Bank Indonesia will keep looking at global financial markets closely following the increased Fed Rate and domestic economic conditions in the long run. The progress of The Fed's interest rate in the upcoming

years will be one of several factors the central bank (BI) consider regarding monetary easing which, inter alia, include the possibility of reducing BI rate, the Minimum Statutory Reserve (GWM) and LTV (Loan to Value).

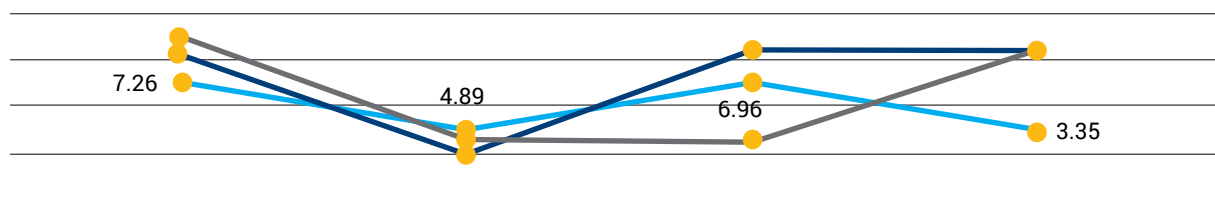
Below is the development of BI rate during the period 2013-2015:



Inflation

Prior to the end of 2015 inflation rate was slowing down. After being in the range of 6% -7% up to October 2015, Indonesia's inflation in December 2015 was recorded at 3.35% (YoY). The rate was much lower than in 2014 which amounted to 8.36% (YoY). The inflation numbers are also within the range of the inflation target set by BI 2015 is equal to $4 \pm 1\%$

(YoY). Achievement of these targets was possible as the government attempted to keep the price of fuel oil (BBM) in check and strictly monitored the prices of basic commodities. Going forward, inflation will be kept at the predetermined inflation target, which is equal to $4 \pm 1\%$ in 2016-2017 and $3.5 \pm 1\%$ in 2018.



Inflation Rate for the Period 2013-2015 (%)

Source: www.bi.go.id

		inflasi tertinggi	inflasi terendah	inflasi awal tahun	inflasi akhir tahun
—	2013	8.79	4.57	4.57	8.38
—	2014	8.36	3.99	8.22	8.36
—	2015	7.26	4.89	6.96	3.35

Stability of Banking Industry in 2015

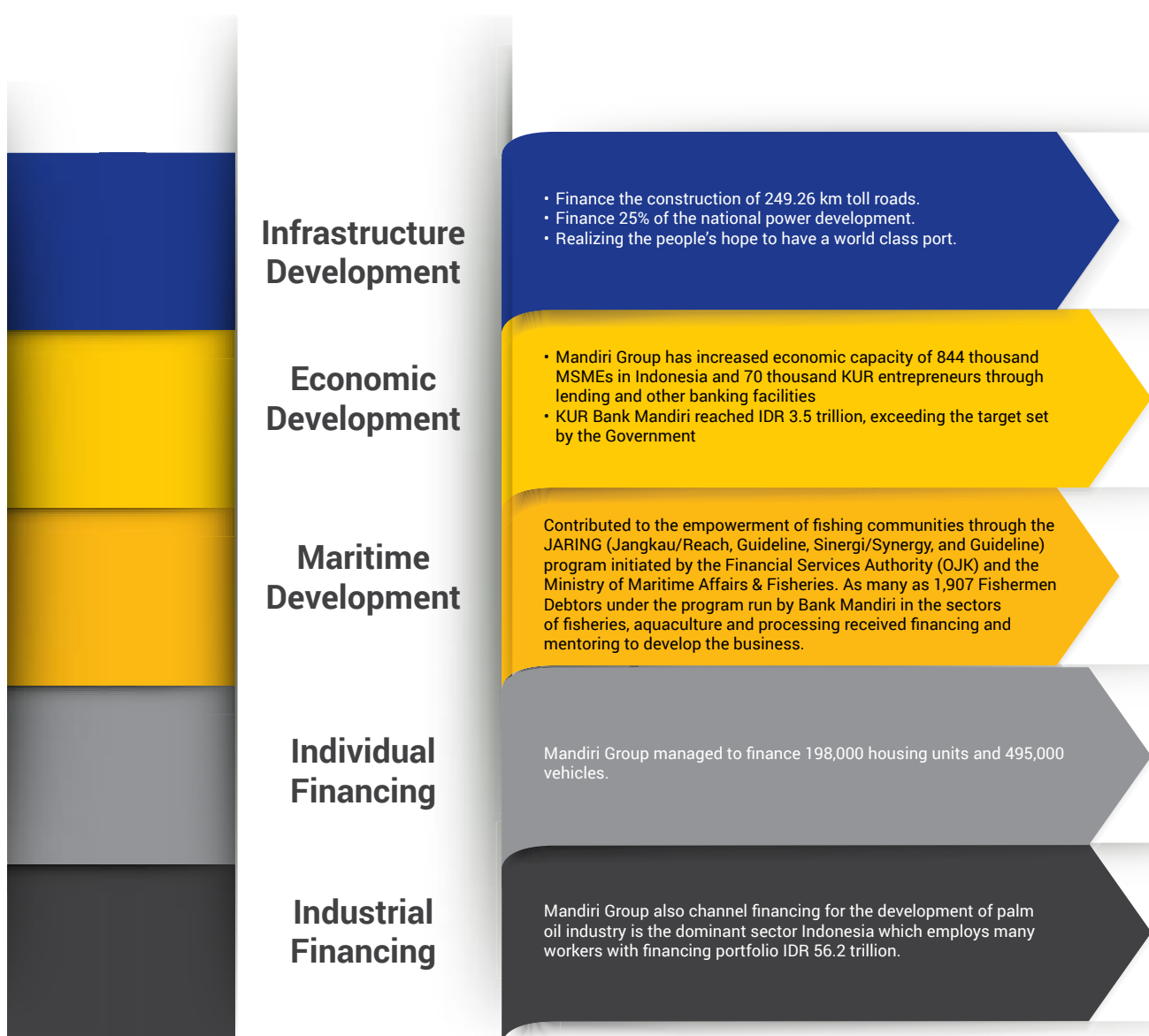
Estimated loan growth in banking industry is predicted to reach 13.3% (YoY) with the growth of DPK adding up to 15.2% (YoY). Until December 2015, the loan growth in banking sector was recorded 10.44% (YoY), lower than the year 2014 which saw loan growth reaching 11.6%. The growth of assets and DPK also slowed down throughout 2015. Until December 2015 banking assets grew by 9.2% (YoY), slower than the growth posted in 2014 at 13.3% (YoY). During the same period, the growth of DPK also lost pace from 12.3% in December 2014 to 7.3% per December 2015. The decline of some banking performance indicators was caused by slowdown in the global and national economic growth, normalization of monetary policy by The Federal Reserve (The Fed) and the weakening commodity prices in the global markets.

In spite of the sluggish growth, generally Indonesian banking industry remained solid, supported by the resilience of its banking system and relatively composed performance of the financial market. The banking industry remains resilient with credit, liquidity and market risks under control. In December 2015, the capital adequacy ratio (CAR) remained strong at 21.4%, far above the minimum provision of 8%. In the meantime, the ratio of non-performing loan (NPL) stayed low at the level of 2.49% (gross).

Bank Mandiri's Role in National Development

Bank Mandiri continues to grow into one of the banks that aim to build an independent Indonesia. This is reflected in Bank Mandiri contribution to the lives of people and communities through financing

to productive sectors and consumption, including supporting the development of financial inclusion in Indonesia. Here is the Bank's participation in national development throughout 2015, including:



Bank Mandiri's Role in National Banking

In the midst of the instability of the national economy and tough competition in the banking industry, Bank Mandiri as one of the banks in Indonesia which has a good reputation and reliable always set up various measures to cope with any economic changes that occur. Such steps as a form of anticipation for ensuring the Bank continue to grow in a healthy and sustainable. Bank Mandiri continues to maintain asset quality with NPL workshop, proactively handle debtors included in the watchlist category, as well as the restructuring of credit for borrowers in difficulty.

Bank Mandiri is also selective in lending while maintaining suitable growth target business plan, quality of potential borrowers and conditions of the business sector as well as control costs through budget prioritization according to business needs.

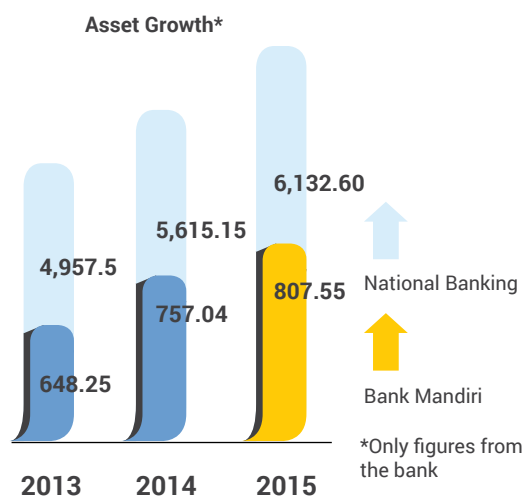
In the national banking industry, Bank Mandiri made various improvements to participate in developing the national banking industry. Bank Mandiri's performance growth against the national banking industry is summarized below:

Bank Mandiri

In 2015 the Bank's assets reached IDR 807.55 trillion, an increase of 6.7% compared to 2014 amounting to IDR 757.04 trillion. The increase was primarily influenced by the total loans disbursed

National Banking

National banking assets grew by 9.3% from IDR 5,615.15 trillion recorded in 2014 to IDR 6,132.60 trillion in 2015.

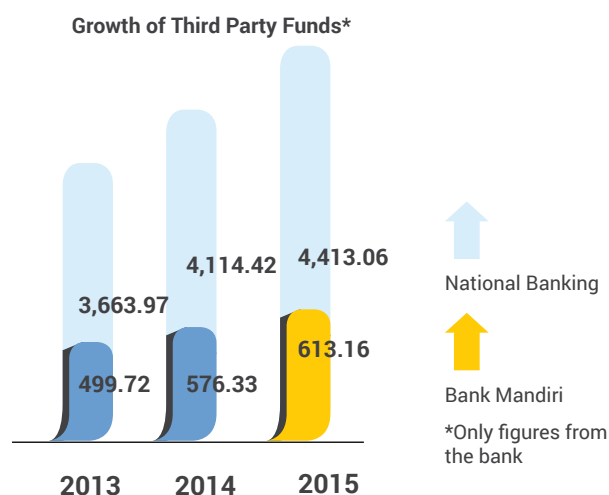


Bank Mandiri

Customer deposits (Third Party Funds) in 2015 reached IDR 613.16 trillion, or increased 6.4% compared to the year 2014's IDR 576.33 trillion.

National Banking

Third Party Funds with national banks increased 7.3% from IDR 4,114.42 trillion in 2014 to IDR 4,413.06 trillion in 2015.

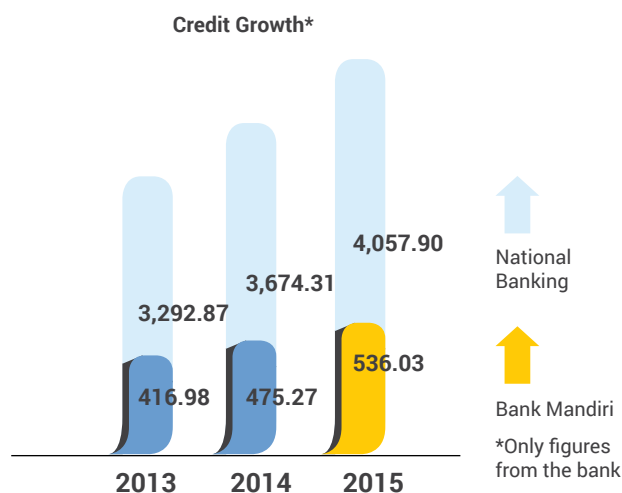


Bank Mandiri

In 2015, total loan disbursement by Bank Mandiri added up to IDR 536.03 trillion, an increase of 12.8% compared to 2014's IDR 475.27 trillion. The increase was due to credit disbursement in retail segment, particularly at the micro and business banking.

National Banking

National bank lending increased by 9.84% from IDR 3,674.31 trillion posted in 2014 to IDR 4,057.90 trillion in 2015.

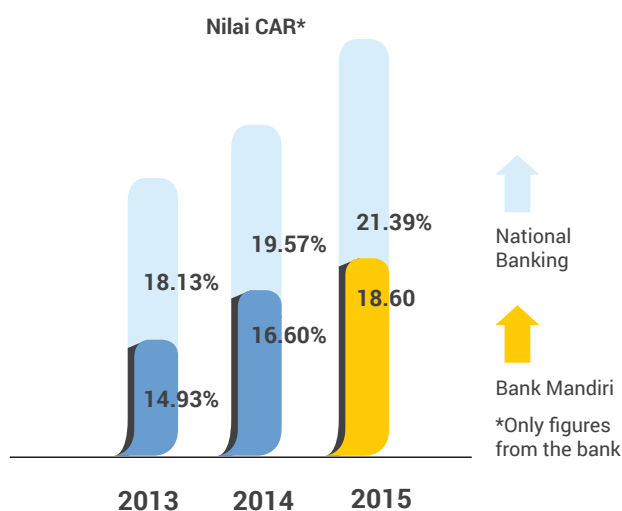


Bank Mandiri

Bank Mandiri's CAR in 2015 stood at 18.60%, an increase of 16.60% from 2014.

National Banking

The CAR of national banks grew from 19.57% in 2014 to 21.39% in 2015.

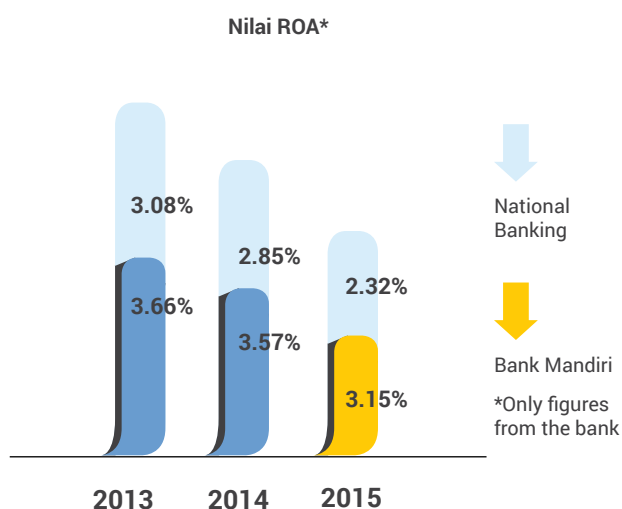


Bank Mandiri

The ratio of Bank Mandiri's ROA declined from 3.57% in 2014 to 3.15% in 2015.

National Banking

The ratio of Bank Mandiri's ROA declined from 2.85% in 2014 to 2.32% in 2015.

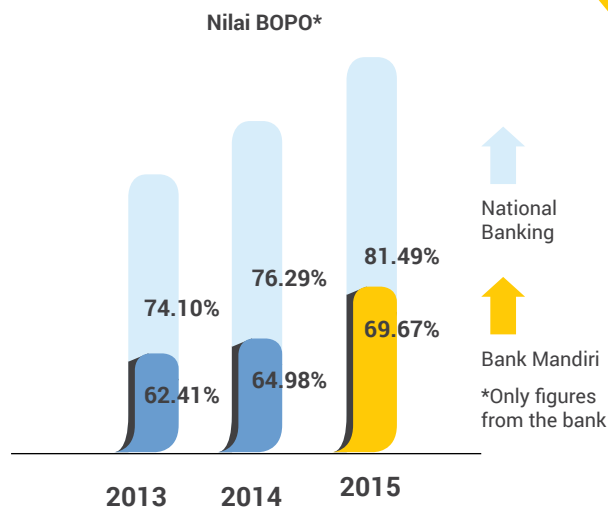


Bank Mandiri

BOPO ratio in Bank Mandiri as of 2015 amounted to 69.67%, increasing from 2014's 64.98%.

National Banking

The ratio of BOPO with national banks increased from 76.29% in 2014 to 81.49% in 2015.

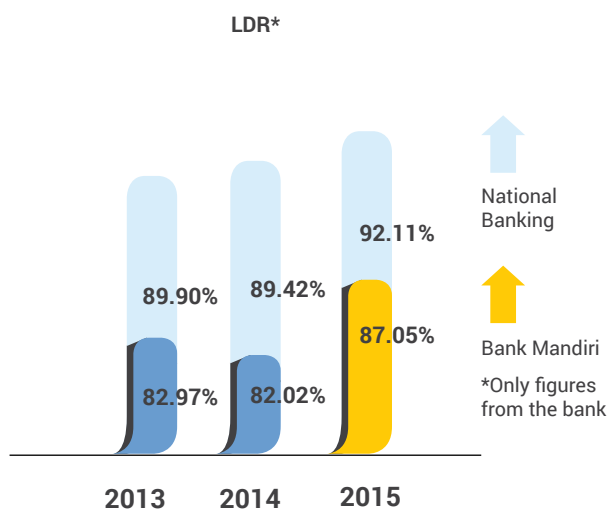


Bank Mandiri

The ratio of loans disbursed to the customer funds (LDR) of Bank Mandiri in 2015 reached 87.05% or increased from 82.02% booked in 2014.

National Banking

The ratio of loans disbursed to the customer funds (LDR) of Bank Mandiri in 2015 reached 92.11% or increased from 89.42% booked in 2014.

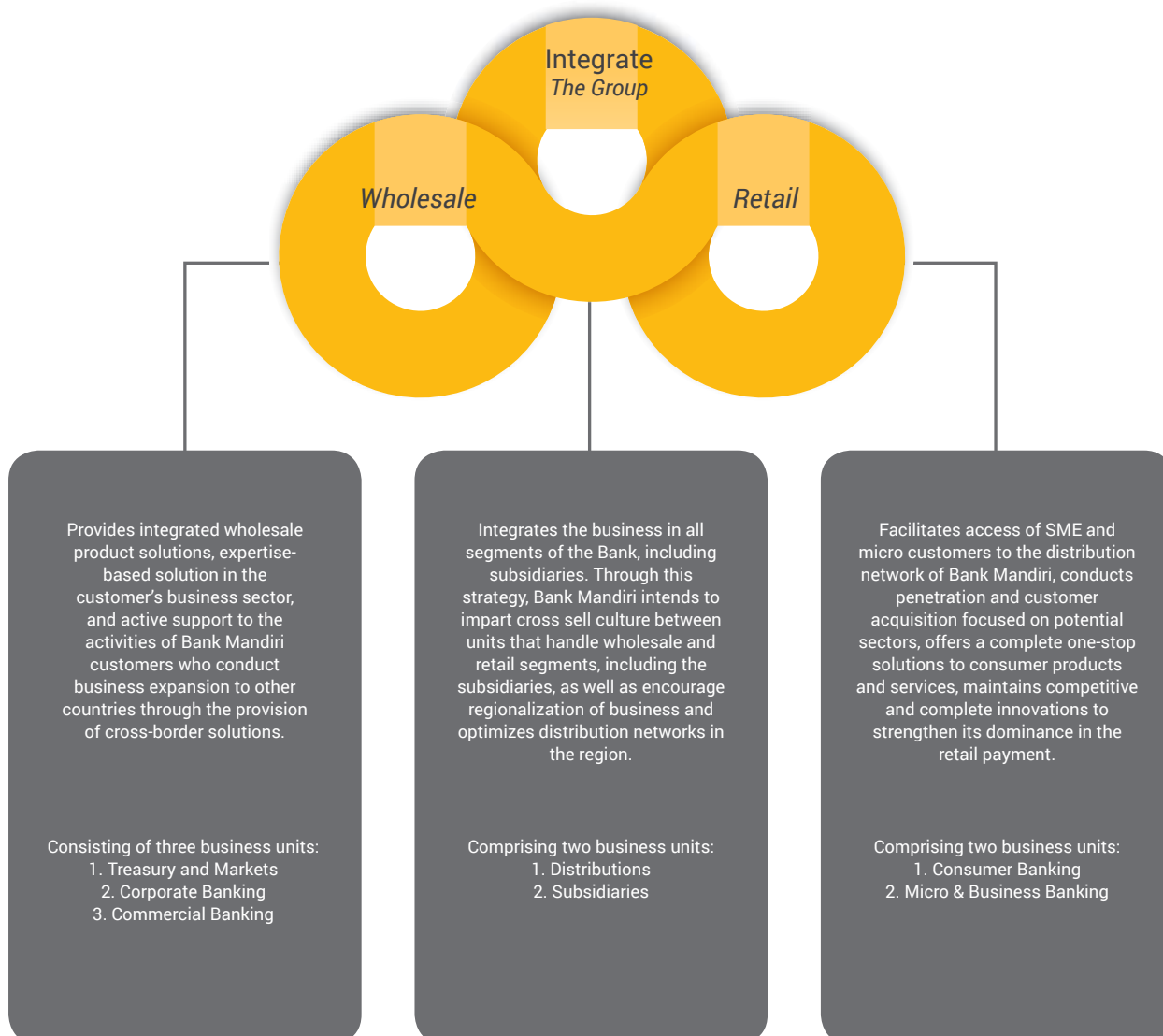


business review

Bank Mandiri is determined to be the best financial institution in ASEAN in terms of services, products, returns to shareholders and benefits enjoyed by the public at large. This is achieved by providing integrated services and products, technological advances-backed financial solutions provided based on in-depth understanding of the industry, quality

human resources and profound business synergies with the subsidiaries.

Initiating Phase III of Transformation during the period 2015-2020, the Bank's business segmentation is focused on three main areas, namely:





Wholesale

Treasury and Markets

A. Treasury

Treasury is responsible for conducting treasury activities including the management of treasury transaction positions bank-wide. Working units under Treasury includes Treasury Units at the Head Office, Regional Offices and Branches. Collectively, Treasury monitors activities associated with treasury in subsidiaries with regard to the provisions for management of the subsidiaries. Broadly speaking, the entire treasury activities are divided into two portfolio categories, i.e. trading book related to all the Bank's proprietary trading positions on financial instruments in balance sheet and administrative accounts to obtain short term profit, and banking book pertaining to all positions for optimum liquidity, asset and liability management of the Bank, and the fulfillment of capital aspects. Treasury products traded in the financial markets, both for trading book and banking book, consist of:

1. Foreign exchange products

Products offered based on the sale/purchase transactions made in cash or futures between two currencies with funds deposited according to the applicable agreement.

2. Money market products

Product offerings that are based on placement/borrowing transactions between banks in the short term, including buying/selling of securities and repo/reverse repo.

3. Securities products

Products of securities which include debt acknowledgment, draft, credit securities or derivatives, or other interests or obligations of the issuer in the form of generally traded instruments.

4. Derivative & structured products

Transactions which are based on a payment contract or agreement whose amount is obtained from the value of underlying derivatives, such as interest rates, exchange rates, commodities, equities, indices and combinations thereof, followed either by movement or non-movement of funds/derivatives, but excluding credit derivatives.

Treasury Development in 2015

Throughout the year 2015, Bank Mandiri implemented a number of strategies for Treasury development and marketing including:

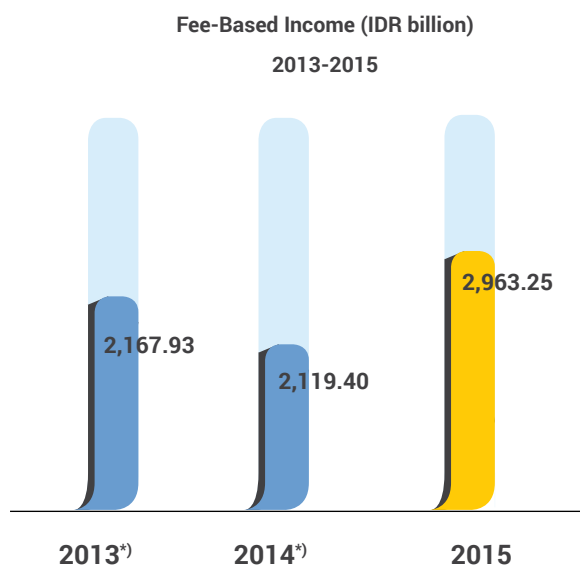
1. Issuing Negotiable Certificate of Deposits.
2. Developing a new Core System Treasury.
3. Developing FX Underlying Transaction Monitoring System.
4. Developing Mandiri Retail Bonds and transactions of retail bonds with customers.

5. Mandiri e-fx (Bank Mandiri's Electronic Trading Platform) to local and local government owned commercial banks (BPD).
6. Performing IRS trading.
7. Warehousing of securities in collaboration with Mandiri Sekuritas.

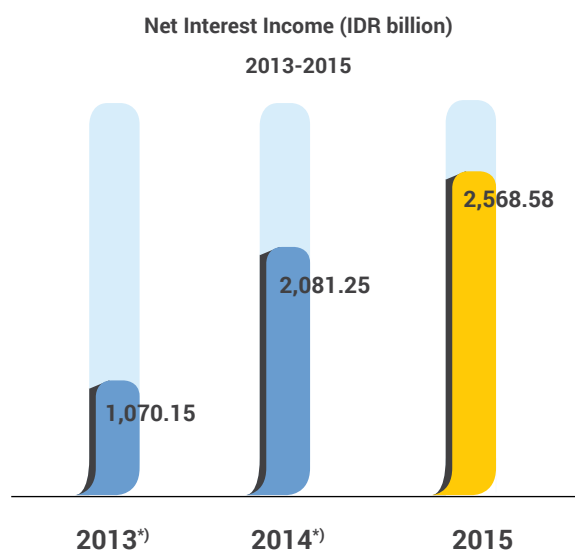
Treasury Performance in 2015

Sepanjang tahun 2015, Treasury Bank Mandiri berhasil meraih beberapa pencapaian diantaranya adalah:

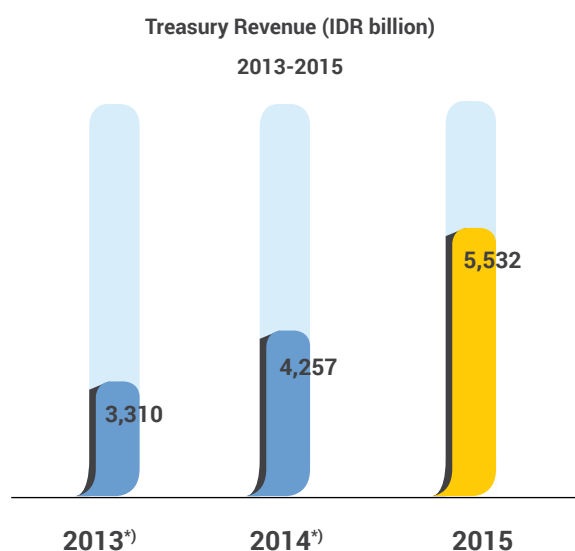
1. Receiving awards from several financial establishments abroad including:
 - Finance Asia : Best Foreign Exchange Bank in Indonesia 2015
 - Alpha South East Asia : Best Foreign Exchange Bank for Corporate & FI 2015
 - The Asset Triple A : Best in Treasury and Working Capital - SMEs 2015
 - Asia Money : Best for FX Research & Market Coverage 2015
 - The Corporate Treasurer : Best Bank in Indonesia 2015 (Treasury & Cash Management)
2. Fee-Based Income (FBI) from 2013 to 2015 averaged an increase of 18%, as shown below.



3. Net Interest Income (NII) continued to grow during the period 2013-2015 with an average increase of 58%.



4. Total revenue increased with an average of 29% from 2013 to 2015.



^{*)} Figures in the present is the result of resegmentasi accordance with changes in the organizational structure of the Company in January 2015



Treasury Profitability

Until the end of 2015, the Treasury managed to earn revenue of IDR 5,532 billion, with FBI totaling IDR

2,963 billion and NII IDR 2,569 billion, and posted IDR 5,205 billion in profit.

Work Plan and Strategy for 2016

By 2016, the Treasury will strengthen its core competency and optimize all the potential deals in the market. Bank Mandiri Treasury will also deepen the focus of its transactions with the customers for both foreign exchange and securities.

In addition to increasing plain vanilla transactions with the customers, to provide better services the Treasury formed a special unit called Treasury Solutions which will provide customized solutions to treasury transactions required by the customers, especially those related to derivative or hedging. Additionally,

the Treasury will expand money changer services at branches in 2016 from previously 101 Mandiri Money Changer (MMC) to 111.

Bank Mandiri Treasury will further enhance collaboration with all of its subsidiaries in an integrated manner to increase securities transaction. Retailing of government securities is one of the programs that the Treasury will carry out to increase securities-based revenues which in turn can stimulate the bonds market in Indonesia.

B. International Banking & Financial Institutions Group (IBFI)

IBFI is tasked with developing business with financial institutions (bank and non-bank) both at national and international levels, including BPD, insurance and securities companies as well as active and progressive capital market support agencies. Moreover, IBFI is responsible for development and supervision of overseas offices (Singapore, Hong Kong, Shanghai, Cayman Islands and Bank Mandiri {Europe} Limited as

a subsidiary) to enable growth for making a maximum contribution to the Bank as a whole, and providing Trust or custody service to support the Government programs in accommodating assets custody of oil and gas companies for saving and managing of foreign currencies from exports through the reliable and trustworthy Bank in the Indonesian banking system.

IBFI Development in 2015

In order to develop "Wholesale Transaction Banking", IBFI provided more intensive support to remittance business which was backed up by development of innovative products and expansive marketing strategies. In 2015, Bank Mandiri managed to maintain

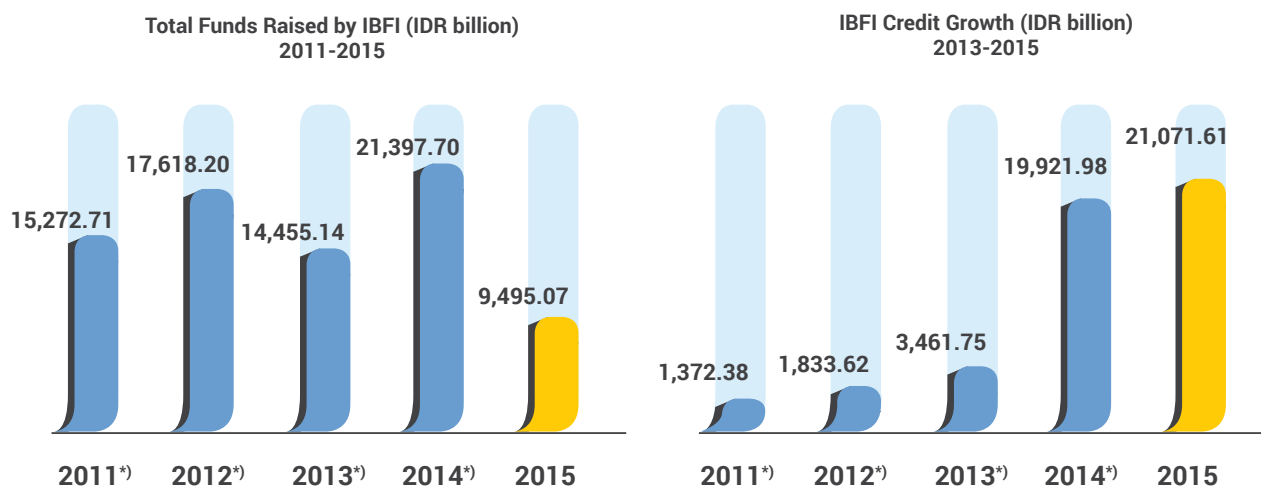
its status as the paying bank for KSEI in settlement of capital market transactions for the period 2015-2019 by continuing to rely on mutual collaboration with members of the exchange.

For the separation of its customers' fund accounts, IBFI also continued to work closely with exchange members in opening investor account. The custodian service is not limited to only domestic and international securities, but the Bank also acts as local custodian bank for Depositary Receipt and administration of investment products such as mutual fund, individual customer fund management (PDNI), collective investment contract (KIK) and assets-backed securities (EBA).

Moreover, trustee service of the Bank grew by offering the following: escrow agent, paying agent, security agent and receiving bank for companies which are planning an Initial Public Offering (IPO). On December 29, 2015 the Bank's Shanghai branch also managed to obtain Renminbi license from local authorities making it the only Indonesian bank in China capable of meeting the customers' needs of direct transactions in Renminbi.

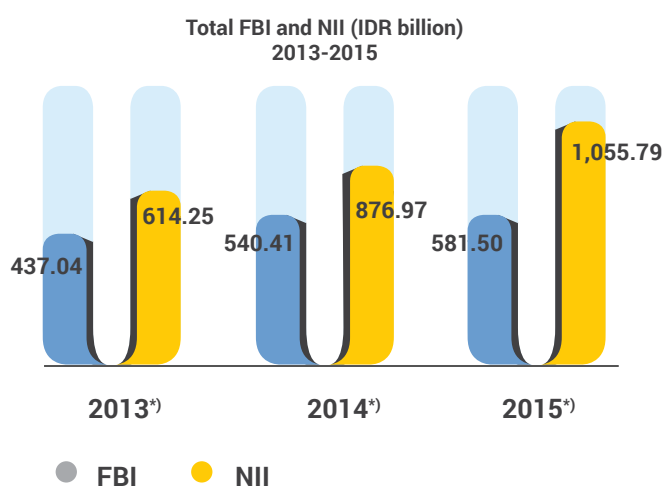
IBFI Performance in 2015

1. IBFI successfully raised funds from banks, BPD and the public of which the amount continues to grow every year. As at December 31, 2015 there was a significant decline in bank liquidity, as funds were used for financing the Government's infrastructure projects. However, amid this situation IBFI still managed to contribute to the fund raising. The following chart depicts development of IBFI's fund raising during the period 2011-2015:
2. Loan disbursement grew significantly in 2014 after the responsibility for supervising overseas offices (Singapore, Hong Kong, Shanghai, Cayman Islands, Bank Mandiri (Europe) Limited) lies with IBFI. The development of credit disbursement in 2011-2015 is illustrated below:



*) Figures in the present is the result of resegmentasi accordance with changes in the organizational structure of the Company in January 2015

3. Meanwhile, IBFI continued to record growths of FBI and NII from 2013 to Q3 2015 commensurate with the growth of loans and deposits with FBI averaging 16% annually and NII 32% per year, supported by credit disbursement by the overseas offices since 2014. The following shows FBI and NII from 2013 to 2015:



*) Figures in the present is the result of resegmentasi accordance with changes in the organizational structure of the Company in January 2015

4. As for its market shares, IBFI managed to acquire: 14% of remittance business of national banks, 30% of placement of BPD funds, 42% of domestic trustee service, 8% of mutual funds custodian service, 18% of government bond management, 31% of corporate bond management, 17% of trustee, 25% of monitoring agency, 53% of paying bank in relation to exchange members and 42% of paying bank in terms of transactions.

IBFI Profitability

Up to 31 December 2015, IBFI was able to make a major net income contribution to Bank Mandiri IDR 1,637.30 billion, growing by 16% YoY.

Work Plan and Strategy for 2016

IBFI will continue to focus on wholesale remittance, trade and capital market services which will be marketed as bundling products. Tapping into mutually supportive alliance between internal work units of the Bank, the current business lines are expected to provide optimal revenue contribution. One of the trade business developments is the non-LC Trade Finance, a trade transaction financing facility with non-LC underlying to correspondent banks.

Other strategy is agreement integration into trade finance products and intensification of product marketing to correspondent banks. In capital market sector, the development of custody system will be continued to adjust to newly published regulations. Business development of sharia custodian services and the custodian bank service business for assets-backed securities and mutual funds will be continued

to support growth in market share and the achievement of 2020 vision for the capital market. Capital market business development will also support the Bank's

position as the leading counterparty with FI customers (bank and non-bank).

C. Mandiri Overseas Offices

In addition to playing an active role in managing treasury, correspondent banking and capital market services, the Treasury & Markets Directorate is also responsible for developing and supervising Bank Mandiri Overseas Offices, focusing on the wholesale segment and located in Singapore, Hong Kong, Shanghai, Cayman Islands and London (Bank Mandiri {Europe} Limited). Through the global strategy "Follow the Trade, Follow the People", the overseas offices are committed to grow together with Indonesian customers by providing a wide range of alternative cross-border products/services to address the needs of international customers' transactions.

Some of the products/services offered by Mandiri Overseas Offices include:

1. Loan solutions: Working Capital Loan, Investment Loan, Loan Syndication, Deposit Collateral Loan.
2. Deposit products: current account, time deposit, settlement account, escrow account.
3. Trade services and financing: import products and financing (LC issuance, Usance Payable at Sight LC, Trust Receipts), export products and financing (LC advising, LC transfer, Bills

Purchasing/forfeiting, invoice financing), documentary collection, bank guarantees, standby LC.

4. Remittance: incoming and outgoing remittance.
5. Treasury: foreign exchange, securities, interbank money market, hedging solutions.

In line with the Bank's vision, Mandiri Overseas Offices also envisions to become the best Indonesia Bank at the ASEAN level by 2020 by improving the business focus of each overseas offices as follows:

1. Bank Mandiri Singapore as the "Financial Hub".
2. Bank Mandiri Hong Kong as the "International Trade Hub".
3. Bank Mandiri Shanghai as the "RenminbiCenter" for transactions from Indonesia.
4. Bank Mandiri Cayman Island as an extension of the Bank liquidity management.
5. Bank Mandiri (Europe) Limited as a gateway for Bank Mandiri group to enter into the European market.

Mandiri Overseas Offices Development in 2015

Throughout 2015, the Overseas Offices put several strategies on development of the Bank's international market share into practice which, among others, included:

1. Developing alliance between business units under Mandiri Group, particularly between

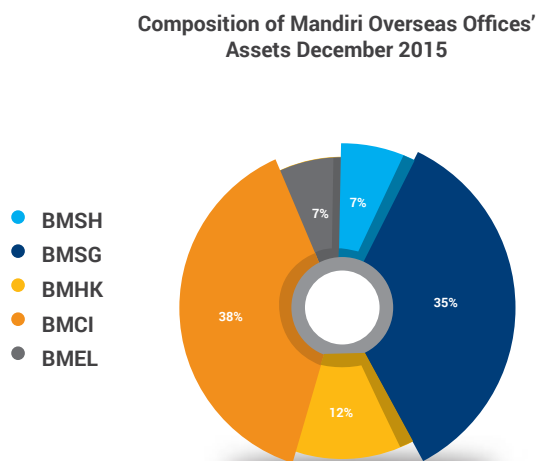
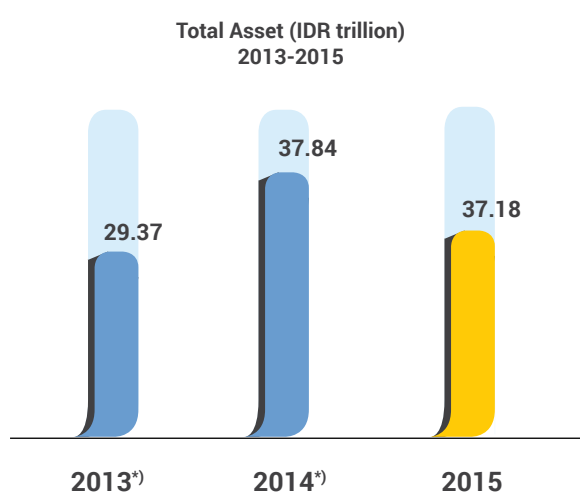
Bank Mandiri Singapore, MandiriSekuritas and MandiriManajemenInvestasi to meet the customers' needs of investment products such as bonds, funds and treasury products.

2. Developing Renminbi services encompassing distribution of credit and trade financing facility

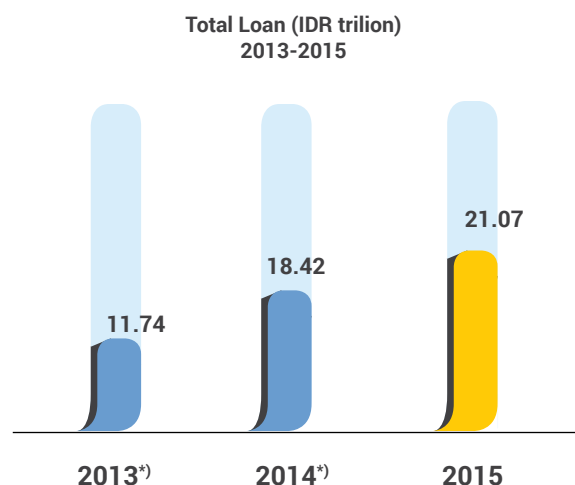
- in Renminbithrough Bank Mandiri Hong Kong as well as increasing licensed Renminbitransactions at Bank Mandiri Shanghai.
3. Optimizing liquidity management via a wide range of financial instruments.
4. Increasing remittance market share by launching cooperation between Bank Mandiri Hong Kong with more than 900 7-Eleven outlets.
5. Growing transactional banking volume through a wide range of treasury and trade product offerings.

Mandiri Overseas Offices Performance in 2015

1. In 2015, the overseas offices sought for focusing more on transactional banking activities while maintaining the quality of assets distributed. The following diagram shows development of the total assets belonging to overseas offices during the period 2013-2015:



2. As at December 2015, Mandiri Overseas Offices successfully disbursed loans in the amount of IDR 23.4 trillion, rising by 14% or IDR 2.65 trillion compared to the year before.



^{*)} Figures in the present is the result of resegmentasi accordance with changes in the organizational structure of the Company in January 2015

Mandiri Overseas Offices Profitability

Despite the unfavorable economic conditions, the overseas offices recorded a positive performance in 2015. Thanks to the aforementioned strategies, the

total assets of the five Mandiri Overseas Offices by December 2015 exceeded IDR 37 trillion with total revenue of IDR 824 billion.

Work Plan and Strategy for 2016

In anticipation of 2016, the overseas offices will keep on intensifying its role to support the implementation of the Bank's main strategies, i.e. "deepen client relationship" through the provision of various cross-border product/service solutions. The main strategy is providing comprehensive solutions

to the customer business development in global market through financing, treasury, investment, trade services/finances and remittance services. Priority is given to Indonesian-related business development by using a holistic approach to customer relationships.

Corporate Banking

The year 2015 posed quite a challenge for Bank Mandiri in general and the Corporate Banking Directorate in particular. It marked the inception of Bank Mandiri Transformation Phase III (2015-2020) aimed at making the Bank one of the most reputable banks not only in Indonesia, but also at regional level.

Corporate Banking readily supported this transformation by making internal changes such as merging with the Institutional Banking Directorate.

This intended to strengthen the position of Corporate Banking as the market leader in corporate banking business in Indonesia. With the amalgamation, since early 2015 the Corporate Banking has again served all customers in the corporate segment, both private companies and state-owned enterprises and the Ministry/Agency.

Corporate Banking Development in 2015

In 2015, mapping of customers was carried out as classified by economic sectors so that solutions provided to customers could be more appropriate (sector solution strategy), improving the capabilities of sector expertise, and develop precision products according to customers' requirements so as to produce better synergy and more benefit between the depositor and Bank Mandiri.

During 2015, Corporate Banking also supports national programs of government, either through

the distribution of funds or the organization of the transaction, including:

1. Support the Government in the transaction of State Revenue (tax, non-tax revenues and customs) through the bank system that is integrated with the State Revenue Module (MPN).
2. Support the national budget expenditure flows through the Treasury System of the State Budget (SPAN).

3. Develop a reception channel contributions for the program BPJS Health and in collaboration with partners Payment Point Online Bank (PPOB).
4. Supports transactions in the healthcare sector to carry out the Mandiri Application for Hospital (MARS) for facilitating payment and monitoring.

Bank Mandiri through the Directorate of Corporate Banking also supports the government programs in terms of infrastructure development. Until 2015, Corporate Banking loan portfolio for infrastructure development of IDR 39,739 billion, or nearly 21% of the total loan disbursed by Corporate Banking in 2015.

Some of the infrastructure projects that received financing facilities from Corporate Banking in 2015, among others:

1. Construction of a toll road stretching along Medan - Tebing Tinggi - Kualanamu in North Sumatra and additional toll road Gempol-Pandaan in East Java.

2. Construction of the tracks and infrastructure of SoekarnoHatta Airport Railway.
3. Construction of Belawan Port Phase 2 in North Sumatra and port development in Makassar.
4. Construction of a Steam Power Plant in the Gulf of Balikpapan, East Kalimantan.

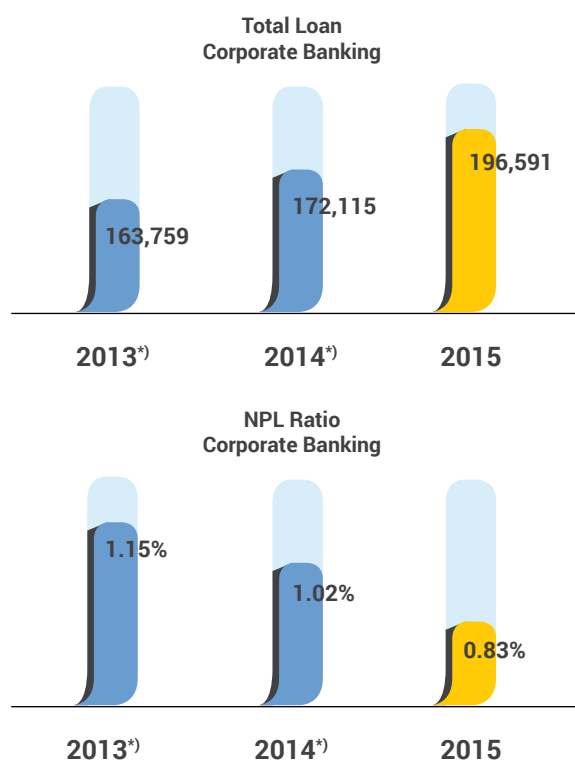
To facilitate Relationship Manager in developing a better business solutions to customers, business monitoring system built by the name of Corporate Banking Corporate Banking Information Center (CBIC).

Corporate Banking Performance in 2015

Although faced with the national and global economic conditions are unfavorable, including the decline in prices for some commodities, in 2015 Corporate Banking has recorded some good achievements, among others:

1. Credit Growth

Loan portfolio in 2015 increased by IDR 24,476 billion from IDR 172.115 billion in 2014 to IDR 196,591 billion, or growing 14.22% than the year before. The loan portfolio growth was accompanied by NPL ratio being maintained at 0.83%, which means that non-performing loans were still capable of being properly managed.



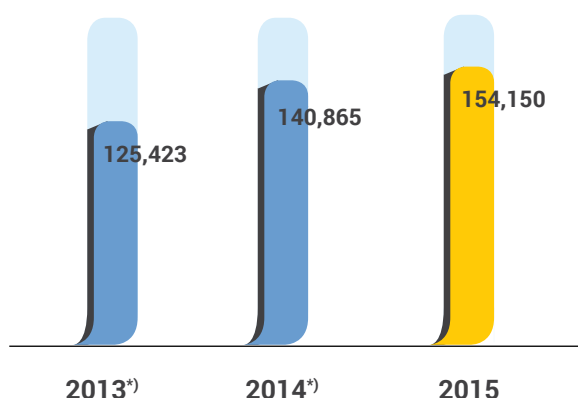
^{*)} Figures in the present is the result of resegmentasi accordance with changes in the organizational structure of the Company in January 2015

2. Growth of Corporate Banking's Third Party Funds in 2015

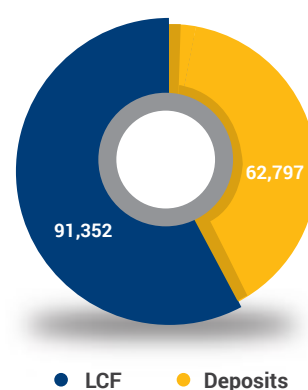
Bank Mandiri managed to increase the number of third party funds from the customers of Corporate Banking by 9.43% from IDR 140,865

billion in 2014 to IDR 154,150 billion in 2015. Third party funds in 2015 comprised LCF at 59.3% and deposits at 40.7%.

Total Third Party Funds Corporate Banking



Composition of the Third Party Funds



^{*)} Figures in the present is the result of resegmentasi accordance with changes in the organizational structure of the Company in January 2015

3. Fee-Based Income

The amount of fee-based income posted by Corporate Banking by 2015 was IDR 1,418 billion, an increase of 32.9% compared to 2014. This was generated from trade finance fees and bank

guarantee fees totaling IDR 654 billion, forex fees IDR 132 billion and loan administration fees amounting to IDR 523 billion.

Corporate Banking Profitability

Throughout 2015, Corporate Banking successfully booked a total income of IDR 8,102 billion with the main income coming from loan business which added up to IDR 4,661 billion, or 60.1% of the total revenue the Directorate earned. There were also income derived from fee-based income and transactions amounting to IDR 1,418 billion.

Corporate Banking contributed IDR 7,684 billion to the Bank's net profit in 2015, an increase of 27.6% compared to 2014's IDR 7,401 billion.



Work Plan and Strategy for 2016

Corporate Banking will continue to solidify its position as the market leader of the Indonesian corporate financing, supporting government programs (both in terms of financing, transaction, or project funds from the government), as well as provide the transaction solutions that have been tailored to the needs of customers.

In 2016, the Corporate Banking will execute the strategy Wholesale Bank Mandiri Corporate Plan Strategy with key strategies “deepen client relationships”, through the implementation of re-engineering business process and improvement of Corporate Banking resource capabilities.

Several strategic initiatives that will be developed in Corporate Banking in 2016:

1. Implementation of Business Process Reengineering to improve the convenience and speed of service to customers.
2. Improving the Effectiveness of CCT (Client Coverage Team) in order to become a business partner and co-creation with the air Corporate Banking customers to provide the best business solutions.
3. Deepening the relationship and coordination as well as alliances with the Regional Office and Subsidiaries.
4. Increasing the effectiveness of the use of CBIC to further support the performance Relationship Manager.
5. Improving the quality of Relationship Manager in order to provide excellent service and better business solutions to customers Corporate Banking.

Mandiri DPLK

To complete the portfolio of products offered in the concept of one-stop financial services, the Corporate Banking Directorate also oversees Mandiri Financial Institution Pension Fund (Mandiri DPLK) as an entity affiliated since 2011. In addition to organizing Fixed Contribution Pension Plan (PPIP) for individuals, employees and the self-employed, in 2013 Mandiri pension Fund has been approved to be able to manage the Severance Reserve Fund (Pension Plan for Severance Pay - PPUKP) for the employees. In the participants' contributions invested, Independent Pension Fund has a five (5) investment package to selected participants, namely Money Market Investments, Fixed Income Investments, Equity Investments, Combined Investment with selection and combination of Sharia Investments.

As of December 31, 2015 (audited), Mandiri DPLK has grown the most aggressive among the industry

as seen from the growth in total Assets Under Management (AUM) is above the industry average which was IDR 4.87 T in 2015, an increase of 33.7% year-on-year (YoY) in which the industry average was 21% YoY. Mandiri DPLK managed to be ranked 3rd in December 2015, up two places from the 5th position in 2014. Besides, market share rose from 9.2% in 2014 to 10.2% in the year 2015 in the Pension industry.

In 2015, Mandiri DPLK again attended the Annual Report Award for the Financial Statements 2014 for the Category Pension Fund held by the OJK. In such event, Mandiri DPLK was capable of competing at the highest level in the Pension Fund Category as evidenced with it securing the second place of the Annual Report of the Award.

Commercial Banking

The Commercial segment manages large companies/institutions which require banking services with moderately complex transactions. The Commercial Banking Directorate in 2015 continued to implement the strategic theme of “Total Solutions” for Commercial Banking customers. “Total Solutions” are represented with the best solutions provided in the form of bundling of assets, liabilities and fee-based products in line with customer needs and supported by e-Channel system with an objective to raise low-cost fund and fee-based income from low-risk products.

The year 2015 represented the offset of Bank Mandiri Transformation Phase III, i.e. implementing the Corporate Plan (2015-2020). Commercial Banking throughout the year continued to build on the “Profitability Building” phase which commenced in 2013, amid economic challenges in 2015. The selected strategy focused on three key areas, i.e. bank liquidity improvement, better earning assets quality (in this matter, credit quality) and higher margin. The initiatives developed will focus on those related to growth in selected sectors and building comprehensive marketing capability of Relationship Managers (RM) through planned and measured coaching and training programs.

Commercial Banking Development in 2015

Sluggish economic conditions in 2015 presented a challenge for Commercial Banking, which included tight liquidity, higher interest rates and lower assets quality potential. Consequently, the Directorate prioritized strategies which maintain liquidity, assets quality and profitability with the following initiatives:

1. Low-Cost Fund/Current Account Saving Account (CASA) Growth Program

The program for improving CASA growth was carried out to support higher liquidity for the Bank. In relation to that, the Directorate put more focus on managing CASA sources from its customers, from potential customers in each region and provided solutions to customer's business chains. Therefore, Commercial Banking Directorate took the following initiatives:

a. Program to increase customer operating account fund

Increase in CASA from customer operating account fund was achieved through a number of work programs encompassing transfer of customer operating transactions from working capital loans (KMK) to current account; promoting wholesale transaction products package such as for foreign currency transaction; current account value chain products such as notional pooling, cash pooling and virtual account; as well as higher use of cash management, trade finance and bank guarantee.

b. CASA growth program through transaction business development in priority sectors at each region

The Directorate benefited from sector developments which provide regional support. In 2015 Commercial Banking carried



out CASA growth program in priority sectors including seaport, healthcare, cement, telecommunications, oil & gas, plantation and fast moving consumer goods (FMCG). The initiatives offered transaction and customized service solution packages tailored to the needs of large and complex customers (tier I customers). Other customers were offered more standardized transaction products/solutions.

c. CASA growth program for anchor customers and value chain products

Most of the value chain businesses from anchor customers fall into Commercial Banking segment. This is a large business potential for CASA improvements for the Directorate. Several initiatives taken by Commercial Banking included development of Distributor/Supply Chain Financing solutions to value chain customers. The program intends to increase customer wallet share, particularly low-cost fund, fee-based income and derivative products from the value chains. Customer cash flows and value chain transactions will be conducted through Bank Mandiri.

2. Assets quality improvement program

The second priority of Commercial Banking's strategy is maintaining the assets quality for Commercial Banking segment. The following were initiatives taken in 2015:

a. Front-end

Front-end initiative aimed to improve the quality of prospective customers, following the phase of mutual discussion between Business Unit and Risk Unit which enabled the Directorate to maintain risk appetite at the desired level.

The pipeline management system integrated into the Directorate was employed to monitor customer prospects. To execute the pipeline system, Commercial Banking made use of four disciplines of execution.

b. Mid-end

Mid-end initiative is to improve the monitoring process over the portfolio managed. The mid-end initiatives that the Directorate acted on are as follows:

- 1) Covenant Day, which represented an activity to encourage discipline for checking the fulfillment of terms, conditions and covenants set forth in the credit/cooperation facility, and also to maintain order in credit documentation, credit monitoring discipline and credit portfolio quality. The activity was carried out every three months by involving the three pillars of Business Unit, Risk Unit and Credit Operation.
- 2) Watchlist monitoring, which referred to monitoring of customers in the watchlist based on the aspects of payment capability, business performance and business prospect requiring close follow-up supervision.

c. Back-end

Back-end initiative targets improvements on collection process of non-performed loans by forming a joint ad hoc collection team with the Wholesale Recovery Group for non-performing loan debtors.

3. Profitability improvement program

The Commercial Banking Directorate is one of the business growth engines for Bank Mandiri and it must maintain a good credit yield growth in Commercial segment. The year 2015 saw several credit interest rate adjustments due to higher fund cost. Yield adjustment was selectively performed by considering credit quality conditions. On the other hand, efforts to grow non-credit profitability continued, including by increasing fee-based income potential from transactions.

Besides the above strategies, the Directorate acted on organizational capacity and productivity improvement initiatives to “build the future”. The work programs undertaken were:

1. Leadership and competency development program

RM competency development was performed systematically, structurally and continually towards the creation of expertise in various industry sectors. In general, human resources development programs carried out in 2015 were categorized into:

- a) New RM development program, including basic RM capability training from customer financial analysis, risk measurement, legal aspect and the likes, to on-the-job training and mentoring from senior RM.

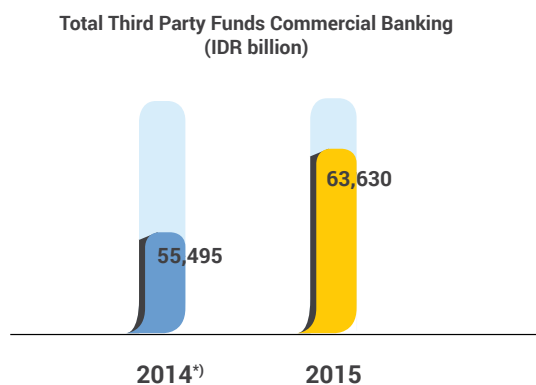
- b) Senior RM development program which focused on team management, coaching and leadership.

2. Refresher on Credit
3. Balancing RM and portfolio management
4. Job attachment/apprenticeship with the relevant internal unit

Commercial Banking Performance in 2015

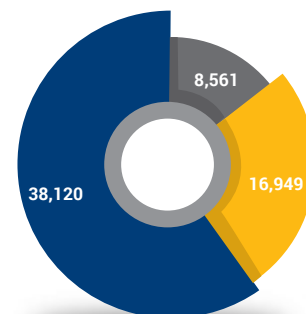
The Directorate’s appropriate work programs and strategic initiatives, supported by discipline in executing them, led to impressive results in 2015. The following achievements were recorded in 2015:

1. Commercial Banking managed to raise IDR 63.6 trillion in fund from commercial segment, a growth of 14.7% compared to 2014.



**Composition of the
Third Party Funds
(IDR billion)**

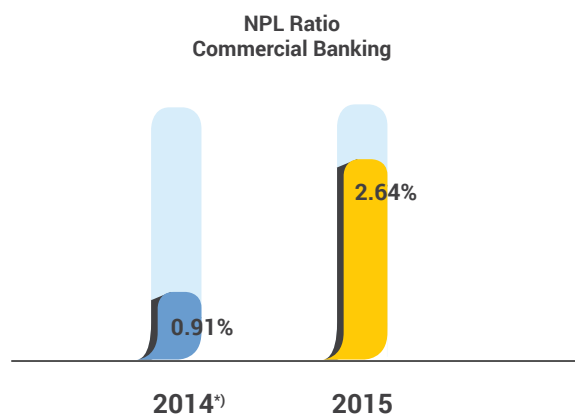
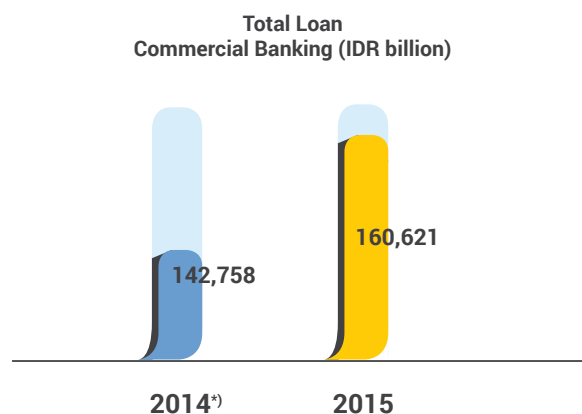
- Giro
- Savings
- Deposits



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2. The Directorate recorded a 12.5% growth in distributed credit by 2015 compared to the year before, an increase of IDR160.6 trillion. Gross

NPL ratio for Commercial Banking in 2015 stood at 2.64%, meaning that non-performing loans remained properly managed.



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3. Fee-based income from the Directorate was supported by credit- and wholesale-related transactions, including Cash Management, Bank

Guarantee and Trade products. In 2015 fee-based income was IDR 1.2 trillion, an increase of 48.1% compared to 2014.

Commercial Banking Profitability

In 2015 Commercial Banking secured net interest income of IDR 7.0 trillion, other operating income stood at IDR 1.2 trillion, and contributing IDR 4.5 trillion in profit to the Bank. The achievements and improvements on financial performance of the

Directorate in 2015 were inseparable from clear targets and work program set up, discipline in program implementation and strong coordination with Risk Management and Credit Operations that form the Bank's "Three Pillars".

Work Plan and Strategy for 2016

The year 2016 marked the second year of the third phase in Bank Mandiri Corporate Plan (2015-2020). In support of the Corporate Plan 2020 achievement, Commercial Banking draws up programs or initiatives focused on mapping transaction flows; understanding the customer's product needs; identifying business opportunities; establishing business targets, strategies and action plans, including devising solutions, joint account and marketing plans; and monitoring the execution of the appropriate business action plan.

The strategy of Commercial Banking is part of the wholesale strategy under Bank Mandiri Corporate Plan with the main strategy being "deepen client relationship". Several strategic initiatives to develop in 2016 include:

1. Handling Large Commercial Banking Debtors

This refers to an initiative which focuses on Large Commercial Banking Debtors with exposure limit > IDR 1 trillion across the nation and supports the management of such Debtors as implementation of the "deepen client relationship" principle which includes Assets Product, Liabilities Product and Fee-Based Product.

2. Office Network Development

This initiative develops span of control, improves the monitoring function of accounts set up in Medan, Palembang and Surabaya as well as enhances services required for the credit process in Papua.

Retail

Consumer Banking

Through Consumer Banking business, Bank Mandiri provides various banking products to retail customers for consumption and investment purposes which include:

1. Mandiri Savings

Bank Mandiri is one of the reputable and reliable banks in Indonesia offering superior products which, among others, include Mandiri Savings. It refers to a range of saving products from which withdrawals of funds can be made at any time by using certain media, except for bilyetgiro, checks or other similar instruments.

Mandiri Savings can be opened subject to highly easy and simple requirements. Additionally, this product offers such facilities as Mandiri Debit Card, Mandiri Internet, Mandiri Mobile SMS and

Mandiri ATMs which are readily available in many places, making cash withdrawal easy to do.

Mandiri Savings consists of numerous variants conforming to the customers' needs, i.e. Mandiri Business Saving, Mandiri Plan Saving, Mandiri Investor Saving, Mandiri Hajj Saving and Mandiri Foreign Currency Saving.

2. Mandiri Checking Account

Bank Mandiri offers profitable banking transactions through Mandiri Checking Account. This product represents deposit of third party funds which may be withdrawn at any time by check, bilyetgiro and other forms of payment



order pursuant to the provisions that Bank Mandiri stipulates. With a progressive and competitive daily interest system, the customers have the opportunity to gain a greater interest income. The larger the customers' account balances, the higher interest income they will obtain.

3. Mandiri Deposit

Mandiri Deposit constitutes time deposit products offering security and benefits for customers wishing to invest their money with the Bank. Mandiri Deposit consists of deposits denominated in Rupiah and an array of foreign currencies.

4. Mandiri Debit

Mandiri Debit is a card facility that provides flexibility, convenience and transaction benefits for individuals holding Mandiri Saving/Rupiah Checking Account. Mandiri Debit can be used for transactions at ATM machines, in store/merchant (EDC), on merchant/eCommerce website and in all Bank Mandiri Branches.

5. Mandiri Credit Card

Mandiri Credit Card is a credit card product launched in association with Visa International and MasterCard Worldwide offering different types of individual, commercial and corporate card products including Silver, Gold, Platinum and High Net Worth.

6. Mandiri KPR

This is a housing loan from Bank Mandiri granted to individuals for purchasing residential/apartment/office/home office through either Developer or Non-Developer. Mandiri KPR

products consist of Mandiri KPR Regular, Mandiri KPR Top Up, Mandiri KPR Take Over, Mandiri KPR Duo, Mandiri KPR Flexible and Mandiri KPR Angsuran Berjangka.

7. Mandiri KPR Multiguna

Mandiri KPR Multiguna is a housing loan disbursed to individuals for various consumer needs pledging residential/apartment/office/home office owned as collateral. Products of Mandiri KPR Multiguna include Mandiri KPR Multiguna Regular, Mandiri KPR Multiguna Top Up and Mandiri KPR Multiguna Take Over.

8. Mandiri KTA

This is an unsecured personal loan from Bank Mandiri for various needs such as education, marriage, health, home renovations and other family needs. Mandiri KTA products consist of Mandiri KTA Regular, KTA Payroll and KTA Selected Company.

9. Mandiri Auto Loan

This is a loan product offered for the purchase of new and used vehicles or new and used vehicles-backed loans for personal/business purposes given through Mandiri's finance subsidiaries. Mandiri Auto Loan products consist of retail financing, fleet financing and car loan (KKB).

10. Mandiri Prioritas

Mandiri Prioritas is an exclusive service provided by the Bank specifically for special customers. In addition to receiving exclusive services and amenities, the customers are given special attention in terms of financial growth. At all times, Priority Banking Officer and Relationship

Manager of MandiriPrioritas align the customers' financial growth with their portfolio and characteristics.

Bancassurance Services comprise AXA Mandiri Financial Services, MandiriInvestasi Sejahtera, MandiriJiwa Sejahtera and MandiriRencana Sejahtera.

11. Investment and Bancassurance Products

Bank Mandiri Investment Products are made up of Mutual Funds, Government Retail Bonds and Retail Sukuk. Meanwhile, its

Consumer Banking Development in 2015

In 2015, Bank Mandiri undertook a number of strategies for developing Consumer Banking segment including:

1. **Mandiri Tabungan Simpel**, launched on September 16, 2015, is a student-targeted saving product issued by national banks, with easy and simple requirements for opening its account along with attractive features. This product is created for financial education and inclusion to promote the culture of saving at an early age.
2. **Mandiri Sahabatku** is present to enhance the dignity of Indonesian Migrant Workers which are mostly women who are often marginalized in all respects. MandiriSahabatku 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.
3. **Loyalty Program Integration**, in 2015 Bank MandiriFiestapoin Loyalty Program introduced a new feature to the customers that enables them to use credit card to collect fiestapoin or use fiestapoin to get discounts at reputable merchants.
4. **Fiestapoin Bisnis**, Bank Mandiri launched this program for its customers, either legal person or non-individual, having Mandiri Business Saving account. The move is intended to attract more customers from business segment in Indonesia. Through this program, the customers can redeem their FiestapoinBisnis for instant prizes according to their needs both on Fiestapoin website and at merchants who have worked with Mandiri.
5. **Collaboration in Remittance Services with 7-Eleven Hong Kong**, PT Bank MandiriTbk. 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.

6. **Launching of Wealth Management Business Re-Branding** At the beginning of 2015, MandiriPrioritas and Mandiri Private debit cards were launched. This marked the launch of new customer segmentation, i.e. the Wealth segment. The launch was conducted at the Wealth Beyond event with Raline Shah named as the brand ambassador.
7. **Bank Mandiri became a Sales Agent for Government Retail Bonds and Retail Sukuk 2015**, with sales of ORI-012 amounting to IDR 3.64 trillion or 131% of the quota determined by the Ministry of Finance, i.e. IDR 2.77 trillion, and sales of Sukuk SR-007 reaching IDR 1.34 trillion, or 108% of the quota determined (IDR 1.24 trillion).

8. **Marketing of Consumer Loan products**, either Mandiri KPR, KPR Multiguna or KTA to customers through alliances and coordination with Region/Area/Branch. Up to Q4 2015, the number of new Consumer Loan accounts reached 95,000.
9. **Credit Card Business Development including:**
 - a. Expanding acquisition channel by increasing the number of strategic co-branding partners through, inter alia, collaboration with BPD such as BPD Central Java and Bank BJB.
 - b. Creating product innovations for the high net worth segment by launching Mandiri Visa Signature and MasterCard World Elite credit cards targeting priority and private banking customers.
 - c. Growing the market share of business card products by tapping into the potentials of Business and Commercial Banking customers and/or debtors with Business Card and Distribution Card offerings.

Consumer Banking Performance in 2015

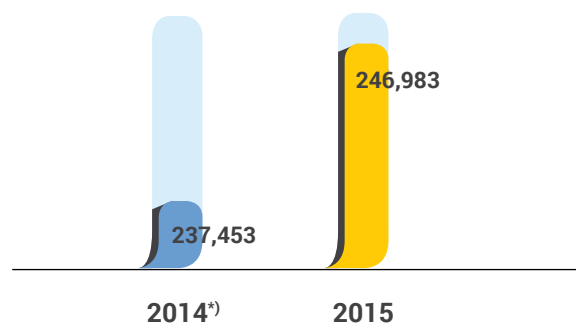
In 2015, Consumer Banking won several awards as follows:

1. Consumer Banking won several prestigious awards in 2015 including:
 - a. Asian Banker Award 2015 for the category Best Retail in Indonesia.
 - b. Asian Banking and Finance Retail Award 2015 for the category Best Domestic Retail Bank and Best Credit Card Initiatives.
 - c. Best Private Bank in Indonesia 2015 from FinanceAsia for five years in a row.
 - d. Best Private Bank in Indonesia 2015 from The Banker - Global Wealth Management for the third consecutive year.
 - e. Best Private Wealth Management Bank for seven years in a row, awarded by Alpha South East Asia.
 - f. Best Debit Issuer Visa Indonesia Bank Award from VISA.
 - g. Best Sales Agent of Government Retail Bonds ORI 011 and Best Sales Agent of Saving Bonds SBR 001 granted by the Ministry of Finance.
 - h. Award Residence Award 2015 as the "Most Innovative KPR Services" from Residence Indonesia magazine.
 - i. Housing Estate Award 2015 as "the Highest Growing Bank on Secondary Market Mortgage" from Housing Estate magazine.

2. Growth of Consumer Banking's Third Party Funds in 2015

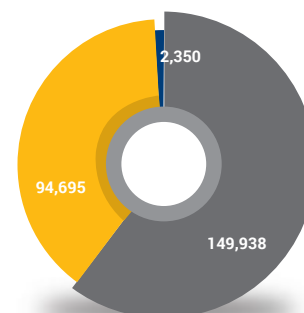
As of December 2015 the amount of third party funds posted by Consumer Banking reached IDR 247 trillion, growing IDR 10.2 trillion or 4.3% on a year on year basis. Third party funds in 2015 comprised current accounts at 0.95%, savings at 60.71% and deposits by 38.34%.

**Total Third Party Funds Consumer Banking
(IDR billion)**



**Composition of the
Third Party Funds
(IDR billion)**

- Giro
- Savings
- Deposits

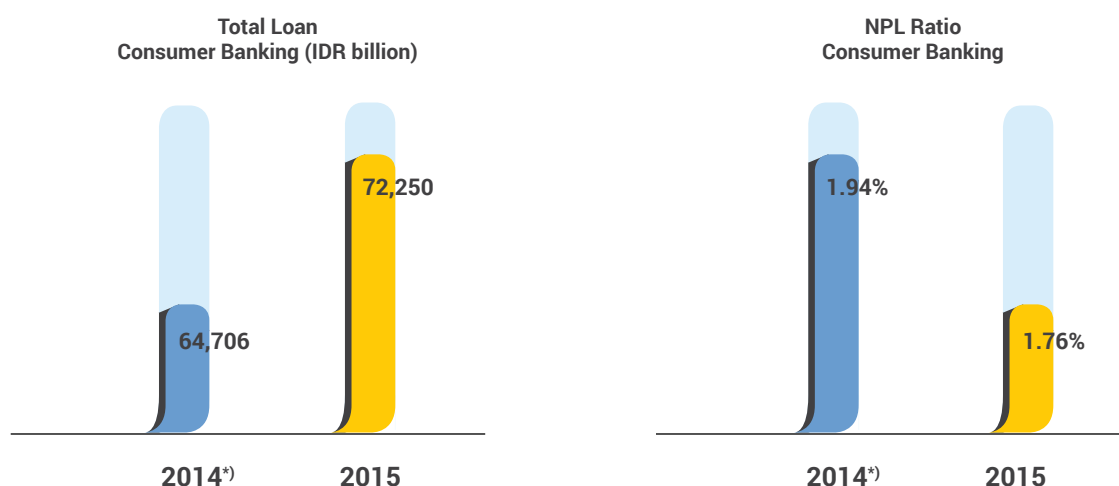


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3. Credit Growth in Consumer Banking

Credit disbursement up to December 2015 rose by IDR 7,545 billion from IDR 64,706 billion in 2014 to IDR 72,250 billion in 2015, or growing 11.66%. This growth was accompanied by credit quality improvement with declining NPL ratio

from 1.94% by the end of 2014 to 1.76% at the end of 2015.



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4. Fee-Based Income

Fee-based income posted by Consumer Banking per December 2015 amounted to IDR 6.3 trillion and accounted for 35.3% of Bank Mandiri's total

fee-based income , which amounted to IDR 17.8 trillion.

Consumer Banking Profitability

Until the end of 2015, the Bank managed to book a net interest income of IDR 11.7 trillion, other operating

income totaling IDR 6.3 trillion and posted revenue of IDR 14.1 trillion.

Work Plan and Strategy for 2016

1. **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.
2. **Development of Fiestapoin features**, in 2016 Fiestapoin can also be partially redeemed in which if the total points are not enough, cash can be used for making up the shortage. FP will also explore development of potential loyalty programs for not only Mandiri customers but also non-Mandiri customers through collaboration, such as with Pertamina.
3. **Customer Onboarding**, improving cross selling capacity by leveraging information on customer experience in using the Bank's products and services. Bank Mandiri will provide its customers with special offers based on the patterns of their transactions as well as their needs and preferences. This also includes simplifying the cross selling process so that the customers at all times stay in touch with the Bank, including while on the go.
4. **New Remittance**, remittance transactions abroad need not only partners with a large distribution channel, but also technology which has a wider distribution range, is affordable and remains cost efficient. Remittances will utilize digital technology to create a smartphone application used for completing remittance transfers from the country of origin to Indonesia. This would help a lot of Indonesian Migrant Workers to transfer money without having to go to a bank/agency.
5. **Intensifying marketing activities of investment products** such as mutual funds, bancassurance, government retail bonds and sukuk retail, with the main target market being Bank Mandiri major customers through sales acceleration program, product package offering, branch referral intensification and others.
6. **Expansion of consumer credit** through intensive referral program for financing vehicles (auto loan), KTA Sector Solution to expand its market expansion into industry sectors which are customers of the bank payroll, as well as a focus on secondary mortgage financing and the primary developers.
7. **Credit Card Cobranding** to expand the channel acquisition. Credit Card Bank Mandiri plans to continue its strategy cobrand in 2016 as an effort to expand its credit card customer acquisition channel. In 2016, Bank Mandiri Credit Card will be returned to embrace the Regional Development Bank (BPD) and is also a strategic partner for cobrand outside the banking industry.
8. **Develop innovative features that will be poured in mobile applications with the concept of event-based marketing**. Credit Cards Bank Mandiri will Implement marketing engine to optimize customer lifetime value by optimizing the use of e-channel in providing the best campaign offer to the cardholder and implement real-time push notification for auto installment program and point redemption.



Micro and Business Banking

The focus of Micro and Business Banking services is advancing micro and small businesses. Bank Mandiri provides support and services to the activities of small and micro businesses through various financial services that suit the investment purposes, business needs, working capital needs and other versatile needs. Products/services offered by Micro and Business Banking consist of:

1. Business Banking's Cash Loan for Businesses (Kredit Usaha Tunai)

Kredit Usaha Tunai means a credit facility provided in the form of cash or transfer, and effectively constitutes a debt to the bank. The loans consist of various products, including Working Capital Loans, Investment Loans, Cash Collateral Loans, Loans for Productive Business and finance schemes for leading economic sectors. As many as 14 priority economic sectors, namely healthcare, FMCG, telecommunications, oil & gas, plantation, airlines, tobacco, information and technology (IT), government, media, construction, education, textiles and road & rail.

2. Business Banking's Non-Cash Loan for Businesses (Kredit Usaha Non-Tunai)

Kredit Usaha Non-Tunai refers to a credit facility provided through pledge (ability to make payments in the future) so there is no cash withdrawal or transfer. Products/services of this facility encompass Import & Trust Receipt, Domestic Documentary Credit (SKBDN), Forfaiting and Bank Guarantee.

3. Business Banking Credit Program

Credit Program is undertaken based on Bank Mandiri's appointment by the Government as a credit program distributing bank. This Business Banking program includes Food and Energy Security Program (KKP-E), Bio-Energy and Plantation Revitalization Credit Program (KPEN-RP), Cattle Breeding Program (KUPS) and the People's Business Loan (KUR).

4. Fund Products

Funds Products offered for the retail segment comprise Mandiri Current Account, Mandiri Business Saving, Mandiri Deposit and Mandiri Plan Saving for Replanting and Mandiri Saving for Business Partner (Mandiri Tabungan MU). Segmentation of Micro & Business Banking fund products consists of individual customers, cooperatives, smallholder plantations, retail customers of KUR product offered by non-BPR, Small Business Loan (KUK) customers, Cash Collateral Loan individual customers, other individual fund customers and KUR Mikro customers.

5. Mandiri Micro Credit

Bank Mandiri provides Micro Business Credit for customers in need of Investment Credit (KI) and or Working Capital Loan (KMK) for development of both productive and consumptive micro businesses. This loan facility can be granted to all micro business owners and home-based businesses either in the form of companies, business groups and individuals (such as merchants, farmers, breeders and fishermen).

Mandiri Micro Credit consists of two product types, namely Micro Credit (KUM) and Multipurpose Micro Credit (KSM). KUM is specifically given to micro business with a maximum limit of IDR 100 million. Special top up facility is provided up to IDR 200 million. Meanwhile, KSM aims to finance various needs as long as such needs do not violate morality, public order and the law with a maximum limit of IDR 200 million.

6. Partnership Program

SOE Partnership Program with Small Business constitutes a program to develop small business competencies in order to make them stronger and more independent through the use of funds sourced from the profits of SOEs. Mandiri Partnership Program is a new loan facility provided for working capital needs or investments to prospective Mandiri Partners that are feasible, but not bankable yet.

Micro and Business Banking Development in 2015

Throughout 2015, Bank Mandiri implemented a number of strategies related to the development and marketing of Micro and Business Banking; they were:

A. Business Banking

1. Improvement Strategy of Current Account & Saving Account (CASA) Debtors

a. MAPAN (MandiriAbunganPinjamAN)

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 (PINdahTrAnsaksiRekening)

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/bilyetgiro (BG) from the loan account and instead earned rewards taking the form of two free checkbooks/BGs every month for a certain period.

2. Credit enhancement strategy

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.

In 2015, Business Banking Group focused on financing six sectors,



namely FMCG, oil & gas, construction, telecommunications, healthcare and road & rail. On each segment, the Bank developed a detailed workflow with a special credit scheme and standardized loan terms to enable faster, better and more convenient loan application process for prospective borrowers.

B. Micro Banking

1. TabunganMU Improvement Strategy:

a. WIRA (Wireframe Integrator for Referral and Acquisition) for TabunganMU

In order to achieve Micro Banking savings target, Bank Mandiri executed a referral strategy through its employees using a special web-based application. Those whose referral was approved obtained a reward in fiestapoin. The purpose of this program was to increase cross selling between employees from different segments and support the achievement of TabunganMU targets.

b. TabunganMU Daily Acquisition Monitoring System (SMASS)

This is a web-based incentive program for the Bank employees specifically intended to increase the volume of Non-AGF (Auto Grab Fund) in TabunganMU, with two-tiered incentive calculation method including Number of Accounts (NOA) and the average balance by the end of each month. This program was carried out with the aim of improving the employee's motivation in pursuing new customers to reach TabunganMU targets.

c. MandiriSumberRezeki

MandiriSumberRezeki is a special gift program for TabunganMU and AGF savings aimed to increase the existing customer's loyalty so they are willing to increase their balances as well as

to attract new customers. Prizes are awarded in line with the number of points calculated based on multiples of the average balances at the end of the month and intended to improve the balance of TabunganMU.

2. Credit Improvement Strategy for Micro Banking segment:

a. WIRA (Wireframe Integrator for Referral and Acquisition) for Loan Products

In order to achieve Micro Banking loans target, the Bank executed a referral strategy through its employees using a special web-based application. Those whose referral was approved obtained a reward in fiestapoin. The purpose of this program was to increase cross selling between employees from different segments and support the achievement of credit (KUM or KSM) targets.

b. Micro Racing Competition

To improve the achievement of Micro Banking loans target, the Bank set up a program for improving productivity and quality using a model that calculates points based on new loan disbursement, AGF savings ratio and loan interest rates. Participants of this program were members of the Micro Credit Sales (MKS) team divided into two groups, Lamborghini and Ferrari, for the first half of 2015.

c. BalapanMikro

Picking up where it left off, the success of the Micro Racing Competition led to a similar program called BalapanMikro (the Indonesian of Micro Racing Competition) being carried in the second half of 2015. The participants remained the same, namely the MKS theme divided into three groups, i.e. 100 cc, 250 cc and 1000 cc Groups either for KUM or KSM.

d. RezekiLunas NPL (Reward for Paying Off Loan in NPL Category)

In an effort to maintain and improve the quality of micro credit, lower NPL portfolio and save reserves for impairment (CKPN), Bank Mandiri created a program named RezekiLunas NPL in December 2015. Its participants included the MKS

team members who would be given special incentives provided that they help collection for repayment of loans for debtors in the collectibility categories 3, 4 and 5.

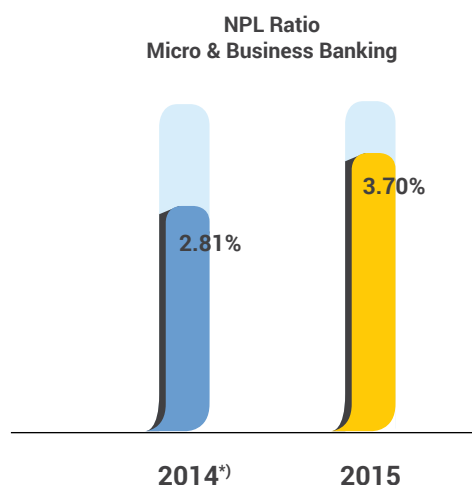
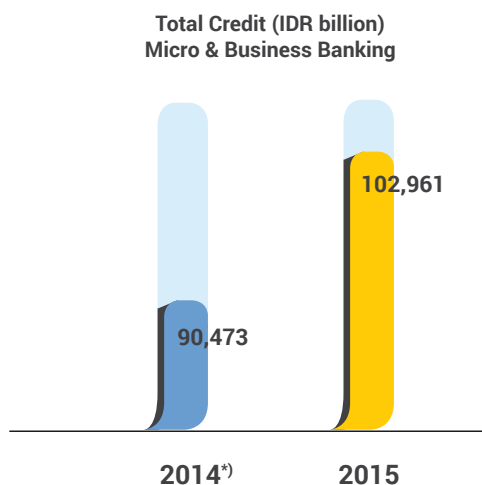
Micro and Business Banking Performance in 2015

In 2015, the achievements of Micro and Business Banking were as follows:

1. Micro and Business Banking Credit Growth

Credit disbursement in 2015 increased by IDR 12,340 billion, growing 13.62% from 2014. The

growth was followed by an NPL rate of 3.70%, which means that bad credit was well managed.

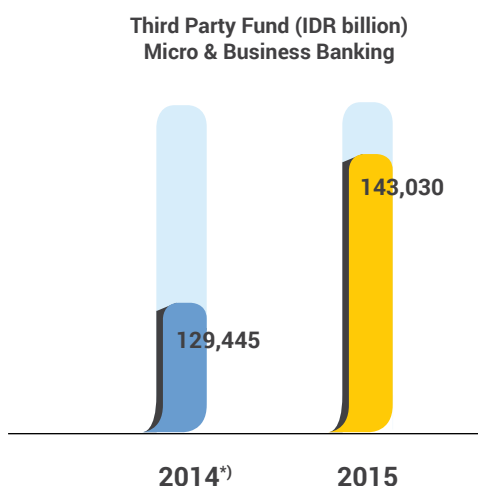


^{*)} Figures in the present is the result of resegmentasi accordance with changes in the organizational structure of the Company in January 2015

2. Growth of Micro and Business Banking's Third Party Funds

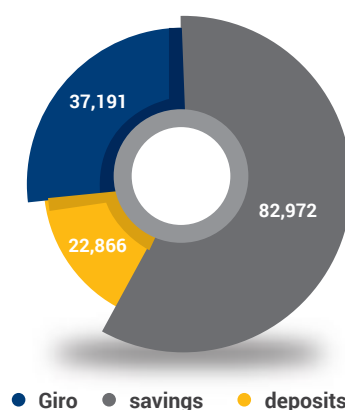
Micro & Business Banking in 2015 managed to increase the number of Third Party Funds for SMSE segment which amounted to IDR 13,585

billion, growing 10.49% compared to 2014. As for the composition, in 2015 the funds were mostly CASA composed of savings 58.01%, current accounts reaching 26.00% and deposits totaling 15.99%.



^{*)} Figures in the present is the result of resegmentasi accordance with changes in the organizational structure of the Company in January 2015

**Composition of the Third Party Funds
(IDR billion)**



3. Fee-Based Income

Throughout the year, Micro & Business Banking managed to generate a fee-based income of IDR 2,068 billion, increasing 64.64% compared to the previous year. The largest contribution to the fee-based income came from collection

fee amounting to IDR 951 billion, deposit administration fee adding up to IDR 396 billion and credit administration fee reaching IDR 259 billion.

Micro and Business Banking Profitability

During the year 2015, Micro & Business Banking posted a net interest income of IDR 11,923 billion,

other operating income of IDR 2,068 billion and profit contribution of IDR 7,155 billion.

Work Plan and Strategy for 2016

A. Business Banking

As part of Bank Mandiri's Retail Corporate Plan Strategy, Business Banking has a vision to become the bank of choice for the SME segment with the primary key strategy "accelerate the growth in retail segment". Several strategic initiatives to be developed by Business Banking include:

1. Initiatives to support credit expansion
 - a. Assigning and sufficiently deploying the relevant persons (person in charge or PICs) to plantation businesses focused on financing plasma estates.
 - b. Developing schemes for 9 (nine) leading sectors (6 sectors have been completed).
 - c. Developing a flagship scheme at local level taking into account potential businesses/anchors (customers of Corporate and Commercial Banking) at each region.
 - d. Expanding PRIMA program by exploiting the potentials of individual non-debtor customers.
 - e. Streamlining business process which includes:
 - 1) IPS enhancement and development of BBMS (Business Banking Mobile System).
 - 2) Implementing proper retail loan process for credit with a limit up to IDR 2 billion.
 - 3) Put into effect standards for credit management and productivity (RM manages credit with a limit > IDR 1 billion and ARM to manage credit with a limit of up to IDR 1 billion) while also preparing a career path for ARM.
 - 4) Building the capability and product knowledge through training and mentoring.

2. Initiatives to support CASA expansion
 - a. Intensifying CASA growth for the existing debtors through PINTAR & MAPAN and extending it through PRIMA program
 - b. Optimizing cluster
 - c. Optimizing 14 priority sectors
 - d. Intensification and extension programs for non-debtor customers through a program named Program Referral Internal AGardidaTENGi (PRIA GANTENG)
 - e. Intensification and extension programs for Merchant SMEs
 - f. Strengthening the role of Branches to support CASA growth for SME through improving sales, services and relationship models (farmer and hunter)

B. Micro Banking

Micro Banking, as part of Bank Mandiri's Retail Corporate Plan Strategy, has set out its vision to become a major competitive force in micro credit segment financing in Indonesia with the main strategy of "the Strongest Challenger in Micro Banking". Several strategic initiatives that Micro Banking shall take are as follows:

1. Opening 436 MMU network offices consisting of 100 MMU Branches, 300 MMU Units and 36 Clusters in 2016 with the potential of boosting the expansion of micro credit segment and TabunganMU.
2. Recruiting as many as 17,715 Branchless Banking Agents to support and improve financial inclusion and financial savings.
3. Implementing RTTA using a web based application to the cluster level in order to improve the performance of both credit and savings while minimizing the emerging risks.



4. Optimizing Transactional KUM to support micro credit portfolio performance through the value chains of the Corporate Banking and Commercial Banking customers.
5. Using finger print technology as a tool for improving safety in the process of granting micro credit.
6. Disbursing KUR to support the Government's programs.

Integrate The Group

Distributions

The year 2015 began with organization restructuring in the Head Office and at regional level under the Distribution Network Transformation program. This aimed to integrate all business segments and subsidiaries so as to maximize business potentials by, inter alia, strengthening the role of the 12 Regions in increasing penetration of all the segments into the Region. To supervise those Regions, a Directorate Distributions was founded to focus on encouraging regionalization of business by means of integration across business segments and subsidiaries.

In order to accomplish the Bank's vision to become the Best Bank in ASEAN by 2020, in 2015 the Directorate acted on various new strategic initiatives resulting in proud achievements in terms of market share, funding composition, fee-based income, customer base, number of transactions and distribution coverage. Such new achievements remained attainable in the midst of tight business competition and challenges faces amid current state of economic and political affairs.

Business Development in 2015

In 2015, Distributions continually strove to be the best through various strategic initiatives. Strategic initiatives to take, among others, are as follows:

1. Expanding its network by setting up 38 branches, 100 micro branches and 3 priority outlets making the number of branches reaching 1,456 units, 994 micro branches and 58 priority outlets.
2. Enhancing alliances and synergies between business segments and subsidiaries through optimization of distribution network in the Region. With such alliance, Bank Mandiri is expected to maintain its position as a market leader, both in retail and wholesale payment as well as wholesale transaction.
3. Inculcating cross-sell culture either between units that deal with retail and wholesale segments as well as subsidiaries.
4. Maintaining and improving the Best Service Excellence quality across the front lines of Bank Mandiri business.

Performance in 2015

By 2015 the Distributions Directorate was faced with quite challenging business and economic conditions which, nevertheless, produced a very significant achievement. This achievement was possible thanks to one of the main strategies, i.e. network expansion.

To support network expansion in order to bring itself closer to the customers, Bank Mandiri added 38 new regular branches and upgraded the status of 3 micro branches into regular branches, making the total regular branches increase from 1,415 branches

in 2014 to 2015's 1,456 branches. In addition, Bank Mandiri continued to improve services to its micro customers by adding the number of network offices up to 1,427 Micro units, 994 Micro branches and 7 Micro cash offices in 2015.

Bank Mandiri also has a branch network specialized to meet the needs of its priority customers. As at end of 2015, the Bank had 58 Priority Outlets and 53 Priority Lounges.

Expansion of Micro Network in 2012-2015

MICRO	2012	2013	2014	2015
Sentra KSM ¹⁾	22	13	13	13
KCP MMU ²⁾	502	687	898	994
Unit MMU ³⁾	892	1,027	1,127	1,427
KF MMU ⁴⁾	749	751	706	653
MobilMU ⁵⁾	-	-	5	10

Note:

1) **KSM Center:**

Micro business units that focus on marketing and as a central processing Multipurpose Micro Credit (KSM) for both consumptive and productive target markets, namely fixed-income employees.

2) **KCP MMU:**

Micro business units that focus on micro-financing segment and fundraising with the product and branch transactions are limited.

3) **MMU Unit:**

Micro business units focusing on micro-finance segment and domiciled in the Branch Office.

4) **KF MMU:**

Micro business unit that serves as a micro-credit marketing office located/domiciled in generally traditional or semi-modern market.

5) **MobilMU:**

Micro Business Unit in the form of cash services running with a focus on third-party fund micro segment.

Regular Expansion in 2012-2015

Reguler	2012	2013	2014	2015
Head Office (HO)	1	1	1	1
Regions	12	12	12	12
Overseas Offices	7	8	8	8
Domestic Branches	1,810	2,050	2,312	2,457
Regular Branches	1,308	1,363	1,415	1,456
a. Branch Office	133	133	136	137
b. Sub-Branch Office	882	929	1,018	1,082
c. Cash Office	293	301	261	237

Expansion of Priority Outlet Network in 2012-2015

Outlet Priority	2012	2013	2014	2015
Priority Outlet	52	53	55	58
Priority Lounge	49	51	51	53

Profitability

In 2015 the Directorate managed to generate net interest income and income from sharia segment totaling IDR 33,393 billion and claimed other operating

income of IDR 13,133 billion. In addition, Distributions Directorate posted a Contribution Margin of IDR 27,559 billion in 2015.

Work Plan and Strategy for 2016

Distributions will continue to develop through four strategic initiatives in 2016. Bank Mandiri is optimistic that equipped with quality services, the four strategic initiatives are capable of making the Bank emerge as the primary choice for customers in performing transactions and become the “top of mind” bank among customers throughout the nation. The four strategic initiatives are:

1. The first is an initiative to expand the network by setting up 44 regular branches, 100 micro branches, 300 micro units, 17 cars for business partners, 4 Priority Outlets, 3 Priority Lounges and 1 private banking lounge. In addition, the Directorate will expand its coordination channels with the addition of 2 regions and 3 areas.
2. The second strategic initiative is to become the pivot of synergy between retail and wholesale businesses in order to increase funding from Mandiri Business Saving or low-cost funds and improve the high yield loans from micro and SME finances.
3. The third one relates to strengthening and improving the function of sales through network distribution in the region. One way to do it is by creating an integrated organization of salespersons with the goal of achieving effective management and standard work processes of the sales force.
4. Finally, the fourth strategic initiative is to build on alliances and synergies with subsidiaries. Through the alliance, Bank Mandiri is expected to retain its dominance in both the retail payment and wholesale transaction.

Subsidiaries

In 2015, Bank Mandiri has 12 subsidiaries. A discussion of the subsidiary include the company's performance, financial performance, strategies and action plans in 2016, as well as other subjects such

as company profile, product companies, the Board of Commissioners, Board of Directors, company address, as well as corporate governance children, can be seen in the chapter “On Subsidiaries” in this Annual Report.



financial performance review

Bank Mandiri is always oriented toward creating maximum value for shareholders and stakeholders, especially the customers. The year 2015, Transformation Phase III opened with the Bank's financial performance is always better to grow from year to year. Although in the midst of an increasingly tight business competition and face the challenges of economy and politics, during 2015 the Bank was able to print IDR 20,334.97 billion net income, and generate comprehensive income IDR 19,658.16 billion.

The description of the Performance Review Financial Bank Mandiri for the period ended December 31, 2015 have been prepared on Audited Financial Statements Consolidated Bank Mandiri, which have been audited by an independent auditor KAP Purwantono, Sungkoro & Surja member of the global network of

Ernst & Young and presented in accordance with Financial Accounting Standards in Indonesia with an unqualified opinion. Consolidated Audited Financial Statements of Bank Mandiri are also attached in the Annual Report (Annual Report) 2015.

Income Statement

The Bank's financial performance in 2015 recorded a consolidated net income amounted to IDR 20,334.97 billion, an increase of 2.33% from 2014 which amounted to IDR 19,871.87 billion. The increase was primarily due to higher operating income amounted IDR 12,805.65 billion, an increase of 14.77% from the previous year.

Summary of Consolidated Income Statement 2013-2015 (IDR billion)

	2013*	2014	2015	Change (%)
Operating Revenue	71,341.63	86,690.04	99,495.70	14.77
Operating Expense	(42,753.35)	(55,563.59)	(61,371.39)	10.45
Allowance for Impairment Losses	(4,871.44)	(5,718.13)	(11,664.84)	104.00
Reversal of Allowance for Impairment Losses on Commitments and Contingencies	10.78	5.31	(198.45)	(3,835.18)
Reversal of Allowance for Possible Losses	4.32	183.48	(179.24)	(197.69)
Unrealized Gains/(Losses) from Increase/ (Decrease) in Fair Value of Marketable Securities and Government Bonds and Policy Holder Investments in Unit Link Contracts	(219.35)	146.52	(18.31)	(112.49)
Gain from the Sale of Marketable Securities and Government Bonds	39.12	234.46	275.50	17.50
Operating Income	23,551.71	25,978.11	26,338.97	1.39
Non-Operating Income - Net	510.13	29.91	30.46	1.84
Income Before Tax and Non-Controlling Interests	24,061.84	26,008.02	26,369.43	1.39
Tax Expense	(5,231.90)	(5,353.23)	(5,217.03)	(2.54)
Net Income	18,829.93	20,654.78	21,152.40	2.41
Net Income attributable to:				
Parent Entity	18,203.75	19,871.87	20,334.97	2.33
Non-Controlling Interests	626.18	782.91	817.43	4.41

As for other comprehensive income/loss) after-tax, in 2015 it decreased 185.22%, which resulted in a decreased comprehensive income for the current

year by 4.82%. Nevertheless, the Bank was still able to record positive comprehensive income for the year 2015, which amounted to IDR 19,658.16 billion.

Consolidated Income Statement 2013-2015 (IDR billion)

	2013*	2014	2015	Change (%)
Net Income	18,829.93	20,654.78	21,152.40	2.41
Other Comprehensive Income/(Loss) - after tax	(833.85)	827.90	(705.57)	(185.22)
Comprehensive Income for the Current Year	17,996.09	21,482.68	20,446.83	(4.82)
Comprehensive Income attributable to:				
Parent Entity	17,369.91	20,699.77	19,658.16	(5.03)
Non-Controlling Interests	626.18	782.91	788.67	0.74

*) Reclassified

Operating Revenue

Operating income derived from interest income, sharia income, premiums, fees and commissions, foreign exchange gains and other operating income. In 2015

operating income increased to IDR 12,805.65 billion or 14.77% compared to 2014.

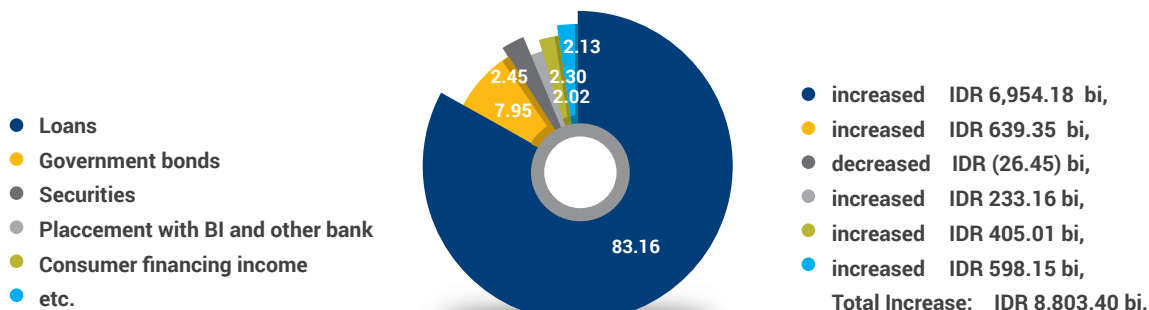
Operating Income 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Interest Income	45,138.55	57,563.26	66,366.66	15.29
Sharia Income	5,070.29	5,074.68	5,203.47	2.54
Premium Income	6,446.15	9,364.29	9,546.89	1.95
Provision (Admin Fee) and Other Commissions	8,704.10	9,131.97	10,014.81	9.67
Net Gain in Foreign Currencies	1,853.10	1,587.64	2,238.10	40.97
Miscellaneous	4,129.44	3,968.20	6,125.77	54.37
Operating Income	71,341.63	86,690.04	99,495.70	14.77

The increase in operating income was mainly due to increased interest income of IDR 8,803.40 billion, contributing 66.70% of total operating income earned. The interest income is affected by the increase in the

number of loans, government bonds, securities and placements with Bank Indonesia and other banks, consumer financing income, etc.

Composition of Interest Income in 2015 (%)



Operating Expense

Operating expenses in 2015 amounted to IDR 61,371.39 billion rose 10.45% or IDR 5,807.80 billion from the previous year. As more and magnitude of

Bank Mandiri, also increase the operational burden required. Here is the composition of operating expenses and the increase from year to year:

Operating Income 2013-2015 (IDR billion)

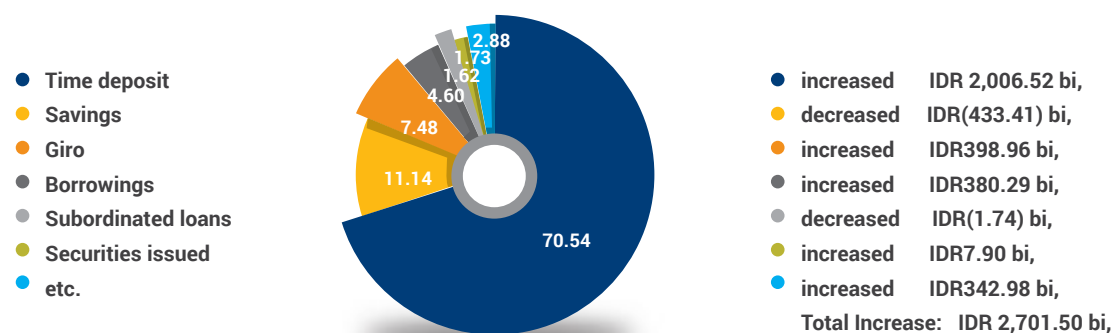
	2013 ^{*)}	2014	2015	Change (%)
Sharia and Interest Expense	16,399.43	23,505.52	26,207.02	11.49
Claim Expense	3,820.14	6,683.72	6,409.82	(4.10)
Salaries and Benefits	9,431.34	10,848.03	12,376.66	14.09
General and Administrative Expense	9,898.40	11,448.31	12,799.85	11.81
Others - Net	3,204.04	3,078.01	3,578.04	16.25
Total Operating Income	42,753.35	55,563.59	61,371.39	10.45

^{*)} Direklasifikasi

The main factor increasing operating expenses in 2015 was the increase in interest expense and burden of sharia IDR 2,701.50 billion. The increase was in line

with the growth of third party funds primarily time deposits and savings. Here is the composition of interest expense and burden of sharia in 2015:

Composition of Sharia and Interest Expense in 2015 (%)



(Allowance)/Reversal of Provision for Impairment Losses

(Allowance)/reversal for impairment losses consist of demand deposits with other banks, placements with other banks, securities, other receivables - trade transactions, loans, consumer financing receivables, net investment in finance leases, bill acceptance, and

stock placement. In 2015, allowance for impairment losses amounted to (IDR 11,664.84) billion, an increase of 104.00% compared to 2014 amounting to (IDR 5,718.13) billion. This increase was mainly due to the increasing amount of credit granted in 2015.

(Allowance)/Reversal of Provision for Impairment Losses in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Current accounts with other banks	(3.72)	6.85	0.05	(99.33)
Placements with other banks	(8.55)	10.32	26.26	154.39
Marketable securities	(30.20)	(18.81)	(34.40)	82.91
Receivable from marketable securities	-	(41.94)	41.94	(200.00)
Other receivables - trade transactions	(39.85)	(115.52)	41.43	(135.86)
Loans	(4,635.55)	(5,294.73)	(11,460.58)	116.45
Consumer financing receivables	(150.15)	(209.11)	(291.63)	39.46
Net investment in lease finance	(6.76)	(10.81)	2.36	(121.80)
Acceptance receivables	3.65	(44.87)	16.82	(137.49)
Share investments	(0.31)	0.49	(7.09)	(1,552.25)
(Allowance)/Reversal for Provision of Impairment Losses	(4,871.44)	(5,718.13)	(11,664.84)	104.00

(Allowance)/Reversal for Possible Losses

(Allowance)/Reversal for Possible Losses is composed of estimated losses arising from cases of fraud, estimated losses arising from legal cases, and other assets. In 2015, the allowance for losses was (IDR 179.24 billion), down by 197.69% compared to

the year 2014 amounting to IDR 183.48 billion. This decrease is mainly due to other assets were down 470.53% to (IDR 157.38) billion in 2015, from the previous year amounting to IDR 42.48 billion.

(Allowance)/Reversal for Possible Losses in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Estimated losses arising from fraud cases	(4.34)	11.71	(10.27)	(187.67)
Estimated losses arising from legal cases	(14.41)	129.30	(11.59)	(108.97)
Other assets	23.07	42.47	(157.38)	(470.53)
(Allowance)/Reversal for Possible Losses	4.32	183.48	(179.24)	(197.69)

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

Unrealized gains/(losses) from increase/(decrease) in fair value of marketable securities and government bonds and policy holder investments in unit link contracts consist of securities, government bonds, change in fair value of investment policyholders and

increase / (decrease) contractual liability of unit-linked contracts. In 2015, such gains/(losses) amounted to (IDR 18.31) billion, down by 112.49% compared to 2014 amounting to IDR 146.52 billion.

Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and Policy Holder Investments in Unit Link Contracts in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Marketable securities	(26.05)	93.82	0.99	(98.94)
Government Bonds	(193.30)	52.70	(19.30)	(136.62)
Changes in market value of policy holders' investment and increase/ (decrease) in liability in unit-linked contracts	-	-	-	-
Change in market value of policy holders' investment	(737.41)	2.860.35	2.142.17	(25.11)
Increase in liability in unit-linked contracts	737.41	(2.860.35)	(2.142.17)	(25.11)
Unrealized Gains/(Losses) from Increase/ (Decrease) in Fair Value of Marketable Securities and Government Bonds and Policy Holder Investments in Unit Link Contracts	(219.35)	146.52	(18.31)	(112.49)

Gain on Sale of Marketable Securities and Government Bonds

Gain on sale of marketable securities and government bonds consists of gain from marketable securities and government bonds which are measured from fair value through profit and loss and available for sale. In 2015, gain on sale of marketable securities and government bonds stood at IDR 275.50 billion,

growing 17.50% from IDR 234.46 billion in 2014. The growth was mainly due to gain from sales of government bonds which are available for sale adding up to IDR 219.36 billion, an improvement of 88.35% from IDR 116.46 billion during the previous year.

Gain on Sale of Marketable Securities and Government Bonds 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Marketable securities				
Fair value through profit and loss	6,15	39,42	(27,76)	(170,41)
Available for sale	(2,71)	33,36	62,68	87,93
Government Bonds				
Fair value through profit and loss	(11,29)	45,22	21,22	(53,08)
Available for sale	46,97	116,46	219,36	88,35
Gain on Sale of Marketable Securities and Government Bonds	39,12	234,46	275,50	17,50

Non-Operating Income

Non-operating income consists of revenue from Joint Operation (KSO) transactions, building rental income, gain on sale of fixed assets, fines and miscellaneous. During the course of 2015, Operating Income amounted to IDR 30.46 billion, increased 1.84%

compared to 2014 totaling IDR 29.91 billion. This increase was mainly due to increase in non-operating income from the transaction KSO revenues and rental income of buildings that respectively 87.64% and 45.07%.

Operating Income in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Revenue from KSO transactions	15,60	15,60	29,26	87,64
Building rental revenue	61,20	10,23	14,85	45,07
Gain on sale of fixed assets	129,42	4,12	0,23	(94,47)
Fine	(9,76)	(10,90)	(6,41)	(41,19)
Miscellaneous	313,67	10,86	(7,47)	(168,80)
Non-Operating Income	510,13	29,91	30,46	1,84

Tax Expense

Tax expense consists of current income tax expense and deferred tax expense. In 2015, the Tax expense was recorded at IDR 5,217.03 billion decreased by 2.54% compared to 2014 amounting to IDR 5,353.23 billion.

Tax Expense in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Tax expense - current	(5,288.49)	(5,309.92)	(5,548.06)	4.48
Tax expense - deferred	56.59	(43.31)	331.03	(864.26)
Tax Expense	(5,231.90)	(5,353.23)	(5,217.03)	(2.54)

Other Comprehensive Income

In 2015 Other Comprehensive Income amounted to (IDR705.57) billion decreased 185.22% compared to 2014. This is mainly due to the change in fair value of financial assets available for sale in 2015 fell to (IDR 1,268.96) billion from the previous year by IDR 1,057.37 billion.

Other Comprehensive Income in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Items that will not be reclassified to profit or loss				
Actuarial gain	-	-	339.70	-
Income tax on Items that will not be reclassified to profit or loss	-	-	(65.96)	-
Items that will be reclassified to profit or loss				
Adjustments on translation of financial statements in foreign currencies	173.94	(18.00)	39.18	(317.67)
Changes in fair value of financial assets available for sale	(1,259.74)	1,057.37	(1,268.96)	(220.01)
Income tax on Items that will be reclassified to profit or loss	251.95	(211.47)	250.47	(218.44)
Total Other Comprehensive Income	(833.85)	827.90	(705.57)	(185.22)

Attributable Net Income and Comprehensive Income

By 2015, the net income attributable to the parent entity amounted to IDR 20,334.97 billion, an increase of 2.33% compared to 2014 which amounted to IDR 19,871.87 billion. Net Income attributable to non-controlling interests in 2015 amounted to IDR 817.43 billion, an increase of 4.41% compared to 2014 which amounted to IDR 782.91 billion.

As for the 2015 Comprehensive income attributable to owners of the parent amounted to IDR 19,658.16 billion, decreased 5.03% compared to 2014 amounting to IDR 20,699.77 billion. Comprehensive income attributable to non-controlling interests in 2015 amounted to IDR 788.67 million, an increase of 0.74% compared to 2014 which amounted to IDR 782.91 billion.

Attributed Comprehensive Income Statement 2013-2015 (IDR billion)

	2013	2014	2015	Percentage %
Parent Entity	18,203.75	19,871.87	20,334.97	2.33
Non-Controlling Interests	626.18	782.91	817.43	4.41
Net Income attributable to:	18,829.93	20,654.78	21,152.40	2.41
Parent Entity	17,369.91	20,699.77	19,658.16	(5.03)
Non-Controlling Interests	626.18	782.91	788.67	0.74
Comprehensive Income attributable to:	17,996.09	21,482.68	20,446.83	(4.82)

Earnings per Share

Earnings per Share (EPS) is the consolidated net profit at the end of the current year divided by the 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

earnings per share basic and diluted on December 31, 2015 and 2014 respectively of 23.333.333.333 shares. Basic earnings per share in 2015 rose to IDR 871.50 from the previous year at IDR851.66.

Earnings per Share

	2014	2015	Percentage %
Basic (in full IDR)	851.66	871.50	2.33
Diluted (in full IDR)	851.66	871.50	2.33

financial performance review

As one of the banks with the largest assets in Indonesia, in 2015 Bank Mandiri increased its assets by IDR 55,023 billion to IDR 910,063 billion. Loans receivable include consumer financing receivables and net investment in finance lease in 2015 that increased IDR 65,484 billion, a key factor influencing the increase in total assets of the Bank.

Financial Position Analysis

Assets

Assets of Bank Mandiri in the position of the end of 2015 increased by 6.44% to IDR 910,063 billion compared to the previous year of IDR 855,040 billion. The increase in assets is mainly due to the increase in

loans amounted to 12.36% from IDR 529,974 billion in 2014 to IDR 595,458 billion in 2015 and government bonds increased by 20.56% from IDR 86,154 billion in 2014 to IDR 103,869 billion in 2015.

Assets in 2013-2015 (IDR billion)

KETERANGAN	2013	2014	2015	Change (%)
Cash	19,052	20,705	25,109	21.27
Current Accounts at Bank Indonesia	43,904	50,599	56,314	11.29
Current Accounts with Other Banks - net	14,036	8,983	10,152	13.01
Placements with BI and Other Banks - net	45,114	61,118	37,321	(38.94)
Securities - net	26,803	40,465	43,642	7.85
Government Bonds	82,227	86,154	103,869	20.56
Reverse Repo, Derivative Claims & Other Claims - net	11,433	31,468	14,563	(53.72)
Loans*	472,435	529,974	595,458	12.36
Provision for Loan Impairments	(16,677)	(17,919)	(22,558)	25.89
Acceptance Claims - net	10,115	13,007	11,224	(13.71)
Equity Investments - net	5	55	48	(12.73)
Fixed, tangible and intangible assets - net	8,806	10,573	11,677	10.44
Other Assets**	15,847	19,858	23,244	17.05
Total Assets	733,100	855,040	910,063	6.44

*) 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 2015 was IDR 25,109 billion, an increase of IDR 4,404 billion from the previous year which amounted to IDR 20,705 billion,

or increased by 21.27%. The cash include main cash, ATM and CDM cash and petty cash.

Current Accounts at Bank Indonesia

Current accounts with Bank Indonesia also increased by IDR 5,715 billion to IDR 56,314 billion from IDR 50,599 billion in 2014, an increase of 11.29%. The increasing volume of demand deposits at

Bank Indonesia indicated that Bank Mandiri was increasingly compliant with government regulations in meeting the statutory reserve requirement (GWM).

Current Account at Bank Indonesia in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Rupiah	34,293	40,379	44,557	10.35
US Dollar	9,612	10,220	11,757	15.04
Current Accounts at Bank Indonesia	43,905	50,599	56,314	11.29

Current Accounts with Other Banks

Total current accounts with other banks increased IDR 1,168 billion to IDR 10,152 billion in 2015, an increase of 13.01% compared to 2014 amounting to IDR 8,983 billion. This increase was mainly due to the increase

in current accounts with other banks in foreign currencies that are placed on third parties amounted to IDR 976 billion from IDR 8,707 billion in 2014 to IDR 9,683 billion in 2015, an increase of 11.21%

Current Account with Other Banks in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Rupiah:				
Related party	39	20	23	15.00
Third party	163	258	448	73.64
Total in Rupiah	202	278	471	69.42
Foreign Currency:				
Related party	-	1	1	-
Third party	13,846	8,707	9,683	11.21
Total in Foreign Currency:	13,846	8,708	9,684	11.21
Allowance for impairment	(12)	(3)	(3)	-
Total current accounts with other banks	14,036	8,983	10,152	13.01

Placements with Bank Indonesia and Other Banks

Placements with Bank Indonesia and other banks decreased IDR 23,797 billion to IDR 37,321 billion in 2015 from the previous year amounting to IDR 61,118 billion or a decrease of 38.94%. Placement in the form

of declining IDR 24,291 billion rupiah in 2015 became the main cause of the reduced number of placements with Bank Indonesia and other banks.

Placements with Bank Indonesia and Other Banks in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Rupiah:				
Related party	668	1,250	1,572	25.76
Third party	23,020	34,602	9,989	(71.13)
Total in Rupiah	23,688	35,852	11,561	(67.75)
Foreign Currency:				
Related party	248	253	419	65.61
Third party	21,283	25,108	25,408	1.19
Total in Foreign Currency	21,531	25,361	25,827	1.84
Allowance for impairment	(105)	(95)	(67)	(29.47)
Placements with Bank Indonesia and Other Banks	45,114	61,118	37,321	(38.94)

Marketable Securities

Securities held by the Bank increased IDR 3,177 billion to IDR 43,642 billion in 2015 from the previous year amounting to IDR 40,465 billion, an increase of 7.85%.

The increase is mainly due to the effects of related party in 2015 amounted to IDR 16,517 billion increase IDR 1,714 billion or increased by 11.58%

Securities in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Related Party	8,938	14,803	16,517	11.58
Third Party	18,452	26,048	27,787	6.68
Unamortized discounts, unrealized gains/ (losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses	(587)	(386)	(662)	71.50
Securities - net	26,803	40,465	43,642	7.85

Government Bonds

As of the end of 2015, government bonds held by Bank Mandiri amounting to IDR 103,869 billion, an increase of IDR 17,715 billion or 20.56% from the end of 2014 only amounted to IDR 86,154 billion. This increase is

due to government bonds available for sale increased IDR 12,966 billion or increased by 21.19% to IDR 74,153 billion in 2015.

Government Bonds in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Government Bonds				
Measured at fair value by P/L statement, fair value	1,382	1,745	1,584	(9.23)
Available for sale, fair value	57,213	61,187	74,153	21.19
Held to maturity, amortized	22,468	21,196	20,811	(1.82)
Measured at cost*)	713	876	6,055	591.21
Investments in unit-linked**)				
Measured at fair value by P/L statement, fair value	452	1,150	1,266	10.09
Total Government Bonds	82,228	86,154	103,869	20.56

*) 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 & Other Claims

By 2015, the number of charges on securities purchased under agreements to resell or Reverse Repo decreased 96.57% to IDR 677 billion compared to the year 2014 amounted to IDR 19,745 billion. While derivative receivables amounting to IDR 701 billion in 2015 increased by 887.32% compared to 2014 amounting to IDR 71 billion. While the bill other trading

transactions in 2015 amounted to IDR 13,185 billion, increased by 13.16% compared to 2014 amounting to IDR 11,652 billion. On December 31, 2015 and 2014, no derivative contracts intended to hedge accounting and Bank Indonesia's collectibility of derivative receivables are current.

Reverse Repo, Derivate Claims & Other Claims in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Reverse Repo	3,738	19,745	677	(96.57)
Derivate Claims	171	71	701	887.32
Other Claims-Trade Transactions	7,524	11,652	13,185	13.16
Total	11,433	31,468	14,563	(53.72)

Loans

As has been stated previously that in 2015, total assets of the Bank increased by IDR 55,023 billion from 2014, where the largest component of these assets are loans which in 2015 increased IDR 65,484

billion. As of December 31, 2015, total loans of the Bank amounted to IDR 595,458 billion with gross NPL rate of 2.60% is ideal.

Loans Disbursed*) in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Related party	57,321	67,621	75,412	11.52
Third party	415,114	462,353	520,046	12.48
Total	472,435	529,974	595,458	12.36

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

Written-Off Loans

As of December 31, 2015, the balance of loans written off amounted to IDR 40,814 billion, increased by 13.57% from the previous year. Portfolios of written-

off loans are not presented in the statement of financial position.

Written-Off Loans Changes in Written-Off Loans (Bank Only) (IDR billion)

	2013	2014	2015
Balance at the beginning of the year	32,751	35,143	35,937
Write off	2,304	2,986	5,993
Recovery	(3,076)	(2,686)	(3,040)
Miscellaneous ¹⁾	3,164	494	1,925
Balance per year's end	35,143	35,937	40,815

1) Including the difference in exchange rate due to currency translation

Restructured Loans

Of total loans as of December 31, 2015, amounted to IDR 32,514 billion is a loan that once restructured. The amount is increased compared with December

31, 2014 the position where ever restructured loans amounted to IDR 13,915 billion of total loans.

Restructured Loans Loan Restructuring Scheme and Amount (IDR billion)

	2013	2014	2015
Long term loans with share options (KJPOS)	347	198	322
Additional facilities	37	45	34
Extension of time	8,221	8,424	24,526
Extension of time & reduction in interest rate	1,181	1,204	1,626
Extension of time & other restructuring schemes*)	5,169	4,044	6,006
Total	14,955	13,915	32,514

Note:

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

Provision for Loan Impairments

Total Provision for Loan Impairments in 2015 amounted to IDR 22,558 billion, rising 25.89% from 2014 which amounted to IDR 17,919 billion. The Provision Increased mainly due to increased

Provisions for Loans and Provisions for Consumer Financing Receivables which respectively added up to 25.84% and 38.46%.

Provision for Loan Impairments

	2013	2014	2015	Change (%)
Impairment Provision for Loans	(16,536)	(17,707)	(22,282)	25.84
Impairment Provision for Consumer Financing Receivables	(133)	(195)	(270)	38.46
Impairment Provision for Net Investment in Lease Finance	(8)	(17)	(6)	(64.71)
Total Impairment Provision	(16,677)	(17,919)	(22,558)	25.89

Acceptance Claims

Acceptance claims in 2015 amounted to IDR 11,224 billion, decreased IDR 1,783 billion or 13.71%. This decrease was due to reduced charges to borrowers in the form of foreign currency amounting to IDR 3,298

billion, down by 27.29% to IDR 8,789 billion in 2015 compared to the previous year which amounted to IDR 12,087 billion.

Acceptance Claims in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Rupiah				
Claims on other banks	294	196	324	65.31
Claims on borrowers	438	742	2,094	182.21
Foreign currency				
Claims on other banks	387	89	124	39.33
Claims on borrowers	9,059	12,087	8,789	(27.29)
Allowance for impairment	(63)	(107)	(107)	-
Total Acceptance Claims	10,115	13,007	11,224	(13.71)

Equity Investments

By 2015, the number of Subscription Shares at IDR 48,394 million decreased IDR 7,096 million or 12.79% compared to 2014 which amounted to IDR 55,490

million. CKPN increasing from IDR 3,182 million in 2014 to IDR 10,250 million in 2015 was the main factor influencing this decline.

Net Equity Investments (IDR million)

	2013	2014	2015	Change (%)
Current	6,528	58,405	8,175	(86)
Substandard	-	-	50,331	
Doubtful	1,362	266	-	(100)
Lost	1	1	138	13,700
Allowance for impairment	(3,224)	(3,182)	(10,250)	222.12
Total	4,667	55,490	48,394	(12.79)

Fixed and Intangible Assets - Net

By 2015, the number of Fixed Assets and Intangible Assets amounting to IDR 11,677 billion, an increase of 10.44% compared to 2014 amounting to IDR 10,573 billion. This increase was mainly due to the increase in fixed assets amounted to IDR 833 billion or 9.33% from IDR 8,929 billion in 2014 to IDR 9,762 billion in 2015.

The more complete description of the composition and changes in fixed assets and intangible assets - net in the form of a comparison of the last two fiscal years (2014 and 2015) can be seen in the consolidated financial statements note 18 and 19.

Fixed and Intangible Assets - Net

	2013	2014	2015	Change (%)
Fixed assets	7,646	8,929	9,762	9.33
Intangible assets	1,160	1,644	1,915	16.48
-Software	1,005	1,221	1,492	22.19
-Goodwill	155	423	423	-
Total	8,806	10,573	11,677	10.44

Other Assets - Net

In 2015, the number of Other Assets amounting to IDR 23,244 billion, increased by 17.05% compared to 2014 amounting to IDR 19,858 billion. This increase was

mainly due to an increase in prepaid taxes at end 2015 amounted to IDR 4,817 billion, an increase of 85.84% from 2014 amounting to IDR 2,592 billion

Other Assets - Net

	2013	2014	2015	Change (%)
Prepaid expenses	1,489	1,838	2,300	25.14
Prepaid tax	1,127	2,592	4,817	85.84
Deferred tax assets	4,322	4,189	4,834	15.40
Revenues accrued	2,564	3,273	4,061	24.08
Others - Net	6,345	7,966	7,232	(9.21)
Total	15,847	19,858	23,244	17.05

Liabilities

Liability companies including temporary syirkah funds in 2015 amounted to IDR 790,572 billion increased IDR 40,376 billion or 5.38% from the previous year IDR

750,195 billion. The increase was mainly due to the increase in customer deposits, which increased by IDR 40,005 billion, or 6.29%

Liabilities in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Obligation Due Immediately	762	1,156	1,156	-
Customers Deposits*	556,342	636,382	676,387	6.29
Deposits from Other Banks*	12,671	17,774	12,954	(27.12)
Liability to Unit-Linked Policyholders	12,003	17,344	17,019	(1.87)
Securities Sold under Repurchase Agreements	4,656	6,112	4,863	(20.44)
Derivative Payables	226	157	299	90.45
Acceptance Payables	10,178	13,114	11,331	(13.60)
Marketable Securities Issued	1,780	2,010	2,398	19.30
Estimated Losses on Commitments and Contingencies	201	197	396	101.02
Accrued Expenses	3,326	3,880	3,491	(10.03)
Taxes Payable	2,127	1,875	2,132	13.71
Employee Benefit Liabilities	4,585	5,181	5,777	11.50
Provision	823	668	676	1.20
Other Liabilities	14,166	16,371	14,189	(13.33)
Fund Borrowings	15,997	24,227	33,765	39.37
Subordinated Loans	4,466	3,747	3,738	(0.24)
Total Liabilities*	644,309	750,195	790,571	5.38

*including temporary syirkah fund

Obligation Due Immediately

By 2015, the number of fixed soon liabilities amounted to IDR 1,156 billion, remaining unchanged from the previous year

Customer Deposits (including temporary syirkah funds)

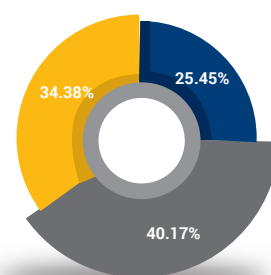
In 2015, customer deposits recorded at IDR 676,387 billion, an increase of 6.29% compared to 2014 which only amounted to IDR 636,382 billion. Deposits from customers consist of demand deposits, savings and time deposits.

Current accounts in 2015 registered a growth of 34.43% from IDR 128,067 billion in 2014 to IDR 172,166 billion in 2015, while savings also increased by 7.63% from IDR 252,445 billion in 2014 to IDR 271,707 billion in 2015. Meanwhile, deposits decreased by 9.13% from IDR 255,870 billion in 2014 to IDR 232,514 billion in 2015.

Customer Deposits (including temporary syirkah funds) in 2013-2015

	2013	2014	2015	Change (%)
Current Account	123,446	128,067	172,166	34.43
Related party	26,507	19,751	38,352	94.18
Third party	96,939	108,316	133,914	23.63
Saving	236,511	252,445	271,707	7.63
Related party	297	159	1,570	887.42
Third party	236,214	252,286	270,137	7.08
Term Deposit	196,385	255,870	232,514	(9.13)
Related party	28,908	33,915	37,696	11.15
Third party	167,477	221,955	194,818	(12.23)
Total Customer Deposits	556,342	636,382	676,387	6.29

Composition of Customer Deposits in 2015 (IDR billion)



● Giro ● Tabungan ● Deposito

Deposits from Other Banks

By 2015, the number of deposits from other banks amounted to IDR 12,954 billion, decreased 27.12% compared to 2014 amounting to IDR 17,774 billion. This decline is due to deposits from other banks in

the form of time deposits Decreased IDR 6,019 billion, down 53.65% to IDR 5,201 billion in 2015 from IDR 11,220 billion in 2014.

Liability to Unit-Linked Policyholders

In 2015, the amount of liabilities to the Policy Holder Unit-Linked amounted to IDR 17,019 billion, a decrease of 1.87% compared to 2014 amounting to IDR 17,344 billion. This decrease was due to the liabilities of

the Subsidiary to the policyholder in the unit linked contracts subsidiaries are placed on non-unit-linked investment sharia down 1.58% or amounting to IDR 260 billion from IDR 16,407 billion in 2014 to IDR 16,147 billion in 2015.

Securities Sold under Repurchase Agreements

In 2015, the amount of Liabilities on Securities Sold Under Agreements to Repurchase amounting to IDR 4,863 billion decreased 20.44% compared to 2014

amounting to IDR 6,112 billion. This decrease was due to the effects of a third party which is sold under repurchase agreements, decreased 28.08% from 2014.

Derivative Payables

By 2015 the number of derivative liabilities amounted to IDR 299 billion, an increase of IDR 142 billion or 90.45% from the year 2014 amounting to IDR 157 billion. This increase was due to derivative liabilities

to third parties increased by 100% or IDR 148 billion to IDR 296 billion in 2015 compared to IDR 148 billion in 2014.

Acceptance Payables

In 2015 the amount of amounting to IDR 11,331 billion, a decrease of 13.60% compared to 2014 amounting to IDR 13,114 billion. This decrease is due to the declining acceptance liabilities to other banks in

the form of foreign currency amounting to IDR 3,298 billion or 27.29% from IDR 12,087 billion in 2014 to IDR 8,789 billion in 2015.

Marketable Securities Issued

By 2015 the number of securities issued will reach IDR 2,398 billion, an increase of 19.30% compared to 2014 amounting to IDR 2,010 billion. This increase is due to

the increase in total securities issued by third parties amounted to 15.24% of IDR 1,575 billion in 2014 to IDR 1,815 billion in 2015.

Estimated Losses on Commitments and Contingencies

By 2015 the estimated losses on commitments and contingencies amounting to IDR 396 billion, an increase of 101.02% compared to 2014 amounting

to IDR 197 billion. Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

Accrued Expenses

By 2015 the number of Accrued Expenses amounting to IDR 3,491 billion decreased 10.03% compared to 2014 amounting to IDR 3,880 billion. This decrease is mainly due to the acquisition of property and

equipment and software declined IDR 236 billion or 18.03% from IDR 1,309 billion in 2014 to IDR 1,073 billion in 2015.

Taxes Payable

In 2015, the amount of tax debt amounting to IDR 2,132 billion, an increase of 13.71% compared to 2014 amounting to IDR 1,875 billion. This increase was mainly due to increased debt Corporate Income

Tax - Article 29 for the Parent Company amounted to 43.28% from IDR 744 billion in 2014 amounted to IDR 1,066 billion in 2015.

Employee Benefit Liabilities

By 2015, the number of deposits from other banks amounted to IDR 12,954 billion, decreased 27.12% compared to 2014 amounting to IDR 17,774 billion. This increase is due to increased provision for

currency appreciation as well as the provision for employee bonuses, incentives, employee leave and THR of IDR 596 billion.

Other Liabilities

By 2015, the number of Other liabilities amounted to IDR 14,189 billion, a decrease of 13.33% compared to 2014 amounting to IDR 16,371 billion. This decrease

is mainly due to the 2015 debt customer transactions decreased by IDR 1,092 billion.

Fund Borrowings

By 2015, the number of Loans Received by IDR 33,765 billion, an increase of 39.37% compared to 2014 amounting to IDR 24,227 billion. This increase is due to increased loans received in foreign currency amounting to IDR 8.704 billion or 43.80% from the

previous year IDR 19,871 billion to IDR 28,575 billion in 2015. Loans received in foreign currencies consist of Direct Off-shore Loans of IDR 18,731 billion, Bilateral Loans IDR 6,891 billion and IDR 2,953 billion in Trade Finance Facility.

Subordinated Loans

By 2015, the number of subordinated loans amounting to IDR 3,738 billion, a decrease of 0.24% compared to 2014 amounting to IDR 3,747 billion. This decrease is due to the declining value of the loan two step loan

from Nordic Investment Bank (NIB) amounting to IDR 21 billion from IDR 53 billion in 2014 to IDR 32 billion in 2015.

Equity

During the course of 2015, total equity amounted to IDR 119,492 billion, an increase of 13.97% compared to 2014 were recorded at IDR 104,845 billion. The increase in equity due to an increase unappropriated retained earnings amounting to 19.54% from IDR 64,263 billion in 2014 to IDR 76,822 billion in 2015.

Bank Mandiri's activities during 2015 were funded mainly by the increase in the number of deposits, the combination of interest income on loans, commissions and provisions.

In addition, the bank also has been utilizing the inter-bank money market. Bank Mandiri managed to

maintain liquidity reserves, which normally amounts greater than Statutory Bank Indonesia, in anticipation of the withdrawal of deposits in large amounts by the customer.

On the side of the allocation, the bank used most of the funds for the provision of credit, payment of interest expense on deposits, borrowings, the repayment of loans received, the placement on the interbank money market, and operating expenses (including salary and benefits, as well as general and administrative expenses).

Equity in 2013-2015 (IDR billion)

	2013	2014	2015	Change (%)
Share Capital	11,667	11,667	11,667	-
Additional Paid-in Capital/Agio	17,316	17,316	17,316	-
Differences Arising from Translation of Financial Statements in Foreign Currencies	222	204	243	19.12
Difference in transactions from non-controlling interests	-	-	(93)	-
Unrealized Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - net of Deferred Tax	(1,417)	(571)	(1,565)	174.08
Net actuarial gain on reward programs - net of Deferred Tax	-	-	278	-
Retained Earnings				
Appropriated	7,431	9,779	12,402	26.82
Unappropriated	52,201	64,263	76,822	19.54
Non-Controlling Interests in Net Assets of Consolidated Subsidiaries	1,371	2,187	2,422	10.75
Total Equity	88,791	104,845	119,492	13.97

Share Capital

By 2015, the number of Capital Shares is the same as in 2014 amounting to IDR 11,667 billion.

Additional Paid-in Capital/Agio

By 2015, the number of Additional Paid in Capital/Agio also still the same as last year, which amounted to IDR 17,316 billion.

Differences Arising from Translation of Financial Statements in Foreign Currencies

Throughout 2015, the number Differences Arising from Translation of Financial Statements in Foreign Currencies of IDR 243 billion, increased by 19.12% compared to 2014 amounting to IDR 204 billion.

This increase is due to the value of the US Dollar (USD), British Pound (GBP), Singapore Dollar (SGD) and Japanese Yen (JPY) appreciated at the end of December 2015.

Unrealized Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - net of Deferred Tax

By 2015, the number of Unrealized Losses from Decrease in Fair Value of Securities and Government Bonds available for sale Net of Deferred Tax amounting

to IDR 1,565 billion, increased by 174.08% compared to 2014 amounting to IDR 571 billion.

Retained Earnings

By 2015, the number of Retained Earnings Already Specified Uses of IDR 12,402 billion, increased by 26.82% compared to 2014 amounting to IDR 9,779 billion. While the number of Retained Earnings Not Specified Uses of IDR 76,822 billion, an increase of 19.54% from 2014 amounting to IDR 64,263 billion.

Dividends of net profit in 2014 amounted to IDR 4,968 billion paid out on 17 April 2015 and the dividend on the net profit in 2013 amounted to IDR 5,461 billion paid out on April 15, 2014. The payment of dividends is recorded as a deduction of retained earnings in the

consolidated statement of changes in equity the year in which the payment is made.

Allocation to retained earnings that have been appropriated for the year 2014 amounting to IDR 2,623 billion is to develop business and build supporting infrastructure such as the purchase of an office building, the construction of Mandiri University, ATM procurement, in addition to IT capital expenditure, as well as the development of technological systems.

Non-Controlling Interests in Net Assets of Consolidated Subsidiaries

By 2015, the number of Non-Controlling Interests in Net Assets of Consolidated Subsidiaries amounting to IDR 2,422 billion, an increase of 10.75% compared to 2014 amounting to IDR 2,187 billion. This increase was due to a decrease in the percentage of ownership in Bank Mandiri Bank Mandiri Taspen Pos (Bank

Mantap) of 93.23% in 2014 to 58.25% in 2015. The decrease in the percentage of ownership resulted in an increased number of non-controlling interests in net assets of Bank Steady amounting to IDR 281 billion from IDR 14 billion in 2014 to IDR 295 billion in 2015.

Cash Flow

With strong operating cashflows, we are in a solid position to support future growth

Bank Mandiri Cash Flow in 2012-2015 (IDR billion)

	2013	2014	2015
Net Cash Flow from Operating Activities	12,734	21,092	10,201
Net Cash Flow from Investing Activities	(12,562)	(7,084)	(28,949)
Net Cash Flow from Financing Activities	6,354	3,496	778

Net Cash Flow from Operating Activities

Net cash flows from operating activities in 2015 amounted to IDR 10,201 billion, decreased by IDR 10,891 billion or 51.64% from 2014. These were mainly derived from interest and sharia income adding up to IDR 68,561 billion and revenues generated from sales of government bonds – measured at fair value through profit or loss which amounted to IDR 31,696

billion. Net cash inflows were also influenced by an increase in demand deposit of IDR 4,833 billion to IDR 44,703 billion in 2015. These inflows were offset by operating expenses, particularly salaries and benefits, at IDR 11,503 billion and general as well as administrative expenses in the amount of IDR 11,309 billion.

Net Cash Flow from Investing Activities

Net cash flows from investing activities in 2015 stood at IDR 28,949 billion, increasing by IDR 21,865 billion from 2014. Cash outflows from investing activities increased due to the growths in government bonds – available for sale and held to maturity of IDR 17,605

billion – and in marketable and held-to-maturity securities of IDR 9,640 billion. Additionally, there were net cash inflows from sales of fixed assets in the amount IDR 4,202 billion.

Net Cash Flow from Financing Activities

Net cash flows from financing activities in 2015 stood at IDR 778 billion, decreasing by IDR 2,718 billion or 77.75% from the year before. Cash inflows from financing activities mainly came from an increase

in borrowings of IDR 7,291 billion and securities issued adding up to IDR 389 billion. Dividend payouts standing at IDR 4,968 billion contributed to cash outflows of 2015.

Comparison between Targets and Realizations in 2015 and Projections for 2016

Target Achievements in 2015

In general, during the course of 2015 Bank Mandiri recorded satisfactory performance, as evident from the following key performance achievements:

1. Bank Mandiri recorded a credit growth by 12.8% YoY, slightly lower from the target of 14% due to more selective credit distribution to maintain NPL ratio at 2.3%, which was slightly lower than the target of 2.5%.
2. Low-cost funds stood at IDR 412.7 trillion, exceeding the target of IDR 404.6 trillion. The ratio of low-cost fund to total fund was 63.8%.
3. Net Interest Margin (NIM) reached 5.9%, meeting the target determined at 5.9%.
4. Efficiency was maintained with a ratio of 39.5%, better than the target of 43.0%.
5. Distribution channel also surpassed its targets. Total new branch offices opened in 2015 was 145 units, bringing the total to 2,457 offices. This exceeded the target set at 60 units.

Targets in 2016

For 2016, Bank Mandiri has set out targets for several key indicators by considering national economic conditions, dynamics in banking industry and internal readiness as follows:

1. Retail credit growth at 17.2%.
2. Maintaining low-cost funds at a range of 64%.
3. Maintaining the NPL ratio at 2.6%.
4. LDR is kept at a range of 80-90%.

Perbandingan Antara Target dengan Realisasi Tahun 2015 dan Proyeksi Tahun 2016

	Targets in 2015	Realization in 2015	Targets in 2016
Credit Growth	14%	12.8%	12%
Gross NPL	2.5%	2.3%	2.6%
Low-cost Fund Raising	IDR 404.6 trillion	IDR 412.7 trillion	IDR 440 trillion
Net Interest Margin	5.9%	5.9%	5.8%
Efficiency Ratio	<43.0%	39.5%	<44%

other financial information review

Analysis on Ability to Repay Debts and Loans Collectability

Ability to Repay Debts

Ability to repay debts can be measured by several ratios, including liquidity ratio, solvency ratio and profitability ratios. These ratios provide the benchmarks for Bank Mandiri in calculating the possibility of emerging risks affecting its operations. In addition, Pefindo, in its Letter under document

number. No. 1240/PEF-Dir/X/2015 dated October 1, 2015 awarded idAA+ ratings (Double A plus; Stable Outlook) for the period of 1 October 2015 to 1 October 2016. This demonstrates the Bank's ability to meet its long-term financial commitments is relatively superior when compared to other Indonesian obligors.

Bank Liquidity

Bank liquidity is influenced by funding structure, assets liquidity, liability to counterparties and loan commitments to borrowers. Total current assets of the Bank added up to IDR 147,561 billion, declined from IDR 161,421 billion in 2014. Total current assets at the end of 2015 stood at 16.2% of the total assets, or 21.8% from total non-bank deposits, which are also good liquidity indicators.

The Bank manages liquidity risks by calculating the size of the liquidity controlled by the Bank. To assess the magnitude of the liquidity risk, the Bank uses a variety of indicators, including the Primary Reserve Ratio (the ratio of Statutory Reserve and Cash), Secondary Reserve Ratio (liquidity reserves) and Loan to Deposit Ratio (LDR).

As of December 31, 2015, the Primary Statutory Reserve in Rupiah stood at 7.50% of total Rupiah-denominated third-party funds, in line with the mandatory limit, whilst the LFR Statutory Reserve stood at 0.00% as there was no infringements to the LFR limits set by Bank Indonesia and Secondary

Rupiah Statutory Reserve stood at 14.35% of total Rupiah third-party funds. As for foreign currency, the Bank maintained a Statutory Reserve of 8.50% of total foreign currency third-party funds in accordance with the mandatory limits.

Secondary reserves (liquidity reserves) are the Bank's liquid assets that function to support the primary reserves in respect of unscheduled funding requirements. In managing its secondary reserves, the Bank maintains a liquidity reserve safety level based on projection of liquidity reserves for the next three months. As of December 31, 2015, the Bank's liquidity reserves were above the safety level.

LDR is the ratio between loans to third parties and deposits denominated in Rupiah and foreign currency. LDR is used to identify the proportion of the Bank's funds derived from customer deposits, which are generally placed with the Bank on a short-term contractual basis, that are used to finance assets in the form of loans, which in general are illiquid. As of

December 31, 2015, Bank Mandiri's consolidated LDR stood at 87.68%, categorized as "highly liquid" in the assessment of Bank Soundness. Bank Mandiri's LDR is within the LDR range set by Bank Indonesia at 78% to 92%, which indicate financial soundness of the Bank.

To support liquidity and increase earning assets, the Bank also secured funding through Collateral Fund Borrowing. In addition, cash flows from third-party funds also significantly influenced the liquidity position of the Bank.

Bank Mandiri's Liquidity Position in 2013-2015

	2013	2014	2015
Current assets ¹⁾	IDR 135,269 billion	IDR 161,421 billion	IDR 147,561 billion
Government bonds at fair value of income statement and available for sale	IDR 55,680 billion	IDR 64,082 billion	IDR 77,003 billion
Loan to Deposit Ratio/LDR ²⁾	84.46%	82.86%	87.68%
Current Assets to Total Assets Ratio	18.5%	18.9%	16.2%
Current Assets to Deposits Ratio	24.3%	25.4%	21.8%

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

Bank Solvency

Bank Mandiri measures solvency through its capital ratio. Bank Mandiri applies prudent capital policies by diversifying sources of capital in line with the long-term strategic plan, and allocates capital efficiently to business segments that provide optimal risk-return profile potentials, including placements and investments in subsidiaries, to meet the expectations of stakeholders, including investors and regulators.

Bank Mandiri ensures that it has adequate capital to cover its credit risks, market risks and operational risks, as reflected in the Bank's Capital Adequacy

Ratio (CAR). The Capital Adequacy Ratio is the ratio of capital to risk-weighted assets (RWA). Based on Bank Indonesia regulations, the ratio of capital to credit risk consists of core capital ("Tier I") and Supplementary Capital ("Tier II"), less investments in subsidiaries. In order to calculate market risks, the Bank may also include Additional Supplementary Capital ("Tier III"), which is short term subordinated loans short that meet certain criteria as capital components. Bank Mandiri's Capital Adequacy Ratio (Bank only) is as follows:

Capital Adequacy Ratio (Bank Only), 2013-2015 (%)

	2013	2014	2015
CAR for Tier I	13.40	15.35	16.15
CAR for credit risks	16.99	19.20	21.57
CAR for credit and operating risks	14.99	16.66	18.63
CAR for credit and market risks	16.92	19.12	21.53
CAR for credit, operating and market risks	14.93	16.60	18.60

Bank Mandiri's capital adequacy ratio (Bank only) as at December 31, 2015, taking into account credit, operational and market risks, stood at 18.60%. This

level is within the threshold of CAR and CAR incentive, which is stipulated by Bank Indonesia at 15%.

Bank Profitability

The consolidated profitability of the Bank is measured using the following ratios:

Profitability Ratios 2013-2015 (%)

	2013	2014	2015
ROE	22.23	20.95	18.33
ROA	3.54	3.39	2.99
NIM	5.74	5.97	6.08
CER	44.08	44.91	43.00
BOPO	67.66	70.02	74.28

In 2015, Bank Mandiri recorded Return on Equity at 18.33%, lower than 20.95% in 2014. Return on Asset in 2015 was recorded at 2.99%, dropped slightly from 2014 which was 3.39%. Net Interest Margin rose to 6.08% from 5.97% in 2014. Based on this NIM level, Bank Mandiri is one of the Banks with highest profitability level.

Cost Efficiency Ratio for the Bank in 2015 stood at 43.00%. This shows the success of the Bank in implementing strategies to boost operational

efficiency and effectiveness, increase lending and expand operations. Operating Expenses to Operating Income (BOPO) ratio rose to 74.28% from 70.02% in 2014. This was due to different growth rate in operating income and expenses. Still, this ratio indicates the success of management in maintaining operating efficiency and effectiveness.

Taken together, the above ratios show that the bank has the capacity to generate profit and high efficiency level in its operations.

Loan Collectability

Loan Collectability at Bank Mandiri is reflected from the total non-performing loans (NPLs). The NPL of the Bank remained under control at around 2.60% or IDR

15.5 trillion. This is significantly below the NPL ceiling set by Bank Indonesia, which is 5%, meaning that bad loans are well under control.

Loan Collectability, 2013-2015 (IDR billion)

	2013	2014	2015
Loan	472,435	529,973	595,458
Current	445,659	495,606	552,863
Special mention	17,755	22,958	27,078
Substandard	1,222	2,231	3,280
Doubtful	1,061	2,239	2,557
Lost	6,738	6,940	9,680
NPL	9,021	11,410	15,517
NPL (%)	1.90%	2.15%	2.60%

Capital Structure

Besides minimum capital adequacy requirements according to the risk profile, Bank Mandiri is required to establish an additional capital as a buffer in the form of:

1. Capital Conservation Buffer, an additional capital that serves as a buffer in the event of a loss during the period of crisis.
2. Countercyclical Buffer, an additional capital that serves as a buffer for anticipated losses in the event of excessive credit growth and thus potentially disrupting the stability of the financial system.
3. Capital Surcharge for Domestic Systemically Important Banks (D-SIB), an additional capital that serves to reduce negative impacts on the stability of the financial system and economy in the event of bank failure that has a systemic impact through an increase in the Bank's ability to absorb losses.

Banks' obligation to establish a Capital Conservation Buffer came into effect as of January 1, 2016 in stages as follows:

1. 0.625% (zero point six two five percent) of Risk Weighted Assets (RWA) as of January 1, 2016
2. 1.25% (one point two five percent) of RWA as of January 1, 2017
3. 1.875% (one point eight seven five percent) of RWA as of January 1, 2018
4. 2.5% (two point five percent) of RWA as of Tuesday, January 1, 2019

Countercyclical Buffer is set out by Bank Indonesia under Bank Indonesia Regulation (PBI) No. 17/22/PBI/2015 on the Requirement for Establishing Countercyclical Buffer. Banks' obligation to set up Countercyclical Buffer was effective as of January 1, 2016 with the effective bucket ranging from 0% to 2.5% of the RWA.

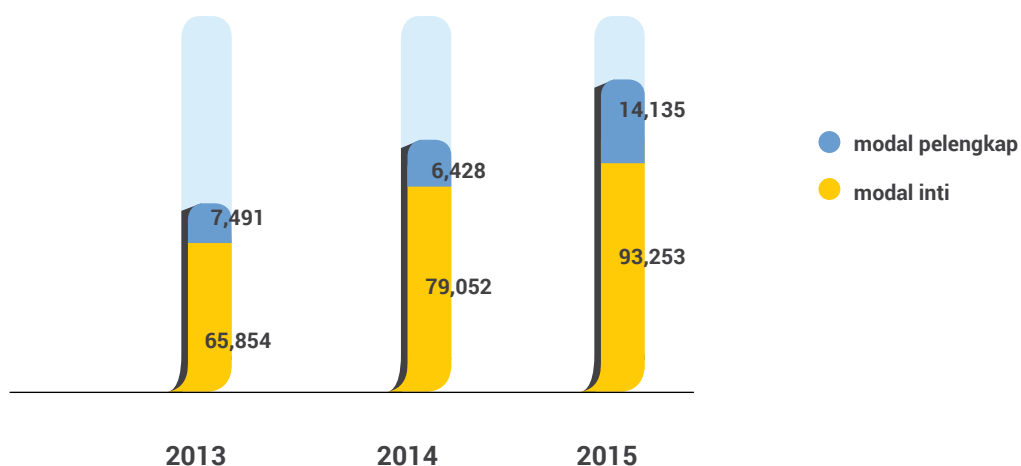
Capital Surcharge for D-SIB D-SIB is regulated by the Financial Services Authority (OJK) under OJK Regulation No. 46/POJK.03/2015 on Establishment of Systemically Important Bank and Capital Surcharge. Banks' obligation to establish Capital Surcharge came into force as of January 1, 2016 with the effective bucket of 0-2.5% of the RWA. The OJK shall notify the designated SIB in writing and the amount of Capital Surcharge requirement for an SIB.

Core capital in 2015 (Bank Mandiri only) reached IDR 93,253 billion, or rose by 17.96% from IDR 79,052 billion in 2014, due to additional capital derived from retained earnings. Supplementary capital in 2015 (Bank Mandiri only) grew by 119.90% to IDR 14,135 billion from IDR 6,428 billion recorded the year before.

Capital Structure (Bank Only) in 2013-2015 (IDR billion)

	2013	2014	2015
Capital:			
Tier I	65,854	79,052	93,253
Tier II	7,491	6,428	14,135
Total capital for credit risks, operational risks and market risks	73,345	85,480	107,388
Credit Risk Weighted Assets	431,633	445,254	497,913
Operational Risk Weighted Assets	57,671	67,787	78,628
Market Risk Weighted Assets	1,972	1,863	805
Total RWA for credit risks, operational risks and market risks	491,276	514,904	577,346

Capital Structure (Bank Only) in 2013-2015 (IDR billion)



Capital Structure Policies

Bank Mandiri's capital structure policy is to diversify sources of capital under the prudential principles in line with the long-term strategic plan, and efficiently allocating capital to business segments that provide optimal risk-return profiles, including making placements and investments in subsidiaries, in order to meet the expectations of stakeholders, including investors and regulators.

It adheres to the relevant Bank Indonesia regulations on the calculation of capital adequacy to cover credit risks, market risks and operational risks. As regards

credit risks, the Bank uses the Standardized Approach. The Bank is currently developing the calculation of capital requirements for credit risk using advanced approaches of both regulatory (IRBA) and economic approach. An economic approach (economic capital) is developed for credit risks and operational risks. For market risks, Bank Mandiri applies the Standard Model while internally it uses the Value at Risk as Internal Model approaches. For operational risks, the Bank refers to the Basic Indicator Approach, and has conducted Standardized Approach simulations according to Basel II.

Capital Adequacy Ratio (Bank Only) based on BI Regulations, 2013-2015 (%)

	2013	2014	2015
CAR for Tier I	13.40	15.35	16.15
CAR for Tier II	16.99	19.20	21.57
CAR for credit and operating risks	14.99	16.66	18.63
CAR for credit and market risks	16.92	19.12	21.53
CAR for credit, operating and market risks	14.93	16.60	18.60
Minimum CAR for Tier I	5.00	6.00	6.00
Minimum CAR for Total Capital	8.00	9.00	9.00



Material Commitments for Capital Goods

In investing in capital goods, Bank Mandiri entered into commitments with related parties. The commitments include: Bank Mandiri and other interested parties entered into a cooperation agreement on investment under certain terms and conditions agreed upon by both parties. Such commitments are as follows:

Contract for software procurement and installation services for integrated banking system, called eMAS (Enterprise Mandiri Advanced System)

The purpose of the commitment

The commitment aims to improve customer database and service system, and enhance customer transaction security.

On November 22, 2012, Bank Mandiri entered into a contract with vendor to add features to eMAS in line with the Application Management Services 2012 contract in the amount of USD 1,190,000 (full amount after VAT) under the blanket order system. The blanket order is based on actual man-days estimation for the additional eMAS features development by the vendor.

As at December 31, 2015, the contract value with payment realization approach for the Application Management Services 2012 stood at USD 1,083,250 (full amount after VAT) and the Bank has recorded the payment realization value as fixed assets at USD 977,900 (full amount after VAT), thus project progress estimation as of December 31, 2015 stood at 90.27%.

On September 3, 2013, the Bank entered into a contract with vendor to add features to eMAS pursuant to the Application Management Services 2013 under the blanket order system with a maximum contract amounting to USD 2,583,700 (full amount

after VAT). The blanket order is based on actual man-days estimation for the additional eMAS features development by the vendor. As at December 31, 2015, the contract value with payment realization approach added up to USD 2,393,300 (full amount) and the Bank has recorded the payment realization value as fixed assets at USD 2,234,400 (full amount) thus project progress estimation as of December 31, 2015 stood at 93.36%.

On September 15, 2014, the Company entered into a contract with vendor to add features to eMAS under the Application Management Services 2014 under the blanket order system with a maximum contract amounting to USD 3,550,000 (full amount after VAT). The blanket order is based on actual man-days estimation for the additional eMAS features development by the vendor. As at December 31, 2015, the contract value with payment realization approach added up to USD 2,648,300 (full amount) and the Bank has recorded the payment realization value as fixed assets at USD 2,386,310 (full amount) thus project progress estimation as of December 31, 2015 stood at 90.11%.

Source of Funds and Currency

The above commitments used rupiah and US dollar from the internal sources.

Risk Mitigation from Related Foreign Currency Liabilities

Bank Mandiri controlled assets in US dollar, which provided revenue in US dollar too. Consequently, indirectly those assets provide a natural hedge in respect of Bank Mandiri's foreign currency denominated liabilities.

Capital Goods Investment

Bank Mandiri invested in capital goods in the form of fixed assets of land, building, vehicle and equipment, office supplies as well as computers. Such capital goods investments aim to support operating activities

of the Bank. In 2015, total invested capital goods reached IDR 2,135,057 million, declining by 4.81% compared to IDR 2,242,995 million in 2014.

Additional Capital Goods as Fixed Assets 2013-2015 (IDR billion)

Fixed Assets	2013	2014	2015	Capital Expenditure Policy in 2015
Land	18,430	14.564	39,459	Investment Purpose: Supporting business expansion. Source of Funds: Capital Expenditure (CAPEX). Currency: Rupiah. Risk Protection: certification.
Building	595,268	468.075	491,675	Investment Purpose: Supporting the Company operations. Source of Funds: CAPEX. Currency: Rupiah. Risk Protection: Insurance.
Office equipment, supplies and computer	1,036,231	1,749.495	1,591,886	Investment Purpose: Supporting the Company operations. Source of Funds: CAPEX. Currency: Rupiah. Risk Protection: Insurance.
Vehicle	3,562	10.861	12,037	Investment Purpose: Supporting the Company operations. Source of Funds: CAPEX. Currency: Rupiah. Risk Protection: Insurance.
Total	1,653,491	2,242.995	2,135,057	



other material information

Material Information and Facts after the Date of Accountant's Report

Investment in PT Mandiri Capital Indonesia

Based on the letter of approval from the Financial Services Authority (OJK) No. S-1/PB.31/2016 dated January 7, 2016 on Application for Approval of Investing in PT Mandiri Capital Indonesia (PT MCI), the OJK expressed no objection to the Bank's plan to invest another to IDR 345,000 million in MCI.

On January 21, 2016 the transaction to add additional investment amounting to IDR 340,000 million in MCI was completed, so the MCI's authorized capital totaled IDR 350,000 million.

The additional investment in MCI was done by issuing 3,400 (in full amount) new shares in MCI with each share having a nominal value of IDR 100,000,000 (full amount) where all such new shares are executed by Bank Mandiri (100%).

With the capital increase amounting to IDR 340,000 million purchased entirely by Bank Mandiri, the proportion of equity ownership in MCI, each of which is owned by the Bank, becomes 99.97% by Bank Mandiri and Mandiri Sekuritas at 0.03%.

Dividend Policy

General Policy

Dividend payment by Bank Mandiri is made once a year through decision making and approval of the Shareholders at the Annual General Meeting of Shareholders (RUPS). In accordance with the Prospectus, the Bank has established a policy to pay dividends to the shareholders while maintaining a dividend payout ratio of approximately 50.0% of the annual net income (except the RUPS resolves otherwise), depending on various considerations regarding the performance for the related year. Some of these factors include the Bank's financial soundness, capital adequacy, funding needs for further business expansion, without prejudice to the right of the RUPS to make decisions in accordance with the Company's Articles of Association.

Bank Mandiri will only pay out dividends from its net income pursuant to the laws in Indonesia and shall pay dividends (if any) in cash in Rupiah currency as well as comply with the applicable provisions in stock exchange by making timely payments. Bank Mandiri does not have any negative covenants related to third-party restrictions on the dividend payouts that could prejudice the rights of public shareholders.

Dividend Payouts

The following were the RUPS resolutions regarding the use of net income from 2013-2015:

Dividend Payout for 2015

1. To approve and authorize the use of the Company's (consolidated) net income in fiscal year (FY) 2014 amounting to IDR 19,871,873,276,792.6 as follows:
 - a. As much as 25% of the Company's net income for the period January 1-December 31, 2014, or IDR 4,967,968,319,198.15 to be distributed as cash dividends to the shareholders.
 - b. To grant the authority and power with the right of substitution to the Board of Directors to establish procedures for dividend payment in accordance with the applicable regulations.
2. As much as 13.20% of the Company's net income for the period January 1-December 31, 2014, or totaling IDR 2,622,936,000,000.36 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.

Dividend Payout for 2014

To approve and authorize the use of the Company's net income for FY 2013 of IDR 18,203,753,301,421.70 as follows:

1. As much as 30% of the Company's net income for the period January 1-December 31, 2013 or IDR 5,461,125,990,426.51 are to be paid out as cash dividends to all shareholders in line with the following procedures:
 - a. Specifically for dividends payable to the Government from its 14 billion shares, payment is to be made to the account of State Treasury for Revenue Budget Item 422111.
 - b. To grant the authority and power to the Board of Directors to regulate procedures and the conduct of such payouts, and to issue an announcement pursuant to the applicable regulations.
2. As much as 12.90% of the net income for the period January 1-December 31, 2013 are to be set aside as Reserves to support investment.
3. As much as 57.10% of the net income for the period January 1-December 31, 2013 or IDR 10,394,343,135,111.79 are designated as Retained Earnings.

For 2014, the Company did not allocate net income from FY 2013 to Partnership and Environmental Development Program, but would establish a Reserve to sustain Corporate Social Responsibility programs of which the amount was adjusted to Company's needs and financial capacity.



Dividend Payout for 2013

To approve and authorize the use of the Company's net income for FY 2012 adding up to IDR 15,504,066,523,686.20 as follows:

1. As much as 30% of the Company's net income for the period January 1-December 31, 2012 or IDR 4,651,219,957,105.86 are to be paid out as cash dividends to all shareholders in accordance with the following procedures:
 - a. Specifically for dividends payable to the Government from its 14 billion shares, payment is to be made to the account of State Treasury for Revenue Budget Item in Rupiah No. 502.000000980 in Bank Indonesia.
 - b. To grant the authority and power to the Board of Directors to regulate procedures and the conduct of such payouts, and to issue an announcement pursuant to the applicable regulations.

2. As much as 9.7% of the Company's net income for the period January 1-December 31, 2012 or IDR 1,503,894,452,797.56 are allocated as Reserves to support investment.
3. As much as 60.3% of the Company's net income for the period January 1-December 31, 2012 or IDR 9,348,952,113,782.78 are designated as Retained Earnings.

For the current RUPS, the Company did not allocate net income from FY 2012 to Partnership and Environmental Development Program, but would establish a Reserve to sustain Corporate Social and Environmental Responsibility programs in the amount adjusted to Company's needs and financial capacity.

Table of Dividend Payouts for 2013-2015

	2013	2014	2015
Total Dividends	IDR 4,651,219,957,105.86	IDR 5,461,125,990,426.51	IDR 4,967,968,319,198.15
Dividend Payout Ratio (DPR)	30%	30%	30%
Dividend per Share	IDR 199.33799	IDR 234.04825	IDR 212.91292
Date of Dividend Payout	May 16, 2013	April 15, 2014	April 17, 2015

Contributions to the State

As one of the State Owned Enterprises, the Company uses its best efforts to give significant contributions to the State. One of the contributions to the State is by meeting its obligations as a taxpayer and as tax withholder. As a taxpayer, the largest contribution of the Company is to pay the Corporate Income Tax. As a tax withholder, the Company plays an active role in withholding every taxable object.

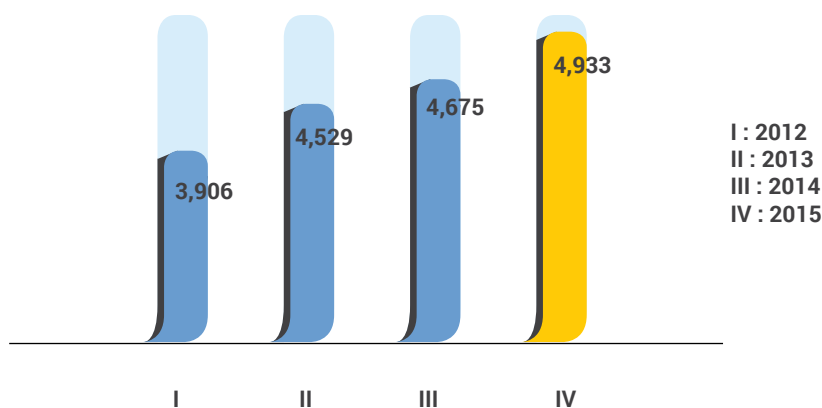
The increased performance of the Company has generated high net income, which influenced the

payment of corporate taxes. In 2015, the Corporate Income Tax was IDR 4,933 billion, whereas tax contribution in order to revaluation of assets based regulation Minister of Finance of the Republic of Indonesia Number 191/

PMK.010/2015 on Revaluation of Fixed Assets for Tax Interest Request For Proposals In 2015 and 2016 amounting to IDR 693 billion.

Corporate Income Tax Payments for 2012-2015 (in IDR billion)

	2012	2013	2014	2015
Corporate Tax Income	3,906	4,529	4,675	4,933



Bank Mandiri always paid its tax obligations in a timely manner, including employee income tax, corporate income Tax, VAT and land & building tax. The Company

always lodged its tax documents, including annual and monthly tax returns and other required documents, to the regulator in a timely manner.

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:

Investment in Subsidiary Company

Subsidiary	Business	Investment (%)			
		2012	2013	2014	2015
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	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	81.46	93.23	93.23	58.25 ^{*)}
Mandiri International Remittance Sdn. Bhd.	Remittance Service Banking	100.00	100.00	100.00	100.00
Bank Mandiri (Europe) Ltd.	Life and Health Insurance	100.00	100.00	100.00	100.00
PT Asuransi Jiwa In-Health Indonesia	Consumer Financing, Leasing and	-	-	60.00	80.00 ^{**)}
PT Mandiri Utama Finance	Factoring	-	-	-	51.00 ^{***)}
PT Mandiri Capital Indonesia	Venture Capital	-	-	-	99.00 ^{****)}
PT Usaha Gedung Mandiri	Property Management	99.00	-	-	-
PT Bumi Daya Plaza	Property Management	93.33	-	-	-

^{*)} Bank Mandiri Taspen Pos was Bank Sinar Harapan Bali (BSHB) previously, becoming Bank Mandiri Taspen Pos as of May 28, 2015

^{**) Effective as of March 30, 2015}

^{***) Effective as of May 28, 2015}

^{****) Effective as of June 23, 2015}

Acquisition

Bank Mandiri leads the development of future business (new business development) by taking several initiatives in 2015, including:

1. Development of retail lending business through the establishment of a subsidiary of PT Mandiri Utama Finance ("MUF"). MUF is the bank's vehicle finance portfolio in accelerating Bank Mandiri financing, particularly in motor vehicle segment. Establishment MUF held on January 21, 2015 in which the Bank in cooperation with PT Asco Investindo and PT Tunas Tbk as a strategic

partner that has the capability and experience that has proved capable of developing a finance company become a top player in the industry.

At present, the MUF has been carrying out its operations through collaboration with the dealers and the disbursement of credit to customers.

2. Under this partnership, Bank Mandiri, PT Pos and PT TASPEN committed to developing the Bank Sinar Harapan Bali ("BSHB") to become

a bank focused on middle to lower segments, where improved access financial services to the segment, not only will improve welfare of Indonesian society for the better, but also is expected to produce economic equality and growth of the nation in general.

On December 22, 2014, BSHB hold a General Meeting Extraordinary Shareholders approved the issuance of 800,000,000 (full amount) of new shares to be bought 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%).

On July 24, 2015, the FSA has approved the change of name of PT Bank Sinar Harapan Bali to PT Bank Mandiri TASPEN Pos (Bank Mantap) and gives permission to conduct business under the name of Bank Mantap. The change of name is accompanied and received permission from the FSA logo change on July 31, 2015 which changes the name and logo have been announced to the public on August 7, 2015.

3. On March 30, 2015, the Bank has implemented equity into InHealth through the purchase of 200,000 (two hundred thousand) shares or 20% (twenty percent) of the total shares issued and fully paid in InHealth of the Social Security Agency of Health through the signing of the Deed of Sale and Purchase Agreement No. 108, dated March 30, 2015, made before Mala Mukti, SH, LLM, Notary in Jakarta. With the signing of the Deed of Sale and Purchase, Bank Mandiri

has effectively become the majority shareholder on InHealth with a share of ownership is 80%, which PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) has its share of ownership of each of 10 %. This capital is the Second Stage and the end of a series of acquisition deals InHealth where Phase One was completed on May 2, 2014 in accordance with the Conditional Share Purchase Agreement signed on December 23, 2013.

4. PT Mandiri Capital Indonesia, a company engaged in the field of venture capital, was established on June 26, 2015. In order to carry out their business activities in the field of venture capital, Mandiri Capital Indonesia has obtained a license to carry out business activities in the field of venture capital on November 10, 2015 by letter Financial Services authority No. SR-6035/NB.111/2015. Total initial capital of PT Mandiri Capital Indonesia is IDR 10 billion in accordance with the provisions of the minimum capital required by regulators with the composition of shareholders Mandiri is PT Bank Mandiri (Persero) Tbk amounting to 99% and PT Mandiri Sekuritas at 1%. Looking ahead, the Bank has committed to support capital PT Mandiri Capital Indonesia to reach IDR 500 billion.

PT Mandiri Capital Indonesia offers innovative products to companies startup and growing company through investment in shares (equity participation), the investment through the purchase of convertible bonds (quasi equity participation), financing based on the division operating results (profit / revenue sharing) financing and other forms in the context of venture capital.



In carrying out its business activities, Mandiri Capital has a value proposition among others:

- Equity participation, capital support by Mandiri Capital to potential businesses, especially companies that focus in the field of financial technology;
- Expert advice, mentoring to entrepreneurs related to business management as well as providing ideas and suggestions for entrepreneurs in the development of its business;
- Connection to market, giving the company access to networks and millions of clients

Independent Group Independent Group.

Expansion

In 2015, the Bank has implemented non-organic initiatives against some of the areas of business growth and provide business synergies bank against all Group businesses include Bank Mandiri:

1. Developing a finance business to accelerate growth in the finance portfolio in order to increase the market share of consumer finance segment, particularly the automotive financing. This business development is done through the establishment of a joint venture company, namely PT Mandiri Utama Finance (MUF) along with PT Tunas, Tbk and PT Asco Investindo. On January 21, 2015, has made capital injection by shareholders for the establishment of PT MUF and since October 2015 PT MUF has been fully operational (live full). The scope of business activities of PT MUF including but not limited to the financing of two wheel motor vehicles (new and used), four-wheeled vehicles (new and used), commercial vehicles (new and used), and heavy equipment.
2. PT Mandiri Capital Indonesia (MCI) was established on June 26, 2015 and has received operational license from the FSA on 10 November 2015. The establishment of PT Mandiri Capital Indonesia was aiming at fostering new

enterprises and emerging growth through venture capital provide capital assistance, expertise to develop the company and help to open up the network with all relevant units under Mandiri Group. In accordance with the regulations regulator, MCI will perform three operations, namely investment in shares, convertible bonds and financing will be implemented gradually in accordance with the priorities and business needs. In conducting its business activities, MCI will establish cooperation with third parties are universities, other companies, incubators, angle investors and other interested parties to provide the best results from deal sourcing, development of investee until the exit strategy. The presence of MCI in Indonesian venture capital industry is expected to further support the growing number of entrepreneurs in Indonesia that will ultimately have a positive impact to the prosperity of the people of Indonesia.

Divestment

In 2015, there was no divestment so that there is no relevant information on divestment, the transaction value and the source of funds for the divestment.

Debt and/or Capital Restructuring

In 2015, there was no restructuring, either of capital or debt, so that no information related to the value of the transaction and the resources of the restructuring.

Changes in Regulation and Impact on the Company

Here are the rules and amendments that became effective throughout 2015 and their impact on the performance of the Bank and its subsidiaries.

Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries
Bank Indonesia Regulation (PBI) No. 17/3/PBI/2015 on the Obligation to Use Rupiah in the Territory of the Republic of Indonesia.	- Obligations related regulations in the Territory of the Republic of Indonesia Rupiah use of the principle of territorial requiring any agreement and/or transactions made in the Homeland shall be done using Rupiah, such obligations including the quotation and the determination of the goods/services. - Some activities that are exempt from the obligation to use Rupiah among other things, transactions in the context of the use of the state budget; international grants; international trade; international financing; and other transactions that are allowed to use the FX as contained in the Banking Law, Securities Law, LPEI Law and Investment Law.	- Bank Mandiri has to disseminate throughout the DCOR, Business Units, Branches and Subsidiaries. - Bank Mandiri has to disseminate to all customers through workshops, visits and operational activities. - Bank Mandiri also has identified the impact on the implementation of this regulation in all Directorates and Branches.



Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries
PBI No. 17/9/PBI/2015 on Funds Transfer and Scheduled Clearing by Bank Indonesia.	- Bank Indonesia National Clearing System (SKNBI) which has been used since 2005 to be refined through PBI No. 17/9/PBI/2015 by: expansion of membership unlimited access to the commercial bank; extra services that are routine transaction services; centralization of Scripless Debit Clearing Services Operation; and increased protection to the SKNBI Customer. - PBI No. 17/9/PBI/2015 came into force on June 5, 2015 and the implementation process is done in stages according to Bank Indonesia Circular Letter.	Bank Mandiri has adjusted the system to accommodate the latest version of the system referred to Bank Indonesia. The implementation process is done in stages according to the results of coordination with Bank Indonesia.
PBI No. 17/10/PBI/2015 on Loan to Value Ratio or Ratios for Financing to Value For Credit or Property Financing and Advances to Credit or Financing Vehicle.	- PBI No. 17/10/PBI/2015 was published in an effort to encourage the passage of banking intermediation function among others by making adjustments to macroprudential policies in the form of relaxation of credit conditions, especially in the property sector and motor vehicles. - Relaxation is given in the form: - Improvement of Loan to Value Ratio (LTV) or the Financing to Value Ratio (FTV) for property loans; - Changes to the down payment for loans or financing of motor vehicles (KKB and KKB Syariah); - The value of guarantees that the developer submitted to the Bank in lending/financing the property through a pivot mechanism.	- Decreased risk weight of 35% - 45% to 35% with a total exposure amounting to IDR 12.4 trillion. - There is a potential reduction in the risk weighting of 75% (retail category) to 35% (collateralized homes) for exposure of IDR 16.7 trillion with a potential reduction in RWA amounting to IDR 6.7 trillion in the position in June 2015.

Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries
PBI No. 17/15/PBI/2015 on the Third Amendment to Bank Indonesia Regulation No. 16/16/PBI/2014 on Foreign Exchange Transactions against Rupiah between Banks and Domestic Parties	• accelerate the deepening of financial markets in the domestic foreign exchange market with the aim to encourage increased supply of foreign exchange in the domestic foreign exchange market in order to stimulate the economy. • Principles of regulation in PBI No. 17/13/PBI/2014 include: - PBI No. 17/15/PBI/2015 was published as Bank Indonesia's efforts to Increased Threshold transaction without Underlying Transactions, specifically the sale of foreign currency through forward transactions (forward sale), from the previous USD 1 million to USD 5 million per transaction per customer; - Additional Underlying Transaction, dedicated to sales of foreign currency through forward transactions (forward sales), i.e. including the possession of foreign currency funds at home and abroad; - Completion of the transaction with a nominal transaction forward selling most of threshold and/or selling forward transactions with Underlying fund holdings of foreign currency transactions at home and abroad should be undertaken by the displacement principal fund in full (full delivery statement); - Affirmation of the loan transaction (loan)/credits that have not been withdrawn, which	• Bank Mandiri telah melakukan beberapa penyesuaian dalam aktivitas bisnisnya antara lain: - Menyesuaikan ketentuan internal terkait transaksi valuta asing terhadap Rupiah antara bank dengan Pihak Asing; - Melakukan sosialisasi kepada nasabah terkait perubahan <i>threshold</i> dimaksud beserta ketentuan terkait kelipatan dalam <i>Underlying</i> Transaksi dan memonitor jumlah transaksi nasabah.



Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries
	include standby loans and undisbursed loans, excluding as Underlying Foreign currency transactions against the rupiah; - Confirmation that the conduct of foreign exchange transactions against the rupiah bank shall comply with the provisions of Bank Indonesia regulating the obligation to use Rupiah; - Confirmation that the billing documents in foreign currency of transaction that required using amount as stipulated in the Bank Indonesia regulations governing the obligation to use the amount in the Territory of the Republic of Indonesia, cannot be a document Underlying Transaction.	
PBI No. 17/16/PBI/2015 on the Third Amendment to Bank Indonesia Regulation No. 16/17/PBI/2014 on Foreign Exchange Transactions against Rupiah between Banks and Foreign Parties	• PBI No. 17/16/PBI/2015 was issued as Bank Indonesia's efforts to: increase the supply of foreign exchange in the domestic foreign exchange market in order to stimulate the economy; accelerate the deepening of financial markets in the domestic foreign exchange market as well as a response to global market developments. • Principles of regulation in PBI No. 17/16/PBI/2016 include: - Increased transaction threshold without Underlying Transactions; - Additional Underlying Transaction; - Completion of the transaction with a nominal transaction forward selling most of threshold and/or sell the	• To change the relevant provisions of the foreign exchange transactions, the Bank has made some adjustments in their business activities, among others: - Adjust internal regulations related to the amount of foreign exchange transactions between banks with foreign party; - Disseminate the relevant customer defined threshold change along with the relevant provisions in the underlying transaction multiples and monitor the number of customer transactions.

Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries

	underlying forward transactions in foreign currency fund holdings at home and abroad should be undertaken by the displacement principal fund in full (full delivery settlement); - Affirmation of the loan transaction (loan)/credits that have not been withdrawn; - Confirmation that the conduct of foreign exchange transactions against the rupiah bank shall comply with the provisions of Bank Indonesia regulating the obligation to use Rupiah; - Confirmation that the billing documents in foreign currency of the transaction are obliged to use Rupiah.	

PBI No. 17/21/PBI/2015 regarding the Second Amendment to PBI No. 15/15/PBI/2013 about Statutory Reserves for Commercial Banks in Rupiah and Foreign Currency for Conventional Commercial Bank

- PBI No. 17/21/PBI/2015 2015 regulates the relaxation on the fulfillment of the primary statutory reserve requirement (GWM) ratio in Rupiah is expected to increase the capacity of bank financing to support economic activity.
- Principles of regulation in PBI No. 17/16/PBI/2016 include:
 - Decline in the statutory reserve requirement ratio of liabilities in the amount to be 7.5% of Third Party Funds (DPK) in Rupiah;
 - Allowance for obligations on fulfillment of primary GWM in Rupiah for Banks doing merger or consolidated to remain at 1% for a period of one year commencing from the merger or consolidation becomes effective;

- Bank Mandiri has adjusted primary reserve requirement related to the fulfillment of the previous amount of 8.0% of depositor funds amount to 7.5% of DPK Rupiah per December 1, 2015.



Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries

- Provision of leeway on Primary statutory reserve obligations in the amount of 1% of the then Primary GWM in Rupiah that must be fulfilled by the bank which was originally 7.5% turn out to be 6.5%;
- Decrease in certain parts of the fulfillment of the obligations of Primary GWM in Rupiah receiving interest income amounted to 2.5% of TPF in Rupiah. The current account remained at 2.5%, the effective annual interest rate (annual effective rate).

35 Economic Stimulus Policies

- 35 Economic Stimulus Policies cover several sectors, among others: the banking sector (12 policies), the capital markets sector (15 policies, non-bank financial sector (4 policies) and consumer protection and education sectors (4 policies).
- The material of the policies in the banking sector, among others, as follows:
 - Bill or credit guaranteed by the central government imposed a risk weight of 0% in the calculation of RWA for credit risk;
 - Risk weight for Vehicle Loans (KKB) is set at 75% in the calculation of RWA for credit risk;
 - Assessment of "Business Prospect" as one of the requirements of restructuring loans without considering the market conditions and the industry of the debtor's business sector;
 - Debt restructuring before a decline in credit quality;
 - The decline in credit risk weight non-residential mortgage-backed
- Against some economic stimulus measures that have been published, the adjustment has been made by Bank Mandiri in conducting its business activities.

Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries
	government program is set at 35%, regardless of the value of LTV in the calculation of risk-weighted assets for credit risk; - The decline in mortgage risk weight Healthy and Prosperous (Rumah Sehat Sejahtera/RSS) in the framework of the program of the Central Government is set at 20%, regardless of the value of LTV in the calculation of risk-weighted assets for credit risk; - Decreased risk weight Kredit Usaha Rakyat (KUR) which is secured by Jamkrida may apply a risk weight of 50%; - Assessment of the quality of credit to the debtor or the project only by the timely payment of principal and/or interest raised on the highest IDR 1-5 billion is only based on the timely payment of principal and or/flowers; - Assessment of the quality of credit to SMEs amounting to more than 5 billion associated with assessment ratings Quality Risk Management (KPMR) and Composite Rating of the Bank; - Determination of credit quality after restructuring; - Determination of credit quality after the restructuring with payment deadlines (grace period) of principal, during the grace period; - Composite Soundness Rating requirements for banks that place capital investment.	



Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries
Regulation of the Financial Services Authority (POJK) No. 11/POJK.03/2015 on Prudential Provisions on National Economic Stimulus for Banks	- Provision of prudence is carried out on: - Calculation of RWA for credit risk using the standardized approach for residential mortgage-backed loans; and loans to SMEs are secured by a guarantee institution or credit insurance status of public enterprises; - Assessment and determination of the quality of assets for the provision of credit and other funds in small amounts; and restructured loans; and equity. - Weight of residential mortgage-backed credit risk is determined as follows: - At least 35% lower for consumer loans for ownership of a house or apartment or consumer loans are secured by collateral in the form of a house or apartment that meets all the criteria. - At the low 20% for consumer loans in order to stay home ownership which is a program of the Government of Indonesia that meets all the criteria. - Credit risk weights to SMEs are secured by a guarantee institution or credit insurance status is set at 50% ROE long as they meet the requirements set. - Establishment of Credit quality and provision of other funds can be based only on the timely payment of principal and/or interest. - Credit quality after the restructuring is set at a height of less smoothly for credit prior to restructuring classified as doubtful or loss; and fixed or unchanged for loans before restructuring is classified as current, special mention or substandard.	Bank Mandiri has to disseminate to the entire Work Unit and the related adjustment has been made in accordance with the provision.

Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries

- Credit quality after restructuring as mentioned above can be smooth, if there are no arrears for three times the period of repayment of principal and/or interest respectively in accordance with the Debt Restructuring Agreement.
- In the event that the debtor does not meet the criteria and/or requirements in the Debt Restructuring Agreement, Credit quality ratings assigned accordance with applicable provisions,
- In the event that the period of repayment of principal and/or interest is less than one month, quality improvement to be smooth to do a minimum of three months since the credit restructuring.
- Equity in order to:
 - Establishment of a company that would take over troubled assets from bank loans with equity participation by the Bank's ownership more than 20% of the company's capital and the Bank does not have control; or
 - Additional investments in subsidiaries to the rescue in the form of a bank, can be done if the Bank has a Composite Rating Bank last soundness before making minimum investments 3 (PK-3) and have the prospect of an increase in the Composite Rating for the better.
- Other requirements in order Equity, refer to the applicable provisions of the precautionary principle in the activities of the Equity Participation.



Changes in Regulation and Impact on the Performance of Bank Mandiri and Its Subsidiaries

Regulation	Amendment	Impact on Bank Mandiri and Its Subsidiaries

POJK No. 1/POJK.05/2015 on Risk Management for Non-Bank Financial Services Institutions.

- Non-Bank Financial Services Institutions, hereinafter referred LJKNB, is an organization that conducts activities in the insurance sector, pension funds, and financial institutions, which include: General insurance companies, life insurance companies and reinsurance companies, including implementing all or part of its business with Islamic principles; Insurance brokers, reinsurance brokerage firms, and insurance loss appraisal company; Pension funds including implementing all or part of its business with Islamic principles; and financing company, including implementing all or part of its business based on Islamic principles.
- LJKNB is required to apply effective risk management.
- In order to implement Risk Management, LJKNB shall have guidelines for implementation of Risk Management.
- LJKNB is required to formulate their own assessment (self-assessment) Risk Management application at least once a year to the position as of December 31. LJKNB shall submit a report of its own ratings to FSA no later than February 28 next year. If the deadline for submission of the results of the self-assessment report falls on a holiday, the deadline for submission of the report is the first business day following.
- Results of the assessment itself is used as a basis for developing a risk assessment LJKNB level as defined in the FSA Rules regarding the assessment of the level of risk LJKNB.
- This POJK came into force on January 1, 2016.

- Bank Mandiri has coordinated with subsidiaries in this case Mandiri AXA General Insurance in terms of risk management in accordance with the intended POJK.

Changes in Accounting Policies

The consolidated financial statements prepared in accordance with Financial Accounting Standards in Indonesia that covers the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and the Capital Market Supervisory

Agency and Financial Institution (Bapepam-LK) No. VIII.G.7 Attachment Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012, Presentation and Disclosure of Financial Statements of a Public Company.

Basis for Preparation of Consolidated Financial Statements

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. The consolidated financial statements have been 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.

The financial statements of subsidiaries engaged in Islamic banking is based on Statement of Financial Accounting Standards (SFAS) No. 101 (Revised 2014) "Presentation of Sharia Financial Statements", SFAS No. 102 (Revised 2013) "Accounting for Murabaha", SFAS 104 "Accounting for Istishna", SFAS 105 "Accounting for Mudharabah", SFAS 106 "Accounting for Musharaka", SFAS 107 "Accounting for Ijarah", SFAS 110 "Accounting for Sukuk" and others SFAS that do not conflict with the 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. Areas which are complex or require a higher degree of judgment or areas where assumptions and estimates may have a significant impact on the consolidated financial statements. Some estimates and assumptions made in preparing the consolidated financial statements where management judgment is required in determining the appropriate methodology for the valuation of assets and liabilities. Management makes estimates and assumptions that have implications for the reporting of the value of assets and liabilities on the financial year the next year. All estimates and assumptions required by the Financial Accounting Standards in Indonesia is the best estimate based on the applicable standards. Estimates and judgments are continually evaluated and based on past experience and other factors including expectations for future events. Although these estimates and assumptions are made based on management's best knowledge of current events and actions, actual results may differ from those estimates and assumptions originally.

All figures in the consolidated financial statements are rounded and presented in millions of Rupiah (IDR), unless stated otherwise.



Changes in Accounting Policies

On January 1, 2015, the Group has implemented some new standards and interpretations or revisions that are relevant to the operations of the Group effective from that date. Changes in the Group's accounting policies have been made as required in accordance with the provisions in the respective standards and interpretations.

The implementation of standards and new interpretations or revisions relevant to the Group's operations does not give a material impact on our Consolidated Financial Statements.

New Financial Accounting Standards (Revised)

Amendments and adjustments to SFAS which were approved by the Financial Accounting Standards Board (DSAK) - Indonesian Institute of Accountants (IAI), but not yet effective for the current year's financial statements are disclosed below. The Group intends to apply SFAS amendments and adjustments, if deemed relevant, when they have been effective.

1. Amendments to SFAS 1, Presentation of Financial Statements in Relation to Disclosure Initiative
2. Amendment to SFAS 4 on Separate Financial Statements in Relation to Equity Method in Separate Financial Statements
3. Amendments to SFAS 15 on Investments in Associates and Joint Ventures in Relation to Investment Entities: Application of Exception to Consolidation
4. Amendments to SFAS 16 on Fixed Assets in Relation to Acceptable Clarification Methods for Depreciation and Amortization
5. Amendments to SFAS 19 on Intangible Assets in Relation to Acceptable Clarification Methods for Depreciation and Amortization
6. Amendments to SFAS 24 on Employee Benefits in Relation to Fixed Benefit Programs: Employee Contribution
7. Amendments to SFAS 65 on the Consolidated Financial Statements in Relation to Investment Entities: Application of Exception to Consolidation
8. Amendments to SFAS 67 on Disclosure of Interests in Other Entities in Relation to Investment Entities: Application of Exception to Consolidation
9. SFAS 5 (Adjustment 2015) on Operating Segments
10. SFAS 7 (Adjustment 2015) on Disclosure of Related Parties
11. SFAS 13 (Adjustment 2015) on Investment Properties
12. SFAS 16 (Adjustment 2015) on Fixed Assets
13. SFAS 19 (Adjustment 2015) on Intangible Assets
14. SFAS 68 (Adjustment 2015) on Fair Value Measurement

Material Information on Transactions with Conflict of Interests and Transactions Conducted with Related Parties

In 2015, Bank Mandiri did not conduct transactions with any related party so that there are no data and information on the names of the parties to a transaction and the nature of the affiliation; an explanation regarding the fairness of the transaction;

the reason behind the transaction; the conduct of the transactions during the period of the last fiscal year; associated with the Company's policy for transaction review mechanisms; and compliance with the relevant laws and regulations.

Important Contingency, Agreement and Commitment

Bank Mandiri entered into several important contingencies, agreements and commitments with various parties in 2014, including:

1. Integrated Banking System 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 USD 866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounting to USD 1,190,000 (full amount, after VAT) with blanket order system, bringing the maximum total contract value to USD 2,056,125 (full amount, after VAT).

On December 31, 2015, the value of the contract using payment realization approach for Application Management Services 2012 was USD 1,083,250 (full amount, after VAT) and the Bank has recorded it as fixed asset based on the realization value of USD 977,900 (full amount, after VAT), with estimated completion as at December 31, 2015 of 90.27%.

On September 3, 2013, Bank Mandiri entered into a contract with vendor to add features to eMAS following the contract of Application

Management 2013 under a blanket order system with a maximum contract value of USD 2,583,700 (full amount, after VAT).

The blanket order is based on actual man-days estimation for the additional eMAS features development by the vendor. As at December 31, 2015, the contract value with payment realization approach stood at USD 2,393,300 (full amount) and the Bank has recorded the payment realization value as fixed assets at USD 2,234,400 (full amount), thus project progress estimation as of December 31, 2015 stood at 93.36%.

On September 15, 2014, Bank Mandiri entered into a contract with vendor to add features to eMAS following the contract of Application Management 2014 under a blanket order system with a maximum contract value of USD 3,550,000 (full amount, after VAT). The blanket order is based on actual man-days estimation for the additional eMAS features development by the vendor. As of December 31, 2015, the contract value with payment realization approach stood at USD 2,648,300 (full amount) and the Bank has recorded the payment realization value as



fixed assets at USD 2,386,310 (full amount), thus project progress estimation as of December 31, 2015 stood at 90.11%.

2. Legal Proceedings

Banks are still facing legal issues including the debtor and/or the owner of the funds as a result of the dispute that the agreement has been terminated by the court in which the Bank sentenced to pay compensation amounting to IDR 99,771. The Bank is still in the process/ legal remedy of appeal against the decision. The number of claims against the bank on lawsuits that have not been resolved on December 31, 2015 and 2014 was IDR 2,420,417 and IDR 4,411,270 respectively. On December 31, 2015 and 2014, the Bank established reserves amounting to IDR 537.693 and IDR 507.707 and believes that such reserves are adequate.

3. Value Added Tax (VAT) on Murabaha Transactions with Bank Syariah Mandiri (BSM)

In 2004 and 2005 the head office and several branch offices BSM has received tax assessment letters (SKPKB) and Tax Collection Letter (STP) of Value Added Tax (VAT) for the fiscal period from January to December 2003 from the Directorate General of Taxation (DG Tax) amounting to IDR 37,649, in exercising its intermediary functions BSM has disbursed based on Islamic principles of financing in the form of Murabaha.

Against SKPKB and STP mentioned above, BSM is not willing to carry out the payment on the grounds there is a problem of the legal status of taxation of Murabaha financing transactions, which currently apply not specifically and explicitly regulate the business activities of Islamic banks in particular Murabaha financing so that the necessary process of interpretation. BSM found Murabaha financing is banking

services as stipulated in Law No. 7/1992 concerning Banking as amended by Law No. 10/1998 and Law No. 21/2008 concerning Islamic Banking, thus Murabaha financing shall be exempted from VAT. This is consistent with Law No. 8/1983 as amended by Law No. 18/2000 on VAT for goods and services and sales of luxury goods.

DG Taxation found Murabaha transactions conducted by BSM subject to VAT because the activity is done based on the principle of buying and selling goods and activities Murabaha transaction does not include the type of services in the field of banking.

On October 15, 2009, the Government has issued Law No. 42/2009 concerning Third Amendment to Law No. 8/1983 on Value Added Tax on Goods and Services and Sales Tax on Luxury Goods, effective since April 1, 2010. The law confirms that financial services based on Islamic principles including a group of services that are not subject to VAT.

Furthermore, in 2010 the Government issued Law No. 2/2010 concerning Amendment to Law No. 47/2009 on the State Budget for Fiscal Year 2010 which came into force on May 25, 2010. Article 3, paragraph 2, point b and paragraph explanation noted that the imposition of VAT on Murabaha transactions against some certain Islamic banks covered by the government. Based on the explanatory paragraph of article 3, paragraph 2 of the amount of BSM VAT borne by the government amounted to IDR 25,542 from the amount of underpayment and STP received by the Bank of IDR 37,649.

BSM believes that the difference between the amount of VAT borne by the government and the amount of underpayment and STP received by BSM will not be charged to the appropriate intent of the Law.

4. 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 USD 25,000,000 (full amount). The revolving credit facility bears interest at LIBOR total margin during the period of interest.

Derivative and Hedging Policy

Hedging Policy

As a preventive measure against risks, Bank Mandiri has implemented the hedging principle. This principle is implemented as an effort to reduce market risks by transactions which offset such risks. The hedging policy as implemented by Bank Mandiri is stipulated in the Treasury Policy of Bank Mandiri (KTBM). The policy serves as guidelines with high level, strategic and long-term principles that stipulate treasury activity regulations in relation to two portfolios, trading book and banking book. Trading book is defined as all proprietary trading positions of the Bank on financial instruments in balance sheet and administrative accounts to obtain short-term profit. Meanwhile, banking book is all positions for optimum liquidity, asset and liability management of the Bank and the fulfillment of capital aspects.

Treasury activity may provide contributions to interest income and fee-based income, but with high-risk potentials that could occur anytime due to changes in market risk factors. Therefore, as a risk mitigation effort, there is a need for implementing prudential principle in treasury activity that should be internalized into all the work units. The prudential principle at work is reflected by correct, consistent, consequent and accountable regulatory implementation. This principle becomes the philosophical cornerstone and framework for all decisions made in treasury business.

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" is defined as:

1. the companies under the control of the Bank and Subsidiaries;
2. associated companies;
3. the investors have voting rights, which give the investor a significant influence;

4. the companies controlled by investors;
5. key employees and their family members; and
6. entities controlled, jointly controlled or significantly influenced by the Government, the Minister of finance or the local governments who are shareholders of the entity.

The main purpose the transaction with related parties is to offer Bank Mandiri operational support. All transactions were conducted in 2015 conducted properly as indicated by the independent auditor's opinion Consolidated Financial Statements of the Year 2015 was unqualified.

Name of the Related Parties and the Nature of Relationships

Bank Mandiri entered into transactions with related parties as classified into four parties, namely the Main Shareholders, Party for Owners or Stewardship, Government Entities and management or key personnel.

1. Relationships with Related Parties as Major Shareholder

The Government of the Republic of Indonesia through the Ministry of Finance.

2. Relationships with Related Parties through Ownership and/or Management

The nature of transactions with related parties include current accounts with other banks, the investment, the effects of employee pension funds, loans, customer deposits and bank guarantees.

Relationships with Related Parties through Ownership and/or Management

Name of Related Parties	Nature of Relationships
PT Kustodian Sentral Efek Indonesia	Association Company
PT Sarana Bersama Pengembangan Indonesia	Association Company
Dana Pensiun Bank Mandiri	Bank Mandiri as founder
Dana Pensiun Bank Mandiri 1	Bank Mandiri as founder
Dana Pensiun Bank Mandiri 2	Bank Mandiri as founder
Dana Pensiun Bank Mandiri 3	Bank Mandiri as founder
Dana Pensiun Bank Mandiri 4	Bank Mandiri as founder
PT Bumi Daya Plaza	Controlled by Mandiri Pension Fund (as of December 19, 2013)
PT Pengelola Investama Mandiri	Controlled by Mandiri Pension Fund (as of December 19, 2013)
PT Usaha Gedung Mandiri	Controlled by Mandiri Pension Fund (as of December 19, 2013)
PT Estika Daya Mandiri	Controlled by Mandiri Pension Fund 1
PT Asuransi Staco Mandiri (dahulu PT Asuransi Staco Jasapratama)	Controlled by Mandiri Pension Fund 2
PT Mulia Sasmita Bhakti	Controlled by Mandiri Pension Fund 3
PT Krida Upaya Tunggal	Controlled by Mandiri Pension Fund 4
PT Wahana Optima Permai	Controlled by Mandiri Pension Fund 4
Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri

3. Relationships of Related Parties with Government Entities

The nature of transactions with related parties are government entities include current accounts with other banks, placements with other banks, securities, government bonds, other receivables - trade transactions, bill on securities purchased under resale agreements, derivative receivables, loans, consumer financing receivables,

acceptances receivable, liabilities derivatives, customer deposits, deposits from other banks, interbank call money, liabilities acceptances, securities issued, borrowings, subordinated loans, loan facilities that have not been used, bank guarantees, letters of credit are irrevocable still running and the standby letter of credit.



Relationships of Related Parties with Government Entities

Name of Related		Nature of Relationships
Adhi Multipower Pte. Ltd.	PT Abacus Distri System Indonesia	An SOE Subsidiary
PT Adhiguna Putera	PT Aero Systems Indonesia	An SOE Subsidiary
PT Aerowisata	PT Angkasa Citra Sarana Catering	An SOE Subsidiary
PT Angkasa Pura Hotel	PT Arthaloka Indonesia	An SOE Subsidiary
PT Asrinda Arthasangga	PT Asuransi Berdikari	An SOE Subsidiary
PT Asuransi Jasa Raharja Putera	PT Asuransi Jiwa Taspen	An SOE Subsidiary
PT Bahana Artha Ventura	PT Bank BRI Syariah	An SOE Subsidiary
PT Bank Negara Indonesia Syariah	PT Berdikari United Livestock	An SOE Subsidiary
PT Berlian Jasa Terminal Ind	PT BNI Life Insurance	An SOE Subsidiary
PT BNI Multi Finance	PT Bromo Steel Indonesia	An SOE Subsidiary
PT Daya Laut Utama	PT Dharma Lautan Nusantara	An SOE Subsidiary
PT Dok & Perkapalan Waime	PT Electronic Data Interchange Indonesia	An SOE Subsidiary
PT Eltran Indonesia	PT Energi Pelabuhan Indonesia	An SOE Subsidiary
PT Galangan Peln Surya	PT Gapura Angkasa	An SOE Subsidiary
PT Geo Dipa Energi	PT Haleyora Power	An SOE Subsidiary
PT Indofarma Global Medika	PT Indonesia Chemical Alumina	An SOE Subsidiary
PT Indonesia Comnets Plus	PT Indonesia Kendaraan Terminal	An SOE Subsidiary
PT Indonesia Power	PT Infomedia Nusantara	An SOE Subsidiary
PT Ismawa Trimitra	PT Itci Hutani Manunggal	An SOE Subsidiary
PT Itci Kayan Hutani	PT Jasa Marga Bali Tol	An SOE Subsidiary
PT Jasa Peralatan Pelabuhan Indonesia	PT Kalimantan Agro Nusantara	An SOE Subsidiary
PT KAI Commuter Jabodetabek	PT Jakarta International Container Terminal	An SOE Subsidiary
PT Kaltim Industrial Estate	PT Kawasan Industri Kujang Cikampek	An SOE Subsidiary
PT Kereta Api Logistik	PT Kereta Api Pariwisata	An SOE Subsidiary
PT Kertas Padalarang	PT Kimia Farma Trading & Distributor	An SOE Subsidiary
PT Kodja Terramarin	PT Krakatau Daya Listrik	An SOE Subsidiary
PT Krakatau Engineering	PT Krakatau Information Technology	An SOE Subsidiary
PT Krakatau Prima Dharma Sentana	PT Mega Eltra	An SOE Subsidiary
PT Mitra Kerinci	PT Multi Nitrotama Kimia	An SOE Subsidiary
PT Multi Terminal Indonesia	PT Nusantara Regas	An SOE Subsidiary
PT Pal Marine Service	PT Pann Pembiayaan Maritim	An SOE Subsidiary
PT Patra Jasa	PT Pelindo Marine Service	An SOE Subsidiary
PT Pelita Air Service	PT Pelita Indonesia Djaya Corp	An SOE Subsidiary
PT Pembangkit Jawa Bali (PJB)	PT Perhutani Alam Wisata	An SOE Subsidiary
PT Perhutani Anugerah Kimia	PT Permodalan Nasional Madani Investment Management	An SOE Subsidiary
PT Permodalan Nasional Madani Venture Capital	PT Peroksida Indonesia Pratama	An SOE Subsidiary
PT Pertamina Bina Medika	PT Pertamina Drilling Services Indonesia	An SOE Subsidiary
PT Pertamina EP	PT Pertamina Gas	An SOE Subsidiary
PT Pertamina Geothermal Energy	PT Pertamina Hulu Energi	An SOE Subsidiary
PT Pertamina Retail	PT Pertamina Training & Consulting	An SOE Subsidiary
PT Petro Jordan Abadi	PT Petrokimia Gresik	An SOE Subsidiary
PT Petrokimia Kayaku	PT Petrosida	An SOE Subsidiary

Relationships of Related Parties with Government Entities

Name of Related		Nature of Relationships
PT PLN Batam	PT PLN Tarakan	An SOE Subsidiary
PT PP Dirganeka	PT PP Pracetak	An SOE Subsidiary
PT Prima Layanan Nasional	PT Prima Terminal Petikemas	An SOE Subsidiary
PT Pupuk Indonesia Logistik	PT Pupuk Iskandar Muda	An SOE Subsidiary
PT Pupuk Kalimantan Timur/PT Pupuk Kaltim	PT Pupuk Kujang	An SOE Subsidiary
PT Pupuk Sriwidjaja Palembang	PT Railindo Global Karya	An SOE Subsidiary
PT Railink	PT Reasuransi Internasional Indonesia	An SOE Subsidiary
PT Reasuransi Nasional Indonesia	PT Rekindo Global Jasa	An SOE Subsidiary
PT Rekayasa Industri/PT REKIND	PT Rumah Sakit Peln	An SOE Subsidiary
PT Sarana Bandar Nasional	PT Sari Valuta Asing	An SOE Subsidiary
PT Sariarthamas Hotel International	PT Semen Padang	An SOE Subsidiary
PT Semen Tonasa	PT Sinergi Perkebunan Nusantara (PT SPN)	An SOE Subsidiary
PT Stannia Bineka Jasa	PT Sucofindo Episi	An SOE Subsidiary
PT Surveyor Carbon Consulting Indonesia	PT Surya Hutani Jaya	An SOE Subsidiary
PT Tambang Timah	PT Tanjung Redeb Hutani	An SOE Subsidiary
PT Telekomunikasi Indonesia International	PT Telekomunikasi Selular	An SOE Subsidiary
PT Terminal Peti Kemas Surabaya	PT Terminal Petikemas Indonesia	An SOE Subsidiary
PT Terminal Petikemas Kodja	PT Trans Marga Jateng	An SOE Subsidiary
PT Wijaya Karya Bangunan Gedung	PT Wijaya Karya Beton	An SOE Subsidiary
PT Wijaya Karya Intrade Energy	PT Wijaya Karya Realty	An SOE Subsidiary
BPJS Kesehatan (dahulu PT ASKES (Persero))	BPJS Ketenagakerjaan (dahulu PT Jamsostek (Persero))	SOE
Perum BULOG	Perum DAMRI	SOE
PT Indonesia Asahan Aluminium (INALUM)	Perum Jaminan Kredit Indonesia (JAMKRINDO)	SOE
Perum Jasa Tirta I (Persero)	Perum Jasa Tirta II (Persero)	SOE
Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	Perum Pegadaian	SOE
Perum Percetakan Negara Republik Indonesia	Perum Perhutani	SOE
Perum Percetakan Uang Republik Indonesia/PERUM PERURI	Perum Perikanan Indonesia (PERUM PERINDO)	SOE
Perum Perumnas	Perum PPD Tbk.	SOE
Perum Produksi Film Negara	PT Adhi Karya (Persero) Tbk.	SOE
PT Amarta Karya (Persero)	PT Aneka Tambang (Persero) Tbk.	SOE
PT Angkasa Pura I (Persero)	PT Angkasa Pura II (Persero)	SOE
PT ASABRI (Persero)	PT ASDP Indonesia Ferry (Persero)	SOE
PT Asei Reasuransi Indonesia (Persero)	PT Asuransi Ekspor Indonesia	SOE
PT Asuransi Jasa Indonesia (Persero)	PT Asuransi Jasa Raharja	SOE
PT Asuransi Jiwasraya (Persero)	PT Asuransi Kredit Indonesia/PT Askrindo (Persero)	SOE
PT Bahana Pembinaan Usaha Indonesia (Persero)	PT Balai Pustaka (Persero)	SOE
PT Bali Tourism Development Corporation	PT Bank Negara Indonesia (Persero) Tbk.	SOE

Relationships of Related Parties with Government Entities

Name of Related		Nature of Relationships
PT Bank Rakyat Indonesia (Persero) Tbk.	PT Bank Tabungan Negara (Persero) Tbk.	SOE
PT Barata Indonesia (Persero)	PT Berdikari (Persero)	SOE
PT Bhanda Ghara Reksa (Persero)	PT Bina Karya (Persero)	SOE
PT Bio Farma (Persero)	PT Biro Klasifikasi Indonesia (Persero)	SOE
PT Boma Bisma Indra (Persero)	PT Brantas Abipraya (Persero)	SOE
PT Cambrics Primmisima (Persero)	PT Dahana (Persero)	SOE
PT Danareksa (Persero)	PT Dirgantara Indonesia (Persero)	SOE
PT Djakarta Llyod (Persero)	PT Dok & Perkapalan Kodja Bahari (Persero)	SOE
PT Elnusa Tbk.	PT Energi Manajemen Indonesia	SOE
PT Garam (Persero)	PT Garuda Indonesia (Persero) Tbk.	SOE
PT Hotel Indonesia Natour	PT Utama Karya (Persero)	SOE
PT Iglas (Persero)	PT Indah Karya	SOE
PT Indofarma (Persero) Tbk.	PT Indra Karya (Persero)	SOE
PT Industri Kapal Indonesia (Persero)	PT Industri Kereta Api (INKA)	SOE
PT Industri Nuklir Indonesia (Persero) (dahulu PT Batan Teknologi)	PT Industri Sandang Nusantara	SOE
PT Industri Soda Indonesia (Persero)	PT Industri Telekomunikasi Indonesia (ITI)	SOE
PT Inhutani I	PT Inhutani II	SOE
PT Inhutani III	PT Inhutani IV	SOE
PT Inhutani V	PT INTI (Persero)	SOE
PT Istaka Karya	PT Jasa Marga (Persero) Tbk.	SOE
PT Jiep	PT Kawasan Berikat Nusantara (Persero)	SOE
PT Kawasan Industri Makasar (Persero)	PT Kawasan Industri Medan (Persero)	SOE
PT Kawasan Industri Wijayakusuma (Persero)	PT Kereta Api Indonesia (Persero)	SOE
PT Kertas Kraft Aceh (Persero)	PT Kertas Leces (Persero)	SOE
PT Kimia Farma (Persero) Tbk.	PT Kliring Berjangka Indonesia (Persero)	SOE
PT Krakatau Steel (Persero) Tbk.	PT Len Industri (Persero)	SOE
PT Merpati Nusantara Airlines	PT Nindya Karya (Persero)	SOE
PT PAL Indonesia (Persero)	PT Pann Multi Finance (Persero)	SOE
PT Pelabuhan Indonesia I (Persero)	PT Pelabuhan Indonesia II (Persero)	SOE
PT Pelabuhan Indonesia III (Persero)	PT Pelabuhan Indonesia IV (Persero)	SOE
PT Pelayaran Bahtera Adiguna	PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	SOE
PT Pembangunan Perumahan (Persero) Tbk.	PT Pengembangan Pariwisata Indonesia (Persero)	SOE
PT Pengusahaan Daerah Industri Pulau Batam (Persero)	PT Perhutani	SOE
PT Perikanan Nusantara	PT Perkebunan Nusantara I (Persero)	SOE
PT Perkebunan Nusantara II (Persero)	PT Perkebunan Nusantara III (Persero)	SOE
PT Perkebunan Nusantara IV (Persero)	PT Perkebunan Nusantara V (Persero)	SOE
PT Perkebunan Nusantara VI (Persero)	PT Perkebunan Nusantara VII (Persero)	SOE
PT Perkebunan Nusantara VIII (Persero)	PT Perkebunan Nusantara IX (Persero)	SOE
PT Perkebunan Nusantara X (Persero)	PT Perkebunan Nusantara XI (Persero)	SOE
PT Perkebunan Nusantara XII (Persero)	PT Perkebunan Nusantara XIII (Persero)	SOE

Relationships of Related Parties with Government Entities

Name of Related Parties		Nature of Relationships
PT Perkebunan Nusantara XIV (Persero)	PT Permodalan Nasional Madani (Persero)	SOE
PT Pertamina (Persero)	PT Pertani (Persero)	SOE
PT Perusahaan Pengelolaan Aset	PT Prasarana Perikanan Samudera	SOE
PT Pupuk Indonesia Holding Company (dahulu PT Pupuk Sriwidjaja (Persero))	PT Reasuransi Umum Indonesia	SOE
PT Rukindo	PT Sang Hyang Seri	SOE
PT Sarana Karya	PT Sarana Multi Infrastruktur (Persero)	SOE
PT Sarana Multigriya Finansial (Persero)	PT Sarinah (Persero)	SOE
PT Semen Baturaja (Persero)	PT Semen Indonesia (Persero) Tbk. (dahulu PT Semen Gresik (Persero) Tbk.)	SOE
PT Semen Kupang	PT Sier	SOE
PT Sucofindo (Persero)	PT Survey Udara Panas	SOE
PT Surveyor Indonesia	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	SOE
PT Tambang Batubara Bukit Asam (Persero) Tbk.	PT Taspen	SOE
PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	PT Timah (Persero) Tbk.	SOE
PT Varuna Tirta Prakasya (Persero)	PT Virama Karya	SOE
PT Waskita Karya (Persero)	PT Wijaya Karya (Persero) Tbk.	SOE
PT Yodya Karya (Persero)	PT Penjaminan Infrastruktur Indonesia (Persero)	SOE
Lembaga Pembiayaan Ekspor Indonesia		State Financial Institution
PT Indonesia Infrastructure Finance		An SOE Associated Entity

4. Relationship with the Management or Key Personnel of Bank Mandiri

Salaries and allowances, bonus/tantiem, long-term benefits for the Board of Commissioners, Directors, Audit Committee and Risk Monitoring Committee and Good Corporate Governance, the Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President for 2015 and 2014 respectively amounting to IDR 857,365 and IDR 717,073 or 2.98% and 2.83% of total other consolidated operating expenses.

Shares owned by the Board of Directors from MSOP program for 2015 and 2014 respectively amounted to 10,207,529 shares and 13,892,900 shares, or 0.03% and 0.04% of the total number of authorized shares.



The Amount of Transactions with Related Parties

Details of the transaction balances with related parties on December 31, 2015 and 2014 are as follows:

Transactions with Related Parties in 2014-2015 (IDR million)

Description	2014	2015
Asset		
Clearing account in other banks (Note 5a)	20,937	24,515
Subscription in Bank Indonesia and other banks (Note 6b)	1,503,078	1,991,278
Securities (Note 7a)*)	14,803,097	16,516,404
Government bonds (Note 8)	86,153,906	103,869,361
Other collections – commercial transactions (Note 9a)	6,414,623	7,051,775
Derivative collection (Note 11)	5,087	32,152
Granted credit (Notes 12A.a and 12B.g)	67,613,532	75,405,807
Consumer financing receivable (Note 13a)	7,420	5,886
Acceptance collection (Note 15a)	252,138	409,880
Total assets to related parties	176,774,538	205,307,058
Total consolidated assets	855,039,673	910,063,409
Percentage of total assets to related parties against total consolidated assets	20.67%	22.56%
Liability		
Customer savings		
• Clearing account/wadiah clearing account (Note 21a)	19,751,219	38,252,185
• Savings/wadiah savings (Note 22a)	121,683	1,342,075
• Time deposits (Note 23a)	33,459,942	37,257,210
Savings from other banks		
• Clearing account and savings (Note 24a)	25,569	70,176
Inter-bank call money (Note 25a)	-	600,000
Derivative liability (Note 11)	8,679	3,095
Liabilities against sold securities with repurchase commitment (Note 28)	-	467,123
Acceptance liability (Note 29a)	1,366,249	606,737
Issued securities (Note 30)	437,000	587,750
Received loan (Note 36)	252,149	25,178
Subordination loan (Note 37)	1,909,800	1,687,800
Total liabilities to related parties	57,332,290	80,899,329
Total consolidated liabilities	697,019,624	736,198,705
Percentage of total liabilities to related parties against total consolidated liabilities	8.32%	10.99%
Temporary syirkah fund (Note 38)	492,425	666,356
Percentage against total temporary syirkah funds	0.93%	123%
Statements of Comprehensive Income		
Interest income from government bonds and treasury bills (Note 41)	4,681,935	5,364,814
Percentage to interest income and sharia income	7.47%	7.49%
Interest expense from fund borrowing (Note 42)	59,292	3,759
Percentage to interest expense and sharia expense	0,25%	0,01%
Commitments and contingencies (Note 53)		
Unused loan facilities granted	26,730,367	20,811,629
Outstanding irrevocable letters of credit	8,325,989	5,107,643
Guarantees issued in the form of bank guarantee	17,401,095	23,280,899
Guarantees issued in the form of Standby letters of credit	6,510,384	6,560,416
Total commitments and contingencies for related parties	58,967,835	55,760,587
Total commitments and contingencies for consolidated	154,689,201	174,421,838
Percentage total commitments and contingencies of related parties to consolidated aset	38,12%	31,97%

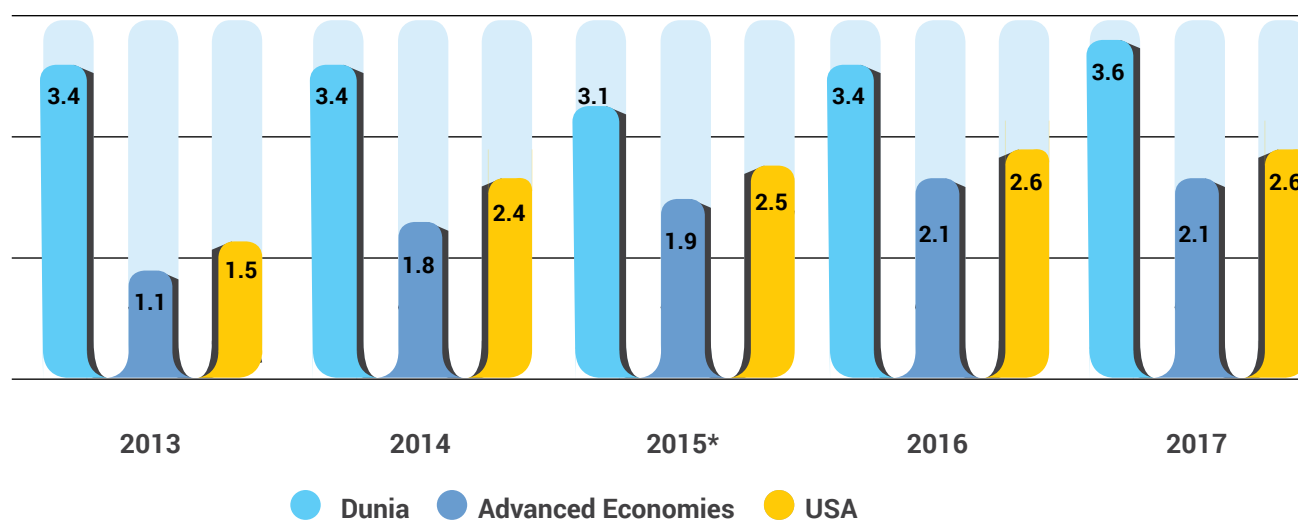
*) Gross presentation before discount which is not amortized yet and (losses)/profits which are not yet realized from (decrease)/increase of securities values.

Uraian	2014	2015
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Percentage total commitments and contingencies of related parties to consolidated asset	38.12%	31.97%

business prospect

Economic Projection

Based on World Economics Outlook (WEO) projection, released by the IMF in January 2016, the global economic growth for 2016 is estimated 3.4%, higher than that of 2015 which amounted to 3.1%.



Source: World Economics Outlook (WEO), January 2016

At national level, the economic growth in 2016 is projected to increase. The more evenly infrastructure development by both the government and private sectors provides key support to the national economic growth considering that the global economic growth has yet to fully recover. This is corroborated by the World Bank projection that Indonesian economic growth will increase to 5.3% by 2016. The projection

is higher than the prediction of economic growth in 2015 standing at 4.7%. The main factor behind such growth is the improvement on national infrastructure.

The inflation rate in 2016 is predicted to reach 5.0% in average (YoY) with Indonesian exchange rate (IDR) against the United States Dollars (USD) reaching IDR 14,800/USD.

Indonesian Economic Projection for 2016

Macro Indicator	Projection Value in 2016
Economic Growth (%)	5.0
Inflation (% YoY, average)	5.0
Exchange rate (Rp/USD)	14,800
BI Rate	7.00
3-Month SPN (%)	6.00
Third Party Fund or "DPK" (% growth) YoY	15.2
Total Credit (% growth)	13.3
FED Rate (%)	1.40

Banking Industry Prospect

Estimated loan growth in banking industry is predicted to reach 13.3% (YoY) with the growth of DPK adding up to 15.2% (YoY). Until November 2015, the loan growth in banking sector was recorded 9.84% (YoY), lower than the year 2014 which saw loan growth reaching 11.6%. The growth of assets and DPK also slowed down throughout 2015. Until November 2015 banking assets grew by 9.3% (YoY), slower than the growth posted in 2014 at 13.3% (YoY). During the same period, the growth of DPK also lost pace from 12.3% in December 2014 to 7.7% per November 2015. The decline of some banking performance indicators was caused by slowdown in the global and national economic growth, normalization of monetary policy by The Federal Reserve (The Fed) and the weakening commodity prices in the global markets.

In spite of the sluggish growth, generally Indonesian banking industry remained solid, supported by the resilience of its banking system and relatively composed performance of the financial market. The banking industry remains resilient with credit, liquidity and market risks under control. In November 2015, the capital adequacy ratio (CAR) remained strong at 21.3%, far above the minimum provision of 8%. In the meantime, the ratio of non-performing loan (NPL) stayed low at the level of 2.66% (gross). In 2016, the performance of national banking sector will improve along with better economic conditions at home and the more evident certainty pertaining to The Fed's monetary normalization policies. In addition, the improvement of banking performance will also be driven by the monetary easing by Bank Indonesia. The banking credit in 2016 is predicted to grow between 12-14%. In the meantime, the DPK growth will also increase to approximately 13-15%.

long-term plan and strategy for 2016

Long-Term Plan for 2015-2020

Future challenges which are more complex and the need to keep improving business performance and provide best quality services to customers are the reason for continuous business transformation and organizational management in Bank Mandiri.

Therefore, Bank Mandiri has initiated the transformation phase III of 2015-2020. Bank Mandiri has the long term vision "To be the Best Bank in ASEAN by 2020". Such vision can be elaborated as follows:

1. Bank Mandiri is committed to be the best financial institution in ASEAN, in service, product and yields to shareholders, and in benefits to the general public. This is achievable by providing integrated products and services, financial solutions which are based on extensive industrial comprehension and supported by technological advance, quality human resources and business synergy down to subsidiary level.
2. Bank Mandiri aims to be the pride of the country and every person working at the Bank assumes responsibility to be met through proper management and good corporate governance.
3. With the targets of USD 55 billion in market capitalization and Return on Equity of 23%-27% by 2020, Bank Mandiri is committed to be an Indonesian banking icon in ASEAN.

To achieve the vision, Bank Mandiri's future growth strategy will focus on the three main sectors as follows:

1. Strengthen leadership in the wholesale segment by improving relationship with customers. This strategy aims to allow the Bank to increase the share of wallet and cross-sell revenue ratio from Bank Mandiri wholesale customers, through the provision of integrated wholesale product solutions, expertise-based solutions in the customer's business sector and active support to the activities of Bank Mandiri's customers which expand their business to other countries with cross-border solutions.
2. To be the customer's choice bank in retail segment, with business acceleration in main segments that drive business growth for Bank Mandiri, including:
 - In the micro segment, Bank Mandiri aspires to be the strongest challenger with easy micro customer access to the Bank's distribution network.
 - In the Small Medium Enterprise (SME) segment, Bank Mandiri aspires to be the bank of choice for SME customers through penetration and customer acquisition focusing on potential sectors, to meet all the SME customers' needs.

- In the individual segment, Bank Mandiri will focus on building leadership by complete and competitive product offerings, and innovation to strengthen domination in retail payment.
3. Integrating business in all segments of the Bank, including with subsidiaries. Through this strategy, the Bank wishes to support cross-sell culture between work units that handle wholesale and

retail segments, including with subsidiaries, and support business regionalization and optimize distribution network in sub-national regions.

The three focus sectors will be supported by organizational strengthening for integrated service solutions, infrastructure improvements (branch office, IT, operations, risk management) and human resources development.



Roadmap mencapai the Best Bank in ASEAN

Through the Implementation, we will assist on putting in place the right:

- Procedures/ Practices (client tiering, sales approach/ client, relation privcing)
- Platforms (tools, technology, CRM, MIS)
- Products (PCM, treasury *retail* solution)
- Aligning the organization (integRated distribution)

Plans and Strategies for 2016

In order to achieve the aspiration of Bank Mandiri to become the ASEAN's Best Financial Institution of 2020, Bank Mandiri has formulated its main focuses on 2016 are as follows:

1. Increasing Revenue's market share through the growth of business volume and fee-based income above the market;
2. Maintaining the condition of sound Bank liquidity through Loan to Deposit (LDR) Ratio monitoring;
3. Growth of quality productive assets by maintaining targets of NPL Gross, Cost of Credit, CKPN/NPL Ratio and Write-off Loan;
4. Increasing Net Interest Margin and improving Cost of Fund;
5. Strengthening Retail and Wholesale Transaction to improve cheap fund ratio, growing provision and commission and Fee Ratio;
6. Increasing the growth of retail financing credit;
7. Increasing cost efficiency through the optimizing use of cost budget on the purpose to support optimum business growth;
8. Sharpening focus and priorities of IT and Non-IT projects to support the business growth;
9. Improving gradual profitability through ROE improvement that therefore approaching main competitors;
10. Gradual capital increase and more efficient use of the capital in business segment to provide good revenue that therefore the CAR ratio is still maintained.

information on business continuity

Significant Information on Potential Obstacles to Business Continuity

Until 2015, Bank Mandiri has yet to encounter matters of significant impacts on the continuity of its businesses such as sale of assets by auction or sale to get quick funds to pay off its liabilities as it becomes unable to pay all of its liabilities.

Until 2015, the Bank has consolidated itself towards achieving the vision of becoming the best bank in ASEAN by 2020.

Basic Assumption on Business Continuity

The assumption is based on the position of Bank Mandiri as seen from the analysis on strengths and weaknesses as well as the identification of external factors by looking at opportunities and threats.

Strenghts

- Significant capital adequacy
- High level of liquidity
- Fee Based Income continuing to grow
- GCG implementation implemented consistently
- Massive network and product distribution
- Synergies with its subsidiaries resulting in diversification
- Good product penetration

Weaknesses

- Some of the product's market share is still small
- Decline in growth as a result of the economic slowdown
- Market Capitalization declined slightly due to weakened exchange rate against USD
- Some issues regarding integration of product segments

Opportunities

- The use of media and technology as a tool for business development
- Increased market share
- Expanding through the AEC 2015
- Lending in the real sector

Threats

- Slowdown in the national economy resulted in decreased business volume
- Foreign and Local Banking
- Alternative financing besides banks





**selamat datang
ke dunia fiestapoin bisnis**



Overview of Business Support Functions

best service marketing

The increasingly tight competition requires every Bank to provide products that suit customers' need. Bank Mandiri always creates product innovation, as well as formulates and executes marketing initiatives strategy to meet the customers' expectation. With an effective and efficient marketing strategy, Bank Mandiri is optimistic to become the Best Bank in ASEAN.

Marketing Strategy

Bank Mandiri keeps on improving its marketing strategy in line with the ongoing transformation. The strategy is designed based on the "360° Marketing Strategy" that provides a wide range of contact points for the customers, both through conventional and digital media, as well as measures each implemented program. The strategy will also be adjusted to meet the evolving needs of customers at all segments in order to make it effective. Some of the marketing strategies on which Bank Mandiri focused in 2015 included:

1. Improvement of service at Bank Mandiri Branch Offices and e-channels

Bank Mandiri continuously improves access to services and product features to satisfy its customers. Access to branches is improved through expansion of branch network by increasing the number of branches in new areas. In 2015, Bank Mandiri opened 126 new Branch Offices in Indonesia and 48 new Sub-Branch Offices. Bank Mandiri also promotes service innovation for the existing branches by providing weekend banking service on Saturday and Sunday at certain Branches. In

addition, Bank Mandiri has applied advanced information technology by providing e-channel service to facilitate its customers in doing banking activities, such as accessing account information, making financial transaction and making 24/7 online payment from anywhere. 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.

Features in the existing products are improved to fulfill the needs of customers at all segments in order to attract more customers. Bank Mandiri actively introduces new features and products through a variety of programs. To name a few, below are some of the features launched in 2015:

- a. Laku Pandai (branchless banking),
- b. Fiestapoin Badan Usaha (Fiestapoin for businesses), and

- c. Electronic Payment for Online Game through E-Cash.

Meanwhile, there are also new products launched in 2015 including:

- a. Mandiri Visa signature card, Mandiri Visa Signature Card Golf,
- b. Himbara Toll Prepaid Card and Himbara Merah Putih ATM
- c. Mandiri Prioritas Debit Card

2. Alliance/synergy development

Bank Mandiri carries out alliance or synergy development in order to accelerate its business achievement at all segments. It is developed through alliance between business units, task forces and subsidiaries of Bank Mandiri. One of these endeavors commenced in 2015 when Bank Mandiri forged collaboration with several partner companies, such as Indomaret, in distributing digital money.

3. Market Share Enhancement

Bank Mandiri has put concerted efforts to increase its market share by, among other things, actively delivering product communications through above the line and below the line promotions. Above the line programs consist of promotion in: a. national newspapers (Kompas, Bisnis Indonesia, Fajar, Investor Daily, Jawa Pos, Tempo, Sindo, The Jakarta Post); b.

local newspapers (Pikiran Rakyat, Suara Merdeka, Harian Jogja, Kaltim Post, Bali Post, Manado Post, Cendrawasih Post, Banjarmasin Post, Tribun Medan, Jambi Independent); c. magazines (Tempo, Femina, Wanita Indonesia, Housing Estate, SWA, Bloomberg Businessweek, Esquire, Cosmopolitan); d. radio stations (Pass FM, Lite FM, Suara Surabaya FM, Sonora FM, Raka FM, Delta FM, Telstar FM, LA Nugraha FM). Meanwhile, below the line programs include event organizing, event sponsorship and participation in exhibitions. Bank Mandiri organized 95 events, sponsored 12 others and participated in various exhibitions in 2015.

One of the below the line programs is Mandiri Fiestapoin. Mandiri Fiestapoin is 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. Through comprehensive implementation of marketing strategy, it is expected that Bank Mandiri will be able to attract more customers and maintain customers' loyalty in order to exceed the targeted market share.

Marketing Strategy Support Programs in 2015

In 2015, Bank Mandiri undertook several marketing support programs to attract new customers and maintain the existing customers' loyalty. The following are the programs carried out in 2015:

1. Mandiri Karnaval Nusantara

Mandiri Karnaval Nusantara is an event held to commemorate the 17th Anniversary of Bank Mandiri. This event brought excitement and opportunity for the customers to experience transactions made through various payment tools provided by Bank Mandiri. Visitors could enjoy music show and culinary tour at the venue. In this event, Bank Mandiri introduced Bank Mandiri Taspen Pos (Mantap) as the newest subsidiary of Mandiri Group. Bank Mantap is owned by Bank Mandiri, PT Taspen and PT Pos Indonesia and aimed to target micro banking segment.

2. Mandiri e-cash Promotion

Mandiri e-cash is a product of digital financial service provided to enable the customers to access banking services through a third party, i.e. members of the community as agent. This agent is capable of facilitating basic financial transactions, such as electronic money account opening, cash deposit and cash withdrawal, in

addition to providing assistance in educating the public. Meanwhile, such non-cash transactions as fund transfer to mobile phone number, mobile prepaid top up or electricity prepaid top up can be made by account holders using their mobile phones. This application can be used on a mobile phone without opening an actual account in Bank Mandiri since the registered mobile phone number will serve as the account number. Bank Mandiri gives some merchandise as gift in this promotional quiz. The visitors at the related event seemed enthusiastic and interested in this product that they registered for Mandiri e-cash by dialing *141*6# from their mobile phones.

3. Participating in Exhibitions

Bank Mandiri highly supports banking-related activities. One of these activities was IBEX 2015. The President Director of Bank Mandiri was a presenter and keynote speaker in one of the seminars in IBEX 2015. Bank Mandiri also provided sponsorship for this event and held an exhibition. In addition, Bank Mandiri also held an exhibition at the Anti-Corruption Festival, Indonesian Conference on Governance and Sustainability, etc.

Marketing Expense

Marketing Expense in 2015 added up to IDR841.71 billion, with an allocation of 62.80% for Bank Product promotion expense and 16.52% for corporate PR

promotion expense. Below is the comparison of actual promotional expenses for the last three years.

MARKETING EXPENSE	2015	2014	2013
Bank Product Promotion Expense	528.59	552.12	584.45
Sales Program Expense	59.11	71.17	97.84
Corporate PR Promotion Expense	139.05	130.11	110.78
Bonus Points Expense	-	-	-
Savings Incentive/Benefits Promotion Expense	-	-	-
Current Account Incentive/Benefits Promotion Expense	-	0.05	125
Time Deposit Incentive/Benefits Promotion Expense	42.46	35.61	33.70
Savings Prize Expense	68.65	48.14	21.88
Current Account Promotion Expense	3.54	5.35	-
Savings Promotion Expense	0.30	0.40	6.29
TOTAL	841.70	842.98	855.08

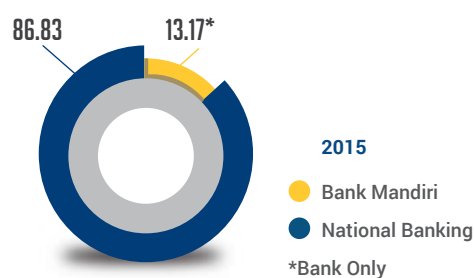
Market Share

Competition in banking industry increased during 2015. Bank Mandiri kept on making efforts to win market share of the banking industry in Indonesia. These efforts took form in the implementation of

effective marketing strategy that resulted in growth in distributed loan, profit increase and expanded market share. Below is the illustration of Bank Mandiri's market share in the banking industry in Indonesia:

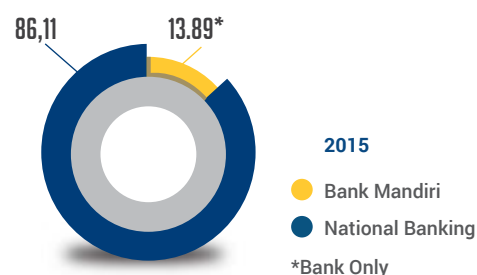
Assets

Bank Mandiri's assets as of December 2015 amounted to IDR 807.55 trillion, making the market share of the bank in terms of assets as at December 2015 stand at 13.17% of the total assets of conventional banks.



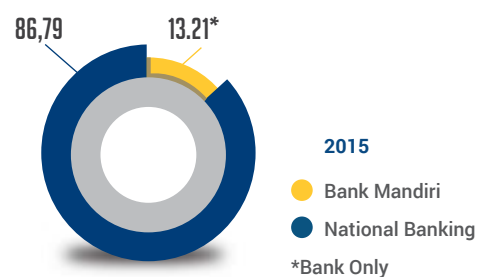
Third Party Funds

Deposits from customers (third party funds) of the Bank in December 2015 reached IDR 613.16 trillion, so the market share of the bank in terms of deposits per December 2015 was 13.89% of the total deposits with all domestic banks. This is influenced by the growth of market share in current and saving accounts.



Outstanding Credit

Bank Mandiri loan portfolio as at December 2015 added up to IDR 536.03 trillion, rendering the market share of the Bank in terms of outstanding credit by December 2015 to 13.21% of the total credit with domestic banks.



excellent talent management

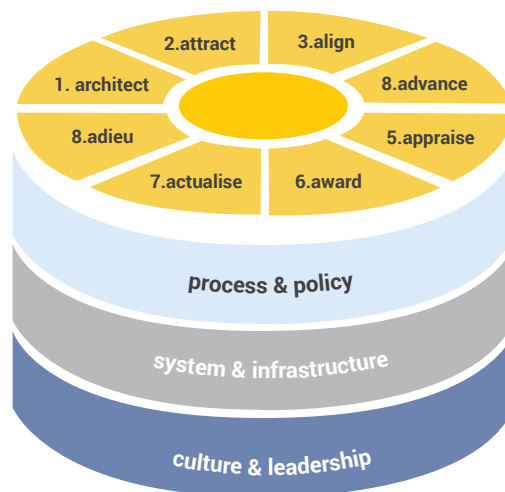
Human Resources Management (HR) became one of the main focus of Bank Mandiri. Employees as the most valuable asset have important role to bring Bank Mandiri as a company with the best performance. Bank Mandiri continues to enhance human resources management policy, developing the competency of each employee, maintaining harmonious industrial relations between employers and banks, as well as creating a comfortable and pleasant working environment. With the productivity and loyalty of its employees, Bank Mandiri is optimistic to be the best bank in ASEAN.

HR Policy

Bank Mandiri has had a policy in the field of human capital consisting of Human Resources Policy Manual Standard Bank Mandiri and Human Resources is the reference in the management of employees at all points in the cycle of employment, namely the employee lifecycle, from hire to retire. The policy is aligned with the strategy of the Bank that can support long-term growth.

The bank also developed a human resource management strategy by taking into account best practice in the world in collaboration with innovation and technology support. The strategy implemented by taking into account the precautionary principle, the application of risk management and good corporate governance practices. Human resource management strategy of the Bank includes:

1. To develop an organization that supports the business strategy.
2. Prepare the fulfillment of qualified personnel in a timely manner.
3. Creating a system of on boarding of employees aligned with the Bank's culture and build relationships staffing an open, harmonious and equitable.
4. Building management systems technical competence and leadership and learning that drives the company's strategy.
5. Conducting performance management systems that boost the productivity of employees.
6. Implement a competitive total reward.
7. Prepare talent and successor who became the successor company in the long-term sustainability.
8. Build a work culture that encourages productivity and create a work environment that is open, positive and progressive.
9. Develop systems and technology infrastructure of effective human capital.



Bank Mandiri HR Management Strategy

HR Planning

Each year the Bank Mandiri plans requiring employees are aligned with business growth. Planning of employees is done through a bottom-up process involving all the working units and the top down

in view of the Bank's capacity. The results of such planning then becomes a reference in the recruitment process (fulfillment of employees).

Recruitment

Rapid business growth needs to be supported with employee compliance strategy that is effective, precise, and accurate with reference to the principle of "the right person for the right job at the right time". Fulfillment of Bank Mandiri employees conducted through two channels, namely internal and external 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.

Needs of employees spread throughout Indonesia opened up opportunities for the children of the best area from Sabang to Merauke to join, work and grow with Bank Mandiri. Bank continues to develop pathways to get the talent-recruitment of the best talent. Hiring recruitment does not just rely on advertising, job fairs and campus hiring. Throughout 2015, the Bank has optimized e-Recruitment through Mandiri Career Website. In addition, the bank also began offering internship programs for prospective best graduates from the best universities in and outside the country.

Employee Profile

Bank Mandiri employees as much 36.737 employees 2015, an increase of 5.88% compared to the year 2014 as many as 34.696 employees. This increase was

primarily due to the Bank's business development. Here is the composition of employees based on the hierarchy, education level, and employment status.

Employee Composition by Structural Level

Bank has set up an ideal composition to suit the needs and functions to create effectiveness and efficiency of the work function. The hierarchy in Bank Mandiri is divided into five levels, namely SEVP/EVP/SVP, VP/AVP, Senior Manager/Manager, Staff, and others.

In 2015, an employee with the official level VP/AVP increased by 11.35%, increasing 5.28% Managers, officials with staffing levels increased by 5.94%. Change in the composition is tailored to the business needs of the bank at this time.

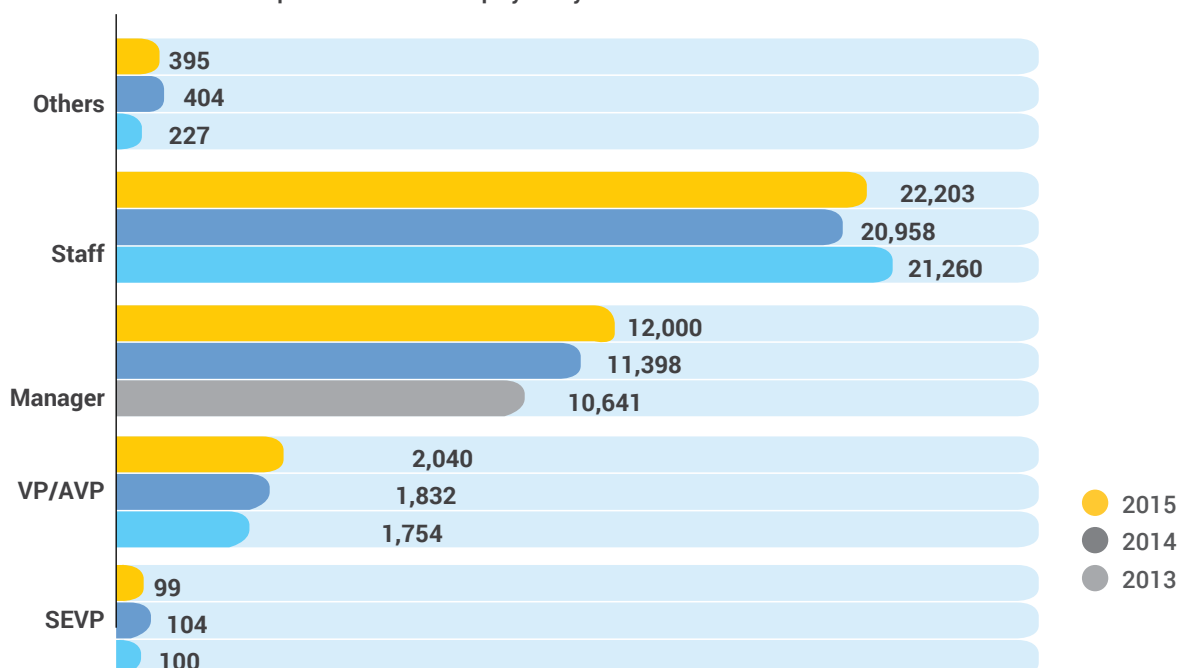
Composition of Active Employees by Structural Level in 2013-2015

LEVEL	2015	2014	2013
SEVP/EVP/SVP	99	104	100
VP/AVP	2,040	1,832	1,754
Manager	12,000	11,398	10,641
Staff	22,203	20,958	21,260
Others	395	404	227
Total Active Employees	36,737	34,696	33,982

Note:

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

Composition of Active Employees by Structural Level in 2013-2015



Employee Composition by Educational Attainment

In order to develop business continuity, then the existence of an employee who has the capacity and capability in accordance with the Company's need to the attention of Bank Mandiri.

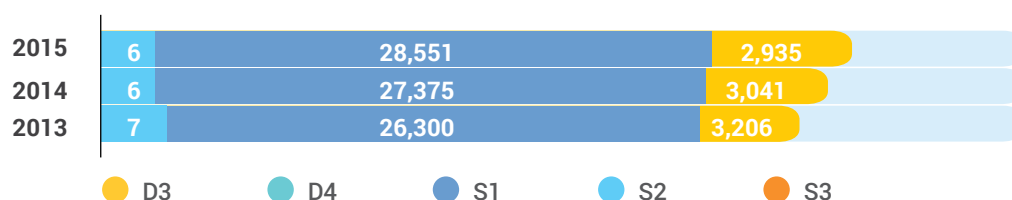
By 2015 the number of active employees with educational level S3 seven employees, as many as

1,535 employees S2 level up 0.66% compared to 2014, as many as 29,510 employees S1 increased 7.8%, and as many as 3,141 employees Diploma rose 1.13%. Senior high school employees (SLTA) dropped 5.13% while junior high school (SLTP) and elementary school (SD) down by 8.57%.

Composition of Active Employees by Educational Attainment in 2013-2015

EDUCATIONAL ATTAINMENT	2015	2014	2013
S3	7	6	6
S2	1,535	1,525	1,534
S1	29,510	27,375	26,300
Diploma	3,141	3,106	3,275
SLTA	2,480	2,614	2,793
SLTP+SD	64	70	74
Total Active Employees	36,737	34,696	33,982

Composition of Active Employees by Educational Attainment in 2013-2015



Employee Composition by Employment Status

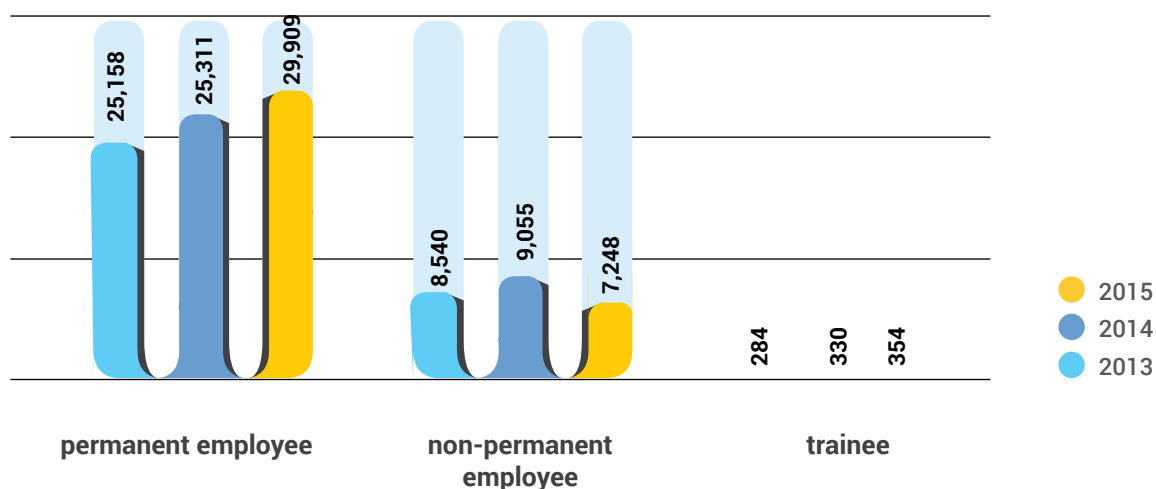
Bank Mandiri status divides employees into permanent employees, temporary employees and trainees. Bank Mandiri recruitment process begins with the status of temporary staff or contract and after 1-2 years of these employees will become permanent employees, except for foreign workers or experts with the status

of temporary employees (contract). Bank Mandiri employees is dominated by permanent employees. The number of permanent employees in 2015 as much as 79.21%, non-permanent employees or 19.83% and the employee trainees as much as 0.96% of the total active employees of Bank Mandiri.

Composition of Active Employees by Employment Status in 2013-2015

STATUS	2015	2014	2013
Permanent Employee	29.099	25.311	25.158
Non-Permanent Employee(Contract)	7.284	9.055	8.540
Trainee	354	330	284
Total Active Employees	36.737	34.696	33.982

Composition of Active Employees by Employment Status in 2013-2015



Employee Composition by Sex

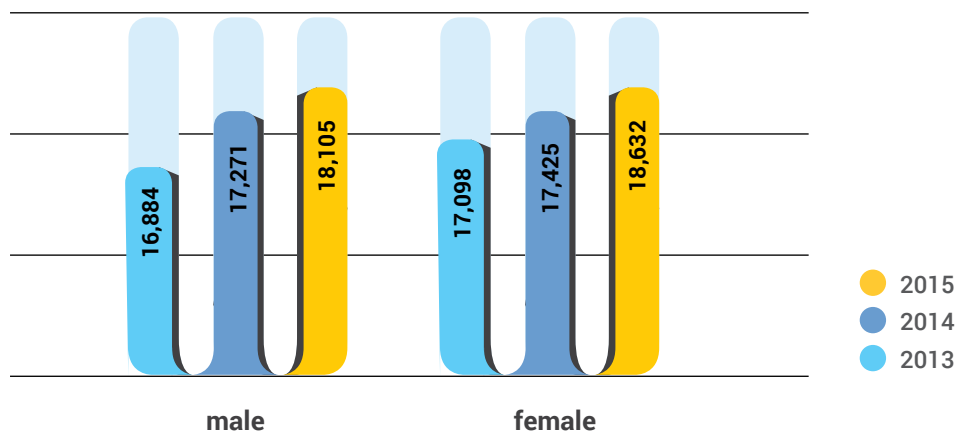
Bank Mandiri not discriminate by gender, so that all employees get the same treatment. Employee appreciation is given only on the basis of competence in their respective responsibilities. By 2015 the

number of male employees as much as 18,105 fewer employees than female employees as much as 18,632 employees.

Composition of Active Employees by Sex in 2013-2015

SEX	2015	2014	2013
Male	18,105	17,271	16,884
Female	18,632	17,425	17,098
Total Active Employees	36,737	34,696	33,982

Composition of Active Employees by Sex in 2013-2015



Employee Composition by Job Location

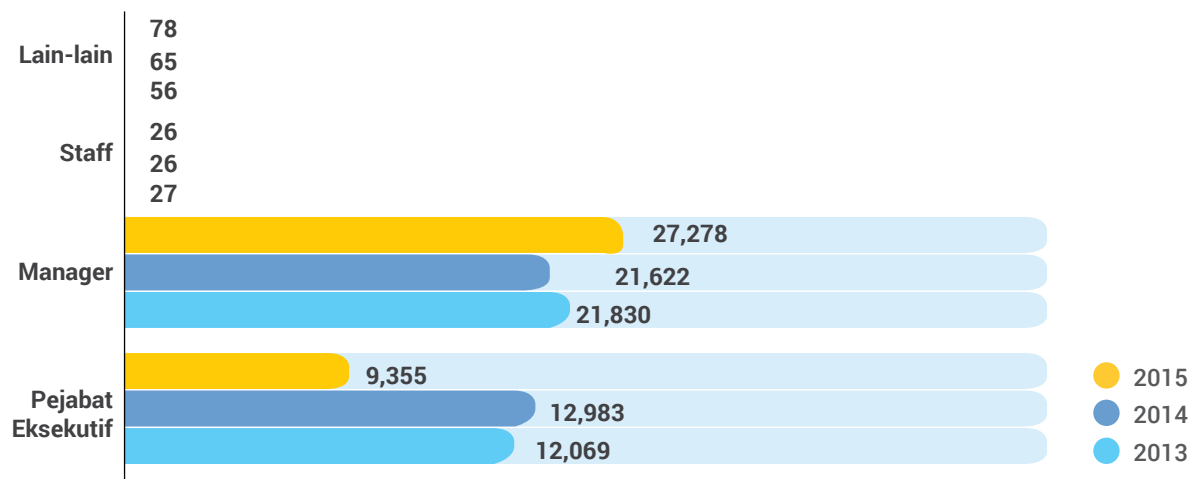
Bank Mandiri employees work site is divided into four business units, namely the head office, branch offices, overseas offices and subsidiaries. In 2015 the number

of employees at the branch increased by 26.16% and its subsidiaries increased by 20% compared to 2014.

Composition of Active Employees by Job Location in 2013-2015

WORK UNIT	2015	2014	2013
Head Office	9,355	12,983	12,069
Branch Office	27,278	21,622	21,830
Overseas Office	26	26	27
Subsidiary	78	65	56
Total Active Employees	36,737	34,696	33,982

Composition of Active Employees by Job Location in 2013-2015





Employee Composition by Service Period

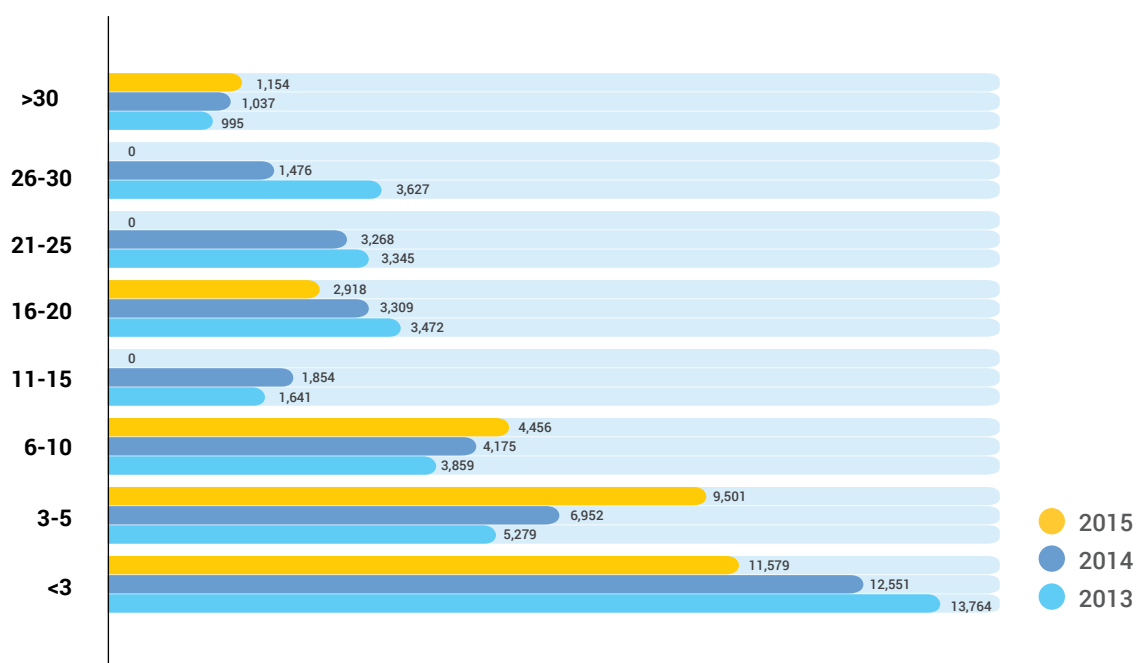
The number of employees of the Bank in 2015 was dominated by an employee with tenure of less than three years amounted to 31.52% of the total active

employees of Bank Mandiri. It is indicating that the Bank continues to open up opportunities for candidates who want to grow and develop together.

Composition of Active Employees by Service Period in 2013-2015

PERIOD	2015	2014	2013
<3	11,579	12,618	13,764
3-5	9,501	6,932	5,279
6-10	4,456	4,228	3,859
11-15	2,637	1,856	1,641
16-20	2,918	3,307	3,472
21-25	3,029	3,235	3,345
26-30	1,463	1,473	3,627
>30	1,154	1,047	995
Total Active Employees	36,737	34,696	33,982

Composition of Active Employees by Service Period in 2013-2015



Employee Composition by Age

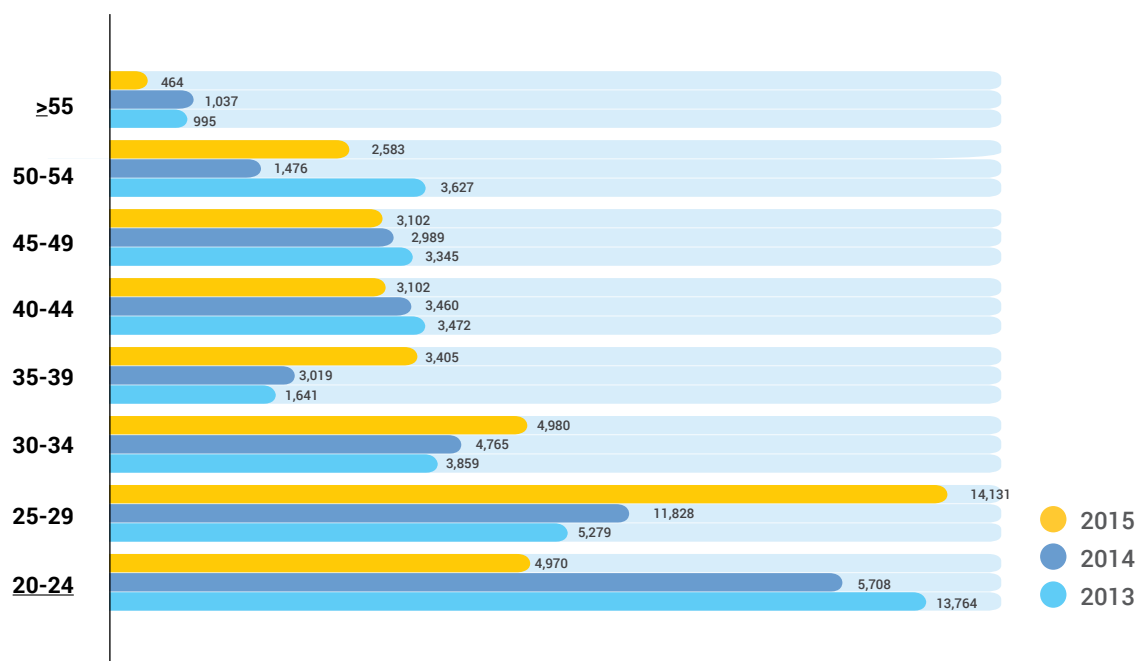
Employees of Bank Mandiri in 2015 was dominated by employees aged 25-29 years amounted to 38.47% of the total active employees of Bank Mandiri. This

shows that the bank grew along with the employees of childbearing age.

Composition of Active Employees by Age in 2013-2015

AGE	2015	2014	2013
20-24	4,970	5,708	13,764
25-29	14,131	11,828	5,279
30-34	4,980	4,765	3,859
35-39	3,405	3,019	1,641
40-44	3,102	3,460	3,472
45-49	3,102	2,989	3,345
50-54	2,583	2,502	3,627
≥55	464	425	995
Total Active Employees	36,737	34,696	33,982

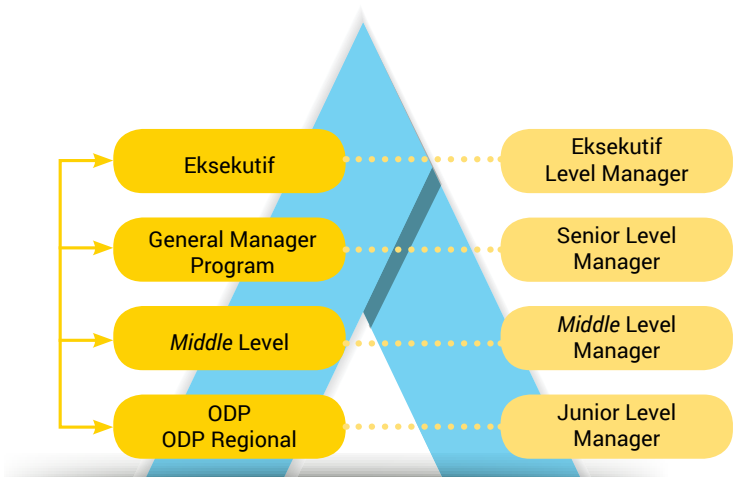
Composition of Active Employees by Age in 2013-2015



Training and Development

Bank Mandiri continues to provide opportunities for employees to grow and maximize the potential that becomes an important factor to build the organization. Employee training and development programs organized in order to improve productivity, professionalism and capability of personnel on an ongoing basis with reference to the People Development Framework, i.e. employee development

based on the talent or advantages (strength based). Employee competence development adapted to the necessary competence units by the Bank’s strategic plan for all levels of positions that are part of the Comprehensive Leadership Development Program as illustrated in the schematic below.



In addition, to accommodate the growing number of employees with a wider distribution, the Bank 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. Portal i-Share is a social media learning so that it becomes a means of sharing information among all employees. While knowledge management systems to manage

knowledge and collaboration means corresponding international best practices contained in the portal i-know.

During 2015, the Bank has organized educational programs, training and development, followed by 325 525 participants. Here the number of employees who follow these programs in the past three years.

Total Employees Attending Education, Training and Development Programs in 2013-2015

NO.	PROGRAM	2015	2014	2013
1.	Classroom	50,501	28,822	27,340
2.	eLearning	152,531	36,739	28,984
3.	ODP (Officer Development Program)	709	844	872
4.	SDP (Staff Development Program)	1,176	1,022	1,123
5.	Executive Officers	1,010	270	83
6.	Post-Graduate	45	72	43
Total		205,972	67,769	58,445

In addition to the training program, employees are given the opportunity to participate in public training appropriate to the needs of the work so that the target of training each employee a minimum of once per year can be achieved.

The total budgeted cost of training in 2015 reached Rp492.2 billion, an increase of approximately 8.2% compared to 2014, with the balance of approximately 65.6% for the technical development capabilities, and the rest for professional development capabilities, managerial capabilities, and leadership capabilities.

Costs of Education, Training and Development Programs in 2013-2015 (IDR billion)

PROGRAM	2015	2014	2013
Executive Development Program	29,714	13,473	17,700
Management Development Program	83,625	101,337	126,500
Retaining Competency Development Program	37,097	40,181	30,380
Change & Culture Development Program	17,000	17,000	12,000
Organization Capability Development Program	39,000	29,500	36,120
Leadership Capability Development Program	18,750	36,999	24,700
Pre Retirement Program	23,000	11,000	10,500
Employee Engagement Activities	16,350	15,000	12,000
Mandatory Skill Development Program	227,647	90,395	120,120
Total	492,183	454,885	390,020

Mandiri University

Bank Mandiri enhance strategy and policy learning and development in regularly form Bank Mandiri employees into knowledge workers who excel. This is done through the harmonization of business and the strengthening of the strategic functions into a corporate university learning center called Mandiri University. Policy learning center using a strategic approach to learning with the Mandiri University as a strategic business partner for all work units to support the achievement of the vision and mission of the Bank.

Mandiri University wants to be “a machine that produces” the best talents not only for the bank but for the nation of Indonesia. Best talent produced has the technical competence of the best on the market and spirited leadership that qualified so that they can become role models for the environment as stated in the Mandiri University’s vision statement, “To be a

producer of best leader and excellent employee for Mandiri and Indonesia”. To achieve this vision, it has been declared three (3) Mandiri University’s mission as follows:

- Speed up learning to sustain high performance culture
- Boost talent mobility
- Leverage intangible assests to attract, retain, and motivate the best talent

Mandiri University built with three key pillars: People, Infrastructure and Curriculum. The concept of using adult learning methods and strategic learning Blended Learning Solution is 20% education dan 80% exposure & experience.



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



To realize this strategy, the development of Mandiri University carried out gradually. Currently Mandiri University has entered the third phase, namely Learning Organization and Implementation of Mandiri University completely.

Mandiri University supports employee achieve professional excellence and leadership effectiveness. This is done through the development of capabilities that focus on four technical, professional, managerial, and leadership capabilities.

Fourth means to develop these capabilities by forming academies which refers to the segmentation of Bank

Mandiri's business as a whole. Currently there are seven colleges, each headed by a Dean (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 Academy
6. Leadership Academy
7. Syariah 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.

Mandiri University campus construction has been planned entire region with three campus types, types A, B, and C. Type A campus has the most complete facilities including classroom, conference hall, 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. Enterprise Knowledge Management System was 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.

In 2015, 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. Development of infrastructure to support the new business process is also being conducted. In 2015, already operates 15 Mandiri University Campus scattered across Indonesia, optimization of employee Contribute to the system Enterprise Learning Management System (ELMS), as well as the implementation of Enterprise Knowledge Management System (EKMS) to activate the activity of the Community of Practice (CoP) in unit- work units and an increase in utility use becomes 33 958 employees. Increased competence of trainers is also being conducted by holding certifications for Learning Consultant and Learning Facilitator.

Performance and Reward Management

Bank Mandiri is a performance-based organization. Target companies are distributed to each individual based on the potential and capability of personnel, as outlined in the Key Performance Indicator (KPI) Employees. Individual performance planned, established, reviewed and rated using the Individual Performance Management System (IPMS). IPMS is structured so employees can carry out their duties optimally, enhances employee loyalty and drive the work climate that is open, positive and progressive. IPMS is done in the form of an annual cycle Work Planning (planning and goal setting) as well as monitoring and evaluation. This process is inputted

online at Mandiri system Easy Internet-based so it can be accessed by any employee anywhere and anytime.

Performance becomes the foundation of reward employees with the principles of competitiveness and fairness. Reward given to employees, either financial or non-financial nature that are tailored to the ability of the Bank in order to accommodate changes in employee demographics. One form of financial reward to employees of Bank Mandiri means annual performance bonus given on the Bank's performance has been achieved. 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, the Bank also provides benefits to employees in the form of a health facility, days off, credit employee welfare and other facilities by location and occupation.

Non-financial reward is given in a series of events Mandiri Excellence Award which is the highest appreciation for employees and work units best in various categories involving the subsidiary. In Mandiri Excellent Award event there are three awards were contested namely Service Excellent Award, Excellent Award Culture and Mandiri Best Employee Award in several categories. Mandiri Excellent Award held regularly every year with the announcement in March of the following year because of the tightness of the assessment process.

On March 6, 2015 has held the awards night Mandiri Excellence Award 2014. At the event were announced the winners of three awards in each category are as follows:

1. Service Excellent Award include awards for Phone Banking Staff, Service Quality Officer, Branch, Frontliners, Area Club, Best Staff.

2. Culture Excellent Award include awards for Best Cash Outlet, Best Branch, Best Area, Best Region, Best Cluster Micro, Best Business Unit, Best Supporting Unit, Best Business Unit Group, and Best Supporting Unit Group
3. Mandiri Best Employee Award include awards for Vice President, Assistant Vice President, Manager, Executive and Subsidiaries.

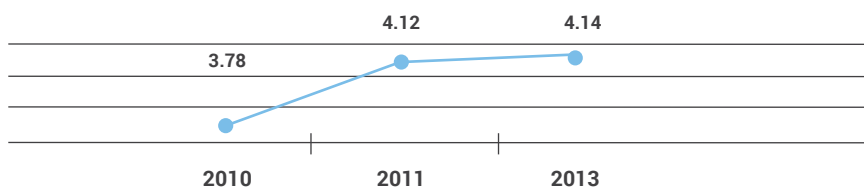
Bank Mandiri should ensure the presence of top talent to fill positions critical to can continuously improve performance. This process is carried out effectively and directed to meet business needs in a timely manner and to minimize operational risks. Programs in preparation for succession among other 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.

Employee Engagement Survey

Bank Mandiri looked at the level of employee engagement can be increased by communications between both directions between an employee and a head unit that exists. The communication is meaningful to ensure issues related to staffing issues can be resolved quickly in order to reach the satisfaction of all parties. With the increasing levels of employee engagement Company's expected performance in future which will come the better.

Mandiri i-Care (individual commitment and actions raises engagement) is an integrated program that is owned by Bank Mandiri to increase the level of

involvement (level of engagement) of all employees in the form of employee engagement survey. The program starts with survey engagement activities carried out by an independent consultant and continued with the preparation and implementation of the plan on the impact of each unit of work based resulted scorecard. Mandiri i-Care is held every two years. Bank Mandiri has conducted the survey three times, namely in 2010, 2011, and 2013, so in 2014 the Bank did not conduct the survey and for 2015 the survey will be conducted in early 2016. Berikut skor employee engagement survey of Bank Mandiri.



Based on the graph it can be seen that the level of employee engagement continues to increase from year to year. Increased levels of employee engagement

indicate that employees perform more productively, contributing to the best ideas and a sincere commitment to realize the success of the Bank.

Career Development

Bank Mandiri attention to employee career development to continuously improve productivity and employee loyalty adjusted to the Bank's business needs. Program promotion and transfer is one form of employee career development. Program promotion and transfer employees of the Bank are governed by

Promotion Guideline. The program is implemented in accordance with the promotion cycle that takes place in May and November. Employees can be promoted are employees who have met the criteria in the guidelines Promotion of them already have the competence, performance, and certain working period.

Retirement

Bank Mandiri has defined contribution pension plan for all its permanent employees through DPBM (Bank Mandiri Pension Fund). Dana Levy certainly paid from employees' salaries by 5% and 10% is paid by the company. Employees who have reached retirement age also receive health facility has been prepared since the active employees work called Mandiri Health Care.

Bank Mandiri has conducted special training for employee retirement preparation programs i.e. pre-

retirement. This training is given to employees who would and have reached retirement age. The training aims to establish a mental and expertise as well as a briefing for employees to remain productive despite being a retired employee. In 2015, 877 employees have been trained with as much as 57 Batch Batch number.

Cultural Internalization

Corporate Culture

Bank Mandiri has a guiding team that involves all employees from the highest level to the lowest level that play a role in the process of internalization of the corporate culture. In addition, the bank also has a team that is responsible for the internalization of the corporate culture at every work unit called Team Culture Internalization.

The task of each Change Leader, Champion Change, and Change Agent is:

- Establish the right thing.
- Doing the right thing.
- Encourage others to do the right thing.

Bank Mandiri Internalization Cultures Program conducted systematically and intensively and actively communicated to all employees through a series of activities in the first year as follows:

1. Mandiri Corporate Culture Summit

Mandiri Corporate Culture Summit is an internalization of cultural activities to support the bank by inviting representatives from each team Internalization Cultural Work Unit in the Bank with the aim to make the perception in supporting the implementation of culture.

2. Change Agent Sharing Forum

Change Agent Sharing Forum is an internalization of cultural activities to support the Bank conducted by Change Agent inviting representatives from each business unit in the Bank with the aim of strengthening collaboration and synergy between the Change Agent and intellectually enriching the Change Agent.

3. Monitoring

Monitoring activities carried out with the aim to ensure the process of internalization of culture in Bank Mandiri is progressing well. Monitoring activities conducted through two ways, through direct visits or on-site monitoring and through written reports or on-desk monitoring.

4. SMS Blast and Email Blast

SMS Blast and Email Blast is a medium of communication that is both 1-way and aims to provide information that is deemed necessary by the Board of Management to be known all employees.

5. Recognition and Enforcement

Every year, the bank gave appreciation to employees and the best work unit at Bank Mandiri. Rating the best employees and the work unit is done by a third party based on the following criteria:

Best Employee Assessment

CRITERIA	PARAMETER
Understanding of Vision, Strategy and Culture Bank Mandiri	- Vision & Strategy of Bank Mandiri - TIPCE New Horizon, 11 Key & Specific Behaviors - Mandiri Employee Value Proposition (EVP)
Role Model	- Being and gives examples of applying behaviors that fit the culture of Bank Mandiri. - Have a mindset as a player and learner
Role Model	- 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 the bank. - Initiate do our best for the benefit of the Bank. - Understand the work unit level engagement and follow-up implementation

Best Employee Assessment

CRITERIA	PARAMETER
Achievement of performance targets	- Monitoring and performance improvement coaching. - Implementation of the strategy (3 business focus and alliances). - Implementation of operational risk and fraud prevention efforts.
Engagement levels and the effectiveness of the leadership role	- Engagement level. - The effectiveness of the leadership role. - Solidarity team culture.
Implementation of cultural programs	- Programmatic program. - Customized program. - Continuous learning.

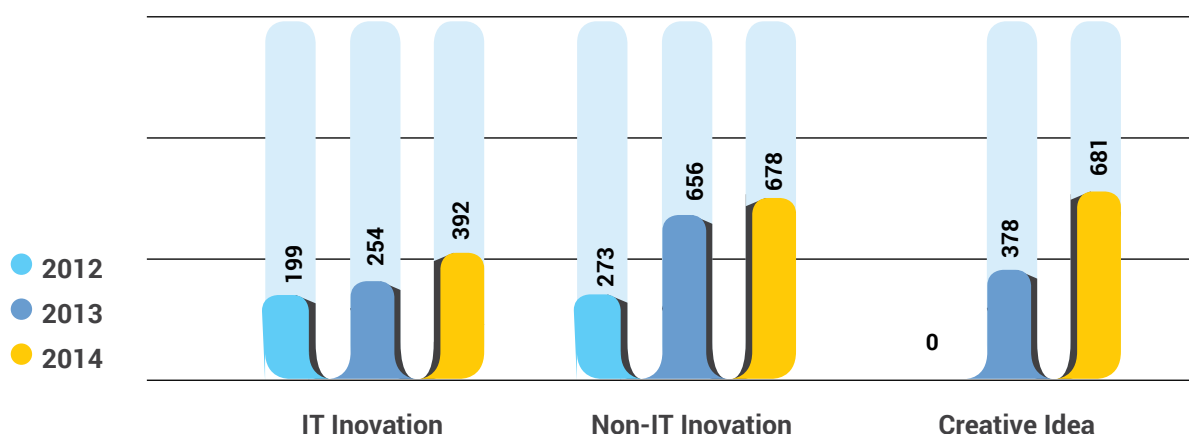
Culture of Innovation

In accordance with the Conduct of Bank Mandiri, especially on the behavior of the tenth, “Innovative in creating opportunities to achieve performance beyond expectations”, the Bank seeks to foster innovation climate among employees by organizing an internal competition, called the Mandiri Innovation Award.

Mandiri Innovation Award compose the innovations generated by the employees of the Bank are expected to improve the business, accelerate business

processes, encouraging employee engagement, and enhance the bank’s image among stakeholders. This competition has been held regularly since 2011 until today.

The enthusiasm of employees in following the MandiriInnovation Award which has increased every year is an indication that a culture of innovation in the Bank grew significantly, as shown in the following graph.



Implementation of MandiriInnovation Award from year to year continue to improve so that criteria, categories and assessment continue to be refined. Since the year 2013 - 2014 category type that competed in the MandiriInnovation Award consists of two categories, namely:

1. Innovation implemented (active), a category for innovations that have been implemented and have an impact. This category is divided into two sub-categories: IT and Non-IT,
2. Innovation/creative idea, a category for innovation are not yet implemented and was still an idea.

In 2015, the organization of Mandiri Innovation Award undergo a number of adjustments in line with the Transformation Phase III with Bank Mandiri’s vision “To Be the Best Bank in ASEAN 2020” and Culture Strategy 2015-2020 (Working Culture of Excellence “Culture of Excellence”), the following categories:

1. Mandiri Innovation (Independent Innovation of Mandiri WorkUnit, Independent Innovation of Mandiriand Independent Innovation of MandiriGroup)
2. Mandiri Innovation Leader
3. Mandiri Creative Solutions (Mandiri Ideathon and Mandiri Creative Idea)



Industrial Relations

Bank Mandiri adherence 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. 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. PKB first apply for the period 2004-2006 and the current CLA is CLA period 2015-2017.

Human Resources Development Plan for 2016

Bank Mandiri always compile and prepare measures in the future prospective as form of a sustainability strategy in the management of human resources optimally. The setting of targets in the coming year is the first step in the development of better. Bank Mandiri targets the development of human resources

in 2016 adjusted for the Bank's Business Plan which aims to ensure the availability of employees according to the needs of business segments and support the development of employee competencies to support the vision achievement of Bank Mandiri.

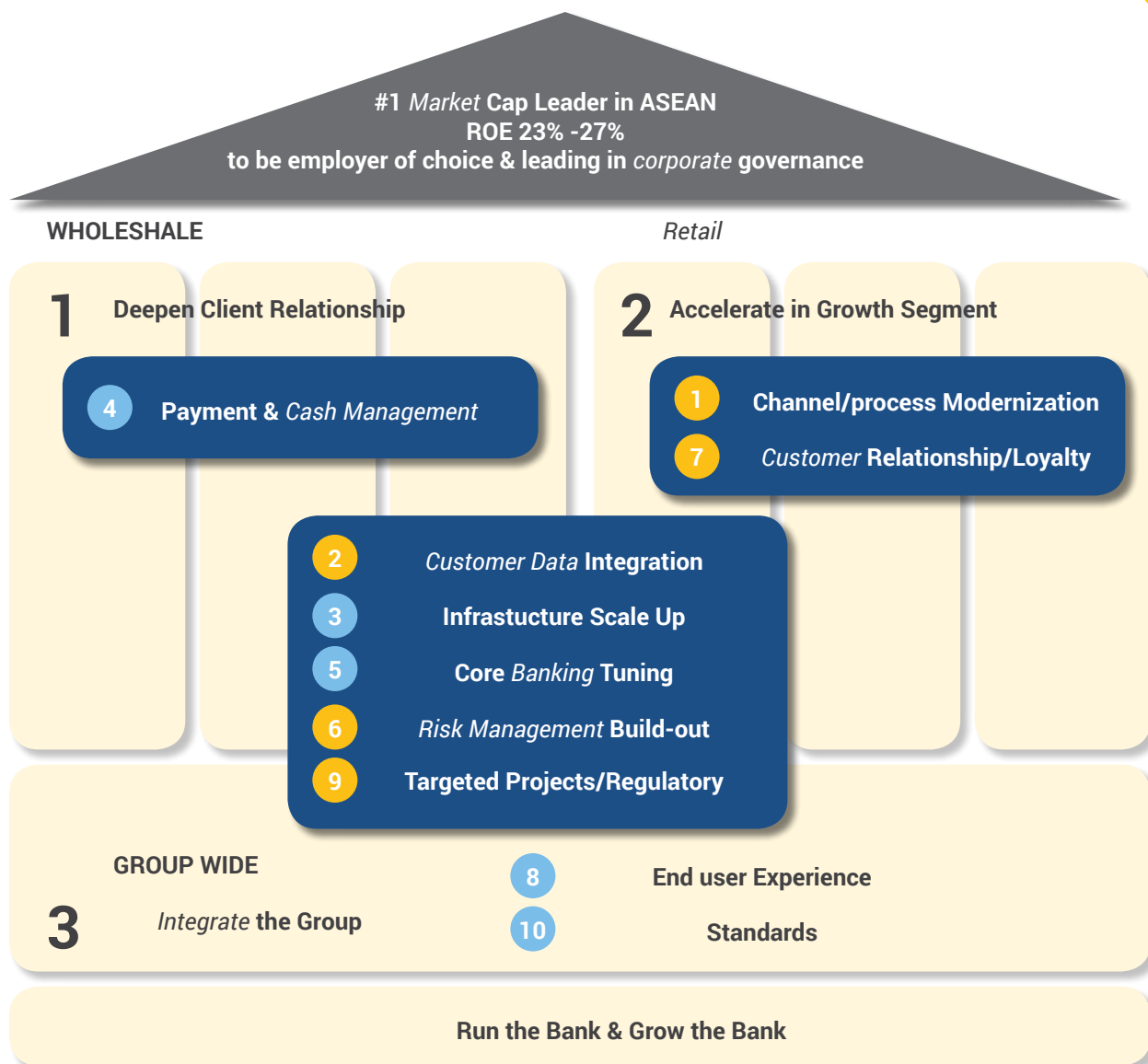
information technology and operations

Focused on accelerating the Bank's business through reliable technology, operational excellence and customer satisfaction as the three key bases for Bank Mandiri to becoming the Best Bank in ASEAN by 2020.

IT Development Strategy

As one of the biggest banks in Indonesia, Bank Mandiri continues to innovate and adjust to the dynamic business demand. Bank Mandiri has set up a long term IT development strategy with the IT Strategy & Execution Plan (ISP) 2015-2020 which complies with Bank Mandiri Corporate Plan 2015-2020. The said long term strategy is rendered into two main strategies, namely the supporting vision and the fixing basics. Supporting vision strategy is prepared to support the implementation of Bank Mandiri's three main strategies which consists of five programs, i.e. Channel/Process Modernization, Customer Data Integration, Risk Management Build-Out, Customer Relationship/Loyalty and Targeted Projects/Regulatory.

Meanwhile, the fixing basics strategy aims at increasing IT capability toward world-class IT entity, which enables the Bank's IT to attain a capability level that merits the Best Bank in ASEAN title. The fixing basics strategy also supports the implementation of Bank Mandiri's main strategy for 2015-2020, particularly the "Integrate Across Groups". Fixing basics strategy covers five programs, i.e. Infrastructure Scale-Up, Payment & Cash Management, Core Banking Tuning, End-User Experience and Standards.



Harmonization of IT strategic plan with Bank Mandiri strategic plan

The year 2015 marked the first year of ISP 2015-2020 implementation. Through this program, it is expected that the Bank will be able to enhance its information technology capacity and capability, as well as to

satisfy every customer's need amid customers' behavioral changes resulted from rapid development of information technology.

IT Governance

The implementation of IT governance and management in 2015 was conducted with technology application in four segments, including Wholesale, Small & Medium Enterprise (SME), Micro and Individual segments pursuant to Bank Mandiri business strategy and supported by enhanced IT capability as well as improved capacity of IT infrastructure.

The successful execution of the 2015 IT Strategic Initiative closely related to HR skills and collaboration between line units. Therefore, IT organizational development in 2015 focused more on personnel competency and collaboration rather than on process and documentation. This enables improvement on the utilization of employees as Subject Matter Expert (SME) in various areas without disrupting business as usual operations. Monitoring and time tracking of the execution of such initiatives enable improved utilization of IT organization capacity with the Bank.

IT organization that is responsive to business unit needs is established through business partner function that links up business units and IT unit, by which business requirements are expected to be clearly defined since the planning stage.

Bank Mandiri constantly makes all efforts to improve IT governance quality by reviewing its policies and procedures according to regulatory framework and best practices in the industry. During the year 2015, the following adjustments to the regulations and best practices along with simplification and improvement of policies and procedures were made:

1. Information Technology Planning

Guidelines for line units on information technology planning which includes Information Technology Strategic Plan, Information Technology Standard and Information Technology Research and Strategic Study

2. End User Computing (EUC) Management

Guidelines for line units on developing application systems using End User Computing mechanism.

3. Management of Users of Information Technology Application

To provide protection against the risks of leakage, damage, inaccuracy, loss and abuse of information, appropriate management should be conducted on the access right in each application as the key entry point to gaining information.

4. IT Service Management

Guidelines for line units on performing IT service operations that aim to recover normal IT service upon IT-related incidents and minimize their impacts on the Bank's business operations.

5. Management of Information Security Standard

One of the efforts that the Bank makes to improve IT service security is carrying out regular reviews of security baseline that serves as a reference for IT service security. Through such effort, Bank Mandiri is capable of early risk mitigation of security gaps in its system/application.

6. Business Continuity Management and Disaster Recovery Plan

Guidelines for line units on addressing and protecting the Bank against potential financial and non-financial losses due to disaster.

IT Program Implementation in 2015

The year 2015 was the first step taken to implementing the ISP2015-2020 to support Bank Mandiri's vision to become the Best Bank in ASEAN by 2020. The implementation of information technology and operation work plan focused on application of technology to support initiatives in Wholesale, Small & Medium Enterprise (SME), Micro and Individuals segments under the grand theme "support Mandiri vision and anchor the basics". The following programs were accomplished with synergies among business units in 2015:

Channel and Payment Enhancements

With regard to business expansion to Individuals segment, Branchless Banking Enhancement initiative was taken in 2015 to bolster the delivery of Laku Pandai program to the community through relevant agents across the nation. As for Wholesale segment, solutions to improvement and development of applications were created to facilitate end-to-end business processes for corporate customers completed by, among other things, the implementation of Supply Chain Management, Mandiri Cash Management & Virtual Account Enhancement and New Treasury Core System. Improvements of ATM front-end capability and multi-vendor functionality in 2015 were also made through pilot projects in two locations. In addition, deployment of Bank Mandiri's dedicated EDC for tax payment had been done in several tax offices.

Customer Loyalty and Data Management

Enterprise Data Model to provide customers' 3600 point of view, including their relations, was developed through Master Data Management (MDM) solutions. MDM initiatives will serve as a foundation for Customer Relationship Management that will help the Bank develop relationships with and knowledge on its customers. To provide support for customer loyalty

programs, powerpoint and fiestapoint were integrated into a single loyalty point system for the customers. This integration has directly resulted in increased redemption rate that is expected to strengthen Bank Mandiri customer engagement. *pada peningkatan redemption rate sehingga diharapkan engagement nasabah Bank Mandiri semakin kuat.*

Risk Management, Regulatory and Sector Specific Solution

Risk Management initiatives include Integrated Central Liability System (ICLS) Enhancement, Asset & Liability Management (ALM) and Anti-Money Laundering System (AMLS). In respect of regulatory requirements, SKNBI Gen II, BI RTGS & BI SSSS Gen II and chip card migration were completed as part of BI standardization process (NSICCS) for Debit Card, EDC and ATM. Meanwhile, sector specific solution refers to a program to provide a platform for business support function through Institutional Banking Sector Solution initiatives (BPJS, SNMPTN, Government Linked Budget, Corporate Solution for IB Customer, Insurance and Electricity).

IT Infrastructure

Improvement of IT infrastructure to support business expansion was made by expansion of branch office network, both for regular and micro branches, throughout Indonesia. Capability and capacity development of Bank Mandiri IT infrastructure in 2015 began with establishment of a Disaster Recovery Centre in Rempoa with the following main facilities:

1. Disaster Recovery Centre for IT system backup in Bank Mandiri Data Center
2. IT Command Centre for IT system monitoring and Service Desk for IT support
3. Banking Contact Centre (BCC) and Business Recovery Centre (BRC)

Rempoa DRC was built on Bank Mandiri's property and serves as a substitute for Cikarang DRC. Migration process was accomplished for backup of all very critical applications in the Data Centre.

In 2015, Bank Mandiri took strategic measures with regard to IT infrastructure through building synergy with subsidiaries to optimize joint utilization of IT resources/infrastructure in accordance with "integrate the group" vision, i.e. through joint utilization of ATM switching machine between Bank Mandiri and its subsidiaries.

IT Security Enhancement

To enhance the security of customer's transactions, Bank Mandiri has made several security improvements in line with the Enterprise Information Security Architecture (EISA) 2015-2020 roadmap. Enhancements completed in 2015 were:

1. Implementation of Fraudwatch to take down Mandiri Internet web phishing and Fraud Detection System for mitigation of malware fraud from customer side.
2. IT Cyber Threat Assessment as a security improvement solution by conducting security assessment, both internally and externally, on how cyber threats are addressed, including but is not limited to analysis on the implementation and configuration of network perimeter, security tools need, policy & procedure and evaluation of Bank Mandiri IT Security operations.
3. Information Security & Business Continuity Management (BCM) Awareness as a response to raising Bank Mandiri internal awareness of information security and BCM through various media and internal forums in the I-Save campaign. It includes but is not limited to password confidentiality, email security, computer usage security, social media policy, clean desk policy as well as earthquake and fire evacuation.
4. Improvement of physical security equipment on ATMs through installation of external CCTV and PIN pad cover.

Quality and Reliable Operations

In 2015, Bank Mandiri took a strategic step towards extending its operations by establishing Regional Operations in 12 regional offices. The Regional Operations perform three main functions, namely electronic channel support, credit operations and cash & clearing operations. Delegation of authority to regional offices is expected to expedite business process, in addition to provide distinguished treatment in accordance with local business characteristics/environment in each region.

Credit operation improvement to support rapid business growth is dispersed in credit operation network comprising 48 units, including 6 Departments, 13 Regional Credit Operations, 31 Credit Operations Areas and 104 Credit Operations Branches. Infrastructure development was constantly undertaken during 2015 through establishment of 13 strong room units in addition to the Bank's 71 strong room facilities to support business expansion throughout the country. Strong room utilization was enhanced by consolidation of micro credit document storage, which had accommodated >90% of total micro credit data in 2015. With regard to cash processing, Cash & Clearing Processing Center also had been established in 2015.

In addition to infrastructure support, improvement was also made on credit operational process through accelerated issuance of Loan Agreement, Disbursement, Appraisal Review and Loan Maintenance. Document Management System was also improved out in 48 credit operations units to ensure effectiveness and efficiency of flexible documentation procedure for credit process to meet business needs. Our innovation enables customers to identify the status of clearing transactions directly via e-Notifikasi Kliring in some pilot branches. This innovation will be applicable in all branch offices of the Bank by 2016.

Support offered to e-channel operation is demonstrated by the increasing number of branch offices that are capable of providing services related to Mandiri



Internet Bisnis account opening. In 2015, there were 1400 branch offices in which such services were made available.

Bank Mandiri aims to deliver positive experience and efficient business process to customers in Electronic Account Opening Application (e-APR) in 303 branches. During 2015, e-APR had served 16% of the total new accounts opened.

In order to support services for customer satisfaction, Bank Mandiri has improved its call center capacity by establishing a new call center in Yogyakarta, which brought about an increase of accepted call rate by 4%.

Currently Bank Mandiri Call Center provides 12 different services to all customers of Bank Mandiri,

handles more than 700,000 incoming calls, 12,000 emails and 13,000 tweets every month. Attesting to the confidence of the customers have in us and our professionalism, Bank Mandiri Call Center is proud to dedicate the awards achieved by the Banking Contact Center of Bank Mandiri in 2015 to the customers, including six awards in CARRE - CCSL (Center of Customer Satisfaction & Loyalty), 24 awards in the Best Contact Center Indonesia, 25 awards in the Contact Center World - Asia Pacific, 11 awards in the Contact Center World - Global, two awards in the Best Practice Asia Pacific, one award in the Asia Pacific Contact Center Association Leader (APCCAL) and four awards in the TOP Brand Award.

Service Excellence

The Bank has demonstrated a strong commitment to delivering excellent services to its customers by consistently securing The Best Bank Service Excellence Award for eight years in a row, The Most Consistent Bank in Service Excellence award for six times and The Golden Trophy for Banking Service Excellence award for four times. Top-notch service by Bank Mandiri takes form of strategic efforts made to improve its service quality including:

- Service quality assessment in regular branch offices, priority branch offices, micro branch offices and regional card center using mystery shopping, mystery calling and customer satisfaction survey methods.

- Bank Mandiri internal performance assessment through Service Spirit Assessment.
- Dissemination of Service Spirit to subsidiary companies to achieve the One Mandiri Concept vision.
- Efficiency in business process by implementing e-APR at Bank Mandiri branches.

These efforts prove that Bank Mandiri is seriously concerned about building the foundation for continuous enhancement and improvement of customer service quality.

IT Investment

IT Investment spending during 2015 is elaborated in Investment and Material Agreement for Capital Goods subsection under Management Discussion and Analysis section.

People Development

Human resource is a significant pillar of success. Therefore, the Technology & Operations Directorate continues to improve its human resource quality and quantity by developing competencies and improving recruitment. In 2015, competency development was carried out by undertaking more than 200 certification and training programs for more than 1,800 employees, including Business Analysis Foundation, Cisco Certified Network Professional (CCNP), COBIT 5, TOGAF 9.1, ITIL Certification, Certified Data Centre

Professional (CDCP), Offensive Security Certified Professional (OSCP), BCI Good Practice Guidelines Certification, Green Belt Six Sigma, Compliance & AML Certification, MAPPI (Indonesian Society of Appraisers) Certification, Document Examination based on International Standard Banking Practice 745, Certified Documentary Credit Specialist and Risk Management Certification.

Development Planning for 2016

The course of IT development for 2016 continues to refer to Bank Mandiri's vision elaborated in 10 programs under the ISP. This plan was prepared by detailing the 10 programs listed in the ISP into 11 IT initiatives to take. Some of the measures for 2016 are as follows:

1. New & Enhanced Channel

Delivery channel modernization focused on improvement of multichannel service backbone and stabilization of multichannel service architecture.

2. Data Services

Development of solutions for consolidation of customer data and products as a foundation for Customer Relationship Management capable of supporting the Bank in improving relation with and knowledge on its customer.

3. Network Enhancement

Improvement of network infrastructure capacity and capability to support business expansion and ensure service delivery.

4. Transaction & Payment Processing

Implementing payment process automation and fixing reliability issues to build reliability in end-to-end business process for corporate customers.

5. Middleware Enhancement

Improvement of middleware capacity to support integration of electronic channel transaction by using more efficient platforms.

6. Core Banking Tuning

Improving back-end application capabilities for trade finance and joint financing in accommodating business needs.

7. Fraud Management

Improving early warning system capability to prevent and analyze fraud impacts on each electronic channel.

8. Risk Analysis, Scoring & Alerts

Improving risk analysis capability and alert automation to reduce loss and measure risk exposure.

9. Customer & Account Onboarding

Initiative development for standardization of customer and account onboarding process to facilitate customer and product acquisition process.

10. Sales and Relationship Service

Efforts in increasing customer engagement through support for relationship programs and improvement of features offered by loyalty programs.

11. Internal Support

Service enhancement to support employee productivity and accelerate internal business processes.

Our responsibility for undertaking operational development to accelerate business going into 2016 will commence with our commitment to keep the ATM's out of service rate at 0.1%. Further, it entails development of SKNBI Gen II application and implementation of SWIFT Standard Release to ensure improvement of SWIFT system and all SWIFT-connected applications functioning properly following

change in MT SWIFT format by 2016. Innovation over the media for legal documents and collateral for work efficiency and avoiding future disputes and the application of e-Notifikasi Kliring in all branches. Change of media for legal and collateral documents will also be initiated for work efficiency and avoiding future disputes. In addition, improvement on operational infrastructure by establishment/revitalization of strong room and improvement of physical security of ATMs by installation of advance lock device will also be carried out.

Our target in delivering the best services for customers in 2016 will be realized by maintaining positive achievement in Bank Service Excellence award competition for the category e-channel service quality held by MRI and Infobank magazine. Another improvement will be made on several service platforms by implementation of standard for non-branch service, enhancement of electronic marketing toolkit (e-MTK), e-APR and collaboration between business units in developing service & selling platform to facilitate branch offices and customers in monitoring the status of product sale/referral. Enhancement of complaint handling using social media platform is achieved through utilization of auto distribution application integrated into the existing Contact Center system at Bank Mandiri, as well as utilization of other features in social media management (Twitter). Up-to-date service assessment to ensure fulfillment of service standards in 2016 will be conducted through customer satisfaction survey and customer experience programs in business units.

finance & strategy

The Finance & Strategy Directorate seeks to improve the competitiveness of the bank in carrying out its primary function as a leading-edge finance practices with a focus on six areas that include:

- a. performance management and strategy through the implementation of a performance management system
- b. the development of the presentation of financial statement information that is accurate, transparent and timely

- c. management of corporate image through effective communication strategy
- d. the development of the procurement system
- e. development research center
- f. asset management

Work Program and Implementation in 2015

Finance & Strategy Directorate has drawn up a work program which supports the activities of the SBU and Supporting Unit of the Bank's financial performance through the management and strategy formulation. The work program was carried out by seven groups under the Directorate of Finance & Strategy, namely Strategy & Performance Management, Investor Relations, Accounting, Corporate Secretary, Strategic Procurement, Office of the Chief Economist, and Corporate Real Estate. Work programs and achievements are described as follows:

Performance Management System (PMS)

Finance & Strategy Directorate strives to promote the development which aims to monitor the performance of all work units in all business segments. Development Bank Mandiri PMS has been adapted by Bank Mandiri Corporate Plan. In 2015 some PMS development that has been done is the addition of the data source, changes in the calculation methodology, datamart structure changes, changes in the structure adjustment, and report design changes daily,

weekly and monthly. The following programs were implemented to develop PMS in 2015:

Implementation of the New Fund Transfer Pricing Methodology Funds Transfer Pricing (FTP) is one of the methodology used by ALCO (Asset & Liability Committee) to encourage the behavior unit in maximizing the profitability of the Bank. The implementation of FTP in Bank Mandiri adjusted to the Bank's liquidity, good for rupiah and foreign currency liquidity. For FTP benchmark rate refers to the available market price to reflect the "marginal wholesale cost of funds" Bank Mandiri. As for determining the tenor FTP tailored to the behavior of each product taking into account the interest rate risk and liquidity risk.

Overseas branch data consolidation to facilitate analysis of Customer Profitability Analysis (CPA) and the Value Chain CPA is one report that is used to assess the profitability of the Bank from the customer's perspective. Referring to the Corporate Plan of the concept of "integrate the bank", then the customer transaction does not include only Indonesia, but it is also possible in all branches of the bank abroad. By

performing data integration in the country and abroad, namely Singapore, Hong Kong, Shanghai, and Dili, the Bank may see profitability with comprehensive so that decisions related business customer becomes sharper and strategic.

PMS and ERM database consolidation to accelerate calculation of RoRWA (Return on Risk Weighted Assets) In accordance with the cultural transformation of the Bank, particularly on Performance Based Culture, Bank Mandiri has entered the stage of 'Value Based Driven'. One form of implementation risk component is included in the measurement of performance, one of which is a credit risk is reflected in the RoRWA ratio. To increase efficiency and accelerate the development process is carried out at PMS systems enable the integration between PMS and ERM, so RoRWA can be calculated for the entire segment.

Presentation of the spread analysis report for weekly and monthly branch by using the existing web media (PMS WEB) Corporate Plan 2015-2020 was implemented starting in January 2015 and increased scope of responsibility area because it must supervise the achievement of all segments, particularly for the achievement of Third Party Funds (DPK). To support decision-making in the region, then the performance reports of branches and regions that are fast and accurate analysis in particular spread, becoming a fundamental requirement. One alternative that was developed to accelerate the delivery of information through the media branch performance is that PMS Web site that can be accessed by all branches, all over the Relationship Manager (RM), and the entire head area.

Reporting and Taxation Processes Automation Development

1. Development of Foreign Account Tax Compliance Act (FATCA) Reporting Automation System

FATCA is a US Government regulations (AS) with the aim to tackle tax evasion (tax avoidance) by US citizens who perform direct investment through financial institutions that are outside the US or indirect investment through ownership of companies outside the US.

The US government requires to Foreign Financial Institutions, namely financial institutions outside the US to provide a report to the Internal Revenue Service (IRS) related to accounts belonging to US citizens, either personnel or in the form of investments in entities owned by US citizens.

The IRS will charge a 30% Withholding Tax on US citizens who are not willing to be reported and financial institutions outside the US who did not participate in FATCA on receipt of income from investments in the US (US-source income).

In order to comply with FATCA, Bank Mandiri has built systems and procedures to identify all individual customers and related entities as well as developing automation systems FATCA FATCA reporting according to the format specified by the IRS and have a live implementation on August 14, 2015.

2. Implementation of Statement of Financial Accounting Standards (SFAS) 50 & 55 and International Financial Reporting Standard (IFRS)

Bank Mandiri has a system of applications for revaluation of financial instruments in accordance with IAS 50 & 55 and IFRS, FlexFinance is the application system (FxF) and ETL Connector. Data communication between two (2) The application system and partly the

result of the calculation in two (2) application system is still manual, so that in 2015 made the following enhancements:

- a. Automation of data communications FxF calculation results application system so that it can be directly feeding into ETL Connector.
- b. Completion of the method of calculation of revenue and costs teratribusi (yield enhancement).
- c. Development of application systems automated calculation of yield enhancement.
- d. Automation of reconciliation and validation function of the data produced by the system and ETL applications FxF Connector.

The enhancement has been completed and the live implementation on November 20, 2015.. The results of enhancement has been used to support the preparation of financial statements since the position of 30 November 2015 up to the present.

3. **Hardware and Software Configuration and Licensing Compliance for Integrated Regulatory Statutory & Reporting System (IRSRS) Application to Support Business Growth of Mandiri Group**

In producing the financial statements, the Bank uses the application system Integrated Regulatory and Statutory Reporting System (IRSRS). Reconfiguration of hardware, software and licensing compliance IRSRS application system is done to support the provision of financial reports accurately and on time, so it can be used by management and business unit decision making, and to support business growth Mandiri Bank Mandiri Group and Vision 2020. This reconfiguration has been live implementation on November 9, 2015.

4. **Development of IRSRS Application System to Support Taxonomy-Based Reports of Extensible Business Reporting Language (XBRL) or Other Format According to the Regulations**

In order to comply with the Indonesia Stock Exchange (BEI) relating to the submission of financial statements based on Extensible Business Reporting Language (XBRL) through the website IDXnet, Bank Mandiri developing the application systems IRSRS based taxonomy provided by IDX to produce financial statements that comply with BEI. Enhancement in IRSRS application system has been completed and the live implementation on October 12, 2015. Bank Mandiri has submitted XBRL-based financial statements per 30 September 2015 to the BEI.

5. **Electronic Tax Invoicing**

In order to comply with the Director General of Taxation No. PER-16/PJ/2014, in 2015 has made the development of the manufacturing automation system and reporting tax invoices electronically connected through the internet portal of e-invoicing Directorate General of Taxation with the bank server.

Strengthening Standard Policies and Procedures System

In order to meet the obligations of the Bank to prepare and present financial statements based on the Financial Accounting Standards in Indonesia and the Indonesian Banking Accounting Guidelines (PAPI) and other provisions set by the regulator in order to improve the transparency of financial conditions that are relevant, comprehensive, reliable and comparable, 2015 has been upgraded accordingly Accounting Policy Bank Mandiri (KABM) and Standards Accounting Guideline (SPA).

Managing Corporate Image

The Bank considers it important corporate image management activities aim to continue to create a positive image of the Bank. Bank Mandiri's image that can positively affect the Bank's increase in sales, making it easier to get a position in the competition. In the long term to maintain a positive image of the Bank's business sustainability. The form of corporate image management activities carried out by the Corporate Secretary of the group that has been described in the chapter of Good Corporate Governance Corporate Secretary section of this Annual Report.

Development of Corporate Procurement System

Bank Mandiri has developed a procurement system as one of the efforts to improve business processes. Development of the procurement system starts by preparing the 2015-2020 Procurement Roadmap, namely Road to Procurement for One Mandiri. In addition, Bank Mandiri has perfected the speed of business processes and the transparency of the procurement process through various initiatives including distribution network transformation by making adjustments to the provisions of the procurement process and the establishment of quality control over the procurement area, integrated procurement system and spreading culture to all stakeholders.

Becoming "think think" and "thought leader" in Indonesia

Bank Mandiri has a research center that regularly review the macro-economic conditions, the financial markets, industry and investment. The results of the study made regular reports on a quarterly basis and posted on the website of Bank Mandiri. Issues that were examined in 2015 include:

- Preparing a policy paper based on research as input to public policy in the financial industry

and the economy. One of them is the availability of research of Mandiri Institute on Financial Deepening

- Enhance study related to currency and liquidity forecasting. This is to provide guidance in the form of projections and assumptions of macroeconomic indicators and the financial markets. Making economic projections are done on a quarterly basis on which to base the bank stress test and delivery of exposure to macroeconomic and financial markets to the business units.
- Providing the nine sectors of focus of Bank Mandiri and evaluating industry coverage that is adapted to the study of the credit portfolio of Bank Mandiri.
- Bank Mandiri deepening the analysis of the regional dimension to the industry and the level of the company to become a reference in making portfolio credit guidance. This is done partly by deepening the analysis of Mandiri Regional Competitiveness Index (MRCI) for business development of Bank Mandiri.

Corporate Asset Management and Development

Bank Mandiri has an integrated asset management concept both at head office and in the region. Planning and construction of a new office building or renovation and optimization of assets owned Bank Mandiri has been formulated according to the concept, among others:

1. Construction and Building Renovation Landmark Bank Mandiri in several areas, namely Regional Balikpapan, Regional II Palembang, Makassar X Regional, Branch Area Solo and Biak.

2. Construction and Renovation of Official Housing for Employees.
3. Optimization of seven (7) Non-earning assets and the Subsidiaries (Mandiri Utama Finance, Bank Syariah Mandiri and Bank Mantap).
4. Interconnection Cooperation on Mass Rapid Transit (MRT) in the area of Menara Mandiri.

Strategic Objectives in 2016

Directorate of Finance & Strategy has formulated strategic targets by 2016 in accordance with the corporate plan 2015-2020 conducted by groups under the Directorate of Finance & Strategy. The strategic goal in 2016 include:

1. Development of Performance Management System

Finance & Strategy Directorate will continue to strive to improve the automation of reporting will be done through the development of PMS in line with the Corporate Plan 2015-2020 phase two. Some PMS development plan include the following:

- Implementation of the study results STP (Service Transfer Pricing) STP new modules to meet the needs of cost recognition and IT distribution unit at the branch level, customers, products and work units.
- Development of a database used for Customer Profitability Analysis reports online until the customer level segment of Small and Micro Enterprise Wealth.
- Development of infrastructure by reviewing production capacity of both the website server and the Oracle database.

2. Development of Financial Statements and Tax Contributions Automation

In order to continue efforts to improve the efficiency and quality of the reporting process and taxation in previous years, in 2016 the Directorate of Finance & Strategy will continue efforts automation of reporting processes and

taxation so that the Bank can avoid reputation risk and compliance through:

- Development of Single Platform System for Financial Instrument Valuation Based on SFAS 50 & 55 and IFRS

Development of Single Platform System was conducted in order to establish a system application that is able to revalue financial instruments in accordance with SFAS 50 & 55 and IFRS effectively and efficiently, which is integrated with the application system IRSRS used for the preparation of financial statements statutory and regulatory, so that the Bank can submit reports financial accurate and timely information to regulators as well as efficient (reduce the maintenance cost of the application system).

- Enhancement of ISRS System Application to Meet Regulatory and Financial Reporting Process Improvement

Application systems development IRSRS done to accommodate the reporting requirements in connection with the new regulations, the addition of the subsidiaries and improvement of the process of preparing Commercial Bank Daily Report (LHBU) and Commercial Bank Monthly Report (LBU) Foreign Office as a whole.

- Automation of Bank Mandiri Tax Contribution Report

Automation development tax contribution reports the Bank carried out in order to accelerate the process of drafting Tax

Contribution Report the Bank to meet the demands of the regulator.

3. Procurement System Development

Finance & Strategy Directorate will continue to develop the system of procurement in accordance with the Procurement Strategic Roadmap 2015-2020 to achieve an integrated procurement systems "Procurement for One Mandiri". In order to realize the Directorate of Finance & Strategy will undertake the development of e-Procurement System in 2016 so that all procurement of goods and services in Bank Mandiri can be done through the system.

4. Development of a Research Center

Directorate of Finance & Strategy role is to embody the image of the Bank as a thought leader in the field of economic analysis so that the development of research centers continue to be done. Research is always going to be developed in the form of preparation Industry Rating and Outlook are used as a guideline in making decisions about the provision of credit, provision of studies or data related to macroeconomic and industry sectors as well as menyediakan news or

issue of current economic routinely publicized through various media such as hardcopy, email blasts, and Bank Mandiri's website.

5. Corporate Asset Management

Finance & Strategy Directorate will develop and manage the assets of the Bank in accordance with the concept that had been developed. Development and asset management proficiency level is done through the construction and maintenance of buildings and other assets, among others:

- a. Planning and Building Renovation Landmark Bank Mandiri Regional I Medan, Jayapura and Building Regional XII Region VIII Surabaya.
- b. Construction and Renovation of Official Housing for Employees.
- c. Revaluation of Fixed Assets (Land) belonging to Bank Mandiri.
- d. Optimization of Menara Mandiri Tower 2 Building (Plaza Bapindo).
- e. Optimization of Non-Earning Assets with the Subsidiaries

risk management

Risk management is a key factor in the achievement of specified performance targets Bank Mandiri. Bank Mandiri implemented risk management through the Enterprise Risk Management as a component that complements the implementation of risk management in accordance with the provisions of the regulator. Risk management can be seen as a whole in the Bank and in the subsidiaries.

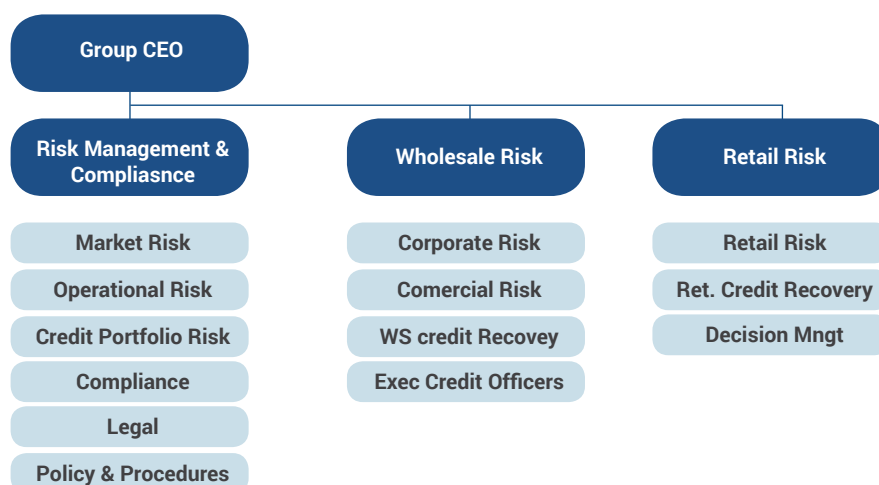
Governance

In order to manage risk, the Bank has four (4) pillars, namely: (i) active surveillance commissioners through the Risk Oversight Committee and Board of Directors through the Risk Management Committee (RMC); (ii) risk management governance (iii) the risk management processes, information systems and human resources; and (iv) the adequacy of internal controls.

For the implementation of effective risk management in the whole of Unit, Bank line of defense in applying Three models in which: (i) Work Unit as the risk owner is the first line of defense is responsible for the risk management work unit; (ii) Risk Management Unit acts as a second line of defense that perform the function of oversight, as well as (iii) Internal Audit

as a third line of defense is functioning independent assurance.

In order to strengthen the management of credit risk in Wholesale and Retail segments, the corresponding Decree of the Board of Directors of PT. Bank Mandiri (Persero) Tbk. No. KEP.DIR/001/2015 dated January 2, 2015 on Amendments organization structure. Bank Mandiri (Persero) Tbk. stipulated the establishment of the Directorate of Risk Wholesale and Retail Risk Directorate. It enhances the formation of Retail Risk Directorate which has been formed in 2014. Retail Risk Directorate headed by SEVP Retail Risk, Risk Directorate headed by SEVP Wholesale Wholesale Risk and Risk Management Directorate headed by the Director of Risk Management & Compliance.

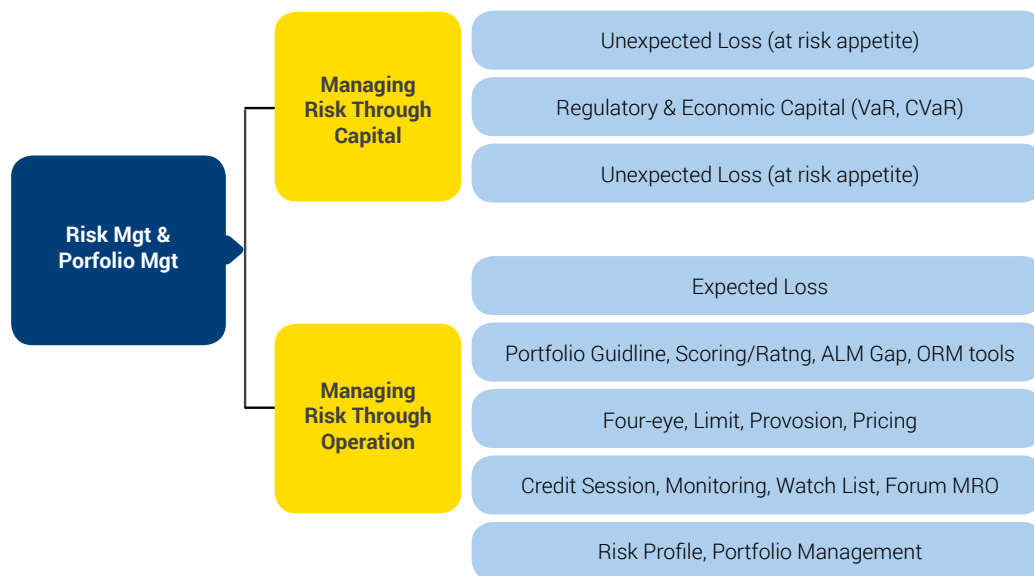


Risk Management Overview

ERM Approach – 2 Prong Approach

Application of risk management at Bank Mandiri through ERM framework is done with a two-prong approach, namely the management of risk through

capital and risk management through operational activities, so it is expected to achieve the management of the risks inherent in business management.



Managing Risk through Capital

In the calculation of capital adequacy, the Bank uses the Basel II Standard Approach (Standardized Approach)¹ for credit risk and has incorporated components External Rating. Gradually the Bank has conducted a simulation Internal Rating Based Approach (Internal Ratings-Based Approach). For market risk, the Bank uses the Basel II Standard Measurement Method², and internally using the Value at Risk³. For operational risk, the Bank refers to

the Basic Indicator Approach of Basel II⁴ and already simulate in Advanced Measurement Approach.

For position in December 2015, the calculation of risk weighted assets and capital adequacy is shown in the following table:⁵

1 Referring to the Circular Letter No.13/6/DPNP dated February 18, 2011 regarding the calculation of RWA Credit Risk Using the Standard Approach.

2 Referring to the Circular Letter No.14/21/DPNP dated July 18, 2012, concerning Amendment to Bank Indonesia Circular Letter No. 9/33/DPNP dated December 18, 2007 regarding Guidelines for Use in Calculation Method Standard Minimum Capital Requirement for Commercial Banks Taking Account of Market Risk.

3 Referring to the Circular Letter No. 9/31/DPNP dated December 12, 2007 regarding Guidelines for the Use of Internal Models in the calculation of the Minimum Capital Requirement for Commercial Banks Taking Account of Market Risk.

4 Referring to the Circular Letter No.11/3/DPNP dated January 27, 2009 regarding the calculation of Risk Weighted Assets (RWA) for Operational Risk by Using the Basic Indicator Approach (PID).

5 Bank Mandiri refers to Bank Indonesia regulations governing transparency, publications, and annual reports of banks (PBI No. 14/14/PBI/2012 on Transparency and Publication Report of the Bank and the Circular Letter No. 14/35/DPNP regarding the Annual Report of Commercial Bank and the Annual Report certain to Bank Indonesia).

Tabel 1.a Quantitative Disclosure of Commercial Bank Capital Structure

Capital Component	December 31, 2015		December 31, 2014	
	Bank	Consolidated	Bank	Consolidated
I CAPITAL COMPONENTS				
A Core Capital	93,252,808	101,081,429	79,052,150	84,422,801
1. Paid Up Capital	11,666,667	11,666,667	11,666,667	11,666,667
2. Additional Capital Reserves	92,589,161	98,061,952	69,487,242	73,601,673
3. Innovative Capital			-	-
4. Factors Reducing Core Capital	(11,003,020)	(8,941,789)	(2,101,759)	(1,300,731)
5. Minority Interests	-	294,599	-	455,192
B. Supplementary Capital	14,135,338	14,751,448	6,427,547	7,909,442
1. Upper Tier 2			6,936,802	7,499,928
2. Lower Tier 2maximum 50% of the Core Capital"			1,592,504	1,592,504
3. Factors Reducing Supplementary Capital			(2,101,759)	(1,182,990)
C. Factors Reducing Core Capital and Supplementary Capital	-	-	-	-
Securitization Exposure	-	-	-	-
D. Additional Supplementary Capital that Satisfies Requirements (Tier 3)**)			-	-
E. Allocated to Anticipate Market Risks			-	-
II TOTAL CORE CAPITAL AND SUPPLEMENTARY CAPITAL (A + B - C)	107,388,146	115,832,877	85,479,696	92,332,243
III TOTAL CORE CAPITAL, SUPPLEMENTARY CAPITAL AND ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISKS (A + B - C + E)	107,388,146	115,832,877	85,479,696	92,332,243
IV RISK WEIGHTED ASSETS (RWA) FOR CREDIT RISKS	497,912,789	547,201,603	445,254,441	490,304,562
V RISK WEIGHTED ASSETS (RWA) FOR OPERATIONAL RISKS	78,627,774	95,640,437	67,786,852	79,510,013

Tabel 1.a Quantitative Disclosure of Commercial Bank Capital Structure

		December 31, 2015		December 31, 2014	
Capital Component		Bank	Consolidated	Bank	Consolidated
VI RISK WEIGHTED ASSETS (RWA)FOR MARKET RISKS		805,426	881,544	1,863,243	2,446,704
A. Standardized Approach		805,426	881,544	1,863,243	2,446,704
B. Internal Model		1,875,565		942,628	
VII RATIO OF MINIMUM CAPITAL ALLOCATIONS FOR CREDIT RISKS, OPERATIONAL RISKS AND MARKET RISKS [VII: (IV + V+VI)]		18,60%	17,99%	16,60%	16,13%

*) Modal Pelengkap posisi Desember 2015 mengacu pada PBI nomor 15/12/PBI/2013 tanggal 12 Desember 2013 tentang KPMM Bank Umum

**) Modal Pelengkap Tambahan yang Memenuhi Persyaratan (Tier 3) posisi Desember 2015 mengacu pada PBI nomor 15/12/PBI/2013 tanggal 12 Desember 2013 tentang KPMM Bank Umum

In preparation for the implementation of Basel III, Bank Indonesia refers to documentation and regulations and initiatives issued by Bank Indonesia. The Bank actively participates in working groups Basel III and Quantitative Impact Study (QIS) conducted by the Basel Committee on Banking Supervision (BCBS) through Bank Indonesia and the Financial Services Authority (OJK) per semester. Based on the position in June 2015, the Bank consolidated QIS results indicate that the Bank can meet the Basel III guidelines. It is

shown by simulation results Capital Adequacy Ratio of 17.21% and a Leverage Ratio of 10.56% (minimum ratio of $\geq 3\%$). With this result, in general, the Bank operates on a low risk level. In fulfillment of the Global Liquidity Standard which showed the resilience of liquidity and sources of stable funding, the Bank has a Liquidity Coverage Ratio (LCR) 160% (minimum ratio of $\geq 100\%$) and Net Stable Funding Ratio (NSFR) amounted to 130% (minimum ratio of $\geq 100\%$).

Managing Risk Through Operation

In managing risks, the Bank classifies the risk management into eight types of risk following the regulatory provisions.

management aims to quantify, anticipate and minimize losses due to the failure of the debtor or counterparty to meet its obligations.

Credit Risk

Credit risk derived from lending activities, placement in securities and placements with other banks, sales to customers and trading activities. Credit risk also comes from commitments and contingencies to its customers and counterparties. Credit risk

Market Risk

Market risk is the potential loss caused by changes in interest rates and exchange rates (including derivative instruments).

Liquidity Risk

Liquidity risk can occur if the Bank is not able to provide liquidity at a reasonable price that will affect the Bank's profitability and capital.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events affecting the operations of the Bank.

Legal Risk

Legal risk is the risk caused by the demands made by the law, both internal and external and/or weakness of the juridical aspects such as the absence of legal documents and regulations or weakness in legally binding documents.

Bank Mandiri continually improve risk control law such as by placing the Legal Officers in units of Head Office and Regional Officers are obligated to ensure any activity or transaction has received the study of law.

Strategic Risk

Strategic risk is a result of inaccuracies in the decision and/or implementation of a strategic decision as well as the failure to anticipate changes in the business environment. In the management of strategic risk, the Bank conducted a review of performance and evaluation of policy formulation business targets and undertakes corrective measures in the plan strategy and business targets taking into account the internal and external conditions, if necessary. The Bank

also continues to support the strengthening of the implementation of the program for supporting financial performance management through the development of automated budgeting, PMS enhancement and development of Executive Information System (EIS).

Reputation Risk

Reputation risk occurs as a negative impact on the perception of stakeholders of the bank sourced from various undesired events, including negative publicity over the bank's operations, violation of business ethics, customer complaints, governance weaknesses and other events that bring down the image of the Bank.

Bank Mandiri has customer service standards are monitored regularly and used as part of Branch KPIs. The Bank also has a Contact Center so that customers can directly submit complaints and inquiries regarding the Bank's products and services. Bank Mandiri also active in Corporate Social Responsibility held in the fields of education, health, culture, sports, environment, religious facilities and assistance for victims of natural disasters.

Compliance Risk

Compliance risks caused by disobeying and/or implement legislation and regulations. In the management of compliance risk, the Bank has a Code of Conduct as the Code of Conduct and is part of corporate culture (corporate culture). In the strategic planning phase, Bank always assesses the adequacy of compliance with regulations and legislation in force. Bank has also implemented a rotation system and mutations to some employees as well as bank officials consistently and comprehensively, especially those in strategic positions.



Main Risk

The main risk is the risk that the focus of the management of the Bank management. Included in the main risks are credit, market, liquidity and operational risk. In general, credit risk management is carried out on the credit front end, middle-end and back end. Market and liquidity risk management is done through a system of limits. While operational risk

management is done on the products and activities of the Bank. Operational risk management is performed by the entire unit, in reviewing bankwide by the risk management unit, and measure the effectiveness of its execution (assurance) by unit Internal Audit. Major risk management, following framework: policy, methodology, processes, systems and reporting.

Credit Risk

Credit Risk Management

Policy

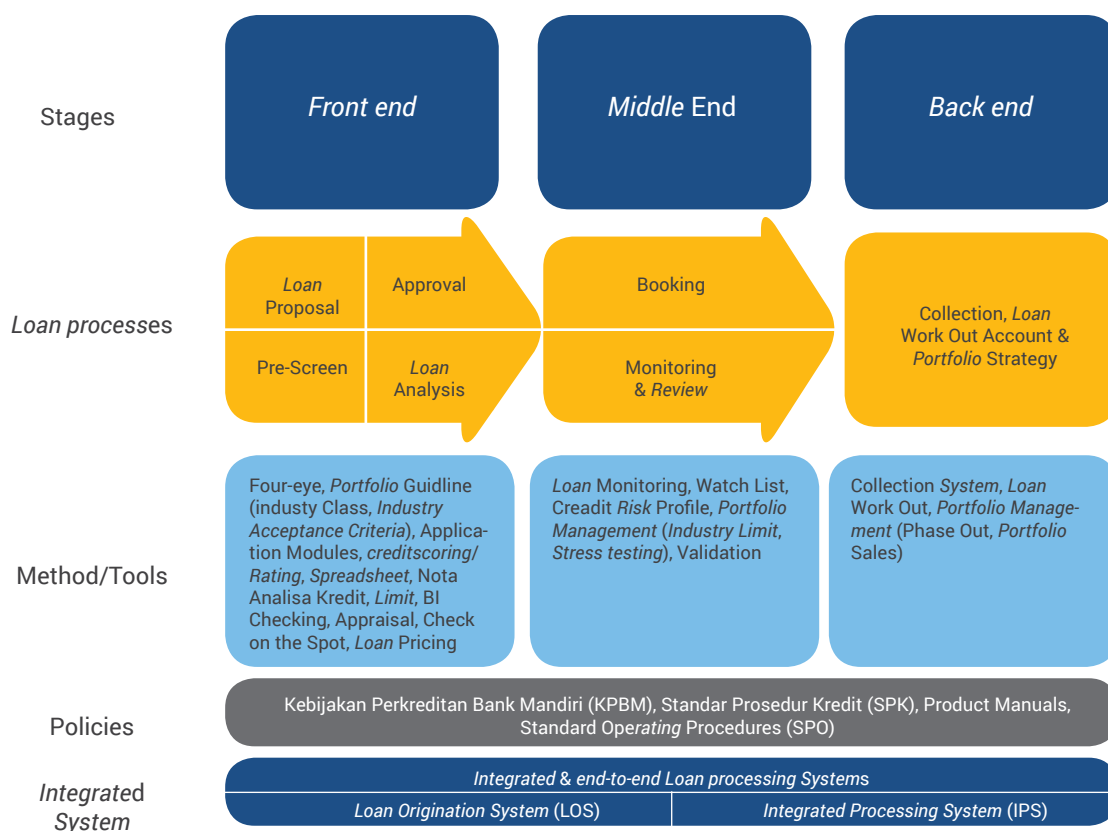
As a guideline in credit management of end-to-end, the Bank uses the Credit Policy Bank Mandiri (KPBM), including Culture Credits and Credit Doctrine. Operationally, the policy set forth in the form of Credit Standard Procedures (SPK) and the Product Manual.

Bank Mandiri to apply the precautionary principle in the provision of credit by implementing the four eye principle. Then in assessing and monitoring the quality of credit, the Bank refers to the regulation of both the Regulation of the OJK (POJK) and Bank Indonesia Regulation (PBI).

Furthermore, in carrying out the concentration of credit risk management at the level of debtors, Bank Mandiri consistently monitor Lending Limit (LLL) as set out in PBI No. 7/3/PBI/2005. As early detection of potentials exceeding the maximum limit of credit, the bank also set an in-house limit whose value is more conservative than the LLL.

Metodologi

The credit process and credit risk management at the Bank conducted by Business Unit, Credit Risk Management and Credit Operation Unit integrated manner. Credit and risk management processes supported by integrated systems and do end-to-end with three stages as described in the scheme below:



Processes, Systems and Reporting

Front End

Approval and credit limit setting on the wholesale segment 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).

Bank Mandiri published Portfolio Guideline, as a guide credit expansion in all regions of Indonesia, which is valid for one (1) year. Portfolio Guideline consists of three (3) components used in all stages of credit risk management, namely Industry Classification, Industry Acceptance Criteria and Industry Limit

Portfolio Guideline Process





While in the retail segment, measured by credit scoring system. The credit process and credit risk management in retail segments is done through the

process end-to-end integrated in the system Loan Origination System (LOS).

Middle End

Monitoring of credit quality in the wholesale segment is done at the level of debtors by using ALERT Tools through the Integrated Processing System (IPS). While monitoring the credit to borrowers who require special attention do with Watch List, which is part of the ALERT Tools. ALERT Tools that have been integrated

in the IPS system, used to identify debtors which may experience difficulties in meeting their obligations. Process monitoring for early detection was at least a quarterly basis. Based on the analysis, the Bank should determine account strategy and measures to prevent the decline in credit quality.

Back End

Handling of problem loans in the wholesale segment can be done through guidance, rescue, or resolution of bad loans. Handling of problem loans in the retail segment can be done through the collection, preservation and settlement of non-performing loans.

In 2015, in the retail segment has performed repair method limits the auction as an acceleration rate of collection/recovery, changes in collection strategy in four segments of retail loans through program

monitoring of the pipeline accounts restructuring, pre-approved and change of tactical strategy, encourage achievement of NPL, write-off and recovery to the fullest, decentralization obligation to decide the individual in order to optimize the function of the termination of the restructuring and resolution of credit in the region, centralization breaker at Headquarters decreased 15.95%, from the previous 56.58% to 40.63%.

Risk Mitigation

In the process of credit, collateral received may be an object that is financed by credit (moving objects or object is not moving), or objects that are not funded (personal guarantee and corporate guarantee).

Collateral must meet the following criteria have economic value, marketable, transferable, and has a juridical value.

Credit Risk Stress Test

As anticipatory measures (early warning signal), a process simulation and stress testing of the portfolio of the Bank on a regular basis to determine changes in the quality of the portfolio Bank per segment or per

industry sector, due to the changes in the parameters of economic conditions in the extreme that may occur (extreme but plausible). The simulation results provide guidance for the Bank to monitor more closely the

sectors or debtors which may experience a decrease in quality as well as to establish the anticipatory measures to prevent the bad effects. In 2015, in addition to conducting periodic stress testing, the Bank also conducts stress test simulations related to the impact of changes in commodity prices, exchange rate changes, and a decline in purchasing power.

Stress testing is performed consists of two types of sensitivity analysis and scenario analysis. The simulation results sensitivity analysis conducted in 2015 regarding the impact of changes in macro variables that can affect the NPL in the loan portfolio of banks (in the next year) as follows:

Credit Risk Sensitivity Analysis

<i>risk Factors</i>	value change*	NPL CHANGE (bps)
GDP	↓ 100 bps	↑ 26.00
Inflation	↓ 100 bps	↑ 13.16
BI Rate		
Exchange Rate (Rp / USD)	↑ Rp.100/USD	↑ 3.83

*) Other Risk Factors are considered constant

*) BI Rate during 2015 was constant, so the sensitivity is not counted

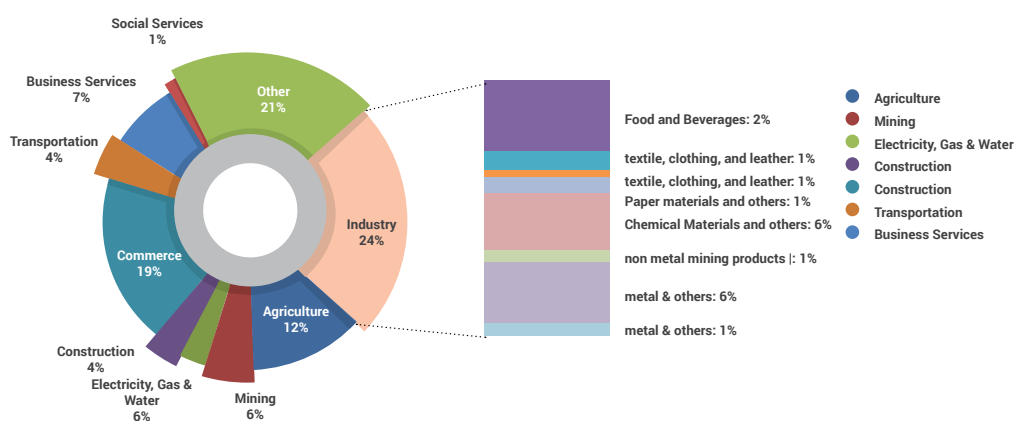
Development of Internal Rating Based Model

Model credit rating (wholesale) and credit scoring (retail and consumer) continuously is developed and validated and monitored via Outlook report Model Scoring and Rating. The model of credit rating and credit scoring is used is able to provide the Probability of Default (PD), while the Bank continuously develop

models Loss Given Default (LGD) and the model of Credit Conversion Factors (CCF) for calculating Exposure at Default (EAD) in order to support implementation of Basel II and economic capital calculations.

Credit Risk in

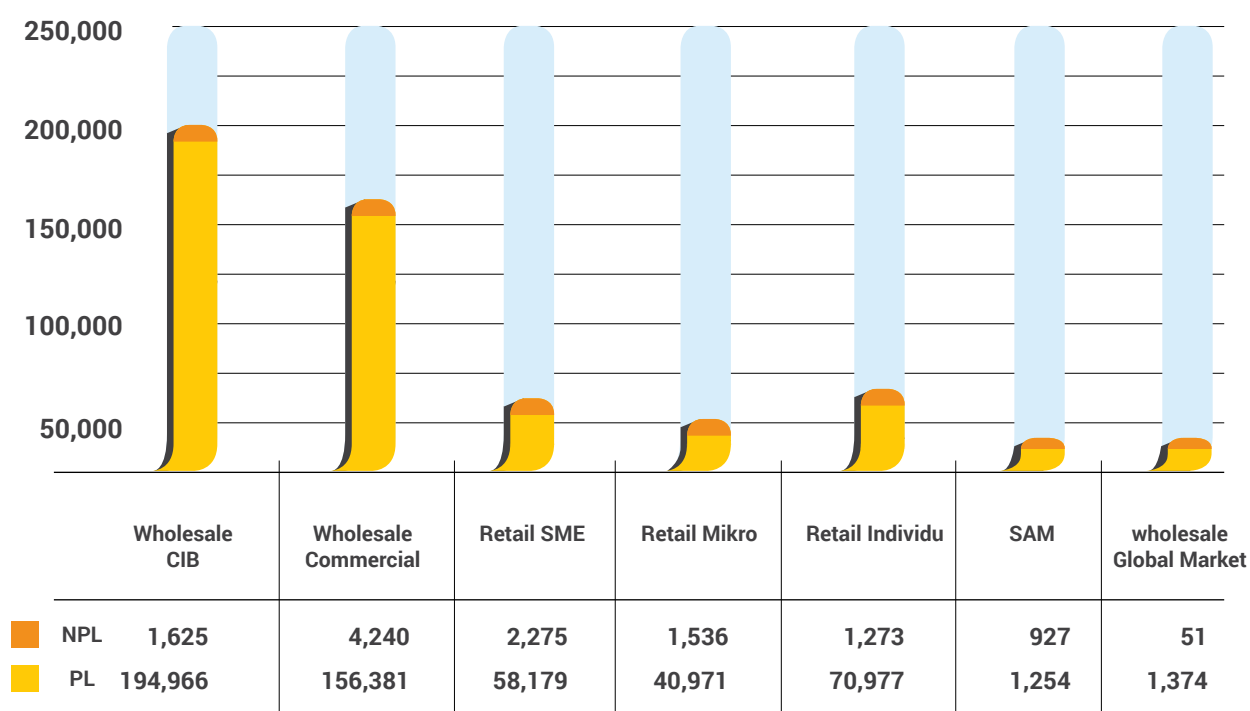
The composition of the Bank Loans per Economic Sectors (December 2015)



During 2015, the Bank recorded loan growth was quite good with a maintained level of NPLs. Credit portfolio of the bank for the entire segment (position of individual banks) grew 98.7% (YoY) with a NPL rate

of 2.22% (gross). Some credit segments experienced growth above the average, such as the Commercial Wholesale segment grew by 13.4% (YoY) with a NPL rate of 0.83%.

Volume & Credit Quality
December 2015 (IDR Billion)



Disclosure of Exposure

Based on the exposure categories in accordance Standard Approach, the Bank has exposure to the following:

Credit Risk RWA Calculation Standardized Approach- Bank Unconsolidated

Table 6.1.1 Disclosure of Asset Exposure in Balance Sheet

(in IDR million)

Desember 31,2015

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	184,967,865	-	-
2	Claims against Public Sector Entities	73,459,539	31,384,065	31,245,133
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	23,522,467	6,950,294	6,912,878
5	Collateralized Housing Loans	11,423,922	4,362,015	4,362,015
6	Collateralized Commercial Property Loans	-	-	-
7	Loans to Employees/Pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	114,029,306	85,521,979	84,662,249
9	Claims against Corporations	345,878,326	310,310,775	301,034,016
10	Mature Claims	3,225,787	4,647,848	4,573,362
11	Other Assets	42,635,888	19,516,962	19,516,962
TOTAL		799,143,100	462,693,938	452,306,613

Desember 31,2014

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	174,219,377	-	-
2	Claims against Public Sector Entities	61,894,786	22,642,332	22,581,235
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	31,750,588	8,421,585	8,376,462
5	Collateralized Housing Loans	14,339,469	5,457,330	5,457,330
6	Collateralized Commercial Property Loans	116,544	116,544	116,544
7	Loans to Employees/Pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	99,400,039	74,550,029	73,641,776
9	Claims against Corporations	312,593,644	282,295,441	273,780,259
10	Mature Claims	2,001,474	2,852,876	2,790,027
11	Other Assets	35,249,402	16,529,344	16,529,344
TOTAL		731,565,323	412,865,481	403,272,977

Credit Risk RWA Calculation Standardized Approach-Consolidated

Table 6.2.1 Disclosure of Asset Exposure in Balance Sheet

(in IDR million)

Desember 31,2015				
No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	185,438,754	-	-
2	Claims against Public Sector Entities	73,819,709	31,549,792	31,410,860
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	23,276,735	6,901,147	6,863,731
5	Collateralized Housing Loans	11,423,922	4,362,015	4,362,015
6	Collateralized Commercial Property Loans			
7	Loans to Employees/Pensioners	187,959	93,980	93,980
8	Claims against MSMEs and Retail Portfolio	122,478,264	91,858,698	90,987,200
9	Claims against Corporations	346,087,603	310,465,999	301,188,990
10	Mature Claims	3,311,406	4,776,277	4,701,791
11	Other Assets	44,443,105	21,275,696	21,275,696
TOTAL		810,467,457	471,283,605	460,884,263

Desember 31,2014				
No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	174,219,377	-	-
2	Claims against Public Sector Entities	61,894,786	22,642,332	22,581,235
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	31,750,588	8,421,585	8,376,462
5	Collateralized Housing Loans	14,339,469	5,457,330	5,457,330
6	Collateralized Commercial Property Loans	116,544	116,544	116,544
7	Loans to Employees/Pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	99,400,039	74,550,029	73,641,776
9	Claims against Corporations	312,593,644	282,295,441	273,780,259
10	Mature Claims	2,001,474	2,852,876	2,790,027
11	Other Assets	35,249,402	16,529,343	16,529,343
TOTAL		731,565,323	412,865,480	403,272,976

Exposure of Claims Commitment/Contingency-Unconsolidated

Tabel 6.1.2 Exposure of Liability Commitment/Contingency on Administrative Account

(in IDR million)

Desember 31,2015

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	2,561,792	-	-
2	Claims against Public Sector Entities	18,095,086	7,261,988	7,261,873
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	11,282,801	5,640,842	5,636,467
5	Collateralized Housing Loans	-	-	-
6	Collateralized Commercial Property Loans	-	-	-
7	Loans to Employees/Pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	736,265	552,199	546,917
9	Claims against Corporations	33,613,339	31,463,693	31,368,340
10	Mature Claims	2,537	3,805	3,805
11	Other Assets	-	-	-
TOTAL		66,291,820	44,922,527	44,817,402

Desember 31,2014

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	2,257,336	-	-
2	Claims against Public Sector Entities	15,081,275	6,232,440	6,231,264
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	10,468,862	5,234,431	5,234,166
5	Collateralized Housing Loans	2,694	943	943
6	Collateralized Commercial Property Loans	67,708	67,708	67,708
7	Loans to Employees/Pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	718,028	538,521	527,644
9	Claims against Corporations	33,120,429	29,409,278	29,379,496
10	Mature Claims	24,390	36,585	35,471
11	Other Assets	-	-	-
TOTAL		61,740,722	41,519,906	41,476,692

Exposure of Claims Commitment/Contingency-Consolidated

Table 6.2.2 Exposure of Liability Commitment/Contingency on Administrative Account

(in IDR million)

Desember 31,2015				
No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	2,561,792		
2	Claims against Public Sector Entities	18,095,086	7,261,988	7,261,873
3	Claims against Multilateral Development Banks and International Institutions			
4	Claims against Banks	11,282,801	5,640,842	5,636,467
5	Collateralized Housing Loans			
6	Collateralized Commercial Property Loans			
7	Loans to Employees/Pensioners			
8	Claims against MSMEs and Retail Portfolio	744,254	558,190	552,909
9	Claims against Corporations	33,613,402	31,463,756	31,368,403
10	Mature Claims	2,537	3,805	3,805
11	Other Assets			
	TOTAL	66,299,872	44,928,581	44,823,457

Desember 31,2014				
No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	2,257,336	-	-
2	Claims against Public Sector Entities	15,081,275	6,232,440	6,231,264
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	10,468,862	5,234,431	5,234,166
5	Collateralized Housing Loans	2,694	943	943
6	Collateralized Commercial Property Loans	67,708	67,708	67,708
7	Loans to Employees/Pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	718,028	538,521	527,644
9	Claims against Corporations	33,120,429	29,409,278	29,379,496
10	Mature Claims	24,390	36,585	35,471
11	Other Assets	-	-	-
	TOTAL	61,740,722	41,519,906	41,476,692

Exposure of Counterparty Credit Risk-Unconsolidated**Table 6.1.3 Exposure Resulting in Credit Risk Attributable to Counterparty Failure (Counterparty Credit Risk)**

(in IDR million)

Desember 31,2015

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	172,778	-	-
2	Claims against Public Sector Entities	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	1,007,913	421,605	421,605
5	Claims against MSMEs and Retail Portfolio	755	566	566
6	Claims against Corporations	410,896	366,603	366,603
	TOTAL	1,592,342	788,774	788,774

Desember 31,2014

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	18,533,903	-	-
2	Claims against Public Sector Entities	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	1,227,606	392,255	392,255
5	Claims against MSMEs and Retail Portfolio	-	-	-
6	Claims against Corporations	112,520	112,520	112,520
	TOTAL	19,874,029	504,775	504,775

Exposure of Counterparty Credit Risk-Consolidated**Table 6.2.3 Exposure Resulting in Credit Risk Attributable to Counterparty Failure (Counterparty Credit Risk)**

(in IDR million)

Desember 31,2015

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	172,778	-	-
2	Claims against Public Sector Entities	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	1,008,223	421,667	421,667
5	Claims against MSMEs and Retail Portfolio	755	566	566
6	Claims against Corporations	718,826	674,532	674,532
	TOTAL	1,900,582	1,096,766	1,096,766

Desember 31,2014

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Claims against Government	18,533,903	-	-
2	Claims against Public Sector Entities	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	1,227,606	392,255	392,255
5	Claims against MSMEs and Retail Portfolio	-	-	-
6	Claims against Corporations	112,520	112,520	112,520
TOTAL		19,874,029	504,775	504,775

Exposure of Settlement Risk-Unconsolidated and Consolidated

Table 6.1.4 Exposure Resulting in Credit Risk Attributable to Settlement Failure (Settlement Risk)

(in IDR million)

Desember 31,2015

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (more than 45 days)	-	-	-
2	Non-delivery versus payment	-	-	-
TOTAL		NIHIL	NIHIL	NIHIL

Desember 31,2014

No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (more than 45 days)	-	-	-
2	Non-delivery versus payment	-	-	-
TOTAL		NIHIL	NIHIL	NIHIL

Exposure of Settlement Risk-Consolidated**Table 6.2.4 Exposure Resulting in Credit Risk Attributable to Settlement Failure
(Settlement Risk)**

(in IDR million)

Desember 31,2015				
No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (more than 45 days)	-	-	-
2	Non-delivery versus payment	-	-	-
	TOTAL	NIHIL	NIHIL	NIHIL

Desember 31,2014				
No.	Portfolio Category	Net Claims	RWA before MRK	RWA after MRK
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (more than 45 days)	-	-	-
2	Non-delivery versus payment	-	-	-
	TOTAL		NIHIL	NIHIL

Securitization Exposure-Unconsolidated**Table 6..1.5 Securitization Exposure**

(in IDR million)

Desember 31,2015			
No.	Portfolio Category	Capital Reduction Factors	RWA
1	Support Credit Facilities that meet the requirements	-	-
2	Support Credit Facilities that do not meet the requirements	-	-
3	Liquidity Facilities that meet the requirements	-	-
4	Liquidity Facilities that do not meet the requirements	-	-
5	Purchase of Asset-Backed Stock that meet the requirements	-	-
6	urchase of Asset-Backed Stock that do not meet the requirements	-	-
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	-	-
	TOTAL	NIHIL	NIHIL

Desember 31,2014

No.	Portfolio Category	Capital Reduction Factors	RWA
1	Support Credit Facilities that meet the requirements	-	-
2	Support Credit Facilities that do not meet the requirements	-	-
3	Liquidity Facilities that meet the requirements	-	-
4	Liquidity Facilities that do not meet the requirements	-	-
5	Purchase of Asset-Backed Stock that meet the requirements	-	-
6	urchase of Asset-Backed Stock that do not meet the requirements	-	-
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	-	-
TOTAL		NIHIL	NIHIL

Securitization Exposure-Consolidated
table 6.2.5 Securitization Exposure

(dalam jutaan rupiah)

Desember 31,2015

No.	Portfolio Category	Capital Reduction Factors	RWA
1	Support Credit Facilities that meet the requirements	-	-
2	Support Credit Facilities that do not meet the requirements	-	-
3	Liquidity Facilities that meet the requirements	-	-
4	Liquidity Facilities that do not meet the requirements	-	-
5	Purchase of Asset-Backed Stock that meet the requirements	-	-
6	urchase of Asset-Backed Stock that do not meet the requirements	-	-
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	-	-
TOTAL		NIHIL	NIHIL

(in IDR million)

Desember 31,2014

No.	Portfolio Category	Capital Reduction Factors	RWA
1	Support Credit Facilities that meet the requirements	-	-
2	Support Credit Facilities that do not meet the requirements	-	-
3	Liquidity Facilities that meet the requirements	-	-
4	Liquidity Facilities that do not meet the requirements	-	-
5	Purchase of Asset-Backed Stock that meet the requirements	-	-
6	urchase of Asset-Backed Stock that do not meet the requirements	-	-
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	-	-
TOTAL		NIHIL	NIHIL

Exposure at Sharia Unit-Unconsolidated

(in IDR million)

Table 6.1.6 Exposure at Sharia Unit

Desember 31,2015

No.	Portfolio Category	Capital Reduction Factors	RWA
1	Total Exposure	-	-

Desember 31,2014

No.	Portfolio Category	Capital Reduction Factors	RWA
1	Total Exposure	-	-

Exposure at Sharia Unit-Consolidated

Tabel 6.2.6. Pengungkapan Eksposur di Unit Usaha Syariah (in IDR million)

Desember 31,2015			
No.	Portfolio Category	Capital Reduction Factors	RWA
1	Total Exposure	-	40,397,117

Desember 31,2014			
No.	Portfolio Category	Capital Reduction Factors	RWA
1	Total Exposure	-	37,501,609

Thus, the total risk weighted assets Bank Mandiri individually and consolidated subsidiaries are as follows:

Table 6.1.7 Total Measurement of Credit Risk-Unconsolidated (in IDR million)

	Desember 31,2015	Desember 31,2014
TOTAL RWA OF CREDIT RISKS	497,912,789	445,254,441
TOTAL CAPITAL REDUCTION FACTORS	-	-

Table 6.2.7 Total Measurement of Credit Risk-Consolidated

(in IDR million)

	Desember 31,2015	Desember 31,2014
TOTAL RWA OF CREDIT RISKS	547,201,603	490,304,562
TOTAL CAPITAL REDUCTION FACTORS	-	-

Credit Risk Exposures per Territory, Term and Economic Sector

Bank credit risk management is carried out both portfolio and sub-portfolio. Based on the Standard

Approach, the Bank has exposure per region, time period and economic sectors as follows:

Table 2.1.a Disclosure on net claims by region-Unconsolidated

Table 2.1.a Disclosure on net claims by region-Unconsolidated (in IDR million)

Desember 31,2015							
No.	Portfolio Category	Region I / Sumatera 1	Region II / Sumatera 2	Region III / Jakarta 1	Region IV/ Jakarta 2	Region V / Jakarta 3	Region VI / Jawa 1
1	Claims against Government	-	224	-	-	714,967	-
2	Claims against Public Sector Entities	10,639,105	6,090,973	3,926,870	10,404,582	12,623,232	2,947,724
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	29,839	319,275	28,115	92,281	59,492	99,249
5	Collateralized Housing Loans	604,199	932,513	1,467,120	1,232,093	1,180,991	814,268
6	Collateralized Commercial Property Loans	-	-	-	-	-	-
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	8,481,911	10,037,172	6,296,600	6,576,615	28,199,969	7,906,452
9	Claims against Corporations	32,230,171	20,177,671	41,558,841	49,288,149	59,024,589	14,274,193
10	Mature Claims	285,330	353,402	300,545	207,058	302,081	280,040
11	Other Assets	-	-	-	-	-	-
12	Exposure at Sharia Unit	-	-	-	-	-	-
TOTAL		52,270,555	37,911,230	53,578,091	67,800,778	102,105,321	26,321,926

Desember 31,2014							
No.	Portfolio Category	Region I / Sumatera 1	Region II / Sumatera 2	Region III / Jakarta 1	Region IV/ Jakarta 2	Region V / Jakarta 3	Region VI / Jawa 1
1	Claims against Government	-	2,164	-	-	906,673	524
2	Claims against Public Sector Entities	9,850,627	4,978,438	2,029,263	7,569,783	13,110,108	2,558,704
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	46,916	352,574	38,612	107,811	78,260	169,742
5	Collateralized Housing Loans	932,335	1,465,505	1,325,317	932,604	1,562,221	893,692
6	Collateralized Commercial Property Loans	-	182,413	1,839	-	-	-
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	7,218,885	8,571,906	5,188,562	5,190,846	24,917,963	7,254,714
9	Claims against Corporations	27,229,170	18,522,208	34,799,084	34,718,085	55,515,561	12,437,460
10	Mature Claims	205,520	229,622	69,176	114,733	193,181	176,672
11	Other Assets	-	-	-	-	-	-
12	Exposure at Sharia Unit	-	-	-	-	-	-
TOTAL		45,483,453	34,304,830	43,451,853	48,633,862	96,283,967	23,491,508

Note: Subsidiaries Net Claims is monitored and recorded in Head Office

Desember 31, 2015

	Region VII / Jawa 2	Region VIII / Jawa 3	Region IX / Kalimantan	Region X / Sulawesi & Maluku	Region XI / Bali & Nusa Tenggara	Region XII / Papua	Kantor Pusat	Overseas	Total
-	-	-	-	-	-	-	172,409,022	14,578,222	187,702,435
489,847	1,610,252	5,738,723	1,290,881	762,345	-	34,675,633	354,459	91,554,626	
-	-	-	-	-	-	-	-	-	-
175,118	56,727	-	22,658	202,155	5,311	29,910,792	4,812,170	35,813,182	
1,208,594	1,731,022	742,025	861,286	567,306	72,321	10,184		11,423,922	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
8,557,998	8,327,986	6,593,503	8,417,568	3,672,733	2,594,750	9,072,169	30,899	114,766,325	
16,592,961	37,247,418	19,024,575	10,398,874	4,666,701	2,156,944	60,624,251	12,637,222	379,902,560	
421,431	244,613	258,276	243,068	42,039	41,056	211,625	37,760	3,228,324	
-	-	-	-	-	-	42,635,888	-	42,635,888	
-	-	-	-	-	-	-	-	-	-
27,445,949	49,218,018	32,357,102	21,234,335	9,913,279	4,870,382	349,549,564	32,450,732	867,027,262	

Desember 31, 2014

	Region VII / Jawa 2	Region VIII / Jawa 3	Region IX / Kalimantan	Region X / Sulawesi & Maluku	Region XI / Bali & Nusa Tenggara	Region XII / Papua	Kantor Pusat	Overseas	Total
-	500	-	-	-	-	-	183,390,553	10,710,202	195,010,616
580,055	3,047,287	4,350,695	1,371,386	307,000	-	27,014,153	208,561	76,976,060	
-	-	-	-	-	-	-	-	-	-
268,651	124,538	2,466	62,278	243,414	8,023	37,101,100	4,842,671	43,447,056	
1,511,832	3,141,447	1,017,152	810,893	682,099	67,066	-	-	14,342,163	
-	-	-	-	-	-	-	-	184,252	
-	-	-	-	-	-	-	-	-	-
7,757,322	6,557,074	6,305,676	7,408,118	2,717,658	2,426,135	8,583,724	19,486	100,118,069	
17,181,682	38,421,239	18,510,599	8,147,757	5,001,485	1,625,937	60,362,513	13,352,421	345,825,201	
229,353	179,581	168,168	168,985	42,488	42,214	90,156	117,406	2,027,255	
-	-	-	-	-	-	35,249,402	-	35,249,402	
-	-	-	-	-	-	-	-	-	-
27,528,895	51,471,666	30,354,756	17,969,417	8,994,144	4,169,375	351,791,601	29,250,747	813,180,074	

Net Claims by Region- Unconsolidated and Consolidated**Table 2.1.b Disclosure on net claims by region-Consolidated (In Million Rupiahs)**

Desember 31,2015							
No.	Portfolio Category	Region I / Sumatera 1	Region II / Sumatera 2	Region III / Jakarta 1	Region IV/ Jakarta 2	Region V / Jakarta 3	Region VI / Jawa 1
1	Claims against Government	-	224	-	-	714,967	-
2	Claims against Public Sector Entities	10,639,105	6,090,973	3,926,870	10,404,582	12,623,232	2,947,724
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	29,839	319,275	28,115	92,281	59,492	99,249
5	Collateralized Housing Loans	604,199	932,513	1,467,120	1,232,093	1,180,991	814,268
6	Collateralized Commercial Property Loans	-	-	-	-	-	-
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	8,481,911	10,037,172	6,296,600	6,576,615	28,199,969	7,906,452
9	Claims against Corporations	32,230,171	20,177,671	41,558,841	49,288,149	59,024,589	14,274,193
10	Mature Claims	285,330	353,402	300,545	207,058	302,081	280,040
11	Other Assets	-	-	-	-	-	-
12	Exposure at Sharia Unit	-	-	-	-	-	-
TOTAL		52,270,555	37,911,230	53,578,091	67,800,778	102,105,321	26,321,926

Desember 31,2014							
No.	Portfolio Category	Region I / Sumatera 1	Region II / Sumatera 2	Region III / Jakarta 1	Region IV/ Jakarta 2	Region V / Jakarta 3	Region VI / Jawa 1
1	Claims against Government	-	2,164	-	-	906,673	524
2	Claims against Public Sector Entities	9,850,627	4,978,438	2,029,263	7,569,783	13,110,108	2,558,704
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	46,916	352,574	38,612	107,811	78,260	169,742
5	Collateralized Housing Loans	932,335	1,465,505	1,325,317	932,604	1,562,221	893,692
6	Collateralized Commercial Property Loans	-	182,413	1,839	-	-	-
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	7,218,885	8,571,906	5,188,562	5,190,846	24,917,963	7,254,714
9	Claims against Corporations	27,229,170	18,522,208	34,799,084	34,718,085	55,515,561	12,437,460
10	Mature Claims	205,520	229,622	69,176	114,733	193,181	176,672
11	Other Assets	-	-	-	-	-	-
12	Exposure at Sharia Unit	-	-	-	-	-	-
TOTAL		45,483,453	34,304,830	43,451,853	48,633,862	96,283,967	23,491,508

Note: Subsidiaries Net Claims is monitored and recorded in Head Office

Desember 31, 2015

	Region VII / Jawa 2	Region VIII / Jawa 3	Region IX / Kalimantan	Region X / Sulawesi & Maluku	Region XI / Bali & Nusa Tenggara	Region XII / Papua	Kantor Pusat	Overseas	Total
	-	-	-	-	-	-	172,879,911	14,578,222	188,173,324
	489,847	1,610,252	5,738,723	1,290,881	762,345	-	35,035,802	354,459	91,914,795
	-	-	-	-	-	-	-	-	-
	175,118	56,727	-	22,658	202,155	5,311	29,665,369	4,812,170	35,567,759
	1,208,594	1,731,022	742,025	861,286	567,306	72,321	10,184	-	11,423,922
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	187,959	-	187,959
	8,557,998	8,327,986	6,593,503	8,417,568	3,672,733	2,594,750	17,529,117	30,899	123,223,273
	16,592,961	37,247,418	19,024,575	10,398,874	4,666,701	2,156,944	61,141,521	12,637,222	380,419,830
	421,431	244,613	258,276	243,068	42,039	41,056	297,244	37,760	3,313,943
	-	-	-	-	-	-	44,443,105	-	44,443,105
	-	-	-	-	-	-	70,910,376	-	70,910,376
	27,445,949	49,218,018	32,357,102	21,234,335	9,913,279	4,870,382	432,100,587	32,450,732	949,578,285

Desember 31, 2014

	Region VII / Jawa 2	Region VIII / Jawa 3	Region IX / Kalimantan	Region X / Sulawesi & Maluku	Region XI / Bali & Nusa Tenggara	Region XII / Papua	Kantor Pusat	Overseas	Total
	-	500	-	-	-	-	184,076,432	10,830,143	195,816,436
	580,055	3,047,287	4,350,695	1,371,386	307,000	-	27,181,684	346,908	77,281,938
	-	-	-	-	-	-	-	-	-
	268,651	124,538	2,466	62,278	243,414	8,023	34,414,212	6,629,819	42,547,316
	1,511,832	3,141,447	1,017,152	810,893	682,099	67,066	-	-	14,342,163
	-	-	-	-	-	-	-	-	184,252
	-	-	-	-	-	-	-	-	-
	7,757,322	6,557,074	6,305,676	7,408,118	2,717,658	2,426,135	14,710,039	19,486	106,244,384
	17,181,682	38,421,239	18,510,599	8,147,757	5,001,485	1,625,937	61,050,586	13,352,421	346,513,274
	229,353	179,581	168,168	168,985	42,488	42,214	160,228	117,406	2,097,327
	-	-	-	-	-	-	37,485,523	20,203	37,505,726
	-	-	-	-	-	-	67,518,801	-	67,518,801
	27,528,895	51,471,666	30,354,756	17,969,417	8,994,144	4,169,375	426,597,505	31,316,385	890,051,617

Net Claims by Time Period Contract-Unconsolidated and Consolidated

**Table 2.2.a Disclosure on net claims by remaining maturity of the contract –Unconsolidated
(In Million Rupiahs)**

Desember 31,2015

No.	Portfolio Category	Net Claims by Remaining Contract Time					Total
		< 1 year	1 year to 3 years	3 years to 5 years	> 5 years	Non-Contractual	
1	Claims against Government	41,987,584	30,035,485	50,118,950	12,284,192	53,276,224	187,702,435
2	Claims against Public Sector Entities	41,732,030	10,180,380	8,710,881	30,931,334	-	91,554,626
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	17,982,949	6,934,142	1,312,082	33,614	9,550,394	35,813,181
5	Collateralized Housing Loans	1,409,740	677,947	1,468,879	7,867,357	-	11,423,922
6	Collateralized Commercial Property Loans	-	-	-	-	-	-
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	21,090,846	43,530,482	18,234,604	31,910,394	-	114,766,325
9	Claims against Corporations	225,014,812	43,718,703	63,135,657	48,033,389	-	379,902,560
10	Mature Claims	1,860,155	763,489	215,487	389,192	-	3,228,323
11	Other Assets	-	-	-	-	42,635,888	42,635,888
12	Exposure at Sharia Unit	-	-	-	-	-	-
TOTAL		351,078,116	135,840,627	143,196,541	131,449,471	105,462,506	867,027,262

Desember 31,2014

No.	Portfolio Category	Net Claims by Remaining Contract Time					Total
		< 1 year	1 year to 3 years	3 years to 5 years	> 5 years	Non-Contractual	
1	Claims against Government	58,695,404	28,015,342	36,270,161	24,257,522	47,772,187	195,010,616
2	Claims against Public Sector Entities	39,019,449	7,953,449	8,938,419	21,064,744	-	76,976,061
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	25,606,804	6,063,615	3,343,841	28,955	8,403,840	43,447,055
5	Collateralized Housing Loans	89,102	788,634	1,589,326	11,875,099	-	14,342,161
6	Collateralized Commercial Property Loans	182,413	-	1,839	-	-	184,252
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	20,299,227	38,728,800	15,116,524	25,973,516	-	100,118,067
9	Claims against Corporations	205,804,421	41,950,720	53,277,762	44,792,299	-	345,825,202
10	Mature Claims	916,663	589,855	156,077	364,659	-	2,027,254
11	Other Assets	-	-	-	-	35,249,402	35,249,402
12	Exposure at Sharia Unit	-	-	-	-	-	-
TOTAL		350,613,483	124,090,415	118,693,949	128,356,794	91,425,429	813,180,070

Table 2.2.b Disclosure on net claims by remaining maturity of the contract – Consolidated (In Million Rupiahs)

Desember 31,2015							
No.	Portfolio Category	Net Claims by Remaining Contract Time					Total
		< 1 year	1 year to 3 years	3 years to 5 years	> 5 years	Non-Contractual	
1	Claims against Government	42,271,213	30,035,485	50,253,569	12,336,833	53,276,224	188,173,324
2	Claims against Public Sector Entities	41,732,030	10,180,380	8,710,881	31,291,504	-	91,914,795
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	17,239,266	6,934,142	1,312,082	33,614	10,048,655	35,567,759
5	Collateralized Housing Loans	1,409,740	677,947	1,468,879	7,867,357	-	11,423,923
6	Collateralized Commercial Property Loans	-	-	-	-	-	-
7	Loans to Employees/Pensioners	-	-	-	187,959	-	187,959
8	Claims against MSMEs and Retail Portfolio	21,517,729	46,942,058	22,758,853	32,004,633	-	123,223,273
9	Claims against Corporations	225,177,353	43,718,703	63,135,657	48,449,699	-	380,481,412
10	Mature Claims	1,873,983	807,682	243,086	389,192	-	3,313,943
11	Other Assets	-	-	-	-	44,381,523	44,381,523
12	Exposure at Sharia Unit	29,389,579	11,371,540	11,987,321	11,003,946	7,157,989	70,910,376
TOTAL		380,610,893	150,667,937	159,870,328	143,564,737	114,864,390	949,578,285

Desember 31,2014							
No.	Portfolio Category	Net Claims by Remaining Contract Time					Total
		< 1 year	1 year to 3 years	3 years to 5 years	> 5 years	Non-Contractual	
1	Claims against Government	55,868,751	28,015,342	37,075,981	24,257,522	50,598,840	195,816,436
2	Claims against Public Sector Entities	39,019,449	7,953,449	9,244,305	21,064,744	-	77,281,947
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	24,144,262	6,063,615	3,343,841	28,955	8,966,457	42,547,130
5	Collateralized Housing Loans	89,102	788,634	1,589,326	11,875,099	-	14,342,161
6	Collateralized Commercial Property Loans	182,413	-	1,839	-	-	184,252
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	20,299,227	38,728,800	21,242,830	25,973,516	-	106,244,373
9	Claims against Corporations	205,804,421	41,950,720	53,967,413	44,792,299	-	346,514,853
10	Mature Claims	916,663	589,855	224,759	364,659	-	2,095,936
11	Other Assets	-	-	-	-	37,505,726	37,505,726
12	Exposure at Sharia Unit	-	-	-	-	-	-
TOTAL		346,324,288	124,090,415	126,690,294	128,356,794	97,071,023	822,532,814

Net Claims by Economic Sector- Unconsolidated and Consolidated

Table 2.3.a Disclosure on net claims by Economic Sector-Unconsolidated (In Million Rupiahs)

Desember 31,2015							
No.	Economic Sector	Claims against Government	Claims against Public Sector Entities	Claims against Multilateral Development Banks and International Institutions	Claims against Banks	Collateralized Housing Loans	
1	Agriculture, menial labor and forestry	-	15,441,323	-	-	-	
2	Fisheries	-	-	-	-	-	
3	Mining and extractive industries	-	7,280,640	-	-	-	
4	Processing industry	-	14,854,365	-	-	-	
5	Power, gas and water	-	10,064,347	-	-	-	
6	Construction	-	5,729,621	-	-	-	
7	Wholesale and retail trade	224	25,239	-	11,092	-	
8	Hospitality	-	527,389	-	-	-	
9	Transportation, warehousing and communications	-	1,479,938	-	-	-	
10	Financial intermediaries	-	5,839,011	-	1,939,916	-	
11	Real estate, leasing and corporate services	559,155	2,737,415	-	73,236	-	
12	Government administration, defense and mandatorysocial security	2,959,663	-	-	-	-	
13	Education	-	-	-	-	-	
14	Health and social activities	-	-	-	-	-	
15	Social, cultural, entertainment and other personalservices	-	-	-	-	-	
16	Personal household services International organizations and other	-	-	-	-	-	
17	extra international organizations Indeterminate activities	-	-	-	-	-	
18	Non-Business Field	-	-	-	-	-	
19	Miscellaneous (additional including for	-	1,192	-	25,512	11,423,922	
20	SBI, SUN)	184,183,392	27,574,147	-	33,763,424	-	
	TOTAL	187,702,434	91,554,626	-	35,813,181	11,423,922	

Desember 31,2015

	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)
-	-	-	2,525,357	42,324,130	147,143	-	-
-	-	-	52,073	233,553	7,867	-	-
-	-	-	39,467	23,641,624	11,546	-	-
-	-	-	910,508	107,187,758	564,245	-	-
-	-	-	25,575	3,983,326	698	-	-
-	-	-	332,126	13,722,859	23,001	-	-
-	-	-	22,487,141	66,815,467	1,332,562	-	-
-	-	-	2,810,216	2,974,495	57,671	-	-
-	-	-	410,301	18,082,147	101,760	-	-
-	-	-	92,658	8,231,312	4,825	-	-
-	-	-	3,189,873	21,853,064	141,312	-	-
-	-	-	32,095	103,497	3,215	-	-
-	-	-	7,112	153,332	241	-	-
-	-	-	101,888	1,639,722	2,005	-	-
-	-	-	11,982	364,985	319	-	-
-	-	-	15,149	19,727	819	-	-
-	-	-	-	-	-	-	-
-	-	-	6,699	166,214	1,008	-	-
-	-	-	81,483,785	5,910,630	822,837	-	-
-	-	-	232,319	62,494,719	5,250	42,635,888	-
-	-	-	114,766,325	379,902,562	3,228,324	42,635,888	-

Table 2.3.a Disclosure on net claims by Economic Sector-Unconsolidated (In Million Rupiahs)

Desember 31, 2014							
No.	Economic Sector	Claims against Government	Claims against Public Sector Entities	Claims against Multilateral Development Banks and International Institutions	Claims against Banks	Collateralized Housing Loans	
1	Agriculture, menial labor and forestry	-	14,111,150	-	-	-	
2	Fisheries	-	-	-	-	-	
3	Mining and extractive industries	-	12,122,249	-	-	-	
4	Processing industry	-	10,235,066	-	602	-	
5	Power, gas and water	-	10,189,146	-	-	-	
6	Construction	-	4,206,135	6,855	-	-	
7	Wholesale and retail trade	3,188	28,996	-	6,855	-	
8	Hospitality	-	885	-	-	2,150	
9	Transportation, warehousing and communications	-	1,518,286	-	-	-	
10	Financial intermediaries	-	5,357,996	-	2,304,975	-	
11	Real estate, leasing and corporate services	703,713	2,131,411	-	149,100	-	
12	Government administration, defense and mandatory social security	2,978,680	-	-	-	-	
13	Education	-	-	-	-	-	
14	Health and social activities	-	-	-	-	-	
15	Social, cultural, entertainment and other personal services	-	476	-	-	-	
16	Personal household services	-	-	-	-	-	
17	International organizations and other extra international organizations	-	-	-	-	-	
18	Indeterminate activities	-	-	-	-	-	
18	Non-Business Field	-	-	-	19,455	-	
19	Miscellaneous (additional including for	-	-	-	32,521	14,340,012	
20	SBI, SUN)	191,325,036	17,074,264	-	40,933,549	-	
	TOTAL	195,010,616	76,976,061	-	43,447,056	14,342,162	

Desember 31, 2014

	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)
	-	-	2,873,622	37,434,582	79,428	-	-
	-	-	108,653	259,685	5,475	-	-
	-	-	38,968	20,230,526	9,572	-	-
	-	-	795,038	94,435,896	105,008	-	-
	-	-	17,854	3,722,150	40,436	-	-
	-	-	322,481	12,863,367	16,111	-	-
	-	-	19,700,484	59,783,315	792,394	-	-
	-	-	2,226,252	3,103,072	37,628	-	-
	-	-	373,448	19,122,595	174,577	-	-
	-	-	68,587	7,726,222	1,645	-	-
184,252	-	-	3,022,022	17,148,603	88,234	-	-
	-	-	55,262	94,759	350	-	-
	-	-	11,626	139,253	215	-	-
	-	-	82,184	816,094	2,786	-	-
	-	-	8,371	244,835	-	-	-
	-	-	17,824	23,864	379	-	-
	-	-	-	-	-	-	-
	-	-	229,319	1,035,886	2,778	-	-
	-	-	69,937,029	4,970,096	668,846	-	-
	-	-	229,043	62,670,403	1,391	35,249,402	-
184,252	-	-	100,118,067	345,825,203	2,027,255	35,249,402	-

Table 2.3.b Disclosure on net claims by Economic Sector-Consolidated (In Million Rupiahs)

Desember 31,2015							
No.	Economic Sector	Claims against Government	Claims against Public Sector Entities	Claims against Multilateral Development Banks and International Institutions	Claims against Banks	Collateralized Housing Loans	
1	Agriculture, menial labor and forestry	-	15,441,323		-	-	
2	Fisheries	-	-		-	-	
3	Mining and extractive industries	-	7,280,640		-	-	
4	Processing industry	-	14,854,365		-	-	
5	Power, gas and water	-	10,064,347		-	-	
6	Construction	-	5,729,621		-	-	
7	Wholesale and retail trade	224	25,239		11,092	-	
8	Hospitality	-	527,389		-	-	
9	Transportation, warehousing and communications	-	1,479,938		-	-	
10	Financial intermediaries	-	5,839,011		1,939,916	-	
11	Real estate, leasing and corporate services	559,155	2,737,415		73,236	-	
12	Government administration, defense and mandatorysocial security	2,959,663	-		-	-	
13	Education	-	-		-	-	
14	Health and social activities	-	-		-	-	
15	Social, cultural, entertainment and other personalservices	-	-		-	-	
16	Personal household services	-	-		-	-	
17	International organizations and other extra international organizations	-	-		-	-	
18	Indeterminate activities	-	-		-	-	
18	Non-Business Field	-	-		-	-	
19	Miscellaneous (additional including for	-	1,192		25,512	11,423,922	
20	SBI, SUN)	184,654,282	27,934,316		33,518,001		
	TOTAL	188,173,324	91,914,795		35,567,759	11,423,922	

Desember 31,2015

	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)
-	-	-	2,525,357	42,324,130	147,143	-	-
-	-	-	52,073	233,553	7,867	-	-
-	-	-	39,467	23,641,624	11,546	-	-
-	-	-	910,508	107,187,758	564,245	-	-
-	-	-	25,575	3,983,326	698	-	-
-	-	-	332,126	13,722,859	23,001	-	-
-	-	-	22,487,141	66,815,467	1,332,562	-	-
-	-	-	2,810,216	2,974,495	57,671	-	-
-	-	-	410,301	18,082,147	101,760	-	-
-	-	-	92,658	8,231,312	4,825	-	-
-	-	-	3,189,873	21,853,064	141,312	-	-
-	-	-	32,095	103,497	3,215	-	-
-	-	-	7,112	153,332	241	-	-
-	-	-	101,888	1,639,722	2,005	-	-
-	-	-	11,982	364,985	319	-	-
-	-	-	15,149	19,727	819	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	6,699	166,214	1,008	-	-
-	-	-	81,483,785	5,910,630	822,837	-	-
-	187,959	8,689,266	63,011,987	90,869	44,381,523	70,910,376	
-	187,959	123,223,273	380,419,830	3,313,943	44,381,523	70,910,376	

Table 2.3.b Disclosure on net claims by Economic Sector-Consolidated (In Million Rupiahs)

Desember 31,2014							
No.	Economic Sector	Claims against Government	Claims against Public Sector Entities	Claims against Multilateral Development Banks and International Institutions	Claims against Banks	Collateralized Housing Loans	
1	Agriculture, menial labor and forestry	-	14,111,150	-	-	-	
2	Fisheries	-	-	-	-	-	
3	Mining and extractive industries	-	12,122,249	-	-	-	
4	Processing industry	-	10,235,066	-	602	-	
5	Power, gas and water	-	10,189,146	-	-	-	
6	Construction	-	4,206,135	-	-	-	
7	Wholesale and retail trade	3,188	28,996	-	6,855	-	
8	Hospitality	-	885	-	-	2,150	
9	Transportation, warehousing and communications	-	1,518,286	-	-	-	
10	Financial intermediaries	-	5,357,996	-	2,304,975	-	
11	Real estate, leasing and corporate services	703,713	2,131,411	-	149,100	-	
12	Government administration, defense and mandatorysocial security	2,978,680	-	-	-	-	
13	Education	-	-	-	-	-	
14	Health and social activities	-	-	-	-	-	
15	Social, cultural, entertainment and other personalservices	-	476	-	-	-	
16	Personal household services	-	-	-	-	-	
17	International organizations and other extra international organizations	-	-	-	-	-	
18	Indeterminate activities	-	-	-	-	-	
19	Non-Business Field	-	-	-	19,455	-	
20	Miscellaneous (additional including for SBI, SUN)	-	-	-	32,521	14,340,012	
	TOTAL	192,130,855	17,380,143	-	40,033,808	14,342,162	
		195,816,436	77,281,939	-	42,547,316		

Desember 31, 2014

	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)
	-	-	2,873,622	37,434,582	79,428	-	-
	-	-	108,653	259,685	5,475	-	-
	-	-	38,968	20,230,526	9,572	-	-
	-	-	795,038	94,435,896	105,008	-	-
	-	-	17,854	3,722,150	40,436	-	-
	-	-	322,481	12,863,367	16,111	-	-
	-	-	19,700,484	59,783,315	792,394	-	-
	-	-	2,226,252	3,103,072	37,628	-	-
	-	-	373,448	19,122,595	174,577	-	-
	-	-	68,587	7,726,222	1,645	-	-
184,252	-	-	3,022,022	17,148,603	88,234	-	-
	-	-	55,262	94,759	350	-	-
	-	-	11,626	139,253	215	-	-
	-	-	82,184	816,094	2,786	-	-
	-	-	8,371	244,835	-	-	-
	-	-	17,824	23,864	379	-	-
	-	-	-	-	-	-	-
	-	-	229,319	1,035,886	2,778	-	-
	-	-	69,937,029	4,970,096	668,846	-	-
	-	-	6,355,358	63,358,476	71,465	37,505,726	67,518,801
184,252	-	-	106,244,382	346,513,276	2,097,327	37,505,726	67,518,801

Credit Risk Exposure and Reserve

Banks implement prudent policies on credit risk mitigation, including in determining reserves for impairment losses on assets. Based on the Standard

Approach, the Bank allocated reserves position by category bill and the movements are as follows:

Reserves by Region - Unconsolidated and Consolidated

Table 2.4.a Disclosure on claims and reserves by region –Unconsolidated (In Million Rupiahs)

Desember 31,2015								
No.	Portfolio Category	Net Claims by Region						
		Region I / Sumatera 1	Region II / Sumatera 2	Region III / Jakarta 1	Region IV / Jakarta 2	Region V / Jakarta 3	Region VI / Jawa 1	
	Claims	52,095,448	37,805,631	54,854,096	65,564,208	104,715,928	26,789,610	
	Impaired Claims							
	a. Outstanding	1,525,785	1,486,114	2,478,832	2,193,830	4,170,798	2,057,737	
	b. Mature	720,633	745,193	1,930,620	706,782	1,617,905	685,530	
	Reserves for Impairments (CKPN) - Unconsolidated	278,257	100,113	1,894,349	1,126,881	4,391,118	486,708	
	Reserves for Impairments (CKPN) - Consolidated *)	426,578	509,262	369,412	192,740	390,491	408,762	
	Written-off claims **)	450,790	368,023	907,545	525,659	234,628	515,689	

Desember 31,2014								
No.	Portfolio Category	Net Claims by Region						
		Region I / Sumatera 1	Region II / Sumatera 2	Region III / Jakarta 1	Region IV / Jakarta 2	Region V / Jakarta 3	Region VI / Jawa 1	
1	Claims	45,155,977	33,931,561	43,699,865	46,420,606	97,175,741	23,846,419	
2	Impaired Claims							
	a. Outstanding	1,164,129	1,374,999	5,630,668	8,691,257	8,905,886	660,173	
	b. Mature	474,308	487,399	782,944	540,112	1,926,118	569,091	
3	Reserves for Impairments (CKPN) - Unconsolidated	162,864	1,313	1,011,031	810,980	4,386,257	456,395	
4	Reserves for Impairments (CKPN) - Consolidated *)	333,478	371,340	204,964	170,566	450,611	368,926	
5	Written-off claims **)	186,628	205,358	123,067	119,496	151,270	477,903	

*) CKPN is in accordance with the definition of CKPN given in Circular No. 13/6/DPNP dated 18 February 2011 on the calculation of Credit RWA (without collectability 1)

**) Written-off claims only for the bank on an unconsolidated basis

Desember 31,2015

Net Claims by Region									
	Region VII / Jawa 2	Region VIII / Jawa 3	Region IX / Kalimantan	Region X / Sulawesi & Maluku	Region XI / Bali & Nusa Tenggara	Region XII / Papua	Kantor Pusat	Overseas	Total
	28,381,884	49,187,817	32,757,427	22,130,660	9,911,074	4,856,763	300,813,264	28,778,499	818,642,312
	1,376,592	3,169,836	1,343,528	1,500,583	268,290	191,115	1,637,642	-	23,400,682
	1,967,423	517,599	701,234	1,152,710	81,432	84,982	2,334,917	234,473	13,481,433
	1,334,794	1,003,536	345,701	808,126	65,211	-	1,353,482	144,162	13,332,439
	382,392	363,379	346,213	347,814	56,570	65,859	1,537,064	67,361	5,463,896
	456,221	518,998	472,614	295,039	70,349	101,308	1,076,276	-	5,993,139

Desember 31,2014

Net Claims by Region									
	Region VII / Jawa 2	Region VIII / Jawa 3	Region IX / Kalimantan	Region X / Sulawesi & Maluku	Region XI / Bali & Nusa Tenggara	Region XII / Papua	Kantor Pusat	Overseas	Total
	27,462,472	50,777,234	30,349,217	18,055,137	9,018,061	4,180,515	308,707,247	25,938,182	764,718,234
	852,932	3,935,995	157,204	2,105,314	475,795	80,086	23,700,849	-	57,735,286
	742,475	541,142	360,354	354,438	137,535	92,158	1,888,698	221,148	9,117,920
	627,867	1,005,487	27,211	93,639	65,278	89	1,197,064	51,155	9,896,630
	337,084	337,192	276,645	274,382	57,048	71,140	1,333,600	65,695	4,652,671
	248,090	319,576	154,355	255,629	23,882	52,524	588,284	80,100	2,986,162

Table 2.4.b Disclosure on claims and reserves by region –Consolidated (In Million Rupiahs)

Desember 31,2015

No.	Portfolio Category	Net Claims by Region						
		Region I / Sumatera 1	Region II / Sumatera 2	Region III / Jakarta 1	Region IV / Jakarta 2	Region V / Jakarta 3	Region VI / Jawa 1	
	Claims	52,095,448	37,805,631	54,854,096	65,564,208	104,715,928	26,789,610	
	Impaired Claims							
	a. Outstanding	1,525,785	1,486,114	2,478,832	2,193,830	4,170,798	2,057,737	
	b. Mature	720,633	745,193	1,930,620	706,782	1,617,905	685,530	
	Reserves for Impairments (CKPN) - Unconsolidated	278,257	100,113	1,894,349	1,126,881	4,391,118	486,708	
	Reserves for Impairments (CKPN) - Consolidated *)	426,578	509,262	369,412	192,740	390,491	408,762	
	Written-off claims **)	450,790	368,023	907,545	525,659	234,628	515,689	

Desember 31,2014

No.	Portfolio Category	Net Claims by Region						
		Region I / Sumatera 1	Region II / Sumatera 2	Region III / Jakarta 1	Region IV / Jakarta 2	Region V / Jakarta 3	Region VI / Jawa 1	
	Claims	45,155,977	33,931,561	43,699,865	46,420,606	97,175,741	23,846,419	
	Impaired Claims							
	a. Outstanding	1,164,129	1,374,999	5,630,668	8,691,257	8,905,886	660,173	
	b. Mature	474,308	487,399	782,944	540,112	1,926,118	569,091	
	Reserves for Impairments (CKPN) - Unconsolidated	162,864	1,313	1,011,031	810,980	4,386,257	456,395	
	Reserves for Impairments (CKPN) - Consolidated *)	333,478	371,340	204,964	170,566	450,611	368,926	
	Written-off claims **)	186,628	205,358	123,067	119,496	151,270	477,903	

*) CKPN is in accordance with the definition of CKPN given in Circular No. 13/6/DPNP dated 18 February 2011 on the calculation of Credit RWA (without collectability 1)

**) Written-off claims only for the bank on an unconsolidated basis

Desember 31, 2015

Net Claims by Region

	Region VII / Jawa 2	Region VIII / Jawa 3	Region IX / Kalimantan	Region X / Sulawesi & Maluku	Region XI / Bali & Nusa Tenggara	Region XII / Papua	Kantor Pusat	Overseas	Total
	28,381,884	49,187,817	32,757,427	22,130,660	9,911,074	4,856,763	300,813,264	28,778,499	818,642,312
	1,376,592	3,169,836	1,343,528	1,500,583	268,290	191,115	1,637,642	-	23,400,682
	1,967,423	517,599	701,234	1,152,710	81,432	84,982	2,334,917	234,473	13,481,433
	1,334,794	1,003,536	345,701	808,126	65,211	-	1,353,482	144,162	13,332,439
	382,392	363,379	346,213	347,814	56,570	65,859	1,537,064	67,361	5,463,896
	456,221	518,998	472,614	295,039	70,349	101,308	1,076,276	-	5,993,139

Desember 31, 2014

Net Claims by Region

	Region VII / Jawa 2	Region VIII / Jawa 3	Region IX / Kalimantan	Region X / Sulawesi & Maluku	Region XI / Bali & Nusa Tenggara	Region XII / Papua	Kantor Pusat	Overseas	Total
	27,462,472	50,777,234	30,349,217	18,055,137	9,018,061	4,180,515	384,723,642	28,003,820	842,800,267
	852,932	3,935,995	157,204	2,105,314	475,795	80,086	23,700,849	-	57,735,286
	742,475	541,142	360,354	354,438	137,535	92,158	2,012,448	221,148	9,241,670
	627,867	1,005,487	27,211	93,639	65,278	89	1,197,064	51,155	9,896,630
	337,084	337,192	276,645	274,382	57,048	71,140	3,091,136	65,695	6,410,207
	248,090	319,576	154,355	255,629	23,882	52,524	588,284	80,100	2,986,162

Reserves by Economic Sector- Unconsolidated and Consolidated**Table 2.5.a Disclosure on claims and reserves by Economic Sector-Unconsolidated (In Million Rupiahs)****Desember 31,2015**

No.	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Impairments (CKPN) - Unconsolidated ***)	Reserves for Impairments (CKPN) - Consolidated ***)	Written-off claims ****)
			Belum Jatuh Tempo	Outstanding			
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	-	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	-	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	-	637	7
16	Personal household services	36,404	3,739	1,704	-	1,384	-
17	International organizations and other extra international organizations	-	-	-	-	-	-
18	Indeterminate activities	175,071	3,269	2,152	-	1,572	741,014
19	Non-Business Field	100,790,785	6,304,955	1,580,822	-	1,144,853	-
20	Miscellaneous (additional including for SBI, SUN)	297,462,131	654,334	1,346,217	715,737	1,258,752	792,106
TOTAL		818,642,312	23,400,682	13,481,433	13,332,439	5,463,896	5,993,139

**Table 2.5.a Disclosure on claims and reserves by Economic Sector-Unconsolidated
(In Million Rupiahs)**

Desember 31,2014							
No.	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Impairments (CKPN) - Unconsolidated ***)	Reserves for Impairments (CKPN) - Consolidated ***)	Written-off claims ****)
			Outstanding	Telah jatuh tempo			
1	Agriculture, menial labor and forestry	53,784,726	182,655	218,892	124,014	154,418	88,421
2	Fisheries	374,419	8,457	11,837	129	7,657	300,312
3	Mining and extractive industries	31,959,993	2,074,924	310,439	301,321	26,703	1,613
4	Processing industry	107,034,302	13,065,038	1,627,407	5,750,816	176,853	424,226
5	Power, gas and water	12,187,651	465,190	427,211	400,335	942	46
6	Construction	17,008,363	5,510,669	32,521	356,759	32,556	33,568
7	Wholesale and retail trade	80,744,675	8,255,004	2,834,090	1,315,775	1,413,298	1,219,722
8	Hospitality	5,457,763	31,458	88,332	29,189	89,448	79,588
9	Transportation, warehousing and communications	21,876,259	3,782,090	537,125	672,753	83,725	19,306
10	Financial intermediaries	13,596,564	-	3,844	-	24,229	20
11	Real estate, leasing and corporate services	23,357,847	647,201	218,479	197,579	221,715	103,434
12	Government administration, defense and mandatory social security	3,046,385	-	758	-	1,462	23,620
13	Education	159,217	-	8,151	7,709	695	124
14	Health and social activities	912,012	11,751	6,088	11,450	4,448	2,060
15	Social, cultural, entertainment and other personal services	253,999	-	-	-	540	-
16	Personal household services	42,420	-	839	-	1,027	-
17	International organizations and other extra international organizations	-	-	-	-	-	-
18	Indeterminate activities	1,294,639	-	10,603	5,330	3,764	376,574
19	Non-Business Field	91,181,620	-	1,530,517	-	1,252,453	-
20	Miscellaneous (additional including for SBI, SUN)	300,445,380	23,700,849	1,250,786	723,472	1,156,738	313,528
TOTAL		764,718,234	57,735,286	9,117,919	9,896,631	4,652,671	2,986,162

*) The sectors listed are those that have material balances. For sectors without material balances, they have been combined in Miscellaneous and this has been explained to the stakeholders.

**) 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).

Table 2.5.b Disclosure on claims and reserves by Economic Sector-Consolidated (In Million Rupiahs)

Desember 31,2015

No.	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Impairments (CKPN) - Unconsolidated ***)	Reserves for Impairments (CKPN) - Consolidated ***)	Written-off claims ****)
			Outstanding	Telah jatuh tempo			
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	-	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	-	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	-	637	7
16	Personal household services	36,404	3,739	1,704	-	1,384	-
17	International organizations and other extra international organizations	-	-	-	-	-	-
18	Indeterminate activities	175,071	3,269	2,152	-	1,572	741,014
19	Non-Business Field	100,790,785	6,304,955	1,580,822	-	1,144,853	-
20	Miscellaneous (additional including for SBI, SUN)	297,462,131	654,334	1,346,217	715,737	1,258,752	792,106
TOTAL		818,642,312	23,400,682	13,481,433	13,332,439	5,463,896	5,993,139

**Table 2.5.b Disclosure on claims and reserves by Economic Sector-Consolidated
(In Million Rupiahs)**

Desember 31,2014							
No.	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Impairments (CKPN) - Unconsolidated ***)	Reserves for Impairments (CKPN) - Consolidated ***)	Written-off claims ****)
			Outstanding	Telah jatuh tempo			
1	Agriculture, menial labor and forestry	53,784,726	182,655	218,892	124,014	154,418	88,421
2	Fisheries	374,419	8,457	11,837	129	7,657	300,312
3	Mining and extractive industries	31,959,993	2,074,924	310,439	301,321	26,703	1,613
4	Processing industry	107,034,302	13,065,038	1,627,407	5,750,816	176,853	424,226
5	Power, gas and water	12,187,651	465,190	427,211	400,335	942	46
6	Construction	17,008,363	5,510,669	32,521	356,759	32,556	33,568
7	Wholesale and retail trade	80,744,675	8,255,004	2,834,090	1,315,775	1,413,298	1,219,722
8	Hospitality	5,457,763	31,458	88,332	29,189	89,448	79,588
9	Transportation, warehousing and communications	21,876,259	3,782,090	537,125	672,753	83,725	19,306
10	Financial intermediaries	13,596,564	-	3,844	-	24,229	20
11	Real estate, leasing and corporate services	23,357,847	647,201	218,479	197,579	221,715	103,434
12	Government administration, defense and mandatory social security	3,046,385	-	758	-	1,462	23,620
13	Education	159,217	-	8,151	7,709	695	124
14	Health and social activities	912,012	11,751	6,088	11,450	4,448	2,060
15	Social, cultural, entertainment and other personal services	253,999	-	-	-	540	-
16	Personal household services	42,420	-	839	-	1,027	-
17	International organizations and other extra international organizations	-	-	-	-	-	-
18	Indeterminate activities	1,294,639	-	10,603	5,330	3,764	376,574
19	Non-Business Field	91,181,620	-	1,530,517	-	1,252,453	-
20	Miscellaneous (additional including for SBI, SUN)	378,527,413	23,700,849	1,374,537	723,472	2,914,274	313,528
TOTAL		842,800,267	57,735,286	9,241,670	9,896,631	6,410,207	2,986,162

*) The sectors listed are those that have material balances. For sectors without material balances, they have been combined in Miscellaneous and this has been explained to the stakeholders.

**) 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 on unconsolidated basis.

Details on reserves movement-Unconsolidated and Consolidated

Table 2.6.a Disclosure of Changes in Impairment Reserves - Bank Unconsolidated (in Million Rupiahs)

Desember 31,2015			
No.	Description	Unconsolidated Im- pairment Reserves	Consolidated Impair- ment Reserves
1	Opening Impairment Reserves balance	11,153,300	6,752,964
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	5,546,516	4,342,902
	2.a Allocation of Impairment Reserves in current period	5,546,516	4,571,051
	2.b Recovery of Impairment Reserves in current period	-	-228,149
3	Impairment Reserves used to cover write-offs in current period	-1,853,346	-4,139,794
4	Other Allocation (recovery in current period *)	-19	729,704
	Closing Impairment Reserve Balance *)	14,846,451	7,685,776

Desember 31,2014			
No.	Description	Unconsolidated Im- pairment Reserves	Consolidated Impair- ment Reserves
1	Opening Impairment Reserves balance	11,307,376	5,520,976
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	474,182	3,952,348
	2.a Allocation of Impairment Reserves in current period	541,428	3,990,776
	2.b Recovery of Impairment Reserves in current period	-67,246	-38,428
3	Impairment Reserves used to cover write-offs in current period	-627,225	-2,358,937
4	Other Allocation (recovery in current period *)	-1,033	-361,423
	Closing Impairment Reserve Balance *)	11,153,300	6,752,964

*) 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

Table 2.6.b Disclosure of Changes in Impairment Reserves - Consolidated (in Million Rupiahs)

Desember 31,2015			
No.	Description	Unconsolidated Im- pairment Reserves	Consolidated Impair- ment Reserves
1	Opening Impairment Reserves balance	11,749,047	8,555,303
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	5,593,041	6,062,416
	2.a Allocation of Impairment Reserves in current period	5,606,308	6,278,066
	2.b Recovery of Impairment Reserves in current period	-13,267	-215,650
3	Impairment Reserves used to cover write-offs in current period	-1,853,346	-5,898,294
4	Other Allocation (recovery in current period *)	75	574,373
	Closing Impairment Reserve Balance *)	15,488,817	9,293,798

Desember 31,2014			
No.	Description	Unconsolidated Im- pairment Reserves	Consolidated Impair- ment Reserves
1	Opening Impairment Reserves balance	11,393,531	7,208,428
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	983,676	4,734,454
	2.a Allocation of Impairment Reserves in current period	1,022,877	4,778,261
	2.b Recovery of Impairment Reserves in current period	-39,201	-43,807
3	Impairment Reserves used to cover write-offs in current period	-627,225	-3,528,138
4	Other Allocation (recovery in current period *)	-935	-106,168
	Closing Impairment Reserve Balance *)	11,749,047	8,308,576

*) 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

Credit Risk Exposure based on Rating

Standard Approach Reporting by the Bank do not currently use an external device to the portfolio category, however for the simulation needs of the Bank has been calculating exposures by external ratings as shown in the following table:

Net Claims accordance Rating Scale- Unconsolidated and Consolidated

Table 3.1.a Disclosure of Net Claims by Portfolio Category and Rating - Bank Unconsolidated (in Million Rupiahs)

Desember 31,2015							
No.	Portfolio Category	Rating Agency	Net Claims				
			Long Term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		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)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr] A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BBPT
		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-
1	Claims against Government	-	19,369,968	39,793,230	747,960	-	14,757,721
2	Claims against Public Sector Entities	-	18,430,799	14,009,882	18,572,424	4,381,357	5,201,889
	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
3	Claims against Banks	-	-	-	-	-	-
4	Collateralized Housing Loans	-	870,716	525,237	25,321	-	-
5	Collateralized Commercial Property	-	-	-	-	-	-
6	Loans	-	-	-	-	-	-
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	7,735,297	21,313,040	29,045,641	4,422,577	-
9	Claims against Corporations	-	-	-	-	-	-
10	Mature Claims	-	-	-	-	-	-
11	Other Assets	-	-	-	-	-	-
12	Exposure at Sharia Unit	-	-	-	-	-	-
	TOTAL	-	46,406,780	75,641,389	48,391,346	8,803,934	19,959,610

Desember 31,2015								
Net Claims							Unrated	TOTAL
	Long Term Rating							
	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Less Than A-3		
	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Less Than F3		
	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Less ThanP-3		
	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less Than-F3(idn)		
	[Idr]B+ s.d [Idr]B	[Idr]B+ s.d [Idr]B	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less Than [Idr] A3		
	id B+ s.d id B-	id B+ s.d id B-	idA1	idA2	idA3 s.d id A4	Less Than idA4		
	14,757,721	-	-	-	-	-	113,033,556	187,702,435
	5,201,889	-	-	-	-	-	30,958,275	91,554,626
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	34,391,908	35,813,182
	-	-	-	-	-	-	11,423,922	11,423,922
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	114,766,325	114,766,325
	-	-	-	-	-	-	317,386,006	379,902,561
	-	-	-	-	-	-	3,228,323	3,228,323
	-	-	-	-	-	-	42,635,888	42,635,888
	-	-	-	-	-	-	-	-
	19,959,610	-	-	-	-	-	667,824,203	867,027,262

Table 3.1.a Disclosure of Net Claims by Portfolio Category and Rating - Bank Unconsolidated
(In Million Rupiahs)

Desember 31,2014

No.	Portfolio Category	Rating Agency	Net Claims				
			Long Term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		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)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr] A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BBPT
		PT Pemeringkat Efek Indonesia	idAAA	idAAA+ s.d idAA-	idA+ s.d id A	id BBB+ s.d id BBB	id BB+ s.d id BB-
1	Claims against Government	-	134,010	-	-	-	-
2	Claims against Public Sector Entities	-	21,515,116	10,805,364	15,497,376	-	165,771
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	-	-	-	-	-	-
5	Collateralized Housing Loans	-	-	-	25,321	-	-
6	Collateralized Commercial Property	-	-	-	-	-	-
7	Loans	-	-	-	-	-	-
8	Loans to Employees/Pensioners	-	-	-	-	-	-
9	Claims against MSMEs and Retail Portfolio	-	12,885,997	21,095,056	13,649,025	3,651,895	107
10	Claims against Corporations	-	-	-	-	-	-
11	Mature Claims	-	-	-	-	-	-
12	Other Assets	-	-	-	-	-	-
13	Exposure at Sharia Unit	-	-	-	-	-	-
	TOTAL	-	34,535,123	31,900,420	29,171,722	3,651,895	165,878

Desember 31,2014							Unrated	TOTAL
Net Claims								
	Long Term Rating							
	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Less Than A-3		
	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Less Than F3		
	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Less ThanP-3		
	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less Than-F3(idn)		
	[idr]B+ s.d [idr]B	[idr]B+ s.d [idr]B	[idr]A1+ s.d [idr]A1	[idr]A2+ s.d A2	[idr]A3+ s.d [idr] A3	Less Than [idr] A3		
	id B+ s.d id B-	id B+ s.d id B-	idA1	idA2	idA3 s.d id A4	Less Than idA4		
	-	-	-	-	-	-	194,876,606	195,010,616
	-	-	-	-	-	-	28,992,432	76,976,059
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	43,421,735	43,447,056
	-	-	-	-	-	-	14,342,162	14,342,162
	-	-	-	-	-	-	184,252	184,252
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	100,118,067	100,118,067
	-	-	-	-	-	-	294,543,124	345,825,204
	-	-	-	-	-	-	2,027,255	2,027,255
	-	-	-	-	-	-	35,249,402	35,249,402
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	713,755,035	813,180,073

Table 3.1.b Disclosure of Net Claims by Portfolio Category and Rating - Consolidated (in Million Rupiahs)

Desember 31,2015							
No.	Portfolio Category	Rating Agency	Net Claims				
			Long Term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		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)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr] A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BBPT
		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-
1	Claims against Government	-	19,369,968	39,793,230	747,960	-	14,757,721
2	Claims against Public Sector Entities	-	18,430,799	14,009,882	18,572,424	4,381,357	5,201,889
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	-	-	-	-	-	-
5	Collateralized Housing Loans	-	1,347,186	579,368	25,321	-	-
6	Collateralized Commercial Property	-	-	-	-	-	-
7	Loans	-	-	-	-	-	-
8	Loans to Employees/Pensioners	-	-	-	-	-	-
9	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
10	Claims against Corporations	-	7,735,297	21,313,040	29,045,641	4,422,577	-
11	Mature Claims	-	-	-	-	-	-
12	Other Assets	-	-	-	-	-	-
13	Exposure at Sharia Unit	-	350,000	-	315,919	58,405	-
	TOTAL	-	47,233,250	75,695,520	48,707,265	8,862,339	19,959,610



Desember 31,2015

Net Claims							Unrated	TOTAL
	Long Term Rating							
	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Less Than A-3		
	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Less Than F3		
	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Less ThanP-3		
	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1 (idn)	F2(idn)	F3(idn)	Less Than-F3(idn)		
	[Idr]B+ s.d [Idr]B	[Idr]B+ s.d [Idr]B	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less Than [Idr] A3		
	id B+ s.d id B-	id B+ s.d id B-	idA1	idA2	idA3 s.d id A4	Less Than idA4		
	-	-	-	-	-	-	113,504,445	188,173,324
	-	-	-	-	-	-	31,318,445	91,914,796
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	33,615,884	35,567,759
	-	-	-	-	-	-	11,423,922	11,423,922
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	187,959	187,959
							123,223,272	123,223,272
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	317,964,858	380,481,413
	-	-	-	-	-	-	3,313,942	3,313,942
	-	-	-	-	-	-	44,381,522	44,381,522
	-	-	-	-	-	-	70,186,052	70,910,376
	-	-	-	-	-	-	749,120,302	949,578,285

Table 3.1.b Disclosure of Net Claims by Portfolio Category and Rating - Consolidated
(In Million Rupiahs)

Desember 31,2014							
No.	Portfolio Category	Rating Agency	Net Claims				
			Long Term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		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)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr] A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BBPT
		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-
1	Claims against Government	-	134,010	-	-	-	-
2	Claims against Public Sector Entities	-	21,515,116	10,805,364	15,497,376	-	165,771
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	-	-	-	-	-	-
4	Collateralized Housing Loans	-	-	-	25,321	-	-
5	Collateralized Commercial Property	-	-	-	-	-	-
6	Loans	-	-	-	-	-	-
7	Loans to Employees/Pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
9	Claims against Corporations	-	12,885,997	21,095,056	13,649,025	3,651,895	107
10	Mature Claims	-	-	-	-	-	-
11	Other Assets	-	-	-	-	-	-
12	Exposure at Sharia Unit	-	383,442	-	225,109	158,510	-
	TOTAL	-	34,918,565	31,900,420	29,396,831	3,810,405	165,878

Desember 31,2014							Unrated	TOTAL
Net Claims								
	Long Term Rating							
	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Less Than A-3		
	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Less Than F3		
	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Less ThanP-3		
	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less Than-F3(idn)		
	[Idr]B+ s.d [Idr]B	[Idr]B+ s.d [Idr]B	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less Than [Idr] A3		
	id B+ s.d id B-	id B+ s.d id B-	idA1	idA2	idA3 s.d id A4	Less Than idA4		
	-	-	-	-	-	-	195,682,426	195,816,436
	-	-	-	-	-	-	29,298,312	77,281,939
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	42,521,995	42,547,316
	-	-	-	-	-	-	14,342,162	14,342,162
	-	-	-	-	-	-	184,252	184,252
	-	-	-	-	-	-	-	-
							106,244,382	106,244,382
	-	-	-	-	-	-		
	-	-	-	-	-	-	295,231,196	346,513,276
	-	-	-	-	-	-	2,097,327	2,097,327
	-	-	-	-	-	-	37,505,726	37,505,726
	-	-	-	-	-	-	66,751,741	67,518,801
	-	-	-	-	-	-	789,859,518	890,051,617

Credit Risk Exposure for Derivative and Repo/Reverse Repo Transactions

Under condition of Indonesia's financial markets have not had a lot of derivative instruments, the Bank has exposure to derivatives was not significant, with the largest positions in the fx swap transactions, while exposure to interest rate derivatives derived from interest rate swap transactions. While the position is reverse repo transactions to Bank Indonesia (in the form of fixed rate bonds) and other banks, while the repo transactions is nil. Based on Standard Approach Reporting, the Bank exposure in derivatives transactions, repos and reverse repos are as follows:

Derivative Transactions- Unconsolidated and Consolidated**Table 3.2.a Disclosure of Counterparty Credit Risk: Derivatives Transactions (in Million Rupiahs)**

Desember 31,2015							
No.	Underlying Variable	Notional Amount			Derivative Claim	Derivative Obligations	
		≤ 1 year	> 1 year - ≤ 5 years	> 5 Tahun			
UNCONSOLIDATED							
1	Interest Rate	13,515,855	4,827,561	-	23,949	75,870	
2	Exchange Rate	37,525,573	210,619	-	678,928	227,217	
3	Others	-	-	-	-	-	
	TOTAL	51,041,428	5,038,180	-	702,877	303,087	
CONSOLIDATED							
1	Interest Rate	13,515,855	4,827,561	-	23,949	75,870	
2	Exchange Rate	37,525,573	210,619	-	679,238	227,331	
3	Shares	-	-	-	-	-	
4	Gold	-	-	-	-	-	
5	Other metals besides gold	-	-	-	-	-	
6	Other	-	-	-	-	-	
	TOTAL	51,041,428	5,038,180	-	703,187	303,201	

Table 3.2.a Disclosure of Counterparty Credit Risk: Derivatives Transactions (in Million Rupiahs)

Desember 31,2014							
No.	Underlying Variable	Notional Amount			Derivative Claim	Derivative Obligations	
		≤ 1 year	> 1 year - ≤ 5 years	> 5 Tahun			
UNCONSOLIDATED							
1	Interest Rate	4,500,000	11,881,850	-	9,796	49,059	
2	Exchange Rate	23,549,518	-	-	65,494	110,959	
3	Others	-	-	-	-	-	
	TOTAL	28,049,518	11,881,850	-	75,290	160,018	
CONSOLIDATED							
1	Interest Rate	4,500,000	11,881,850	-	9,796	49,059	
2	Exchange Rate	23,549,518	-	-	65,494	110,978	
3	Shares	-	-	-	-	-	
4	Gold	-	-	-	-	-	
5	Other metals besides gold	-	-	-	-	-	
6	Other	-	-	-	-	-	
	TOTAL	28,049,518	11,881,850	-	75,290	160,038	



	Net Claims before MRK	MRK	Net Claims after MRK
	26,142	-	26,142
	1,064,715	-	1,064,715
	-	-	-
	1,090,856	-	1,090,856
	26,142	-	26,142
	1,065,025	-	1,064,715
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	1,091,167	-	1,090,856

	Net Claims before MRK	MRK	Net Claims after MRK
	69,205	-	69,205
	300,989	-	300,989
	-	-	-
	370,194	-	370,194
	69,205	-	69,205
	300,989	-	300,989
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	370,194	-	370,194

Repo transactions - Unconsolidated and Consolidated**Table 3.2.b.1. Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Unconsolidated (in Million Rupiahs)**

Desember 31,2015					
No.	Portfolio Category	Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
1	Claims against Government	5,342,711	1,874,382	95,818	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	2,988,789	383,722	184,555
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against Corporations	-	-	-	-
7	Exposure at Sharia Unit (If Any)	-	-	-	-
TOTAL		5,342,711	4,863,171	479,540	184,555

Desember 31,2014					
No.	Portfolio Category	Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
1	Claims against Government	5,342,559	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	1,745,545	6,112,589	975,515	306,494
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against Corporations	-	-	-	-
7	Exposure at Sharia Unit (If Any)	-	-	-	-
TOTAL		7,088,104	6,112,589	975,515	306,494

table 3.2.b.2 Disclosure on Counterparty Credit Risk: Repo Transaction-Consolidated (In Million Rupiahs)

Desember 31,2015					
No.	Portfolio Category	Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
1	Claims against Government	5,342,711	1,874,382	95,818	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	2,988,789	383,722	184,555
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against Corporations	-	-	-	-
7	Exposure at Sharia Unit (If Any)	-	-	-	-
TOTAL		5,342,711	4,863,171	479,540	184,555

Desember 31,2014					
No.	Portfolio Category	Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
1	Claims against Government	5,342,559	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	1,745,545	6,112,589	975,515	306,494
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against Corporations	-	-	-	-
7	Exposure at Sharia Unit (If Any)	-	-	-	-
TOTAL		7,088,104	6,112,589	975,515	306,494

Reverse Repo Transactions- Unconsolidated and Consolidated

Table 3.2.c.1 Disclosure on Counterparty Credit Risk: Reverse Repo Transaction-Unconsolidated (In Million Rupiahs)

Desember 31,2015					
No.	Portfolio Category	Net Claims	MRK Amount	Net Claims Before MRK	RWA after MRK
1	Claims against Government	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against Corporations	-	-	-	-
7	Exposure at Sharia Unit (If Any)	-	-	-	-
TOTAL		NIHIL	NIHIL	NIHIL	NIHIL

Desember 31,2014					
No.	Portfolio Category	Net Claims	MRK Amount	Net Claims Before MRK	RWA after MRK
1	Claims against Government	18,528,320	-	18,528,320	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against Corporations	-	-	-	-
7	Exposure at Sharia Unit (If Any)	-	-	-	-
TOTAL		18,528,320	-	18,528,320	-

table 3.2..c.2 Disclosure on Counterparty Credit Risk: Reverse Repo Transaction- Consolidated
(In Million Rupiahs)

Desember 31,2015					
No.	Portfolio Category	Net Claims	MRK Amount	Net Claims Before MRK	RWA after MRK
1	Claims against Government	368,970	-	368,970	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against Corporations	307,930	-	307,930	307,930
7	Exposure at Sharia Unit (If Any)	-	-	-	-
TOTAL		676,900	-	676,900	307,930

Desember 31,2014					
No.	Portfolio Category	Net Claims	MRK Amount	Net Claims Before MRK	RWA after MRK
1	Claims against Government	18,528,320	-	18,528,320	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against Corporations	524,122	-	524,122	524,122
7	Exposure at Sharia Unit (If Any)	1,221,116	-	1,221,116	-
TOTAL		20,273,558	-	20,273,558	524,122

Credit Risk Exposure and Mitigation

The Bank uses a variety of techniques for credit risk mitigation, including through collateral. Based on Standard Approach Reporting, exposures Banks and credit risk mitigation used are as follows:

Net Transactions per Weight Risk After Risk Mitigation Credit- Unconsolidated and Consolidated

table 4.1.a Disclosure of Net Claims on Risk Weighting after Mitigation of Credit Risk Effect-Unconsolidated (In Million Rupiahs)

Desember 31,2015

No.	Portfolio Category	Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%	50%	
BALANCE SHEET EXPOSURE								
1	Claims against Government	184,967,865	-	-	-	-	-	
2	Claims against Public Sector Entities	277,864	26,488,831	-	-	-	41,490,956	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	74,832	16,036,466	-	-	-	7,411,169	
5	Collateralized Housing	-	-	4,151,088	7,272,835	-	-	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	609,856	731,524	-	-	-	-	
9	Claims against Corporations	9,337,526	28,188,025	-	-	-	25,912,728	
10	Mature Claims	2,760	54,113	-	-	-	-	
11	Other Assets	23,118,927	-	-	-	-	-	
12	Exposure at Sharia Unit	-	-	-	-	-	-	
TOTAL BALANCE SHEET EXPOSURE		218,389,630	71,498,959	4,151,088	7,272,835	-	74,814,853	
COMMITMENT/CONTINGENCY EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS								
1	Claims against Government	2,561,792	-	-	-	-	-	
2	Claims against Public Sector Entities	230	5,951,850	-	-	-	12,143,006	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	8,750	1,860	-	-	-	11,272,191	
5	Collateralized Housing	-	-	-	-	-	-	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	4,862	2,973	-	-	-	-	
9	Claims against Corporations	95,353	807,926	-	-	-	3,006,611	
10	Mature Claims	-	-	-	-	-	-	
11	Other Assets	-	-	-	-	-	-	
12	Exposure at Sharia Unit							
TOTAL TRA EXPOSURE		2,670,986	6,764,609	-	-	-	26,421,808	



Net Claims after Calculating Effect of Credit Risk Mitigation					RWA	Capital Charge ^{*)} (RWA x 9%)	Capital Charge ^{*)} (RWA x 10%)
	75%	100%	150%	Others			
	-	-	-	-	-	-	-
	-	5,201,889	-	-	31,245,133	2,812,061	3,124,513
	-	-	-	-	-	-	-
	-	-	-	-	6,912,878	622,159	691,287
	-	-	-	-	4,362,015	392,581	436,201
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
112,687,926	-	-	-	-	84,662,249	7,619,602	8,466,225
	-	282,440,046	2,787,250	-	301,034,016	27,093,061	30,103,401
	-	381,663	-	-	4,573,362	411,602	457,336
	-	19,516,962	-	-	19,516,962	1,756,526	1,951,696
	-	-	-	-	-	-	-
112,687,926	307,540,560	2,787,250	-	-	452,306,613	40,707,592	45,230,659
	-	-	-	-	-	-	-
	-	-	-	-	7,261,873	653,568	726,187
	-	-	-	-	-	-	-
	-	-	-	-	5,636,467	507,282	563,646
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
728,430	-	-	-	-	546,917	49,222	54,691
	-	29,703,449	-	-	31,368,340	2,823,150	3,136,834
	-	-	2,537	-	3,805	342	380
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
728,430	29,703,449	2,537	-	-	44,817,402	4,033,566	4,481,740

**table 4.1.a Disclosure of Net Claims on Risk Weighting after Mitigation of Credit Risk Effect-Unconsolidated
(In Million Rupiahs)**

Desember 31,2014

No.	Portfolio Category	Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%	50%	
BALANCE SHEET EXPOSURE								
1	Claims against Government	174,219,377	-	-	-	-	-	
2	Claims against Public Sector Entities	122,193	27,958,998	-	-	-	33,648,319	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	90,245	24,845,698	-	-	-	6,814,645	
5	Collateralized Housing	-	-	5,569,157	8,770,312	-	-	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	464,062	1,018,557	-	-	-	-	
9	Claims against Corporations	8,575,923	30,913,935	-	-	-	11,012,629	
10	Mature Claims	255	48,051	-	-	-	-	
11	Other Assets	18,720,126	-	-	-	-	-	
12	Exposure at Sharia Unit	-	-	-	-	-	-	
TOTAL BALANCE SHEET EXPOSURE		202,192,181	84,785,239	5,569,157	8,770,312	-	51,475,593	
COMMITMENT/CONTINGENCY EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS								
1	Claims against Government	2,257,336	-	-	-	-	-	
2	Claims against Public Sector Entities	2,353	4,361,483	-	-	-	10,716,943	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	530	-	-	-	-	10,468,332	
5	Collateralized Housing	-	-	2,694	-	-	-	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	7,994	8,876	-	-	-	-	
9	Claims against Corporations	29,782	3,067,118	-	-	-	2,514,913	
10	Mature Claims	-	857	-	-	-	-	
11	Other Assets	-	-	-	-	-	-	
12	Exposure at Sharia Unit	-	-	-	-	-	-	
TOTAL TRA EXPOSURE		2,297,995	7,438,334	2,694	-	-	23,700,188	



Net Claims after Calculating Effect of Credit Risk Mitigation					RWA	Capital Charge ¹⁾ (RWA x 9%)	Capital Charge ¹⁾ (RWA x 10%)
	75%	100%	150%	Others			
	-	-	-	-	-	-	-
	-	165,276	-	-	22,581,235	2,032,311	2,258,123
	-	-	-	-	-	-	-
	-	-	-	-	8,376,462	753,881	837,646
	-	-	-	-	5,457,330	491,159	545,733
	-	116,544	-	-	116,544	10,488	11,654
	-	-	-	-	-	-	-
97,917,420	-	-	-	-	73,641,776	6,627,759	7,364,177
	-	262,091,158	-	-	273,780,259	24,640,223	27,378,025
	-	298,670	1,654,498	-	2,790,027	251,102	279,002
	-	16,529,143	133	-	16,529,344	1,487,640	1,652,934
	-	-	-	-	-	-	-
97,917,420	279,200,791	1,654,631	-	-	403,272,977	36,294,568	40,327,298
	-	-	-	-	-	-	-
	-	495	-	-	6,231,264	560,813	623,126
	-	-	-	-	-	-	-
	-	-	-	-	5,234,166	471,074	523,416
	-	-	-	-	943	84	94
	-	67,708	-	-	67,708	6,093	6,770
	-	-	-	-	-	-	-
701,158	-	-	-	-	527,644	47,487	52,764
	-	27,508,616	-	-	29,379,496	2,644,154	2,937,949
	-	-	23,533	-	35,471	3,192	3,547
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
701,158	27,576,819	23,533	-	-	41,476,692	3,732,902	4,147,669

Table 4.1.a Disclosure of Net Claims on Risk Weighting after Mitigation of Credit Risk Effect - Bank Unconsolidated
(In Million Rupiahs)**Desember 31,2015**

No.	Portfolio Category	Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%	50%	
COUNTERPARTY CREDIT RISK								
1	Claims against Government	172,778						
2	Claims against Public Sector Entities							
3	Claims against Multilateral and International Entities							
4	Claims against Banks	274,505			733,408			
5	Claims against MSMEs and Retail Portfolio							
6	Claims against Corporations	52,386			4,769			
7	Exposure at Sharia Unit (If Any)							
8	Total Eksposur Counterparty Credit Risk	172,778	326,891		738,177			

Desember 31,2014

No.	Portfolio Category	Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%	50%	
COUNTERPARTY CREDIT RISK								
1	Claims against Government	18,533,903						
2	Claims against Public Sector Entities							
3	Claims against Multilateral and International Entities							
4	Claims against Banks	738,495					489,112	
5	Claims against MSMEs and Retail Portfolio							
6	Claims against Corporations							
7	Exposure at Sharia Unit (If Any)							
8	Total Eksposur Counterparty Credit Risk	18,533,903	738,495				489,112	



Net Claims after Calculating Effect of Credit Risk Mitigation					RWA	Capital Charge ^{*)} (RWA x 9%)	Capital Charge ^{*)} (RWA x 10%)
	75%	100%	150%	Others			
					421,605	37,944	42,161
755					566	50	56
353,741					366,603	32,994	36,660
755	353,741				788,774	70,988	78,877

Net Claims after Calculating Effect of Credit Risk Mitigation					RWA	Capital Charge ^{*)} (RWA x 9%)	Capital Charge ^{*)} (RWA x 10%)
	75%	100%	150%	Others			
					392,255	35,302	39,225
112,520					112,520	10,126	11,252
112,520					504,775	45,430	50,478

Table 4.1.b Disclosure of Net Claims by Risk Weighting after Calculating Effect of Credit Risk Mitigation - consolidated
(In Million Rupiahs)

Desember 31,2015

No.	Portfolio Category	Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%	50%	
BALANCE SHEET EXPOSURE								
1	Claims against Government	185,438,754	-	-				
2	Claims against Public Sector Entities	277,864	26,488,831	-			41,851,126	
3	Claims against Multilateral and International Entities	-	-	-				
4	Claims against Banks	74,832	15,790,733	-			7,411,169	
5	Collateralized Housing	-	-	4,151,088	7,272,835			
6	Collateralized Commercial Property Loans	-	-	-				
7	Loans to Employees/Pensioners	-	-	-			187,959	
8	Claims against MSMEs and Retail Portfolio	625,546	731,524	-				
9	Claims against Corporations	9,337,776	28,216,734	-			25,974,900	
10	Mature Claims	2,760	54,113	-				
11	Other Assets	23,167,739	-	-				
12	Exposure at Sharia Unit	-	-	-				
TOTAL BALANCE SHEET EXPOSURE		218,925,271	71,281,935	4,151,088	7,272,835		75,425,154	
COMMITMENT/CONTINGENCY EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS								
1	Claims against Government	2,561,792	-	-				
2	Claims against Public Sector Entities	230	5,951,850				12,143,006	
3	Claims against Multilateral and International Entities	-	-					
4	Claims against Banks	8,750	1,860				11,272,191	
5	Collateralized Housing	-	-					
6	Collateralized Commercial Property Loans	-	-					
7	Loans to Employees/Pensioners	-	-					
8	Claims against MSMEs and Retail Portfolio	4,862	2,973					
9	Claims against Corporations	95,353	807,926				3,006,611	
10	Mature Claims	-	-					
11	Other Assets	-	-					
12	Exposure at Sharia Unit							
TOTAL TRA EXPOSURE		2,670,987	6,764,609				26,421,808	

Net Claims after Calculating Effect of Credit Risk Mitigation					RWA	Capital Charge ¹⁾ (RWA x 9%)	Capital Charge ¹⁾ (RWA x 10%)
	75%	100%	150%	Others			
		5,201,889			31,410,860	2,826,977	3,141,086
					6,863,731	617,736	686,373
					4,362,015	392,581	436,202
					93,980	8,458	9,398
121,121,194					90,987,200	8,188,848	9,098,720
		282,558,193			301,188,990	27,107,009	30,118,899
		381,663	2,872,870		4,701,791	423,161	470,179
		21,213,124	660		21,275,696	1,914,813	2,127,570
121,121,194	309,416,451	2,873,530			460,884,263	41,479,584	46,088,426
					7,261,873	653,568	726,187
					5,636,467	507,282	563,646
736,419					552,909	49,762	55,291
	29,703,512				31,368,403	2,823,156	3,136,840
			2,537		3,805	342	380
736,419	29,703,512	2,537			44,823,457	4,034,110	4,482,344

Table 4.1.b Disclosure of Net Claims by Risk Weighting after Calculating Effect of Credit Risk Mitigation - consolidated
(In Million Rupiahs)

Desember 31, 2014

No.	Portfolio Category	Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%	50%	
BALANCE SHEET EXPOSURE								
1	Claims against Government	175,025,197	-	-	-	-	-	
2	Claims against Public Sector Entities	122,193	27,958,998	-	-	-	33,954,577	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	90,245	24,846,406	-	-	-	5,914,197	
5	Collateralized Housing	-	-	5,569,157	8,770,312	-	-	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	464,062	1,018,557	-	-	-	-	
9	Claims against Corporations	8,575,923	30,913,935	-	-	-	11,012,629	
10	Mature Claims	255	48,051	-	-	-	-	
11	Other Assets	18,778,136	-	-	-	-	-	
12	Exposure at Sharia Unit	20,628,303	2,585,110	5,765,338	-	-	5,295,336	
TOTAL BALANCE SHEET EXPOSURE		223,684,314	87,371,057	11,334,495	8,770,312	-	56,176,740	
COMMITMENT/CONTINGENCY EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS								
1	Claims against Government	2,257,336	-	-	-	-	-	
2	Claims against Public Sector Entities	2,353	4,361,483	-	-	-	10,716,571	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	530	-	-	-	-	10,468,332	
5	Collateralized Housing	-	-	2,694	-	-	-	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	7,994	8,876	-	-	-	-	
9	Claims against Corporations	29,782	3,067,118	-	-	-	2,514,913	
10	Mature Claims	-	857	-	-	-	-	
11	Other Assets	-	60,077	-	-	-	363,672	
12	Exposure at Sharia Unit							
TOTAL TRA EXPOSURE		2,297,995	7,498,411	2,694	-	-	24,063,489	



Net Claims after Calculating Effect of Credit Risk Mitigation					RWA	Capital Charge ¹⁾ (RWA x 9%)	Capital Charge ¹⁾ (RWA x 10%)
	75%	100%	150%	Others			
-	-	-	-	-	-	-	-
-	165,276	-	-	-	22,734,364	2,046,093	2,273,436
-	-	-	-	-	-	-	-
-	-	-	-	-	8,196,633	737,697	819,663
-	-	-	-	-	5,457,330	491,160	545,733
-	116,544	-	-	-	116,544	10,489	11,654
-	-	-	-	-	-	-	-
104,039,506	-	-	-	-	78,223,246	7,040,092	7,822,325
-	262,255,108	-	-	-	273,943,145	24,654,883	27,394,314
-	298,670	1,724,570	-	-	2,895,135	260,562	289,513
-	18,726,797	793	-	-	18,727,986	1,685,519	1,872,799
-	29,116,563	-	3,584,955	-	37,295,813	3,356,623	3,729,581
104,039,506	310,678,958	1,725,363	3,584,955	447,590,197	40,283,118	44,759,020	
-	-	-	-	-	-	-	-
-	495	-	-	-	6,231,078	560,797	623,108
-	-	-	-	-	-	-	-
-	-	-	-	-	5,234,166	471,075	523,417
-	-	-	-	-	943	85	94
-	67,708	-	-	-	67,708	6,094	6,771
-	-	-	-	-	-	-	-
705,378	-	-	-	-	530,809	47,773	53,081
-	27,508,618	-	-	-	29,379,498	2,644,155	2,937,950
-	-	23,533	-	-	35,471	3,192	3,547
-	-	-	119,447	-	205,796	18,522	20,580
705,378	27,576,821	23,533	119,447	41,685,468	3,751,692	4,168,547	

Table 4.1.b Disclosure of Net Claims by Risk Weighting after Calculating Effect of Credit Risk Mitigation - consolidated
(In Million Rupiahs)

Desember 31,2015								
No.	Portfolio Category	Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%	50%	
COUNTERPARTY CREDIT RISK								
1	Claims against Government	172,778	-	-	-	-	-	
2	Claims against Public Sector Entities	-	-	-	-	-	-	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	-	274,815	-	-	-	733,408	
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-	
6	Claims against Corporations	-	52,386	-	-	-	4,769	
7	Exposure at Sharia Unit (If Any)	-	-	-	-	-	-	
8	Total Eksposur Counterparty Credit Risk	172,778	327,201	-	-	-	738,177	

Desember 31,2014								
No.	Portfolio Category	Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%	50%	
COUNTERPARTY CREDIT RISK								
1	Claims against Government	18,533,903	-	-	-	-	-	
2	Claims against Public Sector Entities	-	-	-	-	-	-	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	-	738,495	-	-	-	489,112	
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-	
6	Claims against Corporations	-	-	-	-	-	-	
7	Exposure at Sharia Unit (If Any)	-	-	-	-	-	-	
8	Total Eksposur Counterparty Credit Risk	18,533,903	738,495	-	-	-	489,112	



Net Claims after Calculating Effect of Credit Risk Mitigation					RWA	Capital Charge ^{*)} (RWA x 9%)	Capital Charge ^{*)} (RWA x 10%)
	75%	100%	150%	Others			
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	755	-	-	-	421,667	37,950	42,167
					566	50	56
	-	661,671	-	-	674,532	60,708	67,453
	-	-	-	-	-	-	-
	755	661,671	-	-	1,096,766	98,708	109,676

Net Claims after Calculating Effect of Credit Risk Mitigation					RWA	Capital Charge ^{*)} (RWA x 9%)	Capital Charge ^{*)} (RWA x 10%)
	75%	100%	150%	Others			
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	392,255	35,303	39,226
	-	-	-	-	-	-	-
	-	636,642	-	-	636,642	57,298	63,664
	-	-	-	-	-	-	-
	-	636,642	-	-	1,028,897	92,601	102,890

Net Transaction and Credit Risk Mitigation Techniques- Unconsolidated and Consolidated

Table 4.2.a Disclosure of net claims and Credit Risk Mitigation Techniques-Unconsolidated (In Million Rupiahs)

Desember 31,2015								
No.	Portfolio Category	Net Claims	Portion secured by				Portion Unsecured	
			Collateral	Guarantee	Credit Insurance	Other		
BALANCE SHEET EXPOSURE								
1	Claims against Government	184,967,865	-	-	-	-	184,967,865	
2	Claims against Public Sector Entities	73,459,539	277,864	-	-	-	73,181,675	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	23,522,467	74,832	-	-	-	23,447,635	
5	Collateralized Housing	11,423,922	-	-	-	-	11,423,922	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	114,029,306	609,856	-	731,524	-	112,687,926	
9	Claims against Corporations	345,878,326	9,337,256	-	-	-	336,541,070	
10	Mature Claims	3,225,787	2,760	-	54,113	-	3,168,914	
11	Other Assets	42,635,888	-	-	-	-	42,635,888	
12	Exposure at Sharia Unit	-	-	-	-	-	-	
TOTAL BALANCE SHEET EXPOSURE		799,143,101	10,302,568	-	785,637	-	788,054,895	
COMMITMENT/CONTINGENCY EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS								
1	Claims against Government	2,561,792	-	-	-	-	2,561,792	
2	Claims against Public Sector Entities	18,095,086	230	-	-	-	18,094,856	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	11,282,801	8,750	-	-	-	11,274,051	
5	Collateralized Housing	-	-	-	-	-	-	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	736,265	4,862	-	2,973	-	728,430	
9	Claims against Corporations	33,613,339	95,353	-	-	-	33,517,986	
10	Mature Claims	2,537	-	-	-	-	2,537	
11	Other Assets	-	-	-	-	-	-	
12	Exposure at Sharia Unit							
TOTAL TRA EXPOSURE		66,291,819	109,195	-	2,973	-	66,179,652	

Desember 31,2014

	Net Claims	Portion secured by				Portion Unsecured
		Collateral	Guarantee	Credit Insurance	Other	
	174,219,377	-	-	-	-	174,219,377
	61,894,786	122,193	-	-	-	61,772,593
	-	-	-	-	-	-
	31,750,588	90,245	-	-	-	31,660,343
	14,339,469	-	-	-	-	14,339,469
	116,544	-	-	-	-	116,544
	-	-	-	-	-	-
	99,400,039	464,091	-	1,018,557	-	97,917,391
	312,593,644	8,590,654	-	-	-	304,002,990
	2,001,474	255	-	48,051	-	1,953,168
	35,249,402	-	-	-	-	35,249,402
	-	-	-	-	-	-
	731,565,323	9,267,438	-	1,066,608	-	721,231,277
	2,257,336	-	-	-	-	2,257,336
	15,081,275	2,353	-	-	-	15,078,921
	-	-	-	-	-	-
	10,468,862	530	-	-	-	10,468,332
	2,694	-	-	-	-	2,694
	67,708	-	-	-	-	67,708
	-	-	-	-	-	-
	718,028	7,966	-	8,876	-	701,187
	33,120,429	15,051	-	-	-	33,105,379
	24,390	-	-	857	-	23,533
	-	-	-	-	-	-
	61,740,722	25,899	-	9,732	-	61,705,090

Table 4.2.a Disclosure of net claims and Credit Risk Mitigation Techniques-Unconsolidated
(In Million Rupiahs)

Desember 31,2015								
No.	Portfolio Category	Net Claims	Portion secured by				Portion Unsecured	
			Collateral	Guarantee	Credit Insurance	Other		
Counterparty Credit Risk								
1	Claims against Government	172,778	-	-	-	-	172,778	
2	Claims against Public Sector Entities	-	-	-	-	-	-	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	1,007,913	-	-	-	-	1,007,913	
5	Claims against MSMEs and Retail Portfolio	755	-	-	-	-	755	
6	Claims against Corporations	410,896	-	-	-	-	410,896	
7	Exposure at Sharia Unit	-	-	-	-	-	-	
	Total Eksposur Counterparty Credit Risk	1,592,342	-	-	-	-	1,592,342	
	Total (A+B+C)	867,027,262	10,411,763	-	788,610	-	855,826,889	

Desember 31, 2014

	Net Claims	Portion secured by				Portion Unsecured
		Collateral	Guarantee	Credit Insurance	Other	
	18,533,903	-	-	-	-	18,533,903
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,227,606	-	-	-	-	1,227,606
	-	-	-	-	-	-
	112,520	-	-	-	-	112,520
	-	-	-	-	-	-
	19,874,029	-	-	-	-	19,874,029
	813,180,074	9,293,338	-	1,076,340	-	802,810,395

Table 4.2.b Disclosure of net claims and Credit Risk Mitigation Techniques-Unconsolidated (In Million Rupiahs)

Desember 31,2015								
No.	Portfolio Category	Net Claims	Portion secured by				Portion Unsecured	
			Collateral	Guarantee	Credit Insurance	Other		
BALANCE SHEET EXPOSURE								
1	Claims against Government	185,438,754	-	-	-	-	185,438,754	
2	Claims against Public Sector Entities	73,819,709	277,864	-	-	-	73,541,845	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	23,276,735	74,832	-	-	-	23,201,903	
5	Collateralized Housing	11,423,922	-	-	-	-	11,423,922	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	187,959	-	-	-	-	187,959	
8	Claims against MSMEs and Retail Portfolio	122,478,264	625,546	-	731,524	-	121,121,194	
9	Claims against Corporations	346,087,603	9,337,776	-	-	-	336,749,827	
10	Mature Claims	3,311,406	2,760	-	54,113	-	3,254,533	
11	Other Assets	44,381,523	-	-	-	-	44,381,523	
12	Exposure at Sharia Unit	70,022,229	-	-	-	-	70,022,229	
TOTAL BALANCE SHEET EXPOSURE		880,489,686	10,318,778	-	785,637	-	869,385,271	
COMMITMENT/CONTINGENCY EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS								
1	Claims against Government	2,561,792	-	-	-	-	2,561,792	
2	Claims against Public Sector Entities	18,095,086	230	-	-	-	18,094,856	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	11,282,801	8,750	-	-	-	11,274,051	
5	Collateralized Housing	-	-	-	-	-	-	
6	Collateralized Commercial Property Loans	-	-	-	-	-	-	
7	Loans to Employees/Pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	744,254	4,862	-	2,973	-	736,419	
9	Claims against Corporations	33,613,402	95,353	-	-	-	33,518,049	
10	Mature Claims	2,537	-	-	-	-	2,537	
11	Other Assets	888,146	-	-	-	-	888,146	
12	Exposure at Sharia Unit							
TOTAL TRA EXPOSURE		67,188,018	109,195	-	2,973	-	67,075,851	

Desember 31, 2014

	Net Claims	Portion secured by				Portion Unsecured
		Collateral	Guarantee	Credit Insurance	Other	
	175,025,197	-	-	-	-	175,025,197
	62,201,044	122,193	-	-	-	62,078,851
	-	-	-	-	-	-
	30,850,662	90,245	-	-	-	30,760,417
	14,339,469	-	-	-	-	14,339,469
	116,544	-	-	-	-	116,544
	-	-	-	-	-	-
	105,522,125	464,091	-	1,018,557	-	104,026,047
	312,757,780	8,590,654	-	-	-	304,167,126
	2,071,546	255	-	48,051	-	2,023,240
	37,505,726	-	-	-	-	37,505,726
	67,518,801	-	-	-	-	67,518,801
	807,908,894	9,267,439	-	1,066,608	-	797,574,847
	2,257,336	-	-	-	-	2,257,336
	15,080,903	2,353	-	-	-	15,078,550
	-	-	-	-	-	-
	10,468,862	530	-	-	-	10,468,332
	2,694	-	-	-	-	2,694
	67,708	-	-	-	-	67,708
	-	-	-	-	-	-
	722,248	7,966	-	8,876	-	705,406
	33,120,431	15,051	-	-	-	33,105,380
	24,390	-	-	857	-	23,533
	543,196	-	-	-	-	543,196
	62,287,768	25,899	-	9,732	-	62,252,135

Table 4.2.b Disclosure of net claims and Credit Risk Mitigation Techniques-Unconsolidated (In Million Rupiahs)

Desember 31,2015								
No.	Portfolio Category	Net Claims	Portion secured by				Portion Unsecured	
			Collateral	Guarantee	Credit Insurance	Other		
	Counterparty Credit Risk	-	-	-	-	-	172,778	
1	Claims against Government	172,778	-	-	-	-	-	
2	Claims against Public Sector Entities	-	-	-	-	-	-	
3	Claims against Multilateral and International Entities	-	-	-	-	-	-	
4	Claims against Banks	1,008,223	-	-	-	-	1,008,223	
5	Claims against MSMEs and Retail Portfolio	755	-	-	-	-	755	
6	Claims against Corporations	718,826	-	-	-	-	718,826	
7	Exposure at Sharia Unit	-	-	-	-	-	-	
	Total Eksposur Counterparty Credit Risk	1,900,582	-	-	-	-	1,900,582	
	Total (A+B+C)	950,182,381	10,427,973	-	788,610	-	938,361,704	

Desember 31,2014

	Net Claims	Portion secured by				Portion Unsecured
		Collateral	Guarantee	Credit Insurance	Other	
	18,533,903	-	-	-	-	18,533,903
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,227,606	-	-	-	-	1,227,606
	-	-	-	-	-	-
	636,642	-	-	-	-	636,642
	-	-	-	-	-	-
	20,398,151	-	-	-	-	20,398,151
	890,594,812	9,293,338	-	1,076,340	-	880,225,132

Securitization Exposure

The Bank has no actions related to the securitization of assets, either as the original creditor, the provider of credit support, liquidity facility providers, service providers, custodian banks, and financiers, as follows:

Securitization Transaction-Unconsolidated and Consolidated

Table 5.1.a Securitization Transaction Disclosure – Unconsolidated

Desember 31,2015							
No.	Securitization Exposure	Value of Securitized Asset	Portion secured by		Profit / Loss from Securitization	RWA	Capital Reduction
			Mature	Outstanding			
1	Bank acts as Originating Creditor(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
2	Bank acts as Provider of Credit Enhancements a. First loss facility(Example of exposure type: Claim secured by residential property) b. Second loss facility(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
3	Bank acts as Provider of Liquidity Facility(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
4	Bank acts as Service Provider(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
5	Bank acts as Custodian Bank(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
6	Bank acts as Investor a. Senior tranche (Example of exposure type: Claim secured by residential property) b. Junior tranche (Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL

Table 5.1.a Securitization Transaction Disclosure – Unconsolidated

Desember 31,2014							
No.	Securitization Exposure	Value of Securitized Asset	Portion secured by		Profit / Loss from Securitization	RWA	Capital Reduction
			Mature	Outstanding			
1	Bank acts as Originating Creditor(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
2	Bank acts as Provider of Credit Enhancements a. First loss facility(Example of exposure type: Claim secured by residential property) b. Second loss facility(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
3	Bank acts as Provider of Liquidity Facility(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
4	Bank acts as Service Provider(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
5	Bank acts as Custodian Bank(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
6	Bank acts as Investor a. Senior tranche (Example of exposure type: Claim secured by residential property) b. Junior tranche (Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL

Table 5.1.b Securitization Transaction Disclosure – Unconsolidated

Desember 31,2015

No.	Securitization Exposure	Value of Securitized Asset	Portion secured by		Profit / Loss from Securitization	RWA	Capital Reduction
			Mature	Outstanding			
1	Bank acts as Originating Creditor(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
2	Bank acts as Provider of Credit Enhancements a. First loss facility(Example of exposure type: Claim secured by residential property) b. Second loss facility(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
3	Bank acts as Provider of Liquidity Facility(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
4	Bank acts as Service Provider(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
5	Bank acts as Custodian Bank(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
6	Bank acts as Investor a. Senior tranche (Example of exposure type: Claim secured by residential property) b. Junior tranche (Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL

Table 5.1.b Securitization Transaction Disclosure – Unconsolidated

Desember 31,2014							
No.	Securitization Exposure	Value of Securitized Asset	Portion secured by		Profit / Loss from Securitization	RWA	Capital Reduction
			Mature	Outstanding			
1	Bank acts as Originating Creditor(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
2	Bank acts as Provider of Credit Enhancements a. First loss facility(Example of exposure type: Claim secured by residential property) b. Second loss facility(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
3	Bank acts as Provider of Liquidity Facility(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
4	Bank acts as Service Provider(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
5	Bank acts as Custodian Bank(Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL
6	Bank acts as Investor a. Senior tranche (Example of exposure type: Claim secured by residential property) b. Junior tranche (Example of exposure type: Claim secured by residential property)	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL	NIHIL

Securitization Transaction Activities -Unconsolidated and Consolidated**Table 5.2.a Securitization Transaction Activity Summary in which the bank acts as the Originator-Unconsolidated
(In Million Rupiahs)**

Desember 31,2015			
No.	Underlying Asset	Value of Securitized Asset	Profit (Loss) on Sale
1	Claims against Government	-	-
2	Claims against Public Sector Entities	-	-
3	Claims against Multilateral and International Entities	-	-
4	Claims against Banks	-	-
5	Collateralized Housing	-	-
6	Collateralized Commercial Property Loans	-	-
7	Loans to Employees/Pensioners	-	-
8	Claims against MSMEs and Retail Portfolio	-	-
9	Claims against Corporations	-	-
10	Mature Claims	-	-
11	Other Assets Exposure at Sharia Unit	-	-
TOTAL		NIHIL	NIHIL

**Table 5.2.a Securitization Transaction Activity Summary in which the bank acts as the Originator-Unconsolidated
(In Million Rupiahs)**

Desember 31,2014			
No.	Underlying Asset	Value of Securitized Asset	Profit (Loss) on Sale
1	Claims against Government	-	-
2	Claims against Public Sector Entities	-	-
3	Claims against Multilateral and International Entities	-	-
4	Claims against Banks	-	-
5	Collateralized Housing	-	-
6	Collateralized Commercial Property Loans	-	-
7	Loans to Employees/Pensioners	-	-
8	Claims against MSMEs and Retail Portfolio	-	-
9	Claims against Corporations	-	-
10	Mature Claims	-	-
11	Other Assets Exposure at Sharia Unit	-	-
TOTAL		NIHIL	NIHIL

**Securitization Transaction Activity Summary in which the bank acts as the Originator-Consolidated
(In Million Rupiahs)**

Desember 31,2015			
No.	Underlying Asset	Value of Securitized Asset	Profit (Loss) on Sale
1	Claims against Government	-	-
2	Claims against Public Sector Entities	-	-
3	Claims against Multilateral and International Entities	-	-
4	Claims against Banks	-	-
5	Collateralized Housing	-	-
6	Collateralized Commercial Property Loans	-	-
7	Loans to Employees/Pensioners	-	-
8	Claims against MSMEs and Retail Portfolio	-	-
9	Claims against Corporations	-	-
10	Mature Claims	-	-
11	Other Assets Exposure at Sharia Unit	-	-
TOTAL		NIHIL	NIHIL

Desember 31,2014			
No.	Underlying Asset	Value of Securitized Asset	Profit (Loss) on Sale
1	Claims against Government	-	-
2	Claims against Public Sector Entities	-	-
3	Claims against Multilateral and International Entities	-	-
4	Claims against Banks	-	-
5	Collateralized Housing	-	-
6	Collateralized Commercial Property Loans	-	-
7	Loans to Employees/Pensioners	-	-
8	Claims against MSMEs and Retail Portfolio	-	-
9	Claims against Corporations	-	-
10	Mature Claims	-	-
11	Other Assets Exposure at Sharia Unit	-	-
TOTAL		NIHIL	NIHIL

Market Risk

Market Risk Management

Policy

Market risk management is conducted by applying the principle of segregation of duties which separates the functions and responsibilities independently on trading transactions Treasury Group consisting of front office units (Treasury), middle office unit (Risk Management) and back office units (Treasury Operations).

Middle office is responsible for monitoring, conduct an assessment and report the risks arising from all trading activities undertaken by the Treasury. Bank's risk appetite of market risk is reflected in some kind of limit that is used to monitor the activity

of Treasury trading operations, including Treasury and limit market risk limit. In the limits of Treasury Bank considers the business plan and the expected revenue targets. Market risk limits have been done in an integrated manner by considering trading activity by overseas branch. In order to support the business of the subsidiaries, the Bank provides assistance and provides templates to facilitate the measurement of market risk monitoring subsidiary on trading positions.

Methodology

In order to ensure the bank's ability to anticipate unexpected loss, the bank regularly conducts calculation Capital Adequacy Ratio (CAR).

Calculation of CAR with the internal method performed by calculating Value at Risk (VaR), which is a value that describes the maximum potential losses to the Bank as a result of market movements affecting the Bank's risk exposure in normal market conditions. The methodology used by the Bank to obtain the VaR is the Historical Simulation method.

To ensure the accuracy of the methods used in the calculation of VaR, it is examined by using backtesting. Backtesting process will illustrate the extent to which the estimate of losses obtained from the calculation of VaR can predict profit/loss Treasury activity. Implementation of backtesting is done by two methods, namely the method of calculation Unconditional Test Coverage in accordance with the rules of Basel Zone.

Processes, Systems and Reporting

The entire exposure in trading activity was evaluated on a daily basis using market prices from independent sources. Sources of market prices are used, among others: (i) price on Reuters, Bloomberg or similar resources; (ii) The price listed (exchange prices) or secondary market; (iii) prices on the dealer screen (screen prices); or (iv) Quotation most conservative given by a minimum of two (2) broker and/or market maker who has a good reputation and one of them is independent. As for instruments that do not have a market price, the Bank uses the mark to a model based

on the methodology accordingly. The accuracy and effectiveness of the methods of the mark to the model is to be reviewed periodically.

Submission of CAR using Standard Method to Bank Indonesia reported on a monthly basis for the bank's position only, whereas for the consolidated position of the subsidiaries are reported on a quarterly basis. For internal management purposes, the Bank also performs calculations with internal method.

Market Risk in the Banking Book

Banking book market risks emerge due to changes in interest rates and exchange rates on the banking book activities. Banking book market risk is managed by optimizing the balance sheet structure of the Bank to obtain maximum yield the appropriate level of acceptable risk Bank. Banking book market risk control is done by setting a limit - a limit which refers to the provision of internal regulator and monitored weekly and monthly by the Market Risk Management Unit.

Banking book interest rate risk arising from movements in market interest rates as opposed to positions or transactions of the Bank, which may affect the Bank's profitability (earnings perspective) as well as the economic value of the Bank's capital (economic value

perspective). Sources of interest rate risk 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). Bank uses 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, 2015, the impact of changes in interest rates by 100 bps would result in NII Bank fell by 2.92% for the 12 months ahead of the target set and Equity Bank fell by 1.76%.

INTEREST RATE SENSITIVITY ANALYSIS

Description	Dec' 2015	Dec' 2014
NII Sensitivity, NII 12 mo (100bps : % terhadap target NII)	2.92%	3.03%
EVE Sensitivity (100bps: % terhadap Equity)	1.76%	1.75%
Earning at Risk (% terhadap Equity)	0.22%	0.22%
Capital at Risk (% Equity)	0.92%	1.23%

Foreign exchange risk arises from exchange rate movements in the opposite market when the Bank has open positions. Foreign exchange risk derived from foreign exchange transactions with customers and counterparties that led to the open position in foreign currency or structural positions in foreign currency

due to capital investment. The Bank manages foreign exchange risk by monitoring and management of net open position (NOP) in accordance with internal and regulatory limits. As of December 31, 2015, PDN overall (absolute) amounted to 1.42% of the capital.

Pricing Management

The Bank applies the product pricing policy funds and credit products as a strategy to maximize the Net Interest Margin (NIM) and also supports the Bank's market share over by considering the conditions of competition.

Bank Mandiri consistently seeks to apply the strategy as market leader in terms of pricing of funding. However, taking into account the liquidity and funding needs, the Bank may implement an aggressive strategy (greater than major competitors) or defensive (equal to or smaller than the main competitors).

Bank to implement risk-based pricing is the provision of credit to customers interest rate varies based on

the level of credit risk. In order to minimize interest rate risk, the loan interest rate adjusted for the interest rate source of funding. In addition to the cost of funds, loan interest rates are set by considering the overhead costs, credit risk premium and a profit margin Bank while maintaining competitiveness with major competitors. Interest rates on loans can be either a floating interest rate (floating rate) or a fixed interest rate (fixed rate).

The Bank publishes Lending Rate (prime lending rate) Rupiah through announcements in each office of the bank, the bank's website and quarterly through the newspapers according to Bank Indonesia Circular Letter No.13/5/DPNP dated February 8, 2011.

Market Risk in 2015

The calculation of market risk by using standard methods of approach is as follows:

Table 7.1. Market Risk Disclosure Using Standard Methods (in IDR million)

Desember 31,2015					
	Underlying Asset	Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA
1	Interest Rate Risks				
	a. Specific Risks	470	5.881	3.044	38.048
	b. General Risks	43.959	549.484	48.438	605.477
2	Exchange Rate Risks	20.005	250.061	19.000	237.505
3	Equity Risks	-	-	41	513
4	Commodity Risks	-	-	-	-
5	Option Risks	-	-	-	-
	TOTAL	64.434	805.426	70.523	881.544

Desember 31,2014					
	Underlying Asset	Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA
1	Interest Rate Risks				
	a. Specific Risks	-	-	6,745	84,317
	b. General Risks	38,801	485,008	44,543	556,785
2	Exchange Rate Risks	110,259	1,378,235	116,191	1,452,391
3	Equity Risks	-	-	28,257	353,212
4	Commodity Risks	-	-	-	-
5	Option Risks	-	-	-	-
	TOTAL	149,059	1,863,243	195,736	2,446,704

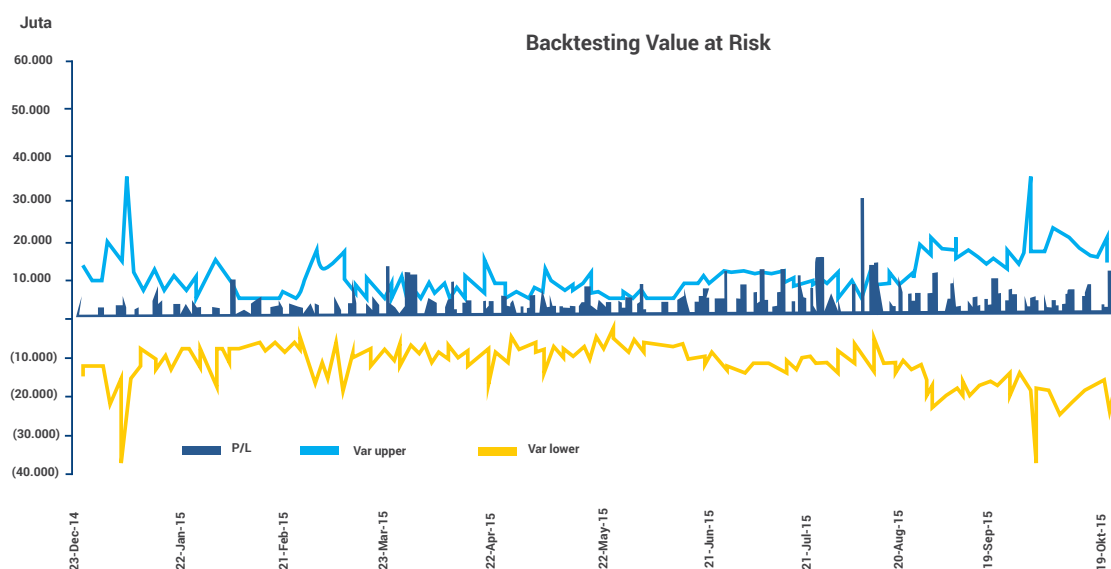
Value at Risk Realization in 2015 is as follows:

Table 7.2 Market Risk Disclosures using internal models (Value at Risk/VaR) -Unconsolidated (In Million Rupiahs)

No.	Risk Type	31 Desember 2015			
		Average VaR	Maximum VaR	Minimum VaR	VaR at End Period
1	Interest Rate Risks	7,036	20,005	463	12,828
2	Exchange Rate Risks	6,301	41,313	449	4,464
3	Option Risks	-	-	-	-
	TOTAL	9,930	35,259	1,582	13,184

No.	Risk Type	31 Desember 2014			
		Average VaR	Maximum VaR	Minimum VaR	VaR at End Period
1	Interest Rate Risks	5,405	13,604	163	516
2	Exchange Rate Risks	6,541	20,572	1,780	13,701
3	Option Risks	-	-	-	-
TOTAL		10,433	26,460	2,569	16,570

The results of backtesting period of December 2015 show that VaR calculations that have been done are accurate, where the number of irregularities P/L of the daily VaR is still acceptable.



Turbulent market conditions are often not sufficiently predictable using the VaR method. To capture the possibility of extreme market conditions, the Bank conducts stress testing process with the aim of evaluating the resistance to the movement of capital is a very significant market factors and prepare a strategy is needed if a crisis occurs. Implementation of stress testing is done by combining the stressed scenario: (I) Based on the scenario of Bank Indonesia,

with the largest potential loss suffered by the Bank in the amount Rp87,47 billion (if the interest rate increased 400 basis points and the rupiah exchange rate appreciated by 20%); (Ii) Based on the Bank's historical scenario, with the biggest potential loss suffered by the Bank in the amount Rp94,55 billion (when interest rates rise 31-575 basis points and Rupiah exchange rate appreciation by 30%).

Liquidity Risk

Liquidity Risk Management

Policy

The Bank's liquidity is affected by the funding structure, liquidity of assets, liabilities to the counterparty, and credit commitments to borrowers. The Bank's liquidity risk is measured through several indicators such as primary reserve ratio (Statutory and Cash), secondary reserve (liquidity reserves), and Loan to Funding Ratio (LFR). Liquidity risk control is done by setting a limit

- a limit which refers to the provision and internal regulator.

Bank has liquidity reserves in the form of restrictions limit the level of safety, which is a projected liquidity reserve bank for the next three months.

Methodology

Bank liquidity conditions in the foreseeable future projected through liquidity gap methodology, which is a maturity mismatch between the components of assets and liabilities (including off-balance sheet) are arranged into a period of time (time bucket) based on contractual maturity or behavioral maturity. 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 on a regular basis. The Bank 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 has to consider internal and external conditions.

Processes, Systems and Reporting

To raise awareness of the economic conditions that are less stable, either because the conditions of crisis Global as well as a variety of issues in the country, the Bank also monitors indicators - external indicators such as: the exchange rate of USD/IDR, Credit Default

Swap (CDS) 5 years Indonesia, spreads between ROI UST 5 years than 5 years, the Composite Stock Price Index (CSPI), interest rate Rupiah and USD interbank, Non Delivery Forward (NDF) USD/IDR 1M as well as the latest market information.

Liquidity Risk in 2015

As of December 31, 2015, the position of Rupiah Primary Statutory Reserve (GWM) amounted to 7.50% of total deposits amount, while the secondary reserve is the amount of 4.00% of total third party funds in Rupiah. As for foreign exchange, the Bank maintains GWM amounted to 8.10% of the total foreign currency deposits. Realization of GWM in Rupiah and Foreign Exchange is in accordance with the regulations and internal limits.

For liquidity reserves per December 31, 2015 is above the safety level, while LFR Bank amounted to 86.63%. Bank liquidity projection of up to 12 months in a surplus position by 86.63%. Bank liquidity projection of up to 12 months in a surplus position is optimal.

Table 9.1.a. Disclosure of Rupiah Maturities Profile - Bank Unconsolidated

Items	Balance		
		≤ 1 month	
BALANCE SHEET			
A. Assets			
1. Cash	20,220,503	20,220,503	
2. Placements with Bank Indonesia	44,590,657	44,590,657	
3. Placements with other banks	1,530,981	1,430,981	
4. Securities	80,083,749	727,792	
5. Loans	448,241,168	37,272,335	
6. Other receivables	650,743	650,743	
7. Other assets	4,273,443	4,167,498	
Total Assets	599,591,244	109,060,509	
B. Liabilities			
1. Third party funds	493,387,101	432,960,582	
2. Funds from Bank Indonesia	-	-	
3. Funds from other banks	8,686,209	8,686,209	
4. Securities issued	3,496,600	-	
5. Loans received	959,509	32,260	
6. Other liabilities	29,446,397	24,111,784	
7. Miscellaneous	6,360,869	4,779,940	
Total Liabilities	542,336,685	470,570,775	
Difference between Assets and Liabilities in the Balance Sheet	57,254,559	(361,510,266)	
ADMINISTRATIVE ACCOUNT			
A. Administrative Account Claims			
1. Commitments	3,603,899	3,603,899	
2. Contingencies	30,151,977	-	
Total Administrative Account Claims	33,755,876	3,603,899	
B. Administrative Account Liabilities			
1. Commitments	93,803,717	78,087	
2. Contingencies	37,332,099	-	
Total Administrative Account Liabilities	131,135,816	78,087	
Difference between Administrative Account Claims and Liabilities	(97,379,940)	3,525,812	
Difference [(IA-IB)+(IIA-IIB)]	(40,125,381)	(357,984,454)	
Cumulative Difference	(40,125,381)	(357,984,454)	



Desember 31, 2015

Maturity

> 1 month to 3 months	> 3 months to 6 months	> 6 months to 12 months	> 12 months
-	-	-	-
-	-	-	-
100,000	-	-	-
9,607,603	802,022	6,253,450	62,692,882
29,780,932	49,687,037	73,681,661	257,819,203
-	-	-	-
-	-	105,945	-
39,488,535	50,489,059	80,041,056	320,512,085
48,865,272	7,162,093	2,935,406	1,463,748
-	-	-	-
-	-	-	-
-	564	3,496,036	-
-	-	-	927,249
17	5,334,596	-	-
833,173	747,756	-	-
49,698,462	13,245,009	6,431,442	2,390,997
(10,209,927)	37,244,050	73,609,614	318,121,088
-	-	-	-
-	-	-	-
2,755,143	27,396,834	-	-
2,755,143	27,396,834	-	-
89,327,792	4,397,838	-	-
-	37,332,099	-	-
89,327,792	41,729,937	-	-
(86,572,649)	(14,333,103)	-	-
(96,782,576)	22,910,947	73,609,614	318,121,088
(454,767,030)	(431,856,083)	(358,246,469)	(40,125,381)

Table 9.1.a. Disclosure of Rupiah Maturities Profile - Bank Unconsolidated

Items	Balance		
		≤ 1 month	
BALANCE SHEET			
A. Assets			
1. Cash	16,638,950	16,638,950	
2. Placements with Bank Indonesia	56,318,475	56,318,475	
3. Placements with other banks	7,077,946	6,097,946	
4. Securities	76,348,362	2,107,157	
5. Loans	399,884,930	27,038,280	
6. Other receivables	18,530,569	18,306,329	
7. Other assets	2,143,347	2,012,956	
Total Assets	576,942,579	128,520,093	
B. Liabilities			
1. Third party funds	474,097,654	407,383,573	
2. Funds from Bank Indonesia	-	-	
3. Funds from other banks	14,093,579	14,093,573	
4. Securities issued	3,493,097	-	
5. Loans received	985,138	53,267	
6. Other liabilities	32,020,107	25,436,023	
7. Miscellaneous	8,626,982	5,442,467	
Total Liabilities	533,316,557	452,408,903	
Difference between Assets and Liabilities in the Balance Sheet	43,626,022	(323,888,810)	
ADMINISTRATIVE ACCOUNT			
A. Administrative Account Claims	-	-	
1. Commitments	1,887,175	1,887,175	
2. Contingencies	26,647,792	-	
Total Administrative Account Claims	28,534,967	1,887,175	
B. Administrative Account Liabilities			
1. Commitments	86,132,347	155,863	
2. Contingencies	27,108,788	-	
Total Administrative Account Liabilities	113,241,135	155,863	
Difference between Administrative Account Claims and Liabilities	(84,706,168)	1,731,312	
Difference [(IA-IB)+(IIA-IIB)]	(41,080,146)	(322,157,498)	
Cumulative Difference	(41,080,146)	(322,157,498)	

Desember 31, 2015				
Maturity				
> 1 month to 3 months	> 3 months to 6 months	> 6 months to 12 months	> 12 months	
-	-	-	-	-
-	-	-	-	-
980,000	-	-	-	-
115,179	2,276,641	4,250,640	67,598,745	
26,712,016	44,505,541	68,764,662	232,864,433	
224,240	-	-	-	
-	-	130,391	-	
28,031,435	46,782,182	73,145,693	300,463,178	
47,926,126	12,865,694	4,890,911	1,031,351	
-	-	-	-	-
-	-	-	-	-
-	564	-	3,492,533	
-	-	-	931,871	
20	6,584,064	-	-	
2,671,854	512,661	-	-	
50,598,000	19,962,983	4,890,911	5,455,755	
(22,566,565)	26,819,199	68,254,782	295,007,423	
-	-	-	-	-
-	-	-	-	-
2,575,996	24,071,796	-	-	
2,575,996	24,071,796	-	-	
82,159,486	3,816,998	-	-	
-	27,108,788	-	-	
82,159,486	30,925,786	-	-	
(79,583,490)	(6,853,990)	-	-	
(102,150,055)	19,965,209	68,254,782	295,007,423	
(424,307,553)	(404,342,344)	(336,087,562)	(41,080,139)	

Note:
Calculation of Maturities Profile
based on LBBU

Table 9.1.b. Disclosure of Rupiah Maturities Profile - consolidated

Items	Balance		
		≤ 1 month	
BALANCE SHEET			
A. Assets			
1. Cash	22,185,877	22,185,877	
2. Placements with Bank Indonesia	50,466,688	50,466,688	
3. Placements with other banks	6,122,707	3,773,017	
4. Securities	109,362,559	18,319,056	
5. Loans	494,522,152	39,643,284	
6. Other receivables	994,844	827,030	
7. Other assets	5,720,432	5,614,468	
Total Assets	689,375,259	140,829,420	
B. Liabilities			
1. Third party funds	501,073,499	435,687,961	
2. Funds from Bank Indonesia	-	-	
3. Funds from other banks	8,632,292	8,663,952	
4. Securities issued	5,817,010	-	
5. Loans received	5,221,844	52,260	
6. Other liabilities	30,618,279	25,187,280	
7. Miscellaneous	6,345,869	4,779,940	
Total Liabilities	557,708,793	474,371,393	
Difference between Assets and Liabilities in the Balance Sheet	131,666,466	(333,541,973)	
ADMINISTRATIVE ACCOUNT			
A. Administrative Account Claims			
1. Commitments	3,603,899	3,603,899	
2. Contingencies	31,631,365	1,479,388	
Total Administrative Account Claims	35,235,264	5,083,287	
B. Administrative Account Liabilities			
1. Commitments	94,320,975	595,345	
2. Contingencies	37,491,514	159,415	
Total Administrative Account Liabilities	131,812,489	754,760	
Difference between Administrative Account Claims and Liabilities	(96,577,225)	4,328,527	
Difference [(IA-IB)+(IIA-IIB)]	35,089,241	(329,213,446)	
Cumulative Difference	35,089,241	(329,213,446)	

Desember 31, 2015			
Maturity			
> 1 month to 3 months	> 3 months to 6 months	> 6 months to 12 months	> 12 months
-	-	-	-
-	-	-	-
1,581,832	725,358	42,500	-
10,627,336	4,317,433	6,755,022	69,343,712
33,210,346	27,661,398	100,578,187	293,428,937
105,895	61,472	447	-
19	-	105,945	-
45,525,428	32,765,661	107,482,101	362,772,649
52,252,922	8,485,894	3,132,816	1,513,906
-	-	-	-
-	1,870	-	600
-	412,485	3,496,036	1,908,489
-	27,302	426,100	4,716,182
96,403	5,334,596	-	-
833,173	747,756	-	-
53,182,498	15,009,903	7,054,952	8,139,177
(7,657,070)	17,755,758	100,427,149	354,633,472
-	-	-	-
2,755,143	27,396,834	-	-
2,755,143	27,396,834	-	-
89,327,792	4,397,838	-	-
-	37,332,099	-	-
89,327,792	41,729,937	-	-
(86,572,649)	(14,333,103)	-	-
(94,229,719)	3,422,655	100,427,149	354,633,472
(423,443,165)	(420,020,510)	(319,593,361)	35,040,111

Table 9.1.b. Disclosure of Rupiah Maturities Profile - consolidated

Items	Balance		
		≤ 1 month	
BALANCE SHEET			
A. Assets			
1. Cash	18,604,281	18,604,281	
2. Placements with Bank Indonesia	65,590,796	65,590,796	
3. Placements with other banks	10,918,476	10,678,203	
4. Securities	101,598,923	19,957,660	
5. Loans	451,307,461	30,260,580	
6. Other receivables	18,783,969	18,401,505	
7. Other assets	4,106,885	3,911,777	
Total Assets	670,910,791	167,404,802	
B. Liabilities			
1. Third party funds	480,129,272	413,459,335	
2. Funds from Bank Indonesia	-	-	
3. Funds from other banks	14,014,381	13,859,563	
4. Securities issued	5,417,466	-	
5. Loans received	4,408,999	493,267	
6. Other liabilities	34,219,777	27,569,137	
7. Miscellaneous	8,611,982	5,442,467	
Total Liabilities	546,801,877	460,823,769	
Difference between Assets and Liabilities in the Balance Sheet	124,108,914	(293,418,967)	
ADMINISTRATIVE ACCOUNT			
A. Administrative Account Claims			
1. Commitments	1,887,175	1,887,175	
2. Contingencies	27,547,432	899,640	
Total Administrative Account Claims	29,434,607	2,786,815	
B. Administrative Account Liabilities			
1. Commitments	86,618,582	640,068	
2. Contingencies	27,213,566	12,278	
Total Administrative Account Liabilities	113,832,148	652,346	
Difference between Administrative Account Claims and Liabilities	(84,397,541)	2,134,469	
Difference [(IA-IB)+(IIA-IIB)]	39,711,373	(291,284,498)	
Cumulative Difference	39,711,373	(291,284,498)	

Desember 31, 2015			
Maturity			
> 1 month to 3 months	> 3 months to 6 months	> 6 months to 12 months	> 12 months
-	-	-	-
-	-	-	-
-	-	-	240,273
982,420	2,820,716	6,172,728	71,665,399
30,628,420	48,535,768	74,572,713	267,309,982
270,827	33,150	78,487	-
64,629	88	130,391	-
31,946,296	51,389,722	80,954,319	339,215,654
47,925,938	12,818,320	4,893,247	1,032,433
-	-	-	-
154,812	-	-	-
199,966	150,448	-	5,067,052
118,461	-	308,217	3,489,054
66,576	6,584,064	-	-
2,671,854	512,661	-	-
51,137,607	20,065,493	5,201,464	9,588,539
(19,191,311)	31,324,229	75,752,855	329,627,115
-	-	-	-
2,575,996	24,071,796	-	-
2,575,996	24,071,796	-	-
82,161,516	3,816,998	-	-
15,804	27,115,934	32,402	37,148
82,177,320	30,932,932	32,402	37,148
(79,601,324)	(6,861,136)	(32,402)	(37,148)
(98,792,635)	24,463,093	75,720,453	329,589,967
(390,077,133)	(365,614,040)	(289,893,587)	39,696,380

Note:

Calculation of Maturities Profile
based on LBBU and Consolidated
Financial Statement

*) Include Accrued Income, Sales
of Accrued Marketable Securities,
customer transaction receivables,
receivable from policyholder,
transaction of ATM and credit
card.

Table 9.2.a. Disclosure of Valas Maturities Profile - Bank Unconsolidated

Items	Balance		
		≤ 1 month	
BALANCE SHEET			
A. Assets			
1. Cash	2,897,745	2,897,745	
2. Placements with Bank Indonesia	32,636,939	31,947,689	
3. Placements with other banks	14,630,269	12,865,582	
4. Securities	32,008,232	1,287,822	
5. Loans	87,788,642	13,013,509	
6. Other receivables	457,938	457,938	
7. Other assets	392,431	168,398	
Total Assets	170,812,196	62,638,682	
B. Liabilities			
1. Third party funds	119,773,840	114,582,354	
2. Funds from Bank Indonesia	-	-	
3. Funds from other banks	3,754,359	3,650,971	
4. Securities issued	-	-	
5. Loans received	29,231,244	13,531,838	
6. Other liabilities	24,318,877	24,318,877	
7. Miscellaneous	5,559,408	904,916	
Total Liabilities	182,637,727	156,988,956	
Difference between Assets and Liabilities in the Balance Sheet	(11,825,531)	(94,350,275)	
ADMINISTRATIVE ACCOUNT			
A. Administrative Account Claims			
1. Commitments	6,831,543	2,696,043	
2. Contingencies	47,991,085	-	
Total Administrative Account Claims	54,822,628	2,696,043	
B. Administrative Account Liabilities			
1. Commitments	35,095,521	384,477	
2. Contingencies	37,231,769	-	
Total Administrative Account Liabilities	72,327,290	384,477	
Difference between Administrative Account Claims and Liabilities	(17,504,662)	2,311,565	
Difference [(IA-IB)+(IIA-IIB)]	(29,330,193)	(92,038,709)	
Cumulative Difference	(29,330,193)	(92,038,709)	



Desember 31, 2015

Maturity

> 1 month to
3 months> 3 months to
6 months> 6 months to
12 months

> 12 months

-

-

-

-

689,250

-

-

-

791,259

677,257

144,577

151,594

490,195

575,041

839,879

28,815,296

5,987,625

3,943,999

10,507,547

54,335,962

-

-

-

-

155,509

-

68,525

-

8,113,837

5,196,297

11,560,528

83,302,851

2,364,513

1,102,235

1,704,667

20,071

-

-

-

-

103,388

-

-

-

-

-

-

-

1,131,749

1,195,297

6,891,190

6,481,169

-

-

-

-

3,413,125

1,241,367

-

-

7,012,774

3,538,899

8,595,857

6,501,240

1,101,063

1,657,398

2,964,671

76,801,611

4,135,500

-

-

-

22,176,853

25,814,232

-

-

26,312,353

25,814,232

-

-

15,493,609

19,217,434

-

-

-

37,231,769

-

-

15,493,609

56,449,203

-

-

10,818,744

(30,634,971)

-

-

11,919,807

(28,977,573)

2,964,671

76,801,611

(80,118,902)

(109,096,475)

(106,131,804)

(29,330,193)

Table 9.2.a. Disclosure of Valas Maturities Profile - Bank Unconsolidated

Items	Balance		
		≤ 1 month	
BALANCE SHEET			
A. Assets			
1. Cash	2,080,494	2,080,494	
2. Placements with Bank Indonesia	26,867,486	26,867,486	
3. Placements with other banks	17,149,596	15,586,931	
4. Securities	17,469,587	437,252	
5. Loans	75,381,885	8,158,495	
6. Other receivables	978,613	978,613	
7. Other assets	447,396	135,566	
Total Assets	140,375,058	54,244,839	
B. Liabilities			
1. Third party funds	102,228,168	96,060,958	
2. Funds from Bank Indonesia	-	-	
3. Funds from other banks	3,596,666	3,441,853	
4. Securities issued	-	-	
5. Loans received	20,651,356	1,816,471	
6. Other liabilities	25,920,108	25,920,108	
7. Miscellaneous	9,411,287	1,156,487	
Total Liabilities	161,807,585	128,395,877	
Difference between Assets and Liabilities in the Balance Sheet	(21,432,527)	(74,151,039)	
ADMINISTRATIVE ACCOUNT			
A. Administrative Account Claims			
1. Commitments	3,773,239	2,534,739	
2. Contingencies	44,878,905	-	
Total Administrative Account Claims	48,652,144	2,534,739	
B. Administrative Account Liabilities			
1. Commitments	33,655,333	18,776	
2. Contingencies	34,338,267	-	
Total Administrative Account Liabilities	67,993,600	18,776	
Difference between Administrative Account Claims and Liabilities	(19,341,456)	2,515,963	
Difference [(IA-IB)+(IIA-IIB)]	(40,773,984)	(71,635,075)	
Cumulative Difference	(40,773,984)	(71,635,075)	

Desember 31, 2015			
Maturity			
> 1 month to 3 months	> 3 months to 6 months	> 6 months to 12 months	> 12 months
-	-	-	-
-	-	-	-
1,362,895	199,770	-	-
408,061	731,111	97,297	15,795,866
13,302,320	4,316,693	7,568,449	42,035,929
-	-	-	-
249,644	-	62,185	-
15,322,920	5,247,574	7,727,930	57,831,795
2,731,710	2,779,083	596,585	59,832
-	-	-	-
154,813	-	-	-
-	-	-	-
175,793	2,198,338	139,827	16,320,928
-	-	-	-
6,576,138	1,678,663	-	-
9,638,453	6,656,083	736,412	16,380,760
5,684,467	(1,408,509)	6,991,518	41,451,034
1,238,500	-	-	-
21,076,260	23,802,645	-	-
22,314,760	23,802,645	-	-
10,456,073	23,180,484	-	-
-	34,338,267	-	-
10,456,073	57,518,751	-	-
11,858,687	(33,716,107)	-	-
17,543,154	(35,124,615)	6,991,518	41,451,034
(54,091,921)	(89,216,536)	(82,225,018)	(40,773,984)

Note:
Calculation of
Maturities Profile
based on LBBU

Table 9.2.b. Disclosure of Valas Maturities Profile - Consolidated

Items	Balance		
		≤ 1 month	
BALANCE SHEET			
A. Assets			
1. Cash	2,923,249	2,923,249	
2. Placements with Bank Indonesia	32,985,700	32,296,450	
3. Placements with other banks	14,282,472	13,524,070	
4. Securities	32,685,656	1,288,029	
5. Loans	92,153,283	13,043,758	
6. Other receivables	475,841	467,697	
7. Other assets	427,567	203,534	
Total Assets	175,933,768	63,746,786	
B. Liabilities			
1. Third party funds	121,258,844	115,184,402	
2. Funds from Bank Indonesia	-	-	
3. Funds from other banks	4,001,462	3,525,878	
4. Securities issued	-	-	
5. Loans received	28,801,974	13,209,909	
6. Other liabilities	24,318,877	24,318,877	
7. Miscellaneous	5,559,408	904,916	
Total Liabilities	183,940,564	157,143,982	
Difference between Assets and Liabilities in the Balance Sheet	(8,006,796)	(93,397,197)	
ADMINISTRATIVE ACCOUNT			
A. Administrative Account Claims			
1. Commitments	6,831,543	2,696,043	
2. Contingencies	48,209,053	217,968	
Total Administrative Account Claims	55,040,596	2,914,011	
B. Administrative Account Liabilities			
1. Commitments	35,128,779	385,014	
2. Contingencies	37,464,346	232,577	
Total Administrative Account Liabilities	72,593,125	617,591	
Difference between Administrative Account Claims and Liabilities	(17,552,529)	2,296,419	
Difference [(IA-IB)+(IIA-IIB)]	(25,559,325)	(91,100,777)	
Cumulative Difference	(25,559,325)	(91,100,777)	



Desember 31, 2015

Maturity

> 1 month to
3 months> 3 months to
6 months> 6 months to
12 months

> 12 months

-

-

-

-

689,250

-

-

-

474,224

56,932

75,652

151,594

490,195

575,041

839,879

29,492,513

6,099,415

-

17,204,678

56,018,394

464

-

-

7,680

155,509

-

68,525

-

7,909,056

631,973

18,188,734

85,670,180

3,223,247

1,110,920

1,720,203

20,072

-

-

-

-

344,626

68,925

62,033

-

-

-

-

-

1,061,450

1,158,255

6,891,190

6,481,169

-

-

-

-

3,413,125

1,241,367

-

-

8,042,447

3,579,467

8,673,426

6,501,241

(133,391)

(2,947,494)

9,515,308

79,168,939

4,135,500

-

-

-

22,176,853

25,814,232

-

-

26,312,353

25,814,232

-

-

15,521,036

19,222,728

-

-

-

37,231,769

-

-

15,521,036

56,454,497

-

-

10,791,317

(30,640,265)

-

-

10,657,926

(33,587,758)

9,515,308

79,168,939

(80,442,851)

(114,030,610)

(104,515,302)

(25,346,363)

Table 9.2.b. Disclosure of Valas Maturities Profile - Consolidated

Items	Balance		
		≤ 1 month	
BALANCE SHEET			
A. Assets			
1. Cash	2,100,281	2,100,281	
2. Placements with Bank Indonesia	27,744,344	27,744,344	
3. Placements with other banks	16,544,807	16,391,128	
4. Securities	17,867,351	438,141	
5. Loans	78,666,069	8,225,970	
6. Other receivables	1,180,138	1,019,687	
7. Other assets	464,261	152,432	
Total Assets	144,567,252	56,071,985	
B. Liabilities			
1. Third party funds	103,319,660	97,152,451	
2. Funds from Bank Indonesia	-	-	
3. Funds from other banks	3,515,523	3,360,710	
4. Securities issued	-	-	
5. Loans received	20,089,104	1,256,626	
6. Other liabilities	25,920,108	25,920,108	
7. Miscellaneous	9,411,287	1,156,487	
Total Liabilities	162,255,682	128,846,382	
Difference between Assets and Liabilities in the Balance Sheet	(17,688,430)	(72,774,398)	
ADMINISTRATIVE ACCOUNT			
A. Administrative Account Claims			
1. Commitments	3,773,239	2,534,739	
2. Contingencies	44,884,453	5,547	
Total Administrative Account Claims	48,657,692	2,540,286	
B. Administrative Account Liabilities			
1. Commitments	34,019,578	342,147	
2. Contingencies	34,376,526	2,607	
Total Administrative Account Liabilities	68,396,104	344,754	
Difference between Administrative Account Claims and Liabilities	(19,738,412)	2,195,532	
Difference [(IA-IB)+(IIA-IIB)]	(37,426,843)	(70,578,865)	
Cumulative Difference	(37,426,843)	(70,578,865)	



Desember 31, 2015

Maturity

> 1 month to
3 months> 3 months to
6 months> 6 months to
12 months

> 12 months

-

-

-

-

-

-

-

-

-

-

-

153,679

731,111

731,111

97,297

16,192,741

4,364,147

4,364,147

7,805,141

44,943,031

49,491

49,491

51,947

-

-

-

62,184

-

5,144,749

5,144,749

8,016,568

61,289,451

2,779,082

2,779,082

596,585

59,832

-

-

-

-

-

-

-

-

-

-

-

-

2,198,338

2,198,338

139,827

16,320,928

-

-

-

-

1,678,663

1,678,663

-

-

6,656,082

6,656,082

736,412

16,380,760

(1,511,333)

(1,511,333)

7,280,156

44,908,690

1,238,500

-

-

-

21,076,260

23,802,645

-

1

22,314,760

23,802,645

-

1

10,460,556

23,193,667

23,208

-

7,331

34,338,713

27,541

334

10,467,887

57,532,380

50,749

334

11,846,873

(33,729,736)

(50,749)

(333)

16,255,326

(35,241,069)

7,229,407

44,908,357

(54,323,539)

(89,564,607)

(82,335,200)

(37,426,843)

Note:

Calculation of Maturities
Profile based on LBBU and
Consolidated Financial
Statement*) Include Accrued
Income, Sales of Accrued
Marketable Securities,
customer transaction
receivables, receivable
from policyholder,
transaction of ATM and
credit card.

Operational Risk

Operational Risk Management

Policy

Operational risk management framework was developed with reference to the internal and external factors which include, but are not limited to, the provisions of the regulator, the development of methodologies and best practices, the Bank's business and operational risk exposures. The scope of the framework include the development of policies and procedures, information systems development tools and operational risk management, monitoring and reporting, as well as the calculation model of operational risk capital charge.

The Bank has established policies and procedures for managing operational risk in reference to the Bank Mandiri Risk Management Policy (KMRBM). Furthermore, the Bank has procedures for implementing the operational risk management for the entire unit including a Standard Operating Procedures ORM (Operational Risk Management), the Technical Guidelines ORM Tools, Standard Operating Procedures PAB (Products or Activities), Standard Operating Procedures BCM (Business Continuity Management), and Standard Operating Procedures for Bank Risk Model.

Methodology

Operational risk management process includes the stages of identification, assessment, monitoring and controlling risks.

Identification and Assessment of PAB

To keep the new products and activities are published comply with the regulator and has the reliability in terms of safety for customers, the Bank has implemented the management of operational risk in the Product or Activities (PAB) starting from the stage PAB Status Determination and Risk Acceptance of

PAB. Determination of PAB Status is an early stage in determining the status of a product or activity that can be classified in accordance PAB preset criteria. PAB Acceptance Risk uses assessment methodology to eight (8) types of risk self-assessment by the management unit of product or activity.

Monitoring and Control on Whistleblowing System (Letter to CEO)

In line with the Circular Letter No. 13/28/DPNP on the Application of Anti-Fraud Strategy for Banks, Bank Mandiri has made various efforts to monitor and mitigate the risk of fraud through the implementation of four pillars: (1) Prevention; (2) Detection; (3) Investigation, Reporting and Sanctions; and (4)

Monitoring, Evaluation and Follow-up. In an effort to monitor and control the detection of fraud on the pillars, the Bank provides a whistleblowing system, called "Letter to CEO (LTC)". Media serves as a means for employees and third parties to submit any indication of fraud directly to the CEO.

Monitoring and Control of the Business Continuity Plan (BCP)

BCP is the procedure/protocol established as a guide in maintaining continuity of operations units when faced with disaster conditions. Operational Risk Group as Chairman of the Central Office Supervisor BCP function to measure the impact of the cessation of business processes in work units critical to the continuation of the Bank's business as a whole.

To support the process of managing operational risk, the Bank uses ORM Tools include:

- Risk & Control Self Assessment (RCSA)
RCSA is used for the identification and assessment of operational risk exposure and the effectiveness of the control of the Bank.

- Loss Event Database (LED)
LED is used to record incidents that occurred as a result of operational risks in each work unit.
- Key Indicator (KI)
KI as quantitative indicators that are used as an early warning signal for monitoring exposure of operational risk and control effectiveness of the Bank.
- Issue & Action Management (IAM)
IAM to follow up on issues operational activities to potential incidents can be minimized.

Processes, Systems and Reporting

The results of the identification, assessment, monitoring and controlling risk exposure are integrated into the Operational Risk System that has been implemented in all work units (risk owners).

ORM tools are accommodated through the Operational Risk System has been implemented in all work units (risk owners).

As the output of the operational risk management process, each unit to produce a report on the risk profile then used as the basis in making the Bank's operational risk profile. Operational Risk Profile Report prepared by identifying major process every function in the work unit in accordance with the activity,

segments, products and services that run through MRO Forum, questionnaires, interviews (one on one meeting), or other appropriate media.

Bank Operational Risk Profile report that has been validated by the Internal Audit unit and approved by the Board of Directors and Board of Commissioners, further reported to the regulator periodically. Operational Risk Profile Bank made as part of the determination of the bank or Reports Risk-Based Bank Rating (RBRR) submitted to the regulator.

Operational Risk in 2015

In accordance with Bank Indonesia Circular concerning Rating for Commercial Banks: No. 13/24/DPNP dated

October 25, 2011, the Bank uses the Basic Indicator Approach, as shown in the following tables:

Table 8.1.a. Operational Risk Quantitative Disclosure - Bank Only

(in IDR million)

Desember 31,2015				
No.	Approach	Gross Income (average of last 3 years)*	Capital Charge	RWA
1	Base Indicator Approach	41,934,813	6,290,222	78,627,774
	TOTAL	41,934,813	6,290,222	78,627,774

(in IDR million)

Desember 31,2014				
No.	Approach	Gross Income (average of last 3 years)*	Capital Charge	RWA
1	Base Indicator Approach	36,152,988	5,422,948	67,786,852
	TOTAL	36,152,988	5,422,948	67,786,852

Table 8.1.b. Operational Risk Quantitative Disclosure - Consolidated

(in IDR million)

Desember 31,2015				
No.	Approach	Gross Income (average of last 3 years)*)	Capital Charge	RWA
1	Base Indicator Approach - BM	41,934,813	6,290,222	78,627,774
2	Base Indicator Approach - BSM	3,778,146	566,722	7,084,024
3	Base Indicator Approach - Mandiri Sekuritas	553,788	83,068	1,038,352
4	Base Indicator Approach - BMEL	36,832	5,525	69,060
5	Base Indicator Approach - BSHB	114,932	17,240	215,498
6	Base Indicator Approach - AXA	1,971,942	295,791	3,697,392
7	Base Indicator Approach- Tunas Finance	235,106	35,266	440,823
8	Base Indicator Approach - MIR	11,367	1,705	21,314
9	Base Indicator Approach - MAGI	1,115	167	2,090
10	Base Indicator Approach - Inhealth	1,580,128	355,529	4,444,111
TOTAL		50,218,169	7,651,235	95,640,437

Desember 31,2014				
No.	Approach	Gross Income (average of last 3 years)*)	Capital Charge	RWA
1	Base Indicator Approach - BM	36,152,988	5,422,948	67,786,852
2	Base Indicator Approach - BSM	3,753,525	563,029	7,037,859
3	Base Indicator Approach - Mandiri Sekuritas	514,584	77,188	964,844
4	Base Indicator Approach - BMEL	36,222	5,433	67,916
5	Base Indicator Approach - BSHB	103,680	15,552	194,401
6	Base Indicator Approach - AXA	1,673,148	250,972	3,137,152
7	Base Indicator Approach- Tunas Finance	161,161	24,174	302,178
8	Base Indicator Approach - MIR	8,361	1,254	15,677
9	Base Indicator Approach - MAGI	1,672	251	3,136
10	Base Indicator Approach - Inhealth			
TOTAL		42,405,341	6,360,801	79,510,013

*)For banks using the Basic Indicator Approach to calculate operational risk

Currently, the Bank is preparing a scenario analysis, internal and external loss data, the measurement and modeling, training, culture and awareness, enhancement ORM Tools and reporting for operational risk capital charge calculation approaches Advanced Measurements Approach (AMA).

Subsidiaries

Application of risk management to the subsidiaries (PA) 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. The provision is aimed primarily at the banking industry, so it has limitations in its application to the subsidiaries engaged in non-banking industry, such as insurance.

In the development of the OJK issued POJK No. 17/POJK.03/2014 concerning the implementation of integrated risk management for financial conglomerates that have coverage of the entire financial industry. It supports the risk management process with Bank subsidiary company are quite diverse industries, including Islamic banking, microbanking, finance, international banking, securities, investment management, insurance, and remittances. The expansion of coverage of the risk management arrangements are important for business continuity as the bank holding company is also affected by exposure to risks arising directly or indirectly from the business activities of children.

With the application of risk management to the subsidiaries, it is expected to provide added value to the stakeholders because it indirectly establish business environment progressive, yet safe, comply with the regulator related to the risk management process and its report, and monitoring risk exposure business activities of children so can be taken mitigation measures at the earliest opportunity.

The Bank conducts integrated risk management implementation with subsidiaries operating in Indonesia and outside Indonesia while still meeting the principles of risk management and tailored to the jurisdiction of the authorities/local authority, and taking into account the characteristics of the business of each subsidiary. The adoption of today is one of the strategic initiatives risk management units in the Bank and periodically communicated with the regulator in

the discussion forum or a risk profile based on the health level of risk (Risk Based Bank Rating).

The Bank conducts the implementation of integrated risk management gradually with subsidiaries engaged in various industries in the financial sector, Bank Syariah Mandiri, Bank Mandiri (Europe) Limited, Bank Mandiri Taspen Pos, Mandiri Sekuritas, AXA Mandiri Financial Services, Mandiri Tunas Finance, Self International Remittance, Mandiri AXA General Insurance, Mandiri InHealth, and Mandiri Utama Finance involving work unit that handles risk management and other related work units.

In general initiatives concerning the implementation of risk management at the Bank and its subsidiaries can be divided into two (2) large parts, as follows:

1. 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. The initiatives undertaken with regard to the consolidation process that includes, among others, regarding the financial statements, the calculation of minimum capital, assessment of asset quality, monitoring Lending Limit (LLL), the management of a subsidiary, periodic reports containing the risk profile, and the rating of the overall.

In the development of the OJK as regulator which currently regulates the banking supervision issued POJK No. 17/POJK.03/2014 provides room for the Bank as the Main Entity to harmonize the implementation of risk management at subsidiary companies incorporated in the Bank's financial conglomerate, including those engaged in the insurance industry.

2. Second Line, which is more of an approach to the internal needs of the Bank as a whole which include tools (tools), risk awareness (awareness), corporate governance (governance), and risk

management information systems (system). The approach was manifested among other things by the alignment device periodic monitoring that includes an investment fund subsidiary, the development of liquidity on a consolidated basis, the simulation resistance is some risk in the face of extreme conditions, development of the loan portfolio, and the development of Integrated Risk Register (IRR) as a single database for managing risks related to daily operations.

In order to improve understanding of the implementation of risk management at the Bank and its subsidiaries, in the 2015 discussion forum on a quarterly basis which includes a discussion of a technical nature, meeting Integrated Risk Committee (IRC) which was attended by the director of risk management and its subsidiaries, the implementation of the Risk Awareness survey (RAWS) to measure the level of understanding of risk in the company of children, and training to use risk management tools in accordance with the needs of subsidiaries.

To set the governance daily implementation, Bank Mandiri has prepared Subsidiaries Principle Guideline (MSPG) is one of the setting item includes the application of risk management to the subsidiaries. This also is one manifestation of Integrated

Governance mandated in POJK No. 18/POJK.03/2014 on the Application of Integrated Governance Share Financial conglomerate.

The Bank also has developed RPX system with a more comprehensive platform that can be accessed online by the subsidiaries and the addition of other facilities that are expected to report a consolidated risk profile can run better.

Based on the position in December 2015, the Bank conducted a self-assessment risk profile individually and integrated with subsidiaries with the final results show that the possibility of the Bank and its subsidiaries suffered losses as very low and the quality of risk management were very adequate with minor weakness that can be ignored.

Results of the assessment of the risk profile indicates that the quality of risk management by the Bank consolidated subsidiaries have performed well, without showing significant differences in risk management activities, so that the composite shows a low risk rating and the application of risk management is excellent.

corporate transformation

The year 2015 marked the beginning of the third phase of Bank Mandiri's Transformation. The Directorate of Corporate Transformation ("CTF") played an active role in overseeing transformation process through the implementation of various initiatives in reference to Corporate Plan for 2015-2020. At all times the Directorate of CTF supported the management and stakeholders through various assignments that had strategic impacts in improving the Bank's performance and reputation.

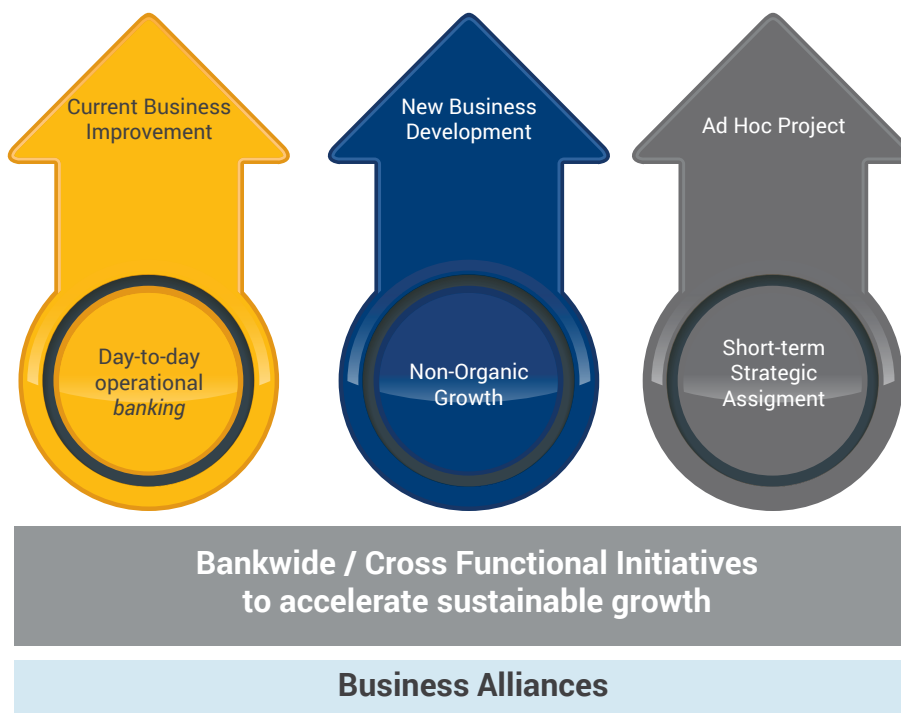
In line with the spirit of Corporate Plan 2020, in 2015 Bank Mandiri made a change to its organizational structure as part of transformation at institutional level. As a working unit having a role as the catalyst for changes in Bank Mandiri, the Directorate of Change Management Office (CMO) underwent a name change to the CTF. This was indeed motivated by the spirit of supporting the transformation of Bank Mandiri toward becoming "The Best Bank in ASEAN in 2020".

The CTF was tasked with performing its function in four key areas, namely (1) current business improvement, (2) new business development, (3) special assignment from the management (Ad Hoc Project) and (4) development of cross-functional initiatives.

For the first area, the CTF played its part in supporting daily Bank operations by developing and reshaping business strategy for Bank Mandiri working units,

establishing coordination in implementing strategic initiatives of the RKAP and participating in overseeing the implementation of Bank Mandiri Corporate Plan. Secondly, the CTF supported management efforts to develop the organization's future business by reviewing the feasibility of corporate acts, such as acquisitions, joint venture and collaboration with third parties on an end-to-end basis. Thirdly, the CTF also took part in strategic projects which were indirectly related to the Bank's business, but potentially had an impact on its performance and reputation. Finally, the fourth area, the CTF served as the catalyst for coordination with other working units in executing bank-wide and cross-functional initiatives, in a bid to optimize the performance of Bank Mandiri. In brief, the functions of the CTF are illustrated in the following diagram:

Corporate Transformation Directorate



Programs and Implementation in 2015

The Directorate of CTF prepared work programs for the four key areas. Those programs were implemented in order to create a significant impact on the development of Bank Mandiri's business. The implementation and achievement of such programs in 2015 were:

1. Supporting current business improvement strategy

To support the achievement of Corporate Plan 2015-2020 and the Bank's vision to become "The Best Bank in ASEAN in 2020", the CTF actively played the role of lead coordinator in taking certain bank-wide initiatives.

Corresponding to one of the three main strategies of the Corporate Plan, i.e. "Integrate the Group", Bank Mandiri rolled out a Distribution Network Transformation (DNT) in an effort to strengthen and integrate all the distribution networks in regions, including subsidiaries, in January 2015. The implementation of DNT aimed at creating a more dynamic organization, in which businesses can be run faster and closer to the customers and are capable of improving the cross-sell culture across the Bank as an organization, including its subsidiaries. The CTF continued to contribute to monitoring and reviewing processes of DNT roll-out in all Regional Offices.

As a follow-up on the implementation of DNT and

in line with one of the three main strategies of Corporate Plan 2015-2020, namely "Accelerate in Growth Segment", the CTF safeguarded the Business Process Reengineering (BPR) initiative intended to improve the efficiency and effectiveness of processes, customer centricity and internal control. In addition to that, CTF participated in the pilot project of Retail Ready Branch initiative focusing on sales process at branches.

The active role the CTF took on in terms of business improvement was also reflected by the end-to-end project management ranging from prioritization, monitoring to evaluation of Post-Implementation Review (PIR) of IT and non-IT strategic initiatives so as to conform to the RKAP and Corporate Plan 2020, which in turn will give optimal, positive and progressive added values to Bank Mandiri. The prioritization was conducted along with the IT Strategy & Architecture and Strategy & Performance Management Working Units to obtain a balanced strategic initiative portfolio by considering such factors as value lever, urgency, budget, readiness and complexity. As for monitoring, the CTF intensively carried out "one-one-one meetings" that welcomed positive thoughts or ideas in order to strengthen coordination and problem solving with project owner and the relevant Working Units to address every problem surfacing so it could be overcome in an efficient and comprehensive manner. The results of such "one-on-one meetings" proved to be effective and efficient as they successfully had 52 of 104 IT and Non-IT strategic initiatives with live implementation status executed ahead of the scheduled set while as many as 70 IT and Non-IT strategic initiatives in implementation stage could be carried out within the schedule. The quality of the PIR evaluation continued to be improved both in terms of content and issues

resolution using two approaches, namely project management to elicit lessons learned so that the execution of the next initiative could be more effective and efficient, and the Balanced Score Card (BSC) to ensure that strategic initiatives provide optimal contributions or returns to support the growth of the Bank's business in a positive, progressive and sustainable way. The year 2015 saw a PIR evaluation of 30 strategic initiatives, or 120% above the target, was conducted.

Besides coordinating and monitoring the implementation of IT and non-IT initiatives, the CTF identified efforts made at current business improvement by refining business processes and business models aligned with the targets set out in Corporate Plan 2015-2020.

2. Leading new business development

The CTF played an active role in leading new business development of Bank Mandiri going forward, particularly through non-organic growth and strategic initiatives. In assuming this role, the CTF identified the Company's potential targets, examined potential collaboration with various strategic partners and led the process of strategic collaboration (joint venture), acquisition or other forms of partnership in order to accelerate growth of Bank Mandiri's business. In 2015, the CTF's managed to complete the second phase II of InHealth acquisition, taking over 20% of the ownership from BPJS Kesehatan previously known as PT Askes, in addition to establishing a new multi-finance subsidiary in collaboration with strategic partners and optimizing synergies among State Owned Enterprises through strategic partnerships with PT Taspen and PT Pos Indonesia to form PT Bank Mandiri Taspen Pos ("Mantap").

3. Supporting the Board of Directors in strategic projects

The CTF's contribution to continuously maximizing value creation for Bank Mandiri was reflected in the implementation of ad hoc projects. One of them was Project Manager's Guideline, in which the CTF was assigned to develop a Manager's Guideline in the form of e-handbook as a means of providing managers at regional level with guidelines for expediting cascading of information from the head office to regional offices. In addition to that, the Directorate of CTF participated in executing Project Integrated Distribution Channel to support the process of establishing synergy between the Bank's business and that of its Subsidiaries as Corporate Plan 2020 aspires to through the strategy "Integrate the Group".

4. Serving as the catalyst for development of cross-functional initiatives

One of the initiatives in Corporate Plan 2015-2020 that integrates wholesale into retail segment is Develop Sector Solutions initiative. This initiative aims to incorporate the Bank's strength in wholesale into retail segment in an

integrated manner so as to maximize the selling value of Bank Mandiri as the main transactional bank for customers.

The CTF serving its function as a catalyst for bank-wide strategic initiatives played a role in mapping ecosystem blueprints of each focus sector, including identification of potential business, key players and transaction methods. The Directorate also facilitated working group sector solutions led by the Corporate Banking Group so as to optimize the business potential in priority sectors, and to support the implementation of Micro, Small and Medium Enterprise (MSME) Sector-Based Strategy initiative, with the focus being the value chain of MSME segment in priority sectors.

The implementation of Develop Sector Solutions initiative at Tier 1 focused on six priority sectors, namely Oil & Gas, FMCG, Government, Agribusiness, Telco and Construction. The benchmark for the success of this initiative was the availability of solutions to priority sectors so that it would give desirable impacts on CASA-targeted Anchor Client and its value chain.

Evaluation of Program Implementation

CTF always assessed and evaluated its performance as a follow-up on the implementation of its strategies and achievements in 2015. In general, the CTF surpassed the targets set in the Key Performance Index at the beginning of the year. This can be seen from completion of various innovative, strategic initiatives that drive business growth and increase the

competitiveness of Bank Mandiri and its Subsidiaries. In addition, the CTF's involvement in various Ad Hoc Projects and strategic initiatives pursuant to special assignments from the Management across working units had high impacts on the Bank's improved competitiveness.

Strategic Targets for 2016

Bank Mandiri shall maintain its consistency to keep tabs on its healthy and quality business growth to achieve its vision to become the best in ASEAN by 2020. The CTF has developed strategic targets for 2016 in accordance with Corporate Plan 2015-2020. Strategic targets for the year 2016 include:

1. Supporting current business improvement strategy

In 2016, the CTF as the lead coordinator will continue the BPR initiative to establish effective, customer-oriented business processes and support continuous integration processes in line with Corporate Plan 2015-2020.

In addition, the CTF will continue to support business development efforts through (1) monitoring the execution of strategies, including identification of issues and resolutions, (2) acting as a facilitator in strengthening sectoral business by exercising measurable risk control, (3) continuing to improve business processes and (4) optimizing synergies with subsidiaries.

2. Leading new business development

To develop Bank Mandiri's future business, the CTF will continue to assess inorganic growth initiatives, both in the form of strategic

cooperation (joint venture), acquisition and other partnership in the banking as well as other financial sectors that will increase business growth and market share of Bank Mandiri and the Bank Mandiri Group as a whole. The assessment of collaboration with potential strategic partners will be conducted constantly through formulation of a business development strategy that will increase shareholders' value for Bank Mandiri as well as the institutions being the Bank's strategic partners.

3. Serving as the catalyst for development of cross-functional initiatives

As a catalyst for bank-wide initiatives, the CTF will focus on development of Sector Solutions as part of Bank Mandiri's Corporate Plan 2020.

4. Supporting the Board of Directors in other strategic projects

The CTF will continue to support the Management and stakeholders through a wide range of assignments that have strategic impacts on improved performance and reputation of Bank Mandiri.

transaction banking

Transaction Banking Directorate participates actively in developing quality services to increase the volume of customer transactions. Through the development of integrated transaction banking platform as well as an increase in the quantity and quality of e-Channel networks, the position of Bank Mandiri as the largest bank in Indonesia can be further strengthened and the vision of becoming the Biggest Bank in ASEAN by 2020 be achieved.

Transaction Banking Directorate performs three main functions that are supported by three groups, namely Transaction Banking Sales, Transaction Banking Product Development and Transaction Banking Retail. All three of these functions include:

1. Market transaction banking products and solutions to customers and to be the subject matter expert for Relationship Managers,
2. Developing/designing integrated products focused on innovation, productivity and profitability of the products with the risk exposure of the products being kept in check,

3. Developing electronic banking channels so that retail customers can access the Bank's products and services easily, comfortably and efficiently.

The synergy built by all three groups of the Transaction Banking Directorate generates products and solutions required by the customers, so hopefully their loyalty will improve.

Program and Performance Achievement in 2015

Transaction Banking Directorate continually strives to create and take advantage of business opportunities through various programs that have been developed to support the business growth of the Bank. Such programs include:

1. Marketing value chain and e-commerce solutions, which have not been widely available in the market. In 2015, the Directorate of Transaction

Banking markets solutions value chain with the supply chain management system.

2. Developing New Products

Transaction Banking Directorate continues to make innovation to meet customers' increasingly complex needs. In 2015, Transaction Banking Directorate has successfully developed a new

product that is doing System Integration Tax Receipt of Request ID MPN G2 Billing to process the payment on-line as well as creating a host-to-host service to customers Collection Port.

3. Establishing good relationships with various institutions both state-owned and private customers

Throughout 2015 Transaction Banking Directorate has been working with state-owned insurance companies such as ASEI, Askrindo and Jasindo for solutions to issuance of Bank Guarantee for customers.

Through the implementation of the program, the performance of Transaction Banking showed positive results as follows:

1. In the Wholesale segment, the volume of trade finance transactions increased by 8.5% with an increase in Fee Based Income (FBI) of 19.9% from 2014. The Bank Guarantee FBI increased 22.6% compared to 2014. The volume of Cash Management transactions increased by 21.5% and FBI Cash Management increased by 28.5%.

Solution Value Chain has increased as indicated by the number of Principal who become customers increased 24%, while the number of suppliers increased by 23% and

the number of distributors increased 54%. Supplier Financing transaction volume increased by 43% and the volume of Financing Distributor transactions increased by 177%. The Giro Supplier Financing increased by 31% and Financing Distributor increased by 96%.

2. In Sector Solution, Giro acquisition in leading sectors grew significantly, namely Health Care 15%, Port 37%, Education 4% and Automotive 0.34%.

The number of mobile banking financial transactions on the retail segment increased significantly 51% with the volume increasing by 48% from 2014. The number of financial transactions Personal Internet increased by 28% with a volume increase of 7% compared to 2014. The number of Business Internet financial transactions increased by 53% with a volume increasing by 45% compared to 2014.

For the e-channel, the number of ATMs grew 13.3%, EDC by 6% with an increase in the number of transactions by 20%, and the volume of financial transactions saw an increase of 13% compared to 2014. Prepaid cards grew 33.1% to the increase in the number of transactions amounted to 76.1% and 52.7% of transactions volume.

Award

As recognitions to the efforts made by the Transaction Banking Directorate in providing the best solutions to customers, the Bank received several awards in 2015 as follows:

1. The Best Local Trade Finance Bank in Indonesia 2015
Conferred by Global Trade Review
2. Indonesia Domestic Trade Finance Bank of the Year 2015
The award was given by Asian Banking & Finance

3. Indonesia Domestic Cash Management Bank of the Year 2015
Awarded by Asian Banking & Finance
4. The Best Trade Finance Bank in Indonesia 2015
An award from Asian Banker
5. The Best Bank in Indonesia 2015 (focus assessment on Cash management, trade finance & risk management)
The award was given by Corporate Treasurer

6. Best Cash Management Bank in Indonesia Conferred by The Asset 7. Best Cash Management Solutions in Indonesia for BPJS Kesehatan Awarded by The Asset	8. Best Indonesia provider of Cash Management Service 2015 Awarded by CFO Innovation Asia 9. The Highest M-Banking Traffic, awarded by Telkomsel 10. Best Payments Product, conferred by the Asian Banker

Strategic Targets in 2016

To support the vision of the Bank became the largest bank in ASEAN by 2020 and vision Transaction Banking to dominate the segment Transaction Banking solutions and comprehensive platform for supporting the growth of low-cost funds, transfer transactions to the channel that is cheaper and better, and the acquisition of FBI, Strategy Transaction Banking aligned with Bank Mandiri Corporate Plan 2015-2020, which deepen client relationships, Accelerate and Integrate Segment Growth in the Group.

At Wholesale segment, focus is given on the development of generic or customized transaction solutions for customers in accordance with the complexity of the condition and the customers' needs. With the availability of solutions Customer needs will increase fee-based income and third party fund.

For Retail segment, which is massive, the focus is on the development of the common channel facilities such as ATM, EDC, Mobile and Internet Banking. For the needs that are more complex, do focus on product development and the social banking channel more facilities personalize, according customers' specific needs.

In addition to the above, do alliances between segments Customer or with another work unit so that it can serve all customer segments, namely wholesale and retail end to end.





Coorporate Governance

corporate governance

The practice of good corporate governance is a means of ensuring business viability, maintaining stakeholders' trust and fostering corporate integrity. As a bank with the vision of becoming the Best Bank in ASEAN by 2020 and in anticipation of the ASEAN Economic Community (AEC) free market, Bank Mandiri continues to use its best efforts to keep up with Corporate Governance best practices both at national and regional levels. To implement a higher level of Corporate Governance, Bank Mandiri always builds synergies and strong business alliances with all of its Subsidiaries through an Integrated Corporate Governance in order to create sustainable added values for Mandiri Group.



introduction

Aiming to be the Best Bank in ASEAN by 2020, Bank Mandiri sets out three aspirations as its focus in 2015-2020. One of these aspirations is “Broader socio-economic impact”, in which Bank Mandiri will keep on putting all efforts to be a leading company in non-financial achievement, such as being the ultimate choice for job seekers, being the pride of Indonesian company and being reputable in Good Corporate Governance (GCG) implementation. Bank Mandiri has made GCG implementation one of the key targets to achieve in seeking to be the Best Bank in ASEAN.

Bank Mandiri understands that by implementing the GCG it will grow into a company capable of being sustainable and achieving its goals. Therefore, the Bank has committed to putting GCG at all times as a foundation for operating its business as well as maintaining its existence in facing business challenge and competition in the future, specifically in the banking industry. This commitment is fully supported by all members of the management board and staff of Bank Mandiri.

As a highly regulated company, GCG implementation in Bank Mandiri refers to several applicable regulations, such as 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; Regulation of the Financial Services Authority (OJK)

No. 8/POJK.04/2015 on the Website of Issuer or Public Company; Regulation of the Minister of State Owned Enterprise No. PER-01/MBU/2011 on GCG Implementation in State Owned Enterprise; Regulation of the OJK No. 18/POJK.03/2014 sanctioned on November 18, 2014 on the Integrated Corporate Governance. In practice, Bank Mandiri always keeps up with the latest progress and the applicable GCG best practices, such as General Guidelines for GCG by the National Committee for Governance Policy, Guidelines for GCG for Indonesian Banking, OECD Principles, ASEAN Corporate Governance Scorecard, as well as shows concerns on the best business ethics and practices.

Efforts made by Bank Mandiri in GCG implementation are proven as giving valuable contributions and real benefits to the Bank, including improved competitiveness, performance and Bank Mandiri's stakeholders trust, both domestic and global investors. With regard to 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 doing all of its business activities. All members of the board of management believe that fulfillment of GCG aspects will support the Bank's goals in achieving the highest performance and profitability as well as creating added values for all the stakeholders and ensuring the long-term viability of its business.

Good Corporate Governance Principles

Bank Mandiri continues to promote increased coverage of GCG implementation in all aspects and at all organizational levels in the Company, including by constantly improving the existing GCG structure, disseminating information on GCG structure and conducting regular GCG self-assessment to support the effectiveness of GCG implementation. GCG implementation is carried out based on the principles consisting of: Transparency, Accountability, Responsibility, Independence and Fairness (TARIF).

The implementation of GCG principles is absolutely necessary for the viability of company business. Bank Mandiri constantly keeps up with development of GCG best practices both at national, regional and international levels, which are relevant and suitable to the needs of the Company. Therefore, it is expected that Bank Mandiri will be able to operate a sound banking business according to GCG principles.

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' 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.

GCG principles	Description
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.

Purposes of Corporate Governance Implementation

The main purposes of corporate governance implementation in Bank Mandiri are as follows:

1. Encouraging earnestness on the part 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 in improvement of shareholder values;
5. Protecting the Bank from political intervention and legal claim;

GCG implementation in Bank Mandiri will prevent Corruption, Collusion and Nepotism (KKN) and improving the monitoring function in conducting the Bank's management.

GCG Implementation at a Glance

Bank Mandiri continues to strengthen good corporate governance (GCG) continuous and consistent by the process from time to time. The implementation of GCG by Bank Mandiri was carried out in structured stages as follows:

Year	GCG Program
1998 Early Days of the 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 the groundwork for 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 Bank Mandiri's Initial Public Offering (IPO)	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 of the interests of minority shareholders - Engaging in assessment of GCG implementation by Independent Agency, namely the Indonesian Institute for Corporate Governance (IICG)

Year	GCG Program
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 Further 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 Banks, 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.

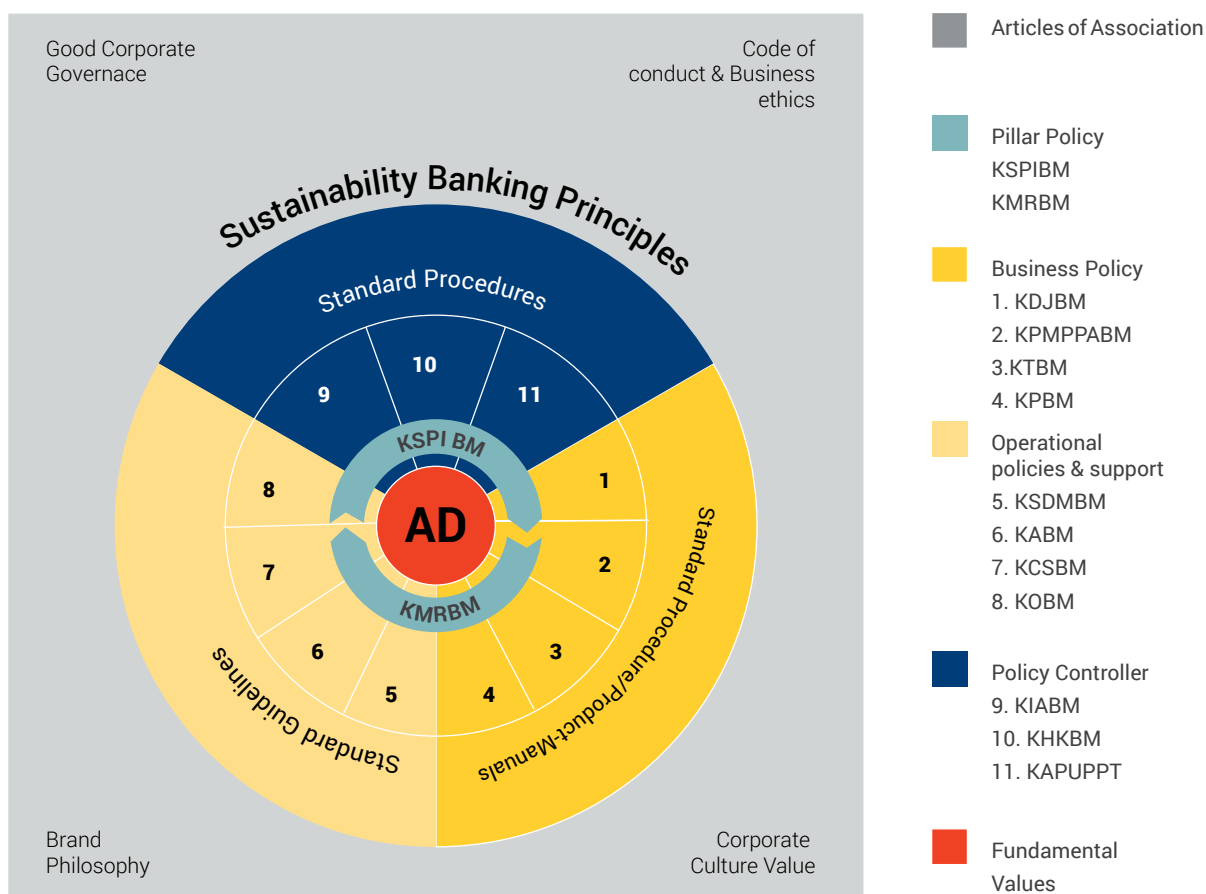
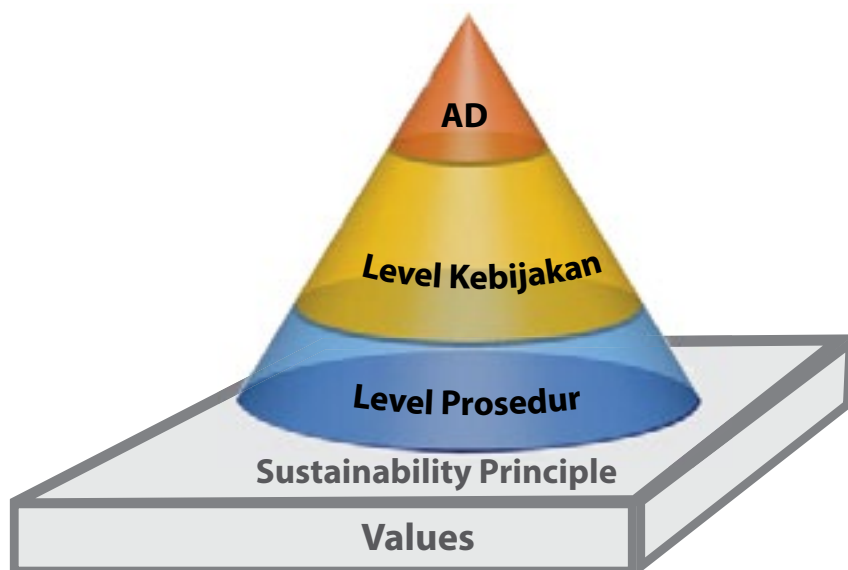
Year	GCG Program
2015 - Present	• Executing Transformation Stage III • The CGPI is a research and rating program for GCG implementation carried out by an independent agency, i.e. the IICG, in which Bank Mandiri has taken part in the assessment for the last 12 years since 2003. In 2015, Bank Mandiri was 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. • In respect of 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 Regulation of the 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 the KPK.

Corporate Governance Policy Architecture

To continuously improve the quality and coverage of GCG implementation, Bank Mandiri has put in place and applied operational policies for all work units in line with the GCG principles, under the name of Bank Mandiri Policy Architecture. The Bank Mandiri Policy Architecture is a hierarchy/policy structure functioning as the basic framework and governance of policy making and conducting the Bank’s activities. The Bank Mandiri Policy Architecture consists of the Articles of Association, Policy and Standard Procedure that include Code of Conducts, Business Ethics and

other fundamental policies that are highly necessary for corporate governance. Bank Mandiri has a Code of Conducts that sets out guidelines for proper behavior to show by the Bank’s staff and external parties, such as the shareholders, affiliates, investors, customers, suppliers, the government and public in general. The said guideline has been inculcated in the corporate culture that prevents any staff of the Bank from misusing its position, conflict of interests, and regulates issues related to employee integrity.

The structure or policy architecture and formulation of procedure according to the GCG principles demands that the Policy and Procedure be made in writing as described in the following scheme:



Corporate Governance Structure

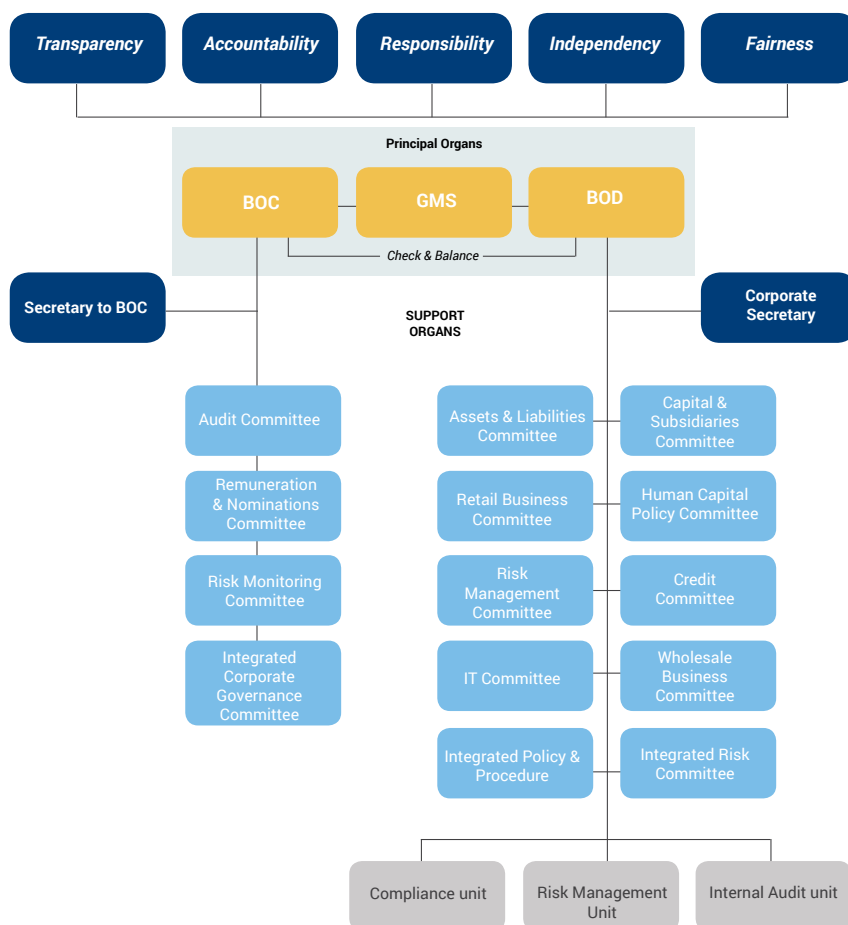
Pursuant to the provisions of Law No. 40/2007 on Limited Liability Company, GCG structure of Bank Mandiri consists of the RUPS, BOC and BOD. The corporate governance is implemented systematically and in a sustainable manner so that the principles function as a guideline for conducting daily activities within Bank Mandiri environment.

The BOC has established several committees to assist and improve monitoring function that it holds. In performing their roles and responsibilities, each

committee under the BOC works according to the relevant scope of duties specified in the relevant BOC Decree.

Meanwhile, with the assistance from the Bank management, the BOD is held responsible for managing, controlling, safeguarding and monitoring GCG implementation in collaboration with the committees under BOC, Secretary to BOC, committees under the Board of Directors and Corporate Secretary.

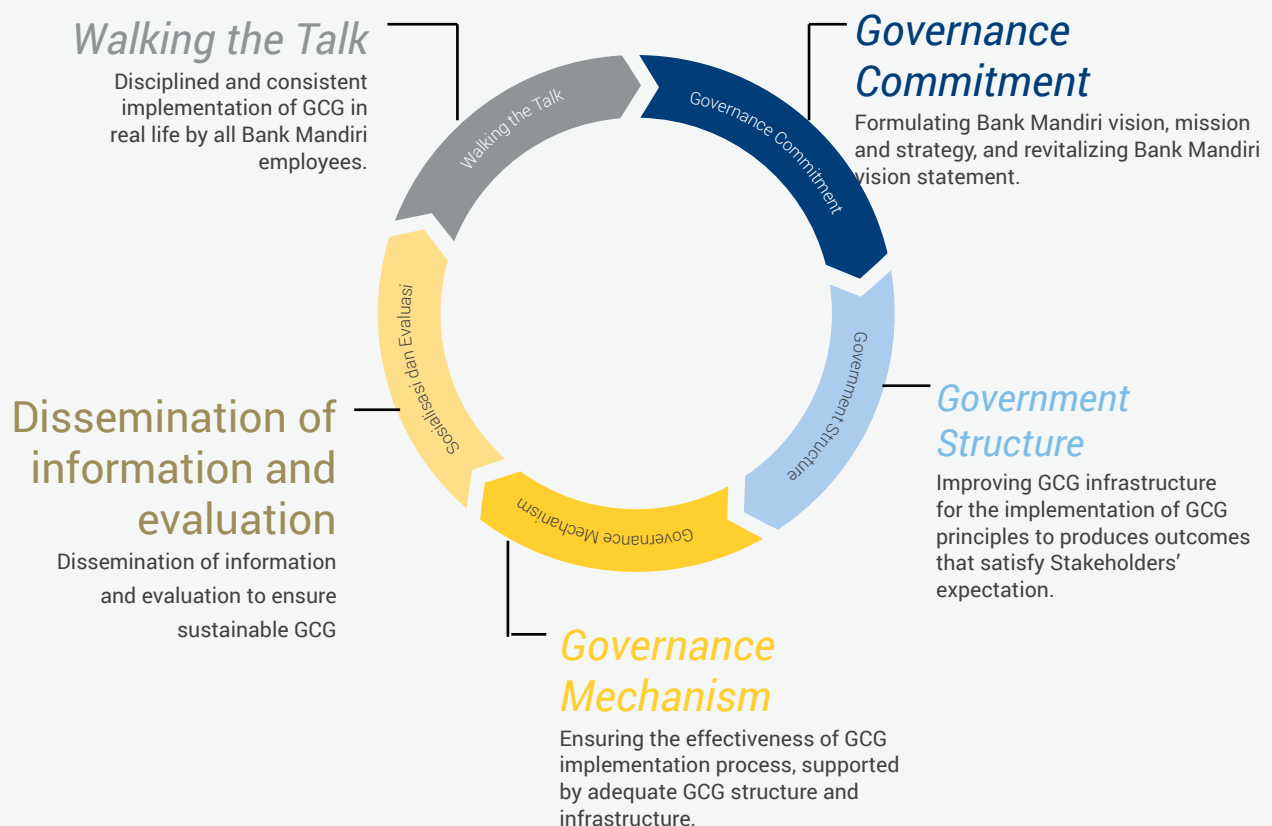
Bank Mandiri Corporate Governance Structure



Stages in GCG Implementation

It has been taken into account that GCG implementation shall be made well-targeted and planned according to the highest standard in order to support the attainment of corporate objectives; therefore, GCG actualization in Bank Mandiri is also consistent with the provisions for GCG implementation for Commercial Banks at all organizational levels. GCG implementation in Bank Mandiri complies with PBI No. 8/4/PBI/2006 as amended by PBI No. 8/14/PBI/2006 on GCG Implementation in Commercial Banks.

The implementation of GCG of Bank Mandiri consists of the following stages: (1) formulation of governance commitment, (2) Government Structure, (3) improvement of governance mechanism, (4) dissemination of information and evaluation, and (5) walking the talk.



GCG transformation in Bank Mandiri is carried out according to the principles of GCG in 5 (five) stages as follows:

Formulation of Governance Commitment	Improvement of Governance Structure	Improvement of Governance Mechanism	Dissemination of Information and Evaluation	Walking the Talk
- Formulation of Bank Mandiri Vision, Mission and Strategy - Articles of Association - Formulation of Corporate Values - Code of Conducts Reinforcement - GCG Charter	- Fulfillment of the Number and Composition of BOC, BOD and Committees under BOC and BOD - Strengthening Risk Management Compliance and Internal Control - Improvement of organizational structure to ensure check and balance function	- Incorporation of GCG Principles into Policies, Guideline and Regulation, SOP - Implementation of Reward & Punishment system - Product Transparency - Provision of Call Center & Customer Care - Anti-Fraud Strategy - Whistle-blowing System (Letter to CEO)	- Internalization of Corporate Values - Dissemination of Strategic Initiatives, Policy, Regulation, etc. - Self-Assessment on GCG Implementation - GCG Implementation Reporting - GCG Assessment by Independent Party - Performance and Recognitions - Dissemination of Gratification Control	- Implementation of GCG principles in all aspects of the Bank's operations - Change Agent (1:4) - Service Excellence - Ethics Enforcement at all Organizational Levels through: - E-Procurement - Integrity Pact - Confidentiality - Implementation of the Integrated Corporate Governance in Mandiri Group - Improve the OTG for Grift Disclosure Statement into OTG for Gratification Control as an implementation of gratification prevention for all Bank Mandiri employees - Promoting development of anti-corruption culture by participating in the Anti-Corruption Week held by the KPK

Statement of the Implementation of Good Corporate Governance Principles



All members of the Board of Commissioners, Directors and Employees of Bank Mandiri are committed and have been applying the principles of good corporate governance and no material breach against the prevailing legislation.

commitment to consist good corporate governance

The increasingly complex challenge and need of consistently improving performance, as well as providing added values for all the stakeholders, should be addressed by implementing Transformation Phase III in 2015-2020. Improvement of consistent governance practices is important in creating sustainable values to accomplish Bank Mandiri's vision and mission to become the Best Bank in ASEAN by 2020. Therefore, as one of its strong commitment to strengthening good corporate governance (GCG), Bank Mandiri has set up GCG as one of its aspirations, namely "the leading company in GCG implementation".

Consistent and sustainable implementation of GCG can be accomplished through strong commitment of Bank Mandiri Corporate Organs and their subordinates. Therefore, all Bank Mandiri staff continue to focus on GCG implementation in 2015.

Bank Mandiri GCG Focus in 2015

For Bank Mandiri, proper GCG implementation does not merely mean compliance with the applicable laws and regulation, but also a fundamental element in reference to the international best practices. The board of management believes that GCG implementation will eventually improve corporate values (value creation).

Bank Mandiri's serious efforts in GCG implementation are demonstrated by the inclusion of GCG as one of Bank Mandiri aspirations for becoming the Best Bank in ASEAN by 2020. Financial achievement is not the only indicator for a leading company. Bank

Mandiri understands that non-financial aspect, such as GCG, is also an important factor in maintaining company viability, in addition to work culture that promotes professionalism, integrity, service quality and prudential banking.

Therefore, Bank Mandiri's management has a strong commitment to consistently implement GCG by picking up where the previous stages left off in years past. In 2015, Bank Mandiri strengthened GCG implementation that focused, inter alia, on:

1) Integrated Corporate Governance of Mandiri Group

Developments in globalization, information technology and product innovation, as well as innovation on the activities by the Financial Services Institutions (LJK), have given rise to a complex, dynamic and interconnected financial system between financial sectors in terms of product, institutional aspect and ownership. In relation to that, the Financial Services Authority (OJK) issued Regulation of OJK No. 18/POJK.03/2014 on November 18, 2014 on Implementation of Integrated Corporate Governance for Financial Conglomeration to improve GCG quality in a Financial Conglomeration.

In implementing the Integrated Corporate Governance, Bank Mandiri has adjusted and improved its integrated structure and infrastructure through, among others, formation of an Integrated Corporate Governance Committee on February 25, 2015, preparation of an integrated corporate governance guideline, performance of Integrated Compliance Unit, Integrated Internal Audit Unit and Integrated Risk Management Unit functions as well as establishment of intra-group transaction policies. In addition, as mandated by the OJK, as the Main Entity Bank Mandiri prepared a Guideline for Integrated Corporate Governance as a reference for Bank Mandiri and all of its Subsidiaries. The Guideline was disseminated to all Subsidiaries on June 30, 2015.

The Guideline for Integrated Corporate Governance aims to meet the perceptions of the Bank and all of its Subsidiaries on the improvement of good governance in the Financial Conglomeration, as well as on building well-founded business synergies and alliances between Bank Mandiri and its Subsidiaries under the Integrated Governance in order to create viable added values for the Financial Conglomeration. The said added values can be created by performing integrated compliance, integrated internal audit and integrated risk management functions.

In addition to complying with the regulations, the establishment of the Integrated Corporate Governance Committee and Integrated Unit has encouraged Bank Mandiri to constantly implement GCG best practices.

2) 2) Gratuity Control

To meet the Bank's commitment to becoming a strategic partner of the Corruption Eradication Commission (KPK) in developing the National Integrity System, signed on November 4, 2014, and to respond to Regulation of the KPK No. 2/2014 issued on December 9, 2014 on Guideline for Reporting and Determining Gratuity Status, Bank Mandiri – as a State Owned Enterprise – has put in place gratuity control by establishing an Operating Technical Guideline (PTO) for Gratuity Control which was effective as of July 3, 2015.

This OTG PTO builds on the PTO for Gift Disclosure Statement that was made applicable since 2013. As fulfillment of its anti-corruption commitment and in accordance with Regulation of the KPK No. 2/2014, Bank Mandiri established a Gratuity Control Unit (UPG) on July 9, 2015. The UPG has also been an active and strategic partner of the KPK in gratuity control. With the PTO for Gratuity Control and UPG in place, it is expected that Bank Mandiri personnel will be independent, free from undue pressure exerted by any stakeholder and capable of making objective decision.

Given that in running its business the Bank has

to nurture a good relationship with its customers, vendors, partners and stakeholders based on ethics, trust and responsibility, matters related to gratuity control and its reporting mechanism within Bank Mandiri environment have been regulated in accordance with the Bank's Code of Conduct. Therefore, the Bank's business interests are served ethically while, at the same time, complying with prohibition on gratuity.

The UPG has also been active in disseminating information to all Bank Mandiri Regions across the country. Dissemination of information was carried out to the Internal Party, Bank Mandiri employees both in branch offices and the Head Office, as well as to External Parties including vendors, consultant, Public Accounting Firm, notary and other external parties that may be exposed to gratuity practices. In addition to dissemination of information, gratuity control also takes form in the signing of an Integrity Pact as externalization of anti-gratuity culture to the external parties related to the Bank.

ASEAN CG Scorecard

In order to continue the improvement of GCG implementation and become a leading bank in this field, Bank Mandiri has aligned its GCG practices with the standards of ASEAN CG Scorecard.

Bank Mandiri commits to continue improving GCG practices. In addition to referring to the best practices and standards of corporate governance at national level, Bank Mandiri consults the corporate governance standard at ASEAN level.

GCG ASEAN Scorecard represents an initiative of the ASEAN Capital Market Forum (ACMF) to assess the implementation of GCG in reference to the GCG principles developed by the Organization for Economic Cooperation and Development (OECD) which encompass:

- 1) Rights of Shareholders
- 2) Equitable Treatment of Shareholders
- 3) Role of Stakeholders
- 4) Disclosure and Transparency
- 5) Responsibilities of the Board of Commissioners (BOC) and the Board of Directors (BOD)

GCG ASEAN Scorecard has been used in assessment of GCG practices in public companies in other ASEAN countries, such as the Philippines, Malaysia, Singapore, Thailand and Vietnam.

GCG Assessment

Assessment on Compliance with Regulations of the OJK

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 dated April 29, 2013 on GCG Implementation for Commercial Banks and Bank Indonesia Circular No. 13/24/DPNP published on October 25, 2011 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 number: 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. As of semester I of 2015, Bank Mandiri has been conducting self-assessment of Integrated Corporate Governance to replace the consolidated self-assessment.

The results of GCG self-assessment are classified into five categories, namely Ranking 1, Ranking 2, Ranking 3, Ranking 4 and Ranking 5. The lower GCG factor ranking indicates better GCG implementation.

According to the circulars from Bank Indonesia and the OJK, GCG self-assessment is to be conducted comprehensively and systematically. Individual self-assessment integrates assessment factors into three governance aspects, i.e. governance structure, governance process and governance outcome. Self-Assessment of the Integrated Corporate Governance covers 7 (seven) assessment factors as follows:

1. Performance of roles and responsibilities of the Main Entity's BOD;
2. Performance of roles and responsibilities of the Main Entity's BOC;
3. Roles and responsibilities of the Integrated Corporate Governance Committee;
4. Roles and responsibilities of the Integrated Compliance Committee;
5. Roles and responsibilities of the Integrated Internal Audit Committee;
6. Implementation of Integrated Risk Management; and
7. Preparation and implementation of the Guideline for Integrated Corporate Governance.

Individual self-assessment of GCG implementation in Bank Mandiri for the first half of 2015 resulted in Ranking 1 or "Excellent", indicating that the management had implemented proper Good Corporate Governance. This was indicated by the highly satisfying fulfillment of GCG principles. As for the weakness found in the implementation of GCG principles, such weakness was considered insignificant and the Bank could immediately fix it..

Individual self-assessment of GCG implementation in Bank Mandiri for Semester I of 2015 had also been given feedback by the OJK in the prudential meeting on December 21, 2015 and Bank Mandiri was assigned to Ranking 2 ("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. Bank Mandiri would continue to follow up on such result to improve its future achievement.

Additionally, Bank Mandiri had submitted Report on the Implementation of Integrated Corporate Governance to the OJK for the assessment period Semester I of 2015 on August 14, 2015. 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.

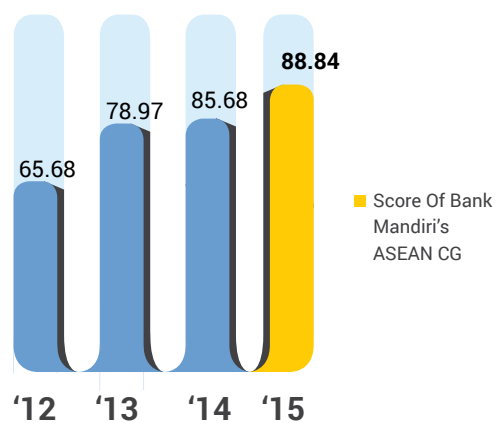
Similar to the result of individual self-assessment, Bank Mandiri has not received any feedback from the OJK regarding Integrated Corporate Governance assessment.

Assessment by Independent Party

1) ASEAN CG Scorecard



To continue improving GCG implementation, Bank Mandiri consistently partakes in ASEAN CG Scorecard rating. The results of ASEAN CG Scorecard for Bank Mandiri keep showing an upward trend. Below is the result of assessment on Bank Mandiri with regard to GCG implementation.



*The result of 2015 scorecard has not been available yet



No.	ASEAN CG Score- card Component	2012		2013		2014		2015	
		Score	Total score	Score	Total score	Score	Total score	Score	Total score
1.	<i>Rights of Shareholders</i> (10%)	38.46	3.85	48	4.8	60	6	92	9.2
2.	<i>Equitable Treatment of Shareholders</i> (15%)	64.71	9.71	58.82	8.82	58.82	8.82	61.11	9.17
3.	<i>Role of Stakeholders</i> (10%)	57.14	5.71	80.95	8.10	90.48	9.05	100	10
4.	<i>Disclosure and Transparency</i> (25%)	70.00	17.50	85	21.25	87.5	21.88	80.49	20.12
5.	<i>Responsibilities of The Boards</i> (40%)	62.03	24.81	75	30	77.33	30.93	78.38	31.35
6.	Bonus	4	4	6	6	9	9	9	9
7.	Penalty	0	0	0	0	0	0	0	0
Total Score		65.68		78.97		85.68		88.84	

2) GCG - CGPI Rating



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 Community and Business Supports to implement GCG best practices.
- 3) To motivate businesses to implement GCG

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 2015:

Stage	Proportion of Assessment	Bank Mandiri's Score
Self assessment	21%	19.86
Documentation System	27%	25.05
Research Papers	25%	22.87
Observation	27%	25.10
Score		92.88

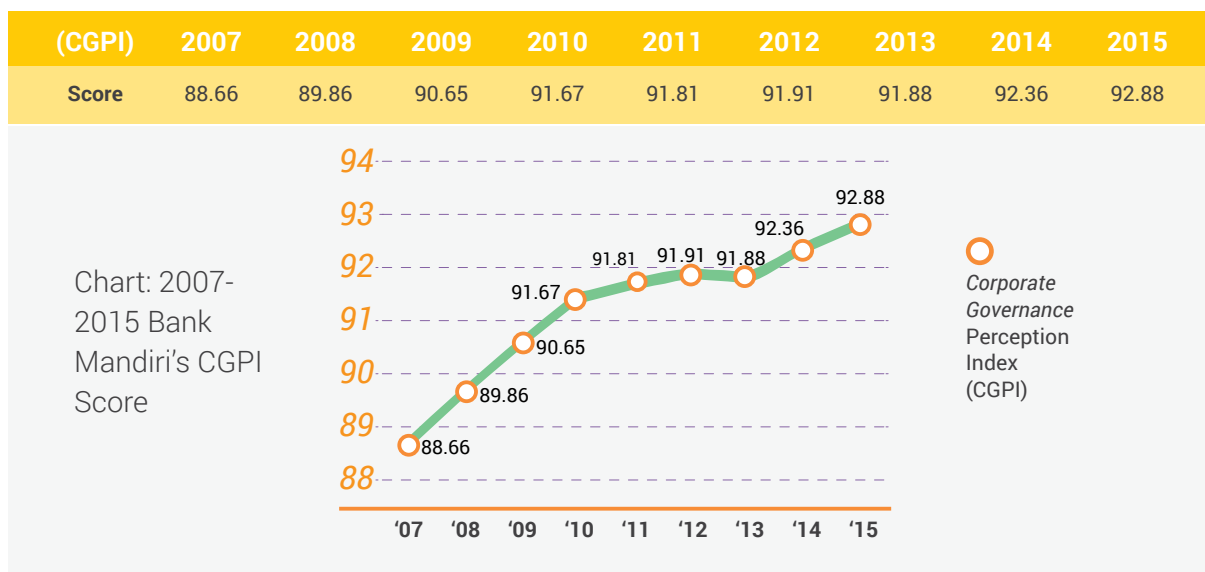
In the 2014/2015 CGPI Bank Mandiri achieved the highest GCG score and was rated as a “The Most Trusted Company”. This became the ninth consecutive award for Bank Mandiri won during 2007-2015. In the

2015 CGPI Assessment, Bank Mandiri scored 92.88 earning the title “The Most Trusted Company”. The result of CGPI assessment for the last nine years is as follows:



Bank Mandiri has been awarded “ **The Most Trusted Company** ” with the highest score among the other companies for 9 years in a row

Table: Bank Mandiri's CGPI Score in 2007-2014



3) Corporate Governance Asia (CGA)

CGA is an Asia's leading journal that functions as a medium of dissemination on Corporate Governance implementation, especially with Asian companies. CGA's mission is to be an education and information medium on Corporate Governance for businesses, governments, educational institutions and other establishments throughout Asia.

This year, CGA again awarded Bank Mandiri at the 11th Corporate Governance Recognition Awards 2015 with the ICON on Corporate Governance, which is the seventh award Bank Mandiri won after its winning achievement in 2009, 2010, 2011, 2012, 2013 and 2014. In addition to this award, CGA awarded Mr. Budi

G. Sadikin, the President Director of Bank Mandiri, with Asian Corporate Director Recognition Award 2015.

As one of the recipients of the 11th Corporate Governance Recognition Awards 2015, Bank Mandiri participates in a book project expected to inspire companies to implement corporate governance in accordance with the standards of Asia's best organizations. This book project will have a global reach and the book distributed to celebrate the 11th anniversary of The Best of Asia and to support commemoration of the 10th anniversary of the United Nation Conventions against Corruption.

Improvement of Transparency Aspect

In a bid to enhance transparency aspect, improvements had been made on disclosure of information regarding the announcement and invitation to the General Meeting of Shareholders (RUPS), detailed information on the Meeting's code of conducts and

agenda – including description of each agenda item – disclosure of the profiles of BOC/BOD candidates at the same time with the invitation, closed 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 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.	BOD Decree	Subject
1.	KEP.DIR/091/2015 dated March 20, 2015	Public Official's Wealth Report in PT Bank Mandiri (Persero) Tbk.
2.	KEP.DIR/071/2011 dated March 22, 2011	Additional Officials of PT Bank Mandiri (Persero) Tbk. Required to Submit Their Public Official's Wealth Report.
3.	KEP.DIR/090/2009 dated June 29, 2009	List of PT Bank Mandiri (Persero) Tbk. Officials Required to Submit Their 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 criteria set out 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 by a BOD Decree.

2. Appointment of LHKPN Coordinator.

No.	BOD Decree	Subject
1.	KEP.DIR/342/2013 dated December 27, 2013	Appointment of Coordinator and Application User of LHKPN in PT Bank Mandiri (Persero) Tbk.
2.	KEP.DIR/214/2010 dated August 5, 2010	Change in Appointment of Coordinator and Application User of LHKPN in PT Bank Mandiri (Persero) Tbk.
3.	KEP.DIR/091/2009 dated June 29, 2009	Appointment of Coordinator and Application User of LHKPN in 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.
- The managing coordinator updates LHKPN data in collaboration with the KPK and informs every change in the offices of Bank Mandiri.

Submission of LHKPN until the end of 2015 was continuously monitored and evaluated, particularly with regard to structural positions subjected to compulsory LHKPN submission totaling 275 personnel which consist of the management, including BOC and BOD members, SEVPs and Structural Officials. Those subject to compulsory LHKPN submission have fulfilled their obligation according to the proportion of reporting submission until December 31, 2015 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 recap of Compliance with LHKPN requirements in PT Bank Mandiri (Persero) Tbk. as at January 12, 2016:

No.	Work Unit	Number of LHKPN Reporting Officials*	Total Reporting Officials Number		Non-Reporting Officials					
			Total	%	Form A	%	Form B	%	Total	
					Total		Number		Number	%
1.	Board Of Commissioner	9	4	44.44	1	11.11	4	44.44	5	55.56
2.	Board Of Directors	11	4	36.36	2	18.18	5	45.45	7	63.64
3.	PT Bank Mandiri (Persero), Tbk.	231	118	51.08	45	11.48	68	29.44	113	48.92
4.	Subsidiaries	22	9	40.91	6	27.27	7	31.82	13	59.09
Total		273	135	49.45	54	19.78	84	30.77	138	50.55

GCG Implementation Quality Improvement Plan in 2016

Bank Mandiri understands that the implementation of sustainable corporate governance holds a significant role in ensuring attainment of maximum benefits for the Company, which eventually will strengthen its internal conditions, increase its performance and improve its risk management as well as reputation or positive image as a corporate that drives the National Economy forward. In accordance with the 2015-2020 Corporate Plan, the management has committed to making Bank Mandiri the leading bank in GCG implementation. This is set out in reference to the international standard of GCG practices and Triple Bottom Line approach (Profit, People, Planet).

In addition, Bank Mandiri will implement the Integrated Corporate Governance to create sustainable added values for its Financial Conglomeration, which include integrated compliance, integrated internal audit and integrated management functions while, at the same time, taking into account business characteristics and regulations prevailing in each Subsidiary, as well as the laws and regulations in effect.

GENERAL MEETING OF SHAREHOLDERS (GMS)



The GMS is an organ of the Company that holds the supreme power and is vested with authority that cannot be delegated to the Board of Directors or Board of Commissioners. Through GMS, all of the shareholders can exercise their rights, voice opinions and cast their votes in a fair and transparent manner for making important resolutions pertaining to the development and future of Bank Mandiri.

Authority and Responsibilities of the Shareholders

The GMS are vested with authority which, among other things, 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 and executing amendments to the Articles of Association; approving annual reports; determining the form and amount of remuneration for BOC and BOD members; and making decisions pertaining to corporate acts 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 include the following:

1. The controlling shareholders must be able to:
 - a. Have regard to the interests of minority shareholders and stakeholders in accordance with the provisions of the laws and regulations in effect;
 - b. Disclose to law enforcement agencies regarding the Ultimate Shareholder in the event of suspected breaches of the applicable laws and regulations or whenever requested by the competent authorities.
2. Where the controlling shareholder is also the controlling shareholder in several companies, efforts have to be made in maintaining accountability and transparency in the relationships between companies;
3. Minority shareholders are responsible for properly exercising their right 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.



Holding GMS

The GMS will be conducted in a reasonable and transparent manner as set forth in a regulation issued by the Financial Services Authority (OJK) under document number: POJK No. 32/POJK.04/2014 concerning Planning and Holding a Public Company's General Meeting of Shareholders.



The steps for Holding GMS are as follows:

No.	Activity	Implementation
1.	Notification of The Announcement of GMS Results agenda to OJK	D-43 (at least 5 working days prior to the announcement of GMS)
2.	GMS Announcement at least on: 1. 1 (one) Indonesian daily newspaper circulated nationally 2. IDX website 3. Company website in Indonesian and English, the least should be in English	D-36 (at least 14 days prior to the Invitation)
3.	Last date of Shareholder Register at 16.00 Western Indonesian Time (WIB)	D-22 1 day prior to the GMS Invitation
4.	The Invitation at least published on: 1. 1 (one) Indonesian daily newspaper circulated nationally 2. IDX website 3. Company website in Indonesian and English, the least should be in English	D-21 (at least 21 days prior to the GMS Invitation)
5.	Holding GMS	D-Day
6.	The Summary of the RUPS Minutes of Meeting to be published minimum on: 1. 1 (one) Indonesian daily newspaper circulated nationally 2. IDX website 3. Company website in Indonesian and English, the least should be in English	D+2 (2 working days following the GMS at the latest)
7.	Notification to OJK concerning Announcement of Summary of the MOM	D+4 (at least 2 working days in the wake of the announcement on a newspaper)
8.	Submitting Minutes of the GMS to OJK	D+30 (at least 30 days following the date of the GMS)

	Note	Legal Basis
	- Copied to Indonesian Capital Market Electronic Library (ICAMEL) - Attaching draft Invitation and Announcement of RUPS	Article 8 of OJK Regulation No. 32/POJK.04/2014
	- Submitting Proof of Announcement Ads to OJK and IDX - Attaching proof of announcement ads on newspapers - The announcement includes: ◆ provisions regarding shareholders eligible to attend the RUPS; ◆ provisions regarding shareholders eligible to propose the meeting agendas; ◆ the date of the RUPS; and ◆ the date of RUPS Invitation	Article 10 of OJK Regulation No. 32/POJK.04/2014
	Requesting from the Stock Administration Bureau the list of shareholders' names eligible to attend the RUPS	Article 8 of OJK Regulation No. 32/Pojk.04/2014
	- Submitting Proof of Announcement Ads to OJK and BEI - Attaching proof of newspaper announcement ads - The RUPS invitation includes: • the date of the RUPS; • the time of the RUPS; • the venue of the RUPS; • provisions regarding shareholders eligible to attend the RUPS; • meeting agendas & the explanation; and • statement that materials related to the meeting agendas are available for the shareholders from the date of the RUPS Invitation to the date RUPS is held.	Article 13 of OJK Regulation No. 32/POJK.04/2014
	The Summary must contain at least: - the date, venue, time and agendas of the RUPS - BOC and BOD members attending the RUPS - the number of shares with valid voting rights represented by attendance in the RUPS and its proportion against the total shares with valid voting rights - if there was any opportunity for shareholders to raise questions and/or express their opinions on the meeting agendas - the number of shareholders raising questions or expressing their opinions on the meeting agendas, if they were provided with such opportunity - mechanism of establishing resolutions adopted in the RUPS - voting result that shows votes for, votes against and abstain (not casting any vote) for each meeting agenda, if the resolutions were put to vote - resolutions of the RUPS - payment of cash dividends to eligible shareholders, if there is a resolution of the RUPS stipulating distribution of cash dividends	Article 32-34 of OJK Regulation No. 32/POJKk.04/2014
	- Submitting Proof of Ads on Summary of the MOM to OJK and IDX - Attaching proof of the Announcement on a newspaper	Article 34 of OJK Regulation No. 32/POJK.04/2014
		Article 33 of OJK Regulation No. 32/POJK.04/2014

Bank Mandiri RUPS

As regulated under Law No. 40/2007 concerning Limited Liability Company, article 2 of POJK No. 32/POJK.04/2014 and article 10 of the Company's Articles of Association concerning the General Meeting of Shareholders, the RUPS is divided into 2 (two), namely Annual General Meeting of Shareholders (AGM) and other RUPS hereinafter referred to as Extraordinary General Meeting of Shareholders (EGM).

The RUPS held in 2015 was chaired by a BOC member designated by the BOC in a Meeting of the BOC. The Chair first read the code of conducts regulating the course of the meeting, which were incorporated into the Minutes. The Chair gave the shareholders or their proxies an opportunity to ask questions, give comments and/or come up with suggestions on each meeting agenda. The Chair, or a Director appointed by the Chair, answered or replied to the questions/comments of the shareholders in attendance. After all the questions were answered or responded to, voting took place and it was only shareholders or their authorized proxies entitled to cast votes. Each share conferred a right to casting one vote to its holder.

Throughout 2015, Bank Mandiri held 2 RUPS, namely Annual RUPS and RUPSLB for the fiscal year (FY) 2014. Bank Mandiri appointed independent parties, namely Notary Ashoya Ratam, S.H., M.Kn. and PT Datindo Entrycom, for counting and/or validating the votes.



AGM

The AGM must be held at least 5 (five) months following the closing of the last fiscal year. In the meeting, BOD must submit the following:

- a. Annual Report;
- b. Comments with respect to profit allocation, if the Company records positive profit;
- c. Comments concerning appointment of public accountant to audit the Company's current fiscal year based on BOC's recommendation or the granting of power to BOC to appoint a public accountant;
- d. Other matters requiring approval of RUPS to the benefit of the Company with due observance to provisions of the Articles of Association.

Bank Mandiri Annual RUPS was held on March 16, 2015 at 09.45 WIB until 13.10 WIB in Auditorium Plaza Mandiri 3rd floor, Jl. Jend. Gatot Subroto Kavling 36-38, South Jakarta. The Meeting was attended by all BOC and BOD members, shareholders and/or their proxies/representatives of shareholders who altogether represented 19,770,767,838 shares including a Series A Dwiwarna Share or constituting 84.73% 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 thirty two) Series B Shares;

having regard to the Company Shareholder Register as per Wednesday, February 18, 2015 until 16.00 WIB. Therefore, the provisions concerning the quorum for RUPS as set out in the Articles of Association were satisfied and regulations were fulfilled so the RUPS was lawfully held and capable of establishing binding resolutions.



Notification of AGM

www.bankmandiri.co.id

mandiri

PANGGILAN RAPAT UMUM PEMEGANG SAHAM TAHUNAN PT BANK MANDIRI (PERSERO) Tbk. No. FST.CSC/03/P/II/2015

Direksi PT Bank Mandiri (Persero) Tbk. (selanjutnya disebut "Perseroan") berkedudukan di Jakarta, dengan ini mengundang para Pemegang Saham Perseroan untuk menghadiri Rapat Umum Pemegang Saham Tahunan (selanjutnya disebut "Rapat") Perseroan yang akan diselenggarakan pada:

Hari/Tanggal : Senin, 16 Maret 2015
Waktu : Pukul 09.00 WIB- selesai
Tempat : R. Auditorium
Plaza Mandiri Lt.3
Jalan Jendral Gatot Subroto Kav. 36-38
Jakarta 12190

Dengan agenda sebagai berikut:

1. Persetujuan Laporan Tahunan dan Pengesahan Laporan Keuangan Konsolidasian Perseroan, Persetujuan Laporan Tugas Pengawasan Dewan Komisaris, dan Pengesahan Laporan Tahunan Pelaksanaan Program Kemitraan dan Bina Lingkungan untuk tahun buku yang berakhir pada tanggal 31 Desember 2014.
Berdasarkan ketentuan (i) Pasal 11 ayat 2 huruf a dan Pasal 21 ayat 9 dan Pasal 21 ayat 10 huruf a Anggaran Dasar Perseroan, (ii) Pasal 69 dan Pasal 70 Undang-Undang No. 40 Tahun 2007 tentang Perseroan Terbatas ("UUPT"), (iii) Pasal 23 ayat (1) Undang-Undang No. 19 tahun 2003 tentang BUMN dan (iv) Pasal 22 ayat (2) Peraturan Menteri BUMN No. PER-05/MBU/2007 sebagaimana terakhir kali diubah dengan Peraturan Menteri BUMN No. PER-08/MBU/2013, Laporan Tahunan dan Laporan Tugas Pengawasan Dewan Komisaris Perseroan harus mendapatkan persetujuan dari Rapat Umum Pemegang Saham Perseroan ("RUPS") serta Laporan Keuangan Konsolidasian Perseroan dan Laporan Tahunan Pelaksanaan Program Kemitraan dan Bina Lingkungan harus mendapatkan pengesahan dari RUPS, oleh karena itu Perseroan mengajukan agenda di atas di dalam Rapat.
2. Persetujuan penggantian laba bersih Perseroan untuk tahun buku yang berakhir pada tanggal 31 Desember 2014.
Berdasarkan ketentuan (i) Pasal 11 ayat 2 huruf b Anggaran Dasar Perseroan dan (ii) Pasal 70 dan Pasal 71 ayat (1) UUPT, penggunaan laba bersih Perseroan diputuskan dalam RUPS, oleh karena itu Perseroan mengajukan agenda di atas di dalam Rapat.
3. Penetapan Kantor Akuntan Publik untuk mengaudit Laporan Keuangan Perseroan dan Laporan Tahunan Pelaksanaan Program Kemitraan dan Bina Lingkungan untuk tahun buku yang berakhir pada tanggal 31 Desember 2015.
Berdasarkan pada ketentuan Pasal 11 ayat 2 huruf c Anggaran Dasar Perseroan, dalam RUPS Tahunan ditetapkan akuntan publik untuk mengaudit buku Perseroan yang sedang berjalan berdasarkan usulan dari Dewan Komisaris.
4. Penetapan gaji anggota Direksi, honorarium anggota Dewan Komisaris, dan tunjangan serta penetapan benefit lainnya bagi segenap anggota Direksi dan anggota Dewan Komisaris Perseroan.
Berdasarkan pada ketentuan (i) Pasal 15 ayat 9 dan Pasal 18 ayat 8 Anggaran Dasar Perseroan; dan (ii) Pasal 96 dan Pasal 113 UUPT pada dasarnya besaran gaji atau honorarium dan tunjangan lainnya untuk anggota Direksi dan anggota Dewan Komisaris Perseroan ditetapkan oleh RUPS, dimana kewenangan RUPS tersebut dapat dilimpahkan kepada Dewan Komisaris, oleh karena itu Perseroan mengajukan agenda di atas di dalam Rapat.
5. Perubahan Anggaran Dasar Perseroan untuk disesuaikan dengan ketentuan (i) Peraturan Otoritas Jasa Keuangan No. 32/POJK/04/2014 tentang Rencana dan Penyelenggaraan Rapat Umum Pemegang Saham Perusahaan Terbuka; dan (ii) Peraturan Otoritas Jasa Keuangan No. 33/POJK/04/2014 tentang Direksi dan Dewan Komisaris Emiten atau Perusahaan Publik.
Sesuai dengan Pasal 40 dari Peraturan Otoritas Jasa Keuangan No. 32/POJK/04/2014 tentang Rencana dan Penyelenggaraan Rapat Umum Pemegang Saham Perusahaan Terbuka, setiap perusahaan terbuka dalam waktu 1 tahun sejak diundangkannya peraturan tersebut, wajib untuk menyesuaikan Anggaran Dasarnya. Selain itu mengingat dalam Peraturan Otoritas Jasa Keuangan No. 33/POJK/04/2014 tentang Direksi dan Dewan Komisaris Emiten atau Perusahaan Publik juga terdapat beberapa ketentuan baru yang berdampak pada Anggaran Dasar Perseroan saat ini maka Perseroan mengajukan untuk melakukan perubahan terhadap beberapa pasal Anggaran Dasar Perseroan agar sesuai dengan ketentuan-ketentuan di atas.
6. Persetujuan perubahan susunan anggota Direksi dan Dewan Komisaris Perseroan.
Mengingat masa jabatan dari beberapa orang anggota Direksi dan Dewan Komisaris Perseroan telah atau akan habis masa jabatannya maka perlu dilakukan perubahan atau penggantian anggota Direksi dan Dewan Komisaris Perseroan dimana berdasarkan Pasal 15 ayat 5 dan Pasal 18 ayat 5 Anggaran Dasar Perseroan, para anggota Direksi dan Dewan Komisaris diangkat oleh RUPS dari calon yang diajukan oleh Pemegang Saham Seri A Dwiwarna, pencalonan mana mengikat bagi RUPS.

CATATAN:

1. Perseroan tidak mengirimkan undangan tersendiri kepada para Pemegang Saham Perseroan karena iklan panggilan ini merupakan undangan resmi sesuai dengan ketentuan Pasal 13 ayat 6 huruf a Anggaran Dasar Perseroan.
2. Yang berhak menghadiri dan diwakili dalam Rapat adalah para Pemegang Saham Perseroan yang namanya tercatat dalam Daftar Pemegang Saham Perseroan pada hari Rabu, tanggal 18 Februari 2015 pukul 16.00 WIB, atau pemilik saldo rekening efek di Penitipan Kolektif PT Kustodian Sentral Efek Indonesia pada penutupan perdagangan saham pada hari Rabu, tanggal 18 Februari 2015.
3. Para Pemegang Saham Perseroan atau kuasa-kuasanya Pemegang Saham Perseroan yang akan menghadiri Rapat diminta untuk menyerahkan fotokopi Kartu Tanda Penduduk (KTP) atau bukti jadi diri lainnya sebelum memasuki ruangan Rapat. Bagi Pemegang Saham Perseroan yang berbentuk badan hukum diminta untuk membawa fotokopi Anggaran Dasar Perusahaan yang terakhir serta susunan pengurus yang terakhir. Bagi Pemegang Saham Perseroan yang sahnya dimasukkan dalam penitipan kolektif PT Kustodian Sentral Efek Indonesia diwajibkan membawa Konfirmasi Tertulis Untuk Rapat (KTUR) yang dapat diperoleh di perusahaan efek atau di bank kustodian dimana Pemegang Saham Perseroan membuka rekening efeknya.
4. Pemegang Saham Perseroan yang tidak hadir dalam Rapat dapat diwakili oleh kuasanya dengan ketentuan bahwa para anggota Direksi, anggota Dewan Komisaris dan Karyawan Perseroan tidak dapat bertindak sebagai kuasa Pemegang Saham Perseroan dalam Rapat ini.
5. Formulir Surat Kuasa dapat diperoleh di Kantor Biro Administrasi Efek (BAE) Perseroan, setiap jam kerja dan setelah formulir surat kuasa diisi oleh Pemegang Saham Perseroan, selanjutnya disampaikan kepada Perseroan melalui Kantor BAE, yaitu PT Datindo Entycom, Furi Datindo - Wisma Diners Club International Annex, Jl. Jenderal Sudirman Kav. 34 Jakarta 10220, selambat-lambatnya tanggal 9 Maret 2015.
6. Bahan-bahan yang akan dibicarakan dalam Rapat telah tersedia dan dapat diperoleh di situs web Perseroan atau pada setiap jam kerja di Kantor Pusat Perseroan dengan alamat PT Bank Mandiri (Persero) Tbk., Plaza Mandiri Lt. 3, Jl. Jend. Gatot Subroto Kav.36-38, Jakarta 12190, Telp. (021) 5291.321, Fax. (021) 525.3460 jika diminta secara tertulis oleh Pemegang Saham Perseroan, kecuali untuk bahan terkait agenda perubahan susunan anggota Direksi dan Dewan Komisaris Perseroan yang mana akan tersedia paling lambat pada tanggal Rapat diselenggarakan.
7. Untuk mempermudah pengaturan dan tertibnya Rapat, Pemegang Saham Perseroan atau kuasa-kuasanya yang sah dimohon dengan hormat telah tersedia di tempat Rapat selambat-lambatnya 30 (tiga puluh) menit sebelum Rapat dimulai.

Jakarta, 20 Februari 2015
PT Bank Mandiri (Persero) Tbk.
Direksi

mandiri call 14000

Terdepan, Terpercaya, Tumbuh bersama Anda.

Invitation of AGM

The following table outlines the notice, invitation, agenda, resolutions and votes count:

RUPS	Notice	Invitation	Agenda	
RUPS for FY 2014 Dated March 16, 2015	Published on February 5, 2015 on Bank Mandiri website under document number: No. FST.CSC/02/P/II/2015	Published on February 20, 2015 in Bisnis Indonesia and Suara Pembaruan in Indonesian, and The Jakarta Post in English, Electronic Reporting System on www.idx.co.id and on the Company website with Invitation No. FST.CSC/03/P/II/2015.	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	
			Approval of the Company's allocation of net profit for the fiscal year ending on December 31, 2014;	

	Resolutions	For (total votes & %)	Against (total votes & %)	Blank (total votes & %)
	The majority vote, i.e. 19,758,562,138 shares or 99.94% of the total votes issued in the Meeting, resolved: 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) TANUDIREDJA, 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 RUPS 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. 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 TANUDIREDJA, 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 RUPS 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.	19,689,689,765 99.59%	12,205,700 0.06%	68,872,373 0.35%
	The majority vote, i.e. 19,700,580,368 shares or 99.65% of the total votes issued in the Meeting, resolved: 1. To approve and set out the Company's allocation of (consolidated) net profit in FY 2014 amounting to IDR 19,871,873,276,792.6 (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 IDR 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. 2. As much as 13.20% of the Company's net profit for the period January 1-December 31, 2014, or totaling IDR 2,622,936,000,000.36 (two trillion six hundred twenty-two billion nine hundred thirty-six million Rupiahs and thirty-six	19,615,350,322 99.21%	70,187,470 0.36%	85,230,046 0.43%

RUPS	Notice	Invitation	Agenda	
			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.	
			Determining the salaries of BOD, honoraria of BOC and bonuses as well as other benefits for all members of BOC and BOD	
			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	

	Resolutions	For (total votes & %)	Against (total votes & %)	Blank (total votes & %)
	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.			
	The majority vote, i.e. 19,239,359,131 shares or 97.31% of the total votes issued in the Meeting, resolved to approve: The granting of authority as specified in Article 11 paragraph (2) letter c of the Articles of Association stipulating that "In the Annual RUPS, a Public Accounting Firm ("KAP") shall be appointed to audit current Company's books based on recommendation from the Board of Commissioners" to BOC to choose a KAP 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 KAP, including to choose a substitute KAP in the event that the KAP 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.	18,881,433,220 95.50%	531,408,707 2.69%	357,925,911 1.81%
	The majority vote, i.e. 19,127,018,506 shares or 96.74% of the total votes issued in the Meeting, resolved to approve as follows: The granting of 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, honoraria, and other benefits, including allowances and facilities, for BOC and BOD members in 2015.	18,927,056,638 95.73%	643,749,332 3.26%	199,961,868 1.01%
	The majority vote, i.e. 15,446,131,373 shares or 78.13% of the total votes issued in the Meeting, resolved as follows: 1. 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. 2. 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. 3. 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.	14,865,128,834 75.19%	4,324,636,465 21.78%	581,002,539 2.94%

RUPS	Notice	Invitation	Agenda	
			Approval of changes in the members of the Company's BOC and BOD	

	Resolutions	For (total votes & %)	Against (total votes & %)	Blank (total votes & %)
	The majority vote, i.e. 15,202,018,770 shares or 76.89% of the total votes issued in the Meeting, resolved as follows: 1. 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. 2. 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. 3. 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. 4. To appoint: Members of the Company's BOC: a. Mr. DARMIN NASUTION as Chief Commissioner; b. Mr. IMAM APRIYANTO PUTRO as Deputy Chief Commissioner; c. Mr. GOEI SIAUW HONG as Independent Commissioner; d. Mr. SUWHONO as Commissioner; e. Mr. BANGUN SARWITO KUSMULJONO as Independent Commissioner; f. Ms. CAHAYA DWI REMBULAN SINAGA as Independent Commissioner; Members of the Company's BOD: a. Mr. SULAIMAN ARIF ARIANTO as Vice President Director; b. Mr. PAHALA NUGRAHA MANSURY as Director; c. Ms. KARTINI SALLY as Director; d. Mr. KARTIKA WIRJOATMODJO as Director; e. Mr. AHMAD SIDDIK BADRUDDIN as Director; f. Mr. TARDI as Director; 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 RUPS 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:	14,735,946,985 74.53%	4,568,749,068 23.11%	466,071,785 2.36%

RUPS	Notice	Invitation	Agenda	

	Resolutions	For (total votes & %)	Against (total votes & %)	Blank (total votes & %)
	BOARD OF COMMISSIONERS • Chief Commissioner : Mr. DARMIN NASUTION • Deputy Chief Commissioner : Mr. IMAM APRIYANTO PUTRO • Independent Commissioner : Ms. AVILIANI • Independent Commissioner : Mr. GOEI SIAUW HONG • Commissioner : Mr. SUWHONO • Independent Commissioner : Mr. ABDUL AZIZ • Commissioner : Mr. ASKOLANI • Independent Commissioner : Mr. BANGUN SARWITO KUSMULJONO • 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 TUMILAAAR • Director : Bp HERY GUNARDI • Director : Bp SENTOT A SENTAUSA • Director : Bp OGI PRASTOMIYONO • Director : Bp PAHALA NUGRAHA MANSURY • Director : Ibu KARTINI SALLY • Director : Bp KARTIKA WIRJOATMODJO • Director : Bp AHMAD SIDDIK BADRUDDIN • Director : Bp TARDI 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 Boards' members in accordance with the applicable legislation. Furthermore, pursuant to the resolutions on the Second Agenda of the Meeting as mentioned above, the Meeting resolved to make dividend payments from the Company's net profit amounting to IDR 4,967,968,319,198.15, or amounting to IDR 212.91292 per share, to be distributed to 23,333,333,333 Company shares with the schedule and procedures for distribution of cash dividends for FY 2014 as follows:			

RUPS	Notice	Invitation	Agenda	

	Resolutions	For (total votes & %)	Against (total votes & %)	Blank (total votes & %)																											
	Schedule for Distribution of Cash Dividends:																														
	<table><tr><th>No</th><th>Note</th><th>Date</th></tr><tr><td>1</td><td>End of the Period for Trading Stocks with Dividend Rights (Cum Dividend)</td><td></td></tr><tr><td></td><td>- Regular and Negotiated Markets</td><td>March 23, 2015</td></tr><tr><td></td><td>- Cash Market</td><td>March 23, 2015</td></tr><tr><td>2</td><td>Commencement of the Period for Trading Stocks without Dividend Rights (Ex Dividend)</td><td></td></tr><tr><td></td><td>- Regular and Negotiated Markets</td><td>March 24, 2015</td></tr><tr><td></td><td>- Cash Market</td><td>March 27, 2015</td></tr><tr><td>3</td><td>Date of Register by Shareholders entitled to Dividends (Recording Date)</td><td>March 26, 2015</td></tr><tr><td>4</td><td>Date of Cash Dividend Payment for FY 2014</td><td>April 17, 2015</td></tr></table>	No	Note	Date	1	End of the Period for Trading Stocks with Dividend Rights (Cum Dividend)			- Regular and Negotiated Markets	March 23, 2015		- Cash Market	March 23, 2015	2	Commencement of the Period for Trading Stocks without Dividend Rights (Ex Dividend)			- Regular and Negotiated Markets	March 24, 2015		- Cash Market	March 27, 2015	3	Date of Register by Shareholders entitled to Dividends (Recording Date)	March 26, 2015	4	Date of Cash Dividend Payment for FY 2014	April 17, 2015			
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3	Date of Register by Shareholders entitled to Dividends (Recording Date)	March 26, 2015																													
4	Date of Cash Dividend Payment for FY 2014	April 17, 2015																													
	1. Cash dividends would be paid to the Company's shareholders listed in the Company Shareholder Register ("DPS") or with recording date March 26, 2015 (recording date) and/or shareholders of the Company in the securities sub-account of PT Kustodian Sentral Efek Indonesia ("KSEI") on the closing of trade taking place on March 26, 2015. 2. For the Company shareholders whose shares were placed in the collective custody of KSEI, the payment of cash dividends was made through KSEI and would be distributed into the account of Stock Brokerages and/or Custodian Banks on April 17, 2015. The proof of payment for cash dividends would be provided by KSEI to the Company's shareholders through Stock Brokerages and/or Custodian Banks where the Shareholders opened their respective account. As for the Company's shareholders whose shares were not placed in the collective custody of KSEI, the payment of cash dividends would be transferred to the respective account of the Company's shareholders. 3. Such cash dividends were subject to taxes pursuant to applicable legislation on taxes. The amount of tax charged would be paid by the Company's shareholders concerned and deducted from the amount of cash dividends to be paid to the Company's shareholders. 4. Shareholders with the status of Domestic Taxpayers in the form of legal persons not listing their Taxpayer Identification Number ("NPWP") should submit the NPWP to KSEI or the Stock Administration Bureau ("BAE") PT Datindo Entrycom having its office in Puri Datindo - Wisma Sudirman. Jl. Jend. Sudirman Kav. 34, Jakarta 10220 on March 26, 2015 at 16.00 WIB at the latest. In the event of failure to inform the NPWP, the cash dividends payable to Domestic Taxpayers would be subject to Income Tax amounting to 30%.																														

RUPS	Notice	Invitation	Agenda	

	Resolutions	For (total votes & %)	Against (total votes & %)	Blank (total votes & %)
	5. Shareholders being Foreign Taxpayers whose tax deduction would be subject to tariff pursuant to Double Taxation Avoidance Agreement ("P3B") must meet the requirements of article 26 of Law No. 36/2008 concerning the Fourth Amendment to Law No. 7/1983 concerning Income Tax and submit DGT-1 or DGT-2 form certified by Tax Service Office for Publicly Listed Companies to KSEI or BAE on April 2, 2015 at the latest. In the absence of such document, the cash dividends payable would be subject to the Income Tax - Article 26 amounting to 20%. 6. As for the Company shareholders whose shares were in the collective custody of KSEI, the receipt of tax withholding for dividends could be collected in the Stock Brokerages and/or Custodian Banks where the shareholders opened their securities account while shareholders of the Company's script could collect it in BAE as of May 11, 2015.			

The Annual RUPS was opened by Mr. Pradjoto as the Chair, in accordance with Article 13 paragraph 13 of Bank Mandiri's Articles of Association. The RUPS began with explanation of the Meeting's code of conducts, and the Chair gave shareholders or their proxies an opportunity to raise questions/make comments and/or suggestions on each agenda of the meeting. The Chair or the Director authorized by the Chair answered or responded to the questions/comments from the shareholders in attendance. After all of the questions had been answered or replied, voting took place and it was attended only by shareholders or their authorized proxies entitled to cast votes. Each share conferred a right to its holder to cast one vote. Bank Mandiri appointed independent parties, namely Notary Ashoya Ratam, S.H., M.Kn., and PT Datindo Entrycom for counting and/or validating the votes.

Resolutions of the Annual RUPS for FY 2014 were filed with the OJK on March 18, 2015 via a letter to OJK under document number No. FST.CSC/CMA.822/2015 regarding Submission of Information on Publication of Summarized Minutes of Annual RUPS Meeting for FY 2014 and the Electronic Reporting System www.idx.co.id (Indonesian Stock Exchange) via a letter under document number No. FST.CSC/CMA.821/2015 concerning Submission of Information on Publication of Summarized Minutes of Annual RUPS Meeting for FY 2014 and published on *Bisnis Indonesia*, *Suara Pembaruan*, and *The Jakarta Post* by March 18, 2015 and also on the Company's website on www.mandiri.co.id in bilingual version (Indonesian and English).



The Extraordinary General Meeting of Shareholders (EGM)



The decision to conduct an RUPSLB can be made at any time. An RUPSLB can be held at any time if deemed necessary by BOD upon written request of BOC or Shareholder of Series A Dwiwarna Share and/ or 1 (one) shareholder or more holding at least 1/20 (one-twentieth) of the total shares with valid voting rights.

Bank Mandiri held an RUPSLB on December 18, 2015 at 10.03 - 10.48 WIB taking place in Auditorium Plaza Mandiri Lt. 3 Jl. Jend. Gatot Subroto Kavling 36-38, South Jakarta. The Meeting was attended by all BOC members (except Mr. Suwhono and his absence had been officially informed to the Company) and BOD members as well as the shareholders and/ or their proxies/representatives who represented 19,663,688,277 shares, among them Series A

Dwiwarna Share or constituting 84.14% 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-two) Series B Shares;

having regard to the Company Shareholder Register as per November 25, 2015 up to 16.00 WIB. Therefore, the provisions regarding the quorum for an RUPS as set out in the Articles of Association were satisfied and regulations were fulfilled so that the RUPSLB was lawful and able to adopt binding resolutions.

The following table outlines the notice, invitation, agenda, resolutions and votes count with respect to the RUPSLB of Bank Mandiri:

RUPS	Notice	Invitation	Agenda	
RUPSLB on December 18, 2015	Published on November 11, 2015 on Bank Mandiri website under document number: No. FST.CSC/013/P/XII/2015	Published on November 26, 2015 in Bisnis Indonesia and Suara Pembaruan in Indonesian, and The Jakarta Post in English, Electronic Reporting System on www.idx.co.id and on the website of Bank Mandiri	Changes in the Company Management	
			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	

	Resolutions	For (total votes & %)	Against (total votes & %)	Blank (total votes & %)
	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 RUPS 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: Chief Commissioner : Bpk. Wimboh Santoso Deputy Chief Commissioner : Bpk. Imam Apriyanto Putro Independent Commissioner : Bpk. Abdul Aziz Independent Commissioner : Ibu Aviliani Commissioner : Bpk. Askolani Commissioner : Bpk. Suwhono Independent Commissioner : Bpk. Goei Siau Hong Independent Commissioner : Bpk. Bangun Sarwito Kusmuljono 4. Vested BOD with the power and authority 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.	15,009,693,933 76.45%	4,252,374,695 21.66%	371,619,649 1.89%
	Approved 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.	19,568,598,748 99.67%	15,495,093 0.08%	49,594,436 25%

The RUPSLB was opened by Mr. Imam Apriyanto Putro as the Chair, conforming to Article 13 paragraph 13 of Bank Mandiri's Articles of Association. The RUPS started with explanation of the Meeting code of conducts, and the Chair then gave an opportunity for shareholders or their proxies to ask questions/make comments and/or suggestions on each agenda of the meeting. The Chair or the Director authorized by the Chair answered or responded to the questions/comments from the shareholders in attendance. After all of the questions had been answered or responded, voting took place and was attended only by shareholders or their authorized proxies entitled to cast votes. Each share conferred a right to its holder to cast one vote. Bank Mandiri appointed independent parties, namely Notary Ashoya Ratam, S.H., M.Kn., and PT Datindo Entrycom for counting and/or validating the votes.

Resolutions of the RUPSLB were filed with the OJK on December 22, 2015 via a letter to OJK under document number: No FST.CSC/CMA.3156/2015 regarding Information Transparency of PT Bank Mandiri (Persero) Tbk, and Electronic Reporting System on www.idx.co.id (Indonesian Stock Exchange) through a letter under document number: No. FST.CSC/CMA.3156/2015 concerning Information Transparency of PT Bank Mandiri (Persero) Tbk published on *Bisnis Indonesia*, *Suara Pembaruan*, and *The Jakarta Post* by December 22, 2015 and also on the Company's website on www.mandiri.co.id in bilingual version (Indonesian and English).

Attendance Level at the RUPS

The Annual RUPS and RUPSLB were attended by Chief Commissioner and all BOC members, including the Chief and members of the Committees under BOC, along with the President Director and all BOD members.

Attendance		Membership in Committees		Annual RUPS	RUPSLB
Name	Position	Annual RUPS	RUPSLB		
Mahmuddin Yasin*	Chief Commissioner	Member of Remuneration and Nominations Committee	-	✓	-
Pradjoto *	Independent Commissioner	- Chief of Remuneration and Nominations Committee - Member of Risk Monitoring and GCG Committee	-	✓	-
Krisna Wijaya*	Independent Commissioner	- Chief of Audit Committee - Member of Risk Monitoring and GCG Committee	-	✓	-

Attendance		Membership in Committees		Annual RUPS	RUPSLB
Name	Position	Annual RUPS	RUPSLB		
Abdul Aziz	Commissioner	- Member of Remuneration and Nominations Committee - Member of Risk Monitoring and GCG Committee	- Member of Remuneration and Nominations Committee - Chief of Risk Monitoring - Chief of Integrated Corporate Governance Committee	✓	✓
Askolani	Commissioner	- Member of Remuneration and Nominations Committee - Member of Audit Committee	- Member of Audit Committee - Member of Remuneration and Nominations Committee	✓	✓
Aviliani	Independent Commissioner	- Member of Remuneration and Nominations Committee - Member of Audit Committee	- Chief of Audit Committee - Member of Remuneration and Nominations Committee - Member of Integrated Corporate Governance Committee	✓	✓
Anton H. Gunawan*	Independent Commissioner	- Member of Remuneration and Nominations Committee - Member of Audit Committee - Member of Risk Monitoring and GCG Committee		✓	-
Darmin Nasution*****	Chief Commissioner			-	-
Imam Apriyanto Putro**	Deputy Chief Commissioner		- Member of Remuneration and Nominations Committee - Member of Risk Monitoring and GCG Committee	-	✓
Goei Siau Hong**	Independent Commissioner		- Member of Integrated Corporate Governance Committee - Member of Remuneration and Nominations Committee - Member of Audit Committee	-	✓

Attendance		Mambership in Committees		Annual RUPS	RUPSLB
Name	Position	Annual RUPS	RUPSLB		
Suwhono**	Commissioner	-	• Member of Remuneration and Nominations Committee	-	✓
			• Member of Risk Monitoring and GCG Committee	-	✓
Bangun Sarwito Kusmuljono**	Independent Commissioner	-	• Chief of Remuneration and Nominations Committee • Member of Integrated Corporate Governance Committee	-	✓

Name	Position	Annual RUPS	RUPSLB
Budi G. Sadikin	President Director	✓	✓
Riswinandi ***	Vice President Director (After the implementation of the Annual General Meeting , Vice President Director chaired by Mr. Sulaiman A. Ariyanto)	✓	-
Abdul Rachman***	Institutional Banking Director	✓	-
Sentot A. Sentausa	Distributions Director	✓	✓
Ogi Prastomiyono	Technology & Operations Director	✓	✓
Pahala N. Mansury	Treasury & Markets Director	✓	✓
Fransisca N. Mok***	Corporate Banking Director (After the implementation of the Annual General Meeting , Corporate Banking Director chaired by Mr. Royke Tumilaar)	✓	-
Sunarso***	Commercial & Business Banking Director (After the implementation of the Annual General Meeting , Commercial Banking Director chaired by Ms. Kartini Sally)	✓	-
Kresno Sediarsi***	Technology & Operations Director (After the implementation of the Annual General Meeting , Technology & Operations Director chaired by Mr. Ogi Prastomiyono)	✓	-
Hery Gunardi	Consumer Banking Director	✓	✓
Royke Tumilaar	Corporate Banking Director	✓	✓
Sulaiman Arif Arianto****	Vice President Director	-	✓
Kartini Sally****	Commercial Banking Director	-	✓
Kartika Wirjoatmodjo****	Finance & Strategy Director	-	✓
Ahmad Siddik Badruddin****	Risk Management & Compliance Director	-	✓
Tardi****	Micro & Business Banking Director	-	✓

Note:

- * Honorably discharged as BOC members in the Annual RUPS held on March 16, 2015, ending their tenure by the closing of the Meeting
- ** Appointed as BOC members in the Annual RUPS held on March 16, 2015
- *** Honorably discharged as BOD members in the Annual RUPS held on March 16, 2015, ending their tenure by the closing of the Meeting
- **** Appointed as BOD members in the Annual RUPS held on March 16, 2015
- ***** Appointed as BOC members in the Annual RUPS held on March 16, 2015 dan Appointed as the Coordinating Minister for Economic Affairs of the Republic of Indonesia on August 12, 2015

The level of attendance in the Annual RUPS among the shareholders during the last five years was approximately more than 82.34%, indicating the effectiveness of the announcements and invitation to the Bank's RUPS as well as a high level of concern and participation on the part of the shareholders. For 2015, the attendance level stood at 84.73%. The Meeting was attended by all BOC and BOD members, shareholders and/or their proxies/representatives altogether representing 19,770,767,838 shares, including a Series A Dwiwarna Share constituting 84.73% 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 thirty-two) Series B Shares;

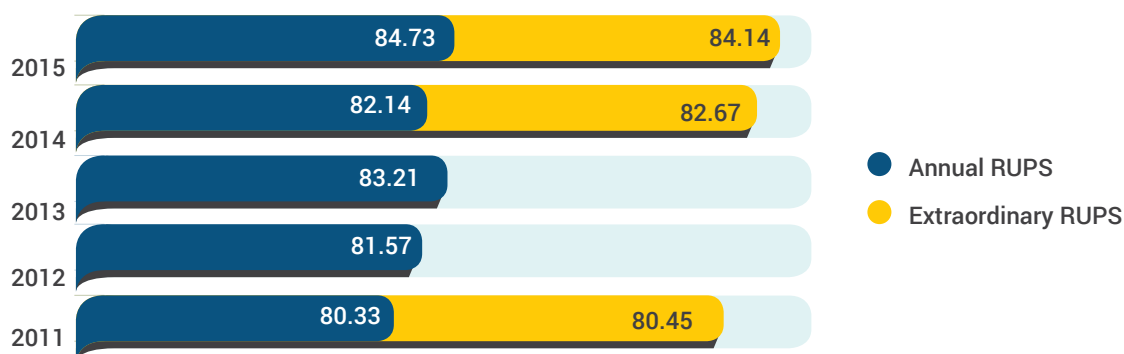
in respect of the Company Shareholder Register as per Wednesday, February 18, 2015 by 16.00 WIB.

The attendance level of the shareholders in the RUPSLB during the last five years was approximately 84.09%, also indicating the effectiveness of the announcements and invitation to the RUPSLB as well as a high level of concern and participation on the part of Bank Mandiri shareholders.

Shareholders Attendance (%) for 2011-2015

RUPS	2011	2012	2013	2014	2015
Annual	80.33	81.57	83.21	82.14	84.73
Extraordinary	85.45	No RUPSLB	No RUPSLB	82.67	84.14

Shareholders Attendance (%) for 2011-2015



Follow-Up on Resolutions of the Previous RUPS

In this 2015 annual report, Bank Mandiri followed up on the resolutions of the Annual RUPS held for FY 2014 as outlined in the following progress table:

Agenda	Resolutions of RUPS in 2014	Follow Up Status
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 FY 2013 (Annual RUPS)	1. a. To approve the Company's Annual Report, including Report on Supervisory Duties conducted by BOC for the fiscal year ending on December 31, 2013, and approve the Consolidated Financial Statements for FY 2013 audited by KAP TANUDIREDDJA, WIBISANA & Partners, a member of PwC Global Network, with an "unqualified". b. To approve the Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2013 audited by KAP Rama Wendra with "Unqualified" opinion 2. With the approval of the Annual Report, the Report on Supervisory Duties by BOC and the Annual Report on the Implementation of Partnership and Environmental Development of 2013, the RUPS fully released and discharged (volledig acquit et de charge) all BOC and BOD members from the management and supervision conducted during FY 2013.	Completed (100%)

Agenda	Resolutions of RUPS in 2014	Follow Up Status
Approval of the Company's allocation of net profit for FY 2013 (Annual RUPS)	To approve and determine the allocation of the Company's net profit for FY 2013 amounting to IDR 18,203,753,301,421.70 as specified below: a) 30% of the Company's net profits were distributed as cash dividends paid to the shareholders conforming to the applicable regulations, b) 12.90% of the Company's net profits were set aside as Reserves in order to support investment and c) 57.10% of the Company's net profits were allocated as Retained Earnings.	Completed (100%)
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, 2014 (Annual RUPS)	a. To appoint KAP Tanudiredja, Wibisana & Partners – a Member Firm of Price Waterhouse Coopers Global Network ("PwC") – to audit the Consolidated Financial Statements and the Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on 31-12-2014 (thirty-first of December two thousand fourteen) b. To grant the authority to BOC to determine the fee and other requirements for the KAP, and to choose a substitute KAP if PwC, due to any reasons, was unable to complete the audit of the Company's Consolidated Financial Statements and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on 31-12-2014 (thirty-first of December two thousand fourteen).	Completed (100%)
Determining the salaries of BOD, honoraria of BOC and bonuses as well as other benefits for all members of BOC and BOD (Annual RUPS)	To approve the granting of 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 2013 and to determine the amount of salaries, honoraria and other benefits, including allowances and facilities, for BOC and BOD members in 2014 (two thousand fourteen)	Completed (100%)
Approval of the Acquisition Plan of PT Asuransi Jiwa InHealth Indonesia (Annual RUPS)	To approve the plan of acquiring shares with a total amount of IDR 1,750,000,000,000 (one trillion seven hundred fifty billion rupiahs) in PT Asuransi Jiwa InHealth Indonesia deducted by interim dividends for FY 2013, amounting to IDR 100,000,000 (one hundred billion rupiahs), with the transaction being carried out in two phases, where in Phase I the Company's ownership would be 60% of the total issued and paid-up capital of InHealth and in Phase II the ownership would be 80% of the total issued and paid-up capital of InHealth	Completed (100%)

Agenda	Resolutions of RUPS in 2014	Follow Up Status
Amendments to the provisions of Articles of Association on Shares and Share Certificates (Annual RUPS)	- To approve amendments to the Articles of Association, particularly to Article 5, by adding one paragraph as the 10th paragraph which reads as follows: Article 5. Shares and Share Certificates (9) The proof of ownership of a share can take the form of a share certificate or a collective share certificate with its form and content to be decided by the Board of Directors and signed by or affixed with printed signature thereon of the President Director and the Chief Commissioner, or in the absence of the President Director and/or Chief Commissioner, which requires no evidence produced for any third party, another member of the Board of Directors and/or Board of Commissioners. (10) a. Series B Shares held by public shareholders must be placed in the Collective Custody at a Depository and Settlement Institution and must be listed for trading in a Stock Exchange in Indonesia. b. The exercise of rights of public shareholders holding Series B Shares shall be subject to. - In the event that the resolution concerning amendments to Articles of Association as mentioned in item 1 above does not comply with laws and regulations to be enacted in the future, a new amendment to the said Articles of Association shall be made during the next RUPS - To grant the power with the right of substitution to BOD to restate the resolution concerning amendments to the Company's Articles of Association in a notarial deed, and to notify the same to the competent authority as well as to take all the necessary acts in connection with the amendments to the Articles of Association to the extent that they do not conflict with the laws and regulations applicable for the time being or to be enacted in the future.	Completed (100%)

Agenda	Resolutions of RUPS in 2014	Follow Up Status
Changes in the Company's Organizational Structure (RUPSLB)	1. To honorably discharge: a) Mr. Edwin Gerungan as Chief Commissioner concurrently serving as Independent Commissioner b) Ms. Gunarni Soworo as Independent Commissioner c) Mr. Wahyu Hidayat as Commissioner d) Mr. Agus Suprijanto as Commissioner. 2. To appoint : a) Mr. Mahmuddin Yasin as Chief Commissioner b) Mr. Askolani as Commissioner c) Ms. Aviliani as Independent Commissioner d) Mr. Anton Hermanto Gunawan as Independent Commissioner each of whom shall serve from the closing of the RUPS until the closing of the fifth Annual RUPS subsequent to their appointment. The appointment shall be effective upon the OJK's approval based on the fit and proper test and in compliance with the applicable legislation. 3. To vest BOD with the power and authority with the right of substitution to take all the necessary acts relating to the resolutions of the Meeting agendas in accordance with the applicable legislation, including stating the resolutions into a Notarial Deed and notifying changes in the Company's organizational structure to the Ministry of Law and Human Rights of the Republic of Indonesia and proposing a Fit and Proper Test to the OJK.	Selesai (100%)

board of commissioners

Board of Commissioners (BOC) is the organ of the Company which serves to conduct surveillance in general and/or specified by the Articles of Association and provides advice to the Board in running the Company and implementing good corporate governance (GCG). The Board of Commissioners and is collectively and collegially assisted by four (4) committees, namely the Audit Committee, Remuneration & Nominations Committee, the Risk Monitoring Committee and Integrated Corporate Governance Committee.

Criteria, Procedures Appointment, Number and Composition of the Board of Commissioners

As a State-Owned Enterprises limited liability open, the criteria and procedures for the determination of the Board of Commissioners of Bank Mandiri is subject to the provisions of Law No. 40/2007 regarding Limited Liability Company ("Limited Liability Company Law"), Government Regulation No. 45/2005 on the Establishment, Management, Monitoring and Dissolution of State Owned Enterprises ("PP No. 45/2005"), Bank Indonesia Regulation (PBI) No. 12/23/PBI/2010 dated December 29, 2010 concerning

Fit and Proper Test ("PBI No. 12/23/2010"), Regulation of the Financial Services Authority (POJK) No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Public Company and the Regulation of the Minister of State-Owned Enterprises No. PER-02/MBU/02/2015 on the Terms and Procedure for Appointment and Dismissal of Members of Board of Commissioners and the Board of Trustees of State Owned Enterprises. All the provisions in question have been set out in the Articles of Association of the Bank.

Criteria for the Board of Commissioners

Pursuant to PBI No. 12/23/2010 concerning Fit and Proper Test, then the Bank Management Board of Commissioners as required predicate passes the fit and proper test conducted by Bank Indonesia. Bank management should meet the requirements of integrity, competency, and financial reputation.

In order to meet the requirements of integrity, a candidate member of the Board of Commissioners shall have (1) good character and morals; (2) a commitment to comply with the legislation in force; (3) a strong commitment to the development of a healthy bank operations; and (4) are not included in the Disqualified List.

Meanwhile, to meet the competency requirements Member of the Board of Commissioners shall have:

1. Adequate knowledge in the field of banking relevant to the position;
2. Experience and expertise in banking and/or finance; and
3. The ability for strategic management in order to develop a healthy bank.

In addition, it required also that the Board of Commissioners :

1. legally competent;
2. not been declared bankrupt within 5 (five) years prior to the nomination;
3. never been a member of the Board of Directors or the Board of Commissioners/Board of Trustees

who were responsible for causing a Company/Perum declared bankrupt within 5 (five) years prior to the nomination;

4. never been convicted of a criminal offense that is detrimental to the country's financial and/or related to the financial sector within 5 (five) years prior to the nomination;
5. not included in the list of having bad debts.

In addition to referring to the provisions of the Regulation of Bank Indonesia, the criteria for the appointment of the Board of Commissioners 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.

Procedure for BOC Appointment

To be eligible for the fit and proper test, bank applies for and obtain approval of the prospective managers to the Financial Services Authority (OJK). Candidate Manager of proposed amounted to a maximum of two (2) people for each vacancy, and the determination of candidates proposed has been done in accordance with the applicable legislation. Approval or rejection of the application by the OJK no later than 30 (thirty) days after receipt of the complete application.

PThe fit and proper test conducted by the OJK, covering the administrative examination and interview. In the case of candidates who requested the

approval of the OJK has been approved and appointed as the Bank Management in accordance GMS, but is concerned not approved by the OJK, the Bank through the General Meeting of Shareholders (RUPS) shall dismiss concerned. Candidate Management of Banks that have not been approved by the OJK 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 RUPS.

Membership and Composition of the BOC

SDuring 2015, there have been three (3) times the change in the composition of the Board of Commissioners. The composition of the Board of Commissioners of the period January 2015 - March 16, 2015 is as follows:

Nama	Position	Basis for Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Mahmuddin Yasin	Chief Commissioner	Extraordinary General Meeting of Shareholders (RUPSLB) on May 21, 2014	2014-2015	OJK	Indonesia
Pradjoto	Independent Commissioner	RUPS on May 16, 2005 and reappointed as Independent Commissioner of Bank Mandiri at RUPS on May 17, 2010	2005-2010 2010-2014	Bank Indonesia	Indonesia
Krisna Wijaya	Independent Commissioner	RUPSLB on July 5, 2010	2010-2015	Bank Indonesia	Indonesia
Abdul Aziz	Commissioner	RUPS on April 2, 2013	2013-2015	Bank Indonesia	Indonesia
Askolani	Commissioner	RUPSLB on May 21, 2014	2014-present	OJK	Indonesia
Aviliani	Independent Commissioner	RUPSLB on May 21, 2014	2014-present	OJK	Indonesia
Anton Hermawan Gunawan	Independent Commissioner	RUPSLB on May 21, 2014	2014-2015	OJK	Indonesia

Based on resolution of RUPS on March 16, 2015, it was decided to honorably discharge Mr. Mahmuddin Yasin, Mr. Krisna Wijaya and Mr. Anton Hermawan Gunawan as Commissioner and appoint Mr. Darmin Nasution as Chief Commissioner, Mr. Imam Apriyanto Putro as Deputy Chief Commissioner, Mr. Goei Siauw Hong and Mr. Bangun Sarwito Kusmuljono as Independent

Commissioner and Mr. Suwhono as Commissioner. In addition to that, Mr. Abdul Aziz was transferred from Commissioner to Independent Commissioner with the tenure of the term of office as Commissioner.

Appointment of members of the Board of Commissioners has received approval from the OJK about the “Decision of the Fit and Proper Test on the appointment of a Commissioner of PT Bank Mandiri (Persero) Tbk” with the following details:

Name	No. of Decree	Date of Decree
Darmin Nasution	SR-105/D.03/2015	June 8, 2015
Imam Apriyanto Putro	SR-106/D.03/2015	June 8, 2015
Suwhono	SR-117/D.03/2015	June 19, 2015
Goei Siau Hong	SR-119/D.03/2015	June 19, 2015
Bangun Sarwito Kusmuljono	SR-118/D.03/2015	June 19, 2015

The composition of the Board of Commissioners of the period March 16-August 2015 is as follows:

Name	Position	Basis for Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Darmin Nasution	Chief Commissioner	RUPS on March 16, 2015	2015-August 12, 2015	OJK	Indonesia
Imam Apriyanto Putro	Deputy Chief Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia
Abdul Azis	Independent Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia
Aviliani	Independent Commissioner	RUPSLB on May 21, 2014	2014-present	OJK	Indonesia
Askolani	Commissioner	RUPSLB on May 21, 2014	2014-present	OJK	Indonesia
Suwhono	Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia
Goei Siau Hong	Independent Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia
Bangun Sarwito Kusmuljono	Independent Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia

*) RUPSLB on December 18, 2015 approved and appointed Mr. Wimboh Santoso as Chief Commissioner and a new appointment will be effective after obtaining approval from the OJK on Fit and Proper Test and meet the legislation in force.

Based on the Decree of the Extraordinary General Meeting held on December 18, 2015 there is a change back in the composition of the Board of Commissioners. Extraordinary General Meeting decision has upheld the dismissal of Mr. Darmin Nasution as Commissioner of the Company commencing from the respective appointment as Coordinating Minister for the Economy of the Republic of Indonesia on August 12, 2015 and approved and appointed Mr. Wimboh Santoso as Commissioner. Appointment of Commissioner became effective after approval from the OJK on Fit and Proper Test and meet the regulations in force.

As of December 31, 2015, members of the Board of Commissioners of Bank Mandiri amounted to 8 (eight) where the 4 (four) of whom are Independent. This is in accordance with the provisions of the above mentioned regulation also stipulates that at least 50% of the number of members of the Board of Commissioners are Independent Commissioners. The amount does not exceed the number of members of the Board of Directors 11 (eleven) persons.

The composition of the Board of Commissioners of the period 18 December to 31 December 2015 is as follows:

Name	Position	Basis for Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Wimboh Santoso*	Chief Commissioner	RUPSLB on December 18, 2015	2015-present	OJK	Indonesia
Imam Apriyanto Putro	Deputy Chief Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia
Abdul Aziz	Independent Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia
Aviliani	Independent Commissioner	RUPSLB on May 21, 2014	2015-present	OJK	Indonesia
Askolani	Commissioner	RUPSLB on May 21, 2014	2015-present	OJK	Indonesia
Suwhono	Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia
Goei Siau Hong	Independent Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia
Bangun Sarwito Kusmuljono	Independent Commissioner	RUPS on March 16, 2015	2015-present	OJK	Indonesia

Note:

*) RUPSLB on December 18, 2015 approved and appointed Mr. Wimboh Santoso as Chief Commissioner and a new appointment will be effective after obtaining approval from the OJK on Fit and Proper Test and meet the legislation in force.

Diverse Composition of the Board of Commissioners

Based on the policy of Shareholders, the composition of the Board of Commissioners has been determined taking into account the needs and complexity of the Bank Mandiri including attention to elements of the diversity of skills, educational background, experience, and do not discriminate gender. It is necessary for the

effectiveness of the supervisory duties of the Board of Commissioners, for it is the Bank seeks to maintain a mix of expertise and experience of members of the Board of Commissioners as reflected in the following table:

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 Financial Services and Marketing, Accounting, Manufacturing, Economics, Management, Chemical Engineering, Agronomy/Agriculture, Environmental Management, Fisheries/Social Economy.
Experience	The diversity of work experience of the Board of Commissioners of Bank Mandiri, among others, namely: • 1st Rank Officials of the Ministry of SOEs • 1st Rank Officials of the Ministry of Finance • Vice President at private companies • Members of the Board of Ethics Risk Management Certification Agency • Chairman of the Islamic banking and a member of the National Economic Committee • Chairman of the Audit Committee of Indonesia (IKAI) • Member of the National Economic Committee (KEN) • Top 5 Analyst in Indonesia by Asiamoney • The Investment Coordinating Board (BKPM) • National Committee Empowerment Microfinance • Academics at several universities both outside and within the country, etc.
Age	The diversity of ages of the Bank Directors is in the age range is quite productive, i.e. 45-54 years = 5 people and 55-64 years = 3 people.
Sex	There is one woman member of the Board of Commissioners in Bank Mandiri.

Composition of the Board of Commissioners above have met the elements of diversity which is a combination of the independence, expertise/education, work experience, age and gender. All Members of the Board of Commissioners of Bank Mandiri have integrity, competence and good financial reputation. It has been proven that all members of

the Board of Commissioners has obtained approval from Bank Indonesia/OJK and has passed the fit and proper test. Related membership of the Board of Commissioners of Bank Mandiri has been described in the Board of Commissioners in this Annual Report.

Independence of the Board of Commissioners

PBI No. 8/4/PBI/2006 as amended by PBI No. 8/14/PBI/2006 on Implementation of Good Corporate Governance for Banks provides that the Bank must have an independent commissioner with the composition of at least 50% of the number of members of the Board of Commissioners. In connection with this and in order to support the implementation of GCG, then the shareholders through the RUPS has set the independent commissioner to carry out supervisory duties of the Bank and the Bank's business groups.

Independent Commissioner

Independent Commissioner is a member of the Board of Commissioners who do not have the financial, management, share ownership and/or family relationship to the second degree with other members of the Board of Commissioners, Board of Directors and/or the controlling shareholders or other relationship which could affect its ability to act independently. Independent Commissioners are to be able to encourage the creation of a working environment that is more objective and put fairness (fairness) and equality among the various interests, including the interests of minority shareholders and other stakeholders.

Based on the composition of the Board of Commissioners per December 31, 2015, Bank Mandiri has set four (4) Independent Commissioner of the total of eight (8) members of the Board of Commissioners that there is Ms. Aviliani, Mr. Goei Siauw Hong, Mr. Abdul Aziz, Mr. Bangun Sarwito Kusmuljono. With the composition of the Independent Commissioner that reached more than 50%, the Bank has met the regulatory independence of the Commissioner of at least 50% as defined in PBI No. 8/4/PBI/2006 as amended by PBI No. 8/14/PBI/2006 on Implementation of Good Corporate Governance for Banks, Regulation of SOE No. PER-01/MBU/2011 as amended by PER-09/MBU/2012, on the amendment to the Regulation of the State Minister for State Owned

Enterprises No. Per-01/MBU/2011 on Implementation of Good Corporate Governance (GCG) On Board State Owned Enterprises and Article 28 of Law No. 19/2003 on SOEs

Independent Commissioner of Bank Mandiri essential requirements which include the following requirements:

1. Do not have a financial relationship and family relationship with members of the other Commissioners, Members of the Board of Directors and Controlling Shareholders of the Bank or other relationship which could affect its ability to act independently;
2. The Board of Commissioners does not hold a position as member of the Board of Commissioners, Board of Directors, or Executive Officer at more than 1 (one) body/non-financial companies, State-Owned Enterprises, Regional Owned Enterprises, Private Business and other positions in accordance with the provisions of Articles Association and the applicable legislation;
3. Has passed the Fit and Proper Test in accordance with the provisions of Bank Indonesia/OJK about the Fit and Proper Test;
4. Proposed by shareholders and elected at RUPS.
5. Within five (5) years prior to his appointment:
 - Never go bankrupt;
 - Never become a member of the Board of Directors or the Board of Commissioners or members of the Supervisory Board who were responsible for causing a company to go bankrupt;
 - Never convicted of a criminal offense that is detrimental to the State's financial and/or owned companies and/or related to the financial sector.

Dual Positions of the BOC

Members of the Board of Commissioners Bank had no double post beyond that were admitted by the regulations. In the Articles of Association of the Bank of BoC members should not be concurrently other positions that may pose a conflict of interest prohibited by legislation.

Members of the Board of Commissioners may be concurrent positions as members of the Board of Commissioners, Board of Directors, or Executive Officer at 1 (one) institution/company is not a financial institution, or in order to carry out oversight functions

on one (1) non-bank subsidiaries that are controlled by the Bank.

Not including the double post if members of the Board of Commissioners non independently run functional tasks of the shareholders which are legal entities in the group effort, and/or members of the Board of Commissioners holding positions at organizations or nonprofits, all concerned not neglect the duties and responsibilities as a member of the Board of Commissioners of Bank Mandiri.

Stock Ownership by Commissioners and Their Family

Up to the date of December 31, 2015, ownership of shares by each member of the Board of Commissioners of Bank Mandiri not reach 5% (five percent) of the paid up capital of the Bank, other banks, non-bank financial institutions and other companies domiciled inside or outside country. The list of shareholdings is as follows:

Board of Commissioners	Position	Stock Ownership of 5% or More of Paid Up Capital					Note
		Bank Mandiri	By Family in Bank Mandiri	Other Companies	Other Banks	Non-Bank Financial Institutions	
Wimboh Santoso	Chief Commissioner	-	-	-	-	-	NIL
Imam Apriyanto Putro	Deputy Chief Commissioner	-	-	-	-	-	NIL
Abdul Azis	Independent Commissioner	-	-	-	-	-	NIL
Askolani	Commissioner	-	-	-	-	-	NIL
Aviliani	Independent Commissioner	-	-	-	-	-	NIL
Bangun Sarwito Kusmuljono	Commissioner	-	-	-	-	-	NIL
Suwhono	Commissioner	-	-	-	-	-	NIL
Goei Siauw Hong	Commissioner	-	-	-	-	-	NIL

Financial Relationships and Family Affairs Members of the Board of Commissioners and the Board of Directors and/or Controlling Shareholders

There is no Board of Commissioners and Board of Directors of the Bank who doubled as Commissioners, Directors and Executive Officers of the Bank/other institutions, and not having family relations with other members of the Board of Directors and/or members of the Board of Commissioners up to the second degree.

Directors of the Bank headed by a Director who is coming from a party independent from the controlling shareholder. In addition, the Board of Directors do

not perform concurrent positions as the Managing Director or other Directors on the State-Owned Enterprises, Regional-Owned Enterprises and Private or other positions related to the management of the Bank, including positions of structural and functional positions other institution/agency central and local governments, as well as other positions in accordance with the provisions of Articles of Association of the Bank and the applicable laws and regulations.

Name	Familial Relationship With					
	Board of Commissioners		Board of Directors		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No
Board of Commissioners						
Wimboh Santoso	-	✓	-	✓	-	✓
Imam Apriyanto Putro	-	✓	-	✓	-	✓
Abdul Azis	-	✓	-	✓	-	✓
Aviliani	-	✓	-	✓	-	✓
Askolani	-	✓	-	✓	-	✓
Suwhono	-	✓	-	✓	-	✓
Goei Siau Hong	-	✓	-	✓	-	✓
Bangun Sarwito Kusmuljono	-	✓	-	✓	-	✓
Board of Directors						
Budi Gunadi Sadikin	-	✓	-	✓	-	✓
Sulaiman Arif Arianto	-	✓	-	✓	-	✓
Royke Tumilaar	-	✓	-	✓	-	✓
Hery Gunardi	-	✓	-	✓	-	✓
Sentot A Sentausa	-	✓	-	✓	-	✓
Ogi Prastomiyono	-	✓	-	✓	-	✓
Pahala Nugraha Mansury	-	✓	-	✓	-	✓
Kartini Sally	-	✓	-	✓	-	✓
Kartika Wirjoatmodjo	-	✓	-	✓	-	✓
Ahmad Siddik Badruddin	-	✓	-	✓	-	✓
Tardi	-	✓	-	✓	-	✓

Working Guidelines and Code of Conduct for BOC (Board Charter)

Guidelines and Rules of Conduct of the Board of Commissioners of Bank Mandiri is Work Guidelines Board in carrying out its duties and responsibilities for the supervision of the company in an efficient, effective, transparent, competent, independent, and accountable, in accordance with the laws and regulations that apply to achieve the Company's Vision and Mission. To the Board of Commissioners established a working implementation guidelines prepared under the Articles of Association, Law No. 40/2007 on Limited Liability Companies Law No. 19/2003 on SOE, and 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, Indonesia's Code of the National Committee on Governance (NCG), and Guidelines for GCG (GCG Code) Bank Mandiri.

Guidelines and Rules of Conduct of the Board of Commissioners of Bank Mandiri is set in the Supervisory Board Charter number KEP. KOM/002/2015 dated December 21, 2015, including:

1. General Provisions;
2. Membership and Composition of the BOC;
3. Obligation of the Board of Commissioners;
4. Rights and Authorities of BOC;
5. Information, Bank Confidentiality and Conflict of Interests;
6. Committees and Other Supporting Institutions.
7. Meetings of the Board of Commissioners and
8. the Division of Tasks.



Duties, Responsibilities and Authorities of the Board of Commissioners

The Board of Commissioners oversees and advises the Board of Directors as the Company's management that the implementation of the duties, responsibilities and authorities reported to the RUPS

Duties, responsibilities and authority of the Board of Commissioners of Bank Mandiri stipulated in the provisions of Article 19 of the Articles of Association. Meanwhile, Article 18 of the Articles of Association, the Board consists of at least three (3) members, one of whom was appointed as Commissioner and if needed another one of the members of the Board of Commissioners may be appointed as Vice President Commissioner.

Duties and Responsibilities of the Chief Commissioner

According to the provisions in the Articles of Association of the Bank, Chief Commissioner has duties and responsibilities are as follows:

1. Performing the invitation of the Board of Commissioners in writing submitted to the Board of Commissioners to include the agenda, date, time and place of the meeting; and
2. Leading Board of Commissioners

Duties of the Board of Commissioners

The Board of Commissioners:

1. Supervising on supervision policy, the course of the maintenance of the company by the Board of Directors and provide advice to the Board of Directors, for the benefit of the company and in accordance with the purposes and objectives of the Company;
2. Performing tasks that are specifically given to him according to the statutes, regulations and/or based on the decision of the RUPS;
3. Performing duties, powers and responsibilities in accordance with the provisions of the Articles of Association and decisions of the RUPS;
4. In performing its duties, the Board of Commissioners acts in the interests of the Company and is responsible to the RUPS;
5. Researching and studying the annual report prepared by the Board of Directors as well as the signing of the annual report.

Responsibilities of the Board of Commissioners

1. Supervising the implementation of the Work Plan and Budget of the Company;
2. Following the development activities of the Company and in the event that the Company showed withdrawal symptoms, to immediately report to the RUPS, accompanied by suggestions regarding improvement steps must be taken;
3. Proposing to the RUPS the appointment of a public accountant who will audit the books of the Company;
4. Performing other oversight tasks set by the RUPS;
5. Providing feedback on periodic reports as well as the Board of Directors at any time be required on the development of the Company and report the results of performance of its duties to the Shareholders Series A Share in a timely manner;
6. Providing feedback and approval of the work plan and the annual budget of the Company and the Company's long-term work plan was prepared and submitted by the Board of Directors;
7. Giving approval of the work plan and annual budget of the Company are issued not later than on the thirtieth day after the first month of the new fiscal year begins;
8. If until the end of the time limit referred to in item 7 above, the Board has not yet approved the work plan and annual budget of the Company, then the Company is applicable to the work plan and the annual budget for the fiscal year ago;

Authorities of the Board of Commissioners

1. The Board of Commissioners must form committees as required by legislation and, if deemed necessary, may request the assistance of experts for a limited period of time in performing their duties at the expense of the Company;
2. Members of the Board of Commissioners, at any time during the working hours of the Company is entitled to enter the building and yard or other place used or controlled by the Company and are entitled to all the books, letters and other documents, check and match the cash and other as well as eligible to find out all the actions taken by the Board of Directors;
3. The Board of Commissioners reserves the right to ask for clarification on any aspects of the Company's Board of Directors and each member of the Board of Directors is obliged to provide the requested explanation;
4. The Board of Commissioners is entitled and authorized to approve the policy of the Board of Directors concerning the establishment of mechanisms, criteria, and delegation of authority, with respect to the optimization of the Company's assets, including accounts receivable;
5. a. In accordance with Article 15, paragraph 14, the Articles of Association of Bank Mandiri, board meetings every time the right to decide to lay off

for a while one or more members of the Board of Directors if the Board of Directors members are acting contrary to the Articles of Association, to the detriment of the Company, dereliction of duty and/or violation of the law;

- b. Suspension must be notified in writing to the person concerned with a motivation. Within ninety (90) days after the dismissal meanwhile,

the Board is required to hold the RUPS to decide whether members of the Board of Directors is concerned to be dismissed so or be returned to his position before, while the members of the Board of Directors who has been suspended it should be given the opportunity to present to defend himself.

Relations between the BOC and BOD

The working relationship of the Board of Commissioners and 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 task of the Board of Commissioners at its core is exercising oversight and advisory, while the main task is to perform the maintenance company's Board of Directors, maintain and take care of the company with regard wealth RUPS decisions and directives of 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.

Board of Commissioners and Board of Directors in accordance with their respective functions are responsible for the continuity of the Bank's business in the long term. This is reflected in:

1. Maintaining the health of the Bank in accordance with the precautionary principle and criteria set by Bank Indonesia;
2. Implementing risk management and internal control systems effectively and efficiently;

3. Achieving a reasonable return for shareholders;
4. The protection of the interests of stakeholders are reasonable;
5. The fulfillment of GCG implementation;
6. The proper succession and continuity of management at all levels of the organization.

To be able to fulfill the responsibilities and carry out the relationship of checks and balances, the Board of Commissioners and Board of Directors have agreed to the following matters:

1. Vision, mission and corporate values;
2. Business targets, strategies, plans and long-term work plan and annual budget;
3. The policy to comply with the laws, statutes and prudential banking practices, including the commitment to avoid any conflicts of interest;
4. Policies and Bank performance assessment methods, the working units in the Bank and its personnel;
5. The executive level organization structure that supports the achievement of the Bank's goals.

Division of Tasks and Focus on the Supervisory Functions of the Board of Commissioners

Supervision of the Board of Commissioners as regulated under the Financial Services Authority Regulation No. 33/POJK.04/2014 of the Board of Directors and Board of Commissioners of Public Company, include, among other important strategies and plans of the company, the integrity of the financial statements, internal control system and risk management, reporting and information disclosure, compliance and corporate governance.

In order to support the effective discharge of its duties, the Board has established a committee as one of the

organs of the Board of Commissioners. Furthermore, the Board of Commissioners division of tasks set based on the role of each member of the Board of Commissioners as Chairman and Vice Chairman of the committee under the Board of Commissioners, in accordance with the competence and experience possessed. Determination of membership of committees in the Lower BOC is currently done by the Decree of Directors of PT Bank Mandiri (Persero) Tbk No. KEP.DIR/136/2015 on the amendment Membership Committees Under the Board of Commissioners of PT Bank Mandiri (Persero) Tbk.

The composition of Membership Committees Under the Board of Commissioners of PT Bank Mandiri (Persero) Tbk:

Committee	Name of the Members (of the BOC)
Audit	1. Aviliani as the Chair and concurrent Member 2. Askolani as Member 3. Goei Siau Hong as Member 4. Budi Sulistio as Independent Member 5. Ridwan Darmawan Ayub as Independent Member
Remuneration and Nominations Committee	1. Bangun Sarwito Kusmuljono as the Chair and concurrent Member 2. Darmin Nasution as Member 3. Imam Apriyanto Putro as Member 4. Abdul Azis as Member 5. Askolani as Member 6. Aviliani as Member 7. Suwhono as Member 8. Goei Siau Hong as Member 9. Human Capital Strategy & Policy Group Head as Secretary (ex-officio) – Non Voting Member

Committee	Name of the Members (of the BOC)
Risk Monitoring	1. Abdul Azis as the Chair and concurrent Member 2. Imam Apriyanto Putro as Member 3. Suwhono as Member 4. Askolani as Member* 5. Ridwan Dharmawan Ayub as Independent Member 6. Budi Sulistio as Independent Member 7. Operational Risk Group Head as Secretary (ex-officio) – Non-Voting Member
Integrated Corporate Governance	1. Members from Bank Mandiri: • Abdul Azis as the Chair • Goei Siau Hong • Aviliani • Bangun Sarwito Kusmuljono 2. Members from Subsidiaries: • Ramzi A. Zuhdi (PT Bank Syariah Mandiri) as Member • M. Syafi'i Antonio (PT Bank Syariah Mandiri-DP) as Member • I Wayan D. Ardjana (PT Bank Mandiri Taspen Pos formerly PT Bank Sinar Harapan Bali) as Member • Frans A. Wiyono (PT Mandiri AXA General Insurance) as Member • I Ketut Sendra (PT Asuransi Jiwa InHealth Indonesia) as Member • D. Cyril Noerhadi (PT Mandiri Sekuritas) as Member • Jiantok Hardjiman** (PT Mandiri Manajemen Investasi) as Member • Hanifah Purnama (PT Mandiri Tunas Finance) as Member • Wihana Kirana Jaya (PT AXA Mandiri) as Member 3. Independent Member: • Ridwan Dharmawan Ayub as Independent Member *** • Budi Sulistio as Independent Member***

*) Mr. Askolani's membership ended after the membership status of Commissioners and Risk Monitoring Committee has already been effective.

**) Membership ends on April 8, 2015 and was replaced by Mr. Anton H. Gunawan.

***) Membership ends by itself after Bro. Goei Siau Hong and Mr. Bangun Sarwito Kusmuljono received approval from the OJK on the Fit and Proper Test. Goei Siau Hong and Mr. Bangun Sarwito Kusmuljono received approval from the OJK on the Fit and Proper Test.

Work Program of the BOC in 2015

Here are the Principal Work Programs of the BOC in 2015:

1. Monitoring, evaluating and providing feedback on the implementation of the bank's strategic wisdom RBB years 2015-2017 with due respect to liquidity, NPL, the achievement of market share, market capitalization and profitability;
2. Supervising and providing input on the policies and strategies of the Board of Directors/management in the implementation of strategic objectives in the four perspectives RKAP 2015 and 10 the main focus of business development;
3. Monitor and provide feedback/suggestions to the Board in the implementation of non-organic enterprise development program;
4. Monitoring the infrastructure development program (IT and non IT), Human Capital and legally sustainable in accordance with the business strategy and the capacity of the Bank;
5. Monitoring the implementation of the principles of Good Corporate Governance, Compliance and Risk management is integrated with subsidiaries;
6. Monitoring and evaluation of the planning and execution of audit/internal control system as well as monitoring other on the follow-up results of the audit/other checks, including subsidiaries;
7. Ensuring risk management has been carried out in an integrated manner with the subsidiaries effectively and efficiently to minimize the occurrence of non-performing loans and fraud as well as other risks;
8. Monitoring the implementation of the work program carried out by the committees under the Board of Commissioners;

9. Conducting training in order to refresh and broaden the field of Risk Management and others.

BOC use this work program as a guideline in carrying out its duty to ensure good corporate governance principles are applied in a holistic manner. BOC actively provide recommendations on some of the things presented to the Board. However, the provision of such recommendations is done by taking into account areas of duties between the Board of Commissioners

the Board of Directors as well as the principle of check and balance in the working relationship between the Board of Commissioners and Board of Directors.

Implementation of the Work Program of the Board of Commissioners during 2015 resulted in several approvals, opinions, comments, and recommendations to the Commissioners Board of Directors as follows:

1. Providing input on the implementation of the strategic policy of the Bank (corporate plan) 2011-2015;
2. Giving approval of the Revised Work Plan and Budget (CBP) Bank Mandiri in 2015;
3. Approval of Revised Business Plan (RBB) 2013-2015;
4. Report of the Bank Supervision RBB second Semester in 2013;
5. Monitoring Report RBB Bank Mandiri in the First Half of 2014;
6. Providing evaluation and suggestions in order to increase the value of the company's revenue and market share revenue;

7. Implement Commissioners meeting included commissioners meeting by inviting the Board of Directors to discuss the report;

8. Realization of business plan development, strategic alliances and operational efficiency in accordance CBP and RBB.

Meetings of the Board of Commissioners

As a regulator, the Ministry of SOEs has been set and set a meeting schedule as stated in the Circular of the Minister of SOE No. SE-03/MBU/2011 dated October 27, 2011 that the Board of Commissioners must carry out a meeting every Wednesday and if necessary the Board of Commissioners may invite the Board of Directors to participated in the meeting. Besides the provision of Board Meeting also set in POJK No. 33/POJK.04/2014 of the Board of Directors and Board of Commissioners of the Issuer or a Public Company, the board meetings shall be convened periodically at least 1 (one) time in two months.

According to the provisions stipulated in the Articles of Association, meetings are held 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. In addition, the Board of Commissioners also must convene a meeting with the Board of Directors periodically at least 1 (one) time in 4 (four) months.

Meeting invitation is conducted by the Commissioner, if unable to do by the Deputy Commissioner, Deputy Commissioner and, if unable to do by a member of the Board of Commissioners. The meeting invitation is done in writing with the event, date, time and place of the meeting. Then sent to each member of the Board of Commissioners may be through a memorandum,

registered mail, courier services, electronic mail (e-mail) or by other means least 3 (three) days before the meeting is held, 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.

BoC meeting chaired by the Commissioner, if unable to do by the Deputy Commissioner, Deputy 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 ½ (one half) 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. In the organization of board meetings, then made the Minutes of Meeting 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 do 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.



Meeting Frequency, Attendance Level and Meeting Agenda of the BOC

BoC meeting is held to discuss matters that are strategic. In its implementation BoC meeting participants can invite guests, as listed in Article 8 Rules of Conduct BOC No. KEP.KOM/002/2012 dated May 29, 2012.

During 2015, the Board held 22 internal meetings of the Board of Commissioners with the level of attendance of members of the Board of Commissioners on average attended by all members of the Board of Commissioners. The meeting of the Board of Commissioners to invite the Board of Directors was 13 times.

Date Notification/ Invitation	Mahmuddin Yasin*)	Pradjoto*)	Krisna Wijaya*)	Anton H. Gunawan *)	Askolani	Aviliani	Darmin Nasution**)
January 21, 2015 KOM/004/2015 15-Jan-2015	✓	✓	✓	✓	✓	✓	-
February 18, 2015 KOM/014/2015 11-Feb-2015	✓	✓	✓	✓	✓	✓	-
February 25, 2015 KOM/017/2015 18-Feb-2015	✓	✓	✓	✓	✓	✓	-
(filled with date before the RUPS)	✓	✓	✓	✓	✓	✓	-
March 20, 2015 KOM/030/2015 18-Mar-2015	-	-	-	-	✓	✓	-
March 24, 2015 KOM/031/2015 23-Mar-2015	-	-	-	-	✓	✓	-
March 31, 2015 KOM/032/2015 25-Mar-2015	-	-	-	-	✓	✓	-

Imam Apriyanto Putro**)	Abdul Aziz***)	Bangun Sarwito Kusmuljono***)	Suwhono ***)	Goei Siauw Hong***)	Wimboh Santoso ****)	Meeting Agenda
-	√	-	-	-	-	1. Financial Statements and Performance per December 2014 2. Submission of Bank Mandiri 2014 Financial Statements audited by KAP TWR - PWC 3. Miscellaneous
-	√	-	-	-	-	1. Business Plan Monitoring Report in Second Half of 2014 2. Work Program of the BOC in 2015 3. Miscellaneous
-	√	-	-	-	-	1. Financial Statements and Performance per January 2015 2. Update on Preparation for RUPS 2015 3. Application for Approval of KAP Appointment for Mandiri Pension Fund (Mandiri DPLK) 2014 Financial Statement 4. Miscellaneous
-	√	-	-	-	-	1. Resolution of the General Meeting of Shareholders on March 16, 2015
-	√	-	-	-	-	1. Introduction 2. Discussion on committees under the BOC. 3. Miscellaneous
-	√	-	-	-	-	1. Discussion of the Committees and BOC Suport Organs 2. Miscellaneous
-	√	-	-	-	-	1. Job description of Directors & SEVP PT. Bank Mandiri (Persero) Tbk. 2. Proposed Bonus & Remuneration to Shareholders 3. Miscellaneous

Date Notification/ Invitation	Mahmuddin Yasin*)	Pradjoto*)	Krisna Wijaya*)	Anton H. Gunawan *)	Askolani	Aviliani	Darmin Nasution**)
April 22, 2015 KOM/036/2015 15-Apr-2015	-	-	-	-	√	√	-
May 11, 2015 KOM/045/2015 4-May-2015	-	-	-	-	√	√	-
June 3, 2015 KOM/052/2015 28-May-2015	-	-	-	-	√	√	-
June 10, 2015 KOM/000/2015 6/00/2015	-	-	-	-	√	√	√
June 24, 2015 KOM/061/2015 22-Jun-2015	-	-	-	-	√	√	√
13-Jul-2015 KOM/066/2015 6-Jul-2015	-	-	-	-	√	√	√
21-Aug-2015 KOM/000/2015 8/00/2015	-	-	-	-	√	√	-

Imam Apriyanto Putro**)	Abdul Aziz***)	Bangun Sarwito Kusmuljono***)	Suwhono ***)	Goei Siauw Hong***)	Wimboh Santoso ****)	Meeting Agenda
-	√	-	-	-	-	1. Audit Committee 2. Risk Monitoring Committee 3. Employee Remuneration Policy 1. Miscellaneous
-	√	-	-	-	-	1. Report on approval of the credit facility 2. Miscellaneous
-	√	-	-	-	-	1. Employee Remuneration Policy Additional Retirement Benefits approval 2. Appointment of KAP EY 3. BOC Response to Report of the First Quarter - 2015 4. Miscellaneous
√	√	-	-	-	-	1. Determination of Tantiem on Fiscal Year 2014 Performance 2. Miscellaneous
√	√	√	√	√	-	1. Revision to RKAP 2. Approval of Guidelines for Integrated Corporate Governance Committee 3. IT Strategic Plan 2015-2020 Presentation 4. Miscellaneous
√	√	√	√	√	-	1. Development of joint venture company 2. Going Concern BMEL Report 3. Miscellaneous
√	√	√	√	√	-	1. Discussion on appointment of Acting Commissioner. 2. Discussion on the RUPS Plan 3. Miscellaneous

Date Notification/ Invitation	Mahmuddin Yasin*)	Pradjoto*)	Krisna Wijaya*)	Anton H. Gunawan *)	Askolani	Aviliani	Darmin Nasution**)
26-Aug-2015 KOM/078/2015 21-Aug-2015	-	-	-	-	✓	✓	-
9-Sep-2015 KOM/000/2015 9/00/2015	-	-	-	-	✓	✓	-
22-Sep-2015 KOM/000/2015 9/00/2015	-	-	-	-	✓	✓	-
30-Sep-2015 KOM/102/2015 29-Sep-2015	-	-	-	-	✓	✓	-
7-Oct-2015 KOM/000/2015 10/00/2015	-	-	-	-	✓	✓	-
4-Nov-2015 KOM/114/2015 2-Nov-2015	-	-	-	-	✓	✓	-
11-Nov-2015 KOM/000/2015 11/00/2015	-	-	-	-	✓	✓	-
December 16, 2015	-	-	-	-	✓	✓	-

Note:

- *) Mr. Mahmuddin Yasin, Mr. Pradjoto, Mr. Krisna Wijaya and Mr. Anton H. Gunawan according to the results of RUPS, as of March 16, 2015 had not served as a member of the Board of Commissioners of Bank Mandiri.
- **) Mr. Darmin Nasution, Mr. Imam Apriyanto Putro according to the results fit & proper test, per effective June 8, 2015 served as Commissioner and Deputy Commissioner of Bank Mandiri.

Imam Apriyanto Putro**)	Abdul Aziz***)	Bangun Sarwito Kusmuljono***)	Suwihono ***)	Goei Siauw Hong***)	Wimboh Santoso ****)	Meeting Agenda
✓	✓	✓	✓	✓	-	1. Discussion on Code of Conduct for BOC 2. Discussion on Integrated Governance Committee Charter 3. Discussion on RBB Monitoring Report for First Half 2015 4. Miscellaneous
✓	✓	✓	✓	✓	-	1. Additional Capital for Subsidiaries 2. Update Project Acquiring Agregator 3. MUF, FIF, ASF Approval
✓	✓	✓	✓	✓	-	1. Approval of Proposed Additional Investment in in PT Mandiri Capital Indonesia
✓	✓	✓	✓	✓	-	1. Update on Partnership Program Fund Management . 2. BMRI loan to CDB 3. Miscellaneous
✓	✓	✓	✓	✓	-	1. Update on BM Work Culture.
✓	✓	✓	✓	✓	-	1. Approval of RUPS Date
✓	✓	✓	✓	✓	-	1. Proposed Consultants for CEO Succession
✓	✓	✓	✓	✓	-	1. Appointment of Chair of the Extraordinary General Meeting of Shareholders dated December 18, 2015

***) Mr. Abdul Aziz, Mr. Bangun Sarwito Kusmuljono, Mr. Suwihono, Mr. Goei Siauw Hong according to the results fit & proper test, per June 19, 2015 effectively served as a member of the Board of Commissioners (Mr. Abdul Aziz switching position from Non-Independent Commissioner to Independent Commissioner)

****) Mr. Wimboh Santoso corresponding results of the RUPS, per December 18, 2015 was appointed as Commissioner of replacing Mr. Darmin Nasution and his appointment is effective after obtaining approval from the OJK on Fit and Proper Test ratings.

Percentage of BOC's presence without inviting the Board of Directors the period January 1 to March 16, 2015 for the following:

Name	Total		% Attendance
	Total Meeting	Absence	
Mahmuddin Yasin*)	4	-	100
Pradjoto*)	4	-	100
Krisna Wijaya*)	4	-	100
Anton H. Gunawan*)	4	-	100
Aviliani	4	-	100
Askolani	4	-	100
Abdul Azis	4	-	100

*) Mr.Mahmuddin Yasin, Mr. Pradjoto, Mr. Krisna Wijaya and Mr. Anton H. Gunawan according to the results of RUPS, as of March 16, 2015 had not served as a member of the Board of Commissioners of Bank Mandiri.

Percentage of BOC's presence without inviting the Board of Directors the period January 17 -December 18, 2015 for the following:

Name	Total		% Attendance
	Total Meeting	Absence	
Wimboh Santoso****)	-	-	-
Darmin Nasution**)	3	-	100
Imam Apriyanto Putro**)	12	-	100
Abdul Aziz***)	18	-	100
Aviliani	18	-	100
Askolani	18	-	100
Suwhono***)	11	-	100
Goei Siau Hong***)	11	-	100
Bangun Sarwito	11	-	100
Kusmuljono***)			

**) Mr. Darmin Nasution, Mr. Imam Apriyanto Putro according to the results fit & proper test, per effective June 8, 2015 served as Commissioner and Deputy Commissioner of Bank Mandiri.

***) Mr. Abdul Aziz, Mr. Bangun Sarwito Kusmuljono, Mr. Suwhono, Mr. Goei Siau Hong according to the results fit & proper test, per June 19, 2015 effectively served as a member of the Board of Commissioners (Mr. Abdul Aziz switching position from Non-Independent Commissioner to Independent Commissioner)

****) Mr. Wimboh Santoso corresponding results of the RUPS, per December 18, 2015 was appointed as Commissioner of replacing Mr. Darmin Nasution and his appointment is effective after obtaining approval from the OJK on Fit and Proper Test ratings.

In addition to be attended by the Directors and Secretary of the Board of Commissioners, Board Meeting was also attended by members of the Committee under the Board of Commissioners at the invitation of Chief Commissioner.

Date Notification/ Invitation	Mahmuddin Yasin*)	Pradjoto*)	Krisna Wijaya*)	Anton H. Gunawan *)	Askolani	Aviliani	Darmin Nasution**)
31-Mar-2015 KOM/033/2015	-	-	-	-	✓	✓	-
22-Apr-2015 KOM/037/2015	-	-	-	-	✓	✓	-
19-May-2015 KOM/000/2015	-	-	-	-	✓	✓	-
17-Jun-2015 KOM/057/2015	-	-	-	-	✓	✓	✓
29-Jul-2015 KOM/067/2015	-	-	-	-	✓	✓	✓
21-Aug-2015 KOM/000/2015	-	-	-	-	✓	✓	-
26-Aug-2015K OM/077/2015	-	-	-	-	✓	✓	-

Imam Apriyanto Putro**)	Abdul Aziz***)	Bangun Sarwito Kusmuljono***)	Suwhono ***)	Goei Siauw Hong***)	Wimboh Santoso ****)	Meeting Agenda
√	√	-	-	-	-	1. Financial Statements and Performance per February 2015 2. Job description of Directors & SEVP PT. Bank Mandiri (Persero) Tbk. 3. Progress on the Selection of 2015 Financial Statement Audit Firm 4. Miscellaneous
√	√	-	-	-	-	1. Financial Statements and Performance per March 2015 2. Miscellaneous
√	√	-	-	-	-	1 Financial Statements and Performance per April 2015
√	√	-	-	-	-	1. Financial Statements and Performance per May 2015 2. Approval of Revised Material Bank Mandiri Credit Policy 3. Presentation by Micro & Business Banking Directorate 4. Miscellaneous
√	√	√	√	√	-	1. Financial Statements and Performance per June 2015 2. Update on Development of Transaction Banking Directorate 3. Update on Development of Bank Syariah Mandiri 4. Miscellaneous
√	√	√	√	√	-	1. Discussion on the RUPSLB Plan
√	√	√	√	√	-	1. Approval of the Corporate Card Facility 2. Agreement Extension Period Intraday Facility 3. Miscellaneous

Date Notification/ Invitation	Mahmuddin Yasin*)	Pradjoto*)	Krisna Wijaya*)	Anton H. Gunawan *)	Askolani	Aviliani	Darmin Nasution**)
26-Aug- 2015CEO/252/2015	-	-	-	-	√	√	-
23-Sep-2015 KOM/094/2015	-	-	-	-	√	√	-
27-Oct-2015 KOM/112/2015	-	-	-	-	√	√	-
25-Nov-2015 KOM/121/2015	-	-	-	-	√	√	-

Imam Apriyanto Putro**)	Abdul Aziz***)	Bangun Sarwito Kusmuljono***)	Suwhono ***)	Goei Siauw Hong***)	Wimboh Santoso ****)	Meeting Agenda
√	√	√	√	√	-	1. Financial Statements and Performance per July 2015 2. Update on Development of Commercial Banking Directorate
√	√	√	√	√	-	1. Financial Statements and Performance per August 2015 2. Approval of Credit Line Extension 3. Credit Facility Approval 4. Miscellaneous
√	√	√	√	√	-	1. Financial Statements and Performance per September 2015 2. Implementation of Project Account Plan for Targeted Customer 3. Approval of Credit Application 4. Miscellaneous
√	√	√	√	√	-	1. Financial Statements and Performance per October 2015 2. CBP 2016 Discussion on Revaluation of Assets and Asset Optimization Program 3. Proposed Approval of Credit Line Facility Extension 5. Agreement and extension of the term of the credit facility 6. Miscellaneous

Date Notification/ Invitation	Mahmuddin Yasin*)	Pradjoto*)	Krisna Wijaya*)	Anton H. Gunawan *)	Askolani	Aviliani	Darmin Nasution**)
16-Dec-2015 KOM/000/2015	-	-	-	-	√	√	-
16-Dec-2015 KOM/000/2015	-	-	-	-	√	√	-

Note:

- *) Mr. Mahmuddin Yasin, Mr. Pradjoto, Mr. Krisna Wijaya and Mr. Anton H. Gunawan according to the results of RUPS, as of March 16, 2015 had not served as a member of the Board of Commissioners of Bank Mandiri.
- **) Mr. Darmin Nasution, Mr. Imam Apriyanto Putro according to the results fit & proper test, per effective June 8, 2015 served as Commissioner and Deputy Commissioner of Bank Mandiri.
- ***) Mr. Abdul Aziz, Mr. Bangun Sarwito Kusmuljono, Mr. Suwhono, Mr. Goei Siauw Hong according to the results fit & proper test, per June 19, 2015 effectively served as a member of the Board of Commissioners (Mr. Abdul Aziz switching position from Non-Independent Commissioner to Independent Commissioner)
- ****) Mr. Wimboh Santoso corresponding results of the RUPS, per December 18, 2015 was appointed as Commissioner of replacing Mr. Darmin Nasution and his appointment is effective after obtaining approval from the OJK on Fit and Proper Test ratings.

Imam Apriyanto Putro**)	Abdul Aziz***)	Bangun Sarwito Kusmuljono***)	Suwhono ***)	Goei Siau Hong***)	Wimboh Santoso ****)	Meeting Agenda
√	√	√	√	√	-	1. Financial Statements and Performance per November 2015 Proposal to the Board for Credit Line Facility Extension Agreement on Provision of Funds 2. Agreement on Financing of Credit Facility
√	√	√	√	√	-	1. Ratification of Policy on Subsidiary Management 2. Update on Top 25 Debtors Condition 3. Preparation for Basel III Implementation 4. Organizational Evaluation 5. Miscellaneous

For the period January to March 16, 2015 i.e. before the implementation of the RUPS for FY 2014, there was no meeting of the Board of Commissioners are inviting members of the Board, so that the percentage of the presence of members of the Board can be seen after the implementation of the RUPS as follows:

The percentage attendance of the Board of Commissioners meetings with Director invitees in the period March 17-December 31, 2015 is as follows:

Name	Total		% Attendance
	Meeting	Absence	
Darmin Nasution*	2	-	100
Imam Apriyanto Putro*	13	-	100
Askolani	13	-	100
Aviliani	13	-	100
Abdul Aziz**	13	-	100
Bangun Sarwito Kusmuljono**	9	-	100
Suwhono**	9	-	100
Goei Siauw Hong**	9	-	100
Wimboh Santoso***	-	-	-

**) Mr. Darmin Nasution, Mr. Imam Apriyanto Putro according to the results fit & proper test, per effective June 8, 2015 served as Commissioner and Deputy Commissioner of Bank Mandiri.

***) Mr. Abdul Aziz, Mr. Bangun Sarwito Kusmuljono, Mr. Suwhono, Mr. Goei Siauw Hong according to the results fit & proper test, per June 19, 2015 effectively served as a member of the Board of Commissioners (Mr. Abdul Aziz switching position from Non-Independent Commissioner to Independent Commissioner)

****) Mr. Wimboh Santoso corresponding results of the RUPS, per December 18, 2015 was appointed as Commissioner of replacing Mr. Darmin Nasution and his appointment is effective after obtaining approval from the OJK on Fit and Proper Test ratings.

Induction and Competence Development Programs for the Board of Commissioners in 2015

Training of the Board of Commissioners of Bank Mandiri includes 2 (two) parts, namely Corporate Introduction Program and Competency Development Program.

Induction Program for BOC

Given in March and December 2015, a change in the composition of the Board of Commissioners of Bank Mandiri program and the introduction of enhanced capabilities for members of the new Commissioners in the form of distribution Codes Board (Board Manual) as a reference in carrying out the functions of supervisory duties. Besides, recognition programs are 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, which is in the Central and Regional Offices.

Bank Mandiri undertake an induction program for new members of the Board of Commissioners with the aim of providing an overview of the business activities, the

Company's future plans, guides and other work that is the responsibility of the Board of Commissioners. Induction program prepared by the Corporate Secretary of the Group in the form of assessment documents provided in soft copy and hard copy, inter alia 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 Committee under the Board of Commissioners, as well as laws and regulations related to the business process of Bank Mandiri.

BOC Development Program

In line with GCG implementation, the implementation of the development program for the BoC stated in the annual budget plan of the Board of Commissioners. Board of Commissioners held a training program to support efforts to improve the knowledge of

members of the Board of Commissioners regarding the information industry development of the latest banking or other knowledge relating to the implementation of the supervisory Board of Commissioners.

Several training programs in training/workshops/seminars that have followed the Board of Commissioners, among others:

Board of Commissioners	Position	Training/Workshop/Seminar	Date	Place
Mahmuddin Yasin*	Chief Commissioner	Based on resolution of RUPS on March 16, 2015, it was decided to honorably discharge Mr. Mahmuddin Yasin, Mr. Pradjoto, Mr. Krisna Wijaya and Mr. Anton Hermawan Gunawan as Commissioners and		
Pradjoto	Independent Commissioner			
Krisna Wijaya	Independent Commissioner			
Anton Hermawan Gunawan *)	Independent Commissioner			
Darmin Nasution*)	Chief Commissioner	- Banking Risk Management	-	-
Abdul Azis	Independent Commissioner	- Banking Risk Management	- April 11, 2015	- Jakarta
		- Workshop LPPI-credit management strategy during the Slow-down Economic Growth	- August 5-7, 2015	- Denpasar
		- Workshop Commissioner (SOE) -Peran and Functioning of the Board of Commissioners/Board of Trustees of SOEs	- November 7, 2015	- Bandung
Askolani	Commissioner		-	-
Aviliani	Independent Commissioner	- The IIA's 2015 International Conference and On-Site Learning/	- July 4 - 12 ,2015	- Canada
Imam Apriyanto Putra*)	Deputy Chief Commissioner	Benchmarking	- April 11,2015	- Jakarta
		- Banking Risk Management		
Suwhono	Commissioner		- April 17,2015	- Jakarta
		- Banking Risk Management	- August 5-7, 2015	- Denpasar
		- Workshop LPPI-credit management strategy during the Slow-down Economic Growth	- November 27, 2015	- Bandung
		- Workshop Komisaris (BUMN)		
Goei Siau Hong *)	Independent Commissioner		- April 17 ,2015	- Jakarta
		- Banking Risk Management	- Nov 15-21, 2015	- Hongkong
		- Corporate Credit Analyze	- May 28-30, 2015	- Malang
		- Leadership Forum 2015	- November 2015	- Bandung
		- Workshop Komisaris (BUMN)	- 26-27, 2015	
			30 Nop - 5 Des	
Bangun Sarwito Kusmuljono*)	Independent Commissioner	- Wharton Business School	2015	Amerika Serikat

Note:

- *) RUPS on March 16, 2015 named Mr. Darmin Nasution as Chief Commissioner, Mr. Imam Apriyanto Putro as Deputy Chief Commissioner, Mr. Goei Siauw Hong and Mr. Bangun Sarwito Kusmuljono as Independent Commissioner and Mr. Suwhono as Commissioner. In addition to that, Mr. Abdul Aziz was transferred from Commissioner to Independent Commissioner with the tenure of the term of office as Commissioner.
- **) RUPSLB on December 18, 2015 named Wimboh Santoso as Chief Commissioner

Procedures for Performance Assessment Board of Commissioners

Implementation of performance appraisal BOC made based on criteria related to the assessment of the duties and responsibilities of the Board of Commissioners that includes aspects of the structure and operation, direction and control, and reporting. BOC deliver performance to shareholders through the RUPS.

Indicators of Performance Evaluation of the Board of Commissioners

Board of Commissioners of Bank Mandiri has realized the importance of conducting regular performance assessment as part of accountability. The assessment is done on an annual basis (annually) with the performance evaluation indicators as follows:

1. The implementation of tasks and functions of the Commissioner under surveillance by the army;
2. Compliance with regulations;
3. The level of the Bank;
4. The level of attendance in the meeting of the Board of Commissioners as well as meetings with existing committees;
5. Involvement of the Board in specific assignments.

Performance Assessment of BOC

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 an integral part in the scheme of compensation/incentives for BOC and basic considerations for Shareholders to discharge and/or reappointed Board of Commissioners concerned.

Rate the performance of the Board of Commissioners held once every year, using the method of self-

assessment. BOC performance measurement of success is the result of the collegial work of the entire Board of Commissioners reflected in the realization of the unity of the Work Plan Budget (CBP) on an annual basis. Measuring the success of the performance of the Board of Commissioners made against the Bank which covers aspects of risk profile, Good Corporate Governance (GCG), earnings and bank capital. Parties assess the performance of the Board of Commissioners is the AGM and Bank Indonesia.

Rate the performance of the Board of Commissioners has been done based on reports from self-assessment GCG to Bank Indonesia regularly, referring to Bank Indonesia Circular Letter Number 15/15/DPNP dated 29 April 2013 on Implementation of Good Corporate Governance for Banks in which the parameters of the performance appraisal Board in relation with the implementation of tasks and responsibilities include in it the principles of GCG rates in the functioning of the oversight of the management of Bank Mandiri.

Improving the Implementation of Duties and Responsibilities of the Board of Commissioners

To improve the quality of implementation of the tasks and responsibilities of the Board of Commissioners, the Board of Commissioners will be working to develop its own policy related to the self-assessment (self-assessment) to assess the performance of the Board of Commissioners, which are used as guidelines used as a form of accountability for performance evaluation of the Board of Commissioners collegially. Self-assessment performed by each member to assess the implementation of the performance of the Board of Commissioners collegially and not to assess the individual performance of each member of the Board of Commissioners. Further assessment policy (self-assessment) will be disclosed in the Annual Report of the Bank, in addition to fulfilling the aspects of transparency as well as to provide assurance to shareholders or investors in order to determine the mechanism of check and balance on the performance of the Board of Commissioners.

Other than through self-assessment, the assessment of the Board of Commissioners made during the annual accountability report to the RUPS. Implementation of RUPS for accountability reports fiscal year 2014 on March 16, 2015 the company's annual report 2014 financial year which highlighted the state of the running of the company and the results that have been achieved during 2013. Furthermore, states and to release the fully accountable (aquit et decharge) to the Board of Commissioners of Bank for the financial year 2014 operations.

Besides, the BOC will develop policies related to the resignation of members of the Board of Commissioners if involved in financial crimes in order to increase the confidence of stakeholders, so that the integrity of the Bank also will remain intact.

Furthermore, the Board of Commissioners or the Committee carry out the functions of the Nomination and Remuneration Committee will develop a policy of succession in the process Nomination Board members as stipulated in POJK No. 34/POJK.04/2014. Preparation of this policy is intended to maintain the continuity of the process of regeneration or the regeneration of leadership in order to retain business continuity and long-term goals of the Company.

the board of directors

The Board of Directors is the organ of the company to take full responsibility collectively on the management of the company's interests and objectives of the company and to represent the company, both inside and outside the court in accordance with the Statutes. In performing its duties, the Board of Directors is responsible to the General Meeting of Shareholders (RUPS) as the embodiment of the management accountability in accordance with the principles of corporate governance.

Criteria and Procedures for the Appointment of Directors

Determination of criteria and procedures for the appointment of the Board of Directors is very important for shareholders to gain confidence that only candidates who have certain qualifications and experience will be selected. As one of the State Owned Enterprises (SOEs), which has been publicly owned, in applying the principles of good corporate governance, the Bank is subject to the rules and regulations prevailing in the determination of the criteria and procedures for the appointment of Directors of the Bank, namely:

- a. Law No. 40/2007 regarding Limited Liability Company ("Limited Liability Company Law"),
- b. Government Regulation No. 45/2005 on the Establishment, Management, Monitoring and Dissolution of State Owned Enterprises ("PP No. 45/2005"). All the provisions in question have been set out in the Articles of Association of the Bank.
- c. Bank Indonesia Regulation (PBI) No. 12/23/PBI/2010 dated December 29, 2010 concerning Fit and Proper Test ("PBI No. 12/23/PBI/2010"). As from December 31, 2013 the functions, duties and authority to regulate the financial services activities of the banking sector switched from BI to the Financial Services Authority (OJK), so the fit and proper test conducted by the OJK.

Limited Liability Company Law stipulates that can be appointed as members of the Board of Directors refers to individuals who are legally competent, except within 5 (five) years prior to his appointment never.

- Being declared bankrupt;
- Being a member of the Board of Directors or the Board of Commissioners who were responsible for causing a company to go bankrupt; or
- Being convicted for committing a crime that harm the State's financial and/or related to the financial sector.

Law No. 40/2007 regulates the procedure of appointment of the Board of Directors namely Directors are appointed by the RUPS for a certain period and can be reappointed. The RUPS also set the time of entry into force of the decision related to the appointment, replacement and dismissal. If the RUPS does not specify it, the appointment, replacement and dismissal of members of the Board of Directors effective as of the closing of the RUPS.

Government Regulation No. 45/2005 Government Regulation No. 45 Year 2005 on the Establishment, Management, Monitoring and Dissolution of State-

Owned Enterprises also set the criteria and procedure of appointment of Directors. In line with the provisions of Article 50 of Regulation No. 45/2005, individual who can be appointed as a Member of the Board of Directors of Bank Mandiri is an individual who has integrity, dedication, understanding the issues related to the management of the company that one of the functions of management, have adequate experience in the fields of business, and can provide a time enough to carry out their duties and people who meet the criteria as stipulated in the legislation on limited liability company terbatas. Procedures for appointment or dismissal of the Board of Directors are conducted by the RUPS.

A person who is appointed as Directors must undergo Fit and Proper Test (Fit and Proper Test) before performing their duties as Directors of the Bank, as stipulated in PBI No. 12/23/PBI/2010 dated December 29, December 31, 2013 2010. Sejak functions Fit and Proper Test (Fit and Proper Test) Board of Directors and Board of Commissioners of Bank have been transferred from Bank Indonesia to the OJK. Thus, the Bank Management must predicate Graduated in the fit and proper test conducted by the OJK.

Bank management should meet the requirements of integrity, competency, and financial reputation. In order to meet the requirements of integrity, a candidate member of the Board of Directors must have good moral character and commitment to comply with the legislation in force, has a strong commitment to the development of the bank's operations are healthy and are not included in the Unsuccessful List. Meanwhile, to meet competency requirements member of the Board 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 for developing a healthy bank. Also, the majority of members of the Board of Directors shall have experience in bank operations 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.

The Bank must apply for and obtain approval of the prospective managers to the OJK in order to follow the fit and proper test process. Board candidates proposed amount to a maximum of two (2) people for each vacancy, and the determination of candidates proposed has been done in accordance with the applicable law. Approval or rejection of the application by the OJK no later than 30 (thirty) days after receipt of the complete application.

The fit and proper test conducted by the OJK, including the administrative and interview tests. If candidates who requested the OJK has been approved and appointed as the Bank Management in accordance RUPS, but is concerned not approved by Bank Indonesia, the Bank through the RUPS shall dismiss the concerned. Candidate Management of Banks that have not been approved by the OJK 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 RUPS.

The Number and Composition of BOD Members

Based on PBI No. 8/4/PBI/2006 as amended by PBI No. 5/14/PBI/2006 on the Implementation of GCG for Commercial Banks mentioned that the total membership of the Board of Directors consist of at least 3 (three) people, and POJK No. 33/POJK.04/2014 of the Board of Directors and Commissioners, stated that the Board of Directors Member comprises less than 2 (two) people. In Fiscal Year 2015, Member of the Board of Directors of the Bank amounted to 11 people and a change in the composition of the Board of Directors based on the decision of the RUPS on March 16, 2015 with the following composition:

Composition of the Board of Directors of Bank Mandiri for January 2015-March 16, 2015

No	Name	Position	Basis for Appointment	Term of Office	Organizer and Date of Decision on Passing the Fit and Proper Test
1	Budi G. Sadikin	President Director	Resolution of the RUPS on April 2, 2013 (from Director to President Director)	April 23, 2013 - present	Bank Indonesia July 31, 2013 (as President Director)
2	Riswinandi *)	Vice President Director	Resolution of the RUPS on June 2, 2006	June 2, 2006 - March 16, 2015	Bank Indonesia October 3, 2006
3	Abdul Rachman *)	Institutional Banking Director	Resolution of the RUPS on May 16, 2005	May 16, 2005 - March 16, 2015	Bank Indonesia Tuesday, June 7, 2005
4	Sentot A. Sentausa	Risk Management Director	Resolution of the RUPS on June 2, 2006	June 2, 2006 - present	Bank Indonesia October 3, 2006
5	Ogi Prastomiyono	Compliance & Legal Director	Resolution of the RUPS on May 29, 2008	May 29, 2008 - present	Bank Indonesia December 12, 2008
6	Pahala N. Mansury	Finance & Strategy Director	Resolution of the RUPS on May 17, 2010	May 17, 2010 - present	Bank Indonesia July 12, 2010
7	Fransisca N. Mok *)	Corporate Banking Director	Resolution of the RUPS on May 17, 2010	May 17, 2010 - March 16, 2015	Bank Indonesia July 12, 2010
8	Sunarso *)	Commercial & Business Banking Director	Resolution of the RUPS on May 17, 2010	May 17, 2010 - March 16, 2015	Bank Indonesia July 12, 2010
9	Kresno Sediarsi *)	Technology & Operations Director	Resolution of the Extraordinary Meeting of General Shareholders (RUPSLB) on July 5, 2010	July 5, 2010 - March 16, 2015	Bank Indonesia October 4, 2010
10	Royke Tumilaar	Treasury, FI & Special Asset Mgt. Director	Resolution of the RUPS on May 23, 2011	May 23, 2011 - present	Bank Indonesia July 15, 2011
11	Hery Gunardi	Micro & Retail Banking Director	Resolution of the RUPS on April 2, 2013	April 2, 2013 - present	Bank Indonesia June 27, 2013

All members of the Board of Directors of the Bank has passed the Fit and Proper Test Test and cleared by Bank Indonesia.

Note:

*) RUPS on March 16, 2015 honorably dismissed members of the Board who has ended his tenure at the close of the Meeting, with the word Thank you for your contribution of labor and thought given during his tenure as a Member of the Board of Commissioners and Board of Directors.

No	Name	Position	Basis for Appointment	Term of Office	Organizer and Date of Decision on Passing the Fit and Proper Test
1	Budi Gunadi Sadikin	President Director	Resolution of the RUPS on April 2, 2013 (from Director to President Director)	April 23, 2013 - present	Bank Indonesia July 31, 2013 (as President Director)
2	Sulaiman Arif Arianto *)	Vice President Director	Resolution of the RUPS on March 16, 2015	March 16, 2015 - present	OJK June 19, 2015
3	Sentot A Sentausa	Distributions Director	Resolution of the RUPS on June 2, 2006	June 2, 2006 - present	Bank Indonesia October 3, 2006
4	Ogi Prastomiyono	Technology & Operations Director	Resolution of the RUPS on May 29, 2008	May 29, 2008 - present	Bank Indonesia December 12, 2008
5	Pahala N. Mansury **)	Treasury & Markets Director	Resolution of the RUPS on May 17, 2010	May 17, 2010 - present	Bank Indonesia July 12, 2010
6	Royke Tumilaar	Corporate Banking Director	Resolution of the RUPS on May 23, 2011	May 23, 2011 - present	Bank Indonesia July 15, 2011
7	Hery Gunardi	Consumer Banking Director	Resolution of the RUPS on April 2, 2013	April 2, 2013 - present	Bank Indonesia June 27, 2013
8	Tardi *)	Micro & Business Banking Director	Resolution of the RUPS on March 16, 2015	March 16, 2015 - present	OJK September 16, 2015
9	Ahmad Siddik Badruddin *)	Risk Management & Compliance Director	Resolution of the RUPS on March 16, 2015	March 16, 2015 - present	OJK June 19, 2015
10	Kartini Sally *)	Commercial Banking Director	Resolution of the RUPS on March 16, 2015	March 16, 2015 - present	OJK June 1, 2015
11	Kartika Wirjoatmodjo *)	Finance & Strategy Director	Resolution of the RUPS on March 16, 2015	March 16, 2015 - present	OJK July 3, 2015

All members of the Board of Directors of Bank Mandiri have passed the Fit and Proper Test Test and cleared by Bank Indonesia and the OJK.

Note:

*) RUPS on March 16, 2015 appointed the individual as BOD member

**) RUPS on March 16, 2015 reappointed the individual as BOD member

All Members of Board of Directors of the Bank have complied Fit & Proper Test of the OJK, Limited Liability Company Law and the provisions of GCG and obtained approval from Bank Indonesia. This proves that all members of the Board of Directors have the adequate integrity, competence and reputation. The appointment

and dismissal of the Board of Directors conducted through the RUPS. The term of office of the appointed members of the Board of Directors is until the closing of the Company's Annual General Meeting of the 5th since their appointment without reducing the RUPS to dismiss at any time.

Diverse Composition of the Board of Directors

The diversity of the composition of the Board of Directors is expected to provide an alternative solution to a problem that banks face more complex than the members of the board of directors that is homogeneous, so that decisions are being the best decision after looking at various alternatives decision of the diversity of the existing Board of Directors.

Based on the policy of Shareholders, the determination of the composition of the Board of Directors has been done taking into account the needs and complexities of the bank, including attention to elements of diversity as reflected in the following table:

Diverse Composition of the Board of Directors

Education	The diversity of educational backgrounds Directors of the Bank, indicated by a mix of education, namely: - Educational qualification from Bachelor, Master to Doctorate - Competence areas including Economics, Dentistry, Chemical Engineering, Business Administration, Agricultural Technology, MIPPA Statistics, Livestock and Mathematics Department of Physics.
Experience	The diversity of work experience Board of Directors of the Bank, among others, namely: bank professionals at all levels of positions on national banks, multinationals and other financial institutions, and there are also coming from a career officer of Bank Mandiri. Meanwhile, based on the experience (last 3 years) there are 11 people who ever worked in the field of Financial Services.
Age	The diversity of ages of the Bank Directors is in the age range is quite productive, i.e. 35-44 years 2 people, 45-54 years 7 and 55-64 years 2 people.
Sex	There is 1 (one) women member in the Board of Directors of Bank Mandiri.

Competencies of members of Bank Mandiri Board of Directors have been described in the Profile of Directors in this Annual Report.

Independence of the Board of Director

Independence of Directors of the Bank evidenced by the absence of a family relationship to the second degree, both vertically and sideways and financial relations with the Controlling Shareholder, fellow members of the Board of Directors, and the Board of Commissioners. All members of the Board of Directors of the Bank is not merangkap jabatan well as the Board of Commissioners, BOD members or Executive Officer

at another institution prohibited by PBI on the GCG Implementation.

Family relationships between members of the Board of Directors and finance with fellow members of the Board of Directors and/or members of the Board of Commissioners and Shareholders in 2015 as follows:

Name	Familial Relationship With						Financial Relationship With						Managerial Role and Ownership in Other Companies					
	Board of Commissioners		Board of Directors		Shareholders		Board of Commissioners		Board of Directors		Shareholders		Board of Commissioners		Board of Directors		Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Budi Gunadi Sadikin	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Sulaiman Arif Arianto	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Sentot A Sentausa	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Ogi Prastomiyono	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Pahala N. Mansury	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Royke Tumilaar	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Hery Gunardi	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Tardi	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Ahmad Siddik Badruddin	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Kartini Sally	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Kartika Wirjoatmodjo	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√

During 2015, all members of the Board of Directors of the Bank had no relationship Family Relations, the Finance, Leadership and ownership stakes in other companies.

Stock Ownership by Directors and Their Family

Up to the date of December 31, 2015, ownership of shares by each member of the Board of Directors of Bank Mandiri not reach 5% (five percent) of the paid up capital of the Bank, other banks, non bank financial institutions and other companies domiciled inside or outside country. The list of shareholdings is as follows:

Stock Ownership of 5% or More of Paid Up Capital							
Board of Directors	Position		By Family in Bank Mandiri	Other Compa- nies	Other Banks	Non- Bank Finan- cial Institu- tions	Note
Budi Gunadi Sadikin	President Director	-	-	-	-	-	NIL
Sulaiman Arif Arianto	Vice President Director	-	-	-	-	-	NIL
Sentot A Sentausa	Distributions Director	-	-	-	-	-	NIL
Ogi Prastomiyono	Technology & Operations Director	-	-	-	-	-	NIL
Pahala N. Mansury	Treasury & Markets Director	-	-	-	-	-	NIL
Royke Tumilaar	Corporate Banking Director	-	-	-	-	-	NIL
Hery Gunardi	Consumer Banking Director		-	-	-	-	NIL
Tardi	Micro & Business Banking Director	-	-	-	-	-	NIL
Ahmad Siddik Badruddin	Risk Management & Compliance Director	-	-	-	-	-	NIL
Kartini Sally	Commercial Banking Director	-	-	-	-	-	NIL
Kartika Wirjoatmodjo	Finance &StrategyDirector	-	-	-	-	-	NIL

Dual Positions by the Board of Directors

Members of Board of Directors are prohibited from holding concurrent positions as members of the Board of Commissioners, Board of Directors or executive officers of banks, companies and/or other institution except the things that have been set in PBI No. 8/14/PBI/2006 on the Implementation of GCG for Commercial Banks, however not included dual position

when the Board of Directors which is responsible for the supervision of the revelation of the Subsidiary Bank, run functional tasks as a member of the Board of Commissioners on non-bank subsidiaries controlled by the Bank, all have a position that does not result in question ignore the duties and responsibilities as members of the Board of Directors.

Guidelines and Code of Conduct for Directors

Working Guidelines Board of Directors to carry out roles and functions of the management company as well as managing relationships with the Board Manual. Board Manual is based on principles of corporate law, the legislation in force, the provisions of the basic budget, decisions and directives of the RUPS and GCG Principles, i.e. Transparency, Accountability, Responsibility, Independence and Fairness. Preparation of Board Manual is intended to explain the working relationship of Directors and the Board of Commissioners in performing the tasks in order to create the management of the company in a professional, transparent and efficient manner.

Implementation Board Manual is one of the commitments of the Board of Directors and the Board in order to implement the principles of good corporate governance, as well as the effort to elaborate GCG Code owned by Bank Mandiri.

Guidelines and Rules of Conduct stipulated in Decision of the Board of Directors No. KEP.DIR/69/2015 dated February 23, 2015, include:

1. General provisions
2. Authority to act
3. The organization and job descriptions of the duties
4. General policy
5. Ethics and working time
6. Board of Directors meeting
7. Committee
8. Correspondence

Duties and Responsibilities of the Directors

Main Duties of the Directors

The main tasks of the Board of Directors are as follows:

1. Conducting management of the Company for the benefit and in accordance with the purposes and objectives of the Company and acted as lead manager in the management of these;
2. Maintaining and managing the Company; all of which have been implemented well during 2015.

Scope and Division of Tasks of Each Director

President Director

1. Coordinating the implementation of the management of the Company as defined in the Articles of Association and General Meeting of the Company's decision with regard to the applicable regulations.
2. Coordinating, directing and supervising the work units directly under the coordination of the Group CEO, in coordination with the Deputy Group CEO on an ongoing basis in accordance with their respective fields in order to run smoothly, effectively, efficiently and stay on track with the Company's long-term strategy.
3. Directing the processes of change that is needed to meet the challenges of market competition by encouraging the business units market their products and services with more dynamic and competitive, with a comprehensive assessment of Risk unit.
4. Improving the company image both nationally and internationally, and helped establish a good relationship with correspondent banks, investment banks, financial institutions, customers and monetary authorities both domestically and abroad.
5. Eligible and authorized to act for and on behalf of the Board of Directors and represent the Company, and to certain acts on his own responsibility, is entitled to appoint one or more as a representative or proxy, by giving him or to those powers for certain acts that are arranged in a power of attorney.
6. Coordinating the implementation of the Regional Directors 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 Regional Offices.

Vice President Director

1. Policies and Strategies
 - a. Assisting Group CEO in leading and directing the policies and strategies, updating and dissemination of coordinated policies across the field.
 - b. Assisting Group CEO in leading and directing the preparation of Business Plan and Action Plan short term, medium term and long term in line with Company policy.
2. Operational Activities
 - a. Ensuring the smooth implementation of the tasks related to the area that is under the direct supervision of Treasury & Markets, Corporate Banking, Commercial Banking and supervision over Region I, in order to run smoothly, effectively and efficiently and are well coordinated.
 - b. Group CEO assist in directing and supervising the work units that are functionally succession is under the supervision of Deputy Group CEO on an ongoing basis in carrying out tasks related to their respective fields in order to remain on the path to long-term strategy of the Company.
 - c. Group CEO assist in directing the processes of change that is needed to meet the challenges of market competition by encouraging a Business Unit marketing products and services with a more dynamic and competitive.
 - d. Group CEO helps in improving the company image both at national and international level and helped establish a good relationship with correspondent banks, investment banks, financial institutions, customers and monetary authorities both domestically and abroad.
 - e. Entitled and authorized to act for and on behalf of the Board of Directors and to represent the Company in the event the Group CEO is absent or unavailable for any reason, which does not need to prove to a third party.

- f. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.

Consumer Banking Director

1. Policies and Strategies

- a. Leading and directing the formulation and implementation of policies and strategies, updating and dissemination of policies in the field of Consumer Banking, including AXA Mandiri Financial Services (Subsidiary), Mandiri AXA General Insurance (Subsidiary), Mandiri Tunas Finance (Subsidiary), Mandiri International Remittance (Subsidiary) and Mandiri Investment Management (Second Tier Subsidiary).
- b. Leading and directing the preparation of Business Plan and Action Plan short term, medium term and long term on the field Consumer Banking in line with Company policy.
- c. Supporting the Distributions Director in directing and fostering Regional Office for transforming the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention.
- d. Supporting the Distributions Director in directing and fostering regional office to achieve and increase the business volume targets (funds and loans) has been determined.

2. Operational Activities

- a. Leading and coordinating the implementation of policies and strategies relating to the operations of Consumer Banking for the short-term, medium-term and long-term comprehensive manner.
- b. Directing and supervising the subordinative work units and subsidiaries which it is responsible on an ongoing basis in carrying out tasks related to their respective fields in line with the corporate policy and handle market competition in the field of Consumer Banking.
- c. Leading and directing change processes required to meet market challenges related to the field of Consumer Banking.
- d. Leading, directing and coordinating the development and offers consumer banking products are the best and make sure that development as well as the offer is a quality product and competitive.
- e. Leading and coordinating arrangements Consumer Banking products aggressively with regard to Company policy and the prudential principle.
- f. Effectively leading and coordinating the advertising and promotion of products bankwide both for wholesale and retail segments, according to the analytical research markets and customer segments.
- g. Leading and directing front liner marketers to run standard procedures in the field of Consumer Banking correctly.
- h. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of the field of Consumer Banking, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Distributions Director

1. Policies and Strategies

- a. Leading and directing the formulation and implementation of policies and strategies, updating and dissemination of policies in the field of Distributions including Bank Mandiri Dili, East Timor (Foreign Office).
- b. Leading and directing the preparation of Business Plan and Action Plan short-term, medium-term and long-term Distributions in line with Company policy.
- c. Leading and directing Regional CEOs of Bank Mandiri to increase its share of the market (market share) and the achievement of business volume (funds and loans) in all regions of the Bank.

2. Operational Activities

- a. Leading and coordinating the implementation of policies and strategies relating to the operations of Distributions for the short-term, medium-term and long-term comprehensive manner.
- b. Directing and supervising the work unit under continuous supervisory in performing tasks related to their respective fields in line with Company policy and the handling of market competition.
- c. Leading and directing change processes required to meet market challenges related to the field of Distributions.

- d. Coordinating and directing the role of Regional CEO in coordination functions for alliances with other work units.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of the field of Distributions, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Risk Management & Compliance Director

1. Policies and Strategies

- a. Leading and directing the formulation and implementation of policies and strategies, updating and dissemination of policies in the areas of Market Risk, Operational Risk, Credit Portfolio Risk, Legal, Compliance and Policy & Procedures.
- b. Duties and responsibilities regarding compliance function, which is Policy and Strategy include:
 - 1) formulating a strategy to encourage the creation of a Culture of Compliance;
 - 2) proposing compliance policies or principles that compliance will be determined by the Board of Directors;
 - 3) establishing a system and compliance procedures that will be used to draw up the rules and internal guidelines of the Bank;
- c. Leading and directing the development of policies, strategies and control procedures gratuities and APU-PPT program
- d. Leading and directing the preparation of Business Plan and Action Plan short term, medium term and long term on Risk Management & Compliance in line with Company policy.

- e. Supporting the Distributions Director in directing and fostering Regional Office for transforming the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention.
- 2. Operational Activities
 - a. Coordinating and directing the implementation:
 - 1) good corporate governance principles;
 - 2) gratuity control program;
 - 3) APU-PPT program;
 - b. Duties and responsibilities regarding compliance function, which is operational in nature, include:
 - 1) ensuring that all policies, regulations, systems and procedures, as well as business activities conducted by the Bank in accordance with the provisions of Bank Indonesia and the legislation in force;
 - 2) minimizing the Bank Compliance Risk;
 - 3) taking precautions to ensure that policies and/or decisions taken by the Board of Directors does not deviate from the provisions of the OJK/Bank Indonesia and the legislation in force;
 - 4) ensuring compliance with the Bank against the commitments made by the Bank to the OJK/Bank Indonesia and/or other competent supervisory authority.
 - 5) performing other tasks related to the Compliance Function.
 - c. Leading and coordinating the operations of the field of Market Risk, Operational Risk, Credit Portfolio Risk, Legal, Compliance and Policy & Procedures for the short-term, medium-term and long-term comprehensive manner.

- d. Coordinating, directing and monitoring the handling of legal issues that are complex and/or bankwide through the provision of opinions and legal advice to the work unit, by optimizing the management and legal officer.
- e. Coordinating, directing and monitoring the effective legal action through the handling of cases in an integrated manner with a clear target.
- f. Coordinating the achievement of the performance on the field of Risk Management & Compliance.
- g. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.
- 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of the field of Risk Management & Compliance, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Finance & Strategy Director/Chief Financial Officer (CFO)

- 1. Policies and Strategies
 - a. Leading and directing the preparation and formulation of policies and strategies, updating and dissemination of policies in the field of Finance & Strategy.
 - b. Leading and directing the preparation of Business Plan and Action Plan short-term, medium-term and long-term Distributions in line with Company policy.
 - c. Supporting the Distributions Director in directing and fostering Regional Office for transforming the distribution network, optimization of business units in the region

both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention.

- d. Supporting the Distributions Director in directing and fostering regional office to achieve and increase the business volume targets (funds and loans) has been determined.
2. Operational Activities
 - a. Leading and directing the strategy, objectives and financial targets long-term, medium-term and short-term Bank Mandiri comprehensively.
 - b. Leading, directing and coordinating the work function of Investor Relations in order to conduct financial communication to investors in an effective, efficient, transparent, accountable, timely and improve the quality of our annual report as a public company.
 - c. Leading and directing the activities of accounting and reporting (Accounting) in order to have a financial system with supervision, policies and procedures appropriate to produce financial information and MIS timely, complete, consistent, reliable and scalable.
 - d. Leading and coordinating the preparation and implementation of the communication strategy of the Company in a broad sense in the efforts to preserve and maintain the Company's reputation as a public company.
 - e. Leading, coordinating, directing, and monitoring the implementation of Corporate Action, the disclosure of information with reference to the prevailing regulations and internal activities of the Company including but not limited to the implementation of the activities listed in the Calendar of Events and other activities such as internal company meetings.
 - f. Leading and directing the formulation and implementation of policies and strategies, updating and dissemination of policies in the field of Finance & Strategy.
 - g. Leading and directing the preparation of a performance management system that is reliable, scalable, complete, consistent and monitor and assess its implementation accurately and timely.
 - h. Coordinating and directing the policy of the Partnership and Community Development Program (PKBL) in accordance with applicable regulations and policies established by the RUPS.
 - i. Directing the activities of procurement, maintenance, warehousing and archiving, service and facilities in order to effectively and efficiently and ensure the Company's documents are safely stored and can be searched again quickly and efficiently.
 - j. Leading and directing the policies and activities related to the procurement of goods and services bankwide in accordance with the work plan and budget agreed upon, taking into account the market and industry analysis as well as aspects of the TCO (Total Cost of Ownership), to provide protection against owned assets (value creation, delivery) and to ensure the achievement of competitive advantage, organizational effectiveness, profitability, and accommodate changing business needs.
 - k. Leading and directing the policies and activities related to Fixed Assets Fixed (ATTB) of Bank Mandiri, including ATTB problematic, both ATTB already belong and which is indicated as ATTB belonging to former Legacy Bank, as well as management ATTB unused/used-owned Bank Mandiri how to reuse, temporarily leased and sold, as well as the policies and activities related to the function of asset registry for the entire property owned by the Bank.

- l. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.
- 3. Human Resources
Leading and directing the policies of Human Resources (HR) under the coordination of the field of Finance & Strategy, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Corporate Banking Director

- 1. Policies and Strategies
 - a. Leading and directing the formulation and implementation of policies and strategies, updating and dissemination of policies in the field of Corporate Banking.
 - b. Leading and directing the preparation of Business Plan and Action Plan short term, medium term and long term on the field Corporate Banking in line with Company policy.
 - c. Supporting the Distributions Director in directing and fostering Regional Office for transforming the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention.
 - d. Supporting the Distributions Director in directing and fostering regional office to achieve and increase the business volume targets (funds and loans) has been determined.
- 2. Operational Activities
 - a. Leading and coordinating the implementation of policies and strategies relating to the operations of Corporate Banking for the short-term, medium-term and long-term comprehensive manner.

- b. Leading and directing and supervising all functions of the working areas of Corporate Banking and Subsidiaries and Affiliated Entities which it is responsible on an ongoing basis in carrying out tasks related to their respective fields in line with Company policy, as well as addressing market competition in the field of Corporate Banking.
- c. Leading and directing change processes required to meet market challenges related to the field of Corporate Banking.
- d. Leading, directing and coordinating the development and offers Corporate Banking products are the best and make sure that development as well as the offer is a quality product and competitive.
- e. Leading and coordinating arrangements Corporate Banking products aggressively with regard to Company policy and the prudential principle.
- f. Leading and coordinating the effective promotion of Corporate Banking products according to market research and customer segments.
- g. Fostering relationships with customers through traffic (on the spot) and periodic monitoring of customer projects.
- h. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.
- 3. Human Resources
Leading and directing the policies of Human Resources (HR) under the coordination of the field of Corporate Banking, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Commercial Banking Director

1. Policies and Strategies

- a. Leading and directing the formulation and implementation of policies and strategies, updating and dissemination of policies in the field of Commercial Banking.
- b. Leading and directing the preparation of Business Plan and Action Plan short-term, medium-term and long-term in line with Company policy.
- c. Supporting the Distributions Director in directing and fostering Regional Office for transforming the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention.
- d. Supporting the Distributions Director in directing and fostering regional office to achieve and increase the business volume targets (funds and loans) has been determined.

2. Operational Activities

- a. Leading and coordinating the implementation of policies and strategies relating to the operations of Commercial Banking for the short-term, medium-term and long-term comprehensive manner.
- b. Directing and supervising the subordinate work units and subsidiaries which it is responsible on an ongoing basis in carrying out tasks related to their respective fields in line with the corporate policy and handle market competition in the field of Commercial Banking in line with the company policy.

- c. Leading and directing change processes required to meet market challenges related to the field of Commercial Banking.
- d. Leading, directing and coordinating the development and offers Commercial Banking products are the best and make sure that development as well as the offer is a quality product and competitive.
- e. Leading and coordinating arrangements Commercial Banking products aggressively with regard to Company policy and the prudential principle.
- f. Leading and coordinating the effective promotion of Commercial Banking products according to market research and customer segments.
- g. Leading and directing front liner marketers to run standard procedures in the field of Commercial Banking correctly.
- h. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of the field of Commercial Banking, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Technology & Operations Director

1. Policies and Strategies

- a. Leading and directing the formulation and implementation of policies and strategies, updating and dissemination of policies in the field of Technology & Operations.
- b. Leading and directing the preparation of Business Plan and Action Plan short term, medium term and long term on the field Technology & Operations in line with Company policy.
- c. Lead and direct the formulation and implementation of policies and strategies service in order to maintain customer confidence.
- d. Supporting the Distributions Director in directing and fostering Regional Office for transforming the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention.
- e. Supporting the Distributions Director in directing and fostering regional office to achieve and increase the business volume targets (funds and loans) has been determined.
- f. Coordinating the implementation of IT functions and tasks of the Chief Technology Officer.
- g. Coordinating the execution of the functions and duties of Credit Operations, Cash & Clearing and e-Channel in the region with the Regional Operations Head.

2. Operational Activities

- a. Leading and coordinating the implementation of policies and strategies relating to the operations of Technology & Operations for

the short-term, medium-term and long-term comprehensive manner.

- b. Directing and supervising the work unit below it on an ongoing basis in carrying out tasks related to their respective fields in order to remain on the path to long-term strategy of the Company and the Technology & Operations.
- c. Developing Information Technology to work as a business partner with all units within the Company's organization and ensure that the Company has the technology solutions most appropriate for the current situation and business requirements in the future through planning information technology effectively and efficiently, development, achievement, implementing, maintenance and ongoing support.
- d. Coordinating and directing the preparation of the Company's strategy of service, communication and consolidation of programs to improve the quality of service to customers.
- e. Coordinating and directing the optimization of the use of customer data to support the business activities of the Company.
- f. Coordinating and directing the preparation and management procedures for handling complaints and customer disputes.
- g. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of the field of Technology & Operations, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Treasury & Markets Director

1. Policies and Strategies

- a. Leading and directing the preparation and formulation of policies and strategies, updating and dissemination of policies in the areas of Treasury & Markets, Bank Mandiri Cayman Island, Singapore, Shanghai and Hong Kong (Foreign Office) as well as acting as a builder BMEL is mandated and Mandiri Sekutitas (Subsidiary).
- b. Leading and directing the preparation of Business Plan and Action Plan short-term, medium-term and long-term Distributions in line with Company policy.
- c. Supporting the Distributions Director in directing and fostering Regional Office for transforming the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention.
- d. Supporting the Distributions Director in directing and fostering regional office to achieve and increase the business volume targets (funds and loans) has been determined.

2. Operational Activities

- a. Leading and coordinating the implementation of policies and strategies relating to the operations of Treasury & Markets, Bank Mandiri Cayman Island, Singapore, Shanghai and Hong Kong (Foreign Office) for short-term, medium-term and long-term comprehensive manner.
- b. Directing and supervising the subordinate work units and subsidiaries which it is responsible on an ongoing basis in carrying

out tasks related to their respective fields in line with the corporate policy and handle market competition in the field of Treasury & Markets in line with the company policy.

- c. Leading and directing change processes required to meet market challenges related to the field of Treasury & Markets.
- d. Leading, directing and coordinating the development and offers Treasury & Markets products are the best and make sure that development as well as the offer is a quality product and competitive.
- e. Leading and coordinating arrangements Treasury & Markets products aggressively with regard to Company policy and the prudential principle.
- f. Leading and coordinating the effective promotion of Treasury & Markets products according to market research and customer segments.
- g. Leading and directing front liner marketers to run standard procedures in the field of Treasury & Markets correctly.
- h. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of the field of Treasury & Markets, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Micro & Business Banking Director

1. Policies and Strategies

- a. Lead and direct the formulation and implementation of policies and strategies, updating and dissemination of policies in the field of Micro & Business Banking, as well as acting as a builder of Bank Syariah Mandiri (Subsidiary) and Bank Sinar Harapan Bali.
- b. Leading and directing the preparation of Business Plan and Action Plan short term, medium term and long term on the field Micro & Business Banking in line with Company policy.
- c. Supporting the Distributions Director in directing and fostering Regional Office for transforming the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention.
- d. Supporting the Distributions Director in directing and fostering regional office to achieve and increase the business volume targets (funds and loans) has been determined.

2. Operational Activities

- a. Leading and coordinating the implementation of policies and strategies relating to the operations of Micro & Business Banking for the short-term, medium-term and long-term comprehensive manner.

- b. Directing and supervising the subordinate work units and subsidiaries which it is responsible on an ongoing basis in carrying out tasks related to their respective fields in line with the corporate policy and handle market competition in the field of Micro & Business Banking .
- c. Leading and directing change processes required to meet market challenges related to the field of Micro & Business Banking .
- d. Leading, directing and coordinating the development and offers Micro & Business Banking products are the best and make sure that development as well as the offer is a quality product and competitive.
- e. Leading and coordinating arrangements Micro & Business Banking products aggressively with regard to Company policy and the prudential principle.
- f. Leading and directing front liner marketers to run standard procedures in the field of Micro & Business Banking correctly.
- g. Supporting the role of Regional CEO in coordination functions for alliances with other Strategic Business Unit.

3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of the field of Micro & Business Banking, including proposing the recruitment, promotion, transfer/rotation, coaching and training in coordination with SEVP Human Capital.

Activities by the Board of Directors in 2015

The Board of Directors has undertaken a series of activities that are part of the work program of the Board of Directors of Bank Mandiri such conduct regular meetings, both internal and joint meetings with the Board of Commissioners, and meetings with SEVP

Committee meeting and follow some training/seminar/workshop in an effort to shape the development of the Board of Directors of Bank Mandiri. Directors of the Bank has been carrying out activities in 2015 with a focus on the following aspects

Aspect	Event
Financial	1. Preparation and improvement of CBP 2. Updating Company Performance in 2015 periodically
Governance	1. Approving the internal regulations of Bank Mandiri and the revision 2. Monitoring and evaluating the implementation of GCG 3. Applying Governance Integrated Bank Mandiri with its subsidiaries.
Internal Control and Risk Management	1. Discussing external audit findings and recommendations 2. Discussing risk profile of the Bank
Human Resource Management	1. Drafting/revising/evaluating and directing HR policies 2. Proposing the recruitment, promotion, transfer/rotation, coaching and training of human resources.
Corporate Social Responsibility	1. Implementing CSR activities 2. Revising Sustainability Report

Board of Directors Meeting

As one of the organs of the company are collectively take full responsibility for the management of Bank Mandiri needed a forum as a means of coordinating between the members of the Board of Directors or any other organ of the company in achieving its objectives perseroan. Rapat Board of Directors is an important forum in determining Company policy and management decisions. Meeting decisions 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 should be accepted as a joint decision (mutual).

Directors have scheduled a meeting as SOE Ministry has arranged and set a meeting schedule as outlined

in the Circular Letter of the Minister of SOE No. SE-03/MBU/2011 dated October 27, 2011 that the Board of Directors shall carry out a meeting every Tuesday and if necessary the Board of Directors may invite the Board of Commissioners for participated in the meeting.

Bank Mandiri meeting once a month, attended by all directors and executive officers reporting to the Board of Directors to monitor operational performance. The Board of Directors may also adopt valid and binding decisions without convening a meeting, provided that all of the Directors have to know the intended decision proposal and given their written approval and signed the agreement. The decision taken to have power equal with making through formal meetings.

Meeting Frequency and Attendance Level of Directors

During 2015, the Board of Directors has held 50 internal meetings with the Board of Directors attendance level averaging 87%. The Board of Directors meeting by presenting the Board of Commissioners has held 3 (three) meetings. Following the meeting agenda and attendance of Directors in an internal meeting of Directors and Board of Directors meeting by presenting the Board of Commissioners during 2015:

Number and Agenda of BOD Meetings and Joint Meetings of the BOC and BOD

Date	Main Agenda
January 2015	1. Implementation of RUPS 2015 2. Mechanism of the BOD and BOC Meeting 3. Laku Pandai Implementation 4. Company Performance Update up to December 31, 2014
February 2015	1. RBBR Update up to Dec 2014 2. Distribution Network Update 3. Innovation Award Winners 4. Company Performance Update up to January 31, 2015
March 2015	1. Macroeconomic Update 2. Construction Financing Update 3. Job descriptions of Directors 4. Company Performance Update up to February 28, 2015
April 2015	1. Risk Profile of March 2015 2. Proposed sponsorship 3. Financial Deepening 4. Company Performance Update up to March 31, 2015
May 2015	1. Optimization of ATTB 2. Media Plan 3. Update on the Implementation of IIF Asia Summit 2015 4. Company Performance Update up to April 30, 2015
June 2015	1. Update on Partnership Provisions 2. Revision to CBP 2015 and RBB 2015-2017 3. Sector Solution Update 4. Company Performance Update up to May 31, 2015
July 2015	1. KLN Road Map 2. Update on Preparation for Long Holiday Idul Fitri 1436 H 3. Update on the Implementation of PP No. 45/2015 4. Company Performance Update up to June 30, 2015
August 2015	1. Update on MoU with IFC 2. Stress Testing 3. Update on Enterprise Data Management 4. Company Performance Update up to July 31, 2015
September 2015	1. Update on IT & Retail Risk 2. Update on Preparation of CBP 2016 3. Proposed Series of Activities for 17th Anniversary of BMRI 4. Company Performance Update up to August 30, 2015
October 2015	1. Proposed Performance Management Mandiri Easy 2. Proposed Risk Profile as of September 2015 3. Update on Implementation of Strategic Initiatives 2015 4. Company Performance Update up to September 30, 2015

Date	Main Agenda
November 2015	1. Update on Preparation of CBP 2016 2. Update on the Implementation of RUPLB 3. IT Initiatives in 2016 4. Company Performance Update up to October 30, 2015
December 2015	1. Utilization of Bank Mandiri ATTB 2. BOT Agreement with Wisma Mandiri 3. Discussion of Human Capital 4. Company Performance Update up to November 30, 2015
Total meeting	50 times

Attendance Level of Directors in 2015 is as follows

Name	Position	Number		Absence	% attendance
		meeting	Attendance		
Budi G. Sadikin	President Director	50	40	10	80%
Riswinandi *)	Vice President Director	10	10	0	100%
Abdul Rachman *)	Institutional Banking Director	10	8	2	80%
Sentot A. Sentausa	Risk Management Director	50	46	4	92%
Ogi Prastomiyono	Compliance & Legal Director	50	46	4	92%
Pahala N. Mansury	Finance & Strategy Director	50	43	7	86%
Fransisca N. Mok *)	Corporate Banking Director	10	7	3	70%
Sunarso *)	Commercial & Business Banking Director	10	8	2	80%
Kresno Sediarsi *)	Technology & Operations Director	10	10	0	100%
Royke Tumilaar	Treasury, FI & Special Asset Mgt. Director	50	45	5	90%
Hery Gunardi	Micro & Retail Banking Director	50	41	9	82%
Sulaiman Arif Arianto **)	Vice President Director	40	37	3	93%
Tardi **)	Micro & Business Banking Director	40	37	3	93%
Ahmad Siddik Badruddin **)	Risk Management & Compliance Director	40	33	7	83%
Kartini Sally **)	Commercial Banking Director	40	36	4	90%
Kartika Wirjoatmodjo **)	Finance & Strategy Director	40	32	8	80%

Note: *)

**) The RUPS on March 16, 2015 honorably discharged members of the Board whose term of office ended. The RUPS on March 16, 2015 then appointed new members of the Board.

Meeting agenda and attendance level of Directors at meetings that invited the Board of Commissioners for 2015 are as follows:

Date	Agenda	Directors' Attendance										
		Budi G. Sadikin	Sentot A. Sentausa	Ogi Pras-tomiyono	Pahala N. Mansury	Royke Tumilaa	Hery Gunardi	Sulaiman A. Arianto **)	Tardi **)	Ahmad Siddik Badruddin **)	Kartini Sally **)	Kartika Wirjoatmodjo **)
May 2015	1. Financial Statements and Financial Performance per April 2015											
	2. Laku Pandai Implementation	v	v	v	v	v	v	v	v	v	x	v
	3. Integrated Governance Implementation											
	4. Optimization of BOD meetings in 2015 and April 2015 Review											
August 2015	1. Financial Statements and Performance per July 2015											
	2. Update on Development of Commercial Banking Directorate	v	x	v	v	v	v	v	x	v	v	v
	3. Update on Acquiring Aggregator											
December 2015	1. Financial Statements and Performance per November 2015	v	v	v	v	v	v	v	v	v	v	v
	2. Miscellaneous											
Total Meeting		3	3	3	3	3	3	3	3	3	3	3
Attendance		3	2	3	3	3	3	3	2	3	2	3
Attendance Rate		100%	67%	100%	100%	100%	100%	100%	67%	100%	67%	100%

Resolutions Made by the Board of Directors in 2015

In 2015, BOD members made several decisions as follows:

Heading	No. Document	Date	Subject
KEP.DIR	1	02/01/2015	Changes in Organizational Structure of PT Bank Mandiri (Persero) Tbk
KEP.DIR	2	02/01/2015	Job descriptions of the Directors and preparing Alternate Director List
KEP.DIR	3	02/01/2015	Determination of Regional Directors and Their Tasks and Competencies.
KEP.DIR	6	02/01/2015	Appointment and Designation of Tardi as Senior Executive President of PT Bank Mandiri (Persero) Tbk.
KEP.DIR	7	02/01/2015	Appointment and Designation of Rico Usthavia Frans as Senior Executive President of PT Bank Mandiri (Persero) Tbk.
KEP.DIR	8	02/01/2015	Appointment and Designation of Ahmad Siddik Badruddin as Senior Executive President of PT Bank Mandiri (Persero) Tbk.
KEP.DIR	9	02/01/2015	Appointment and Designation of Sanjay N. as Senior Executive President of PT Bank Mandiri (Persero) Tbk.
KEP.DIR	10	02/01/2015	Appointment and Designation of Joseph Georgino G. as Senior Executive President of PT Bank Mandiri (Persero) Tbk.
KEP.DIR	11	02/01/2015	Appointment and Designation of Riyani TB as Senior Executive President of PT Bank Mandiri (Persero) Tbk.
KEP.DIR	12	02/01/2015	Appointment and Designation of Ventje Rahardjo as Senior Executive President of PT Bank Mandiri (Persero) Tbk.
KEP.DIR	40	20/01/2015	Temporary Substitute (Alternate) Officials at GH level in the Corporate Banking
KEP.DIR	43	28/01/2015	Approval of Strategic and Routine Initiative Implementation in 2015
KEP.DIR	69	23/02/2015	Code of Conduct of the Board of Directors
KEP.DIR	80	17/03/2015	Appointment of the Board of Directors
KEP.DIR	90	18/03/2015	Determination of Regional Directors and Their Tasks and Competencies.
KEP.DIR	91	20/03/2015	Wealth Report of State Officials in PT Bank Mandiri (Persero) Tbk.
KEP.DIR	92	20/03/2015	Management Coordinator of Wealth Report of State Officials in PT Bank Mandiri (Persero) Tbk.
KEP.DIR	115	14/04/2015	Temporary Alternate SK Decree.
KEP.DIR	116	14/04/2015	Members of the Committees.
KEP.DIR	128	21/04/2015	Membership of Personnel Advisory Team (TPK).
KEP.DIR	136	30/04/2015	Changes in Membership of Committees under BOC of PT Bank Mandiri (Persero) Tbk.
KEP.DIR	153	20/05/2015	Adjustment to Membership of Personnel Advisory Team (TPK).
KEP.DIR	288	29/09/2015	Assignment of Employees in the Project Implementation Team for HC Data Quality Maintenance.

Reviewing the Company's Annual Strategy

The Board of Directors seeks to encourage the performance of the company for the next year to conduct a review on the company's annual strategy conducted at the end of the current year. The 2015 review of the company's annual strategy was at meeting of the Board of Directors conducted in October 2015 with the agenda Implementation of Strategic Initiatives Update 2015.

Training for Directors

As members of the BOC, the bank also held two types of training for Directors namely Corporate Introduction Program for new Board members and Competence Development Program.

Induction Program of Directors

Bank Mandiri undertake an induction program for new Board members with the aim of providing an overview of the business activities, the Company's future plans, guides and other work that is the responsibility of the Board of Directors. Recognition program prepared by the Corporate Secretary of the Group in the form of assessment documents provided in soft copy and hard copy, inter alia 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 Directors and the Committees under the Board of Directors, the Board of Directors Code of Conduct, the Board of Directors Code of Conduct and the Code of Conduct Committee under the Board of Directors, as well as laws and regulations related to the business process of Bank Mandiri.

Directors' Development Programs

In order Directors can carry out their duties, the Members Directors Bank Mandiri constantly adding and updating knowledge. In facilitating the updating of knowledge, then Directors need sustainable mendapatkan pendidikan combined with self-study and participation in special education, training, workshops, seminars, conferences which can be beneficial in improving the effective functioning of the Board of Directors. Continuing education can be done both at home and abroad at the expense of the bank.

During 2015, Member of the Board of Directors have followed Training/Workshop/Seminar in order to improve the ability of BOD members and SEVP conducted both inside and outside the country, as follows:

Training and Seminar for Directors

Name	Position Title	Training/Seminar	Time and Place
Mr. Budi G. Sadikin	President Director	Banking Risk Management, Level 5	Badan Nasional Sertifikasi Profesi/LSPP, Indonesia July 1, 2015
Mr. Sulaiman A. Arianito	Vice President Director	Banking Risk Management, Level 5	Badan Nasional Sertifikasi Profesi/LSPP, Indonesia June 26, 2015
Mr. Sentot A. Sentausa	Distributions Director	Customer-Focused Innovation	Stanford Business, USA, October 4-9, 2015
		Banking Risk Management, Level 5	Badan Nasional Sertifikasi Profesi/LSPP, Indonesia June 26, 2015
Mr. Ogi Prastomiyono	Technology & Operations Director	Systematic Innovation of Products, Processes and Services	Cambridge, Massachusetts, US, November 14-22, 2015
Mr. Pahala N. Mansury	Treasury & Markets Director	Asset & Liability Management	Euromoney, Paris, April 13-16, 2015
Mr. Royke Tumilaar	Corporate Banking Director	Training for Executives "Contemporary Finance : Key Topics for Senior Executives and Board Members"	New York, June 1-7, 2015
Mr. Hery Gunardi	Consumer Banking Director	Strategic Branding: "From Behavioral Insights to Business Growth"	London Business School, London, UK, November 14-22, 2015
		Banking Risk Management, Level 5	Badan Nasional Sertifikasi Profesi/LSPP, Indonesia July 2, 2015
Mr. Tardi	Micro & Business Banking Director	Market Driving Strategy	London Business School, London, UK, November 07-15, 2015
		Banking Risk Management, Level 5	Badan Nasional Sertifikasi Profesi/LSPP, Indonesia April 4, 2015
Mr. Ahmad Siddik Badruddin	Risk Management & Compliance Director	Global Strategic Leadership di Wharton Executive Education	Philadelphia, USA, December 1-4, 2015
		Banking Risk Management, Level 5	Badan Nasional Sertifikasi Profesi/LSPP, Indonesia Saturday, April 11, 2015
Ms. Kartini Sally	Commercial Banking Director	London Business School (LBS) Program Developing strategy for value creation	UK, October 16-25, 2015
		Banking Risk Management, Level 5	Badan Nasional Sertifikasi Profesi/LSPP, Indonesia April 11, 2015
Ms. Riyani T. Bondan	SEVP Retail Risk	International Bankcard Management School (IBMS)	Visa Business School, Las Vegas, USA, May 3-11, 2015
		Global Strategic Leadership in Wharton Executive Education	Philadelphia, USA, December 1-6, 2015
Mr. Ventje Rahardjo	SEVP Corporate Transformations	The Berkeley Executive Leadership Program	Berkeley California, November 1-9, 2015
Mr. Rico Usthavia Frans	SEVP Transaction Banking	Design Thinking Boot Camp: From Insights to Innovation	Stanford Business School, USA, July 6-11, 2015
Mr. Sanjay N. Bharwani	SEVP Human Capital	Strategic IQ	Harvard Business School, Boston, November 15-20, 2015

Name	Position Title	Training/Seminar	Time and Place
Mr. Kepas A. Manurung	SEVP Wholesale Risk	Leading Business Into The Future	London Business School, London, November 27-December 6, 2015
		Insurance Company Risk Management Level 5	Insurance management experts Association December 18, 2015
Mr. Kartika Wirjoatmodjo	Finance & Strategy Director	Banking Risk Management, Level 5	Badan Nasional Sertifikasi Profesi/LSP, Indonesia April 17, 2015
Mr. Joseph Georgino Godong	SEVP Chief Information Officer (CIO)	Risk management certification refresher program - Yogyakarta	BARA Risk Forum, Indonesia September 17, 2015

Performance Assessment of Directors

Directors Assessment

Measuring the success of the performance of the Board of Directors is the collegial work of the entire Board of Directors which is reflected in the realization of the unity of the Work Plan Budget (CBP) on an annual basis. Measuring the success of the performance of

the Board of Directors made against the Bank which covers aspects of risk profile, GCG, profitability and banking capital. Parties which assess the performance of the Board of Directors include BOC, GMS and Bank Indonesia or the OJK.

Procedures for Directors' Performance Assessment

Assessment of Directors was made during the annual accountability report to the RUPS. Implementation of the GMS accountability fiscal year 2014 annual report on March 16, 2015 where the shareholders received the company's annual report 2014 financial year regarding the state of running of the company and the results that have been achieved during 2014. Furthermore, states and to release the fully accountable (aquit et decharge) to the Board of Directors Bank for the financial year 2014 operations.

The Board of Directors assessed individually on a regular basis every year (annually) to view the performance of each Director in carrying out its duties and responsibilities in accordance with its work. The performance assessment is based on the achievement of targets and Key Performance Indicator (KPI) that has been agreed upon at the beginning of the year based

on the duties and responsibilities of each Director. KPI of each member of the Board of Directors in reference to 4 (four) criteria for assessment, namely financial, people, process, and customer. Weighting assessment criteria differ from one to the other Board of Directors based on the duties and functions of each.

Rate the performance of the Board of Directors have also been conducted on the basis of self-assessment GCG dilaporkan to Bank Indonesia regularly, referring to Bank Indonesia Circular Letter Number 15/15/DPNP on Implementation of Good Corporate Governance for Banks dimanaparameter performance assessment of Directors related to the implementation of tasks and responsibilities includes within it the principles of GCG rates in the functioning of the management of the Bank.

Performance Assessment Criteria of Each Director

Rate each Director is done on an annual basis with the following criteria:

1. The implementation of tasks and functions of management by the Board of Directors in accordance AD
2. Compliance with regulations
3. The soundness level of the Bank
4. The level of attendance in the meeting of the Board of Directors as well as meetings of existing committees
5. Involvement of Directors in particular assignments
6. Key Performance Indicators of respective member of the Board of Directors, as follows:

a. President Director

Market Capitalization BMRI, earnings after tax, return on equity, market share funds and credit, the maximum Non Performing Loan (NPL), Fee-Based Income Ratio, growth and the volume of credit and the volume of retail credit, growth and the volume of CASA and the funding mix CASA, ASEAN GCG scorecard, MRI survey, corporate strategic plan initiatives, Cost Efficiency Ratio, and Income Factor $((\text{Total Revenue} - \text{Total Operating Expense})/\text{FTE})$

b. 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, the NPL rate segments Wholesale, the market share of low cost funds and credits area 8 Surabaya, cross-sale ratio, anchor clients revenue (CASA, loan, and transaction), CASA value chain, and human capital score.

c. Treasury & Markets Director

Contribution Margin, wallet Share FI Clients to fund BPD, growth in international product revenues, the volume of forex transactions, transaction volume bonds, net income Mandiri Securities, market share funds and credit Jakarta, survey customer satisfaction, wallet share volume of forex transactions Anchor Clients, strategic initiatives so that the volume of foreign exchange impacts customers increased, and human capital score.

d. Corporate Banking Director

RORWA (Return on Risk Weighted Assets), average balance of funds cost, minimal achievement of revenue, average balance of credit, the maximum amount of non-performing loans (credit quality), market share funds and credit regional office 1 Medan, profit after tax Inhealth (subsidiary), customer satisfaction surveys, revenue derived from wholesale transactions CASA loan and anchor customer, a strategic sector of strategic initiatives, and human capital score.

e. Commercial Banking Director

RORWA (Return on Risk Weighted Assets), minimal achievement of revenue, average balance of credit, the maximum amount of non-performing loans (credit quality), average balance of funds cost, market share funds and credit regional office 6 Bandung, survey customer satisfaction, cross-sell ratio, volume CASA derived from the value chain solution sector, and human capital score.

f. Consumer Banking Director

Contribution Margin, average balance CASA, average balance of credit, 30+ DPD delinquency rate for the main products of individual credit (credit quality), profit subsidiary, ROMI (Return on Marketing Investment) bankwide, market share index, market share and credit funds Semarang 7 regional offices, customer satisfaction surveys, cross-sell ratio priority customers, corporate strategic plan initiatives, and human capital score.

g. Micro & Business Banking Director

Contribution Margin, average fund balance cost, average loan balance, 30 + DPD delinquency rate (credit quality), market share index, market share and credit funds 9 regional offices Banjarmasin, profit after tax of Bank Syariah Mandiri and BSHB, the number of business banking customers with primary banking relationship, survey customer satisfaction, increase customer value chain CASA of strategic sectors and clusters, corporate strategic plan initiatives, and human capital score.

h. Distributions Director

Contribution Margin, total third party funds bankwide, average balance CASA, average loan balance, 30 + DPD delinquency rate (credit quality), CASA and credit market share of e-channel, cross-sell ratio, the number of business banking customers with a primary banking relationship, the amount e-channel transactions, internal customer satisfaction index survey and quality of service, network development initiatives, and human capital score.

i. Technology & Operations Director

Realization FRUIT below the target, the utilization of capital expenditure, market share funds and credit regional office 7 Semarang, internal customer satisfaction index, quality of service branches and e-channel, implementation of initiatives soul service, major strategic initiatives, operation error rate maximum, application core banking and e-mas prepared 1 hour prior to the time of branch operations, uptime e-channel, end-to-end credit administration, and human capital score.

j. Finance & Strategy Director

Growth market capitalization of Bank Mandiri is the highest among major competitors, earnings after tax bankwide, profit subsidiary, the realization of BUA directorate, market share deposit and loan office area 10 Makassar and regional offices 12 Jayapura, public effectiveness level index, internal customer satisfaction index, annual report, implementation of the concept of corporate real estate, procurement processes through the method of strategic sourcing, corporate strategic plan initiatives, and human capital score.

k. Risk Management & Compliance Director

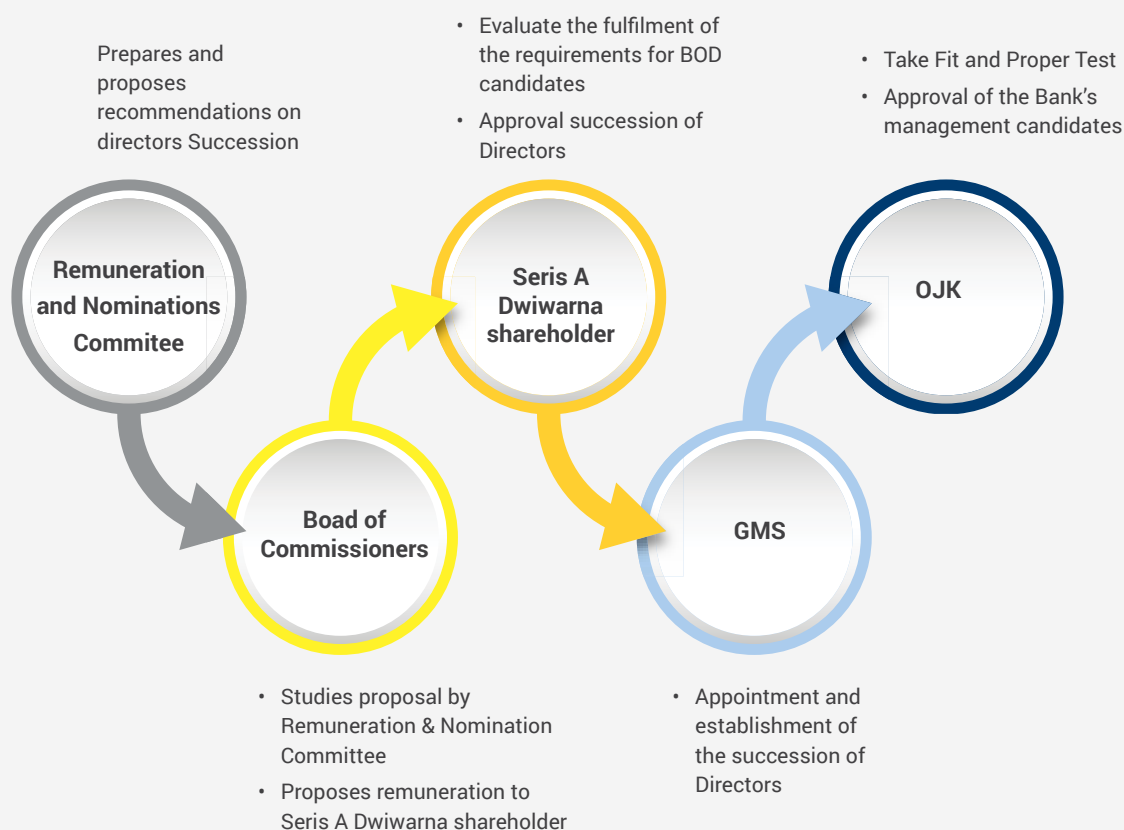
RORWA (Return on Risk Weighted Assets) segment Wholesale and safety level of liquidity, fine compliance, market share deposit and loan offices Region 2 Palembang, realization BUA directorate does not exceed the target, internal customer satisfaction index, ASEAN Good Corporate Governance Scorecard, a decrease in outstanding criminal case and non-criminal, corporate strategic initiative plan, review and update policies, and human capital score.

Directors Succession Policy

Talent & Succession Management is designed to prepare the regeneration of the Bank's leadership in the future, harmonized with the Regulation of the Minister of State Enterprises no. PER-01/MBU/2012 on Terms and Procedures for Appointment and Dismissal of Directors of State Owned Enterprises which has been updated by Regulation of the Minister of State Enterprises No.Per-16/MBU/2012 on the second amendment of the Regulation of the Minister of State Enterprises No.Per-01/MBU/2012.

Policy succession of Directors also carried out in accordance with the provisions stipulated in the Articles of Association and Board Manual Bank Mandiri.

Directors Succession Policy



Loans Board of Directors policy

Bank Mandiri treat members of BOD as a regular customer and no privileges (including interest) for members of BOD. During 2015 , no member of the BOD who received a loan from Bank Mandiri . If there are loans to members of BOD, the loan will be counted as legal lending limit of the Bank in accordance with Bank Indonesia regulation No. 8/13 / PBI / 2006

board of directors and board of commissioners remuneration policy

The remuneration of the Board of Directors (BOD) and Board of Commissioners (BOC) is determined based on Law No. 40/2007 on Limited Liability Company, Bank Mandiri's Articles of Association and Regulation of the Minister of State Owned Enterprises (SOEs) No. PER-04/MBU/2014 regarding Guidelines for Determining Remuneration of BOD, BOC and Board of Supervisors of SOEs. The remuneration of the BOC and BOD of Bank Mandiri is set out under Decree of the BOC No. KEP.KOM/003/2014 regarding Allowances and Facilities as well as Other Benefits for the BOD and BOC. The Limited Liability Company Law states that the remuneration of the BOC and BOD is established by the General Meeting of Shareholders (RUPS), but the RUPS may authorize the BOC to determine the remuneration of BOD members.

In reference to Regulation of the Financial Services Authority (POJK) No. 45/POJK.03/2015, Bank Mandiri has implemented good governance in terms of Remuneration. The implementation of good governance in the Remuneration at least includes:

1. Duties and responsibilities of the BOC and BOD;
2. Duties and responsibilities of the Remuneration Committee;
3. Application of the prudential principle in providing remuneration; and
4. Disclosure of remuneration.

The BOC is responsible for carrying out supervision on the implementation of remuneration policies and evaluate periodically at the discretion of the Remuneration on the basis of the results of the supervision referred to in. While the function of the Remuneration Committee is run by the Remuneration and Nomination Committee to assist the BOC in performing independent monitoring and evaluation. Duties and responsibilities of the Remuneration and Nomination Committee have been described in the Committee under the BOC.

The BOD has developed a remuneration policy that has been approved by the BOC through Decree No. KEP.KOM/003/2014 regarding allowances and other Facility Services and other Benefits for BOD and BOC members which specifies:

1. The Remuneration Structure includes:
 - a. Remuneration structure based on the rank and position; and
 - b. Remuneration components:
 - 1) Salary/Honorarium
 - 2) Allowances
 - 3) Facilities
 - 4) Bonuses/Performance Incentives
2. The method and mechanism for determining remuneration.

The policymaking of Remuneration for BOC and BOD members has considered aspects of the Bank's financial stability, strengthening the Bank's capital adequacy and liquidity requirements of short-term and long-term earnings potential in the future and the creation of effective risk management.

Bank Mandiri also considers the prudential principles in the administration of both the Fixed Remuneration and Variable-Dependent Remuneration. Fixed Remuneration considers the scale of business, business complexity, peer group, the rate of inflation, conditions, and financial capacity, and not in conflict

with legislation in force and the Variable-Dependent Remuneration Policy in addition to paying attention to things related to the Fixed Remuneration. Fixed Remuneration Policy also encourages prudent risk taking.

Determining the Remuneration of Commissioners

Indicators for Determining the Remuneration of Commissioners

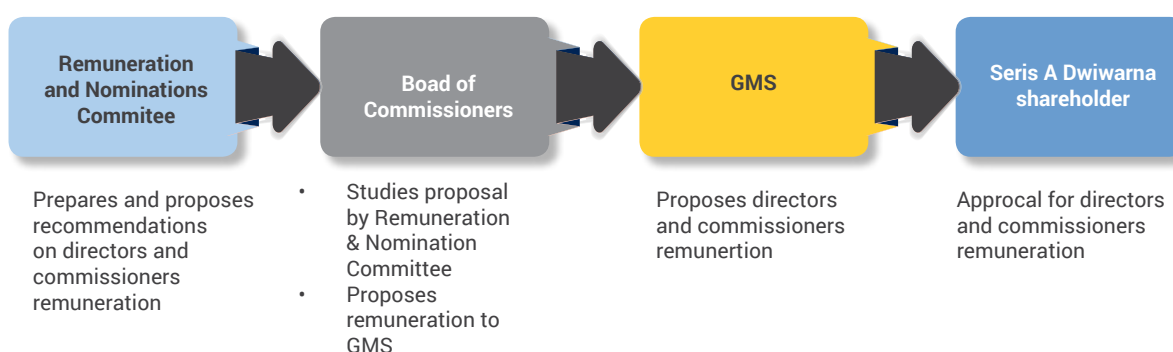
Remuneration of the BOC members is determined in view of several indicators that remuneration is given in line with the objectives of the remuneration policy. The indicators used in determining remuneration of the BOC members are as follows:

1. Key Performance Indicators (KPI).
2. the Company's performance
3. Business size,
4. Remuneration benchmarking with other banks, and
5. the Bank's long-term goals and strategies

Procedures for Determining the Remuneration of Commissioners

The remuneration of the BOC members is determined through the RUPS based on a formula set by the RUPS and the proposal of the BOC, as assessed by the Remuneration and Nominations Committee in consultation with the Minister of SOEs, as the holder

of the Series A Dwiwarna share, having regard to the allowances and other facilities, as well as post-service allowance, payable to Directors and Commissioners.



Structure of Remuneration and Facilities Payable to Commissioners

No.	Type of Remuneration	Provision
1.	Honorarium	
		Office Weighting Factor
		Chief Commissioner, 50% of the President Director
		Deputy Chief Commissioner, 47.5% of the President Director
		Commissioners, 45% of the President Director
2.	Allowances	
	• Religious Holiday Allowance	1 x honorarium
	• Communication Allowance	Not provided
	• Transport Allowance	20% of honorarium
	• Annual Leave	Not provided
	• Post-Service Allowance	Maximum insurance premium of 25% of the honorarium p.a.
	• Clothing Allowance	May be granted if special event requires special clothing
3.	Facilities	
	• Official Vehicle	Granted as transport allowance in the amount of 20% of the honorarium.
	• Health Benefits	Reimbursement of medical expenses as per internal policy (KEP.KOM/003/2014)
	• Professional Membership Facility	Maximum two memberships covering only registration and annual fees
	• Legal Assistance	As required, as per KEP.KOM/003/2014

Remuneration Packages and Others Facilities for the BOC

Type of Remuneration and Other Facilities	Amount received in 2015 ¹	
	BOC ²	
	Members	IDR Million
Remuneration:		
Salary	13	11,560
Bonus	-	-
Routine Allowances ³	13	31.45
Tantiem	11	58,100
In-Kind Facilities		
Housing (ownership may not be acquired)	-	-
Transport (ownership may not be acquired)	-	-
Benefits (ownership may be acquired) ⁴	11	5.42
Total Remuneration per Commissioner in One Year		
Above IDR 2 billion	11	
Above IDR 1 billion to IDR 2 billion	4	
Above IDR 500 million to IDR 1 billion	2	
Less than 500 million	-	

Notes:

1. Gross, including tax.
2. In 2015, the remuneration was given to 17 people consisting of 9 Commissioners and 8 former Commissioners.
3. The calculation of allowances includes religious holiday allowance, communication allowance, transport allowance, health benefit and fuel allowance.
4. Post-Service Allowance.

Determining the Remuneration of Directors

Indicators for Determining the Remuneration of Directors

Remuneration of the BOD members is determined taking several indicators into account so that remuneration is given in line with the objectives of the remuneration policy. The indicators used in determining remuneration of the BOD members include:

1. Key Performance Indicators (KPI).
2. the Company's performance
3. Business size,
4. Remuneration benchmarking with other banks, and
5. the Bank's long-term goals and strategies

Procedures for Determining the Remuneration of Directors

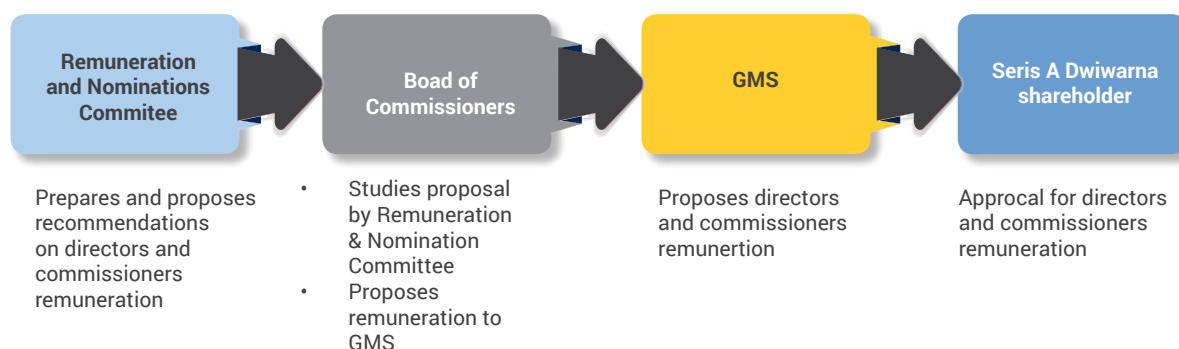
The determination of the remuneration of Directors, other than as reflected in the Bank Mandiri Business and Budget Plan (CBP), is also studied and proposed in accordance with the following procedures:

1. At the end of the year, a business plan is drafted and set out in the Bank Business Plan (RBB), which is then sent to stakeholders and regulators;
2. Key Performance Indicators (KPI) for the President Director are prepared and approved by the BOC, and are signed by the President Director and the Chief Commissioner;
3. KPI are prepared for the Vice President Director and individual Directors, covering the same areas as covered by 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. A comprehensive assessment is conducted at

the end of the year, which is then discussed at the BOD meeting;

6. The results of the assessment are reported to the BOC and the RUPS determines the performance bonuses (tantien) to be paid to the Directors based on the assessment, so that the bonus may differ from one Director to another.

The remuneration of the Directors is determined by the RUPS based on a formula set by the RUPS and the proposal of the BOC, as assessed by the Remuneration and Nominations Committee in consultation with the Minister of SOEs, as the holder of the Series A Dwiwarna share, having regard to the allowances and other facilities, as well as post-service allowances, payable to Directors.



Salaries, Allowances and Facilities for Directors in 2015:

No.	Type of Remuneration	Provision
1.	Honorarium	
		Office Weighting Factor
		President Director 100%
		Vice President Director, 95% of the President Director
		Director 90%
2.	Allowances	
	Religious Holiday Allowance	1 x salary
	Communication Allowance	At cost
	Post-Service Allowance	Maximum insurance premium of 25% of the salary p.a
	Clothing Allowance	May be granted if special event requires special clothing
	Annual Leave	12 days, excluding collective leave
	Housing Allowance	IDR 27,500,000/month including utilities, if not occupying official residence
	Utilities Allowance	At cost for those occupying official residences
3.	Facilities	
	Official Vehicle	- One rented vehicle provided - Vehicle specs and fuel allowance are regulated according to internal policy (KEPKOM/003/2014)
	Health Benefits	Reimbursement of medical expenses as per internal policy (KEPKOM/003/2014)
	Professional Membership Facility	- Maximum two memberships - Covering only registration and annual fees
	Legal Assistance	As required, as per KEP.KOM/003/2014
	Housing Facility	- Directors do not occupy official residence, but housing allowance will be provided, including utilities allowance. - Directors appointed before SOE Regulation No. PER-04/MBU/2014 came into force and have occupied official residences shall occupy them until their term comes to an end.

No.	Type of Remuneration	Provision
	Club Membership Facility	- Maximum two memberships - Covering only registration and annual fees
	Representative Expenses Facility	As required to represent Bank Mandiri

Remuneration Packages and Others Facilities for the BOD

Type of Remuneration and Other Facilities	Amount received in 2015 ¹	
	BOD ²	
	Members	IDR Million
Remuneration:		
Salary	16	30,789
Bonus	-	-
Routine Allowances ³	16	7,860
Tantiem	13	186,197
In-Kind Facilities		
Housing (ownership may not be acquired) ⁴	7	1,883
Transport (ownership may not be acquired)	-	-
Benefits (ownership may be acquired) ⁵	16	19,769
Total Remuneration per Director in One Year		
Above IDR 2 billion	16	
Above IDR 1 billion - IDR 2 billion	-	
Above IDR 500 million - IDR 1 billion	-	
Less than IDR 500 million	-	

Notes:

1. Gross, including tax.
2. In 2015, the remuneration was given to 16 people consisting of 11 Directors and 5 former Directors.
3. The calculation of allowances includes religious holiday allowance, communication allowance, transport allowance, health benefit, fuel allowance and utilities allowance.
4. Only housing allowance.
5. Post-Service Allowance (net).

committees under the board of commissioners

As the organs responsible for supporting the Board of Commissioners (BOC), the committees under the BOC are continuously improved in order to enhance the effectiveness of BOC in performing its supervisory and advisory functions. Committees under the Board of Commissioners consists of the the Audit Committee, Remuneration and Nomination Committee as well as the Risk Monitoring Committee. Furthermore, Bank Mandiri established an Integrated Corporate Governance Committee not only to comply with the legislation in force, but also to fulfill its commitment to professional and viable implementation of good corporate governance (GCG).

The committees under BOC are the supporting organs that are collectively responsible for assisting BOC in carrying out supervision and advisory of the Board of Directors (BOD). Accordingly, the Bank has set up a number of committees under BOC that work professionally and independently to assist the Board in carrying out its duties and functions of supervision and providing advice so as to establish GCG. Such committees consist of: the Integrated Corporate Governance Committee, Audit Committee, Remuneration and Nominations Committee and Risk Monitoring Committee.

1. Integrated Corporate Governance Committee

In accordance with the Financial Services Authority (OJK) Regulation No. 18/POJK.03/2014, Integrated Corporate Governance refers to a governance practice that is based on the principles of transparency, accountability, responsibility, independence or professionalism and fairness in an integrated manner at a Financial Conglomeration. The Integrated Corporate Governance Committee was established

by and reports to the BOC in helping the Board carry out its supervisory functions and duties for the management of Good Corporate Governance practices at Bank Mandiri. The Committee has a role in comprehensively monitoring and assessing the policies regarding GCG implementation prepared by the BOD as well as conducting assessment for their consistent application.

Basis for Establishment of the Integrated Corporate Governance Committee

The establishment of Integrated Corporate Governance Committee was based on the effective laws and regulations and best practices that may be applicable in Indonesian banking establishments, including:

1. Regulation of the OJK (POJK) No. 18/POJK.03/2014 published on November 18, 2014 on the Implementation of Integrated Corporate Governance for Financial Conglomeration.

2. Law No. 21/2011 on the Financial Services Authority;
3. Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006 issued on January 30, 2006 on the Implementation of Good Corporate Governance in Commercial Banks; and PBI No. 8/14/PBI/2006 dated October 5, 2006 on Amendment to PBI No. 8/4/PBI/2006 on the Implementation of Good Corporate Governance in Commercial Banks.
4. Regulation of the Minister of State Owned Enterprises No. PER-09/MBU/2012 dated July 6, 2012 on Amendment to Regulation of the Minister of State Owned Enterprises No. PER-01/MBU/2011 regarding the Implementation of Good Corporate Governance in State Owned Enterprises.
5. 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.
6. Articles of Association of PT Bank Mandiri (Persero) Tbk along with its amendments.

Criteria for the Committee Members

To carry out the duties and functions of the Committee properly, members of the Integrated Corporate Governance Committee shall meet the following requirements:

1. Have good integrity, character and moral; sufficient competency, knowledge and work experience in the area pursuant to their educational background; and good communication skills.
2. Have sufficient knowledge about good corporate governance.
3. Have adequate knowledge of the laws and regulations concerning capital markets and on the banking, insurance, securities and financing businesses.
4. Do not own shares in Bank Mandiri and its subsidiaries, either directly or indirectly.
5. Do not have any affiliation with the Bank, its subsidiaries, BOC members of Bank Mandiri and/or its subsidiaries, BOD members of Bank Mandiri and/or its subsidiaries and major shareholders of Bank Mandiri and/or its subsidiaries.
6. Do not have business relationships, directly or indirectly, with Bank Mandiri and its subsidiaries.

Appointment and Discharge of the Committee Members

BOC may establish another committee whose name and duties are tailored to the needs of the Board which consists of a Chair and members as stipulated in Regulation of the Minister of State Enterprises No. PER-12/MBU/2012. The Chair and members of

the Integrated Corporate Governance Committee are appointed and dismissed by BOC, of which such matter is reported to the General Meeting of Shareholders (RUPS).

The Committee members may resign or be discharged, including prior to the expiry of their terms, in the following circumstances:

- 1) Resignation
- 2) Loss of citizenship
- 3) Death
- 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 Corporate Governance Committee, as stipulated in the relevant Bank Indonesia Regulations.
- 6) Unable to carry out his or her duties and responsibilities, as certified by BOC.

Member of the Integrated Corporate Governance Committee who sits in BOC will be automatically dismissed when his/her term as commissioner comes to an end.

Committee Member's Term of Office

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 states that the term of office of other Committee members not serving as Commissioner is maximum three years and may be extended once for a term of two years, without prejudice to the right of the BOC to dismiss them at any time.

Membership of the Integrated Corporate Governance Committee

POJK No. 18/POJK.03/2014 issued on November 18, 2014 on the Implementation of Integrated Corporate Governance for Financial Conglomeration sets out that the number and membership of Independent Commissioners in an Integrated Corporate Governance Committee are tailored to the needs of Financial Conglomeration as well as the efficiency and effectiveness of the Committee's tasks while paying attention to the representation of each financial services sector. The Committee membership can be either permanent or temporary, subject to the needs of the Financial Conglomeration.

In reference to the regulations above, the Integrated Corporate Governance Committee shall at least comprise:

- a) An Independent Commissioner who chairs a committee at Bank Mandiri, as the chair and member concurrently.
- b) Independent Commissioners representing and appointed from subsidiaries under the Financial Conglomeration, as member.
- c) An independent party, as member.
- d) Member of the Sharia Supervisory Board of Bank Syariah Mandiri, as member.

Name	Role
Abdul Aziz	Chair and concurrent member (Independent Commissioner)
Goei Siauw Hong	Member
Aviliani	Member
Bangun Sarwito Kusmuljono	Member
Ramzi A. Zuhdi	Member (PT Bank Syariah Mandiri)
M. Syafii Antonio	Member (PT Bank Syariah Mandiri-DP)
I Wayan D Ardjana	Member (PT Bank Mandiri Taspen Pos)
Frans A. Wiyono	Member (PT Mandiri AXA General Insurance)
I Ketut Sendra	Member (PT Asuransi Jiwa InHealth Indonesia)
D. Cyril Noerhadi	Member (PT Mandiri Sekuritas)
Jiantok Hardjiman*	Member (PT Mandiri Manajemen Investasi)
Hanifah Purnama	Member (PT Mandiri Tunas Finance)
Wihana Kirana Jaya	Member (PT AXA Mandiri)
Ridwan Dharmawan Ayub**	Member (Independent)
Budi Sulistio**	Member (Independent)

*) The membership ended on April 8, 2015 and was replaced by Mr. Anton H. Gunawan.

**) The membership ended after Mr. Goei Siauw Hong and Mr. Bangun Sarwito Kusmuljono received approval from the Financial Services Authority (OJK) on Fit and Proper Test.

Profiles of the Committee Members

Some of the Integrated Corporate Governance Committee members are also BOC members, so that their profiles take after the ones presented in the BOC section. As for Independent Members of the Committee, their profiles are presented below:



Ridwan Dharmawan Ayub

Risk Monitoring Committee Members' Term of Office

June 24, 2014-present : Risk Monitoring Committee Member

Educational Background

- Master's Degree in Financial Management, Mercu Buana University (2008).
- Bachelor's Degree, Faculty of Social & Political Sciences, Parahyangan Catholic University (1985)

Employment History

- 2014-present : Audit Committee Member, PT Bank Mandiri (Persero) Tbk.
- 2006-2013: Risk Monitoring Committee Member, PT Bank Rakyat Indonesia (Persero) Tbk.
- 2002-2005 : Deputy Head of Operational Risk Division, PT Bank Internasional Indonesia Tbk.



Budi Sulistio

Risk Monitoring Committee Members' Term of Office

June 24, 2014-present : Risk Monitoring Committee Member

Educational Background

- Master of Business Administration, University of Illinois (1994)
- Bachelor's Degree, Faculty of Economics, University of Indonesia (1985)

Employment History

- February 2014-present :
Audit Committee Member, PT Bank Mandiri (Persero) Tbk.
- 2006-2010:
Group Head Accounting, PT Bank Mandiri (Persero) Tbk.
- 2005-2006 :
Regional Manager at Regional Office VII Semarang, PT Bank Mandiri (Persero) Tbk.

All members of the Integrated Corporate Governance Committee have good integrity, accomplished competencies and reputable financial standings.

Independence of the Corporate Governance Committee

In reference to the Integrated Corporate Governance Committee Charter:

1. The Committee shall consist of at least three persons.
2. Committee members shall comprise at least 1 (one) Independent Commissioner as Chair and member, 1 (one) Independent Member with expertise in finance and 1 (one) Independent Member with risk management expertise.
3. Former members of the Bank's BOD or Executive Officers or other parties related to the Bank that may affect their ability to act independently may not be an Independent Committee Member without prior "cooling off" period as stipulated under the applicable Bank Indonesia regulatory provisions.

4. Committee members from external parties must meet the following requirements:

- Do not have business relationships with the Bank.
- Do not have familial relationships with any member of the BOD and BOC as well as the Controlling Shareholders.
- Have high integrity, competency, knowledge and sufficient experience in their respective field, as well as have working knowledge on banking.

Have good integrity, sufficient knowledge and work experience in the areas for which the Corporate Governance Committee is responsible, and have an understanding of the banking sector.

Name	Criteria							Status
	1	2	3	4	5	6	7	
Abdul Aziz	v	v	v	v	v	v	v	Independen
Goei Siau Hong	v	v	v	v	v	v	v	Independen
Aviliani	v	v	v	v	v	v	v	Independen
Bangun Sarwito Kusmuljono	v	v	v	v	v	v	v	Independen
Ramzi A. Zuhdi	v	v	v	v	v	v	v	Independen
M. Syafii Antonio	v	v	v	v	v	v	v	Independen
I Wayan D Ardjana	v	v	v	v	v	v	v	Independen
Frans A. Wiyono	v	v	v	v	v	v	v	Independen
I Ketut Sendra	v	v	v	v	v	v	v	Independen
D. Cyril Noerhadi	v	v	v	v	v	v	v	Independen
Jiantok Hardjiman*	v	v	v	v	v	v	v	Independen
Hanifah Purnama	v	v	v	v	v	v	v	Independen
Wihana Kirana Jaya	v	v	v	v	v	v	v	Independen
Ridwan Dharmawan Ayub	v	v	v	v	v	v	v	Independen
Budi Sulistio	v	v	v	v	v	v	v	Independen

*) The membership ended on April 8, 2015 and was replaced by Mr . Anton H. Gunawan.

Note

Independence Criteria

1. Not sitting in the Bank's board of management
2. Not having business relationship and any other relationships that might influence discretion
3. Not the Company's majority shareholder or employee dealing directly with the majority shareholder
4. Not an employee or formerly an executive in the company or its affiliates, at least three years prior to sitting in the Committee
5. Not a key professional adviser or material consultant for the company or its affiliates, or employee dealing directly with service providers for at least three years prior to becoming a Committee member
6. Not a supplier or anchor of the company or its affiliates or an employee of/who directly or indirectly works with a supplier or anchor
7. Not having an agreement with the company or other affiliates as Director

Familial & Financial Relationships, Managerial Roles and Share Ownership of the Committee Members

Name	Role	Familial Relationship with			Financial Relationship with			Managerial Roles & Share Ownership in Other Companies		
		Other Committees	BOD	BOC	Other Committees	BOD	BOC	Other Committees	BOD	BOC
Abdul Aziz	Chair and Member (Independent Commissioner)	-	-	-	-	-	-	-	-	-
Goei Siau Hong	Member	-	-	-	-	-	-	-	-	-
Aviliani	Member	-	-	-	-	-	-	-	-	-
Bangun Sarwito Kusmuljono	Member	-	-	-	-	-	-	-	-	-
Ramzi A. Zuhdi	Member (PT Bank Syariah Mandiri)	-	-	-	-	-	-	-	-	-
M. Syafii Antonio	Member (PT Bank Syariah Mandiri-DP)	-	-	-	-	-	-	-	-	-
I Wayan D Ardjana	Member (PT Bank Mandiri Taspen Pos)	-	-	-	-	-	-	-	-	-
Frans A. Wiyono	Member (PT Mandiri AXA General Insurance)	-	-	-	-	-	-	-	-	-
I Ketut Sendra	Member (PT Asuransi Jiwa InHealth Indonesia)	-	-	-	-	-	-	-	-	-
D. Cyril Noerhadi	Member (PT Mandiri Sekuritas)	-	-	-	-	-	-	-	-	-
Jiantok Hardjiman	Member (PT Mandiri Manajemen Investasi)	-	-	-	-	-	-	-	-	-
Hanifah Purnama	Member (PT Mandiri Tunas Finance)	-	-	-	-	-	-	-	-	-
Wihana Kirana Jaya	Member (PT AXA Mandiri)	-	-	-	-	-	-	-	-	-
Ridwan Dharmawan Ayub	Member (Independent Member)	-	-	-	-	-	-	-	-	-
Budi Sulistio	Member (Independent Member)	-	-	-	-	-	-	-	-	-

In 2015, all members of the Integrated Corporate Governance Committee had no familial and financial relationships with members of the BOC, BOD and other Committees.

The Integrated Corporate Governance Committee Charter

In carrying out its functions and roles, the Integrated Corporate Governance Committee has put in place a regulating several issues related to: (a) Duties and Responsibilities of the Committee, (b) Authorities of the Committee and (c) Meetings of the Committee.

Duties, Authorities and Responsibilities of the Integrated Corporate Governance Committee

The Committee has the following duties and responsibilities:

1. Evaluating the implementation of integrated corporate governance by assessing:

- a) The Adequacy of Integrated Internal Control
 - 1) To evaluate that Bank Mandiri and its subsidiaries have put in place an integrated internal control system which conforms to applicable best practice standards through the study of Integrated Corporate Governance Guidelines in Bank Mandiri.
 - 2) To monitor and evaluate the effectiveness of integrated internal control through reviews of Periodic Report and Audit Report published by the Integrated Internal Audit Unit.
 - 3) To hold periodic meetings with the Integrated Internal Audit Unit to discuss matters related to the integrated internal control system and its implementation.
 - 4) To monitor and evaluate the follow-up actions taken by BODs of the Bank and its subsidiaries on the findings of the Integrated Internal Audit Unit, Public Accounting Firm and the OJK resulted from its supervision of the weaknesses in the system and implementation of the integrated internal control.

The Integrated Corporate Governance Committee Charter is periodically reviewed to ensure that the scope of the guidelines always meet the existing needs, PBIs and/or other relevant regulations in force.

- 5) To periodically report the results of monitoring and provide input on matters related to integrated internal control that need the attention of the BOCs of Bank Mandiri and its subsidiaries.
- b) Implementation of Integrated Compliance Functions
 - 1) To monitor and evaluate the compliance of Bank Mandiri and its subsidiaries with the applicable laws and regulations on capital markets as well as the POJKs, PBIs and other regulations related to the banking, insurance, securities and financing businesses through coordination with the Integrated Compliance Work Unit.
 - 2) To study the periodic report and the audit report published by the Integrated Compliance Work Unit and external auditor for their compliance with regulations issued both internally and externally.
 - 3) To hold periodic meetings with the Integrated Compliance Work Unit to discuss matters concerning the compliance of Bank Mandiri and its subsidiaries with both internal and external regulations.
 - 4) To monitor and evaluate the follow-up actions taken by BODs of the Bank and its subsidiaries on the findings of the Integrated Compliance Work Unit, Public

Accounting Firm and the OJK resulted from its supervision of the weaknesses in the system and implementation of the integrated compliance functions.

- 5) To periodically report the results of monitoring and provide input on matters related to the compliance of the Bank and its subsidiaries with regulations issued both internally and externally that need the attention of the BOCs of both Bank Mandiri and its subsidiaries.

2. Providing the BOC of Bank Mandiri with recommendations on improving the Integrated Corporate Governance Guidelines.

The Chair has the duties and responsibilities for coordinating all activities conducted by the Integrated Corporate Governance Committee to meet its initial objectives, including:

1. Chairing the Integrated Corporate Governance Committee meetings.
2. In the event that the Chair for any reason is unable to attend the meeting, he/she may be represented by a committee member serving as Independent Commissioner of Bank Mandiri.

Along with the Committee members, Chair of the Committee is in charge of and responsible for:

1. Preparing the annual work plan of the Integrated Corporate Governance Committee.
2. Establishing meeting schedule for the Committee.
3. Attending the Integrated Corporate Governance Committee meetings.
4. Actively taking part in and contributing to any activity carried out by the Committee.
5. Writing regular reports on the activities of the Integrated Corporate Governance Committee and on matters deemed necessary to raise concerns on the part of the BOCs of Bank Mandiri and its subsidiaries.
6. Conducting self-assessment of the effectiveness of activities undertaken by the Committee.
7. In case the Committee members for any reasons are unable to attend the meeting, their authority cannot be, as regards the Committee meetings, delegated.

Remuneration of the 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 members are also not allowed to

receive any other income in addition to the honoraria and member of the BOC chairing the Integrated Corporate Governance Committee is not entitled to extra income from the role. The income of the Committee members is determined by the BOC with regard to the Company's financial capacity.

Honoraria for Independent Members of the Committee are as follows:

Honorarium	Budi Sulistio	Ridwan Darmawan Ayub
Honorarium maksimal sebesar 20% dari gaji Direktur Utama	v	v
Tunjangan Hari Raya	v	v

As of June 2, 2014 Mr. Budi Sulistio and Mr. Ridwan Darmawan Ayub have concurrently served as members of the Audit Committee and the Risk Monitoring Committee, and pursuant to KEP.DIR No. 136/2015 dated April 30, 2015 Mr. Budi Sulistio and Mr. Ridwan Darmawan Ayub have also served as Independent Members of the Integrated Corporate Governance Committee.

Work Plan of the Integrated Corporate Governance Committee

Before the current fiscal year, the Committee shall prepare and submit annual work plan and budget to be established the BOC and acknowledged by the BOD. The Integrated Corporate Governance Committee drew up the following work program for 2015:

1. Evaluate the implementation of Integrated Governance at least through the assessment

of the adequacy of internal controls and the integrated exercise of the compliance function.

2. Provide recommendations to the Board of Commissioners Primary Entity for the improvement of Integrated Governance Guidelines.

Execution of the Integrated Corporate Governance Committee's Duties

In 2015, the Integrated Corporate Governance Committee discussed and decided on the following matters:

1. In a meeting held on June 24, 2015, the Committee decided to recommend to BOC to approve the Integrated Corporate Governance Guidelines in line with the proposals submitted by the Director of Risk Management & Compliance and Director of Finance & Strategy with some minor improvements.
2. The Committee meeting taking place on August 25, 2015 decided to conduct a discussion on the follow-up of Integrated Corporate Governance implementation and follow-up meetings.

Integrated Corporate Governance Committee Meeting

Based on POJK No. 18/POJK.03/2014, the Integrated Corporate Governance Committee shall carry out at least 1 (one) meeting each semester and such meeting may be conducted through video conference. The Committee meeting at Bank Mandiri is held at least once in six months, led by the Chair of the Committee and deemed valid if attended by at least 51% of the members including an Independent Commissioner of the Bank and one Independent Member. Recommendations of the meeting are to be made through discussions to reach consensus. Any dissenting opinion that occurs in the meetings shall be clearly stated in the minutes equipped with the reasons for such dissent. The Committee Meeting must be recorded in a minutes signed by all the members present in the meeting and well documented.

The meeting agenda of the Integrated Corporate Governance Committee in 2015 was as follows:

Date of Meeting	Meeting Agenda
June 24, 2015	Discussion on Integrated Corporate Governance Guidelines
August 25, 2015	Presentation and Elaboration on the Assessment of Integrated Corporate Governance as at June 2015

Frequency and Attendance of the Integrated Corporate Governance Committee Meeting

The attendance of the Committee members is included in quarterly and annual reports. The number of the Committee meeting is as follows:

Name	Role	Total			% of Attendance
		Meeting	Attendance	Absence	
Abdul Aziz	Chair	2	2	0	100%
Goei Siauw Hong	Member	2	2	0	100%
Aviliani	Member	2	2	0	100%
Bangun Sarwito Kusmuljono	Member	2	2	0	100%
Ramzi A. Zuhdi	Member (PT Bank Syariah Mandiri)	2	2	0	100%
M. Syafii Antonio	Member (PT Bank Syariah Mandiri-DP)	2	1	1	50%
I Wayan D Ardjana	Member (PT Bank Mandiri Taspen Pos)	2	2	0	100%
Frans A. Wiyono	Member (PT Mandiri AXA General Insurance)	2	1	1	50%
I Ketut Sendra	Member (PT Asuransi Jiwa InHealth Indonesia)	2	2	0	100%
D. Cyril Noerhadi	Member (PT Mandiri Sekuritas)	2	2	0	100%
Anton H. Gunawan*	Member (PT Mandiri Manajemen Investasi)	2	1	1	50%
Hanifah Purnama	Member (PT Mandiri Tunas Finance)	2	1	1	50%
Wihana Kirana Jaya	Member (PT AXA Mandiri)	2	2	0	100%
Ridwan Dharmawan Ayub	Member (Independent)	2	2	0	100%
Budi Sulistio	Member (Independent)	2	2	0	100%

*) Mr. Anton H. Gunawan replaced Mr. Jiantok Hardjiman whose membership ended on 8 April 2015

Report on the Execution of the Committee's Duties

The Committee reports to the BOC and must submit a report on every execution of duties, followed by recommendations if necessary, both on a quarterly and yearly basis which is signed off by the Chair and the Committee members.

Evaluation and Assessment of the Committee's Performance

Evaluation and assessment of the performance of the Committee are to be carried out every year by using the method determined by BOC. The activities and performance of the Committee are regularly evaluated and assessed by BOC for improving their effectiveness in the following year.

2. Audit Committee

The Audit Committee was formed with the aim of assisting and facilitating the Board to perform its supervisory duties and functions on matters related to financial information, internal control system,

effectiveness of internal and external audits, risk management effectiveness (together with the Risk Monitoring Committee) and compliance with the legislation in force.

Basis for Establishment of the Audit Committee

The Audit Committee was established based on:

1. PBI No. 8/4/PBI/2006 on the Implementation of Good Corporate Governance in Commercial Banks, as amended by PBI No. 8/14/PBI/2006 on Amendment to PBI No. 8/4/PBI/2006;
2. Regulation of the Minister of State Owned Enterprises No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State Owned Enterprises, as amended by Regulation of the Minister of State Owned Enterprises No. PER-09/MBU/2012;
3. 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;
4. Directive of the Chair of BAPEPAM No. KEP-643/BL/2012 on the Establishment and Implementation of Audit Committees.

Criteria for the Committee Members

Members of the Audit Committee are required to have good integrity, character and moral. Besides, they are required to meet the competency, experience and independence requirements:

Competency and Experience Requirements:

- 1) Have good integrity, character and moral as well as good communication skills;
- 2) Independent Members shall have expertise in finance or accounting;
- 3) Independent Members shall have expertise in law or banking;
- 4) Have sufficient knowledge to read and understand financial statements;
- 5) Have adequate knowledge of the laws and regulations governing capital markets and banking sector.

Independence Requirements:

- 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) Do not own the Bank's stocks, either directly or indirectly;
- 3) Do not have affiliations with Bank Mandiri, BOC, BOD or the principal shareholders of Bank Mandiri;
- 4) Do not have business relationships, directly or indirectly, with the Bank.

Appointment and Discharge of the Committee Members

The Chair and members of the Audit Committee are appointed and dismissed by BOC, of which it is reported to the RUPS.

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) Death
- 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.

Member of the Audit Committee who sits in BOC will be automatically dismissed when his/her term of office as commissioner ends.

Committee Member's Term of Office

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 states that the term of office of the Audit Committee members not serving as Commissioner is maximum three years and may be extended once for a term of two years, without prejudice to the right of the BOC to dismiss them at any time.

Membership of the Audit Committee

In 2015, the Annual RUPS honorably discharged Mr. Anton Hermanto Gunawan, Mr. Krisna Wijaya and Mr. Pradjoto as Commissioners; accepted the resignation of Mr. Mahmuddin Yasin; and appointed Mr. Darmin Nasution, Mr. Imam Apriyanto Putro, Mr. Goei Siauw Hong, Mr. Suwhono and Mr. Bangun Sarwito Kusmuljono as members of the BOC.

With this change in the BOC composition, the membership of the Audit Committee also changed as shown below:

Composition of the Audit Committee as of December 2015 is as follows:

Name	Role
Aviliani	Chair (Independent Commissioner)
Askolani	Member (Independent Commissioner)
Goei Siauw Hong	Member (Commissioner)
Budi Sulistio	Member (Independent)
Ridwan Darmawan Ayub	Member (Independent)

Profiles of the Committee Members

The Audit Committee consists of BOC members and Independent Members. The profiles of the Committee Members who also sit in the BOC have been presented in the BOC section. As for Independent Members of

the Committee, their profiles are presented in the Integrated Corporate Governance Committee section.

Independence of the Audit Committee

In accordance with Article 12 paragraph 1 of PBI No. 8/4/PBI/2006 on the Implementation of Good Corporate Governance in Commercial Banks published on January 30, 2006, as amended by Regulation No. 8/14/PBI/2006 dated October 5, 2006; and Decree of the BOC No. KEP.KOM/001/2014 dated February 25, 2014 on Changes in Audit Committee Membership as

confirmed by Decree of the BOC No. KEP.DIR/64/2014 dated March 12, 2014 on Changes in Membership of the Audit Committee of PT Bank Mandiri (Persero) Tbk.:

1. The Audit Committee must consist of at least 1 (one) Independent Commissioner as the Chair

and concurrent member and 1 (one) Independent Member who has expertise in finance or accounting as well as 1 (one) Independent Member with in law or banking expertise.

- The Independent Commissioner and Independent Members of the Audit Committee, as referred to in paragraph 1 (a), must account for at least 51% of the total membership of the Committee.

- The Committee member who is an Independent Commissioner shall be appointed as Chair of the Audit Committee. In case more than one Independent Commissioner sits as member of the Audit Committee, one of them shall be appointed as the Chair.

Name	Criteria							Status
	1	2	3	4	5	6	7	
Aviliani	v	v	v	v	v	v	v	Independent
Askolani	v	x	x	v	v	v	v	Independent
Goei Siau Hong	v	v	v	v	v	v	v	Non-Independent
Budi Sulistio	v	v	v	v	v	v	v	Independent
Ridwan Dharmawan Ayub	v	v	v	v	v	v	v	Independent

Independence Criteria

- Not sitting in the Bank's board of management
- Not having business relationship and any other relationships that might influence discretion
- Not the Company's majority shareholder or employee dealing directly with the majority shareholder
- Not an employee or formerly an executive in the company or its affiliates, at least three years prior to sitting in the Committee
- Not a key professional adviser or material consultant for the company or its affiliates, or employee dealing directly with service providers for at least three years prior to becoming a Committee member
- Not a supplier or anchor of the company or its affiliates or an employee of/who directly or indirectly works with a supplier or anchor
- Not having an agreement with the company or other affiliates as Director

Familial & Financial Relationships, Managerial Roles and Share Ownership of the Committee Members

Name	Role	Familial Relationship with			Financial Relationship with			Managerial Roles & Share Ownership in Other Companies		
		Other Com- mittees	BOD	BOC	Other Com- mittees	BOD	BOC	BOD	BOC	Share- holder
Aviliani	Chair (Independent Commissioner)	-	-	-	-	-	-	-	-	-
Askolani	Member (Commissioner)	-	-	-	-	-	-	-	-	-
Goei Siauw Hong	Member (Independent Commissioner)	-	-	-	-	-	-	-	-	-
Budi Sulistio	Member (Independent)	-	-	-	-	-	-	-	-	-
Ridwan Darmawan Ayub	Member (Independent)	-	-	-	-	-	-	-	-	-

In 2015, all members of Bank Mandiri Audit Committee had no familial and financial relationships with members of the BOC, BOD and other Committees and did not serve as Commissioners, Directors and shareholders in other companies.

The Audit Committee Charter

In performing its functions and roles, the Audit Committee is guided by the Audit Committee Charter, which was signed jointly by Members of the Audit Committee and the BOC on May 2, 2014. The Charter, inter alia, includes: (a) General Purpose, (b) Authority, (c) Membership, (and) Membership Criteria, (e) Duties and Responsibilities, (f) Work Relationship, (g) Meeting, (h) Reporting, (i) Term of Office and Compensation, (j) Bank Confidentiality, (k) Closing.

The Audit Committee Charter is periodically reviewed to ensure that the scope of the guidelines always meet the existing needs, PBIs and/or other relevant regulations in effect.

Duties, Authorities and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee are to provide opinions to the BOC on reports and other matters raised by the BOD, as well as to identify matters that need to be taken into account by the BOC by:

1. Formulating the annual work plan.
2. Specifying the annual meeting schedule.
3. Writing regular reports on the activities of the Audit Committee and on matters deemed necessary to raise concerns on the part of the BOC.
4. Conducting self-assessment of the effectiveness of activities undertaken by the Committee.
5. Conducting monitoring and evaluation of the financial information, including financial statements, projections and other relevant information.
6. Conducting monitoring and evaluation of the effectiveness and the results of internal auditor work in respect of internal control.
7. Conducting monitoring and evaluation of the Bank's compliance with laws and regulations on capital markets and Bank Indonesia Regulations and other regulations related to banking.
8. Conducting monitoring and evaluation of the performance of the Internal Audit Unit.
9. Conducting monitoring and evaluation of the follow-up actions taken by the auditee with regard to the results of audit by the External Auditor.
10. Examining the independence and objectivity of the Public Accounting Firm participating in the bid and making recommendations on the appointment of Public Accountants and Public Accounting Firm to the BOC. In addition, the Audit Committee provides recommendations to the BOC on the replacement or termination of the public accounting firm.
11. Identifying matters requiring the attention of the BOC.
12. Developing concepts and analysis related to the functions of the Audit Committee.
13. Performing other duties as assigned by the BOC.

Remuneration of the 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 and members of the BOC chairing

the Audit Committee/sitting as Committee member are not entitled to extra income from the role. The income of the Committee members is determined by the BOC with regard to the Company's financial capacity. Honoraria of the Independent Members of Audit Committee have been explained in the section discussing the Integrated Corporate Governance Committee.

Work Plan of the Audit Committee

Before the current financial year, the Committee shall prepare and submit annual work plan and budget to the BOC to be established and to the Board to be known. The Audit Committee has drawn up a work program in 2015 that covers the following areas:

1. Adequacy and correctness of the process in making financial reports.
2. Monitoring of the adequacy of internal controls.
3. The effectiveness of the work of internal and external auditors.
4. Monitoring and evaluation of the company's compliance with the regulations in the capital market, Bank Indonesia Regulation and the Financial Services Authority as well as other regulations related to the business of banking.

Execution of the Audit Committee's Duties

During 2015, the Audit Committee has been carrying out their duties by doing activities such as meetings and working visits as follows:

Date of Meeting/Visit	Agenda
18-01-2015	A visit to Jakarta 2 Region
20-01-2015	• Final Audit of Financial Statements BSM FY 2014 Book of KAB TWR and Partners (TWR-PwC) • The development of KAP Election 2015
26-01-2015	A visit to Jakarta 3 Region
28-01-2015	Development of Business and Consumer Banking Risk Management
18-02-2015	• Liquidity Position (USD & S) and the projection of the next 12 months • Position Trading (Forex, MM, Bond Recap/SUN along MTM, Derivatives) • Market Update & Outlook 2015 (related to fluctuations in fall/rise in fuel prices) • Risk Rating Base Bank in December 2014:
25-02-2015	• The development of KAP Selection for Bank Mandiri Financial Statements for Fiscal Year 2015 • Update GNC • Report to the Regulator Fines delay 2014 • Update the IAS Regulation
11-03-2015	• Significant findings and Quarterly Fraud Case IV/2014 • Follow-up Inspection Results FSA and CPC • Other things that need to be reported
11-03-2015	Developments Selection of KAP to the Financial Statements PT Bank Mandiri (Persero), Tbk for Fiscal Year 2015
02-04-2015	• Interviews Candidates Head of Internal Audit • Discussion of the Head of Internal Audit Approval
22-04-2015	• The position of Bank Mandiri between banks Competitors • Projects Implementation Progress Initiatives in Group-group • Organizational Structure Determination related KPI (SO) New

Date of Meeting/Visit	Agenda
29-04-2015	- Explanation Subsidiary Guidelines (Integrated Governance Guidelines) in order to comply with POJK No. 18/POJK.03/2014 Date 18 November 2014 concerning Governance Share Financial conglomeration - Risk Profile Bank Mandiri and Subsidiaries Consolidated TRW I 2015 - Updated Outstanding Legal Cases and Risk Mitigation his
29-04-2015	Sharing of Insider Trading of KAP EY
06-05-2015	Visits to Sumatra Regional 1
25-05-2015	Discussion about Clarification Procurement Financial Services Bank Mandiri for financial year 2015 by KAP Purwantono, Suherman & Surja (EY)
01-06-2015	- Development and Project Status Enterprise Data Management - Review of Risk Management of Electronic Channel Operations - Organization, Scope and Risk Management Data Recovery Center (DRC) BM - Review of Risk Management Customer Care
03-06-2015	- Significant findings and the first quarter of 2015 Fraud Case - The position of Bank Mandiri bank among competitors per March 31, 2015
17-06-2015	Bank Mandiri Credit Policy (KPBK)
17-06-2015	- Business Development and Risk Management Corporate Banking - Business Development Commodity (Steel, Mine, Coal, Oil, Rubber)
29-07-2015	- Significant findings and Fraud Case II quarter 2015 - Other things that need to be reported
12-08-2015	- Risk Rating Bank Base June 2015 - Development of Integrated Risk Management in order Conditions Fulfillment FSA no. 17/03/2014
18-08-2015	A visit to Java 3 Region
25-08-2015	Discussion of the Audit Plan Bank Mandiri Complete Financial Statements Financial Year 2015 with KAP Purwantono, Suherman & Surja (EY)
02-09-2015	Developments Subsidiary Performance per June 2015
16-09-2015	Visits to Regional Sulawesi and Maluku
19-10-2015	Projected Credit Risk Management and Credit Collectible BM until End of 2015
11-11-2015	- Significant findings and Fraud Case II quarter 2015 - Other things that need to be reported
02-12-2015	- Liquidity Position until End of 2015 - Anti-Fraud Detection System - Revised Management Policy Subsidiaries
29-12-2015	Discussion EY Audit Firm

Audit Committee Meeting

As explained in the Minister of SOE No. PER-12/MBU/2012 that the Committee held a meeting at least equal to the minimum requirements BOC meeting set out in the articles of association and documented in minutes of meetings are submitted in writing by the committee to the BOC.

Bank Mandiri's Audit Committee meeting held in accordance with the needs of the Bank, a minimum of once a month as set out in the Audit Committee Charter. The meeting was overseen by the Chair of the

Audit Committee or the Audit Committee members, when the Chair of the Audit Committee was unable to attend and can only be implemented if attended by a minimum of 51% of the number of members including an Independent Commissioner and Independent parties. Resolutions of the Committee are taken by consensus and consensus. In the event that consensus cannot be reached a decision, the decision taken by a majority vote, provided that the decisions are taken by majority vote.

Frequency and Attendance of the Audit Committee Meeting

The presence of the committee members at the meeting reported on quarterly reports as well as the annual report. The Audit Committee has conducted a meeting as much as 23 (twenty three) times until the end of December 2015. The number of meetings and level of attendance of members of the Audit Committee in 2015 as follows:

Name	Role	Total			% of Attendance
		Meeting	Attendance	Absence	
Krisna Wijaya*	Chair	6	5	1	83%
Aviliani	Chair/Member	23	22	1	96%
Anton. H Gunawan*	Member	6	6	0	100%
Askolani	Member	23	19	4	83%
Goei Siauw Hong**	Member	8	7	1	88%
Budi Sulistio	Member (Independent)	23	23	0	100%
Ridwan D. Ayub	Member (Independent)	23	23	0	100%

Note:

- According KEPKOM/005/2014 dated May 28, 2014 and KEPKOM/006/2014 dated August 25, 2014 on the Amendment of the Audit Committee Member and Risk Monitoring Committee as follows: Mr. Krisna Wijaya (KW) as Chairman and member *), Ms. Aviliani (AV) as Members, Mr. Askolani (AS) as Members, Mr. Herman Anton Gunawan (AHG) as Members *), Mr. Budi Sulistio (BS) as Independent Member and Mr. Ridwan Darmawan Ayub (RDA) as Independent Member
*) Mr. Krisna Wijaya and Mr. Anton H. Gunawan according EGM results, per March 16, 2015 had not served as a Commissioner of Bank Mandiri
- According KEPDIR/136/2015 dated 24-03-2015 on Membership Changes Under the Committees of the BOC as follows: Ms. Aviliani (AV) as Chairman concurrently Member, Mr. Askolani (AS) as Members, Mr. Goei Siauw Hong (GSH) as Member *), Mr. Budi Sulistio (BS) as Independent Member and Mr. Ridwan Darmawan Ayub (RDA) as Independent Member.
**) Mr. Goei Siauw Hong appropriate fit & proper test results, as of June 19, 2015 effectively served as a Commissioner of Bank Mandiri.
- Mr. Budi Sulistio and Mr. Ridwan Darmawan Ayub per June 2, 2014 authorized concurrent positions as members of the Audit Committee and also a member of the Risk Monitoring Committee and in accordance KEPDIR 136/2015 dated 30 April 2015 Mr. Budi Sulistio and Mr. Ridwan Darmawan Ayub has served as an independent member of the Integrated Governance Committee.

Report on the Execution of the Committee's Duties

The Committee reports to the BOD and must submit a report to the BOC on every execution of tasks, followed by recommendations if necessary both quarterly and annual and signed by the Chairman of the Committee and the Committee members.

Statement of the Audit Committee on the Effectiveness of Internal Control System

“ Internal control system carried out by the Bank is considered to be effective and adequately reflected in the effective discharge of the functions of internal control, among others, includes the functions of internal audit, risk management, compliance, and financial and operational controls.

Evaluation and Assessment of the Committee's Performance

Evaluation and assessment of the performance of the Committee carried out every year by using the method determined by the BOC. Implementation of the activities and performance of the Committees

under the BOC regularly evaluated and assessed by the BOC for the sake of increasing the effectiveness of implementation and performance of committees in the coming year.

3. Remuneration and Nominations Committee

Remuneration and Nomination Committee, established by and directly responsible to the BOC. Remuneration and Nomination Committee was formed to assist the Board in carrying out its duties and oversight on matters relating to the determination

of the qualifications and the nomination process as well as the remuneration of the BOC, BOD and Executive Officers in order to realize good corporate governance.

Basis for Establishment of the Remuneration and Nominations Committee

Remuneration and Nomination Committee established by reference to the Articles of Association, Law No. 19 of 2003 on SOEs and Bank Indonesia regulations specifically listed in Bank Indonesia Regulation Number 8/4/PBI/2006, 2006 on Implementation of Good Corporate Governance for Banks, as amended by Bank Indonesia Regulation No. 8/14/PBI/2006; set out in article 12, paragraph 1 stated the BOC shall establish a Remuneration and Nomination Committee in order to support the effective implementation of

duties and responsibilities, Minister of State Owned Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners of State Owned Enterprises, the Financial Services Authority (OJK) Regulation No. 34/POJK.04/2014 on Komite Nomination and Remuneration of Public Company, and POJK No. 45/POJK.03/2015 on Remuneration Procedures for Commercial Banks.

Criteria for the Committee Members

Remuneration and Nomination Committee is expected to perform its functions properly, the members of the Remuneration and Nomination Committee shall have integrity, good character and morals. In addition members of the Remuneration and Nomination Committee of the Bank is also required to meet the requirements of ability and experience as well as the requirements of Independence, namely:

Ability and Experience Requirements:

- 1) Have good integrity, sufficient knowledge and work experience in the areas for which the Remuneration and Nominations Committee is responsible, and have an understanding of the banking sector.
- 2) Free from personal interests/relationships that could result in adverse consequences or a conflict of interest.
- 3) Are able to provide sufficient time to properly perform their duties.
- 4) Are capable of working as a team and communicating effectively.

Independence Requirements:

- 1) Not the owner, executive or employee of a company, entity or institution that provides

services to Bank Mandiri or has a business relationship with the Bank;

- 2) Does not hold Bank stock, either directly or indirectly;.
- 3) Is not affiliated with Bank Mandiri, Commissioners, Directors or the principal shareholder of Bank Mandiri ;
- 4) Does not have a business relationship, directly or indirectly, with the Bank;
- 5) Independent Members of the Audit Committee may concurrently serve as Independent Members of other Committees in the same company, and/or other companies, provided that those concerned
 - a. Satisfy all the required competencies;
 - b. Satisfy the independence criteria;
 - c. Are able to maintain the confidentiality of Bank secrets;
 - d. Adhere to the prevailing code of ethics; and
 - e. Do not neglect their duties and responsibilities as members of the Audit Committee

Appointment and Discharge of the Committee Members

BOC may establish another committee whose name and tasks are tailored to the needs of the Board which consists of a Chair and members as stipulated in Regulation of the Minister of State Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners at State Owned Enterprises. The Chair and other Committee members are appointed and dismissed by BOC.

The Committee members may resign or be discharged, including prior to the expiry of their terms, in the following circumstances:

- 1) Resignation
- 2) Loss of citizenship
- 3) Death
- 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 Corporate Governance Committee, as stipulated in the relevant Bank Indonesia Regulations.

- 6) Unable to carry out his or her duties and responsibilities, as certified by BOC.

Member of the Remuneration and Nominations Committee who sits in BOC will be automatically dismissed when his/her term of office ends.

Committee Member's Term of Office

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 states that the term of office of other Committee members not serving as Commissioner is maximum three years and may be extended once for a term of two years, without prejudice to the right of the BOC to dismiss them at any time.

Membership of the Remuneration and Nominations Committee

In accordance with the Bank Indonesia Circular Letter No. 15/15/DPNP Date 29 April 2013 on the Implementation of GCG for Commercial Banks, it was arranged that the number and composition of the Remuneration and Nomination Committee of Bank Mandiri set consist of at least 3 (three) people, with a composition of at least as follows an independent Commissioner as chairman, an independent party with expertise in the field of Accounting/Finance and an independent party with expertise in the field of law as well as other criteria according POJK No. 45/POJK.03/2015 is contained Executive Officer which is in charge of Human Resources or an employee representative.

In 2015, the Annual General Meeting dated March 16, 2015 had dismissed with respect Mr. Herman Anton Gunawan, Mr. Krisna Wijaya and Mr. Pradjoto as Commissioner; accepted the resignation of Mr. Mahmuddin Yasin and appointed Mr. Nasution, Mr. Imam Apriyanto Putro, Mr. Goei Siauw Hong, Mr. Suwhono and Mr. Bangun Sarwito Kusmuljono as a member of the BOC. With the change in the composition of the new BOC, the composition of the Remuneration and Nomination Committee members are also changing.

The composition per December 2015:

Name	Role
Bangun Sarwito Kusmuljono	Chair (Independent Commissioner)
Darmin Nasution	Member (Chief Commissioner)
Imam Apriyanto Putro	Member (Deputy Chief Commissioner)
Abdul Aziz	Member (Independent Commissioner)
Aviliani	Member (Independent Commissioner)
Askolani	Member (Commissioner)
Suwhono	Member (Commissioner)
Goei Siaw Hong	Member (Independent Commissioner)
Group Head Human Capital Strategy & Policy	Secretary (ex-officio)

Profiles of the Committee Members

Some of the Remuneration and Nominations Committee members are also BOC members, so that their profiles take after the ones presented in the BOC section. All the Committee members have good integrity, accomplished competencies and reputable financial standings.

Independence of the Remuneration and Nominations Committee

Based on the Remuneration and Nominations Committee Charter:

1. Members of the Remuneration and Nominations Committee must at least satisfy the following criteria:
 - a) Have good integrity, objectivity and ethics.
 - b) Have good competencies with:
 - sufficient knowledge, including knowledge of the rules and regulations, and the legislation in force.
 - Understanding of the concept of human resources management in a comprehensive manner and have knowledge of the provisions of the Bank's remuneration system and/or its nominations and succession plan.
2. The members of the Remuneration and Nominations Committee shall consist of at least 1 (one) Independent Commissioner, 1 (one) Commissioner as a voting member and the Group Head of Human Capital (ex officio) as a non-voting member.
3. The Remuneration and Nominations Committee shall be chaired by an Independent Commissioner.
4. Should the Remuneration and Nominations Committee have more than three (3) members, there shall not be less than 2 Independent Commissioners.
5. If necessary, the Remuneration and Nominations Committee may appoint members who are external parties that are independent of the Bank.
6. The members of the Remuneration and Nominations Committee shall be appointed by

Name	Criteria							Status
	1	2	3	4	5	6	7	
Bangun Sarwito Kusmuljono	v	v	v	v	v	v	v	Independent
Darmin Nasution	v	v	v	v	v	v	v	Independent
Imam Apriyanto Putro	v	x	x	v	v	v	v	Non Independent
Abdul Aziz	v	v	v	v	v	v	v	Independent
Aviliani	v	v	v	v	v	v	v	Independent
Askolani	v	x	x	v	v	v	v	Non-Independent
Suwhono	v	x	x	v	v	v	v	Non Independent
Goei Siauw Hong	v	v	v	v	v	v	v	Independent

Independence Criteria

1. Not sitting in the Bank's board of management
2. Not having business relationship and any other relationships that might influence discretion
3. Not the Company's majority shareholder or employee dealing directly with the majority shareholder
4. Not an employee or formerly an executive in the company or its affiliates, at least three years prior to sitting in the Committee
5. Not a key professional adviser or material consultant for the company or its affiliates, or employee dealing directly with service providers for at least three years prior to becoming a Committee member
6. Not a supplier or anchor of the company or its affiliates or an employee of/who directly or indirectly works with a supplier or anchor
7. Not having an agreement with the company or other affiliates as Director

Familial & Financial Relationships, Managerial Roles and Share Ownership of the Committee Members

Name	Role	Familial Relationship with			Financial Relationship with			Managerial Roles & Share Ownership in Other Companies		
		Other Committees	BOD	BOC	Other Committees	BOD	BOC	BOD	BOC	Shareholder
Bangun Sarwito Kusmuljono	Chair	-	-	-	-	-	-	-	-	-
Darmin Nasution	Member	-	-	-	-	-	-	-	-	-
Imam Apriyanto Putro	Member	-	-	-	-	-	-	-	-	-
Abdul Aziz	Chair	-	-	-	-	-	-	-	-	-
Aviliani	Member	-	-	-	-	-	-	-	-	-
Askolani	Member	-	-	-	-	-	-	-	-	-
Suwhono	Member	-	-	-	-	-	-	-	-	-
Goei Siauw Hong	Member	-	-	-	-	-	-	-	-	-

In 2015, all members of Bank Mandiri Remuneration and Nominations Committee had no familial and financial relationships with members of the BOC, BOD and other Committees and did not serve as Commissioners, Directors and shareholders in other companies.

The Remuneration and Nominations Committee Charter

In carrying out its functions and roles, the Remuneration and Nominations Committee has a Charter which was adopted on May 29, 2012 and which governs matters related to (a) Duties and Responsibilities of Committee, (b) Authority of the Committee, (c) Meetings of the Committee and (d) Organization of the Committee.

Remuneration and Nomination Committee Charter on periodic review to ensure that the scope of these guidelines are always in line with the needs, the Regulation of Bank Indonesia and/or other related applicable regulations.

Functions, Authorities and Responsibilities of the Remuneration and Nominations Committee

Functions

Assisting the Commissioner to make suggestions to the shareholders of Series A Dwiwarna Share in:

1. Preparing, executing and analyzing the criteria and procedure of nomination for candidates of Commissioners and Directors
2. Identifying candidates of Directors, either from inside or outside, and candidates of Commissioners eligible to be nominated/appointed Directors or Commissioners.
3. Preparing the criteria for evaluation of the performance of the BOD.
4. Preparing, executing and analyzing the criteria and procedure of dismissal of Commissioners and Directors.
5. Assisting the Commissioners in proposing a remuneration system suitable for the Commissioners and BOD in the form of systems for payment of salary and allowances, evaluation on the system, the options given and the retirement system.

Authorities

1. To ask PT. Bank Mandiri (Persero) Tbk. to conduct survey according to the requirements of

the Nomination and Remunerations Committee

2. To ask from various parties for any required information, either internal or external of PT. Bank Mandiri (Persero) Tbk.

Duties and Responsibilities

The Chair and Committee Members have the following duties and responsibilities:

1. To prepare the concept and analysis relating to the functions of the Nomination and Remuneration Committee.
2. To assist the Commissioners in giving recommendation on the number of members of the Commissioners and Directors.
3. To assist the Commissioners in establishing the Personnel General Policy.
4. To recommend the approval of amendments to the organizational structure up to one level below the BOD.
5. To assist the Commissioners in obtaining and analyzing the data of prospective candidates of officials one level below the BOD quarterly and at any time in case of any alteration.
6. To assist the Commissioners in giving recommendation on option to the

- Commissioners, Directors and Employees, among others share options and the supervision of its implementation.
7. To hold the database of the candidates of Directors and Commissioners.
 8. To evaluate the remuneration policy and provide recommendation to the BOC, regarding:
 - Remuneration policy for the BOC and BOD to be presented at the RUPS.
 - Remuneration policy for the Executive Managements and all employees to be presented to the Directors.
 9. To develop and provide recommendations of appointments and replacement, systems and procedures, for members of the BOC and BOD, to the BOC to be presented at the RUPS.
 10. To develop and provide recommendations on the candidates for membership to the BOC and BOD, to the BOC to be presented at the General Meeting of Shareholders.
 11. To provide recommendation on independent parties that will be appointed to the Audit Committee and Risk Monitoring Committee.

Remuneration of the 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 members are also not allowed to

receive any other income in addition to the honoraria and member of the BOC chairing the Remuneration and Nominations Committee is not entitled to extra income from the role. The income of the Committee members is determined by the BOC with regard to the Company's financial capacity.

Work Plan of the Remuneration and Nominations Committee

Before the current financial year, the Committee shall prepare and submit annual work plan and budget to the BOC to be established and to the Board to be known. Remuneration and Nomination Committee has drawn up a work program in 2015 as follows:

1. Evaluate the performance of the Board of Directors and Board of Commissioners:
 - a. Evaluate the performance of Board of Directors and Board of Commissioners by self-assessment
2. Selection of Candidates for Board of Directors and Board of Commissioners
 - a. Conduct identification of candidate for Directors and Board of Commissioners from Internal (Talent Management)
 - b. Selecting candidates in conformity with the requirements as stated on the Charter
 - c. Propose name of candidates for Directors and Commissioners to the Board of Commissioners

3. Evaluation and remuneration proposal of Directors and the Board of Commissioners (salary / honorarium and other benefits):
 - a. Evaluate the industry benchmark
 - b. Propose adjustments to the remuneration of Directors and Board of Commissioners
4. Propose remuneration and Long Term Incentive (LTI) on the basis of Performance of Directors and Board of Commissioners:
 - a. Evaluate remuneration and Long Term Incentive (LTI) on the basis of Performance of Directors and Board of Commissioners:
 - b. Propose remuneration and Long Term Incentive (LTI) for the Board of Directors and the Board of Commissioners as well as their distribution

Execution of the Remuneration and Nominations Committee's Duties

During 2015 the Remuneration and Nomination Committee has conducted include the following:

Date of Meeting/Visit	Agenda
12-Jan-2015	1. Interview with Proposed Candidate Directors of PT BM 2. Miscellaneous
4-Mar-2015	1. Determining Remuneration and Bonus for BOD 2. Miscellaneous
13-Mar-2015	1. Recommendation of Candidate Directors and Commissioners 2. Miscellaneous
10-Jun-2015	1. Bonus Distribution on Performance for Fiscal Year 2014 2. Miscellaneous
29-Jul-2015	1. Discussion on results of Fit & Proper Test of Directors and Commissioners 2. Miscellaneous
2-Sep-2015	1. Discussion Criteria Candidates Commissioner 2. Miscellaneous
23-Sep-2015	1. BOC Honorarium 2. Miscellaneous
6-Nop-2015	1. Continued Discussion on CEO Succession 2. Miscellaneous
15-Des-2015	1. Proposed Candidates for BOC Members for RUPSLB 2015
17-Des-2015	1. Proposed Candidates for BOC Members for RUPSLB 2015

Remuneration and Nominations Committee Meeting

As explained in the Minister of SOE No. PER-12/MBU/2012 that the Committee held a meeting at least equal to the minimum requirements BOC meeting set out in the articles of association and documented in minutes of meetings are submitted in writing by the committee to the BOC.

In accordance with the Employment Guidelines for Remuneration and Nomination Committee, Remuneration and Nomination Committee meetings held in accordance with the needs of the Bank, a minimum of once a month. The meeting was chaired by the chairman of the Remuneration and Nomination

Committee or the Remuneration and Nomination Committee members, when the chairman of the Remuneration and Nomination Committee was unable to attend and can only be implemented if attended by a minimum of 51% of the number of members including an Independent Commissioner and Independent parties. Resolutions of the Committee are taken by consensus and consensus. In the event that consensus cannot be reached a decision, the decision taken by a majority vote, provided that the decisions are taken by majority vote.

Frequency and Attendance of the Remuneration and Nominations Committee Meeting

The presence of the committee members at the meeting is reported on quarterly and annual reports. Number of Meetings of the Remuneration and Nomination Committee during 2015 as many as 10 (ten) times and shown in the following table:

Name	Role	Total			% of Attendance
		Meeting	Attendance	Absence	
Mahmuddin Yasin*	Mamber	3	1	2	33%
Pradjoto*	Chief	3	3	0	100%
Krisna Wijaya*	Mamber	3	2	1	67%
Anton. H Gunawan*	Mamber	3	3	0	100%
Darmin Nasution**	Mamber	2	2	0	100%
Bangun Sarwito Kusmuljono***	Chief	6	6	0	100%
Imam Apriyanto Putro**	Mamber	6	3	3	50%
Abdul Aziz***	Mamber	9	9	0	100%
Aviliani	Mamber	9	8	1	89%
Askolani	Mamber	9	6	3	67%
Suwhono***	Mamber	5	4	1	80%
Goei Siau Hong***	Mamber	5	5	0	100%

Note:

- *) Mr. Mahmuddin Yasin, Mr. Pradjoto, Mr. Krisna Wijaya, Mr. Anton H. Gunawan according to EGM results, per March 16, 2015 no longer served as BOC Members
- **) Based on appropriate fit & proper test results, Mr. Darmin Nasution, Mr. Imam Apriyanto Putro as of June 8, 2015 effectively served as Chief Commissioner and Deputy Chief Commissioner
- ***) Mr. Abdul Aziz, Mr. Bangun Sarwito Kusmuljono, Mr. Suwhono, Mr. Goei Siau Hong as per fit & proper test results effectively served as Commissioner as of June 19, 2015 (Mr. Abdul Aziz became Independent Commissioner from Non-Independent Commissioner served previously)

Report on the Execution of the Committee's Duties

The Committee is responsible to the BOD and must submit a report to the BOC on every execution of tasks, followed by recommendations if necessary both quarterly and annual and signed by the Chairman of the Committee and the Committee members.

Evaluation and Assessment of the Committee's Performance

Evaluation and assessment of the performance of the Committee carried out every year by using the method determined by the BOC. Implementation of the activities and performance of the Committees

under the BOC regularly evaluated and assessed by the BOC for the sake of increasing the effectiveness of implementation and performance of committees in the coming year.

Use of Appraisal Services Company to Select Candidates of BOC and BOD Members

The Remuneration and Nomination Committee establishes criteria for candidates of BOC and BOD members, and then make the selection of the candidates who conform to the criteria in the set. Furthermore, the Bank Mandiri in cooperation with the appraisal company to conduct an assessment of candidates for the BOC and BOD.

Bank Mandiri in cooperation with several appraisal company, one of them is PT . Daya Dimensi Indonesia. Candidates who have obtained a recommendation from the appraisal company will be reported by the Remuneration and Nomination Committee to BOC as candidates which would be submitted to the GMS for approval .

4. Risk Monitoring Committee

Risk Monitoring Committee was established by and reports to the BOC in monitoring and providing advice to the BOD to obtain reasonable assurance that the implementation of risk management remains the elements of the adequacy of risk management

procedures and methodologies. Risk Monitoring Committee has a role in the monitoring and assessment of risk management policies and the implementation of good corporate governance as a whole.

Basis for Establishment of the Risk Monitoring Committee

The establishment of Risk Monitoring Committee was pursuant to the effective laws and regulations and best practices that may be applied to Indonesian banking sector, including:

1. Regulation of the OJK (POJK) No. 18/POJK.03/2014 published on November 18, 2014 on the Implementation of Integrated Corporate Governance for Financial Conglomeration.
2. Law No. 21/2011 on the Financial Services Authority;
3. Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006 issued on January 30, 2006 on the Implementation of Good Corporate Governance in Commercial Banks; and PBI No. 8/14/PBI/2006 dated October 5, 2006 on Amendment to PBI No. 8/4/PBI/2006 on the Implementation of Good Corporate Governance in Commercial Banks.
4. Regulation of the Minister of State Owned Enterprises No. PER-09/MBU/2012 dated July 6, 2012 on Amendment to Regulation of the Minister of State Owned Enterprises No. PER-01/MBU/2011 regarding the Implementation of Good Corporate Governance in State Owned Enterprises.
5. 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.
6. Articles of Association of PT Bank Mandiri (Persero) Tbk along with its amendments.

The membership of the Risk Monitoring Committee is established by virtue of the BOC Decree No. KOM/038/2015 dated April 15, 2015 regarding Determination of Membership of the Committees under the BOC and KEP.DIR/136/2015 dated April 30, 2015 on the amendment to membership of committees under the BOC of PT. Bank Mandiri (Persero) Tbk.

Criteria for the Committee Members

In addition to be required to have good integrity, character and moral, the Committee members are required to meet the competency, experience and independence requirements as follows:

Competency and Experience Requirements:

- 1) Have good integrity, character and moral; sufficient competency, knowledge and work experience in the area pursuant to their educational background; and good communication skills;
- 2) Have sufficient knowledge to read and understand financial statements and related reports on monitoring of the implementation of risk management policy in banking sector;
- 3) Have adequate knowledge of the laws and regulations concerning capital markets and banking.

Independence Requirements:

- 1) Do not own the Bank's stocks, either directly or indirectly;
- 2) Do not have affiliations with Bank Mandiri, BOC, BOD or the principal shareholders of Bank Mandiri;
- 3) Do not have business relationships, directly or indirectly, with the Bank;
- 4) Members of BOD are prohibited from concurrently sitting in the BOC.

Appointment and Discharge of the Committee Members

BOC may establish another committee whose name and duties are tailored to the needs of the Board which consists of a Chair and members as stipulated in Regulation of the Minister of State Enterprises No. PER-12/MBU/2012. The Chair and members of the Integrated Corporate Governance Committee are appointed and dismissed by BOC, of which such matter is reported to the General Meeting of Shareholders (RUPS).

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) Death.
- 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 Corporate 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 BOC.

Member of Risk Monitoring Committee who sits in BOC will be automatically dismissed when his/her term of office ends.

Committee Member's Term of Office

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 states that the term of office of other Committee members not serving as Commissioner is maximum three years and may be extended once for a term of two years, without prejudice to the right of the BOC to dismiss them at any time.

Membership of the Risk Monitoring Committee

In 2015, the Annual RUPS honorably discharged Mr. Anton Hermanto Gunawan, Mr. Krisna Wijaya and Mr. Pradjoto as Commissioners; accepted the resignation of Mr. Mahmuddin Yasin; and named Mr. Darmin Nasution, Mr. Imam Apriyanto Putro, Mr. Goei

Siauw Hong, Mr. Suwhono and Mr. Bangun Sarwito Kusmuljono as members of the BOC. With this change, the membership of the Risk Monitoring Committee also changed as shown below.

Composition of the Risk Monitoring Committee as of December 2015 is as follows:

Name	Role
Abdul Aziz	Chair & concurrent member (Independent Commissioners)
Imam Apriyanto Putro	Member (Deputy Chief Commissioner)
Askolani*	Member (Commissioners)
Suwhono	Member (Commissioners)
Budi Sulistio	Member (Independent)
Ridwan Darmawan Ayub	Member (Independent)
Group Head Operational Risk	Secretary (ex-officio) – Non-Voting Member

*) Keanggotaan Sdr. Askolani berakhir dengan sendirinya setelah seluruh anggota komite yang diangkat pada RUPS Tahunan mendapat persetujuan dari Otoritas Jasa Keuangan atas penilaian Uji Kemampuan dan Kepatutan

Profiles of the Committee Members

The Audit Committee consists of BOC members and Independent Members. The profiles of the Committee Members who are also BOC members have been presented in the BOC section. As for Independent Members of the Committee, their profiles are illustrated in the Integrated Corporate Governance Committee section.

Independence of the Risk Monitoring Committee

In reference to Article 4 of the Risk Monitoring Committee Charter:

1. The Committee shall comprise at least three persons.
2. Committee members shall consist of at least 1 (one) Independent Commissioner as Chair and member, 1 (one) Independent Member with expertise in finance and 1 (one) Independent Member with risk management expertise.
3. Former members of the Bank's BOD or Executive Officers or other parties related to the Bank that may affect their ability to act independently may not be an Independent Committee Member without prior "cooling off" period as stipulated under the applicable Bank Indonesia regulatory provisions.

4. Committee members from external parties must meet the following requirements:

- Do not have business relationships with the Bank.
- Do not have familial relationships with any member of the BOD and BOC as well as the Controlling Shareholders.
- Have high integrity, competency, knowledge and sufficient experience in their respective field, as well as have working knowledge on banking.

Name	Criteria							Status
	1	2	3	4	5	6	7	
Abdul Aziz	v	v	v	v	v	v	v	Independent
Imam Apriyanto Putro	v	x	x	v	v	v	v	Non-Independent
Askolani	v	x	x	v	v	v	v	Non-Independent
Suwhono	v	x	x	v	v	v	v	Non-Independent
Budi Sulistio	v	v	v	v	v	v	v	Independent
Ridwan Darmawan Ayub	v	v	v	v	v	v	v	Independent

Note

Independence Criteria

1. Not sitting in the Bank's board of management
2. Not having business relationship and any other relationships that might influence discretion
3. Not the Company's majority shareholder or employee dealing directly with the majority shareholder
4. Not an employee or formerly an executive in the company or its affiliates, at least three years prior to sitting in the Committee
5. Not a key professional adviser or material consultant for the company or its affiliates, or employee dealing directly with service providers for at least three years prior to becoming a Committee member
6. Not a supplier or anchor of the company or its affiliates or an employee of/who directly or indirectly works with a supplier or anchor
7. Not having an agreement with the company or other affiliates as Director

Familial & Financial Relationships, Managerial Roles and Share Ownership of the Committee Members

Name	Role	Familial Relationship with			Financial Relationship with			Managerial Roles & Share Ownership in Other Companies		
		Other Com-mit-	BOD	BOC	Other Com-mit-	BOD	BOC	BOD	BOC	Share-holder
Abdul Aziz	Chair/Mamber	-	-	-	-	-	-	-	-	-
Imam Apriyanto Putro	Member	-	-	-	-	-	-	-	-	-
Askolani	Member	-	-	-	-	-	-	-	-	-
Suwhono	Member	-	-	-	-	-	-	-	-	-
Ridwan Darmawan Ayub	Member (Independent)	-	-	-	-	-	-	-	-	-
Budi Sulistio	Member (Independent)	-	-	-	-	-	-	-	-	-

In 2015, all members of the Integrated Corporate Governance Committee had no familial and financial relationships with members of the BOC, BOD and other Committees.

The Risk Monitoring Committee Charter

In carrying out its functions and roles, the Risk Monitoring Committee has a Charter which governs matters related to (a) Duties and Responsibilities of Committee, (b) Authority of the Committee, (c) Meetings of the Committee and (d) Organization of the Committee.

Remuneration and Nomination Committee Charter on periodic review to ensure that the scope of these guidelines are always in line with the needs, the Regulation of Bank Indonesia and/or other related applicable regulations

Authorities, Duties and Responsibilities of the Risk Monitoring Committee

Authorities

The Committee has the authority within the scope of responsibility of the Committee to:

1. Seek out and obtain a variety of information including documents required from:
 - a. The Bank (including the personnel)
 - b. Other interested parties
2. Obtain feedback and or suggestions from outsiders Bank relating to its duties.

Duties & Responsibilities

1. Evaluation of the compatibility between the Bank's risk management policies and risk management policies integrated with the implementing the policy.
2. Monitoring and evaluation of the implementation of the Risk Management Committee and the Integrated Risk Management Unit integrated.
3. To review the implementation of integrated risk management consists of:
 - a. The risk profile report both individually (Bank only) as well as the consolidation of the subsidiaries (integrated risk profile).
 - b. The report of the bank both individual risk-based (Bank only) as well as the consolidation of the subsidiaries (integrated risk profile).
 - c. Other reports related to the management of 10 (ten) types of risk are credit risk, market risk, operational risk, liquidity risk, legal risk, compliance risk, reputation risk, strategic risk, the risk of intra-group transactions and risk insurance.
4. Monitor the adequacy of the process of identification, measurement, monitoring, control and risk management information system.
5. To evaluate the compliance of the Bank's Articles of Association, the Bank Supervisory Authority regulations and the Capital Market, as well as per law regulations more related to risk management.
6. Develop guidelines and work rules committee (charter) and review as needed at least 2 (two) years.
7. Carry out the duties and responsibilities given by the BOC from time to time.

Remuneration of the 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 and members of the BOC chairing the

Committee/sitting as Committee member are not entitled to extra income from the role. The income of the Committee members is determined by the BOC with regard to the Company's financial capacity.

Honoraria of the Independent Members of Risk Monitoring Committee have been elaborated in the section discussing the Integrated Corporate Governance Committee.

Work Plan of the Risk Monitoring Committee

In order to contribute optimally focused and Risk Monitoring Committee has a work plan that includes management of 8 (eight) types of risk the Bank is aiming to obtain a full picture of the risks faced by the

Bank and believe that the BOD has taken the necessary steps to identify, measure, monitor and control it. The work plan of the Risk Monitoring Committee in 2015 essentially covers the management.

Execution of the Risk Monitoring Committee's Duties

During the period from January 2015 until December 2015, the Risk Monitoring Committee has held discussions with the BOD/Unit involved in order to evaluate the implementation and management of risk management as follows:

Date	Agenda
18-01-2015	A visit to Jakarta 2 Region
26-01-2015	A visit to Jakarta 3 Region
28-01-2015	Business Development and Risk Management in Commercial Banking
18-02-2015	- Liquidity Position (USD & S) and the projection of the next 12 months - Position Trading (Forex, MM, Bond Recap/SUN along MTM, Derivatives) - Market Update & Outlook 2015 (related to fluctuations in fall/rise in fuel prices) - Risk Rating Base Bank in December 2014:
04-03-2015	Commodity Business Developments and Updates Kalbe Farma development KAP Selection for Bank Mandiri Financial Statements for Fiscal Year 2015
31-03-2015	Business Development and Risk Management in Commercial Banking
15-04-2015	Important Matters/Key Findings on Compliance during Q4/2014
29-04-2015	- Updated Outstanding Legal Cases and Risk Mitigation - Explanation Subsidiary Guidelines (Integrated Governance Guidelines) in order to comply with POJK No. 18/POJK.03/2014 Date 18 November 2014 concerning Governance Share Financial conglomeration - Risk Profile Bank Mandiri and Subsidiaries Consolidated TRW I 2015 - Updated Outstanding Legal Cases and Risk Mitigation
06-05-2015	A visit to Sumatra 1 Region
01-06-2015	- Development and Project Status Enterprise Data Management - Review of Risk Management of Electronic Channel Operations - Organization, Scope and Risk Management Data Recovery Center (DRC) BM - Review of Risk Management Customer Care
17-06-2015	Bank Mandiri Credit Policy KPBM)
17-06-2015	- Business Development and Risk Management Corporate Banking - Business Development Commodity (Steel, Mine, Coal, Oil, Rubber)
03-08-2015	- Business Development and Risk Management Business Banking - Liquidity Position (USD & S) and projections up to the end of the year - Position Trading (Forex, MM, Bond Recap/SUN along its MTM, Derivatives)

Date	Agenda
12-08-2015	• Risk Rating Bank Base June 2015 • Development of Integrated Risk Management Implementation in order to comply with POJK No. 17/03/2014
18-08-2015	A visit to Java 3 Region
02-09-2015	Developments Subsidiary Performance per June 2015
02-09-2015	Risk Management Policies and HR-related changes BM SO
16-09-2015	Visits to Regional Sulawesi and Maluku
19-10-2015	Projected Credit Risk Management and Credit Collectible BM until End of 2015
02-12-2015	• Liquidity Position until End of 2015 • Anti-Fraud Detection System • Revised Management Policy Subsidiaries

Risk Monitoring Committee Meeting

As explained in the Minister of SOE No. PER-12/MBU/2012 that the Committee held a meeting at least equal to the minimum requirements BOC meeting set out in the articles of association and documented in minutes of meetings are submitted in writing by the committee to the BOC.

In accordance with the Employment Guidelines for Risk Oversight Committee, Risk Monitoring Committee Meetings held at least twelve (12) times a year. The calling of the meeting in writing and conducted by the Chairman of the Committee, except in urgent circumstances call can be done orally. Meetings can only be done if attended by at least 2/3

of the members of the Committee including one of the Independent Commissioners and Independent Parties. Resolutions of the Committee are taken by consensus and consensus. In the event that consensus cannot be reached a decision, the decision taken by a majority vote, provided that the decisions are taken by majority vote.

During 2015, the Risk Oversight Committee has held 15 (fifteen) meetings consisting of five (5) meetings of the Risk Oversight Committee and 10 (ten) joint meetings (Ragab) by the Audit Committee of the Bank. As for the implementation details of the meeting are as follows:

Agenda	Date	Joint Meeting	Kourum
Business development and risk management in Consumer Banking, etc.	28/01/2015	v	86%
a. Liquidity Position (USD & S) and the projection of the next 12 months	18/02/2015	v	71%
b. Position Trading (Forex, MM, Bond recap/SUN along its MTM, Derivatives)			
c. Market Update & Outlook 2015 (related to fluctuations in fall/rise in fuel prices)			
d. Risk Based Bank Rating December 2014			
Commodity Business Developments and Updates Kalbe Farma	03/03/2015	v	100%
Business Development and Risk Management of Commercial Banking and others	31/03/2015	-	100%
Important Matters/Key Findings re: Compliance during Q4/2014 and others	15/04/2015	-	67%
a. Implementation POJK No. 18/POJK.03/2014 dated 18 November 2014 on Integrated Governance for Financial conglomerate.	29/4/2015	v	100%
b. Risk Profile Bank Mandiri and Subsidiaries Consolidated First Quarter 2015			
c. Updated Outstanding Legal Cases and Risk Mitigation			
d. Reports Regarding Internal Control System Audit of Bank Mandiri			
a. Overview of Enterprise Data Management			
b. Electronic Risk Management Operations Chanel end to end	01/06/2015	v	100%
c. Data Center and Disaster Recovery Center Bank Mandiri			
d. Risk Customer Care Group			
Bank Mandiri Credit Policy,	17/06/2015	v	50%
a. Business Development and Risk Management in Corporate Banking	17/06/2015	v	75%
b. Business Developments Commodity (Steel, Mine, Coal, Oil, Rubber).			
a. Business Development & Credit Management Business Banking	03/08/2015	-	100%
b. Liquidity Position - Rupiah and USD Projections until the end of 2015 and Position Trading, Foreign Exchange (FX), Recap. Bond/Government Securities (SUN), & Money Market			

Agenda	Date	Joint Meeting	Kourum
Risk Based Bank Rating June 2015 (Integrated Risk Profile, GCG, Profitability, Capital, Other)	12/08/2015	-	100%
Performance Developments Subsidiary			
Risk management policies and HR Organizational	02/09/2015	v	100%
Structure Changes Related to Bank Mandiri	02/09/2015	-	80%
Credit Risk Management and Credit Bank Mandiri			
Collectible projection until End of 2015	19/10/2015	v	80%
a. Liquidity position until End of 2015.			
b. Anti-Fraud Detection System.	02/12/2015	v	60%
c. Revised Management Policy Subsidiaries			

Frequency and Attendance of the Risk Monitoring Committee Meeting

The presence of the committee members at the meeting is to be reported on quarterly and annual reports. Total Risk Monitoring Committee Meeting as follows:

Name	Role	Total			% of Attendance
		Meeting	Attendance	Absence	
Anton H. Gunawan*	Chair	3	3	0	100%
Pradjoto*	Member	3	1	2	33%
Krisna Wijaya*	Member	3	3	0	100%
Abdul Aziz**	Member /Chair	15	15	0	100%
Askolani	Member	15	12	3	80%
Budi Sulistio	Member	15	15	0	100%
Ridwan D. Ayub	Member	15	15	0	100%
Suwhono**	Member	6	5	1	83%
Imam Apriyanto Putro**	Member	8	2	6	25%

Note:

- According KEP.KOM/005/2014 dated 28-05-2014 and KEP.KOM/006/2014 dated 25-08-2014 on the Amendment of the Audit Committee Member and Risk Monitoring Committee as follows: Mr. Herman Anton Gunawan as Chairman concurrently Member *), Mr. Pradjoto as Members *), Mr. Krisna Wijaya as Members *), Mr. Abdul Aziz as Members, Mr. Ridwan Darmawan Ayub as Member (Independent Member), Mr. Budi Sulistio as Member (Independent Member).
*) Mr. Pradjoto, Mr. Krisna Wijaya and Mr. Anton H. Gunawan according the results of EGM per March 16, 2015 had not served as a Commissioner of Bank Mandiri.
- According KEP.DIR/136/2015 dated 24-03-2015 on Membership Changes Under the Committees of the BOC as follows: Ms. Aviliani (AV) as Chairman concurrently Member, Mr. Askolani (AS) as Members, Mr. Goei Siau Hong (GSH) as Member *), Mr. Budi Sulistio (BS) as Independent Member and Mr. Ridwan Darmawan Ayub (RDA) as Independent Member.
*) Mr. Imam Apriyanto Putro appropriate fit & proper test results, as of June 8, 2015 effectively served as a Commissioner of Bank Mandiri.
**) Mr. Abdul Aziz and Mr. Suwhono appropriate fit & proper test results, as of June 19, 2015 effectively served as a Commissioner of Bank Mandiri.
- Mr. Budi Sulistyo and Mr. Ridwan Darmawan Ayub per June 2, 2014 authorized concurrent positions as members of the Audit Committee and also a member of the Risk Monitoring Committee and in accordance KEP.DIR 136/2015 dated 30 April 2015 Mr. Budi Sulistio and Mr. Ridwan Darmawan Ayub has served as an independent member of the Integrated Governance Committee.

Report on the Execution of the Committee's Duties

The Committee is responsible to the BOD and must submit a report to the BOC on every execution of tasks, followed by recommendations if necessary both quarterly and annual and signed by the Chairman of the Committee and the Committee members.

Evaluation and Assessment of the Committee's Performance

Evaluation and assessment of the performance of the Committee carried out every year by using the method determined by the BOC. Implementation of the activities and performance of the Committees under the BOC regularly evaluated and assessed by the BOC for the sake of increasing the effectiveness of implementation and performance of committees in the coming year.

secretary to the board of commissioners

The Secretary to the Board of Commissioners (BOC) plays an important role in ensuring that the BOC complies with the laws and regulations as well as good corporate governance (GCG) principles, performing administrative duties regarding documents of the BOC and acting as liaison for the BOC with related parties within or outside the Company.

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 BOC may form a Secretariat of the BOC led by the Secretary to the BOC (SBC) tasked with assisting smooth administration of the duties and responsibilities of the BOC. The SBC comes from outside the Company and is appointed, dismissed as well as reports to the BOC.

Requirements

The SBC must meet the following requirements:

1. Understand the management, supervision and development systems of a State Owned Enterprise;
2. Have good integrity;
3. Understand secretarial functions;
4. Possess ability to establish communication and coordination in an efficient manner.

Working Guidelines, Duties and Responsibilities of the SBC

Dalam melaksanakan tugasnya, Sekretaris Dewan Komisaris dan Direksi mengacu pada Pedoman Kerja yang disebut dengan *Job Description* Untuk Sekretaris Komisaris dan Direksi yang telah disahkan dalam Surat Keputusan.

Working guidelines regulate the duties and responsibilities of the SBC:

1. To make preparations for meetings, to provide materials and information for meetings or reports of the BOC, to draw up minutes of meetings,
2. To provide information required by the BOC in the decision making process and any required information periodically,
3. To prepare draft annual work and budget plan of the BOC and reports for the BOC,
4. To keep documents on the performance of the BOC's work and ensure that documents are properly kept in the Company as good administrative practices and GCG implementation,

5. To ensure that the BOC complies with the laws and regulations and implement GCG principles,
6. To coordinate with relevant internal and external parties so as to facilitate the effective performance of the duties of the BOC, to attend meetings of the BOC and meetings of its Committees,
7. To receive and convey reports from whistleblowers,

Profile of the SBC

The SBC in Bank Mandiri is appointed to accomplish a mission of conducting administrative activities and organizing dissemination of information required by the BOC which either relates to the Committees or the Board of Directors (BOD) and lesser managerial roles.

In addition, the Secretary to the BOC and BOD also assumes responsibility for holding meetings of the BOC and BOD, and to prepare materials of the meetings as well as writing minutes of the meetings. Therefore, the SBC is named by the BOC after selecting a candidate with sound integrity, ethics and morality as well as competencies to meet the requirements, or in possession of the experience needed for its duties and responsibilities.

The following is brief profile of the SBC:

Brief Profile



Andus Winarno

Education :

Earned bachelor's degree in accounting from Malang Merdeka University in 1994 and master of business law from University of Indonesia in 2011.

Career:

Starting his career in the Directorate General of State Owned Enterprises, as the Ministry of Finance in 1996, and currently serves as the Head of Primary Industry IIIC, the Ministry of State Owned Enterprises (SOEs).

In 2000 assigned as Staff at the Secretary to the Board of Commissioners of PT Bank Mandiri (Persero) and in 2011 appointed as Secretary to the Board of Commissioners of PT Bank Mandiri (Persero) Tbk until end of December 2015.

Work Programs and Execution of the SBC's Duties in 2015

Secretary to the Board of Commissioners has compiled the main points of the work program in 2015 as follows:

1. Prepare and compile materials and coordinate meetings related to the monitoring, evaluation and provision of feedback on the implementation of Bank Mandiri strategic wisdom in the Corporate Plan period 2015-2020, the Bank Business Plan (RBB) in 2015-2017, and CBP 2015 with due respect to liquidity, 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 the implementation of strategic objectives in the four perspectives under RKAP 2015 (the Company Budget Work Plan) and the 10 main focus of business development;
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 non-organic company's development;
4. Prepare and compile materials as well as coordinating a meeting 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 a meeting 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 a meeting 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 to 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.

In 2015, the SBC performed its function in assisting the Board of Commissioners as follows:

The Implementation of Duties of the SBC in 2015

Activities	Time
Prepare and compile materials and coordinate meetings of the Board of Commissioners .	Meeting on : 1. January 21, 2015 2. February 18, 2015 3. February 25, 2015 4. March 20, 2015 5. March 24, 2015 6. March 31, 2015 7. April 22, 2015 8. May 11, 2015 9. June 3, 2015 10. June 10, 2015 11. June 24, 2015 12. July 13, 2015 13. August 21, 2015 14. August 26, 2015 15. September 9, 2015 16. September 22, 2015 17. September 30, 2015 18. October 7, 2015 19. November 4, 2015 20. November 11, 2015 21. December 16, 2015
Prepare and compile materials and coordinate the joint meetings of the BOC and BOD.	Meeting on : 1. March 31, 2015 2. April 22, 2015 3. May 19, 2015 4. June 17, 2015 5. July 29, 2015 6. August 21, 2015 7. August 26, 2015 8. September 23, 2015 9. October 27, 2015 10. November 25, 2015 11. December 16, 2015
Prepare and coordinate training in order to refreshment and enhancing the knowledge and the BOC.	The Theme and date of training : 1. Investor Conference and Non Deal Road show (April 28-30, 2015); 2. Leadership Forum 2015 (May 28-31, 2015);

Activities	Time
	3. The IIA's 2015 International Conference and On-Site Learning/ Benchmarking Visit (july 4 -12, 2015); 4. LPPI Workshop (August 5-7, 2015); 5. Training Corporate Credit Analyze (November 16-20, 2015); 6. Workshop of Commissioner (State- Owned Enterprise) (November 27, 15); 7. Training - Wharton Business School (December 1-3, 2015).
Prepare and coordinate the Working Visit of Board of Commissioners (BoC)	Implementation of the schedule of works visit: 1. Regional Office IV Jakarta (January 19, 2015) ; 2. Regional Office V Jakarta (January 26, 2016) ; 3. Terrain (May 6-8, 2015) ; 4. Surabaya (August 18-20, 2015) ; 5. Makassar (September 16-18, 2015).
Prepare and coordinate Concept BoC Rules of Conduct Amendment	Rules of Conduct of the Board of Commissioners has been signed by the Board of Commissioners dated December 21, 2015.

Remuneration of the Secretary to the Board of Commissioners

The remuneration packages for the SBC and Staff of the BOC are determined by the BOC as regards the Company's financial capacity. The amount and type of remuneration packages of the SBC are as follows:

- Honorarium of up to maximum 15% (fifteen percent) of the salary of the Company's President Director;
- Facilities;
- Allowances; and/or
- Bonus or incentives.

The remuneration package for SBC staff is determined by the BOC, subject to the provisions that the total remuneration per annum may not exceed the remuneration paid to other Support Organs of the BOC.

Evaluation of the Performance of the SBC in 2015

The evaluation of the performance of the SBC is conducted once a year using methods established by the BOC.

committee under board of directors

Committees under the Board of Directors (BOD) or called by the Executive Committee is the organ that is in charge of supporting the BOD and is collectively responsible to assist the BOD in performing certain functions that require special expertise. To support the effective implementation of the tasks and responsibilities of the BOD, the Bank has established committees as stipulated in Decrees of the BOD that have undergone several changes as follows:



Assets & Liabilities Committee (ALCO)

ALCO is one of the executive committee, which was established by Decree No. KEP.DIR/30/2015 on Assets & Liabilities Committee dated January 15, 2015 which have been adjusted in Decree of the BOD No. KEP.DIR/361/2015 on Assets & Liabilities Committee. ALCO duty to assist the BOD in performing the function of determining the strategy management of assets and liabilities, the determination of interest rates and liquidity, as well as other matters related to the management of assets and liabilities of the Company.

Structure and Membership of ALCO

Based on Decree of the BOD dated December 15, 2015 as stated in Decree of the BOD No. KEPDIR/361/2015 on Assets & Liabilities Committee, the composition of the Assets and Liabilities Committee is as follows:

ALCO Membership	
Chair	: President Director/Group CEO
Secretary	: Group Head Market Risk : Alternate 1: Group Head Treasury : Alternate 2: Group Head Strategy & Performance Management
Voting Member	: Anggota Tetap Dengan Hak Suara (Permanent Voting Member): 1. President Director/Group CEO 2. Vice President Director/Deputy Group CEO 3. Finance & Strategy Director 4. Commercial Banking Director 5. Corporate Banking Director 6. Treasury & Market Director 7. Micro & Retail Banking Director 8. Consumer Banking Director 9. Distributions Director 10. SEVP Transaction Banking 11. SEVP Wholesale Risk 12. SEVP Retail Risk
	: Non-Permanent Voting Member: Directors and SEVP related to the materials presented as invitees
Permanent Non-Voting Member	: Risk Management & Compliance Director*) or the Group Head of Compliance or Department Head or designated Compliance Group officials. *) In the case of the Director of Risk Management & Compliance is unable to attend not to exceed seven (7) working days in a row (temporarily unavailable), then the function of Director can be delegated to the Compliance Group Head or Department Head or official designated Compliance Group.
Invitee	: SEVP Internal Audit **) or the Group Head of Internal Audit Directorate or Internal Audit Directorate officials who attend the meeting as permanent non-voting members. **) In the case of the materials discussed in the committee is a matter proposed by SEVP Internal Audit, the SEVP Internal Audit acts as a Voting Member.
Contributing Non-Voting Member	: Group Head/other Group Head level officials who attend the meeting due to relevancy with the committee agenda.

Duties, Authorities and Responsibilities of ALCO

ALCO has the duties, authorities and responsibilities 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.

In its capacity as a committee, 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.

Activities Conducted by ALCO

Since March 10, 2015 up to the present ALCO Committee has been carrying out such activities as ALCO meeting, with the discussion of the following matters:

- 1) Optimizing the Balance Sheet
Optimizing the Balance Sheet aims to: (i) improve the Net Interest Margin (NIM) to optimize revenues with minimal capital risk and (ii) Strategies Decrease Cost of Liabilities (iii) as guidance for BU in implementing the strategy in the Asset and Liabilities.
- 2) Liquidity Risk
In order to manage liquidity risk the Bank, ALCO has conducted a study that includes (i) a strategy of maintaining liquidity reserves (ii) the Bank's strategy to anticipate liquidity during Lebaran festive season
- 3) Pricing Management
ALCO will review and take decisions on:
 - a. Determination of Interest Rate Fund:
 - Special Rate for Rupiah and Foreign Currency Demand Deposit
 - Counter Rate for Rupiah Deposit
 - Special Rate for Rupiah and Foreign Currency Deposit and special rate for Rupiah DOC
 - b. Determination of Loan Rate:
 - Interest Rate and Foreign Currency Rupiah
 - Publication Lending Rate (prime lending rate), and
 - The establishment of a fixed rate loan pricing through the adjustment of the hedge ratio.

Meeting Frequency and Attendance Level of ALCO

During 2015, ALCO Committee had met 13 times ALCO Meeting with details as follows:

No.	Name	Total			%
		Meeting	Attendance	Absence	Attendance
Permanent Voting Member					
1.	Budi G. Sadikin	13	12	1	92%
2.	Sulaiman A. Arianto	13	9	4	69%
3.	Kartika Wirjoatmodjo	13	8	5	62%
4.	Kartini Sally	13	10	3	77%
5.	Royke Tumilaar	13	10	3	77%
6.	Pahala N. Mansury	13	12	1	92%
7.	Tardi	13	12	1	92%
8.	Hery Gunardi	13	11	2	85%
9.	Sentot A. Sentausa	13	11	2	85%
10.	Riyani T. Bondan	13	12	1	92%
11.	Rico Usthavia Frans	13	9	4	69%
12.	Kepas Antoni A. Manurung	13	12	1	92%
Permanent – Non Voting Member					
1.	Ahmad Siddik Badruddin	13	11	2	85%

Retail Business Committee (RBC)

Retail Business Committee (RBC) is a committee established under Decree of the BOD No. KEP. DIR/28/2015 dated January 15, 2015 on the Executive Committee to assist the BOD in determining the strategy of the Company is an integrated business

management, product management and/or activity of the Company and the determination of the strategy and effectiveness of marketing communication in the field of retail banking.

Structure and Membership of RBC

The members of the Retail Business Committee according to Decree No. KEP.DIR/35/2015 dated January 15, 2015 is as follows:

RBC Membership	
Chair	: President Director
Secretary	: Group Head Consumer Deposits Group Head Value Chain Solution (Alternate)
Voting Member	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: BOD Members/SEVP Coordinators related to material presented as invitees
Permanent Non-Voting Member	Director of Risk Management & Compliance*) or the Compliance Group Head or appointed officials of Compliance Group. *) In the case of the Risk Management & Compliance Director is unable to attend not to exceed seven (7) consecutive working days (temporarily unavailable), then the function of Director can be delegated to the Compliance Group Head or appointed officials.
Invitee	SEVP Internal Audit **) or the Group Head of Internal Audit Directorate of the Internal Audit Directorate officials who attend the meeting as permanent non-voting members. **) In the case of the materials discussed in the committee is a matter proposed by SEVP Internal Audit, the SEVP Internal Audit acts as voting members.
Contributing Non-Voting Member	: Group Head/other Group Head level officials who attend the meeting due to relevancy with the committee agenda.

Duties, Authorities and Responsibilities of RBC

RBC is responsible for assisting the BOD in carrying out its functions which include:

1. Evaluating and establishing the Company's business strategy of the retail segment
2. Discussing and establishing an integrated development of retail business, including product development, business process, tariffs, infrastructure facilities and infrastructure as well as supporting technology businesses.
3. Discussing and establishing business strategies with Anchor Client Company
4. Monitoring and evaluating the performance of the business strategic initiatives/projects retail segment.
5. Discussing and resolving business issues including strategic alliances between units of the Company and Alliance with subsidiaries.
6. Delegating authority to designated officials to decide upon and implement the things that are the operational business.

Activities Conducted by RBC

During 2015, the Retail Business Committee has conducted activities including meetings, with agendas that are routine, strategic and ad hoc, as follows:

No.	Date	Agenda
1.	January 14, 2015	Update Progress Program Financial Literacy
2.	February 5, 2015	• Update SME Sector Solution on FMCG • Prioritisasi Inisiatif Corplan
3.	February 10, 2015	• SME Digital Platform & Merchant Solution Bank • Program Optimalisasi Collection & Recovery • Update Prioritisasi RBC
4.	February 18, 2015	• SME Digital Platform BCG • Portfolio Performance Dashboard • Retail Collection/Recovery Performance & Strategy
5.	February 24, 2015	• Rencana Implementasi Laku Pandai • Mobile Payment in Chatting Platform • Integrated Loyalty Program
6.	March 10, 2015	• Subsidiary Updates : BSM • SME Ready Branches • Acquiring Aggregator
7.	March 18, 2015	• WM Business & Service Model • Retail Marketing Updates Brand Health Check

No.	Date	Agenda
8.	March 25, 2015	- Retail Business Performance - Micro Branch Optimization Lean Branch - Update IT Retail Program
9.	April 1, 2015	- Subsidiary Updates : AMFS - Subsidiary Updates : MAGI - Retail Risk Performance - Mortgage : Strategy for Secondary Market - CC marketing engine
10.	April 7, 2015	- Retail Business Dashboard - SME Ecosystem - Preparation for Acquiring Aggregator Negotiation
11.	April 14, 2015	- HC Retail Recruitment Strategy - Strategies for Achieving KPR Targets for June 2015 - Strategies for Achieving Saving Account Targets
12.	April 21, 2015	- Credit Card Segment Profiling - WM Business & Service Model - Strategies for Achieving Saving Account Targets - Micro Lean Branches
13.	May 5, 2015	- Retail Business Performance - SME Ready Branches - Mandiri Digital Transformation
14.	May 12, 2015	- Update on Laku Pandai Implementation - SME FMCG Program - RBC Review
15.	19 Mei 2015	- Update Design Template Promotion - Retail Coll/Recovery Performance & Strategy - Credit Card: Marketing Engine - WM Cross Selling Strategy - Pricing KPR
16.	May 26, 2015	- Auto Loans Takeover & Auto Refinancing - Micro Expansion Program
17.	June 3, 2015	- KUR Mikro 2015 Program - SME Digital Platform & Merchant Solution Bank - Branch Re-Classification - Update on HC Recruitment Program
18.	June 9, 2015	- MTF Product Profitability - Incentive Recovery Program - Bank @Work : Retail Product Package - Tabungan MU
19.	June 16, 2015	Retail Business Performance

No.	Date	Agenda
20.	June 23, 2015	• Cons Loan Pre Approved Strategy • Incentive Recovery Program • MTF Product Profitability
21.	June 30, 2015	• IT Retail Program Update • Region's Pricing Authority • Payment Collaboration with GOJEK • eMoney Principal
22.	July 31, 2015	• Micro CSR Program • HC Retail Update • Review on Calculation for Retail Products
23.	August 4, 2015	• Credit Line for insurance companies • Branchless Banking in Timor Leste • SMC New Design • Wealth - Business & Service Model
24.	August 11, 2015	• Sebangsa App Implementation • Retail Ready Brach & B2B Marketplace
25.	August 18, 2015	• Retail Product - Profitability & Product Program • Digital Marketing • FMCG
26.	September 1, 2015	• IT Retail Product Update • KUR Product Manual • PSKS Disbursement Strategies
27.	September 15, 2015	• Retail Business Performance • Credit Card: Update Marketing Engine
28.	September 22, 2015	• Credit Card SLA End to End Process • Cross Selling Strategy Implementation Update
29.	September 29, 2015	• Credit Improvement Process up to IDR 2 B • Distribution Card • Product Package Program
30.	October 6, 2015	• FMCG Implementation Strategy Update • Update on IT Retail Initiatives in 2016 • e-Money Principal
31.	October 13, 2015	• f.u. RBC 29 Sept Business Process Improvements BB • Wealth: Customized Pricing Model • Gen Y Product Package
32.	October 16, 2015	Retail Ready Branch Strategy
33.	October 20, 2015	• PoC of EDM • Retail Marketing Updates - Brand Health Check • Retail Business Performance

No.	Date	Agenda
34.	October 27, 2015	• Payments: E/M - commerce • Mikro Expansion Strategy • SimPel Product Manual • Complain Handling Credit Cards
35.	November 3, 2015	• Update HC Retail Strategy • Retail Collection Recovery Performance Review • Monitoring Risk Dashboard • Heat Area Function Change • Segment Business Banking Financing Strategy
36.	November 10, 2015	• Update on Retail People Development • Update on Supply Chain Financing • Update on Cooperation CoBranding BTN Credit Card
37.	November 24, 2015	• Secondary Mortgage Update • Telco Value Chain Update • Retail Ready Branches Update
38.	December 1, 2015	• Update IT Retail Program • CC Business Owner & Mass Affluent • MTF Portfolio Analysis
39.	December 11, 2015	• Distribution Card • Branding Private Banking
40.	December 16, 2015	• Loan Pre-Approved Strategy Personal • BTN CoBranding Collaboration
41.	December 23, 2015	• Micro Operating Platform • Distribution Card
42.	December 31, 2015	• Update Retail Ready Branch • Micro Installment Saving

Meeting Frequency and Attendance Level of RBC

Retail Business Committee Meeting was held at least three (3) times a year or every time attended by the committee members in accordance quorum and where necessary at the request of one or more members of the committee with voting rights (voting member), or

at the request of the BOD or above written proposals of the Group relating to convey the material to be covered and coordinate with the Secretary of the Committee.

No.	Name	Number			%
		Meeting	Attendance	Absence	Attendance
Permanent Voting Member					
1.	Budi G. Sadikin	42	31	11	73%
2.	Abdul Rachman*	6	6	0	100%
3.	Sentot A. Sentausa	42	33	9	78%
4.	Hery Gunardi	42	35	7	83%
5.	Rico Usthavia Frans	42	39	3	93%
6.	Tardi	42	26	16	61%
7.	Ahmad Siddik Badruddin	42	34	8	80%
8.	Joseph Giorgino Godong	42	34	8	80%
Permanent Non-Voting Member					
1.	Ogi Prastomiyono*	6	5	1	83%
2.	Riyani T. Bondan	42	29	14	68%
Invitee					
1.	Mustaslimah	42	25	16	61%

Note

*) From January to March prior to alteration in the structure and membership of the committee due to change in the Board of Directors at the Annual Shareholders General Meeting dated March 16th, 2015

Wholesale Business Committee (WBC)

Wholesale Business Committee (WBC) is a committee established by under Decree of the BOD No. KEP. DIR/34/2015 dated January 15, 2015 to assist the BOD in determining the strategy of the Company

is an integrated business management, product management and/or activity of the Company and the determination of strategies and effectiveness marketing communication for the wholesale banking segment.

Structure and Membership of WBC

The members of the Wholesale Business Committee according to Decree of the BOD No. KEP.DIR/34/2015 dated January 15, 2015 are as follows:

WBC Membership

Chair	: Vice President Director/Deputy Group CEO
Secretary	: Group Head Transaction Banking Product Development Alternate : Group Head Transaction Banking Sales
Voting Member	Permanent Voting Member: 1. Vice President Director/Deputy Group CEO 2. Corporate Banking Director 3. Commercial Banking Director 4. Treasury & Markets Director 5. SEVP Transaction Banking 6. SEVP Wholesale Risk Non-Permanent Voting Member: Member of the BOD/SEVP related to materials presented as invitees.
Permanent Non-Voting Member	Risk Management & Compliance*) Director or the Group Head of Compliance Group or Compliance Group appointed officials. *) In the case of the Director of Risk Management & Compliance unable to attend not to exceed seven (7) working days in a row (temporarily unavailable), then the function of Director can be delegated to the of the Compliance Group Head or appointed officials of Compliance Group.
Invitee	SVP Internal Audit **) or the Group Head of Internal Audit Directorate or Internal Audit Directorate officials who attend the meeting as permanent non-voting members. **) In the case of the material discussed in committee is a stamp duty proposed by SEVP Internal Audit, the SEVP Internal Audit acts as a Voting Member.
Contributing Non-Voting Member	: Group Head/other Group Head level officials invited due to material being related to the agenda of the committee.

Duties, Authorities and Responsibilities of WBC

Duties, authorities and responsibilities of Wholesale Business Committee 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.

Activities Conducted by WBC

Wholesale Business Committee has been conducting several meetings with the following agenda:

Date	Agenda
February, 10 2015	• Application for Master Program Distributor Financing • Reporting and Renewal Application for Pilot Project Transaction Based Lending for Distributor Financing • Bond Market Deepening
April 7, 2015	• Change in Authorities over Wholesale Distribution Network Transformation • Change in Authorities over Company Limit, Global Intraday Limit and Intraday Facilities Utilization Limit
April 21, 2015	• Change in Authorities over Wholesale Distribution Network Transformation • Change in Authorities over Company Limit, Global Intraday Limit and Intraday Facilities Utilization Limit
June 16, 2015	Proposed Submission for Principle Approval of Structured Product to Financial Services Authority (OJK)
September 1, 2015	Crash Program for extracomptable credit arrangement with waivers of interest and penalties of 100%
November 3, 2015	• Revision to Warehouse Receipt MP KMK • Revision to Financing to Rural Banks MP • Revision to Mandiri Cash Management MP • Explanation on Revenues from Non-Loan Products
November 24, 2015	• Explanation on Revenues from Non-Loan Products of Wholesale Segment • Corporate & Large Commercial Debtor Classification • Credit Approval Process Re-engineering • Credit Monitoring Process Re-engineering • Business Products Management Update • Industrial Port Update
December 1, 2015	• Industry Health Care Update • Cash Top Debtor Transaction Analysis • Corporate Banking Debtor Risk Tiering • Business Opportunities with Incasi Group • Business Opportunities with Martabe Mine
December 17, 2015	• Business Process Re-engineering • Business Bond Treasury Potentials • Update to Cash Top Debtor Transaction Analysis

Meeting Frequency and Attendance Level of WBC

Wholesale Business Committee Meeting was held at least three (3) times a year or every time attended by the committee members in accordance quorum and where necessary at the request of one or more members of the committee with voting rights (voting member), or at the request of the Board of Directors or above written proposals of the Group relating to convey the material to be covered and coordinate with the Secretary of the Committee. 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.

No.	Name	Number			% Attendance
		Meeting	Attendance	Absence	
1	Budi G. Sadikin	3	3	0	100%
Permanent Voting Member					
1	Riswinandi*	1	1	0	100%
2	Sunarso*	1	1	0	100%
3	Sulaiman A. Arianto	8	7		88%
4	Pahala N. Mansury	8	6	1	75%
5	Royke Tumilaar	9	3	2	33%
6	Kartini Sally	8	7	6	88%
7	Rico Usthavia Frans	9	8	1	89%
8	Kepas Antoni A. Manurung	8	7	1	88%
Permanent Non-Voting Member				1	
1	Ahmad Siddik Badruddin	8	3	5	38%
Invitee					
1	Mustaslimah	8	6	2	75%

Note

*) Period January-March 2015

Risk Management Committee (RMC)

RMC is a committee established by Decree of the BOD No. KEP.DIR/170/2013 dated June 21, 2013 to assist the BOD to discuss and recommend policies and procedures in addition to human capital as well as monitor and manage the entire risk profile of the Company.

Structure and Membership of RMC

The members of the RMC according to the amended Decree of BOD Directors, No. KEP.DIR/29/2015, dated January 15, 2015 regarding Risk Management Committee are:

RMC Membership	
Chair	: Wakil Direktur Utama
Secretary	: Group Head Credit Portfolio Risk Group Head Operational Risk (Alternate)
Voting Member	Permanent Voting Member: 1. Vice President Director 2. Risk Management & Compliance Director 3. Technology & Operations Director 4. Finance & Strategy Director 5. SEVP Corporate Transformations 6. SEVP Retail Risk 7. SEVP Wholesale Risk Non-Permanent Voting Members: Directors and SEVP relevant to materials presented as invitees.
Permanent Non-Voting Member	: Group Head Compliance or Compliance Group officials as appointed.
Invitee	SEVP Internal Audit or Internal Audit Directorate present as Permanent Voting Members. **) In the event the material covered in the committee is proposed by SEVP Internal Audit, the SEVP Internal Audit acts as voting members.
Contributing Non-Voting Member	: Group Head/other Group Head level officials invited in relation to materials relevant to the committee agenda.

Duties, Authorities and Responsibilities of RMC

Duties, authorities and responsibilities of the RM in accordance with Decree of the BOD No. KEP. DIR/29/2015 dated January 15, 2015 regarding Risk Management Committee are as follows

1. Discussing, recommending policies and establishing procedures for the Company, outside the human capital policies and procedures.
2. Monitoring the risk profile and management of all risks in order to set risk appetite, integrated risk management strategy and capital adequacy.
3. Establishing methodology, scenarios, including the evaluation of the stress condition in the risk assessment and contingency plan.

4. 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.
5. Conducting a strategic discussion within the scope of risk management, including subsidiaries.
6. 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).

7. 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.

Activities Conducted by RMC

The RMC conducted activities including meetings with the following agenda:

Date of the Meeting	Agenda
January 21, 2015	Report Risk Profile Bank Mandiri (Bank Only & Consolidation) Q4-2014
March 13, 2015	- Approval of Proposed Initiative By External Rating Agencies (PEFINDO, ICRA or Fitch) Debtor CB-CBC For the calculation of RWA-SA - Approval of Proposed Risk Appetite Statement (RAS)
April 21, 2015	Reporting Risk Profile Bank Mandiri Q1-2015 (Individual and Consolidated)
April 28, 2015	- Update of Risk Management Committee Work Plan 2015 - Approval Portfolio Guideline 2015 (Industry Classification and Industry Limit) - Agreement on a trial calculation of the LCR and LR Bank Mandiri and Consolidated Position March 2015 - Internal Control Reporting PWC 2014
May 26, 2015	- Approval of Proposed Risk Appetite Statement (RAS) - Approval of Proposed grading Debtor Bank Mandiri - Stress Testing Update Simulation Results Q1 2015 - Update Loan to Funding Ratio
July 1, 2015	- ICLS Implementation - Reporting Business Continuity Management Implementation
July 9, 2015 (circular)	Approval of Proposed Management Unrealized Loss Ratio to Equity Securities AFS (Memorandum No. RIC/025/2015)
July 24, 2015	- Approval Risk Profile Bank Mandiri (Bank Only) Second Quarter 2015 - Update Trial Calculation Liquidity Coverage Ratio (LCR) and Leverage Ratio (LR) Second Quarter 2015 - Approval of Risk Appetite Statement

Tanggal Rapat	Agenda
August 13, 2015	- Update Mandiri Investment Portfolio Performance Group - Approval Guideline Value Chain Financing - Approval Portfolio Guideline Territory
October 28, 2015	- Bank Mandiri New Rating System & Implementation & Basel II IRB Implementation Preparation - Update Trial Calculation Liquidity Coverage Ratio (LCR) and Leverage Ratio (LR) Third Quarter 2015
December 21, 2015 (circular)	- Update Simulation Results Stress Testing Bank Only Q3 2015 (Memorandum No. RIC/043/2015) - Approval of Proposed Banking Book Review Limit Management (Memorandum No. RIC/044/2015)

Meeting Frequency and Attendance Level of RMC

During 2015, the RMC has conducted a meeting as many as nine (9) times and Circular 2 (two) times the frequency of meetings and the level of presence of the board of management and SEVP (Meetings) as follows:

No.	Name	Number			% Attendance
		Meeting	Attendance	Absence	
Permanent Voting Member					
1	Riswinandi	2	2	0	100%
2	Sulaiman A. Arianto	4	4	0	100%
3	Ogi Prastomiyono	9	8	1	89%
4	Ahmad Siddik Badruddin	9	8	1	89%
5	Kresno Sediarsi	2	2	0	100%
6	Pahala N. Mansury	2	1	1	50%
7	Kartika Wirjoatmodjo	2	1	1	50%
8	Ventje Rahardjo	9	6	3	67%
9	Tardi	2	2	0	100%
10	Riyani T. Bondan	7	5	2	71%
11	Kepas Antoni A. Manurung	7	6	1	86%
Non-Permanent Voting Member					
1	Abdul Rachman	1	1	0	100%
2	Fransisca Nelwan Mok	1	1	0	100%
3	Sentot A. Sentausa	4	1	3	25%
4	Sunarso	1	0	1	0%
5	Hery Gunardi	3	0	3	0%
6	Pahala N. Mansury	2	1	1	50%

No.	Name	Number			% Attendance
		Meeting	Attendance	Absence	
Non-Permanent Voting Member					
7	Royke Tumilaar	6	1	5	17%
8	Joseph Georgino Godong	2	2	0	100%
9	Kartini Sally	4	1	3	25%
10	Tardi	1	0	1	0%
Permanent Non-Voting Member					
1	Chrisna Pranoto / (Pejabat Compliance)	9	7	2	78%
Non-Permanent Voting Member					
1	Mustaslimah / (Pejabat Dir. Internal Audit)	9	9	0	100%
2	Sulaiman A. Arianto	3	1	2	33%
3	Kartika Wirjoatmodjo	5	2	3	40%
4	Kartini Sally	2	2	0	100%
5	Tardi	2	1	1	50%

Notes

1. From the results of the RUPS in March 2015 there is a change of the Board of Directors/SEVP Permanent Voting Member of RMC as follows:

Directors/SEVP	Prior to RUPS Mar 2015	After RUPS Mar 2015
a. Wakil Direktur Utama	Riswinandi (Invited twice as a permanent voting member - Vice President Director)	Sulaiman A. Arianto (Invited 3x as an Invitee because still in the process of fit and proper test, and 4x as a permanent voting member - Vice President Director)
b. Dir. Risk Management & Compliance	Ogi Prastomiyono (Invited twice as a permanent voting member - RMC Dir.)	Ahmad Siddik Badruddin (Invited 7x as a permanent voting member - RMC Dir.)
c. Dir. Technology & Operations	Kresno Sediarsi (Invited twice as a permanent voting member - TOP Dir.)	Ogi Prastomiyono (Invited 7x as a permanent voting member - TOP Dir.)
d. Dir. Finance & Strategy	Pahala N. Mansury (Invited twice as a permanent voting member - FST Dir.)	Kartika Wirjoatmodjo (Invited 5x as an Invitee because still in the process of fit and proper test, and 2x as a permanent voting member - FST Dir.)
e. SEVP Corporate Transformations	Ventje Rahardjo (Invited twice as a permanent voting member - SEVP Change Management Office)	Ventje Rahardjo (Invited 7x as a permanent voting member - SEVP Corp. Transformations)
f. SEVP Retail Risk	Ahmad Siddik Badruddin (Invited twice as a permanent voting member - SEVP RTR)	Riyani T. Bondan (Invited 7x as a permanent voting member - SEVP RTR)
g. SEVP Wholesale Risk	Tardi (Invited twice as a permanent voting member - SEVP Wholesale Risk)	Kepas Antoni A. Manurung (Invited 7x as a permanent voting member - SEVP Wholesale Risk)

From the results of the RUPS in March 2015, there was a change of the BOD/SEVP as Permanent Non Voting Member and RMC Invitees:

Directors/SEVP	Prior to RUPS Mar 2015	After RUPS Mar 2015
a. SEVP Internal Audit	Riyani T. Bondan (Invited twice as a permanent voting member - SEVP IA)	Mustaslimah (Invited 7x as an invitee – SEVP IA)
b. Dir. Commercial Banking	Kartini Sally (Invited twice as a permanent voting member - Executive Official of Comm Banking)	Kartini Sally (Invited 4x as a non-permanent voting member - Comm Banking Dir.)
c. Dir. Micro & Business Banking	Tardi (Invited twice as a permanent voting member - Executive Official of MBB)	Tardi (Invited 1x as a non-permanent voting member - MBB Dir.)

Human Capital Policy Committee (HCPC)

Human Capital Policy Committee is a committee established under Decree of the BOD No. KEP.DIR/171/2013 dated June 21, 2013 to assist the BOD in setting up the Company's human capital management strategy.

Structure and Membership of HCPC

The membership of the Human Capital Policy Committee based on Decree of the BOD No. KEP.DIR/33/2015 dated January 15, 2015 concerning Human Capital Policy Committee is as follows:

HCPC Membership	
Chair	: President Director/Group CEO
Secretary	: Group Head Human Capital Strategy & Policy Group Head Human Capital Services (Alternate)
Voting Member	: Permanent Voting Member: 1. President Director/Group CEO 2. Vice President Director/Deputy Group CEO 3. Distributions Director 4. Technology & Operations Director 5. SEVP Human Capital
	: Non-Permanent Voting Member: BOD members or SEVP related to material presented as an invitee.

HCPC Membership

Anggota Tetap Tanpa Hak Suara (Permanent Non-Voting Member)	: Direktur Risk Management & Compliance*) atau Group Head Compliance atau pejabat Compliance Group yang ditunjuk. *) Dalam hal Direktur Risk Management & Compliance berhalangan hadir tidak melebihi tujuh (7) hari kerja berturut-turut (berhalangan sementara), maka fungsi Direktur Kepatuhan dapat didelegasikan kepada Group Head Compliance atau pejabat Compliance Group yang ditunjuk.
Invitee	: SVP Internal Audit or Group Head of Internal Audit Directorate of Internal Audit Directorate officials who attend the meeting as permanent voting members.
Anggota Pemberi Kontribusi Tanpa Hak Suara (Contributing Non-Voting Member)	: Group Head/setingkat Group Head lainnya yang hadir sebagai undangan terkait dengan materi yang menjadi agenda komite

Duties, Authorities and Responsibilities of HCPC

HCPC has the duties, authorities and responsibilities as follows:

1. Discussing/recommending policies and establish procedures and operational systems Human capital management.
2. Establishing strategic direction and operational management of Human Capital, including the company's culture and values.
3. 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.
4. Establishing strategic direction of development of information systems Human Capital
5. Establishing and developing organizations including compliance, development and training of Human Capital according to business needs of the company.

6. Establishing individual performance management and rewards, talent & succession management and employee relations.
7. Establishing limits of authority in Human Capital management
8. Discussing and resolving problems in the management of strategic Human Capital.

In its capacity as a committee, HCPC 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 Articles of the Company.

Activities Conducted by HCPC

In 2015, Human Capital Policy Committee discussed the following matters:

Date	Discussion
February 25, 2015	- Assessment of Mandiri Best Employee 2014 - Assessment of Culture Excellence Award (CEA) 2014 (Bank Mandiri Work Unit and Subsidiaries) - Series of events at Mandiri Excellence Award
May 12, 2015	<i>L2 Position Evaluation & Implementation Result Presentation</i>
April 2, 2015	- Proposed Scheme of Car Ownership Program - Proposed improvements on Bank Mandiri Human Resources Policy (KSDM) - Accelerating Management Development program - Proposed adjustments to the initial grade for the ODP Regional & SDP PPMM.
3 Juni 2015	- Officer Development Program Policy Improvement - Talent Development Program - Culture Strategy
3 September 2015	Site Allowance

Meeting Frequency and Attendance Level of HCPC

During 2015, HCPC has conducted five (5) meetings with the level of attendance of committee members as in the following table:

No.	Name	Number			%
		Invitee	Attendance	Absence	Attendance
Permanent Voting Member					
1	Budi G. Sadikin	5	5	0	100%
2	Riswinandi*	1	1	0	100%
3	Sulaiman A. Arianto*	1	1	0	100%
4	Kresno Sediarsi*	1	1	0	100%
5	Sentot A. Sentausa	4	4	0	100%
6	Ogi Prastomiyono	4	4	0	100%
7	Sanjay N. Bharwani	5	5	0	100%
Non-Permanent Voting Member					
1	Pahala N. Mansury	1	1	0	100%
2	Sunarso*	1	1	0	100%
3	Royke Tumilaar	1	1	0	100%
4	Hery Gunardi	2	2	0	100%
5	Tardi	2	2	0	100%
6	Ahmad Siddik Badruddin	1	1	0	100%
7	Kartini Sally	1	1	0	100%

No.	Name	Number			% Attendance
		Invitee	Attendance	Absence	
Non-Permanent Voting Member					
8	Riyani T. Bondan	2	2	0	100%
9	Ventje Rahardjo	1	0	1	0%
10	Rico Usthavia Frans	2	1	1	50%
11	Joseph Georgino Godong	2	1	1	50%
12	Kepas A. A. Manurung	1	1	0	100%
Invitee					
1	Riyani T. Bondan*	1	1	0	100%
2	Mustaslimah	4	2	2	50%

Note

*) Total attendance included above are calculated after officials have effectively took office. Calculated for the position of director effective after graduating from the fit and proper test of the OJK.

Information Technology Committee (IT Committee)

IT Committee is a committee formed to assist the 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. IT Committee was established based on Decree of the BOD of PT Bank Mandiri (Persero) Tbk. No. Kep.Dir/31/2015 dated January 15, 2015 of the Information Technology Committee.

Structure and Membership of IT Committee

The membership of IT Committee based on Decree of the BOD No. Kep.Dir/31/2015 dated January 15, 2015 of IT Committee is as follows.

Membership of IT Committee

Chair : President Director/Group CEO

Secretary : • Group Head IT Strategy & Architecture
• Group Head IT Application Development (Alternate)

Voting Member : Permanent Voting Member:
1. President Director/Group CEO
2. Technology & Operations Director
3. Finance & Strategy Director
4. SEVP Corporate Transformations
5. SEVP Retail Risk
6. SEVP Chief Technology Officer

Non-Permanent Voting Member:
BOD member/SEVP related to material presented as invitees.

Permanent Non-Voting Member : Risk Management & Compliance*) Director or Compliance Group Head or appointed Compliance Group officials.
*) In the case the Risk Management & Compliance Director is unable to attend exceeding seven (7) working days in a row (temporarily unavailable), then the function of Director can be delegated to the Compliance Group Head or Compliance Group officials appointed

Invitee : SEVP Internal Audit**) or Internal Audit Group Head or Internal Audit Directorate officials present as permanent non-voting members.
**) In terms of the material covered is a material proposed by SEVP Internal Audit, the SEVP Internal Audit acts as voting member

Contributing Non-Voting Member : Group Head/other Group Head level officials related to material in the committee agenda

Duties, Authorities and Responsibilities of IT Committee

Duties, authorities and responsibilities of IT Committee are:

1. 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.

Activities Conducted by IT Committee

By 2015 the IT Committee has conducted activities as follows:

1. Approval of the alignment of technology for collaborative group-wide associated DC/DRC, Master Data Management, and operating models.
2. Approval of the change initiatives related to the cancellation of several IT 2015 IT initiatives in 2015 and the formation of strategic initiatives in 2015 new IT and the consequences of changes in the composition of the IT budget related changes.

3. Approval of the schedule for the implementation of infrastructure relocation Bank Mandiri and Subsidiaries.
4. Approval in principle on the proposed IT program for IT Architecture Roadmap.
5. Approval of the results of the review and adjustment of the budget plan proposed IT initiatives in 2015.
6. Acceptance of exposure to update the project's strategic initiatives IT Master Data Management

Meeting Frequency and Attendance Level of IT Committee

Selama tahun 2015, IT Committee telah melakukan rapat sebanyak 3 (tiga) kali dengan frekuensi rapat dan tingkat kehadiran anggota IT Committee sebagai berikut:

No.	Name	Number			%
		Invitee	Attendance	Absence	Attendance
Permanent Voting Member					
1.	Budi G. Sadikin	3	3	0	100%
2.	Ogi Prastomiyono	3	3	0	100%
3.	Kartika Wirjoatmodjo	3	2	1	67%
4.	Riyani T. Bondan	3	2	1	67%
5.	Ventje Rahardjo	3	3	0	100%
6.	Joseph Georgino Godong	3	3	0	100%
Non-Permanent Voting Members					
1.	Sulaiman A. Arianto	1	1	0	100%
2.	Rico Usthavia Frans	2	2	0	100%
Permanent Non-Voting Member					
1.	Ahmad Siddik Badruddin	3	3	0	100%
Invitee					
1.	Mustaslimah	3	3	0	100%

Capital & Subsidiaries Committee (CSC)

Capital & Subsidiaries Committee is a committee established by Decree of the BOD No. KEP. DIR/32/2015 dated January 15, 2015 to assist the BOD 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

Composition of Capital & Subsidiaries Committee (CSC) based on the Decree of the Board No. KEP.DIR/32/2015 dated January 15, 2015 is as follows:

CSC Committee

Chair : President Director

Secretary : Group Head Strategy & Performance Management
Head of Merger & Acquisition – Corporate Transformation (Alternate)

Permanent Voting Member:
1. President Director
2. Vice President Director
Voting Member : 3. Finance & Strategy Director
4. SEVP Corporate Transformations
5. SEVP Wholesale Risk
6. SEVP Retail Risk

Non-Permanent Voting Member:
BOD member/SEVP related to material presented as invitees

Permanent Non-Voting Member : Risk Management & Compliance*) Director or Compliance Group Head or appointed Compliance Group officials.
*) In the case the Risk Management & Compliance Director is unable to attend exceeding seven (7) working days in a row (temporarily unavailable), then the function of Director can be delegated to the Compliance Group Head or Compliance Group officials appointed.

Invitee : SEVP Internal Audit**) or Internal Audit Group Head or Internal Audit Directorate officials present as permanent non-voting members.
**) In terms of the material covered is a material proposed by SEVP Internal Audit, the SEVP Internal Audit acts as voting member

Contributing Non-Voting Member : Group Head/other Group Head level officials related to material in the committee agenda

Duties, Authorities and Responsibilities of CSC

Duties, authorities and responsibilities of CSC include:

1. Establishing strategy and restrictions management subsidiaries.
2. Discussing and recommending strategic initiatives equity business.
3. Evaluating and deciding on additional capital for subsidiaries to the extent not change the status of the majority owner.
4. Recommending equity and divestiture plans, and evaluate the financial performance of subsidiaries.
5. Recommending management strategies, remuneration and members of the BOD/BOC of the subsidiaries and the Work Plan and Budget (CBP) and the RUPS of subsidiaries.
6. Monitoring and evaluating strategies and financial management of Financial Institutions Pension Fund (Pension Fund) and the Pension Fund Investment strategy.

In its capacity as a committee, CSC does not have the authority to act on behalf of and on behalf of the Company or signed binding agreements with third

parties, actions represent the Company must be done in line with the provisions of the Articles of Association of the Company.

Activities Conducted by CSC

In 2015 CSC conducted policy implementation through activities and meeting with the following agenda:

1. Activities conducted:

- a. Doing prioritization on proposals to be submitted as CSC agenda, inventory of materials/topics to be scheduled.
- b. Creating and delivering CSC call invitation.
- c. Ensuring that the attendance has reached quorum with the provisions of the quorum meeting.
- d. Administering, recording and writing Minutes of CSC Meeting.
- e. Delivering the minutes of meetings to all members of the committee.
- f. Writing notes and monitoring the follow-up of the minutes of the CSC and to submit a follow-up report of the committee members with voting rights.
- g. Making adjustments CSC tasked to assist the Board of Directors in setting the strategic management of its subsidiaries, on capital investment as well as the remuneration and determination of members of the BOC and/or BOD of subsidiaries.

2. CSC meetings and their agenda:

Minutes No.	Date	Agenda
CPC/01/2015	February 10, 2015	- Update on the implementation of the proposed acquisition of Admedika or Project Ganesha. - Appointment of PMV management of PT Mandiri Capital Indonesia.
CPC/02/2015	March 3, 2015	- Suggestion on the management of Venture Capital. - Suggestion on the management of Venture Capital bank.
CPC/03/2015	March 10, 2015	- Proposed Fiscal Year 2014 AGM agenda Subsidiary BSM, MTF, MMI and BSHB addition to agenda management, and remuneration. - Proposed and determination of the management and remuneration of the Board of Subsidiary MTF, BSM, MMI and BSHB.
CPC/04/2015	March 24, 2015	- Proposed Fiscal Year 2014 AGM agenda Subsidiary Mansek, AMFS, MAGI and InHealth apart agenda management and remuneration - Proposed and determination of management to (MML, Mansek, AMFS and InHealth) and remuneration of the Board Subsidiary for BSM, Mansek, AMFS, MAGI and InHealth. - Capital Increase PT Mandiri AXA General Insurance

Minutes No.	Date	Agenda
CPC/05/2015	April 7, 2015	- Proposal and the determination of the management board of the company Son Mansek, MMI, MAGI and BSHB - Proposal of the Board of Trustees and the Independent Healthcare Advisory and Investment Manager Approval Authority
CPC/06/2015	May 13, 2015	Proposed Management on Subsidiary Bank Settled in BSHB, AMFS, MAGI and MIR
CPC/07/2015	August 18, 2015	Proposed establishment of Management of Subsidiary (AMFS, MAGI, InHealth, and MMI)
CPC/08/2015	August 25, 2015	Plan for Capital Bank Syariah Mandiri
CPC/09/2015	September 29, 2015	- Proposed establishment of an Independent Commissioner MAGI - Proposed Buyback Shares Steady Minority Bank - Proposed establishment of Mandiri Sekuritas Singapore
CPC/10/2015	September 29, 2015	- Proposed establishment of Mandiri Sekuritas Singapore - Determination of Management of Subsidiary (AMFS, MMI and MIR)
CPC/11/2015	20 November 2015	Permohonan persetujuan pengambilan keputusan CSC sirkuler tentang Usulan Penyesuaian Gaji dan Tunjangan Direktur Operational Mandiri International Remittance
CPC/12/2015	October 5, 2015	CBP approval 2016 for InHealth, AMFS, MAGI
CPC/13/2015	10 Desember 2015	Persetujuan pengambilan keputusan CSC sirkuler tentang Usulan Penyesuaian Gaji dan Tunjangan Direktur Operational Mandiri International Remittance.

Meeting Frequency and Attendance Level of CSC

During 2015, CSC had met 11 (eleven) times, with the frequency of meetings and attendance rate of CSC members as follow:

No.	Name	Number			%
		Invitee	Attendance	Absence	Attendance
Permanent Voting Member					
1.	Budi G. Sadikin	11	10	1	91%
2.	Riswinandi*	3	3	0	100%
3.	Pahala N. Mansury*	3	3	0	100%
4.	Ventje Rahardjo	11	10	1	91%
5.	Ahmad Sidik Badruddin*	3	3	0	100%
6.	Tardi*	3	1	2	33%
7.	Sulaiman A. Ariyanto	5	4	1	80%
8.	Kartika Wirjoatmodjo	5	5	0	100%
9.	Riyani T. Bondan	8	6	2	75%
10.	Kepas A.A Manurung	8	8	0	100%

No.	Name	Number			%
		Invitee	Attendance	Absence	Attendance
Non Permanent Voting Members					
1.	Pahala N. Mansury	6	3	3	50%
2.	Hery Gunardi	7	7	0	100%
3.	Sulaiman A. Ariyanto	1	1	0	100%
4.	Kartika Wirjoatmodjo	1	1	0	100%
5.	Sentot A. Sentausa	2	1	1	50%
6.	Tardi	7	6	1	86%
7.	Sanjay N. Bharwani	7	6	1	86%
8.	Fransisca N. Mok*	1	1	0	100%
9.	Royke Tumilaar	4	4	0	100%
10.	Rico Usthavia Frans	3	3	0	100%
11.	Abdul Rachman*	1	1	0	100%
12.	Sunarso*	1	1	0	100%
Permanent Non-Voting Member					
1.	Ahmad Siddik Badruddin	8	5	3	63%
Invitee					
1.	Riyani T. Bondan	3	3	0	100%
2.	Mustaslimah	7	5	2	71%

Note

*) The composition of the permanent voting member change due to Reorganization of the Bank Mandiri based on the RUPS on March 16, 2015. Mr. Sulaiman A. Ariyanto has effectively served as of June 25, 2015 based on letter No. FST/528/2015

Credit Committee

Bank Mandiri has made improvements to the credit granting process is fundamental in order to ensure prudent lending and according to the principles of risk management best practices and to reinforce the application of the principles of corporate governance. 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. To that end, the Bank has established a Credit Committee based on the

decision of the Directors No. KEP.DIR/168/2013 dated June 21, 2013. In the event that one member of the credit committee functioning credit recovery called Restructuring Credit Committee.

Structure and Membership of Credit Committee

Category A Credit Committee is the highest committee of the authority to decide on the structure of credit and loan restructuring with the members as follows:

No.	Hierarchical Structure of Category A Credit Committee	Category A Credit Committee Members
1.	Holders of authorities from Risk Management function	1. Budi G. Sadikin 2. Sulaiman A. Arianto, ¹⁾ 3. Ahmad Siddik Badruddin, ²⁾ 4. ogi Prastomiyono, ³⁾ 5. Kartika Wirjoatmojo, ⁴⁾ 6. Ventje Raharjo, 7. Riyadi T. Bondan, ⁵⁾ 8. Kepas Antoni A. Manurung, ⁶⁾ 9. Sulaeman, 10. Tatang Tabroni, 11. Karya P. Budi, ⁷⁾ 12. M. Sigit Pambudi, ⁷⁾
2.	Holders of authorities from Business function	1. Sentot A. Sentausa, ⁸⁾ 2. Pahala N. Mansury, ⁹⁾ 3. Royke Tumilaar, 4. Heri Gunardi, 5. Kartika Sally 6. Rico Ustavhia Frans, 7. Tardi ¹⁰⁾ 8. Sucipto Prayitno, 9. Indarto Pamungkas

1. Functions Business group since June 25th, 2015, turned into the group of Risk Function since November 2015
2. No longer a committee member since June 25, 2015
3. Become Risk function group since June 25, 2015
4. Become Risk function group since August 12, 2015
5. Become Risk function group since April 8, 2015
6. Become Risk function group since March 17, 2015
7. Effective from November 10, 2015
8. Initially Group Risk functions turned into groups of Business functions since June 25, 2015
9. Initially Group Risk functions turned into groups of Business functions since March 31, 2015
10. Initially Group Risk functions turned into groups of Business functions since March 31, 2015

Quorum for Credit Committee Category A:

1. Quorum for Credit Committee Category A.1: 3 members of Risk Management + 3 members of Business	3. Quorum for Credit Committee Category A.3 : 2 members of Risk Management + 2 members of Business
2. Quorum for Credit Committee Category A.2 : 3 members of Risk Management + 2 members of Business	4. Quorum for Credit Committee Category A.4 : 2 members of Risk Management + 1 members of Business

Credit Committee Membership

Chair : The Committee does not have a chief

Secretary : Group Head Corporate Risk & Commercial Risk

Permanent Voting Member:

1. Budi G. Sadikin
2. Sulaiman A. Arianto
3. Ahmad Siddik Badruddin *)
4. Ogi Prastomiyono
5. Kartika Wirjoatmodjo
6. Ventje Raharjo
7. Riyani T. Bondan
8. Kepas Antoni A. Manurung
9. Sulaeman
10. Tatang Tabroni
11. Karya P. Budi
12. M. Sigit Pambudi
13. Sentot A. Sentausa
14. Pahala N. Mansury
15. Royke Tumilaar
16. Hery Gunardi
17. Tardi
18. Kartini Sally
19. Rico Usthavia Frans
20. Sucipto Prayitno
21. Indarto Pamoengkas *)

Voting Member

:

*) No longer a member of the committee since June 25, 2015

Non-Voting Member

:

Compliance & Human Capital Director or Compliance Group Head or Department Head or appointed Compliance Group officials.

Duties, Authorities and Responsibilities of Credit Committee

Duties, authorities and responsibilities of the Credit Committee in accordance with SPK per segment 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 collectibility 3, 4, 5 and collectability 1 and 2 after the restructuring is still manageable Credit Recovery Unit.
2. Restructuring credit collectibility 1 and 2 category watch list established by the Credit Risk Management Unit.

3. Rescuing/resolving extracomptable 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.

Activities Conducted by Credit Committee

In 2015, the Credit Committee made several decisions related to the Company's credit portfolio.

Meeting Frequency and Attendance Level of Credit Committee

During early 2015 until December 31, 2015, the Credit Committee held meetings as many as 556 times with the frequency and attendance level as follows:

No.	Name	Number			% Attendance
		Invitee	Attendance	Absence	
Fungsi Risk Management					
1	Budi G. Sadikin	16	16	0	100%
2	Sentot A. Sentausa	31	31	0	100%
3	Ogi Prastomiyono	129	129	0	100%
4	Tardi	199	199	0	100%
5	Ahmad Siddik Badruddin	85	85	0	100%
6	Kartika Wirjoatmodjo	14	14	0	100%
7	Riyani T. Bondan	36	36	0	100%
8	Ventje Rahardjo	33	33	0	100%
9	Kepas A. A. Manurung	293	293	0	100%
10	Sulaeman	107	107	0	100%
11	Tatang Tabroni	263	263	0	100%
12	Karya P. Budi	5	5	0	100%
13	M. Sigit Pambudi	7	7	0	100%
Fungsi Business Unit					
1	Sulaiman A. Arianto	176	176	0	100%
2	Pahala N. Mansury	96	96	0	100%
3	Royke Tumilaar	337	337	0	100%
4	Hery Gunardi	66	66	0	100%
5	Kartini Sally	228	228	0	100%
6	Rico Usthavia Frans	153	153	0	100%
7	Sucipto Prayitno	12	12	0	100%
8	Indarto Pamoengkas	4	4	0	100%

Integrated Risk Committee (IRC)

Integrated Risk Committee is a committee established based on Decree No. KEP.DIR/37/2015 dated January 15, 2015 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

The composition of the IRC is as follows:

IRC Membership	
Chair	: Risk Management & Compliance Director
Secretary	: Group Head Credit Portfolio Risk Group Head Operational Risk (Alternate)
Permanent Member	: Permanent Member (Bank Mandiri): 1. Risk Management & Compliance Director 2. Finance & Strategy Director 3. Technology & Operations Director 4. SEVP Corporate Transformation 5. SEVP Wholesale Risk 6. SEVP Retail Risk Permanent Member (Subsidiaries) 1. Risk Management Director of Bank Syariah Mandiri 2. Risk Management Director of Mandiri Sekuritas 3. Risk Management Director of Mandiri Tunas Finance 4. Risk Management Director of AXA Mandiri Financial Services
Non- Permanent Member	: 1. Bank Mandiri Directors/SEVPs other than the permanent members 2. Directors of subsidiaries other than the permanent members 3. Group Head/other Group Head level officials of Bank Mandiri 4. Group Head/other Group Head level officials of subsidiaries
Invitee	: SEVP Internal Audit**) atau Group Head Internal Audit atau Pejabat Direktorat Internal Audit yang hadir sebagai undangan tetap tanpa hak suara. **) Dalam hal materi yang dibahas pada Komite merupakan materi yang diusulkan oleh SEVP Internal Audit, maka SEVP Internal Audit bertindak sebagai Voting member.
Anggota Pemberi Kontribusi Tanpa Hak Suara (Contributing Non-Voting Member)	: Group Head/setingkat Group Head lainnya yang hadir sebagai undangan terkait dengan materi yang menjadi agenda komite

Duties, Authorities and Responsibilities of IRC

Duties, authorities, and responsibilities of the Integrated Risk Management Committee are:

IRC provides recommendations to the BOD which include among others:

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;
4. Other necessary recommendations in order to construct or evaluate the Integrated Risk Management policy.

Activities Conducted by IRC

In 2015 the IRC held the following meetings (from the IRC's meeting agenda):

No.	Date	Agenda
1.	June 16, 2015	Preparing Guidelines for ICG and SMPG
2.	July 15, 2015	ICG Implementation
3.	August 5, 2015	• ICG Report • SMPG changes on Investment and Corporate Culture • Integrated Risk Profile for Q2 2015
4.	October 19, 2015	• a. Integrated Risk Profile for Q3 2015 • b. SMPG changes on IT Collaboration

Meeting Frequency and Attendance Level of IRC

During 2015, IRC had met four times with the frequency of meetings and attendance level as follows:

No.	Name	Number			% Attendance
		Invitee	Attendance	Absence	
Permanent Member (Bank Mandiri)					
1.	Ahmad Siddik Badruddin	4	4	0	100%
2.	Ogi Prastomiyono	4	2	2	50%
3.	Kartika Wirjoatmodjo	4	1	3	25%
4.	Riyani T. Bondan	4	4	0	100%
5.	Ventje Rahardjo	4	1	3	25%
6.	Kepas A. Manurung	4	2	2	50%

No.	Name	Number			%
		Invitee	Attendance	Absence	Attendance
Permanent Member (Subsidiaries)					
1.	Risk Management Director of Bank Syariah Mandiri	4	4	0	100%
2.	Risk Management Director of Mandiri Sekuritas	4	4	0	100%
3.	Risk Management Director of Mandiri Tunas Finance	4	4	0	100%
4.	Risk Management Director of AXA Mandiri Financial Seviles	4	4	0	100%
Non-Permanent Member					
1.	Risk Management Director of Mandiri AXA General Insurance	4	4	0	100%
2.	Risk Management Director of Mandiri InHealth	4	4	0	100%
3.	Risk Management Director of Bank Mandiri Taspen Pos (due to location, only attended the 1st meeting)	1	1	0	100%
4.	Risk Management Director of Mandiri Manajemen Investasi	4	4	0	100%
5.	Risk Management Director of Mandiri Utama Finance (only attendd the last meeting as it only just commenced operations)	1	0	1	0%
Invitee Bank Mandiri					
1.	Mustaslimah	4	3	1	75%
Invitee from Subsidiaries (related to materials presented for one meeting)					
1.	IT Director of Bank Syariah Mandiri	1	1	0	100%
2.	IT Director of Mandiri Sekuritas	1	1	0	100%
3..	T Director of AXA Mandiri Financial Services	1	1	0	100%
4.	IT Director of Mandiri InHealth	1	1	0	100%
5..	Direktur IT Mandiri Utama Finance	1	1	0	100%

Policy & Procedure Committee(PPC)

Policy & Procedure Committee is a committee established by the Board of Directors Decision No. KEP.DIR/36/2015 dated January 15, 2015 and was then adjusted according to Decree of the BOD No. KEP.DIR/226/2015 dated August 18, 2015 with the task to assist the Board of Directors 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) included in the management of human capital.

Structure and Membership of PPC

The membership of PCC is as follows:

PPC Membership		
Chair	:	Risk Management & Compliance Director
Secretary	:	Group Head Policy & Procedure Group Head Operational Risk (Alternate)
Voting Member	:	Permanent Voting Member: 1. Risk Management & Compliance Director 2. Technology & Operations Director 3. Distributions Director 4. SEVP Corporate Transformations
		Non-Permanent Voting Member: BOD member/SEVP related to material presented as invitees.
Permanent Member	Non-Voting :	Compliance Group Head or Compliance Group officials appointed or invited must attend the meeting.
Invitee	:	SEVP Internal Audit**) or Internal Audit Directorate Group Head or Internal Audit Directorate officials invited as permanent non-voting members. **) In the event the material discussed is proposed by SEVP Internal Audit, SEVP Internal Audit acts as a Voting Member
Contributing Non-Voting Member	:	Group Head/other Group Head level officials invited in relation to the committee agenda.

Duties, Authorities and Responsibilities of PPC

Duties, authorities, and responsibilities of PPC include:

1. Discussing and making recommendations to the BOD on adjustments/improvements of corporate policies including human capital policies.
2. Establishing adjustments/improvements of the Company procedures including procedures for human capital.
3. Discussing and deciding on the granting of authority to the Company ex-officio officers included in the management of human capital.

Activities Conducted by PPC

In 2015 Policy & Procedure Committee conducted a meeting related to adjustments/improvements Liability Policy, Standards Guidelines/Procedures including the delegation of authority to discuss and decide upon the appropriate company official meeting agenda Policy & Procedure Committee:

1. Rekapitulasi keputusan Policy & Procedure Committee tahun 2015

No.	Description	# of Decisions
1.	Adjustments to Company Policies	7
2.	Adjustments to Standard Guidance/Procedure	29
3.	Operational Technical Guideline Reports	2
4.	Delegation of authority to the Company officials	2

2. Agenda of Policy & Procedure Committee conducted in 2015

No.	Date	Agenda	Presenting Group
1.	February 17, 2015	Revision to Corporate SPK	Policy & Procedure
		Revision to Credit Collection & Recovery SPO	Retail Credit Recovery
		Revision to Treasury SP	Market Risk
		Revision to Investment in & Management of Subsidiaries SP	Wholesale Credit Recovery
2.	March 13, 2015	Revision to Financial Institution SPK	Policy & Procedure
		Revision to Business Banking SPK	Policy & Procedure
		Revision to Treasury SP	Market Risk

No.	Date	Agenda	Presenting Group
3.	March 27, 2015	Delegation of Authority to Regional Offices (Distribution Network Transformation)	Policy & Procedure
		Revision to Bank Mandiri Credit Policy	Policy & Procedure
		Revision to Corporate SPK	Policy & Procedure
		Revision to Commercial SPK	Policy & Procedure
4.	April 15, 2015	Revision to Accredited Credit Partner SPO	Policy & Procedure
		Revision to Micro SPK	Policy & Procedure
5.	April 30, 2015	Revision to Fixed Assets & Other Properties SPO	Corporate Real Estate
6.	May 20, 2015	Revision to Segmentation & Customer Management SPO	Strategy & Performance Management
		Revision to Consumer SPK	Policy & Procedure
		Revision to Data Quality Management SPO	Enterprise Data Management
7.	June 12, 2015	Revision to Office Network SPO	Distribution Strategy
		Revision to Branch SPO	Distribution Strategy
		Revision to Business Continuity Management SPO	IT Strategy & Architecture
8.	June 19, 2015	Revision to Asset & Liability Management SP	Market Risk
		Revision to Fund Products SPO	Consumer Deposits
		Revision to Other Services SPO	Consumer Deposits
9.	June 26, 2015	Delegation of Non-Credit Authority to Regional Offices	Policy & Procedure
		Revision to Bank Mandiri Compliance Policy	Compliance
		Revision to Compliance SP	Compliance
		Gift Disclosure PTO Report	Compliance
10.	July 10, 2015	Revision to Performance Management SPO	Strategy & Performance Mgt
		Revision to Anti-Money Laundering and Combating Financing of Terrorism (APU & PPT) SPO	Compliance
11.	August 14, 2015	Revision to Electronic Money Management SPO	Transaction Banking Retail
		Revision to Company Budget Plan (RKAP) and Bank Business Plan (RBB) SPO	Strategy & Performance Mgt
		Revision to Bank Mandiri Risk Management Policy	Credit Portfolio Risk

No.	Date	Agenda	Presenting Group
12.	September 22, 2015	Revision to Treasury SP	Market Risk
13.	September 30, 2015	Revision to Procurement SP	Strategic Procurement
		Revision to Bank Mandiri Accounting Policy	Accounting
		Revision to Accounting SP	Accounting
		Revision to Bank Mandiri Corporate Secretary Policy	Corporate Secretary
14.	October 13, 2015	Revision to Investment & Management of Bank Mandiri Subsidiaries	Strategy & Performance Mgt dan Corp. Transformation
		Revision to Risk Model SPO	Credit Portfolio Risk
15.	December 11, 2015	Revision to Trade Service & Finance SPO	Cash & Trade Operations
		Revision to Treasury SP	Market Risk
16.	December 17, 2015	Revision to (Corporate, Commercial, Business Banking, FI) SPK & Credit Standard Procedure of Bank Mandiri Shanghai Branch	Policy & Procedure
		PTO Report from Branches in relation to Changes of Area Organizational Structure	Distribution Strategy dan Policy & Procedure
		Revision to Internal Audit Policy & IA Charter	Retail Audit
		Revision to Internal Audit SP	Retail Audit

Meeting Frequency and Attendance Level of PPC

During 2015, PPC had met 16 (sixteen) times the frequency of meetings and the attendance rate of members of Policy & Procedure Committee as follows:

No.	Name	Number			% Attendance
		Invitee	Attendance	Absence	
Permanent Voting Member					
1.	Ahmad Siddik Badruddin	16	15	1	94%
2.	Ogi Prastomiyono	16	15	1	94%
3.	Sentot A. Sentausa	16	15	1	94%
4.	Ventje Rahardjo	16	14	2	88%

No.	Name	Number			% Attendance
		Invitee	Attendance	Absence	
Non-Permanent Voting Member					
1.	Pahala N. Mansury	8	5	3	63%
2.	Royke Tumilaar	6	5	1	83%
3.	Hery Gunardi	6	5	1	83%
4.	Tardi	6	4	2	67%
5.	Kartini Sally	4	3	1	75%
6.	Kartika Wirjoatmodjo	8	6	2	75%
7.	Riyani T. Bondan	7	7	0	100%
8.	Rico Usthavia Frans	2	1	1	50%
9.	Sanjay N. Bharwani	2	2	0	100%
10.	Joseph Georgino Godong	2	2	0	100%
11.	Kepas Antoni A. Manurung	9	8	1	89%
Invitee					
1.	Mustaslimah	13	13	0	100%

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 of Bank Mandiri assumes an important role as a liaison officer between the Bank and external parties, particularly in connection with capital markets, the public and internal policies pertaining to good corporate governance (GCG) implementation.

Frame of Reference

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.

Corporate Secretary Profile

The Corporate Secretary is appointed and dismissed based on a decree of the Board of Directors (BOD). The appointment of Corporate Secretary has met the requirements set out under, among others, the relevant regulations issued by the OJK and Minister of State Owned Enterprises.

In 2014, by 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, Mr. Rohan Hafas was named the Corporate Secretary. The appointment was announced on October 2, 2014 in national newspapers, i.e. Media Indonesia and Bisnis Indonesia.

www.bankmandiri.co.id



PEMBERITAHUAN

No. FST.CSC/019/P/X/2014

Berdasarkan Peraturan Bapepam-LK No. X.K.1 tentang Keterbukaan Informasi Yang Harus Segera Diumumkan Kepada Publik serta Peraturan BEI No. I-E tanggal 19 Juli 2004 tentang Kewajiban Penyampaian Informasi, dengan ini kami sampaikan bahwa Direksi Perseroan telah mengangkat Sdr. Rohan Hafas sebagai Sekretaris Perusahaan Perseroan yang baru menggantikan pejabat sebelumnya terhitung sejak pelaksanaan serah terima jabatan pada hari Rabu, tanggal 1 Oktober 2014.

Jakarta, 2 Oktober 2014
PT Bank Mandiri (Persero) Tbk.
Direksi

mandiri call 14000

Terdepan, Terpercaya, Tumbuh bersama Anda.

Notification Ads of the Corporate Secretary Substitution



Rohan Hafas

An Indonesian citizen, 54 years old, Rohan Hafas earned his Bachelor's degree from the Faculty of Economics, the University of Indonesia in 1987.

He began his career at Bank Susila Bakti in 1987 as Assistant Manager. During the course of his career, he served as Communication Division Team Leader, Communication Division Group Head and Communication Division Head at the Indonesian Bank Restructuring Agency (BPPN) and as Corporate Secretary Division Head at PT Bank Mutiara Tbk. On October 1, 2014, Rohan Hafas was appointed as Corporate Secretary Group Head of PT Bank Mandiri (Persero) Tbk

Corporate Secretary Work Guidelines

In performing its duties, the functions, duties and responsibilities of Corporate Secretary are carried out by the Corporate Secretary Group as internally regulated under Bank Mandiri Corporate Secretary Policy adopted and approved by the Board of

Commissioners (BOC) and BOD on July 1, 2011 along with its amendments, by taking into consideration applicable regulations put in place by the competent authorities.

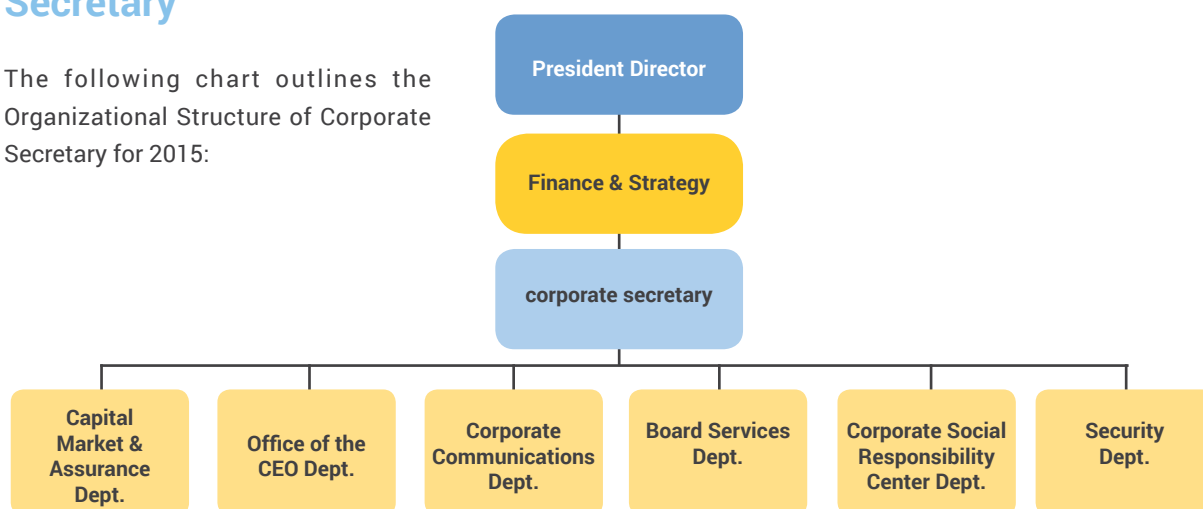
Duties and Responsibilities of Corporate Secretary

The Corporate Secretary has the duties and responsibilities as follows:

1. To lead, administer, develop and carry out 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.

Organizational Structure of Corporate Secretary

The following chart outlines the Organizational Structure of Corporate Secretary for 2015:



In reference to the organizational structure, the Corporate Secretary reports directly to the President Director. The Corporate Secretary has a number of subordinate departments, such as the Capital Market &

Assurance Department, Office of the CEO Department, Corporate Communications Department, Board Services Department, Corporate Social Responsibility Department and Security Department.

Activities of Corporate Secretary in 2015

Throughout 2015, the Corporate Secretary held several activities and submitted a periodic report at least 1 (once) a year as regards the implementation of its functions to the BOD Board of Directors, copied to the BOC.

The activities of the Corporate Secretary which engaged with the stakeholders in 2015 are as follows:

1. Implementation of the General Meeting of Shareholders dated March 16, 2015
2. Implementation of the Extraordinary General Meeting of Shareholders dated December 18, 2015
3. Release reports as the obligation of the Bank as a public company to Regulator
4. Organize the activity of annual Public Expose
5. Organize the activity of Mandiri Jakarta Marathon 2015
6. Carry out secretarial functions during the Board of Directors meetings
7. Conduct company's ceremonial coverage activities as many as 200 coverage.
8. Publish corporate advertising materials during 2015.

9. Extends Partnership Program and monitor levels of repayment
10. Organize and disseminate the Environmental Development Program
11. Supports the working visit of the House of Representatives and Hearings
12. Carry out service function, order and securing the offices and assets of Bank Mandiri

Classification and Development of Corporate Secretary Competencies

In line with its classification set forth under the Corporate Secretary Guidelines, the Corporate Secretary must have sound knowledge in legal, accounting and secretarial affairs. In addition to that, it must be able to maintain confidentiality related to the Bank's internal information. This is intended to maximize the Corporate Secretary's role in providing advice to the BOD, BOC and other executives in the interest of the Company.

During 2015, the Corporate Secretary participated in various training/workshop/seminar events in order to enhance the skills or update knowledge in connection with corporate secretary know-how, particularly

concerning GCG. The activities are documented (Training Subject: Legal, Accounting and Secretarial Affairs) as follows:

1. Seminar on Gratuities Control
2. Focus Group Discussions on development of breakthrough financing schemes for creative industry
3. Seminar on Introduction of PKBL and Road Map of the Ministry of State Owned Enterprises for Deputies in State Owned Enterprises
4. National Anti-Fraud Conference (NACF) 2015

Assessment of Corporate Secretary Performance

Assessment of the Corporate Secretary's performance is carried out by the President Director based on the level of achievement of Corporate Secretary work programs. The performance assessment encompasses the following criteria:

1. Financial Aspects
 - a. Cost Effectiveness
2. Customer Aspects
 - a. Application of public disclosure pursuant to the regulations
- b. Improvement of the Bank's reputation as the Top of Mind Bank for customers
3. Internal Business Process Aspects
 - a. Management of comprehensive internal communication programs
 - b. Management of Calendar of Event
4. People Development Aspect
 - a. Development of Employee Competencies

internal control system

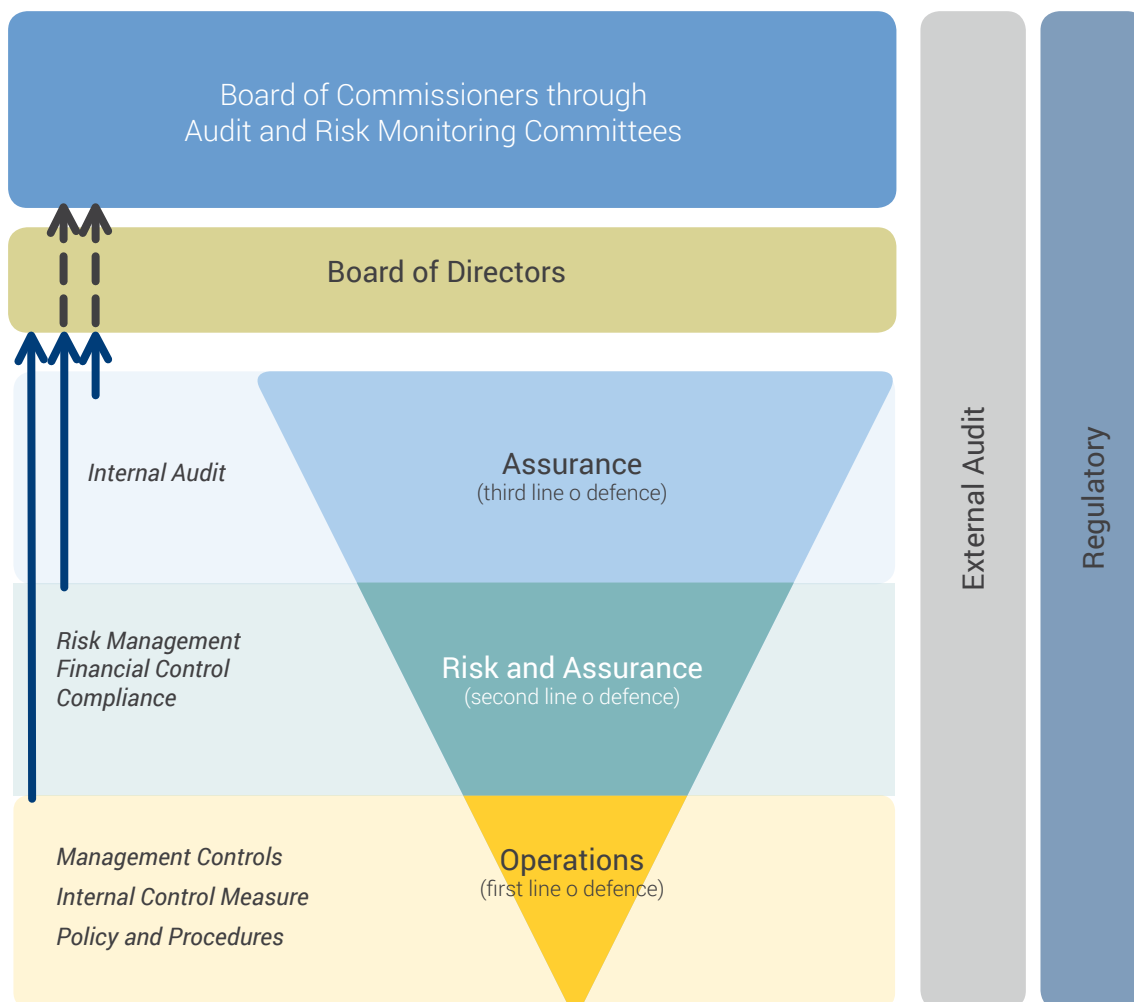
Implementation of Good Corporate Governance sustainable and prudential principles in the organization and management of the Bank strengthened with the Bank's commitment to improve work ethics and integrity as well as creating a culture that emphasizes the importance of the implementation of the Internal Control System (SPI), a reliable and effective.

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 as a manager of internal control aspects in the work unit and point unit that acts as Quality Assessment, comply unit, inspection, Risk Management as well as Internal Audit in a series of defense of control.



Notes:

- 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 decision right.
- 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 decision right.

8. Monitoring

Monitoring activities include monitoring and corrective weakness and aberration correction action.

Control over the Execution Of Operations and Financial Reporting

The operational execution and financial reporting in general has been done by system. Control over the implementation of operational and financial reporting is conducted through:

1. Preparation of Bank Accounting Policies, Standards Guidelines / Technical Guidelines and other Standards Accounting Guideline / Operational Guidelines
2. Review and supervise the accuracy and completeness of the data / bookkeeping transaction in stages, starting from the business / operating unit as owner of the transactions, accounting and the reviewer unit (second line of defense).
3. Regulatory reporting is the subject audit of the third line of defense (Internal Audit)

In the preparation of financial statements, the Accounting unit perform analytical procedures to the fairness of financial statements which is prepared before it is submitted to the Management, Board of Commissioners and Regulators and to the public. To ensure data accuracy, a program is executed in Data Quality Assurance (DQA) and data cleansing as well as monitoring the reasonableness of account balances of Financial Statements by the second line of defense in the region and other work units as well as audits by the Internal Audit.



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

Challenges in Improving the Quality of Internal Control System

Organizational development and both the volume and complexity of transactions and increased competition, coupled with an increased risk of the Bank, so as to demand the Bank to continue to improve the quality of its internal control system so that the Bank's operation can be carried out effectively and efficiently.

Internal control system that effectively gives confidence to all stakeholders that the Bank's operation is run by good governance and in accordance with the precautionary principle.

The efforts undertaken by the Bank to improve the quality of the Bank's internal control system, among others by integrating assurance function to create synergies for the implementation of assurance to operate more effectively.

In addition, the Bank also continuously improve risk and control awareness to the whole range of the Bank so as to create the control environment and culture of effective control and support the achievement of the Bank.

compliance function report

Implementation of compliance is certainly a necessary part getting considerable attention in the Bank's activities, in which every failure of compliance can be a source of other risks that may happen. Bank Mandiri managing compliance risk according to Bank Indonesia Regulation Number 13/2/PBI/2011 dated 12 January 2011 on the Implementation of Bank General Compliance Function. The regulation implies

that compliance is one Good Corporate Governance aspects, which became one of the important factors in the assessment of the Bank. The compliance function itself should consist of a series of strategies used by the Bank to ensure that policies, regulations, systems and procedures, as well as business activities conducted Bank in accordance with Bank Indonesia and the legislation in force.

Organizational Structure of Compliance Unit

The structure and status of the Compliance Unit 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

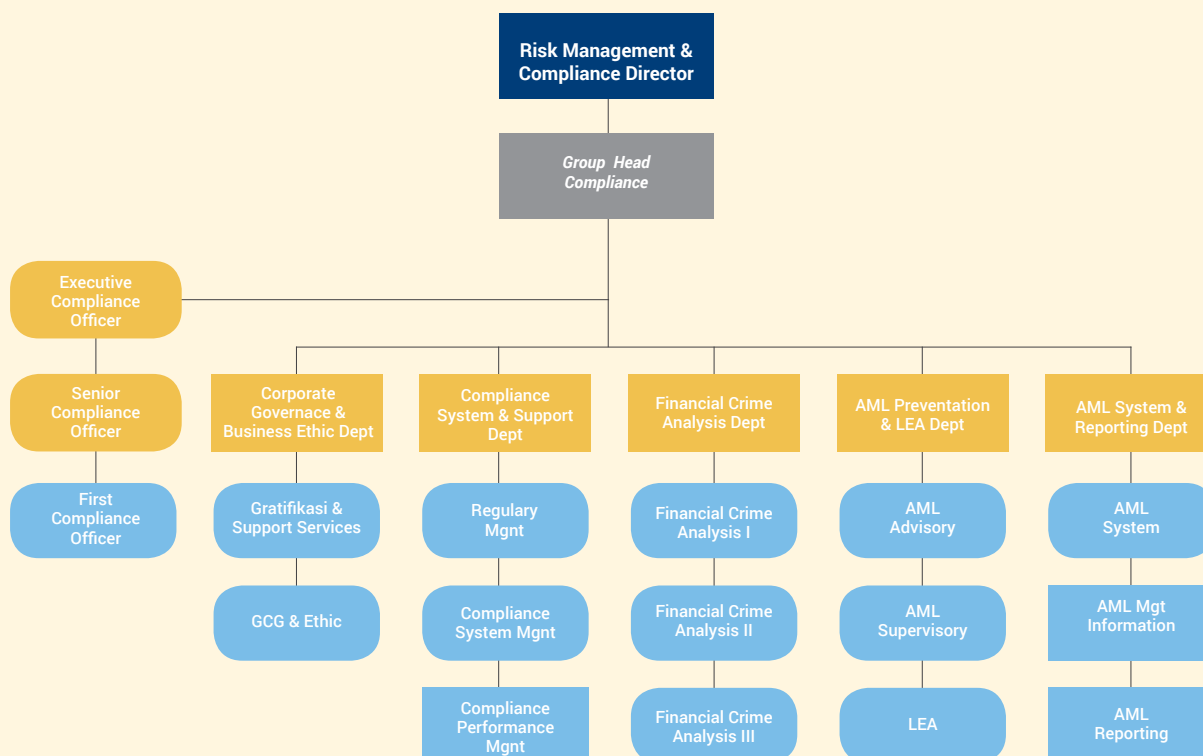
Compliance Group is a Compliance Unit at the Head Office of Bank Mandiri. Compliance Unit at Head Office directly reports to the Director in charge of Compliance functions. Compliance Unit at Head Office does not take over the responsibility of each Head of Work Unit at the Bank for the implementation of compliance in each unit.

At the beginning of 2015, the bank also performs reorganization that affected the Compliance Unit. The changes in the Organizational Structure Compliance Unit at the Central Office intended to further optimize the execution of the duties and responsibilities of the Compliance Function. The change lies in their functional position of Compliance Officer alongside structural position.

Functional Position is an implementation of the concept of personal responsibility, in which Compliance Officer is given inherent authority on individuals in order to provide advice/opinions compliance.

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.

Here is an organizational structure Compliance Unit at Head Office



Compliance Group Head Profile

Every appointment and/or dismissal of the Head of Compliance Unit, Bank Mandiri has referred to the Compliance Policy Bank Mandiri and Bank Indonesia is always reported to the following criteria:

- 1) Meeting the requirements of the independent;
- 2) Mastering Bank Indonesia regulations and legislation in force;
- 3) Not performing other duties outside of the compliance function;
- 4) Having a strong commitment to implement and develop compliance culture.



Chrisna Pranoto

Mr. 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.

Mr. 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).

Mr. 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 Mr. 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.

Duties and responsibilities of the Compliance Unit at the Central Office in relation to the implementation of the compliance function are as follows:

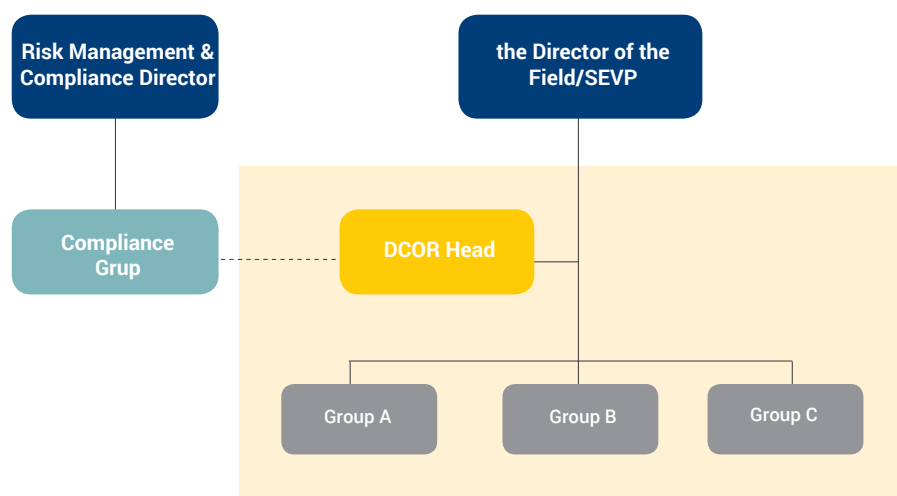
- 1) Making the steps in order to support the creation of a Culture of Compliance in all bank business activities at every level of the organization.
- 2) Performing the identification, measurement, monitoring, and control of the Compliance Risk with reference to Bank Indonesia regulation concerning Risk Management Implementation for Commercial Banks.
- 3) Assessing and evaluating the effectiveness, adequacy and suitability of policies, regulations,

systems 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.
- 6) Performing other tasks related to the Compliance Function.

Compliance Unit at Business Units

Compliance Unit at the Unit of Work is the technical implementation of operational functions at Directorate level. Compliance Units at Work Units report directly to the Director of the Field/SEVP. Compliance Unit in the Work Unit is a unit of the Decentralized Compliance & Operational Risk (DCOR).



Compliance Work Guidelines

Compliance Unit has been equipped with a so-called Working Guidelines Standards Compliance Guidelines (SPKP) and in detail described in the Technical Instructions Compliance (PTKP). Documents are constantly reviewed regularly. The scope of the Code of Compliance Standards, among others:

1. Setting out the matters related to the implementation of the compliance function which includes organization, duty, authority and responsibility, compliance risk management, administration and reporting.
2. SPKP applies to the entire line of Compliance well SKK at head office and in the Work Unit in implementing the Compliance Function.
3. For Overseas Branch, SPKP adapted to legislation and regulations in the local country.
4. For the implementation of the compliance with the relevant provisions of the Anti-Money Laundering and Combating the Financing of Terrorism (AML and CFT), the applicable Guidelines Standard Anti-Money Laundering and Combating the Financing of Terrorism

Compliance Strategy in 2015

Bank Mandiri has done some compliance strategies so that the compliance function can work well as mandated by regulation, namely:

1. Increased Support and Quality of Service to the Work Unit

To support each Bank Mandiri work unit to achieve Vision 2015 - 2020 takes an active role on the Board Compliance, thereby achieving the vision and targets have been planned can be achieved by staying in the corridor of the applicable regulations. In an effort to realize and to implement an effective compliance function, an active role to develop the Culture of Compliance and improve the implementation of the compliance function as mandated by PBI No. 13/2/PBI/2011 dated January 12, 2011, the Board of Directors and Board of Commissioners consistently set the principles of the implementation of the Compliance Function in Compliance Policy Bank Mandiri as follows:

- a. Supervisory function carried out with the aim of ensuring that all Bank activities/ transactions are conducted in accordance with laws and regulations.
- b. Oversight function built in control is done by every individual at every level of the organization and activities of the bank in accordance their respective fields.
- c. Oversight of the implementation of the Compliance Function in the Unit of Work is done through the evaluation made by the Compliance Unit to ensure effective implementation of the Compliance Function in the Bank's Work Units.

- d. Supervision also includes a review by the Internal Audit Unit to assess the adequacy and effectiveness of the planning/work program for implementation by the Compliance Function and Compliance Unit.

Compliance ranks is done by doing the following:

- a. Improving work mechanism in providing review compliance
- b. Completion of the methods/tools for risk management in compliance

2. Supporting for Activities Business Unit and strategic initiatives Bank Mandiri

Along with business development companies increasingly extensive and competitive, the Bank continued to perform continuous improvement to enhance and improve every function within the organization to achieve its targets in 2020, which is to become the Best Bank in ASEAN.

In order to support sustained business growth, then one defined work plan is to conduct a review on the aspect of compliance with the Bank's business growth both organic and inorganic growth of the business stated in the Bank Business Plan (RBB). This is done so that the strategic plan of action that is run continuously in accordance with applicable regulations.

3. Strengthening Compliance Function

To support the acceleration of business and corporate organizations, we need a device capable implementing compliance function. Some steps have been made in order to

strengthen the ranks of compliance, among others, by:

- a. Harmonization of Compliance Unit
Optimizing the compliance function and the task of implementing application-PPT APU which includes supervisory, review/examination, consultation and regulatory.
- b. Preparation of Compliance Risk Methodology with its subsidiaries
In line with POJK No. 18/POJK.03/2014 on

the Application of Integrated Governance Share Financial conglomerate, the authors carried out a program of initiatives to prepare for the implementation of monitoring will be conducted by the Financial Services Authority (OJK). Some aspects of the implementation of the compliance function should be integrated with its subsidiaries, one of which is the preparation of Compliance Risk methodology.

Compliance Work Plan in 2015

Compliance ranks has drawn up a work plan for 2015 compliance, which refers to Bank Mandiri's corporate plan and in line with the strategies of compliance have been set. The compliance work plan is as follows:

1. Keeping so that no violation of compliance (Non Compliance Event/NCE) is included into Top Risk (bankwide and each Directorate).
2. Decreasing regulator fines of 20% of the nominal amount of the fine on average five years earlier.
3. Performing identification of compliance risks, both to new risks as well as improvements to the risks identified in advance and ensure that in the event of compliance violations, then 90% of the NCE have been identified in the Risk Compliance Statement (CRS).

Controlling and preventing the increased risk of compliance, Compliance Unit has implemented steps that need to be done as follows:

1. Identifying the compliance risks that have a significant impact.
Having done the preparation of the Top 10 Compliance Risk bankwide taken by the highest compliance risk in each Directorate. In relation to

regulations that have large penalties and which have a significant impact, Compliance Unit (Compliance Group) conduct prudential meeting along with relevant work units and unit DCOR. Besides, updating the Register of Regulations with significant effect on the Bank and its subsidiaries is also performed.

2. The Introduction of new regulations to all units affected the working of the regulation in question.

Entire new regulations published continuously introduced to the ranks of obedience and working units of unrelated certain regulations that have significant impact or impact bankwide, Compliance Unit to actively disseminate to the work units are affected.

3. Obligation to report to the regulator.
Routinely Compliance Unit perform monitoring and alerting on fulfillment of obligations to the Reporting Authority/Regulator by work units that include Reporting type, frequency of reporting, Deadlines, Working Unit Reporting and Legal Basis Reporting.

Implementation of Compliance Function

Bank Mandiri in complying with the legislation in force in the field of Banking, and Commitment Agreement with Bank Indonesia or other authorities, has sought to enforce the implementation of the precautionary principle - caution in the management of the Bank and to achieve this compliance function has been implemented in accordance with applicable regulations.

To run the compliance function can work well as mandated by regulation, one of the members of the Board of Directors is Director of Risk Management & Compliance assigned to establish the steps - the steps necessary to ensure compliance with the Bank in carrying out its duties and responsibilities assisted by Compliance Group.

Compliance with Laws and Regulations

The details of those commitments are as follows:

- a. Cultivating and realizing Compliance Culture at all levels of the organization and activities of the Bank.
- b. Implementing compliance in total so that all the activities in line with the provisions of the Banking, legislation and regulations and apply the precautionary principle.
- c. Compliance is not just limited to what is written literally, but also to the soul and spirit of the underlying. It is important to maintain the Bank's reputation as an institution that is engaged in financial services.
- d. The whole range of the Bank shall be fully responsible for implementing compliance in each of the activities in their respective fields.
- e. In addition subject to the laws and regulations in force in Indonesia, offices abroad are also subject to the laws and regulations in force in the country concerned. In the event of any conflict between the provisions in force in Indonesia with applicable regulations abroad, then taken a more prudent step.

In line with this, the Bank has established principles of compliance as follows:

1. The Bank always obeys the laws and regulations and applies 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 in each of the activities each.

Bank Mandiri is responsive follow-up of any rules issued by the agency or authority relating to the management and business processes of Bank Mandiri. Bank Mandiri in adherence to the legislation in force can be seen in part related Management Analysis and Discussion on Regulatory Changes and Their Impacts on the Company.

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, the Compliance Unit Bank is continuously monitoring the entire commitment is outlined in the form function of supervisory services, Review/Examination (who is ex-ante and ex-post), consultation services and Regulatory services.

During 2015, all the commitments to regulators and authorities have been completed/fulfilled properly.

Application of Anti-Money Laundering (APU) and Combating the Financing of Terrorism (PPT)

PBI No 14/27/PBI/2012 on December 28, 2012 regarding the Implementation of Anti-Money Laundering (APU) and Combating the Financing of Terrorism (PPT) followed the Bank among others, with the active supervision of the Board of Commissioners on the implementation of the responsibilities of the Board of Directors related to APU and PPT, and establishment of the Special Working Unit (UKK) in

order to implement the APU and PPT. UKK is structurally under the Compliance Unit Head Office and directly responsible to the Director of Risk Management & Compliance in charge of the compliance function in the bank. It is a form of commitment of the Board of Commissioners and Board of Directors in support of anti-corruption policy and terrorism.

APU and PPT Policies

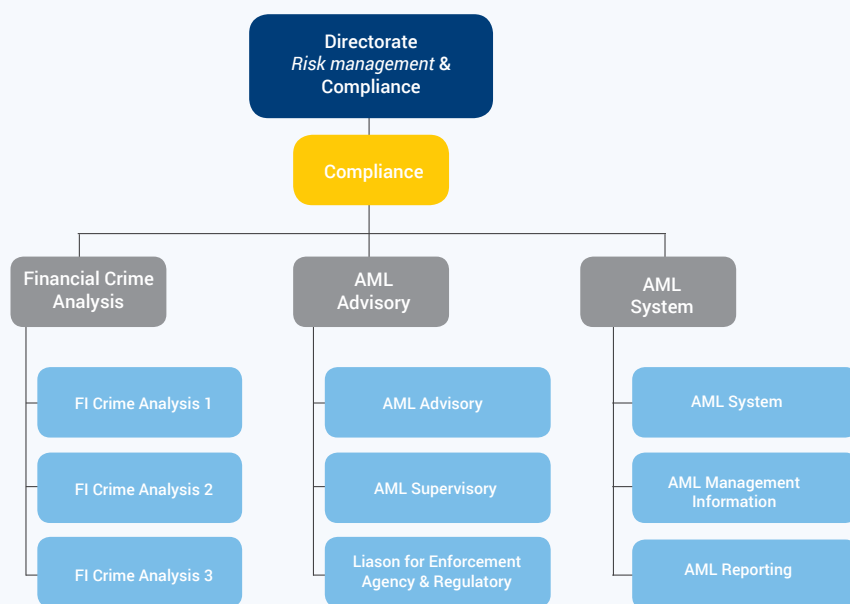
According to PBI No. 14/27/PBI/2012 dated December 28, 2012 on the Implementation of APU and PPT, the implementation of such part of the Bank's overall risk management at least includes:

1. Active supervision by the Board of Directors and the Board of Commissioners;
2. Policies and procedures;
3. Internal control;
4. Management information system; and
5. Human resources and training.

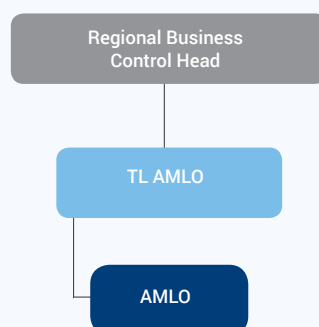
Organizational Structure

The Bank is required to establish a special unit and/or appoint an officer of the Bank is responsible for implementing APU and PPT program. A special unit and/or officer of the Bank reports to the Compliance Director. As stipulated by Bank Indonesia under PBI No. 14/27/PBI/2012 dated December 28, 2012.

Structure of the organization based upon the Bank dated January 2, 2015 UKK APU and PPT from one department was restructured into three departments with a membership of 29 (twenty nine), as shown in the following chart:



In addition, Bank Mandiri also has a special unit that serves, among others, as the executor of APU PPT in the region, namely the Anti Money Laundering Officer. The organizational structure of the business unit is as follows:



APU and PPT Program

Bank Mandiri seeks to comply with the provisions and strengthen implementation of APU and PPT program in 2015 to implement the program of work as follows:

1. Increased understanding (awareness) of APU and PPT bankwide through regular and ongoing training. Improved understanding of the APU and PPT through several media that in-class training, e-learning and socialization to Branch/Work Unit in Bank Mandiri, as well as the related employee participation in the certification Compliance & AML.
2. Implementation of New Anti-Money laundering system that Live Domestic/Phase I in August 18, 2015 that includes Suspicious Activity Monitoring. The next phase will be implemented on July 31, 2016, related to:
 - (i) KYC/CDD Module
 - (ii) Filter Screening
 - (iii) Link Analysis
 - (iv) Support data outside the BoS system
 - (v) Overseas Office.
3. Increasing the effectiveness of the implementation of APU and PPT program, among others improved systems and reporting procedures to the Center for Financial Transaction Reporting and Analysis (PPATK) and perform enhancement system from AMSOL into New AML System. Implementation of APU and PPT program associated with the implementation of Risk Based Approach (RBA) system through the establishment of the risk profile for qualifying customers through customer profile conditions. Implementation of New AML System is targeted for completion by the end of July 2016.
4. Supporting regime Anti-Money Laundering and Combating the Financing of Terrorism and supports the regulatory authority (OJK/BI & PPATK) as well as law enforcement (police, KPK, BNN and AGO) in accordance with the provisions and the applicable legislation.
5. Establishing and fostering cooperation and coordination with the authorities, law enforcement agencies and between other banking institutions through communication forums and training forums.
6. Initiatives

The Bank has done a number of new initiatives to strengthen the implementation of APU and PPT, among others:

 1. Bank Mandiri has been designated as one of the pilot banks for the development and application system GRIPS CTR client improvement and is currently in the process of trial reporting, and Go Live on November 30, 2015 at the latest.
 2. Development of APU and PPT Department
 - a. Bank undertakes organizational development and effective since January 2015, APU and PPT Department into three (3) Departments.
 - b. Along with the development of the organization is also the addition of a number of employees of existing human resources as much as 21 (twenty-one) to 29 (twenty nine) persons.
 3. Determination of dedicated Anti-Money Laundering Officer in each Regional Office.

Anti-Fraud Strategy

Bank Mandiri has anti-fraud strategy that is set on each Policies, Standard Operating Procedures, Technical Instructions Operation and other settings were adjusted accordingly. This strategy refers to Bank Indonesia Circular No. 13/28/DPNP dated December 9, 2011 regarding Implementation of Anti-Fraud Strategy for Banks, at every Policies, Standard Operating Procedures, Technical Instructions Operations held to comply with Bank Indonesia regulation in question. It also becomes one part of the improvement of the Internal Control System Policy Bank, the Anti-Fraud Strategy formulated Bank Mandiri, which has been adapted to the provisions of Bank Indonesia.

Adjustments might include things that are stipulated in the Anti-Fraud Strategy Formulation, namely:

1. Prevention Function

It becomes 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

It becomes the responsibility of the entire unit,

both 1st line of defense, 2nd of defense, and the 3rd of defense and is part of the Fraud Control System in order to identify and locate fraud in banking operations.

3. Investigation, Reporting & Sanction Functions

It is the responsibility of the Directorate of Internal Audit and Control System is part of the fraud in the handling of fraud that occurred through the investigation and the results are reported to the Director, the Board of Commissioners, and Bank Indonesia, including the proposed imposition of sanctions for the perpetrators of fraud.

4. Monitoring, Evaluation & Follow-Up Function

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 re-occurrence of similar fraud in weakness.

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, and 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 KPIs including Financial Perspective, perspective Customer, Internal Business Perspective and Development Perspective aspects. The evaluation is expected to reduce the risks that may occur as a result of noncompliance with applicable regulations.

legal unit

As a support unit in order to achieve the vision and mission of Bank Mandiri in 2020, the Legal unit is a business unit of strategic partner in creating a compliant business but to continue working to maintain and be alert to the emergence of Legal Risk in Bank Mandiri. Legal sector previously under the auspices of the Directorate of Compliance & Legal, however, in the framework of harmonization with the organizational development, Legal unit is currently under the auspices of the Directorate of Risk Management & Compliance.

Along with the increasing scope of Bank Mandiri business, in order to realize a compliant business and increase the awareness of the level of legal risk, the Legal unit has holistically performed the following strategic initiatives in order to strengthen and safeguarding the legal position of the Bank as well as to prevent the emergence of various legal issues / mitigation of potential operational risks in Bank Mandiri:

1. Give support from the legal aspects, by way of preventive and repressive in order to strengthen and safeguard the legal position of the Bank, including to develop a culture of law-abiding (Law as a Second Nature) through a Method of Learning and Prevention, among others:

- a. Preventive measures

- 1) Legal Awareness Forum (LAF)

A sustainable program which is held annually in order to provide sufficient knowledge of the legal basis for frontliner (teller, customer service, RBC, Verificator). It is expected that the employees have the competency and understanding of the basic laws in the process of banking operations. Through the LAF program it is expected to be able to assist in elim-

inating or minimizing the emergence of various problems / case of law.

- 2) Legal Review On Site.

Is a review of the judicial aspect of the loan documents by examining, ensuring the conformity and juridical adequacy of disbursing credit facilities, assess whether there is a juridical advantages in the preparation of the provisions in loan documents, including collateral documents following the provision of mitigation.

- 3) Legal Advice On Site.

An interactive discussion with participants in order to provide legal advice and direct assistance against the actual legal issues in the field operations / business units related to credit proposed by the participants or based on the results of the Legal Review On Site.

- b. Repressive measures

- 1) Lowering outstanding legal cases

In addition to prevent the emergence of new cases, the Bank constantly taking measures for legal solutions that has litigation characteristic, among others by lowering the outstanding legal matters.

2) Out of court settlement

By solving the case settlement through alternative dispute resolution outside the court (out of court settlement).

3) Fostering good relations

Fostering good relations with the related agencies in an effort encourage the acceleration of the verdict of the case, as well as with customers to get a balanced dispute resolution (win win solution).

4) Legal action

Keeping the prestige and reputation of the Bank by conducting a strict legal efforts against those who harm the Bank both in the settlement of credit, fraud actions or the act of a third party that has a bad faith and unlawfully.

2. Develop solutions legal aspects of litigation in the bank operations.

The Legal Unit always making a maximum effort in eliminating or minimizing a Legal Risk that result in the occurrence of Reputation Risk and compensation payments in the matter of, or cases, faced by Bank Mandiri. Such efforts are made by means of seeking a decrease in criminal cases and civil cases as well as keeping the Legal Risk Exposure of the court decisions that have permanent legal force / inkracht which punish Bank Mandiri to indemnify. In 2011 the Legal unit has managed to significantly conduct court decline Ex. Legacy 4 (four) Bank, and since then the Legal Unit more focus and discipline in maintaining the legal position of Bank Mandiri.

3. Mandiri Legal Clinic

To implement the process of compliance business quickly, a quick and simple legal advice is needed by using modest amenities that is easy to find (phone) or email. Mandiri Legal Clinic is based on the problems caused by simple legal issues derived from the business units that need by promoting Bank Mandiri Life Service . Forms of service provision of legal information, legal advice and legal solutions to the problems that are simple law which can be accessed through telephone number 1-500-555 extension 5 or via face to face at the counter of Mandiri Legal Clinic which can be served on the 9th (ninth) floor of Plaza Mandiri building during work hours.

4. Strengthening and improving the competence of personnel in the Legal Unit and Legal Officer.

Bank Mandiri's Legal Unit is supported by professional and competent individuals in the field of law. The Legal unit personnels and Legal Officer have been selected based on their background of legal education with accreditation that is recognized nationally and internationally in addition to keep fulfilling the standardization of profession which is nationally recognized. Efforts to strengthen and increase the understanding and expertise of Legal profession continuously conducted by the Legal Unit, by including the Legal Unit personnels in certifying legal competency resulted from a cooperation between Bank Mandiri, academicians and legal practitioners, as well as with the Association of Professional, including Perhimpunan Advokat Indonesia (the Indonesian Advocates Association), Himpunan Konsultan Hukum Pasar Modal (the Association of Capital Market Legal Consultant), and Asosiasi

Kurator dan Pengurus Indonesia (the Association of Indonesian Receivers and Administrators). Additionally, increase the capacity and capability in soft skills and hard skills are also sought to be obtained by involving Legal units personnel through internship held by domestic and overseas companies and law firms.

Specifically on the Legal Officer who has duties outside the Legal unit, the Legal Unit routinely continues to establish a National Forum Legal Officer (FNLO) as a means for Legal Officer (LO) to develop insight and knowledge and a place to get training and sharpening legal issues guided by legal practitioners who are competent in their field. In addition, to improve the protection and legal support against Bank Mandiri business development in conformity with Bank Mandiri Corporate Plan 2015 - 2020, starting from January 1st, 2015, which has been done through reorganization of Legal Group and the alignment legal function through:

- a. The Formation of Executive Legal Counsel (ELC)
- b. The incorporation of regulatory function advise on Legal Group and Compliance Group
- c. The Establishment of Regional Legal Team.
The scope of duties and responsibilities of the Regional Legal Team has included legal issues that occur throughout all work units in the Region.
- d. The Formation of Legal Officer in the Directorate
The scope of duties of Legal Officer at the Directorate is not restricted to certain jobs as long as related to the provision of opinions, solutions and legal aid of the problems faced by all Group in the concerned Directorate .
- e. The increased function and role of the Legal Group in the decision process and the preparation of business policy/strategic operational, by ctively engaging in the BOD meeting, committee meeting at the Board of Directors level and the handling of the whole process of litigation.
- f. Additional authority in order to optimize the function of developing the Regional Legal Team and Legal Officer in the Directorate.

internal audit report

Internal Audit is fully committed to support the continued transformation of the Bank to the Corporate Plan 2020 through a more comprehensive audit approach to innovation, consistency and synergies as a key. Role as a third line of defense, Internal Audit in the implementation of the reorganization to make sure that the first step towards the vision of the transformation of Bank Mandiri in 2020 along with getting stronger and cultural maturation internal control in every line of defense.

Audit approach applied to the Internal Audit in 2015 involving all levels of the internal audit units and other related work, as well as considering other key inputs are considered significant, the Corporate Plan 2015-2020, past events/loss, internal and external audit findings in previously, concern the Board of Directors and Audit Committee, rules and compliance with regulations and best practices.

Related to the implementation of Regulation of the Financial Services Regulation (POJK) No. 18/

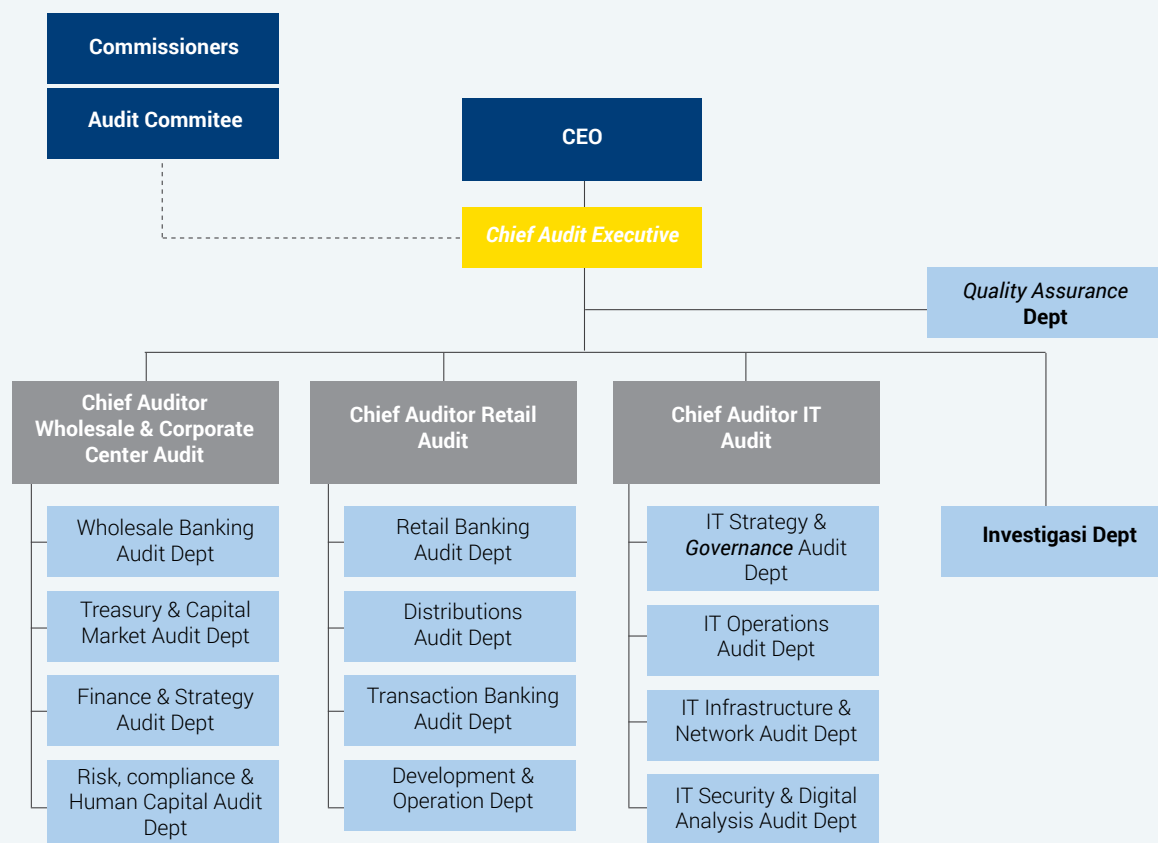
POJK.03/2014 on the Application of Integrated Governance Share Financial conglomerate, as the main entity in the financial conglomerate, the bank is required to have Integrated Internal Audit Unit (SKAI Integrated) are independent, which in this case the task was carried out by the Internal Audit Unit Integrated Internal audit of Bank Mandiri. Internal Audit also has collaborated with the 1st line, 2nd line and Subsidiaries Internal Audit function to ensure the implementation of internal control is effective in Mandiri Group.

Organizational Structure and Position of Internal Audit

Internal Audit Function in the organization at the level of the Directorate and is directly responsible to the President Director and can communicate with the Board of Commissioners through the Audit Committee. Internal Audit organizational structure

tailored to the organization's business strategy of the Bank. Internal Audit since December 18, 2014 which has three Group Wholesale & Corporate Center Audit Group, Retail Group Audit and IT Audit Group.

**Following the organizational structure of Internal Audit of
Bank Mandiri:**



In the structure of the organization, Chief Audit Executive in charge of the Chief Auditor Wholesale & Corporate Center Audit, Chief Auditor Retail Audit, IT Audit Chief Auditor, Quality Assurance, Investigation and Development & Operations.

Appointment and Dismissal of Chief Audit Executive

Chief Audit Executive (CAE) shall be appointed and removed from office and is responsible directly to the Managing Director with the approval of the Board of

Commissioners and subsequently reported to Bank Indonesia and the OJK, the Capital Market Supervisory Agency and Financial Institution.

Profile of the CAE

Internal Audit is led by Ms. Mustaslimah as Chief Audit Executive (CAE) since 2015 under Decree No. SK.DIR/161/2015 dated March 17, 2015. Here is a summary profile Chief Audit Executive Internal Audit:



Mustaslimah

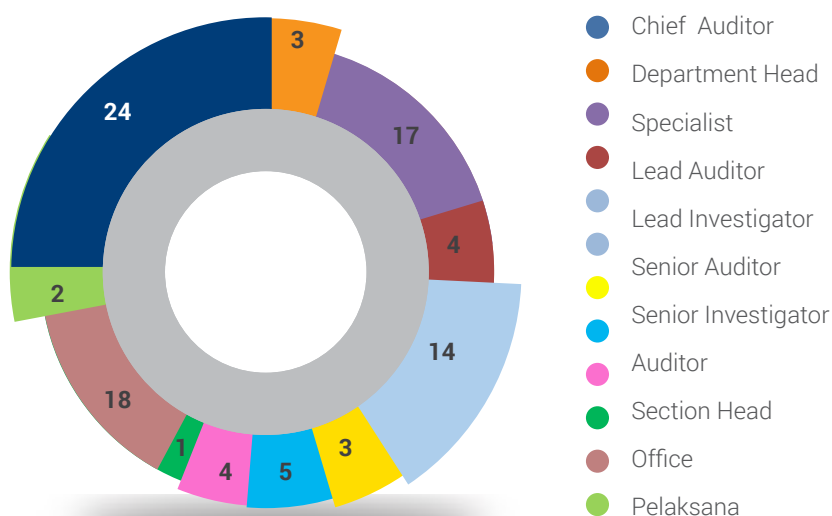
Graduated from the Bogor Agricultural University in 1988. Ms. Mustaslimah has experience in the field of compliance, procurement, and human capital.

Some positions that had been occupied by Mrs. Mustaslimah include Group Head of Compliance, Group Head Procurement & Fixed Assets and Group Head of Human Capital Services.

The Number and Quality of Internal Auditor

Internal Audit is supported by 95 employees, with the details as shown in the following diagram:

The Composition of Bank Mandiri Internal Audit in 2015



Internal Audit always seeks to provide continuing education for all personnel of the Internal Audit for qualifications and adequate competencies. The education provided in the form of a certified professional education both nationally and internationally, attachment programs and trainings at home and abroad.

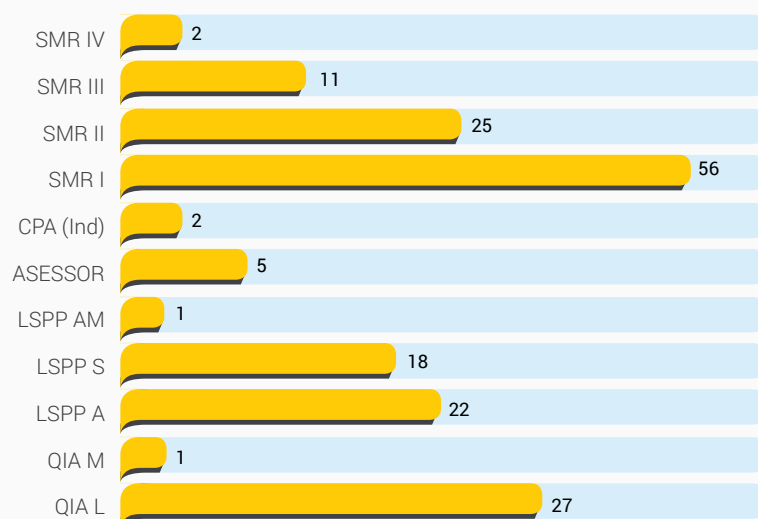
Internal audit assign an auditor qualifications as follows:

1. Having integrity by building confidence (trust), which became the basis for making judgments (judgment) is reliable.
2. Demonstrating a high objectivity in accordance with professional standards in collecting, evaluating, and communicating information about the activity or process being examined.
3. Conducting an assessment (judgment) is balanced (balanced) by taking into account all the relevant circumstances and are not influenced by personal interests or others.
4. Respecting 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 disclose such information.
5. Using the knowledge, skills, and experience necessary to carry out the audit assignment.

Internal Audit develops programs to increase the competencies of auditors long term with reference to the Internal Audit Competency Framework (IACF) to ensure appropriate employee development program objectives and as required. IACF is a framework that shows a good level of mastery of the competence of auditors and technical competency behavior that needs to be owned by every level position in Internal Audit. Based IACF assessment done to determine the level of competence of auditors as well as the gap existing competencies. Subsequently created a development program for each auditor. Employee development programs implemented in the various approaches such as: e-learning, training, professional certification national and international, internships/ attachments, and special assignment project. The program is constantly monitored and measured its success in supporting employee performance and organizational performance.

The following data on certification has been obtained by the auditor in the internal audit until the end of 2015 as follows (1 person has more than one certification):

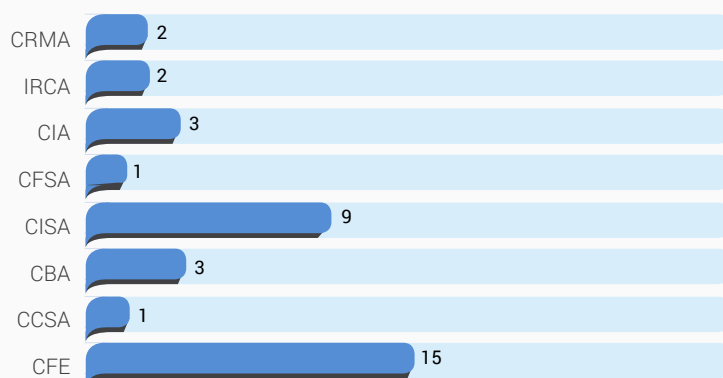
National Certification



Note: SMR (Risk Management

Certification), CPA (Certified Public Accountant), QIA (Qualified Internal Audit), LSPP/Banking Profession Certification Institute (certifying the competence of auditors from the level of auditor to assessor).

International Certification



Note: CFSA (Certified Financial Services Auditor), CBA (Certified Bank Auditor), (Certified Fraud Examiner), CRMA (Certification on Risk Management Assurance), CA (Certified Accountant), IRCA (International Register of Certificated Auditor), CIA (Certified Internal Auditor), CISA (Certified Information System Auditor).

Internal Audit Charter

Internal Audit Internal Audit Charter has authorized the Director and the Board of Commissioners with the latest revisions per the December 5, 2014. The Internal Audit Charter is prepared to provide guidance on the purpose, authority, responsibility and scope of internal audit work.

Position, authority and responsibility of Internal Audit (IA) formally defined in the Internal Audit

Charter, in accordance with the Audit Standards Internal Bank (SPFAIB) and the Chairman of Capital Market Supervisory Agency and Financial Institution (Bapepam-LK) on the Establishment and Guidelines Internal Audit Charter as well as the best practice standard refers to the IPPF (International Professional Practice Framework) by IIA (the Institute of Internal Auditors).

Scope, Duties and Responsibilities of Internal Audit

The scope of Internal Audit work covers all areas of operation the Bank and subsidiary/affiliates (appropriate governance applicable), to determine the adequacy of internal quality control, the application of risk management and governance processes. Internal Audit helps the organization achieve its objectives through the Internal Audit Activity (assurance and consulting) and Activity Investigation.

Assurance

Objectively testing of the evidence in order to provide an independent assessment on internal control, the application of risk management and governance processes within the organization.

Consulting

Providing advisory services related to the activity of a client (auditee/unit) where the nature and scope agreed with the client and aims to provide added value and improve the internal control, the application of risk management and governance processes, without taking over operational responsibility.

Investigation

Activities collection of evidence by using the technique of investigation on the results of the initial analysis of the indications and/or fraud occurred. Investigation aims to reveal the modus operandi, the causes, the potential losses, actors and other parties involved. Investigations include the acquisition of evidence and statements, report writing, testifying 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) Communicating directly with the Director, the Board of Commissioners, and/or the Audit Committee.
- 3) Communicating with external parties including regulators.
- 4) Holding 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.

Activity investigation into the case/problem on every aspect and element of activities that indicated fraud and breach of code of conduct.

Responsibility of Internal Audit

- 1) Planning and executing internal audit activities with an emphasis on areas/activities are high risk and evaluate procedures/control system to gain confidence that the Bank's goals and objectives can be achieved in an optimal and sustainable.
- 2) Conducting investigation, report and make recommendations/conclusions on fraud to the Management.
- 3) Developing and running programs to evaluate and improve the quality of Internal Audit.

- 4) Providing recommendations on the audit results and the follow-up and monitor the activity results of the internal audit and investigative activities.
- 5) Working closely with the Audit Committee in carrying out oversight functions.
- 6) Coordinating 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. Coordination can be done through periodic meetings to discuss matters of importance to both parties.

Related to the implementation of POJK No. 18/POJK.03/2014 concerning integrated Governance For conglomeration of Finance, Internal Audit function as an Integrated Internal Audit.

In the implementation of the Internal Audit function as an integrated, duties and responsibilities of Internal Audit Governance refers to the Integrated Guidelines, namely:

- a. Monitoring the implementation of internal audit at each of its subsidiaries in the financial conglomerate. In the implementation of its duties the Internal Audit:
 - 1) Evaluates the internal audit plan audit of subsidiaries in the conglomeration of Finance in the framework of the alignment of the integrated audit plan.
 - 2) Evaluates the results of internal and external audits of subsidiaries in financial conglomeration its follow-up in the framework of integrated internal audit report preparation.

- b. Carrying out audits in subsidiaries in the financial conglomerate either individually, or based on a joint audit of the internal audit reports of subsidiaries in the financial conglomerate.

Internal Audit delivers integrated internal audit reports to the Director/SEVP appointed to conduct oversight of the entire conglomerate of subsidiaries in Finance and Board of Commissioners of Bank Mandiri and Director/SEVP is in charge of the compliance function of Bank Mandiri.

Internal Audit Work Plan

After finishing second transformation in 2014, the bank continues to finalize and reach new targets in 2015. Every achievement has been achieved, even exceeded the target. Each line of the Bank makes innovation, consistency and synergies as a key element in realizing the aspirations of becoming the best financial institution. With the continued transformation of the Bank to the Corporate Plan 2020, the Bank established itself to be the best bank in ASEAN through a reorganization that focuses on expanding the functions and Regional Distribution.

Internal Audit continues to innovate and to use a more comprehensive audit approach. In 2015, Internal Audit has developed a Long Term Plan (RJP) Internal Audit from 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 in the years 2015-Internal Audit Bank Mandiri in 2020 to oversee the implementation of the reorganization to the Corporate Plan 2020.

During 2015, several initiatives that were taken by Internal Audit are:

1. Development of the Internal Audit Charter drafting instructions that apply groupwide
2. Development of methodologies Audit Planning and Closing Process
3. Preparation of Root Cause Analysis methodology
4. Development of Internal Audit Competency Framework
5. Development and implementation of Rating Methodology Control Subsidiary
6. Development of Internal Audit tools consisting of SIMA TR access via the Internet, the implementation of resource management, the data analytic software tools and dashboards.
7. Development of Integrated Risk Library (framework, cleansing & implementation) in collaboration with the Risk Management and Compliance unit, in order to implement GRC in Bank Mandiri

Internal Audit has also established the Annual Audit Plan (AAP) 2015 conducted by the Internal Audit involving all levels and units of other related work, as well as considering other key input is considered significant. Internal Audit also collaborated with the 1st line, 2nd line and Subsidiaries Internal Audit function to ensure the implementation of internal control is effective in Mandiri Group.

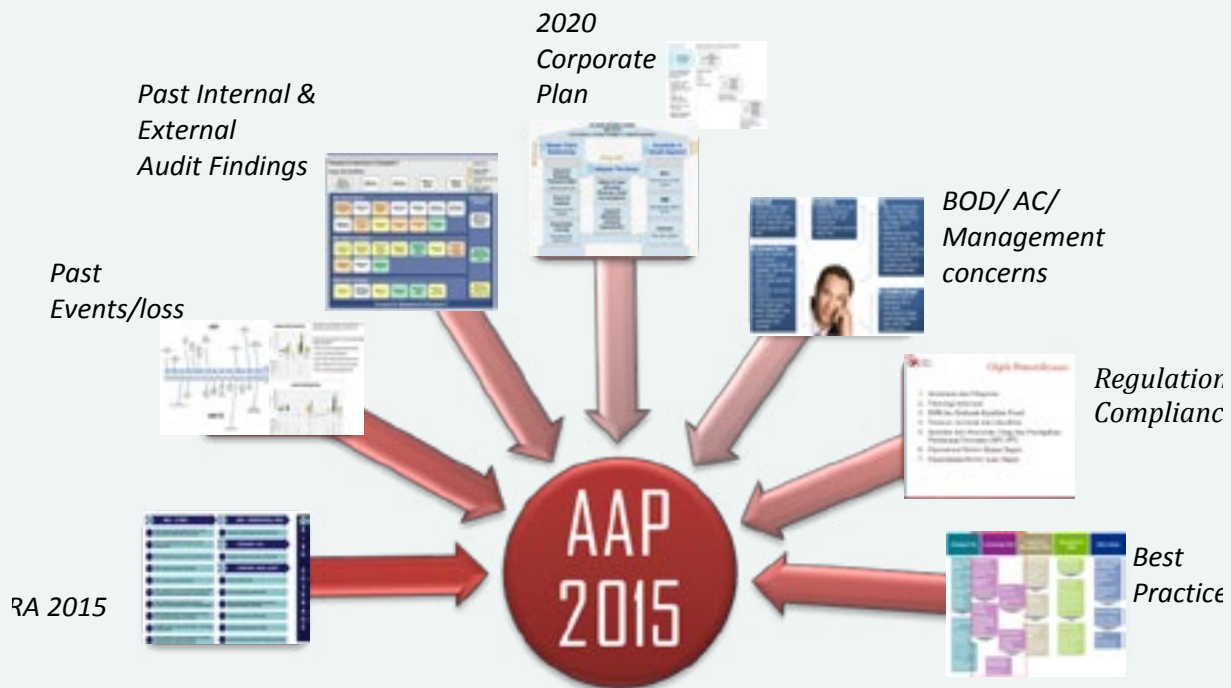
AAP according to 2015 which have been prepared, Internal Audit carry out an audit of the 37 subjects covering all directorates in Bank Mandiri and eight subsidiaries covering Assurance and Consulting, whether conducted by the Internal Audit itself or co-sourced and outsourced to other parties.

AAP 2015 prepared with the theme “Strengthen IA Foundation for Greater Assurance in 2020” to ensure that the first step towards the vision of the transformation of Bank Mandiri in 2020 was followed by the more robust and cultural maturation internal control in every line of defense. With the theme of Internal Audit would like to believe that the bank’s business growth is based on the foundation of a solid business and control as well as a solid alliance between units and subsidiaries so as to create sustainable Mandiri Group. Furthermore, Mandiri Group is expected to be more confident entering the continued transformation to become the best bank in ASEAN by 2020.

Bank Mandiri Annual Audit Plan (AAP) 2015 is based on seven key inputs as follows:

1. Results of Enterprise Risk Assessment (ERA) in 2014 for forward looking to 2015.
2. Loss Events: Data on event/loss that is significant during the last three years.
3. Internal and External Findings 2014: Internal and external audit findings are significant previous year.
4. Bank Mandiri Corporate Plan 2020: alignment with long-term plans which are Corporate Plan 2020.
5. Management and Audit Committee Concern of the Board of Directors, Audit Committee and Management of Bank Mandiri.
6. Regulation and Compliance: Compliance with internal and external regulations (Regulation/ Compliance).
7. Best Practices: Emerging topics in the banking world today is in accordance with best practices.

Seven key inputs are analyzed through workshops, benchmarking and focus group discussion and then used to determine audit subjects in 2015.



Based on seven key inputs preparation of SAP, Internal Audit has set priorities audit coverage by 2015 as many as 37 subjects of the audit conducted by the activity of Assurance and Consulting with a focus on the following:

- **Assurance**: focus on an objective test on the evidence to provide an independent assessment of the design and implementation of internal controls, the application of risk management and governance processes for the audit area concerned.
- **Consulting**: focus on providing added value and improve the internal control, the application of risk management and governance processes without taking over operational responsibility for the audit area concerned.

Division of Internal Audit activity to 37 subjects of audit by the Bank and eight subsidiaries are as follows:

AUDIT ENGAGEMENT			
Bank Mandiri	Assurance:	28 Audit Subjects	Total : 37 Audit Subjects
	Consulting:	8 Audit Subjects	
	Assurance/Consulting:	1 Audit Subject	
Subsidiaries	Assurance:	8 Subsidiaries	
	Consulting:		

In carrying out its duties and responsibilities, Internal Audit liaises with External Auditor. Internal Audit is responsible for coordinating activities with external audit activities. Through such coordination is expected to achieve a comprehensive audit results and optimal. Coordination is done through periodic meetings to discuss matters of importance to both parties.

2015 Audit Report

In an effort to improve the effectiveness and efficiency of the audit, the Internal Audit has implemented Audit Management Information System (SIMA) to ensure the security of information assets of the Bank. It is becoming urgent to mitigate the risk of information leakage given the role of internal audit as an assurance provider that is close to Bank of confidential information. All stages of the audit carried out by SIMA so that the review process can be done remotely. Documenting audit process is reviewed on an ongoing basis by the Quality Assurance to ensure compliance and quality of the audit process is implemented. SIMA is also utilized as a knowledge center for the auditor.

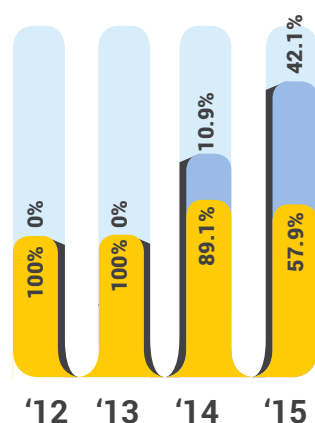
Internal Audit is committed to develop SIMA as part of the development concept implementation of Risk Based Audit in order to facilitate the process of integration and collaboration functions of audit, risk management unit and unit compliance in order to minimize duplication in the implementation of assurance functions.

The audit using SIMA improves efficiency and effectiveness of Internal Audit in achieving the target of an assignment that has been set by the work plan annually. The following is the realization of audit in 2013-2015

The audit using SIMA improves efficiency and effectiveness of Internal Audit in achieving the target of an assignment that has been set by the work plan annually. The following is the realization of audit in 2013-2015:

Type of Assignment	2013			2014			2015		
	Target	Realization	Achievement (%)	Target	Realization	Achievement (%)	Target	Realization	Achievement (%)
Rutin	234	239	101.26 %	12	60	123.6 %	20	20	108.1
Mandatory	13	13		22	22		12	12	
Thematic	3	3		157	158		110	110	
Khusus	68	67		80	95		80	98	

Internal Audit constantly monitors the implementation of the follow-up of audit findings. The following table shows the follow-up status of Internal Audit:



	Completed	In Process
2015	285	207
2014	293	36
2013	188	0
2012	173	0

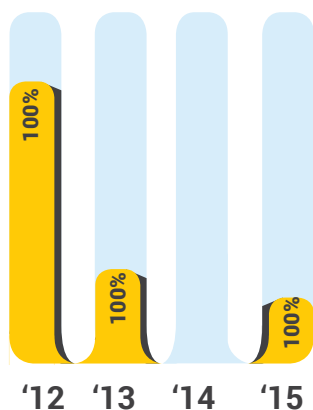
● Completed ● In Process

In carrying out its duties and responsibilities, Internal Audit liaises with External Auditor. Internal Audit is responsible for coordinating activities with external audit activities. Through such coordination is expected to achieve a comprehensive audit results and optimal. Coordination is done through periodic meetings to discuss matters of importance to both

parties. In addition, the Internal Audit evaluates the performance of the external auditor, especially public accounting firm covering the aspects: the understanding of the issues faced by the Bank, cooperation, communication, experience, expertise, and deliverables (output is given).

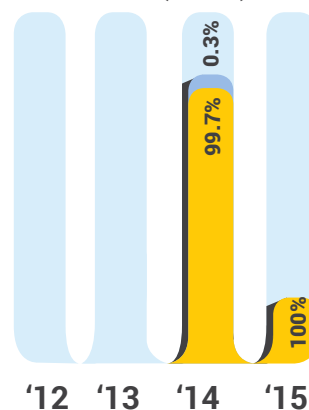
The following table shows the follow-up status of External Audit:

Bank Indonesia



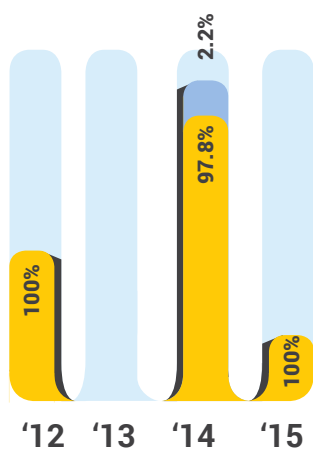
In Process	0	0	0	0
Completed	541	187	0	45

Financial Service Authority (OJK)



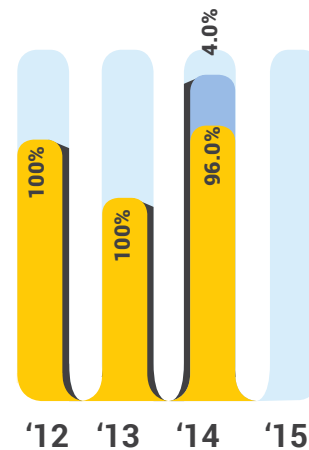
In Process	0	0	2	0
Completed	0	0	763	146

State Audit Board (BPK)



In Process	0	0	2	0
Completed	38	0	87	9

Public Accountant



In Process	0	0	2	0
Completed	41	29	48	0

In addition to be responsible for dealing with external auditors, Internal Audit also has other responsibilities, namely:

1) Corporate Social Responsibility (CSR)

As part of the CSR and the Spirit for the prosperity of the Interior, Internal Audit actively transfer knowledge in the management of internal audit in particular the application of risk based audit, not only to subsidiaries but also to companies/ organizations including Bank BNI, the Ministry of Finance of the Republic of Indonesia-Inspectorate General and also to the regulator is the OJK.

2) Application of Anti-Fraud Strategy (SAF)

Bank has implemented the Anti-Fraud Strategy as part of the Bank's internal control system, according to Bank Indonesia Circular No. 13/28/DPNP dated December 9, 2011, regarding the Anti-Fraud Strategy Implementation for Commercial Banks. Anti-fraud strategy is a commitment to control the management of the Bank Fraud applied in the form of fraud control

system that is part of the Bank's internal control system. Improvements to SAF programs both in Pillar I "Prevention", pillar II "Detection" pillar III "Investigating, Reporting and Sanctions" and pillar IV "Monitoring, Evaluation and Follow-up" continued. Internal Audit as a coordinator in the application of the Anti-Fraud Strategy consistently monitoring the implementation of SAF. With the implementation of SAF is consistently expected to reduce the incidence of fraud.

Whistleblower Reporting Received by Internal Audit

Bank Mandiri implements the whistleblower program "Letter to CEO (LTC)" as part of the Anti-Fraud Strategy, coordinated by the Risk Management Unit. Internal Audit role in following up the letters that go through the LTC program. Besides, Internal Audit also helps socialized LTC programs in conjunction with the audit conducted on site and encourage improvements such as expanded LTC program to a third party (vendor).

Bank's business development continues to increase rapidly and internal fraud also rose but growth may be in the press effectively, as the table below:

Type of Fraud	Number of Events		
	2013	2014	2015
Internal	26	27	33
External	15	12	7
Internal and External	8	13	23
Number	49	52	63

By 2015, there were reports of complaints of violations in through the channel LTC either by phone, email, fax or mail box.

The number of complaints received during 2015 is as follows:

Year	Media			Classification		Report Followed Up	Report Declared Completed
	Surat	Email	Website	Fraud	non Fraud		
2013	33	6	2	11	30	21	10
2014	8	6	0	14	5	1	13
2015	3	4	0	4	3	7	6

Internal frauds have been resolved entirely in the current year. Here is the handling of internal fraud in 2015:

Internal Fraud in 1 Year	Committed by					
	BOC and BOD Members		Permanent Employee		Non-Permanent Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Total Fraud	-	-	28	22	10	13
Resolved	-	-	28	22	10	13
Ongoing Internal Resolution Process	-	-	-	-	-	-
Haven't Been Resolved	-	-	-	-	-	-
Followed Up Legally	-	-	7	6	1	4

Anti-Fraud Strategy

Bank Mandiri has anti-fraud strategy that is set on each Policies, Standard Operating Procedures, Technical Instructions Operation and other settings were adjusted accordingly. This strategy refers to Bank Indonesia Circular No. 13/28/DPNP dated December 9, 2011 regarding Implementation of Anti-Fraud Strategy for Banks, at every Policies, Standard Operating Procedures, Technical Instructions Operations held to comply with Bank Indonesia regulation in question. It also becomes one part of the improvement of the Bank's Internal Control System Policy, the Anti-Fraud Strategy is formulated by Bank Mandiri, which has been adapted to the provisions of Bank Indonesia.

Adjustments might include things that are stipulated in the Anti-Fraud Strategy Formulation, namely:

1. Prevention Function

It becomes 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

It becomes the responsibility of the entire unit, both 1st line of defense, 2nd of defense, and the 3rd of defense and is part of the Fraud Control System in order to identify and locate fraud in banking operations.

3. Investigation, Reporting & Sanction Functions

It is the responsibility of the Directorate of Internal Audit and Control System is part of the fraud in the handling of fraud that occurred through the investigation and the results are reported to the Director, the Board of Commissioners, and Bank Indonesia, including the proposed imposition of sanctions for the perpetrators of fraud.

4. Monitoring, Evaluation & Follow-Up Function

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 re-occurrence of similar fraud in weakness.

Towards Mandiri 2020

Bank Mandiri has entered a new phase in the struggle to build Indonesia. The new vision of becoming the best bank in ASEAN by 2020 has been implemented. The ambition helped accompanied by changes in the competitive landscape will be ongoing in line with the free market in the banking industry in 2020. This new challenge requires all employees of Bank Mandiri prepare themselves to face global competition.

In connection with its function as the guardian of the achievement of the vision of Mandiri in 2020, the Internal Audit helped prepare for the challenges that move dynamically. Internal Audit has developed a Long Term Plan 2015-2020 which is aligned with Bank Mandiri Corporate Plan 2015-2020, IA Global Best Practice and Regulatory views and the results of the Quality Assurance Review of Internal Audit in 2014.

Roadmap Internal Audit in safeguarding the achievement of the vision of New Horizon 2020 has been organized in four phases:



With long experience and a commitment to continuous learning, Internal Audit has confidence to successfully achieve Mandiri 2020 vision.

risk management report

The principle of risk management at Bank Mandiri is to proactively support the Bank in achieving healthy and sustainable growth as well as maintain the optimal level of risk-adjusted return in line with the desired risk appetite.

Bank Mandiri risk management has the mission of creating and executing a comprehensive approach to identify, measure, prioritize, manage and monitor any risk that affects its business, operations and organization, as well as to look for business opportunities capable of maximizing the risk-adjusted return and shareholder value. Bank Mandiri develops its policies, processes, competencies, accountability, reporting and supporting technology in support of the effective and efficient risk management.

The implementation of Bank Mandiri risk management refers to Bank Indonesia Regulation (PBI) No. 5/8/PBI/2003 as amended by PBI No. 11/25/PBI/2009 and Bank Indonesia Circular No. 13/23/DPNP dated October 25, 2011 on the Amendment to Bank Indonesia Circular No. 5/21/DPNP concerning the Implementation of Risk Management for Commercial Banks. Looking at the development of risk management in Indonesia, the Financial Services

Authority (OJK) issued a Regulation of the OJK (POJK) under document number: No. 17/POJK.03/2014 regarding the Implementation of Integrated Risk Management for Financial Conglomeration. Bank Mandiri adopts the Enterprise Risk Management (ERM) approach which constitutes an integrated risk management framework to maximize shareholder value founded on the four building blocks, namely Organization & Human Resources, Policy & Procedure, System & Data and Methodology/Model & Analytics.

This section briefly describes Risk Management at Bank Mandiri, including Bank Mandiri risk management system, risk management practices, types of risk and their management, evaluation of the effectiveness of the risk management system and strategic objectives of risk management for 2016. Bank Mandiri Risk Management is further elaborated in a separate section on the Overview of Business Support Functions - Integrated Risk Management.

Bank Mandiri Risk Management System

Risk management plays an important role for Bank Mandiri in handling risks to support its sustainable business activities. With proper risk management, the Bank will be able to prevent loss or minimize any potential loss. Additionally, through proper and

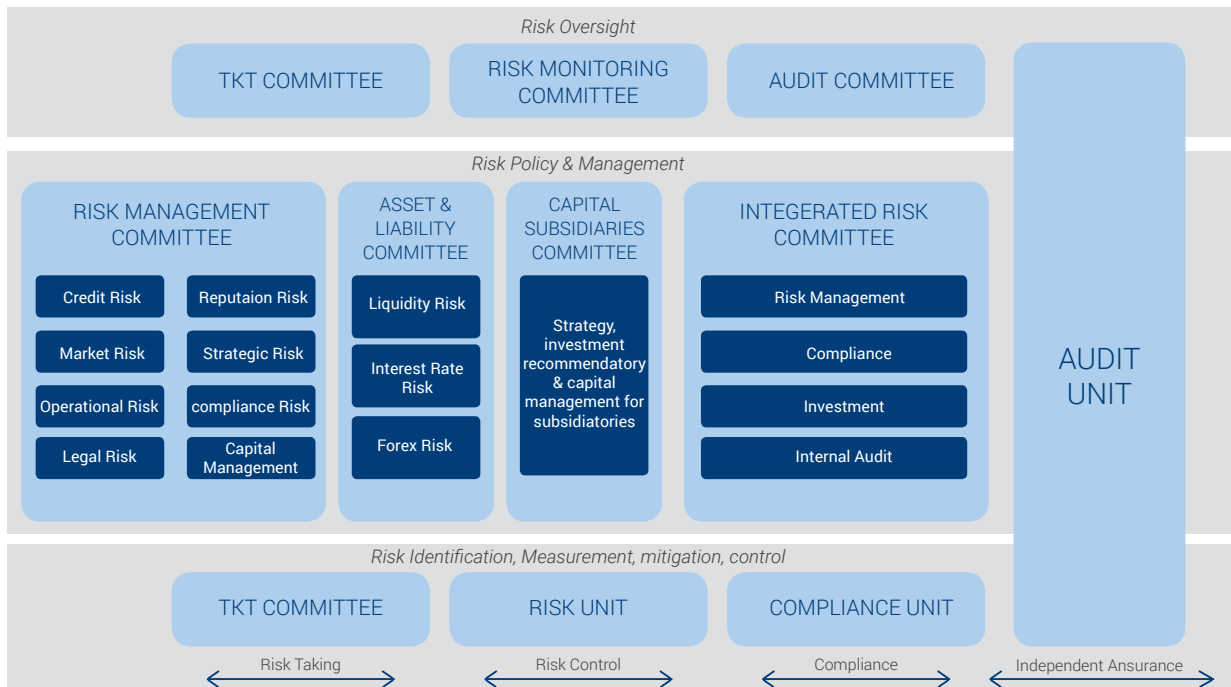
effective risk management Bank Mandiri has added values to offer to the shareholders through the provision of the latest information on potential risks so that measures to mitigate those risks can be taken promptly.

The proper application of prudential principle and risk management does not only occur in Bank Mandiri, but is also performed in subsidiaries. This is based on the ground that the Bank's business viability is affected by exposure to risks arising both directly from its activities and indirectly from the operations of its subsidiaries.

Bank Mandiri risk management framework and implementation adhere to the principle of Three Layers of Defense. This consists of the Board of Commissioners (BOC) in charge of the risk oversight

function through the Risk Monitoring Committee, the Integrated Corporate Governance Committee and the Audit Committee; the Board of Directors (BOD) performing the risk policy function through Executive Committees related to risk management, namely Risk Management Committee, Asset & Liability Committee and Capital & Subsidiaries Committee and Integrated Risk Committee; and at operational level, the Risk Management line unit with the Business and Compliance line units serving the functions of risk identification, risk measurement, risk mitigation and risk control.

Bank Mandiri Risk Management Framework and Risk Governance Structure



The Bank's Risk Management Framework is developed based internal and external factors which include but are not limited to regulatory provisions, development of methodologies and best practices, banking business, risk data and loss data.

The Operational Risk Management (ORM) is developed and implemented aiming in particular at Development of Processes and Procedures, Development of ORM Toolkit, Development of ORM Information System, Development of Risk Monitoring & Reporting and Development of an Internal Model for Calculating Operational Risk Capital Expenses.

Each of the Bank's Operational Risk Management Unit shall refer to standard procedures/guidance/operating technical guidelines, conduct ORM according to its business targets, implement the ORM toolkit and deliver report on the Operational Risk Profile.

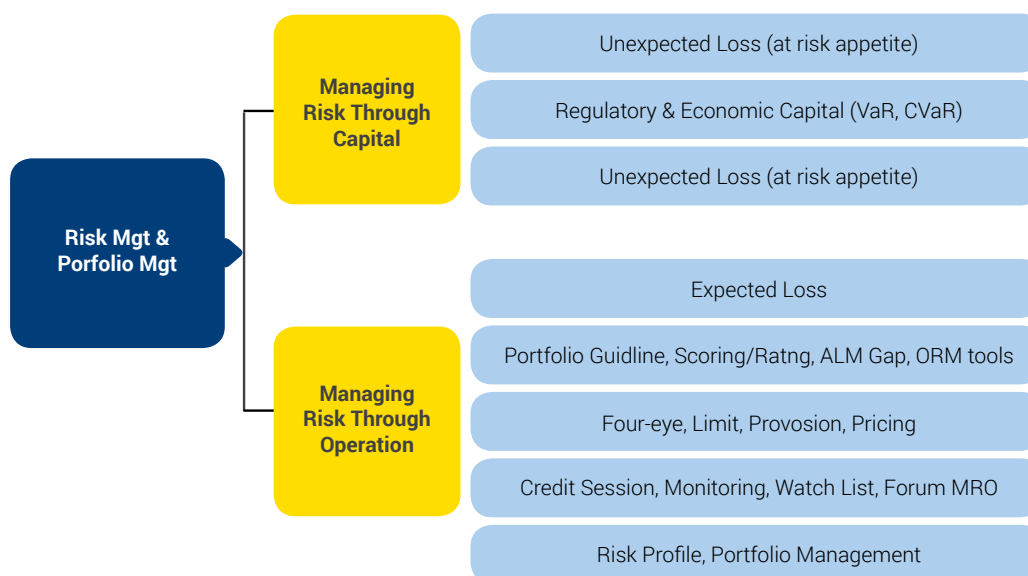
Bank Mandiri has put in place an ERM policy used as a guideline for implementing integrated risk management, linking strategic planning, risk appetite, business execution, risk assessment and performance evaluation. ERM application also provides a vehicle for the implementation of Basel II and III at the Bank gradually in compliance with the regulations of Bank Indonesia.

Bank Mandiri Enterprise Risk Management

With ERM, Bank Mandiri has the ability to accurately determine the capital required to cover risks in the Bank, ensure that capital is allocated to all business lines

efficiently and rationally and identify opportunities for portfolio diversification and optimization.

Bank Mandiri ERM Framework Scheme



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. In doing so, it 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 & 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.

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. This is the common responsibility of, and involves all 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.

The application of risk management in Bank Mandiri involves optimizing the use of business judgment along with an analysis of historical conditions with the aim of applying hierarchical risk management processes to our business.

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).

The scope of the implementation of the Basel II

framework for Credit Risk includes improvements in the development of Basel II risk parameters as part of the preparations for the application of the Internal Ratings-Based Approach (PD, LGD, EAD). For Market Risk, it includes improvements on the validation of the front office model and market risk measurement model. As regards Liquidity Risk and Interest Rate Risk, the implementation of Basel II and ERM includes the development of liquidity limits, intergroup liquidity risk management, liquidity stress testing and development of a management framework for interest rate risk in the banking book. In relation to operational risks, the implementation stresses the development of an Operational Risk Framework and Operational Risk Governance (ORM) and development of related models in accordance with Advanced Measurement Approaches (AMA). In terms of managing its capital, Bank Mandiri has made improvements on the Economic Capital model along with the Portfolio Optimization and Capital Optimization frameworks. With regard to ICAAP, Bank Mandiri has developed the application of ICAAP so as to cover, among other things, the preparation of risk appetite statements, development of a comprehensive risk assessment, application of stress testing, capital planning and synchronization with relevant regulations such as Risk-Based Bank Rating (RBRR).

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

Bank Mandiri focuses its risk management 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 slowdown, the impact of rising fuel prices, 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)
Complexity of business processes and extensive network coverage	In line with the aggressive and non-organic 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 • Operational risk management which is periodically monitored by operational risk management forum 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
Global crisis and slowdown in economic growth	European sovereign debt crisis has caused slowdown in economic growth and financial market volatility. Economic growth slowdown in China and India threatens commodity demand. A significant increase in BI key reference rate to reduce financial market volatility due to tapering off by the Federal Reserve.	• Perform regular and comprehensive stress testing, and prepare a contingency plan • Close monitoring to industrial sectors with strong crisis and recession potentials, including mining, commodity and textile • Develop special watchlist tools for coal mining and oil palm plantation sectors to monitor debtors in these two sectors
National economic slowdown	Oil fuel price adjustment which supports higher inflation and interest rates.	• Conduct active portfolio management to obtain loan portfolio in the prospective sectors
Bank 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

Ketidakpastian	Deskripsi	Mitigasi
Changes in government regulations and regulator	Changes in regulations concerning regulator which increases the Bank's exposure.	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 the likes
Greater competition in banking industry	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 - Develop cash flow-based lending method/approach for financing distributor - Implement new credit process for credit with a limit from IDR200 million to IDR500 million

The types of risk and risk mitigation of Bank Mandiri can be seen in the Overview of Business Support Functions - Integrated Risk Management.

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.

To determine the effectiveness of the Risk Management System and its implementation, evaluation and reviews 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 policies and implementation of risk management, 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. In 2015, the Bank worked closely with international external consultants to carry out the implementation of Basel II and Enterprise Risk Management (ERM) in the Bank.

Strategic Objectives of Risk Management in 2016

In order to support business growth and anticipate changes in macroeconomic conditions and newly published regulations, Bank Mandiri will continuously develop the infrastructure and capabilities of risk management which, among other things, include:

1. Managing the level of risks within Bank Mandiri
 - a. Implementing Risk Appetite Statement (RAS).
 - b. Developing a framework and system that integrate stress testing measurements into credit risk, liquidity risk, market risk, impact on the profit/loss and capital adequacy ratio (CAR) for Bank Mandiri and its Subsidiaries.
 - c. Enhancing credit stress testing system to meet the needs of credit stress testing in a specific and efficient manner for the implementation of Basel II and III.
2. Developing portfolio management that is more proactive which encompasses improvements on portfolio guidelines, industry classification, portfolio alerts through effective collaboration with the Office of the Chief Economist (OCE) and Mandiri Sekuritas.
3. Improving end-to-end credit process in the wholesale segment through:
 - a. Business process improvements for wholesale segment with limits set for anchor client and specific sectors.
 - b. Optimizing the use of ICLS.
 - c. Fulfillment of the DRC in the context of sustainability of the Risk Management System.
4. Efficient use of capital through:
 - a. Implementing IRBA Phase II.
 - b. Developing ERM System for the Implementation of Basel II and III: Calculation of Risk Weighted Assets for Capital Allocation Credit Risk.
 - c. Enhanced Modeling of Basel II Risk Parameters for Retail Portfolio.
 - d. Implementing the New Operational Risk Reporting System.
 - e. Enhancement of Operational Risk Capital Expense Calculation, from adopting the Basic Indicator Approach (BIA) to taking Advanced Measurement Approach (AMA).
 - f. Intensification and Extension of Validation Functions.
5. Optimizing the Management of Assets & Liabilities by managing yield of earning assets and cost of liabilities, Pricing Strategy and Implementation of New ALM Solutions.

external auditor

Bank Mandiri Financial Statements are supervised by the Internal Auditor through the Internal Audit Directorate and External Auditor through an Independent Auditor or External Auditor. External Auditor plays a role to contribute to credibility by providing reasonable and correct opinions. This provides the Bank's shareholders and stakeholders with useful information and insights. The audit of Financial Statements for 2015 of Bank Mandiri was attested by a Public Accounting Firm (KAP).

Functions of External Auditor

External Auditor functions to perform audit of the Bank's Financial Statements, to formulate and express opinion regarding the Financial Statements and to test internal audit work, including re-testing of

returned items that have been tested by the internal audit, testing the same item as well as observing the procedures followed by the internal audit.

Appointment of External Auditor

The 2015 Financial Statements was audited by KAP Purwantono, Sungkoro & Surja as Public Accounting Firm appointed under a resolution of the Annual General Meeting of Shareholders (RUPS) on March 16, 2015, of which it has conformed to the regulations of Bank Indonesia, Financial Services Authority (PJK) and other relevant regulations. The year 2015 was the first time this firm audited Bank Mandiri Financial Statements.

The process of appointing the External Auditor was as follows:

1. The BOC submitted a request to the Board of Directors (BOD) to conduct pitching of KAP to audit the 2015 Financial Statements.
2. Bank Mandiri did a procurement process to select a KAP, started with the formation of a

Procurement Team for KAP in relation to the procurement of audit service for the 2015 Financial Statements to the evaluation of technical and financial aspects of the proposals submitted by the Bidders.

3. The BOD submitted the result of evaluation of technical and financial aspects of the proposals submitted to the Audit Committee.
4. The Audit Committee gave recommendation on the appointment of a KAP that would audit the 2015 Financial Statements to the BOC for presentation at the Annual RUPS.
5. The BOC proposed to the Annual RUPS the KAP that would audit the 2015 Financial Statements.
6. The Annual RUPS held on March 16, 2015 resolved:

- a. To appoint KAP Purwantono, Sungkoro & Surja as the KAP that would audit the 2015 Financial Statements.

b. To confer power upon the BOC to determine the fees and other requirements for the selected KAP.

7. Bank Mandiri delivered Notice to Bidders regarding the resolution of the Annual RUPS.
- Bank Mandiri made the appointment after verifying that the External/Independent Auditor complied with the principles of professional ethics including:

1. Professional responsibility;

2. Public interest;

3. Integrity;

4. Objectivity;

5. Professional competency and prudence;

6. Confidentiality;

7. Professional conduct; and

8. Technical standards.

Public Accounting Firms and Audit Period

The following list contains Public Accounting Firms that have audited Bank Mandiri’s Financial Statements during the period 2010-2015:

Fiscal Year	Name of KAP	Period/ Firm	Name of Accountant	License Number	Period/ Accountant
2015	Purwantono, Sungkoro & Surja (E&Y)	1	Danil Setiadi Handaja, CPA	No. AP.0686	1
2014	Tanudiredja, Wibisana & Rekan (PwC)	5	Drs. Haryanto Sahari, CPA	No.AP.0223	2
2013	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	No.AP.0223	
2012	Tanudiredja, Wibisana & Rekan (PwC)		Lucy Luciana Suhenda, SE, AK,CPA	No.AP.0229	1
2011	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	No.AP.0223	2
2010	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	No.98.1.0286	

Conduct of Audit

In conducting external audits, Bank Mandiri always strives to improve communication with the KAP, where the Internal Audit Directorate was responsible for coordinating activities of the External Auditor and the Audit Committee supervised the course of audit

conducted by the Public Accounting Firm with the Directorate of Internal Audit. This coordination was established to achieve comprehensive and optimal audit results.

Coordination between External Auditor and the Audit Committee

The coordination between the KAP and the Audit Committee began with selecting a KAP to conduct audit of the Bank's financial statements in a beauty contest of the bidders. Thereafter, the KAP communicated the plan for conducting the audit.

Furthermore, the Audit Committee would regularly monitor the performance of the KAP together with the Internal Audit Directorate through monthly meeting of the Audit Committee. The meeting also discussed follow-ups on audit findings by the External Auditor.

Coordination between External Auditor and the Internal Audit Directorate

Internal Auditor was responsible for coordinating its activities with that of the External Auditor. Likewise, this was meant to achieve comprehensive and optimal audit results. The coordination was established through, among others, periodic meetings to discuss important matters for both parties. In addition, the

Internal Auditor evaluated the performance of the External Auditor which included understanding of issues encountered by the Bank, cooperation, communication, experience, expertise and output provided.

Audit Results

Opinion on the results of the Financial Statements for Fiscal Year 2010-2015 are as follows:

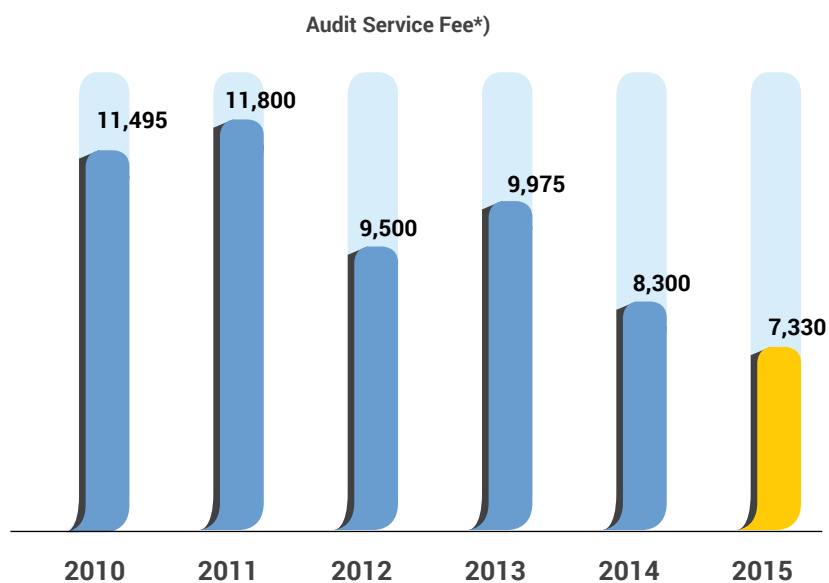
Year	Opinion on Financial Statements
2015	The consolidated financial statements were presented unqualified, pursuant to the Indonesian Financial Accounting Standards
2014	The consolidated financial statements were presented unqualified, pursuant to the Indonesian Financial Accounting Standards
2013	The consolidated financial statements were presented unqualified, pursuant to the Indonesian Financial Accounting Standards
2012	The consolidated financial statements were presented unqualified, pursuant to the Indonesian Financial Accounting Standards
2011	The consolidated financial statements were presented unqualified, pursuant to the Indonesian Financial Accounting Standards
2010	The consolidated financial statements were presented unqualified, pursuant to the Indonesian Financial Accounting Standards

Audit Fee

The amount of fee for audit services by External Auditor KAP Purwantono, Sungkoro & Surja for the financial year 2015 amounting Rp 7,330 billion, consists of audit services fee amounting Rp 5,736 billion and other attestation services fee amounting Rp 1,594 billion.

For information, following is a chronology of service fees for the 2010 fiscal year audit up to 2015 as follows:

Year	The Amount of Fee for Audit Services (in IDR million)
2015	7,330
2014	8,300
2013	9,975
2012	9,500
2011	11,800
2010	11,495



*) inclusive fee for other attestation services

Other Services Provided

Other non-audit services provided by the firm in addition to audit services were audit on the Compliance of Bank with Laws and Regulations and implementation of the agreed procedures for PT Bank Mandiri (Persero) Tbk. reporting to Bank Indonesia, Custodian Services, Scripless Security Settlement System (S4), Bank Performance Evaluation and Performance Evaluation of the Partnership and Environmental Development.

During the audit, KAP Purwantono, Sungkoro & Surja (EY) did not provide other services to PEPC other than auditing services; the audit process was managed independently and there was no conflict of interest.

Code of Conduct

The code of ethics is a code of conduct Board of the Bank in performing official duties and everyday as well as in the conduct of business relationships with customers, partners and colleagues. The existence of the basic rules contained in the Code of Conduct (Code of Conduct), makes one of the Bank's commitment to the principles of good corporate governance, which support the Bank is to achieve the vision and mission that has been set out.

The work ethic is an elaboration of the basic principles of personal and professional behavior that is expected to be done by the Board of the Bank in performing their duties. Business ethics is the moral principle related to the behavior of individuals, protection of property bank, and the conduct of business bank one of them in interacting with stakeholders, as the basis of the behavior of Bank's Board in running business activity. It is a standard of behavior that must be applied by all levels of the organization.

The Presence Code of Conduct

Bank Mandiri has a code of conduct since 2000 by the Joint Decree of the Board of Directors and Board of Commissioners No. 002/KEP.DIR.KOM/2000 on Code of Conduct PT Bank Mandiri (Persero) Tbk. The Bank's code of conduct was revised in 2013. The code of ethics Bank explains the basic principles of personal and professional behavior conducted by the Bank Board. Therefore, the existence of a reference code of ethics and conduct responsibilities for the Board of Commissioners, Directors and all employees of the Bank at all levels of the organization as part of efforts in achieving the vision and mission of the Bank.

The application of the code of conduct is expected to promote the establishment of professional behavior, responsible, fair, decent and trustworthy in doing business with fellow colleagues and business partners.

Contents of the Code of Conduct

Bank Mandiri's payload contains a code of conduct setting the work ethic and business ethics. The work ethic governing Board of the Bank in performing their acts includes the following aspects:

1. Conflict of interests

Conflict of interest is a condition in which the Board of the Bank in carrying out its duties and responsibilities have interests beyond the interests of the service, both concerning personal, family or the interests of other parties so that the Board of the Bank of the possible loss of objectivity in making decisions and policies appropriate authority that the Bank has given. Therefore, the entire personnel of the Bank:

- a. shall avoid activities that may create conflicts of interest and report to the direct superior if it cannot avoid.
- b. shall be prohibited from giving consent or request approval for the loan, as well as preferential rates or other specificity to:
 - i. themselves
 - ii. their family.
 - iii. a company in which he and his family have a controlling interest.
- c. shall be prohibited from being employed by another company, unless the assignment or have obtained written permission from the Bank. Board of Commissioners and the Board of Directors following the regulatory provisions.
- d. shall be prohibited from being partner directly or indirectly, a good partner for the goods or services to the Bank.
- e. shall be prohibited from taking goods belonging to the Bank for its own interests, the interests of the family or other outside parties.
- f. shall be 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. shall be required to understand and maintain the confidentiality of any information, in accordance with prevailing regulations.
- b. shall use the information received only for the banking activities.
- c. in providing information, must act in accordance with applicable regulations.
- d. to prevent abuse, shall spread customer information internally within the Bank carefully and only to interested parties.
- e. shall be 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 of Information Systems, Data and Reports
 - iv. Data on employees, whether active or not
 - v. Bank's business activities, including activities with customers and partners.
 Except with the consent of the authorized officer of the Bank or for command by applicable legislation.
- f. shall keep the special things that should be kept secret, remains in effect for former employees of the Bank.

**3. Misuse of Position
and Gratuity**

- a. shall be prohibited from abusing 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. shall be prohibited from soliciting or accepting, allowing, or agreeing to receive gratuities associated with his position and contrary to its obligations under the legislation in force.
The types of gratuities and reporting mechanism will be regulated in separate provisions
- c. shall be prohibited from soliciting or accepting, approving or agreeing 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, shall be prohibited from giving gifts in the form of goods or in any other form at certain moments such as the Hari Raya 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 Bank Board 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 for further action.
- f. In terms of customers, partners and other parties provide goods sale, then throughout the campaign due to the receipt of goods does not cause negative impact, then they are allowed to be accepted.
- g. In order to procure goods and services from third parties for official purposes Bank, should try to get the best price by the maximum price cuts price cuts accounted for the profit of the Bank.
- h. shall be prohibited from recourse to borrowing from clients or owed to customers.
- i. shall not take the opportunity to use the facilities at the Bank for its own advantage beyond that provided by the Bank.

4. Insiders Actions

- a. The Bank personnel which has confidential information are not permitted to use such information to take advantage for himself, his family or any other third party.
- b. prohibited from using internal information to make a purchase, or trade in securities, unless the information is already known by the public.
- c. shall not abuse their position and take advantage, either directly or indirectly, for themselves or others that may influence the decision.
- 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.

5. Bank Data Integrity and Accuracy	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 according to the procedures that have been established by the 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 the Bank Board in running the business, covering the following aspects:

1. Individual Behavior	a. Personal integrity i. upholding moral, self-esteem and a strong discipline. ii. maintaining personal integrity according to the rules, regulations, policies and systems in place. iii. committed to maintaining the image and reputation of the Bank. iv. leaning toward pure conscience in all the acts and behavior. v. acting 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. refraining from activities associated with an organization or individual that allow conflicts of interest. 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. Discriminative Treatment/Action i. upholding human rights. ii. discouraging the practice of discrimination in all its forms. iii. Harassment the Board of Bank action required to avoid any action that violate public order and morality. c. Harassment - shall avoid any action that violate public order and morality
2. Protection of Bank Property	a. Bank Property i. always maintaining and protecting 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. using 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. Bank's Intellectual Property i. safeguarding the Bank's intellectual property rights. ii. dedicating 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. Bank Mandiri
Business

- 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. Bank ranks refrain from actions that could lead to a misunderstanding of the other party.
- b. Relationships with Partners
 - i. always prioritizing 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 are based on good faith.
- c. Competitive Behavior
 - i. being responsible for creating and maintaining healthy competition in running the business.
 - ii. shying away, avoiding and preventing ways unhealthy competition in developing his career.
- d. Relations with Other Organizations
 - i. capable of making business contacts with other organizations including competitors all benefit the Bank
 - ii. refraining from all forms of collaboration/partnership is inappropriate to others.
- e. Obtaining and Using Third Party Information
 - i. avoiding the acquisition of confidential information from third parties/competitors in a way that is inappropriate.
 - ii. not recruiting employees of a competitor in order to obtain confidential information from a competitor company.
- f. Relations with Regulators
 - upholding the principles of ethics and regulations in developing relationships with regulators.

Dissemination of the Code of Conduct

The code of conduct has been communicated and disseminated to the Board of Commissioners and supporting organ, the Board of Directors and senior officers under the Board of Directors and all employees, including through:

1. The company's website.
2. Email administrator communicated to all employees of the company.
3. At the signing of the collective agreement made between the union and company management company.
4. Standing banners, flyers and other advertising media at the company's office area.

Implementation and Enforcement Code of Ethics

Employees can report alleged violations of the implementation of the code of conduct to superiors, through the mechanism of Letter to CEO (LTC). All these reports should have data and/or accurate evidence so that violations can be processed further. Any violation of the code of conduct will be penalized in accordance with applicable regulations. Throughout 2015, complaints of violations of the code of conduct documented integrated on LTC mechanism.

Efforts implementation and enforcement of the code of conduct of Bank Mandiri done mindfully continuously in the form of attitudes, actions, commitments and provisions, among others by:

1) Statement of Compliance with Bank Mandiri Code of Conduct

To implement an effective Code of Ethics, Board of the Bank is required to read and understand the fine and required to sign a "Statement of Compliance with the Bank of the Code of Conduct", the code of ethics and corporate culture.

2) Commitment of the Management and the Entire Bank Mandiri Employee

The commitment of management and all employees of the Bank not to accept money and/or goods Gratuities and/or gifts associated with the obligations or duties. Commitment published through the mass media and the company's website.

3) Annual Disclosure of Conflict of Interests

Each Board of the Bank is required to make an annual statement (annual disclosure) related to conflicts of interest every year, and each unit must report transactions/decisions which conflict of interest every quarter, in line with the formulation of policies derived Code of the Bank in the form of Guidelines for Handling Conflict of Interest Mandiri Bank.

4) The Integrity Pact

The integrity pact signed by the holders of authority and all Bank Mandiri partners, which is involved in the loan process, procurement of goods and services, as well as accreditation partner. In addition there is also the Annual Integrity Pact signed by the Board of Commissioners, Board of Directors, Executive Officers of the Bank and all employees of the Bank in order to control the implementation of gratuity control.

5) Awareness Program

Bank Mandiri for new employees will be held induction program of the Code of Bank Mandiri through Bank Mandiri jump start education and socialization of continuous and consistent policy. In addition, also be disseminated to the entire unit of the Bank Mandiri related codes of conduct include anti-fraud strategy of Bank Mandiri, compliance culture, and a culture of service.

Corporate Culture Internalization

In order to support the achievement of the Bank's vision to become the best bank in ASEAN in 2020, the Bank has a corporate culture known as the "Culture of Excellence". The "Culture of Excellence" is a manifestation of the spirit of the Bank to grow and develop together in the context of Mandiri Group. "SUPERIOR WORK CULTURE, CULTURE OF EXCELLENCE" is based on the 5 TIPCE Cultural Values and 11 Key Behaviors of Mandiri Personnel.

The process of internalizing and socializing Working Culture of Excellence "Culture of Excellence" in Bank Mandiri made to all levels in the organization of the Bank, including the Board of Commissioners, Directors and employees through various media such as in-class training, discussion and direction of management during a visit to the region, sms/email blast, article in Mandiri magazine, materials teleconference/video tape, and others. In addition to the conventional way as described above, to enhance the enthusiasm of Mandiri personnel at excelling in performing work culture, the bank made a system called culture of excellence scoreboard as described in the company's profile.

With their superior work culture internalization process, expected the bank would have the advantage not only on the financial side, but also has superior Mandiri personnel to achieve the vision of the Bank became the best bank in ASEAN in 2020.

accesses to company data and information

Bank Mandiri has presented all financial and non-financial reports in a transparent manner to the public through various print and electronic media, including publication of financial statements in the websites of Bank Mandiri, Bank Indonesia, Indonesia Stock Exchange and the Ministry of State Owned Enterprises in a timely, complete and accurate manner.

Bank Mandiri facilitates accesses to company data and information for the public through:

1. Mandiri Call Center 62-21 5299 7777, 14000;
2. Company website: www.bankmandiri.co.id;
3. Investor Relations website: ir.bankmandiri.co.id;
4. Email: ir@bankmandiri.co.id;
5. Mass media;
6. Mailing lists, bulletins, periodic analyst meetings; and/or
7. Through Bank Mandiri branches.

Information Media and Corporate Communication

Based on the media used, information and data concerning Bank Mandiri can be obtained through:

Website

Through <http://www.bankmandiri.co.id>, stakeholders can find a wealth of information on the Company, such as Bank Mandiri Profile, products and services, 24 hours services, corporate governance information, including the Annual Report, organizational structure, management team, financial and stock information, news updates about the bank and so on. In an effort to improve the quality of the information and provide the latest news on the Company to the public, the Company consistently updates the content on a regular and ongoing basis.



Page on the Website

Print Media

Bank Mandiri provides information to shareholders and stakeholders using posters and Bank Mandiri magazines and through other means so as to provide comprehensive information on internal company activities to shareholders, stakeholders and the public at large.



Bank Mandiri Magazine

Electronic Media

Bank Mandiri uses electronic media, e.g. email, to disseminate or communicate information such as sending/receiving mails and receiving data from stakeholders. In addition, Bank Mandiri always advertises its activities and products on national private TV stations in Indonesia and on YouTube channel.



Bank Mandiri Promotion on YouTube

Internal Communication Forum

Bank Mandiri provides various means of communication to serve as discussion forums for employees and management regularly in each working unit, such as family gatherings, meetings, morning briefings and various competitions (sports and other events held by the Company).





Event Photographs (family gathering, morning briefings, sports, etc.)

Annual Report

Bank Mandiri provides information through its Annual Report, which is prepared each year. The Annual Report is submitted to shareholders, regulators, mass organizations, the media and the society.

Sustainability Report

Sustainability Report contains information regarding overall corporate activities published concurrently with the Annual Report. The Sustainability Report will be submitted to shareholders, regulators, mass organizations, the media and the public at large.



Front Cover of Bank Mandiri Annual Report 2014



Front Cover of Bank Mandiri Sustainability Report 2014

As regards access to confidential information, Bank Mandiri can only disclose any of it if there are valid reasons as required under governing laws and regulations. All Mandiri Personnel must maintain the Bank's and job confidentiality as good as possible.

Information confidentiality policies are established to protect the security of information and to ensure that Bank Mandiri discloses information to interested parties in a transparent and fair manner, pursuant to the applicable regulatory provisions.

Media Engagement Program

In the effort to improve communication and relationship with stakeholders, during 2015 Bank Mandiri conducted Media Engagement Program with various parties, specifically media partners. The following list outlines the activities conducted:

1. Media Briefing

One of the communication channels used by the Bank to interact with stakeholders, particularly mass media, to discuss a specific subject.

2. Press Conference

One of the communication channels used by Bank Mandiri to interact with stakeholders through mass media to announce news, such as the Bank's financial conditions, legal issues encountered by the Bank and achievements recorded by the Bank.

3. Dinner with Editor in Chiefs

This activity is held in order to maintain good relationships with mass media.

4. Informal Meeting with Media

Bank Mandiri conducts this activity as an effort to strengthen its relationships with mass media through informal activities that have been programmed.

5. Gathering with Managing Editors

An event conducted by Bank Mandiri with Managing Editors in the form of positive activities with the aim of maintaining good relationships with every Managing Editor of the media.

6. Lunch Meeting

Lunch meeting conducted by Bank Mandiri for maintaining good communications with mass media.

7. Media Visit

A communication event held by Bank Mandiri with mass media in a constructive and mutually beneficial manner.

8. Joint Fast-breaking

A communication event held by Bank Mandiri with mass media during the month of Ramadan.

9. Media Training

An activity conducted by Bank Mandiri to provide training (on Bank issues), whose materials are decided by the Bank, for mass media, e.g. promoting Bank Mandiri vision for 2020.

Berikut uraian kegiatan Media Engagement Program dengan berbagai pihak:

Month	Activity	Target Media	Information
Jan	1. Media Briefing on Mandiri Investment Forum 2015	Journalists from national media outlets, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri together with Barclays and Mandiri Institute would hold Mandiri Investment Forum on January 27, 2015 to promote investment in the country, an event which would be attended by 700 investors and business players.
	2. Press Conference on the Performance in Q4/2014	Journalists and photographers from national media outlets such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri continued to consolidate its role as an intermediary institution in developing the national economy. This was indicated by the annual loan growth of 12.2% by the end of 2014, increasing from IDR 472.4 trillion to IDR 530.0 trillion YoY, with NPL ratio at 2.15%.
	3. Press Conference on the Launching of Secure Parking e-Payment 2015	Journalists of national media, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri and Secure Parking Indonesia worked together in implementing e-payment system for parking using Mandiri e-Money. As the initial step, Mandiri e-Money could be used in parking areas of Kelapa Gading Mall and La Piazza Kelapa Gading. Further, Mandiri e-Money would be able to be used for parking payment in more than 20 parking areas managed by Secure Parking.
	4. Press Conference on Mini MRA by Bank Mandiri and International Banks	Journalists from national media outlets, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri entered into cooperation with three foreign banks, namely Bank of Tokyo-Mitsubishi UFJ, JP Morgan Chase Bank and Hong Kong Shanghai Bank & Corp (HSBC), to strengthen financial market through the use of repurchase (repo)/reverse transaction services. This marked the first instance where foreign banks used Mini Master Repo Agreement (MRA) as a standard contract in executing transactions.
	5. Press Conference on Mandiri Investment Forum 2015	Journalists and photographers from national media outlets, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Bank Mandiri together with Mandiri Sekuritas and Barclays conducted the 2015 Mandiri Investment Forum (MIF) to encourage private sector's participation in the national development through investment. The increased investment could support the efforts to achieve much better economic growth.

Month	Activity	Target Media	Information
Feb	1. Dinner with Chief Editors 2015	Chief editors of national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri wanted to strengthen constructive and mutually beneficial relationships with media in order to obtain support to the Company's business agendas.
	2. Press Tour on Remittance Collaboration with 7-Eleven in Hong Kong, 2015	Journalists and photographers from national media, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com as well as foreign wirenews	Bank Mandiri is committed to facilitating Indonesian people abroad to send money back home. In Hong Kong, Bank Mandiri cooperated with the Dairy Farm Company Limited, the management of 7-Eleven, to deliver remittance services for Indonesian in Hong Kong.
	3. Press Tour covering the 2015 Mandiri Young Entrepreneur (WMM) Workshop Goes to Islamic Boarding School in Medan	Republika, Tempo, Media Indonesia and Antara photographers, Bisnis Indonesia, Kontan, Indonesia Finance Today, Media Indonesia and Kompas	In collaboration with Al Kautsar Al Akbar Islamic Boarding School Medan, Bank Mandiri conducted a workshop to foster entrepreneurial spirit of Islamic seminarians and resilient entrepreneurs who can contribute to the economy. The workshop attended by about 500 Islamic seminarians discussed materials on entrepreneurial opportunities in Islamic boarding schools as well as some tips on entrepreneurship and business ethics.
Mar	1. Press Conference on WMM 2015	Bisnis Indonesia, The Jakarta Post, Dow Jones, SWA and Indonesia Finance Today	Mandiri Young Entrepreneur Expo in 2014 produced 20 winners of potential young entrepreneurs and innovators ready to contribute actively to developing the nation. In addition to the award, the winners received assistance in business development as well as financial management and marketing.
	2. Press Conference on the 2015 General Meeting of Shareholders (RUPS)	Journalists from such national media as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	The shareholders approved and resolved the Company's Financial Statements for the fiscal year ending on December 31, 2014. The resolution confirmed the Bank status of Mandiri as the biggest bank in Indonesia with assets amounting to IDR 855 trillion and signalled its preparedness to target the ASEAN market. By the end of 2015, Mandiri targeted the achievement of IDR 1,000 trillion in assets to be able to pick up the pace at ASEAN level.

Month	Activity	Target Media	Information
	3. Press Tour on Makassar Laku Pandai Services 2015	Photographers from national media outlets like Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia and Republika	Bank Mandiri strengthens banking services without a physical office or Branchless Banking in order to support Financial Inclusion (Laku Pandai) through Mandiri e-cash, and to improve access to banking services for all levels of the society in Indonesia.
April	1. Press Conference on HAPE Account 2015	Journalists and photographers from national media outlets, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri established collaboration with telecommunications operators, namely PT Telekomunikasi Indonesia (Persero) Tbk., PT Telekomunikasi Cellular Tbk., PT Indosat Tbk. and PT XL-Axiata Tbk., to strengthen financial inclusion. This synergy also supports the Government's spirit to keep improving access to financial and non-cash transactions.
	2. Press Conference on the Performance in Q1/2015	National media journalists from Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Early 2015 was a difficult period for business due to tough economic challenges. Nevertheless, the Bank continued to see loan growth above the industry average, i.e. by 13.3% from IDR 470.4 trillion in the first quarter of 2014 to IDR 532.8 trillion in Q1 of 2015.
	3. Press Tour Report on Coastal Home Renovation 2015	Journalists of national media outlets such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri continued to increase financing for fishermen either through schemes KUR and the Food Security Credit-Energy (KKP-E). By the end of 2014, Bank Mandiri disbursed up to IDR 1.765 trillion for loans to fishermen, 15% higher from the previous year.
	4. Media Briefing and PressCon on the 2015 World Economic Forum	Reporters from national media, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri seriously explored the potential of Indonesian financial inclusion to increase financial access in the country.
May	1. Press Tour on Mandiri Sahabatku Event 2015 in Hong Kong	Journalists and photographers from national media such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri delivered educational course and shared entrepreneurial skills with 1,000 Indonesian migrant workers in Hong Kong, Sunday (10/3). The program dubbed as "Mandiri Sahabatku" was the Company's effort to help shape a better future for the migrant workers after working abroad.

Bulan	Activity	Target Media	Information
	2. Press Conference on the 2015 Indonesia Investment Forum	National media journalists including from Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri and the Institute of International Finance (IIF) held a meeting forum of leaders in the world's financial business at Ritz Carlton Pacific Place Jakarta, Wednesday-Friday (6-8/5). More than 300 financial business leaders attended the forum to discuss a variety of issues related to the financing of infrastructure and financial access.
	3. Press Conference on the 2015 Global Partnership of Bank Mandiri with Accor Group	National media journalists including from Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com as well as business desk photographers	Bank Mandiri and Accor agreed to forge a global partnership to provide added values and greater benefits to the loyal customers of both companies, both debit and credit card holders of Bank Mandiri and guests of Accor hotels.
June	1. 2015's Fast-breaking Event with Chief Editors and Reporters	Chief editors and journalists of national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri's readiness to welcome the fasting month and Lebaran holiday season of 2015
	2. Press Tour covering the 2015 Bali Mandara e-Toll initiative	Journalists and photographers of national media outlets, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com, as well as business desk photographers	State owned banks under Himbara worked in synergy with Jasa Marga for developing toll road e-payment. To begin with, Bank Mandiri, BNI and BRI would implement the electronic payment system at toll booths of Bali Mandara to facilitate users in making payment for the toll road.
	3. Papua Bike Journey 2015 with Kompas	Editorial Board of Kompas Group	Bank Mandiri wanted to strengthen constructive and mutually beneficial relationships with media in order to obtain support to the Company's business agendas.

Month	Activity	Target Media	Information
July	1. 2015 Lunch Meeting with Managing Editors	Managing editors of national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com, as well as business desk photographers	Bank Mandiri wished to continue to optimize the role of media in communicating its latest development to the stakeholders.
	2. 2015 Kompas Media Visit	Editorial Board of Kompas	Bank Mandiri wanted to strengthen constructive and mutually beneficial relationships with media in order to obtain support to the Company's business agendas.
	3. Press Conference on the Performance of Q2/2015	Journalists and photographers from national media outlets, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	The Bank posted loan growth of 13.8% to IDR 552.8 trillion during the first six months. Following such performance, Bank Mandiri assets at the end of June 2015 grew by 19.5% to IDR 914.1 trillion YoY.
August	1. Informal discussions with Kompas and the business community about the current economic conditions in 2015	Editorial Board of Kompas	Bank Mandiri had prepared itself to meet the implementation of the ASEAN Economic Community (AEC) by maintaining active contribution to the improvement of public welfare.
	2. Press Conference on the Signing of MoU with Marina Bay Sands in 2015	National media journalists, including from Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com, as well as business desk photographers	Bank Mandiri established cooperation with Marina Bay Sands to create a joint marketing promotion program as a step to strengthening the loyalty of customers that hold Bank Mandiri credit card.

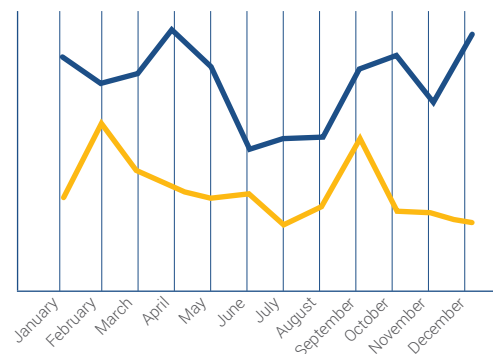
Month	Activity	Target Media	Information
	3. Press Tour of Journalist's Mountain Biking to Bandung 2015	Journalists and photographers from national media, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA, and Detik.com	Bank Mandiri wished to strengthen constructive and mutually beneficial relationship with media in order to obtain support to the Company's business agendas.
Sept	1. Press Conference on Mandiri Financial Deepening Seminar 2015	Journalists from national media, such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Mandiri Institute in collaboration with a global management consulting firm, i.e. Oliver Wyman, held an International Seminar on Financial Sector Deepening to increase financial support for the creation of economic stability in Indonesia. A total of 250 participants from various stakeholders, such as government representatives, regulators, financial institutions, economists, academics and market associations were present to discuss effective solutions and rapid deepening of financial sector
	2. The 2015 Media Training for Journalists	Journalists from national and local media outlets, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Bank Mandiri was on the right track to realize its vision to become the best in ASEAN by 2020.
	3. Pres Confeence on Mandiri Simpel Product 2015	National media journalists, including from Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri and Bank Syariah Mandiri (BSM) introduced Simpanan Pelajar (Simpel) to get students to inculcate the money saving culture as early as possible.
Oct	1. Mandiri Karnaval Nusantara and Mandiri Jakarta Marathon 2015	Journalists and photographers from national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Bank Mandiri supports development of national sports, especially athletics, as a sport that has the potential to win achievements in international events.

Month	Activity	Target Media	Information
	2. Press Conference on the Performance of Q3/2015	Journalists and photographers from national media, such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Bank Mandiri managed to record business growth despite the unstable macroeconomic conditions. This was indicated by operating profit which grew by 21.19%, from IDR 22.5 trillion to IDR 27.3 trillion during the third quarter of 2015.
Nov	1. Press Conference on Mandiri Gandeng Indomaret to Expand Financial Inclusion in 2015	Journalists of national media such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri engaged Indomaret in expanding digital financial services using e-cash. Under this partnership, Indomaret would be an agent of Bank Mandiri to provide financial services through cash deposit transaction receipt, cash withdrawal and shopping using mandiri e-cash.
	2. Press Conference on Coverage on Dissemination of Digital Financial Services (LKD) in West Sumatra	Journalists of national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Bank Mandiri continued to expand access to banking transactions to improve public welfare and develop local economy. To that end, the Company disseminated information on LKD with Mandiri e-cash product to oil palm smallholders under the Koto Besar Padang Bungur and Bonjol Oil Palm Cooperative (Koskopabo), West Sumatra.
Dec	1. Press Conference on Himbara ATM Launching 2015	National media journalists, including from Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika and Detik.com	Monday, December 21, 2015 became one of the important milestones in terms of synergy between state owned banks in Indonesia. For the first time, state owned banks under Himbara officially launched a HIMBARA Automatic Teller Machine (ATM). During the inception, 50 ATM machines owned by four state owned banks were consolidated with the initial locations spread throughout Jakarta and its surrounding areas. Further, 800 ATM machines would be consolidated in 2016. "We decided to operate it under the brand name 'Link ATM HIMBARA,'" said Asmawi Syam, the President of HIMBARA serving also as the President Director of BRI.

Month	Activity	Target Media	Information
	2. Photo exhibition commemorating One Year of Jokowi's Administration with PFI 2015	Journalists and photographers from national media including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	
	3. Mandiri Sahabatku Press Tour 2015	Kontan, Bisnis Indonesia, LKBN Antara and Detik.com	Bank Mandiri continued to support the spirit of entrepreneurship. This time, through Mandiri Sahabatku program, Bank Mandiri trained entrepreneurship for Indonesian migrant workers. The program was held in collaboration with Mandiri University, and attended by 7,200 migrant workers working in Hong Kong and Malaysia since 2011.

All activities under Media Engagement Program conducted by Bank Mandiri for the stakeholders, particularly mass media, were aimed at consolidating its relationship with the media so that the Bank would be able to communicate good and clear objectives to all stakeholders, specifically the public, through dissemination of information in the media.

Data on the publication of “positive” and “neutral” reports on Bank Mandiri during 2015 are as shown in the following chart:



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 incur losses and violate the applicable laws. At the moment, the Bank has had a Work Unit that manages the process of procuring goods and services as well as provisions in the form of SPOs (Standard Operating Procedures) as guidelines for carrying out procurement activities.

Procurement of Goods and Services

The provisions on Procurement of Goods and Services, i.e. Procurement SPO, are determined by the Board of Directors (BOD) of Bank Mandiri. 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 independent, the Bank implemented the following matters:

1. Separation of duties with the Procurement Unit that is, units which selects candidate partners/vendors, the unit undertaking the procurement process, the unit making up the Own Cost Estimate; and Compliance 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 officials are required to sign the Integrity Pact to be able to implement the Goods and Services Procurement.

Bank Mandiri Procurement Basic Principles

In carrying out procurements, the Bank refers to the basic principles for the implementation of procurement as follows:

Effective	Procurement activities are conducted in accordance with the needs/plans that have been established and provide optimal benefits for the Company.
Efficient	Procurement activities are carried out to achieve quality in accordance with the specifications, at the agreed time and at the best price level.
Transparent & Competitive	Procurement must be implemented in a transparent manner and provides opportunities for providers of goods and services that meet the requirements, and be carried based on the principle of healthy competition among providers of goods and services that fulfill the requirements based on clear and transparent terms.
Transparent	All conditions and information on the procurements, including technical and administrative requirements, evaluation procedures, evaluation results and determination of potential goods and service providers, are open in nature.
Fair and Non-Discriminatory	Provides equal treatment to all providers of goods and services and does not benefit a particular party in any manner or for any reason.
Accountable	The procurement process, outcome, and payment must be accountable.
Responsible	The procurement process is carried out carefully and in compliance with the applicable regulations.
Independent	Procurement decisions are taken objectively and are free from third party intervention.

Bank Mandiri Procurement Ethics

All parties involved in the procurement process in Bank Mandiri, including the Procurement Implementation Unit, Goods and Services Users and providers of goods and services, must adhere to the following set of ethics:

- a. Carry out their respective obligations in an orderly manner with a sense of responsibility so as to achieve smoothness and accuracy in the procurement process.
- b. Working in a professional and independent manner on the basis of honesty and maintaining the confidentiality of documents, such as Own Cost Estimated Price, in order to prevent the occurrence of irregularities in the implementation of procurement activities.
- c. No mutual influence, directly or indirectly, so as to prevent and avoid unfair competition.
- d. Accepting and accounting for all decisions made in accordance with the agreement of the parties.
- e. Avoiding and preventing conflicts of interest between the parties.
- f. Avoiding and prevent waste in the implementation of procurement activities.

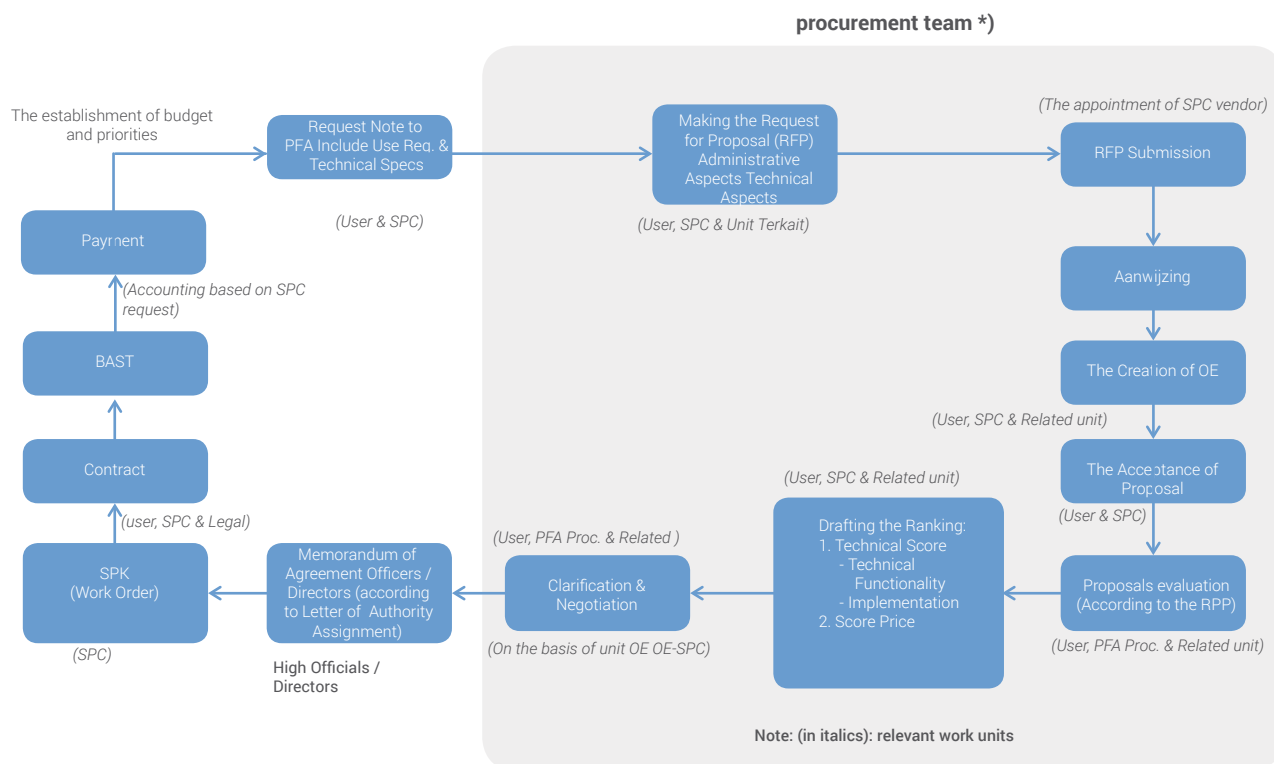
- g. Avoiding and prevent abuse of authority for the purpose of personal, group or third party gain so as directly or indirectly be prejudicial to the Company.

h. Avoiding and preventing corruption, collusion and nepotism in the procurement process.

i. Not accepting gifts or benefits of any kind, either directly or indirectly.

Bank Mandiri Procurement Procedures

Bank Mandiri has guidelines for the procurement of goods and services as illustrated by the three process flows below:



*) the procurement team is formed for complex procurement, IT Solution and other strategic procurement

Goods and Services Procurement Authority and Responsibility

Procurement Authority and Responsibility

	User	PFA Group
Budget/Preliminary Approval	v	-
Product Policy	v	-
Procurement Policy	-	v
User Requirement/Technical Specs	v	-
Preparation of RFP/Procurement Documents	v	v
Vendor Qualification (List of Selected Suppliers)	-	v
OE/HPS	-	v
Sending of RFP/Procurement Documents	-	v
Sending of Proposal	-	v
Technical Evaluation	v	-
Sign Off SOW	v + IT	-
Administrative Evaluation	-	v
Technical and Price Evaluation	v	v
Negotiations	v	v
Proposal Memorandum	v	v
Contract	-	v
License & Service Agreement Implementation BAST	v	- + Legal (optional)
Payment	-	v + Accounting

Notes:

- Compliance Group may be asked to get involved in the team when needed or before proposed to the Board of Directors
- IT *) : specifically for IT procurement

Rules Governing Goods and Services Procurement

The rules governing goods and services procurements in Bank Mandiri cover the following aspects:

Implementation of Procurement	a. Through supplier of goods and services: This type of procurement can be undertaken if the specifications of the goods/services are clear, it is more efficient, the timeframe is appropriate. b. Self-Managed: The procurement of goods services is planned, carried out and supervised by the Bank itself using its own personnel and equipment, or contract manpower.
Elements in Procurement of Goods and Services	a. Procurement Implementation Unit b. User c. Relevant Unit d. Approval Officer
Procurement Planning	Each 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. The planning in question must be well coordinated between the relevant work units, among others, work unit owner's budget, the work unit administrating system and work units responsible for the implementation of the procurement process.
Handover	Every unit that will use the goods or services (User) must check the conformity of the goods/services that are delivered with all the requirements, scope and specifications set out in the agreement and the supporting documentation.
Warranties in Goods and Services Procurement	So as to control the risks that may arise in connection with the procurement of goods/services as a result of non-performance, the supplier must provide a warranty.
Procurements in Response to Specific Circumstances	In certain circumstances that require an immediate response, such as in the case of a natural disaster or other pressing exigency, the following mechanisms shall be permitted: 1. Direct appointment without issuing of HPS/receipt of offers/Issuance of SP/SPK/contract, based on reimbursable real cost without margin, supplier's fee to be based on agreement and sensibleness. 2. Should a review reveal that the price is not reasonable; the procurement unit must conduct clarifications and negotiations with the supplier, which shall be set out in an Official Report on Clarifications & Negotiations. 3. The head of the Procurement Unit must monitor the implementation of the work and prepare an accountability report for his immediate supervisor and/or the Disaster Response Team.
Payment Process and Documentation	Payment Process includes: 1. Review of payment documents, 2. Approval of payment by the competent authority, 3. Payment shall be made in rupiah or in other currency in accordance with the amount stated on the SPK or contract, 4. Every expense component in a payment price shall be recorded in line with the relevant budget items.

Procurement of Goods and Services in 2015

Below are the details of Bank Mandiri procurements in 2014 and 2015:

Unit	Procurement Value (IDR) (Million)		Forex-Denominated Procurement Value (USD) (Million)		Total Value (Eq. IDR) (Million)		Total Procurement	
	2014	December 2015	2014	December 2015	2014	December 2015	2014	December 2015
PFA (Head Office)	3,245,456	5,596,203	281	89	6,051,222	6,404,031	2,050	1,833
Regional Offices	256,388	310,203	-	-	256,388	310,203	968	1,098
Unit	700,857	1,183,209	7	13	792,360	1,368,628	2,719	2,898

Until December 2015, the total value Procurement conducted by the Bank in the Head Office (PFA) was IDR 5,596,203 million while the Regional Office added up to IDR 310,203 million and for Work Unit IDR 1,183,209 million.

Total procurement conducted by the Bank until December 2015 at the PFA was 1,833. Meanwhile, the Regional Office contributed to 1,098. As for Work Unit, the number of procurements during the period was 2,898.

Auditing of Goods and Services Procurement

To ensure SOP 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.

In 2015, there were no audit findings (by either internal or external auditors) of procurements that prejudiced or caused losses to Bank Mandiri, or protests by suppliers in respect of goods and services procurement by Bank Mandiri.

Supplier's Competency Development Program

Bank Mandiri has implemented training and development activities to improve the quality of vendor Bank Mandiri. Such activity includes certification and vendor meetings, with details as follows:

CERTIFICATION

Certification has been implemented in the field of construction supervising consultant to supervising consultants who oversaw renovation projects of regional branches of the Bank during the year 2014 with the aim of having the same qualifications to carry out the construction supervisory work in the branches.

VENDOR MEETING

During the course of 2015, the Bank carried out four vendor meetings whose agenda was sharing values between Bank Mandiri with vendors as well as listening to feedback and opinions from related vendor associated with the procurement of goods/services at PFA Group at Bank Mandiri. Details of the vendor meeting are as follows:

Date	Location	Invitees
April 7, 2015	Bank Mandiri Head Office 10th Floor	IT (System integrator, software/hardware, IT maintenance)
April 14, 2015	Bank Mandiri Head Office 10th Floor	ATM, EDC, CFRLM
April 28, 2015	Bank Mandiri Head Office 10th Floor	Construction (Planning Consultant, Contractor, Supervisor)
May 5, 2015	Bank Mandiri Head Office 10th Floor	Advertising agency, souvenir, offset & security printing, office vehicle

material cases involving members of the board of directors and the board of commissioners, bank mandiri and subsidiaries

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

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:

Legal Issues	Civil		non-criminal case	
	2014 ¹⁾	2015 ¹⁾	2014	2015
Has been completed (already own a permanent legal force)	103 lawsuit	90 lawsuit	N/A ³⁾	N/A ³⁾
In the Resolution Process	148 lawsuit ²⁾	115 lawsuit ²⁾	N/A ³⁾	N/A ³⁾

1. Lawsuit data for GCG reporting using cut-off date as of December 31, 2014 and December 31, 2015, consequently for the reporting of GCG 2014 and 2015, the applied lawsuit data are those cases/lawsuits which finished during the period of 1 January to 31 December of the concerned year.
2. Legal issues in the form of a civil case / non-criminal / lawsuit against Bank Mandiri decreased from the position by December 31, 2014, from the original 148 cases to 115 cases/lawsuits.
Of the 115 cases in 2015, there were six (6) cases which can be categorized as a matter of importance. Cases / non criminal accusation such significant matters related to the proposed issues in a number of Bank Mandiri Assets, which is claimed as the property of others, the restructuring credits plan that can not be realized by Ex Legacy Bank as the debtor can not meet the requirements demanded by Ex Legacy Bank and related to cash collateral disputed that are not recognized by the owner of the funds.
3. Significant criminal lawsuit faced by Bank Mandiri, Member of the Board of Directors, and the Board of Commissioners as well as subsidiaries in 2015 was zero.

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.

Whistleblowing System (WBS)

Bank Mandiri implements the Whistle Blowing Policy System (WBS) namely Letter to CEO (LTC) which is referred to:

- 1) Bank Indonesia Regulation No. 5/8 / PBI / 2003 amended by Regulation No. 11/23 / PBI / 2009;
- 2) Bank Indonesia Circular Letter No. 13/28 / DPNP concerning the Anti Fraud Policy;

LTC is a means in reporting fraud complaints or indications of fraud, from employees and vendors to the Managing Director with emphasis on the disclosure of complaints to improve the effectiveness of internal control systems within Bank Mandiri.

LTC Status

The management team of LTC are at Risk Management Unit. The mechanism of LTC has gone through changes and was invigorated in 2013. This was meant to improve the effectiveness of its implementation as outlined in the following scheme:

2009

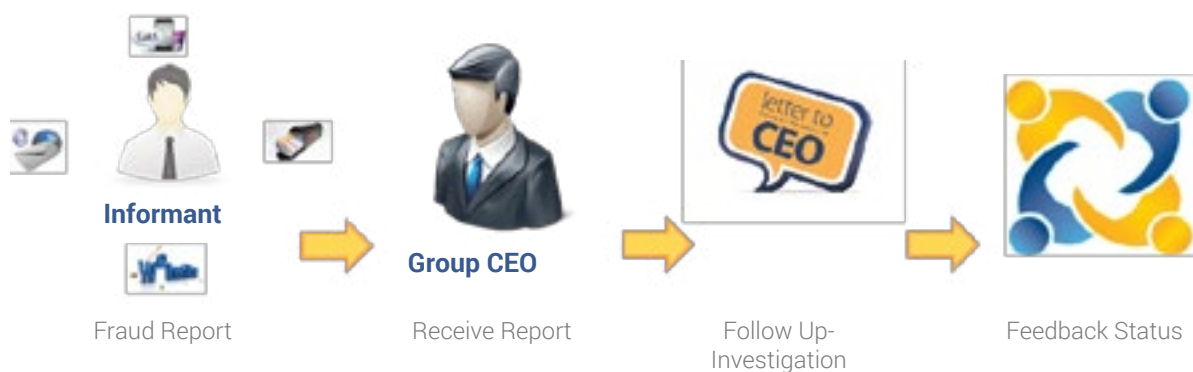
- LTC was introduced in 2009
- Whistleblower must state his/her identity
- Only available to employees
- LTC reports may be submitted by mail, email and sms
- LTC was aimed at fraud/indications of fraud and excellence/improvement

2013

- Media pelaporan ditambah dengan website LTC
- Laporan yang disampaikan melalui LTC adalah yang terkait dengan laporan fraud/indikasifraud
- Revitalization of LTC mechanism in 2013
- Whistleblower not required to state his/her identity in the report
- Not only for employees, but also for vendors
- Reporting media include an LTC website
- LTC now focuses on reports of fraud/indications of fraud

LTC Mechanism

Reporting Procedure



Manner of LTC submission and processing

The rapporteur can report indications fraud / fraud by using the following mechanism :

- a. rapporteur could deliver complaints through the media reporting:
 - 1) E-mail to lettertoceo@bankmandiri.co.id
 - 2) Mail to PO BOX 14000 JKTM 12700
 - 3) SMS to 0811900777
 - 4) Website by typing lettertoceo on the browser (intranet).

Rapporteur will get a Random Unique Number (RUN)

- b. Reports on complaints received directly by the CEO Group and followed up by the Internal Audit Group according to Service Level Agreement (SLA) that has been established.
- c. Rapporteur will get feedback on the status of complaints reported.

Protection for whistleblowers

Bank Mandiri guarantees protection to any reporting on complaint / disclosure by keeping the confidentiality of the identity of rapporteur (name, address, telephone number, email and work unit / company) and or allowing the rapporteur for not stating their the identity (remains anonymous).

LTC Objectives

It is expected that the LTC program will bring benefits to Bank Mandiri through:

Improvements including: (a) fulfilling customer needs, (b) developing the business, (c) increasing market share, (d) increasing revenue & reducing cost, (e) reducing process time and (f) improving employee engagement.

Prevention of violations (anti-fraud) including: (a) increased employee participation in control measures, (b) establishing early warning systems of fraud and (c) reducing the risk of bank losses.

Scope of LTC Policy

The scope of the LTC reporting system in Bank Mandiri governs many aspects, including the management unit, confidentiality and protection of whistleblowers, reporting procedures and sanctions as well as punishments.

Matters that can be reported pursuant to Bank Mandiri LTC policy are the reporting of fraud as defined below:

1) Definition of fraud

- a. A deviant act or purposeful omission undertaken in order to deceive, cheat or manipulate the Bank, a customer or a third party, that occurs inside the Bank; and/or

- b. uses the Bank's facilities so as to incur loss on the Bank, a customer or a third party; and/or
- c. results in financial benefit enjoyed by the fraudster, whether directly or indirectly.

2) Types of fraud

- a. Corruption, namely receiving/asking for reward and/or misappropriation or misuse of the Bank's money for one's personal interest or the interest of others and/or making or causing others to make plans that harm the Bank.

- b. Deceit, namely deceiving the Bank, its customers or third parties and/or forging documents, signatures, physical evidence and/or any authentic proof.
- c. Theft, namely taking part and/or all of the Bank's assets or data illegally.
- d. Omission, namely intentionally and deliberately ignoring procedures or responsibilities as a Bank employee.
- e. Violation, namely violating the Bank's internal regulations or external regulations or defrauding the Bank using technology (cyber crime) and/or not using technology, including manipulating financial statements or committing banking crimes as stipulated in the Banking Law or any other acts equivalent thereto.

LTC Development Plan

as a commitment of the Bank to the LTC policy, the Bank continues to make improvements for LTC policy. This is done so that the Bank Mandiri's LTC policy can adapt to a dynamic Bank business environment.

The Results of LTC Management

The complaints report of violations that are received through the channel LTC either by phone, email, fax or mail box is as follows :

Year	Media			Classification		Report Followed Up	Report Declared Completed
	Mail	Email	Website	Fraud	Non Fraud		
2015	3	4	0	4	3	7	

6

gratuity control program

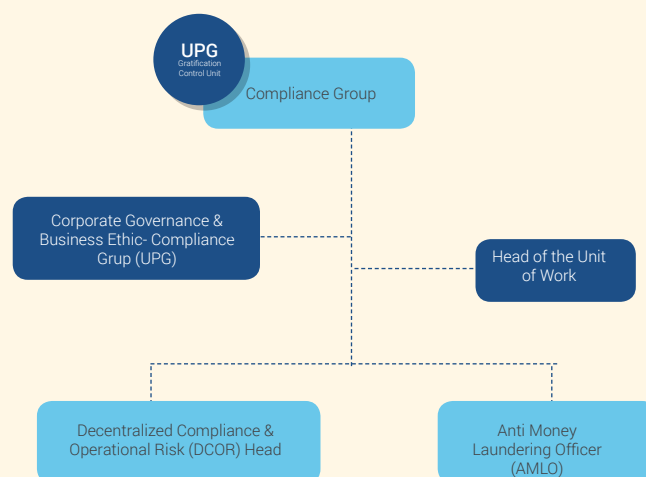
Bank Mandiri is aware that gratuity control is important to ensure that business processes are done in harmony with business ethics that uphold integrity. Therefore, since 2013 Bank Mandiri has established Operating Technical Guideline (PTO) for Gift Disclosure Statement that regulates the prohibition of receiving gratuity applicable to all Bank Mandiri employees. In addition, the gratuity control aims at establishing Good Corporate Governance (GCG) values and instilling the value of integrity into all the employees so that daily business activities with customers, vendors, partners and all stakeholders are based on ethics, mutual trust and responsibility. Therefore, business interests will be served in a good and ethical manner without violating the provisions regarding prohibition of gratuities. Up to date, Bank Mandiri maintains its effort to make continuous improvements on the implementation of its gratuity control.

As the embodiment of Bank Mandiri's commitment, as a strategic partner of the Corruption Eradication Commission (KPK), to constructing the National Integrity System as signed on November 4, 2014 and complying with Regulation of the KPK No. 2/2014 dated December 9, 2014 on Guidelines for Reporting and Determining Gratuity Status, gratuity control in Bank Mandiri has been implemented through changes in Gift Disclosure Statement PTO into Gratuity Control PTO, and the formation of Gratuity Control Unit (UPG) based on a Decree of the Board of Directors (BOD) as well as gratuity control through continuous dissemination of information, signing of integrity pacts and centralization of gratuity control through Bank Mandiri's UPG.

Gratuity Control Unit

The UPG of Bank Mandiri is under Compliance Group of the Corporate Governance & Business Ethic (CGB) Department. UPG functions to exercise gratuity control within Bank Mandiri environment and executes its tasks with the assistance from DCOR and AMLO.

The organizational structure of Bank Mandiri UPG is as follows:



Gratuity Control in Bank Mandiri

A. Integrity Pact

As a commitment to not giving and receiving gratuity, all ranks at Bank Mandiri and the Bank's partners signed an Integrity Pact. The integrity pact is a declaration that highlights a commitment to not solicit or accept or offer or give monies and/or gifts and/or parcels associated with the position served and conflicts with the obligations or duties, either directly or indirectly, either within or outside the country, either with or without electronic means from any individual or institution as prohibited by laws and regulations in force.

Until December 2015, two integrity pacts were signed off at the Head Office and followed by signings in 12 Regions.

The signings of integrity pacts were attended and carried out by as many as 1,026 partners and 36,225 employees of Bank Mandiri.

B. Dissemination on Gratuity Control

Dissemination on gratuity control was carried out continuously by UPG in coordination with the Heads of DCOR and AMLO to Working Unit at the Head Office, Regional Offices or through regular classes of ODP/SDP/Basic Branch Manager (BM)/Intermediate BM/BM Advance.

Until December 2015, direct sessions were conducted with 12 Groups in the Head Office, 12 Regions and 26 times in regular classes. The dissemination was carried out to approximately 6,523 employees of Bank Mandiri. In addition to that, other efforts included installing Gratuity Control Posters in Regions (Banking Hall) and the Head Office (Plaza Mandiri), sending Email Blasts and displaying Screen Savers on this issue.

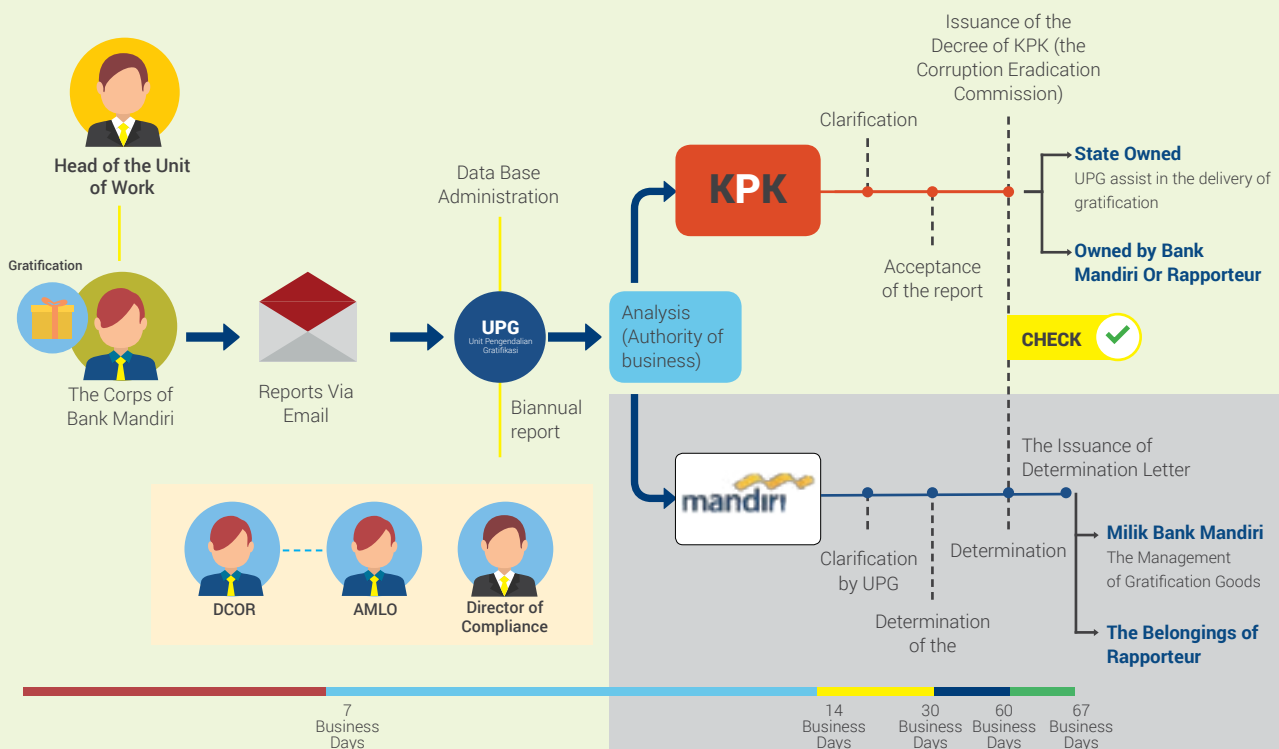
C. Gratuity Reporting

Gratuity reporting in Bank Mandiri is performed by sending an email to UPG. Employees of Bank Mandiri who accept/refuse a gratuity must report their acceptance/refusal to the UPG by e-mail no later than 7 working days after receipt of such gratuity or 3 working days after refusing such gratuity by sending a gratuity report form that can be obtained from the office or website of the KPK or from Gratuity Control PTO file with supporting documents such as photos of goods, evidence of the handover documents,

invitations and other supporting documents. After receiving the report, UPG will review and categorize the relevant gratuity and decide whether it is within its competency to handle such gratuity or the competency lies with the KPK. Until December 2015, the number of reports concerning acceptance/refusal of gratuity were 60 reports. The gratuities accepted included honoraria, electronic goods, souvenirs and food.

D. Gratuity Report Mechanism

Bank Mandiri has a gratuity reporting mechanism adapted to reporting mechanisms set by the KPK. Such mechanism can be seen in the following figure:



E. Raksa Culture Program

As an effort to put in place gratuity control in Bank Mandiri, Gratuity Control Program has been incorporated into the program of the Central Cultural Internalization Team through Raksa Badges - Culture Excellent Scoreboard, which is a reward from fiestapoin program and Excellent Work Culture of Bank Mandiri in relation to the Governance theme. The aim of this program is to develop GCG values and to instill into all Bank Mandiri employees the value of integrity.

other important information

Funding for Social and Political Activities

Funding for Social Activities in 2015

Bank Mandiri has set aside some of the profits to help develop communities and their environments as a form of social responsibility. This has become one of the evidence to the stakeholders that the Bank is not only concerned with (financial) profit alone, but also considers the interests of society and the communities in which the Bank carries on business across Indonesia.

A description of these activities is set out in “Corporate Social Responsibility” and the Bank’s 2015 Sustainability Report, which forms an integral and inseparable part of the Annual Report.

Funding for Political Activities in 2015

During the course of 2015 Bank Mandiri did not provide any funding for political activities or to political parties.

Provision of Funds to Related Parties and Large Fund Exposures

In order to avoid a bank failure as a result of the concentration of funding provision and to increase the independence of bank management in respect of potential intervention from related parties, the Bank applies prudential principles and risk management in the provision of funds, including through funding

portfolio diversification. Bank Mandiri has policy guidelines and procedures in place related to the provision of funds to related parties and/or large exposures in accordance with the Bank Indonesia regulations on lending limits for commercial banks.

The following are the details of Bank Mandiri's exposure to related parties and large fund exposures as of December 31, 2015:

No.	Provision of Funds	Amount	
		Borrower (Individuals)	Amount (IDR million)
1	To related parties	311*)	7,723
2	To key borrowers:		
	a. Individual	8	28,690
	b. Group	17	102,028
	Total key borrowers	25	130,718

*) 547 executive officials and 9 subsidiaries

Conflict of Interest Transaction

A conflict of interest is a difference between the financial interest of the Bank and the personal financial interests of the owner, a commissioner, a director, an executive officer and/or another party related to the Bank. To protect the interests of shareholders, Bank Mandiri has set out a policy on conflicts of interest in its corporate governance guidelines.

No conflict of interest transactions, as defined in Bapepam-LK Regulation No. IX.E.1 on "Conflict of Interests", were conducted in 2014.

Highest to Lowest Salary Ratios

In 2015, the ratios of highest to lowest salaries were as follows: (update jika ada perubahan)

1. Ratio of the highest employee's salary to lowest: 52.02 : 1 (SEVP salary : employee salary)
2. Ratio of the highest director's salary to lowest: 1.1 : 1 (President Director salary : Director salary)
3. Ratio of the highest Commissioner's salary to lowest : 1.1 : 1 (Chief Commissioner salary : Commissioner salary)
4. Ratio of highest Director's salary to highest employee's salary: 1.35 : 1 (President Director salary : SEVP salary)

Buyback of Bank Mandiri Securities

Throughout 2015, Bank Mandiri did not buy back any of its shares and/or bonds.

Bank Mandiri Internal Disputes

During 2015, there are no internal strife/disputes in Bank Mandiri with regard to intervention by owners, remuneration policy or other causes.

Press Release 2015

Month	Date	Title
January	9	Mandiri Serves PGN Payment Transaction
	14	Developing Repo Market, Mandiri Collaborates with Three Foreign Banks
	15	Mandiri DPLK Increase Funds Under Management
	22	Promoting Investment, Mandiri Investment Forum to Take Place
	27	Bank Mandiri Encourages Private Sector Participation in Development
	28	Bank Mandiri and Secure Parking in Collaboration for Payment with Mandiri e-Money
February	1	Bank Mandiri to Boost Syndicated Loan for Infrastructure
	3	Bank Mandiri Leads the Way with Assets of IDR 855 T
	10	Bank Mandiri and Jasa Marga to Serve e-Money Refill at Toll Gates
	11	Bank Mandiri Credit Grows 12.2%, Driving Asset Growth to IDR 855.0 T
	16	Making Remittance Easier, Bank Mandiri Collaborates with 7-Eleven in Hong Kong
	20	Mandiri Builds Entrepreneurship among Islamic School Students in Medan
	20	Bank Mandiri Strengthens Digital Financial Services
	23	Innovation: e-Money Refill Through Mobile Phone
	24	Working with Pegadaian, Bank Mandiri Strengthens Remittance Business
	26	Bank Mandiri to Issue Debit Card Co-branding with Forestry Cooperative
March	6	Bank Mandiri Continues to Build Entrepreneurship Spirit
	12	Mandiri Entrepreneurship Event Introduce 20 Potential Young Entrepreneurs
	16	Bank Mandiri Continues to Transform into ASEAN's Best Bank Shareholders Approved IDR 4.96 T Dividends
	20	Mandiri the Best Retail Bank in Indonesia
	27	Mandiri Serves Financial Transactions in Mitra Keluarga Hospital
	28	Mandiri Encourages Financial Services Access with Laku Pandai
April	7	Bank Mandiri Strengthens Financing for Fishermen
	9	Driving Transactions, Mandiri Works with Johnny Andrean and Kawan Lama
	10	Bank Mandiri Provides Hedging Facility to PLN
	13	Mandiri Serves Tax Payments in Foreign Currency
	13	Mandiri Expands Online Payment Network for State University Selection Test
	15	Mandiri Works with Sushi Tei Indonesia to Strengthen Transactions
	16	Bank Mandiri Supports Increased Investments Through WEF
	20	Mandiri Focuses on Financial Access Improvements
	23	Bank Mandiri Sets the Toll Roads Green
	24	Bank Mandiri Credit Grows 13.3%, Posting IDR 532.8 T

Month	Date	Title
	25	Developing Its Business, Bank Mandiri and Bank Jateng Issued Credit Card Co-Branding
	27	Bank Mandiri Cooperates with Telecommunication Operators to Strengthen Financial Inclusion
	29	World Finance Industry Leaders Will Gather in Indonesia
	30	Bank Mandiri and AXA Mandiri Launched Credit Card Protection Product
May	7	World Finance Industry Leaders Gathered in Indonesia
	10	Mandiri Trained about 1,000 Indonesian Migrant Workers on Entrepreneurship
	11	Bank Mandiri Service to Come to JCB Credit Card Holders
	11	Through JARING Program, Mandiri Pushes Credit in Maritime Business
	12	Accelerating Infrastructure Procurement, Mandiri to Disburse IDR 3 T to Pelindo IV
	12	Mandiri Art Gave Rise to 13 Potential Painters
	13	Bank Mandiri Gave Hedging Transaction Facility to Pertamina
	13	Bank Mandiri Issued Premium NCD
	20	Bank Mandiri Collaboration with Accor Strengthened Customer Loyalty
	22	Bringing On Indonesia Connectivity, Mandiri Supports Makassar New Port Development
	22	Mandiri to Facilitate Electronic Transactions for Street Vendors
	27	Mandiri Strengthens Its Wealth Management Business
June	4	Bank Mandiri to Strengthen Quality of Service
	11	Mandiri Expands Priority Service Network
	15	Increasing Participants, Bank Mandiri Disseminates BPJS-Related Info
	16	Mandiri Donates Water Distillers to 30 Villages in Bengkalis, Riau
	19	Strengthening Business Synergies, Himbara and Jasa Marga to Initiate Toll Payment Access
July	2	Mandiri Supports Revitalization of Cikapundung
	7	Bank Mandiri Provided Low-Cost Groceries in the Air Force Base
	8	Himbara Aided 1,200 Orphans in Medan
	10	Bank Mandiri to Act as Payment Bank for the Stock Settlement Bureau KSEI
	10	Bank Mandiri Dispatched 285 Micro Clients to Hometowns
	12	Lebaran Trip with Mandiri and Garuda Indonesia
	13	Mandiri to Operate 274 Branch Offices During Lebaran 2015
	14	Mandiri to Strengthen e-Cash Penetration to Market Vendors
	30	Bank Mandiri Assets Reached IDR 914.1 T
August	5	Strengthening Customer Loyalty, Mandiri Cooperates with Marina Bay Sands
	7	British Council and Mandiri to Develop Bajo Mola Wakatobi Tourism
	8	Mandiri Donates Clean Water Supply of 50 Tanks to Pandeglang Community
	13	Mandiri to Unify Indonesia Migrant Workers via Sebangsa Sahabat BMI Application
	16	Mandiri Spurs Micro Business in West Nusa Tenggara

Month	Date	Title
	17	Mandiri with SOEs Commemorated Indonesian Anniversary of Independence in West Nusa Tenggara
	25	Strengthening Human Resource Quality, Bank Mandiri Works with Lemhanas
	27	Mandiri Builds Entrepreneurship among Islamic School Students in Makassar
	31	SOEs Agreed Synergy in Toll Payment
September	2	Bank Mandiri Cooperates with IFC to Finance Infrastructure
	4	Strengthening Services, Mandiri to Operate a Contact Center in Yogyakarta
	7	Mandiri Institute & Oliver Wyman: Financial Exploration Will Create Space for Development Financing
	9	Bank Mandiri to Strengthen National Plantation Industry, Credit Disbursement to Palm Oil Industry Reached IDR 57.4 T
	16	Mandiri Launched Student Savings
	16	Three State Owned Banks Received USD 3 Billion in Loans from CDB
	17	Bank Mandiri Strengthens Treasury Services Named as the Best Bank and Best FX Bank
	21	Bank Mandiri Improves Credit for SMEs
	24	Bank Mandiri Employees Donated Qurban Meat for the Disadvantaged
	29	Bank Mandiri Disbursed IDR 1.15 T in Credit to Prima Container Terminal
	30	Mandiri Disbursed Allowances for Teachers
October	2	Develop PPOB Network, Bank Mandiri to Expand Payment Access of BPJS Premiums
	5	Working on the Business Client, Bank Mandiri Launched Fiestapoin for Business Program
	15	Accelerating Eastern Indonesia's Economies, Mandiri Supports Pelindo IV to Build a New Port in Makassar
	22	Developing Small Business, Mandiri Boosts KUR
	22	Mandiri Develops Entrepreneurial Leaders
	22	Mandiri Holds a Carnival
	24	Targeting Fee Based Income Growth, Bank Mandiri Presents New Features in Cash Management Services
	29	Operating Income Increased by 22.79%, Bank Mandiri Enforces Backup
November	4	Mandiri Works with Indomaret for Expanding Financial Inclusion
	5	Simplifying Pharmacy Distribution, Bank Mandiri Funds Drug Stores
	6	Pushing Credit Card Business, Mandiri to Present Visa Signature
	9	Mandiri Focused on Maintaining Asset Quality to Strengthen Its Business
	12	Mandiri Facilitates Transactions for Alfamidi and Lawson Customers
	12	Mandiri to Develop Marine Fisheries Credit through Jaring Program
	16	Mandiri Young Entrepreneur Competition 2015 to Start
	18	Mandiri Introduced Digital Financial Services to Farmers
	20	Bank Mandiri and Peln Work in Synergy for Financial Management
	26	Mandiri Builds Entrepreneurship among Islamic School Students in Pati

Month	Date	Title
December	27	Mandiri to Internalize Saving Culture at School Student Levels
	30	Mandiri Serves Payment Transactions for Bumiputera Life Insurance
	4	Bank Mandiri Taking a Day Off on the Election Day
	7	Bank Mandiri to Strengthen Secondary Mortgage Business
	8	Strengthening Retail Business, Bank Mandiri Cooperates with Synnex Metrodata Retailer
	10	Working with Boku, Mandiri Takes On Online Gaming Transactions on Facebook
	13	As Many As 8,377 Indonesian Migrant Workers Received Entrepreneurial Training
	14	Mandiri to Collaborate with Alfa Group to Receive Payment for BPJS Premiums
	15	Supporting Tax Optimization, Bank Mandiri to Serve Tax Payments via EDC
	15	Mandiri Launched World Elite MasterCard Credit Card
	18	Bank Mandiri Continues to Transform into the Best Bank
	20	Anticipating Christmas and New Year 2016, Mandiri Sets Up IDR 17.5 T
	29	Mandiri Runs the Cash Management of PT Pos Indonesia

Bank Mandiri Strategic Plan for 2015-2020

Future challenges which are more complex and the need to keep improving business performance and provide best quality services to customers are the reason for continuous business transformation and organizational management in Bank Mandiri. Therefore, Bank Mandiri has initiated the transformation phase III of 2015-2020. Bank Mandiri has the long term vision "To be the Best Bank in ASEAN by 2020". Such vision can be elaborated as follows:

1. Bank Mandiri is committed to be the best financial institution in ASEAN, in service, product and yields to shareholders, and in benefits to the public at large. This is achievable by providing integrated products and services, financial solutions which are based on extensive industrial comprehension and supported by technological advance, quality human resources and business synergy down to subsidiary level.
2. Bank Mandiri aims to be the pride of the country and every person working at the Bank assumes responsibility to be met through proper management and good corporate governance.
3. With the targets of USD 55 billion in market capitalization and Return on Equity of 23%-27% by 2020, Bank Mandiri is committed to be an Indonesian banking icon in ASEAN.

To achieve the vision, Bank Mandiri's future growth strategy will focus on the three main sectors as follows:

1. Strengthening leadership in the wholesale segment by improving relationship with customers. This strategy aims to allow the Bank to increase the share of wallet and cross-sell revenue ratio from Bank Mandiri wholesale customers, through the provision of integrated wholesale product solutions, expertise-based solutions in the customer's business sector and active support to the activities of Bank Mandiri's customers which expand their business to other countries with cross-border solutions.
2. Becoming the customer's choice bank in retail segment, with business acceleration in main segments that drive business growth for Bank Mandiri, including:
 - In the micro segment, Bank Mandiri aspires to be the strongest challenger with easy micro customer access to the Bank's distribution network.
 - In the Small Medium Enterprise (SME) segment, Bank Mandiri aspires to be the bank of choice for SME customers through penetration and customer acquisition focusing on potential sectors, to meet all the SME customers' needs.

- In the individual segment, Bank Mandiri will focus on building leadership by complete and competitive product offerings, and innovation to strengthen domination in retail payment.
3. Integrating business in all segments of the Bank, including with subsidiaries. Through this strategy, the Bank wishes to support cross-sell culture between work units that handle wholesale and retail segments, including with subsidiaries, and support business regionalization and optimize distribution network in sub-national regions.

The three focus sectors will be supported by organizational strengthening for integrated service solutions, infrastructure improvements (branch office, IT, operations, risk management) and human resources development.





the implementation of integrated corporate governance

the implementation of integrated corporate governance

The banking business has grown very rapidly. Business development is a consequence to the potential increase in the risk of banking activities, including in relation to the risks faced by financial conglomerate/business group.

In an effort to mitigate risk in a financial conglomerate/group business, the Financial Services Authority (OJK) issued the OJK Regulation (POJK) No. 18/POJK.03/2014 concerning the implementation of Integrated Corporate Governance for financial conglomerate (POJK about Integrated Corporate Governance). The regulation was issued with the aim of creating the financial services sector to grow in a sustainable and stable and has high competitiveness.

The regulation was issued with the aim of creating the financial services sector to grow in a sustainable and stable and has high competitiveness.

In order to implement the Integrated Corporate Governance (ICG), as mandated by the POJK, Bank Mandiri as the main entity has prepared guidelines as a reference for the Bank and all its subsidiaries that are in the Group of Bank Mandiri.

Aim and Objective

In order to meet the provisions of POJK No.18/POJK.03/2014 on ICG implementation for financial conglomerate, Bank Mandiri has set up ICG guidelines for Bank Mandiri and its subsidiaries. Bank Mandiri ICG Guideline had been disseminated to subsidiaries on June 30, 2015. The guideline provides guidance for how Bank Mandiri and its subsidiaries could apply the principles of integrated transparency, accountability, responsibility, independence, professionalism and fairness in a financial conglomerate. The intent and purpose of ICG Guidelines are as follows:

- a. There are guidelines for implementing ICG and meeting the perceptions between Bank Mandiri and all its subsidiaries to the improvement of good governance in the financial conglomerate.
- b. Build synergies and strong business alliances between the Bank and all its subsidiaries through

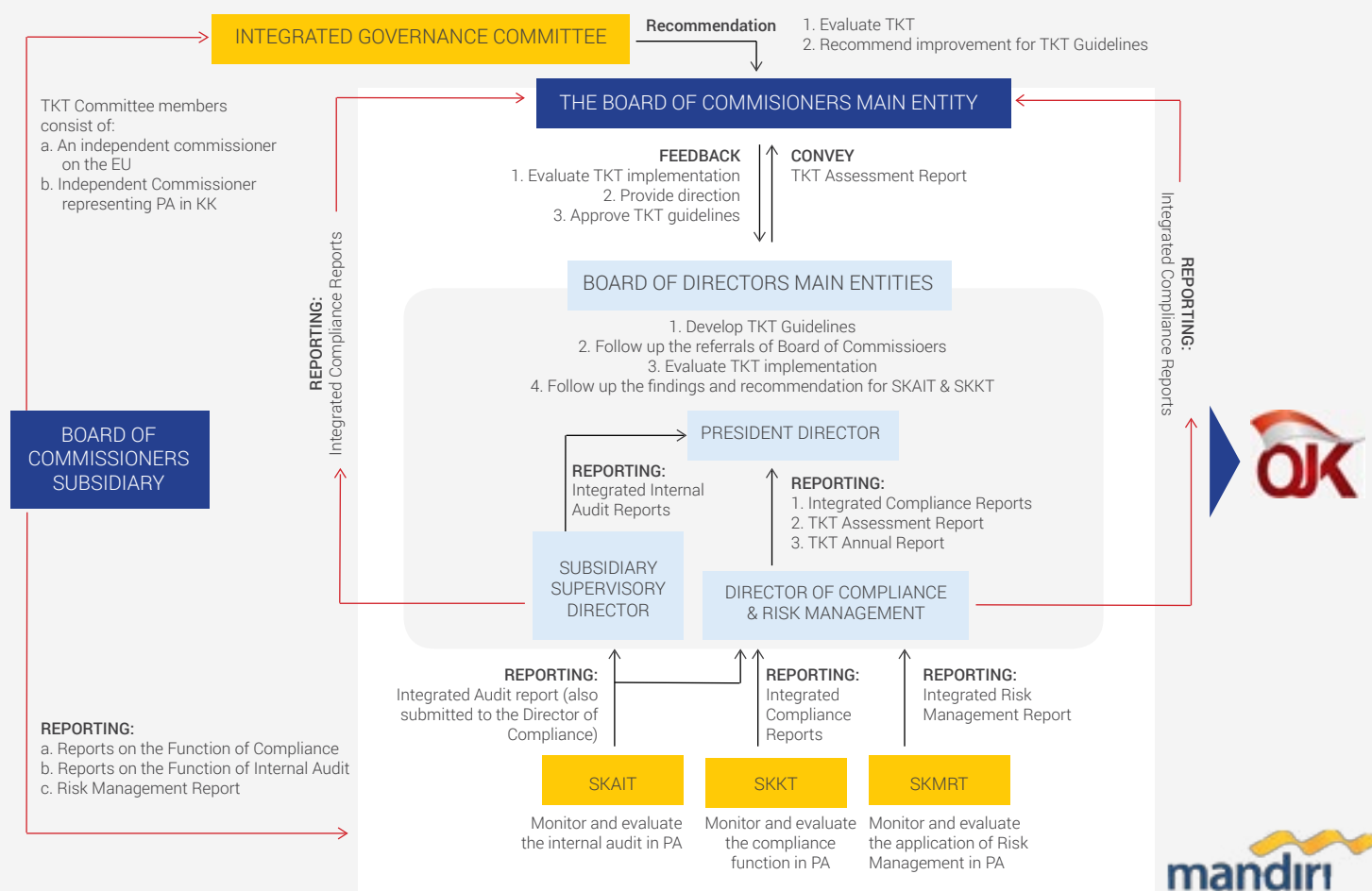
ICG in order to create added value for sustainable financial conglomerate, through:

- 1) Implementation of integrated compliance functions.
- 2) Implementation of integrated internal audit functions.
- 3) Implementation of integrated risk management.

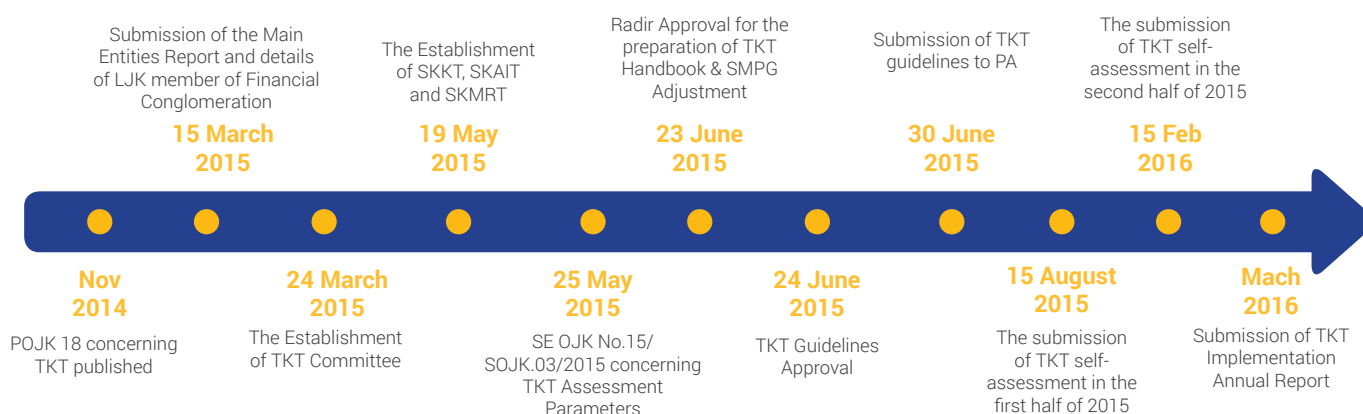
As the main entity in the financial conglomerate, Bank Mandiri is obliged to comply with POJK on ICG by forming an Integrated Corporate Governance Committee, application function Compliance Unit Integrated, Internal Audit Unit Integration and Risk Management Unit Integrated. All of these functions have been implemented in Bank Mandiri and its subsidiaries in 2015.

Bank Mandiri Integrated Corporate Governance Framework

In accordance with POJK No. 18/POJK.03/2014 concerning ICG implementation for financial conglomerate, the following is an ICG framework of Bank Mandiri and its subsidiaries:



Timeline of ICG implementation for Financial Conglomerate at Bank Mandiri



Guideline for Integrated Corporate Governance

The framework which provides the basis on which the Bank applies the ICG principles is divided into Corporate Governance Framework for Bank Mandiri and that of the subsidiaries.

Corporate Governance Framework for the Main Entity

The basic framework of the Bank in implementing the ICG principles is as follows:

No. ICG Framework for the Main Entity	
1	Requirements for the Board of Directors (BOD) and Board of Commissioners (BOC).
2	Duties and Responsibilities of the BOD and BOC.
3	Duties and Responsibilities of the Integrated Corporate Governance Committee.
4	Duties and Responsibilities of the Integrated Compliance Unit (SKKT).
5	Duties and Responsibilities of the Integrated Internal Audit Unit (SKAIT).
6	Application of Integrated Risk Management.

ICG Framework for Member of Financial Conglomerate

The basic framework of a subsidiary (financial conglomerate member) in applying the ICG principles is as follows:

No. ICG Framework for Subsidiary	
1	Requirements for the Candidates of BOD and BOC Members
2	Requirements for the Candidates of Sharia Supervisory Board (DPS) Members
3	Structure of the BOD and BOC
4	Structure of the DPS
5	Independence of the BOC
6	Implementation of Managerial Functions by the BOD
7	Implementation of Supervisory Functions by the BOC
8	Implementation of Supervisory Functions by DPS
9	Implementation of Compliance, Internal Audit and External Audit Functions
10	Implementation of Risk Management Functions
11	Remuneration Policy
12	Managing Conflict of Interests

The subsidiaries in carrying out their governance should refer to the ICG Guidelines and legislation in force. In the event that the legislation provisions are looser than the guidelines, the subsidiaries are subject to the ICG Guidelines. Bank Mandiri manages its subsidiaries professionally and does not interfere with the operations of its subsidiaries.

Integrated Corporate Governance Organs

Integrated Corporate Governance Committee

Bank Mandiri has formed an Integrated Corporate Governance Committee consisting of Independent Commissioners with representatives from each of its subsidiaries on February 25, 2015. However, on April 30, 2015 the membership composition changed in reference to the Integrated Corporate Governance Guidelines LJK as informed to all members of Bank Mandiri financial services subsidiaries on June 30, 2015. The Committee has at least the following duties and responsibilities:

- 1) Evaluating internal implementation of integrated compliance functions. In conducting such evaluation, the Committee obtains information in the form of an evaluation of the implementation of internal audit and compliance functions of each Subsidiary of the Commissioners of each Subsidiary from the Committee.

- 2) Providing recommendations to the BOC of Bank Mandiri on:
 - a) The results of ICG evaluation;
 - b) Revision of the ICG Guidelines.

Bank Mandiri ICG Committee is chaired by Mr. Abdul Aziz which is also an Independent Commissioner of the Bank. During 2015, the Integrated Corporate Governance Committee conducted two (2) meetings as follows: The ICG Committee conducted the first meeting on June 24, 2015 that discussed the ICG guidelines with the recommendation to the Commissioners of the Main Entity and the second meeting took place on August 25, 2015 regarding the results of Assessment on the Integrated Corporate Governance as of June 2015.

Integrated Compliance Unit

In line with the implementation of POJK No. 18/POJK.03/2014, Bank Mandiri has set out Compliance Group as the Integrated Compliance Unit (SKKT) which oversees the implementation of compliance functions in Mandiri Group. The roles and responsibilities of the SKKT are as follows:

- 1) Monitoring and evaluating the implementation of compliance functions at all subsidiaries.

- 2) Drafting and submitting reports on the implementation of its duties and responsibilities to the Compliance Director of Bank Mandiri or the Director appointed to oversee all subsidiaries.
- 3) Holding a forum with its subsidiaries regarding the implementation of integrated compliance functions.

Integrated Audit Unit

The Main Entity has established Internal Audit as an Integrated Audit Unit (SKAIT) which is independent from the operational work units. SKAIT, in this case the Internal Audit, has also collaborated with the first line, second line and the Internal Audit of subsidiaries to ensure effective implementation of internal control Mandiri Group. SKAIT has the following duties and responsibilities as set forth under the ICG Guidelines:

- 1) Conducting audit of the subsidiaries either individually, or based on a joint audit report of the Internal Audit Unit of subsidiaries;
- 2) Monitoring the implementation of internal audit at each subsidiary by performing:
 - a. Evaluation of the audit plan of the Internal Audit Unit of subsidiaries for alignment with the integrated audit plan;
 - b. Evaluation of the results of internal and external audits of subsidiaries along with its follow-ups for preparation of integrated internal audit report.

Integrated Risk Management Unit

Integrated Risk Management Unit operates independently from other operational unit and has adequate policies, procedures and risk limits in place. Integrated Risk Management Unit has the duties and responsibilities set out in the ICG Guidelines as follows:

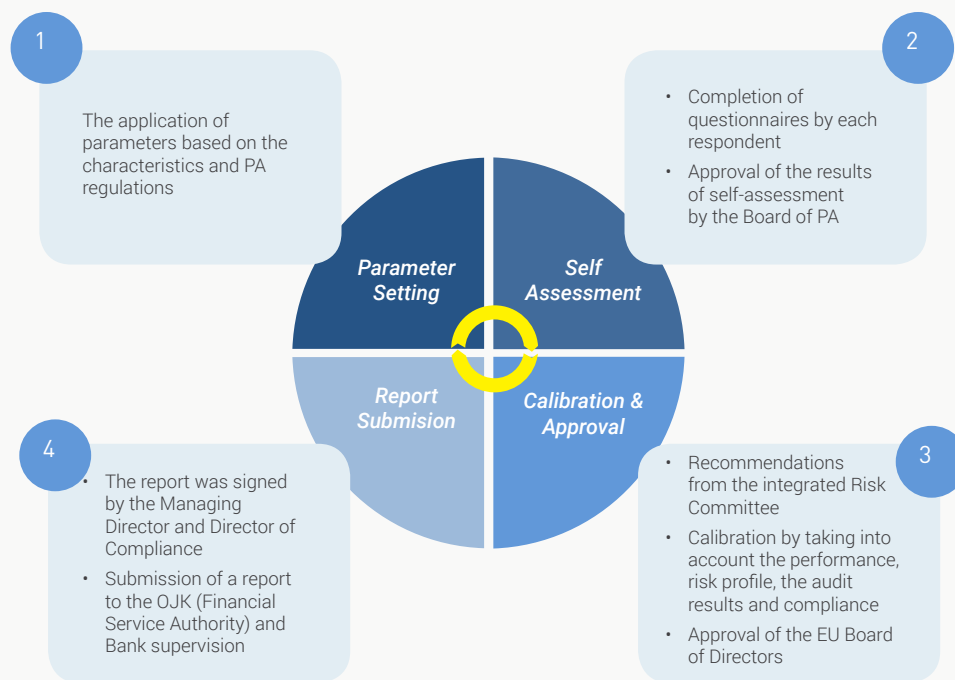
- 1) Providing input to the BOD in preparing integrated risk management policy;
- 2) Monitoring the implementation of integrated risk management policies including developing procedures and tools for the identification, measurement, monitoring and risk control;
- 3) Monitoring risk in the financial conglomerate based on the results of the assessment:
 - a. The risk profile of each subsidiary in the financial conglomerate;
 - b. The level of each risk in an integrated manner;
 - c. Integrated risk profile.

Integrated Corporate Governance Report

Integrated Corporate Governance Assessment

Self-assessment of integrated corporate governance of Bank Mandiri and its subsidiaries refers to the OJK Circular No. 15/SEOJK.03/2015 on the Implementation of Integrated Corporate Governance in Financial Conglomerate and refer to sectoral regulations of the subsidiaries.

The self-assessment was carried out in stages as follows:



Semester I/2015

The ICG implementation at Bank Mandiri in the first half of 2015 was rated “1” by the ICG assessment or generally the ICG implementation was very good. This is reflected in a very adequate fulfillment of the application of the principles of Integrated Corporate Governance. If there are weaknesses in the implementation of Integrated Corporate Governance, in general, these weaknesses are not significant and can be immediately addressed by the Main Entity and/or its financial services subsidiaries.

Generally, Bank Mandiri conglomerate has implemented Integrated Corporate Governance excellently, having fulfilled all three aspects of Integrated Corporate Governance consisting of structure, process and outcome. Fulfillment of sufficient structural aspects

as well as the effectiveness of the process for the ICG implementation of produce outcomes that both the conglomeration of Bank Mandiri; it can be seen, among others, from the performance, transparency of the financial statements and the implementation of audit and compliance functions.

ICG assessment conducted by Bank Mandiri involved all subsidiaries. Of the seven parameters set out in the OJK Circular No. 15/SEOJK.03/2015, it can be said that all of these parameters have been implemented very well. However, specifically, the assessment parameters of ICG Committee and ICG Implementation Guidelines still need to be improved in view of the newly formed Committee.

Semester II/2015

The ICG implementation at Bank Mandiri in the second half of 2015 was rated “1” by the ICG assessment or generally the ICG implementation was very good. This is reflected in a very adequate fulfillment of the application of the principles of Integrated Corporate Governance. If there are weaknesses in the implementation of Integrated Corporate Governance, in general, these weaknesses are not significant and can be immediately addressed by the Main Entity and/ or its financial services subsidiaries.

Generally, Bank Mandiri conglomerate has implemented Integrated Corporate Governance excellently, having fulfilled all three aspects of Integrated Corporate Governance consisting of structure, process and outcome.

Fulfillment of sufficient structural aspects as well as the effectiveness of the process for the implementation

of produce outcomes that both the conglomeration of Bank Mandiri; it can be seen, among others, from the performance, Application of the functions of Integrated Compliance Unit, Integrated Internal Audit function and Integrated Risk Management Unit .

Assessment of the TKT implementation conducted by Main Entity by involving all of its subsidiaries, namely Mandiri International Remittance, Bank Mandiri TASPEN Pos, Mandiri Tunas Finance, Mandiri Utama Finance, Mandiri AXA General Insurance, BMEL, AXA Mandiri Financial Services, Mandiri Investment Management, Mandiri Inhealth, Mandiri Securities and Bank Syariah Mandiri.

Of the seven (7) parameters set out in the Circular of OJK (Financial Services Authority) No. 15 / SEOJK.03 / 2015 confirms that all of these parameters have been well implemented.

Membership Structure of the Financial Conglomerate



Ownership Structure of the Financial Conglomerate

Up to December 2015, the Bank's financial conglomerate comprised Bank Mandiri as the Main Entity and 10 subsidiaries and a second-tier subsidiary as follows:

Status	Company's Name		% of Ownership	
Main Entity	1	PT Bank Mandiri (Persero) Tbk		
Member	1	PT Bank Syariah Mandiri	Bank Mandiri	99.9%
			Mandiri Sekuritas	0.1%
	2	Bank Mandiri (Europe) Limited	Bank Mandiri	100%
	3	PT Bank Mandiri Taspen Pos	Bank Mandiri	58.25%
			Taspen	20.20%
			Pos	20.20%
			Lainnya	1.35%
	4	PT AXA Mandiri Financial Services	Bank Mandiri	51%
			AXA	49%
	5	PT Mandiri AXA General Insurance	Bank Mandiri	60%
			AXA	40%
	6	PT Asuransi Jiwa Inhealth Indonesia	Bank Mandiri	80%
			Kimia Farma	10%
			Jasindo	10%
	7	PT Mandiri Tunas Finance	Bank Mandiri	51%
			Tunas Ridean	49%
	8	PT Mandiri Sekuritas	Bank Mandiri	99.9%
			Koperasi Mandiri	0.1%
	9	Mandiri International Remittance Sdn Bhd	Bank Mandiri	100%
	10	PT Mandiri Utama Finance	Bank Mandiri	51%
			Tunas Ridean	12%
			Asco	37%
	11	PT Mandiri Capital Indonesia*	Bank Mandiri	99%
			Mandiri Sekuritas	1%
	12	PT Mandiri Manajemen Investasi**	Mandiri Sekuritas	99.9%
			Koperasi Mandiri	0.1%

*) Has not been in full operational

**) The subsidiary of PT Mandiri Sekuritas

Management Structure of the Financial Conglomerate

Company's Name	ICG Committee	Compliance Function	Internal Audit Function	Risk Management Function
PT Bank Mandiri (Persero) Tbk	v	v	v	v
PT Bank Syariah Mandiri	v	v	v	v
Bank Mandiri (Europe) Limited	-	v	v	v
PT Bank Mandiri Taspen Pos	v	v	v	v
PT AXA Mandiri Financial Services	v	v	v	v
PT Mandiri AXA General Insurance	v	v	v	v
PT Asuransi Jiwa Inhealth Indonesia	v	v	v	v
PT Mandiri Tunas Finance	v	v	v	v
PT Mandiri Sekuritas	v	v	v	v
Mandiri International Remittance Sdn Bhd	-	v	v	v
PT Mandiri Utama Finance*	-	-	-	v
PT Mandiri Manajemen Investasi	v	v	v	v

*) Not fully operational yet, ratification of Legal Entities took place on January 26, 2015

Intra-group Transaction Policy

Intra-Group Transaction Risks mean the risk of reliance an entity either directly or indirectly to other entities within a conglomerate of Finance in order to fulfill its contractual obligation written or unwritten agreements followed either a transfer of funds and/or not. Bank Mandiri intra-group transaction policy includes the identification process, risk management and risk mitigation.

Implementation of risk management of intra-group transactions carried out with reference to the Bank's business strategy and they are set in separate provisions that include the identification and analysis of the activity-activity that could increase risk exposure.

The risk management process considering the complexity of the transaction and can be done by combining qualitative or quantitative approach with reference to the provisions of the regulator or the application of best practice.

To ensure that the risk exposure under control then the risk management unit to monitor risk exposure on a regular basis and in cooperation with other units if there are transactions intra-group that should get special attention.

Subsidiary Management Principle Guideline (SMPG)

Mandiri Subsidiary Management Principle Guidelines (MSMPG) is prepared as a guideline for the Bank and the Company Children in building an ecosystem of business collaboration through a performance culture to create added value for the Bank and its subsidiaries on an ongoing basis, by sticking to the principles of good corporate governance and Articles of Association of the respective subsidiaries.

The MSMPG was set out before POJK No. 17/POJK.03/2014 on the Implementation of Integrated Risk Management in Financial Conglomerates dated November 18, 2014 and POJK No. 18/POJK.04/2014 dated November 18, 2014 on the Implementation of Integrated Corporate Governance in Financial Conglomerates came into effect.

MSMPG is one form of Bank Mandiri's commitment to constantly implement Good Corporate Governance and Risk Integrated even before POJK related to the implementation of the Integrated Risk Management is applied.

MSMPG the management principle of Subsidiary Bank Mandiri, which includes activities consolidation assistance and risk management, financial reporting,

Good Corporate Governance, Compliance and Anti-Money Laundering and Combating the Financing of Terrorism (AML PPT), the management of human capital, procurement, the activity of assistance to the implementation of the audit company, business synergy and strategy and performance.

MSMPG applied to adhere to the basic principles of the management of its subsidiaries as follows:

- a. Subsidiary is a separate entity from Bank Mandiri.
- b. Management of subsidiaries is conducted professionally and without interference with their operations.
- c. Management of subsidiaries aims at obtaining optimization of sustainable profits, reduce risk and regulatory compliance.

Management of subsidiaries for Business Development is geared toward aligning business strategy Subsidiary with the Bank's business strategy, and develops alliances/synergies between the Subsidiary Bank and between subsidiaries with stay put subsidiaries as separate entities, each of which has different business characteristics.

Activities in Integrated Corporate Governance at Bank Mandiri and Its Subsidiaries

Time	Activities	
February 12, 2015	Integrated Implementation of APU and PPT between Bank Mandiri and its subsidiaries	
February 16-20, 2015	Forum Enterprise Risk Management (FERMA) Q4 2014	
March 30-31, 2015	FRONTIR (Risk Profile Outlook and Communications Forum) Q1 2015	
May 8, 2015	Integrated Risk Committee	
May 12, 2015	ICG Workshop	
May 8-13, 2015	FERMA Q1 2015	
May 19, 2015	Prudential Meeting	
May 26, 2015	IRC Working Group	
June 16, 2015	IRC	
June 24, 2015	ICG Committee	

	Notes	Subsidiary's Name
	Dissemination of Standard Operating Procedure on Mandiri Group Compliance	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Dana Pensiun, Mandiri DPLK
	Dissemination on Integrated APU-PPT framework and related issues	
	A forum for communication and discussion between the work unit associated with a risk profile report both the Bank and its subsidiaries are carried out periodically (quarterly)	Bank Syariah Mandiri, Mandiri Tunas Finance, Mandiri Sekuritas, AXA Mandiri, Mandiri AXA General Insurance, Mandiri InHealth, Mandiri Manajemen Investasi
	Includes looking forward regarding risks and controls on Bank Mandiri and the subsidiaries.	Bank Syariah Mandiri, Mandiri Tunas Finance, Mandiri Sekuritas, AXA Mandiri, Mandiri AXA General Insurance, Mandiri InHealth, Mandiri Manajemen Investasi
	Includes looking forward regarding risks and controls on Bank Mandiri and the subsidiaries.	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Bank Mandiri Taspen Pos
	Integrated risk profile of Q2 2015	Mandiri Tunas Finance, Mandiri InHealth
	Discussion of the parameters for ICG self-assessment	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Bank Mandiri Taspen Pos
	A forum for communication and discussion between the work unit associated with a risk profile report both the Bank and its subsidiaries are carried out periodically (quarterly)	Bank Syariah Mandiri, Mandiri Tunas Finance, Mandiri Sekuritas, AXA Mandiri, Mandiri AXA General Insurance, Mandiri InHealth, Mandiri Manajemen Investasi
	Discussion of the fulfillment of obligations related to POJK 1/POJK.05/2015 and No. 2/POJK.05/2015	Mandiri AXA General Insurance
	Discussion of the parameters for ICG self-assessment	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Bank Mandiri Taspen Pos
	Guidelines for ICG and MSMPG	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Bank Mandiri Taspen Pos
	ICG Guidelines	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Bank Mandiri Taspen Pos

Time	Activities	
June 24, 2015	FIRC - Treasury	
June 29, 2015	IRC Forum - Policy & Procedure	
July 7-8, 2015	IRC Forum - Credit Portfolio Risk	
July 15, 2015	IRC	
August 4, 2015	IRC Working Group	
August 25, 2015	ICG Committee	
September 15, 2015	IRC Operational Risk Forum	
March 23 and 28-30, 2015	IRC Forum – Credit Portfolio Risk	
October 19, 2015	IRC	
November 25, 2015	IRC Forum - Compliance	
December 21-22, 2015	IRC Forum - Risk Profile	

	Notes	Subsidiary's Name
	Discussion regarding investments	AXA Mandiri, Bank Syariah Mandiri, Mandiri Sekuritas, INH, Mandiri AXA General Insurance, Mandiri Manajemen Investasi
	Synchronization of policy architectures with Bank Mandiri and its subsidiaries	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth
	Discussing risk profile outlook	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth
	Discussing ICG Implementation Plan	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, IA, OPR, MKR
	Discussing ICG assessment	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Bank Mandiri Taspen Pos
	Discussing Self-Assessment Findings for Semester I - 2015	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Bank Mandiri Taspen Pos
	Dissemination of operating risk profile parameter	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth
	Discussing risk profile outlook	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, IA, OPR, MKR
	Discussion of integrated risk profile for Q3 2015 SMPG changes related to IT	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth
	Discussion on sharing risk register ICG, APU PPT APU PPT	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth, Bank Mandiri Taspen Pos
	Discussing risk profile	AXA Mandiri, Bank Syariah Mandiri, Mandiri Manajemen Investasi, Mandiri Sekuritas, Mandiri AXA General Insurance, Mandiri Tunas Finance, Mandiri InHealth





Corporate Social Responsibility



Bank Mandiri regards corporate social responsibility (CSR) as a continuous commitment to act ethically in fulfilling its responsibility to the customers, employees and environment as well as contributing to economic developments of the local communities or the society at large.



introduction

Bank Mandiri believes that the success of a business is no longer indicated only by profits generated from the business, but also by its ability to fulfill its responsibility to serve the interests of its stakeholders. Business sustainability is the main priority of Bank Mandiri business. This can be achieved through a commitment in maintaining the balance between commercial, social and environmental interests.

To Bank Mandiri, CSR represents a corporate strategic program which does not only giveback a portion of what it has gained from its business to the society, but also maintains its efforts to build synergy and alliance with its stakeholders through employee engagement in the implementation of CSR programs.

In order to meet its commitment to aligning commercial interests with social and environmental interests, Bank Mandiri had carried out CSR programs and activities in the economic, social and environmental aspects. Through the implementation of sustainable CSR programs, Bank Mandiri aims to achieve business success in harmony with improved welfare of the people of Indonesia.

CSR road map

Bank Mandiri CSR Road Map for 2015-2020 is a milestone of CSR implementation from 2010 until 2020 towards sustainable CSR. The following is the CSR Roadmap of Bank Mandiri in the period 2015-2020:

Programs/ Work Programs/ Initiatives/ Strategic Initiatives

2015

CSR Assessment

Pilot Project -Financial
LiteracyProgram
(savings)

Improving business
models & business
processes of the
Partnership Program

2016

Formulating CSR blue
print

Implementing Financial
Literacy Program
(savings) in 12 Regions

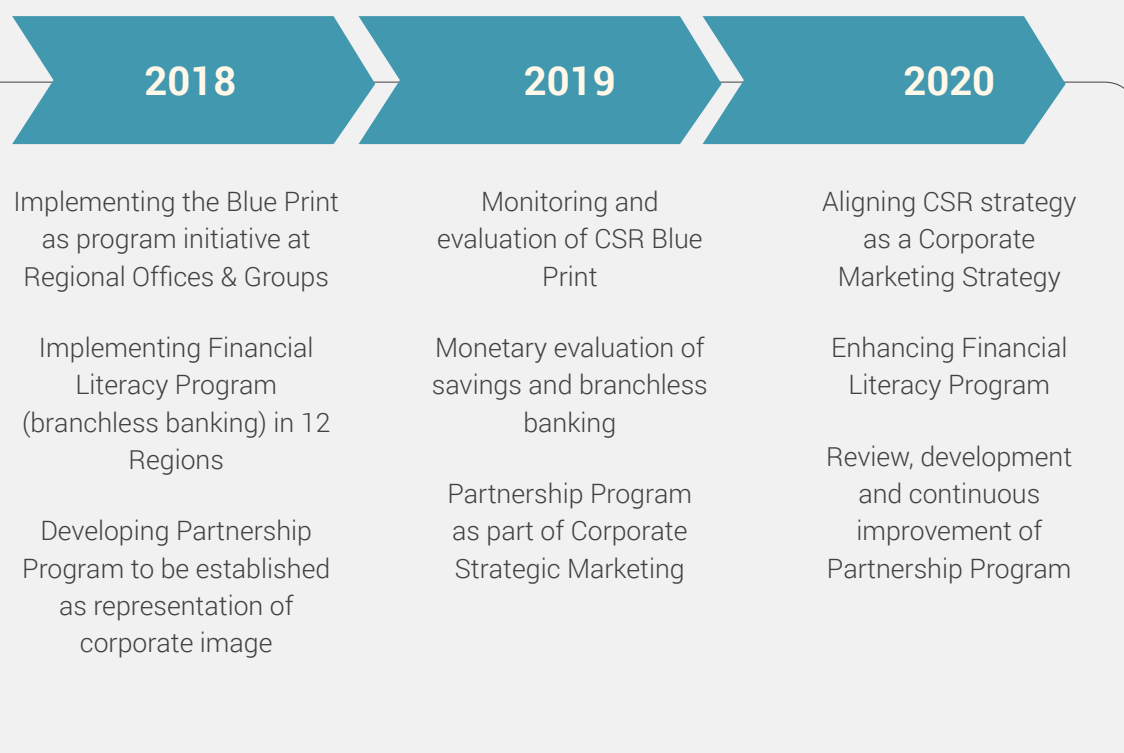
Supporting the
business by creating
database of customers
capable of upgradeto
Micro/Business
Banking

2017

Implementing the
Blue Print as program
initiative at Head Office

Pilot Project -Financial
LiteracyProgram
(branchless banking)

Accelerating
Partnership Program
by building value chain-
based alliances



bank mandiri CSR policies, methods and programs

Bank Mandiri CSR Policies

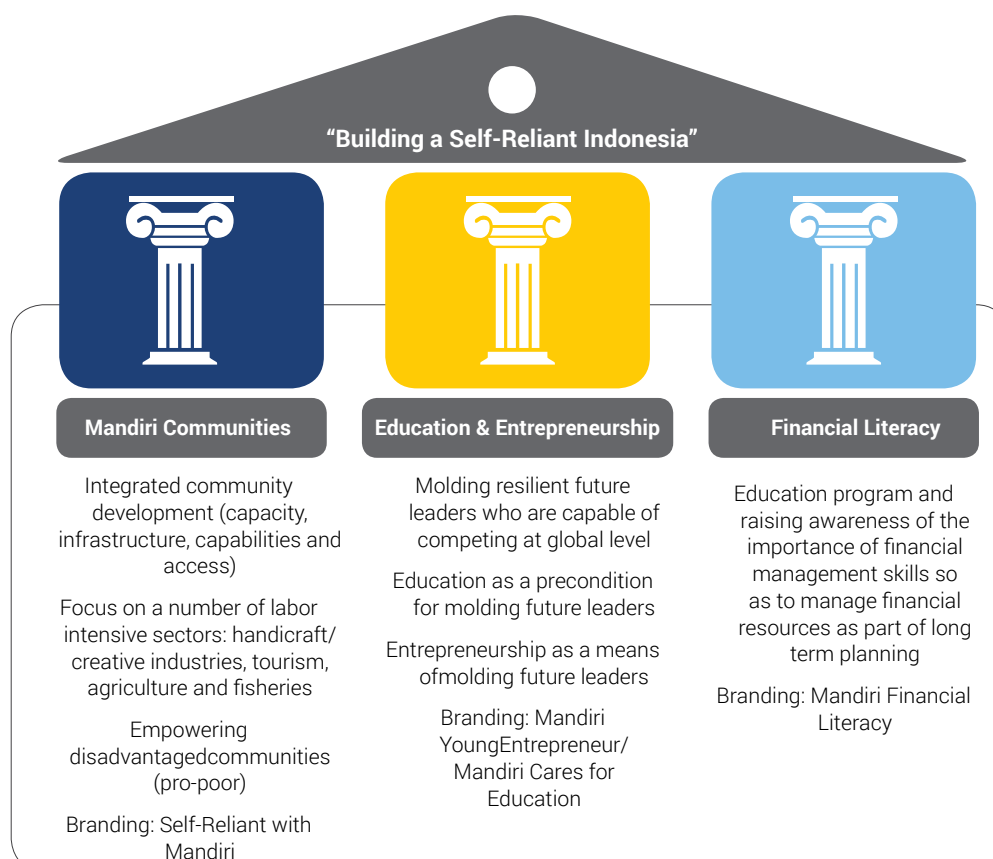
The implementation of Bank Mandiri's CSR among others refer to the Regulation of the Minister of State PER - 07 / MBU / 05 / 2015 dated May 22, 2015 as amended into the Regulation of Minister of State PER - 09 / MBU / 2015 dated July 3, 2015 concerning Partnership and Environmental Development Program of State Owned Enterprises .

These provisions govern how Bank Mandiri can create synergies with communities and the environment to ensure the achievement of synergies between the Bank and all of its stakeholders. Bank Mandiri consistently provides solutions through well-designed programs, as reflected in the vision and mission statement of Bank Mandiri's CSR program.

Bank Mandiri Vision:

"Building Self-Reliant Indonesian communities through Partnership and Environmental Development (PKBL) programs as an inspiration in the effort of becoming a progressive Indonesian financial institution that grows along with the nation."

In accordance with Bank Mandiri CSR vision, the following are the key pillars of Bank Mandiri CSR programs in 2015



Bank Mandiri Mission:

1. To be the main trusted partner in developing self-reliant and prosperous society.
2. To undertake PKBL programs that strengthen Bank Mandiri strategies with the best program governance.
3. To be part of Bank Mandiri's comprehensive branding strategy as a financial institution for all stakeholders. To build Self-Reliant Indonesian communities through PKBL programs as an inspiration in the effort of becoming a progressive Indonesian financial institution that grows along with the nation.

CSR Methods

The implementation of Bank Mandiri's CSR programs uses two approaches, namely:

1. CSR programs initiated by Bank Mandiri that are continuous in nature include: The Mandiri Bersama Mandiri (MBM), The Wirausaha Mandiri (WMM), and The Mandiri Young Technopreneur (MYT).

The MBM program, which was initiated in 2010, encourages communities or community groups to develop their own production capabilities and profitable enterprises.

The WMM program, which commenced in 2007, focuses on the creation of young entrepreneurs.

2. CSR programs that are philanthropic in nature in line with the community or stakeholder needs are, for example, the construction of places

of worship and disaster relief. Participatory methods are used by ensuring that communities are actively involved in CSR schemes during the implementation, monitoring and evaluation stages. This method is adopted by Bank Mandiri as it is suitable for the programs and objectives that have been formulated and the targets of such programs. Each program that has been designed requires the participation of the relevant communities and stakeholders. It is expected that all interested stakeholder elements will be fully engaged in CSR programs of Bank Mandiri so that the people themselves can influence and control development initiatives and the use of resources so as to improve their life and protect the environment.

CSR Programs

In general, the pillars of Bank Mandiri CSR Programs cover 4 (four) aspects, namely:

01 CSR related to products and customers

02 CSR related to employees and occupational health & safety (OHS)

03 CSR related to the environment

04 CSR related to community relations

The activities were carried out based on careful and responsible planning as well as in reference to Bank Mandiri's CSR policies.

CSR Management Performance

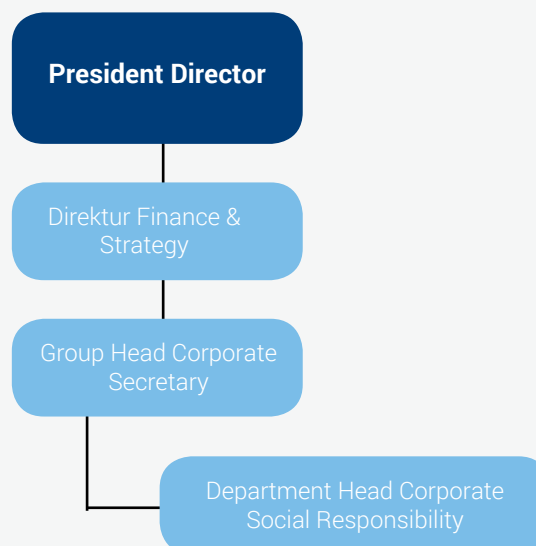
The management of CSR funds is audited every year concurrently with the audit of financial statements to enhance the accountability of the use of such funds. In addition, Corporate Social Responsibility Department Head prepares annual CSR report to be submitted to the Bank's management.

CSR management and budget structure

CSR Management Structure

As the Company's commitment to actively participate in sustainable economic development with the aim of increasing the quality of life and productive environment, Bank Mandiri has designated a unit to conduct overall management of CSR programs from the planning to the implementation. Activities conducted in CSR management included planning, implementation, monitoring and evaluation of all CSR activities and programs carried out by the Bank.

The responsibility and authority for supervising the implementation of Bank Mandiri CSR programs rest with the Corporate Secretary Department. However, the actual CSR programs were implemented by all working units of Bank Mandiri. In greater detail, the management structure of the Bank's CSR programs is shown below:



CSR Management Structure of Bank Mandiri

CSR Budget

Bank Mandiri sees CSR as a long-term investment so that planning needs to be conducted carefully so as to ensure the successful implementation of all CSR programs and the achievement of its targets. One of the important factors in the implementation of CSR programs is the availability of sufficient funding specifically allocated for each CSR activity. In general, the main sources of funding for Bank Mandiri's CSR activities are as follows:

1. Provision of net income after tax as stipulated by the RUPS/Minister, and ratification of Annual Report of the SOE Trustees, maximum 4% of the profit after tax during the fiscal year.
2. Loan Administration Services/margin/profit sharing of the Partnership Program.
3. The return of interest on deposits, and/or the current accounts of the funds placed with the Partnership and Community Development Program.
4. Other legitimate sources.

The budgetary allocation of Partnership Program and Environmental Development Program funds during 2014-2015 to all provinces in Indonesia are shown in the following table:

No.	Province	Environmental Development (BL) Commitment		Partnership Program (PK) Allocation	
		2014	2015	2014	2015
1.	Nanggroe Aceh Darussalam	3.47	52.50	-	-
2.	North Sumatra	2,773.59	99.12	939.28	-
3.	Jambi	-	29.55	-	-
4.	West Sumatra	2.31	-	-	-
5.	Riau	1,216.97	-	-	-
6.	South Sumatra	2,335.98	20.00	1,590.00	-
7.	Bangka Belitung	-	-	-	-
8.	Bengkulu	-	-	-	-
9.	Lampung	24.68	-	-	-
10.	Banten	373.41	-	-	-
11.	Special Capital Region of Jakarta	63,908.86	31,947.49	6,745.00	-
12.	West Java	6,510.08	427.15	3,672.50	-
13.	Central Java	3,070.96	1,438.10	5,823.00	745.00

No.	Province	Environmental Development (BL) Commitment		Partnership Program (PK) Allocation	
		2014	2015	2014	2015
14.	Special Region of Yogyakarta	885.69	-	1,754.00	-
15.	East Java	6,776.30	2,805.33	18,417.00	235.00
16.	Bali	2,550.39	-	1,292.00	-
17.	West Nusa Tenggara	1,583.79	-	-	-
18.	East Nusa Tenggara	293.50	-	-	-
19.	West Kalimantan	1,302.84	-	-	-
20.	East Kalimantan	240.00	-	-	-
21.	South Kalimantan	518.81	295.62	2,415.32	-
22.	East Kalimantan	10.30	-	-	-
23.	North Kalimantan	-	-	-	-
24.	North Sulawesi	1,159.72	-	-	-
25.	Central Sulawesi	-	259.00	-	-
26.	Gorontalo	-	291.51	-	-
27.	Southeast Sulawesi	-	4.33	-	-
28.	South Sulawesi	1,664.52	689.35	810	-
29.	Maluku	21.94	440.00	-	-
30.	North Maluku	-	-	-	-
31.	Papua	937.38	310.71	1,546.85	-
32.	West Papua	306.24	-	-	-
33.	Riau Islands	-	99.75	-	-
34.	West Sulawesi	10.20	-	-	-
TOTAL		98,481.93	39,209.51	45,004.95	980

Distribution of donation in 2015 was lower than the year before, due to the improvement of CSR process at PKBL, and also more focus on monitoring the quality of loan portfolio over the previous years.

social responsibility for customers

Bank Mandiri customers are one of the external stakeholders to spearhead operations sustainability with the Company. Therefore, the Bank always strives to provide products and services which aim to provide the best satisfaction, maintaining trust and maintain customer loyalty.

Extensive distribution network and the products and services of Bank Mandiri continues to grow is a challenge for us to be able to bring service excellence across the contact point for all customers.

Service Excellence is one of the three (3) pillars of Bank Mandiri performance in addition to the Financial Performance and Good Corporate Governance. This shows the importance of Service Excellence for Bank Mandiri, as well as its customers. In 2015, the commitment and hard work to continuously deliver excellent service to our customers resulted in the highest award in the field of Service Excellence as:

- The Best Bank Service Excellence for eight consecutive years (2008-2015)
- The Most Consistent Bank in Service Excellence for six consecutive years (2010-2015)
- Golden Trophy for Banking Service Excellence for four years in a row (2012-2015)

The Bank Service Excellence Monitor (BSEM) Survey organized by the Marketing Research Indonesia (MRI) and Infobank Magazine.

The whole ranks of Bank Mandiri contributed to achieving service excellence according to their respective position and role with reference to "Mandiri Personnel's Spirit for Service" (Fast, Reliable, Comfortable). In order to maintain the high service quality throughout the contact point Bank, Bank Mandiri has another service standard measurements for channel that serve customers directly, including Micro Branch, Priority Outlet, Regional Card Center and Consumer Loans Business Center.

Besides, the Bank also measures the implementation of Spirit for Service in Head Office's Unit/Group which serves many Branches/Front Office Unit for service excellence in an end-to-end manner. Bank Mandiri also has a standard measurement services such as mystery shopping, we also measure the level of customer satisfaction (Customer Satisfaction Index) in the Regular Branch, Branch Micro (Independent Business Partner) and Priority Outlet, which will gradually be implemented in other units.

Policy

In the implementation of a policy reference in the management of the relationship with the customer referring to Bank Indonesia Regulation (PBI) No. 10/10/PBI/2008 on customer protection.

In connection with this, Bank Mandiri draw up comprehensive guidelines in the management of customer complaints in the form of Standard Operating Procedures (SPO) on Customer Complaint Handling.

Activity Program

Throughout 2015 the activity programs related to responsibilities for customers were conducted through Customer Education, Evaluation of Customer Complaints, Customer Complaint Handling Mechanism and the Customer Satisfaction Survey. The programs were run in order to realize the protection of the Company to its customers while increasing customer satisfaction and trust.

As fulfillment of its high commitment, the Bank implemented a set of policies that have been determined. The implementation of such policies, among others, were:

customer education

In an effort to facilitate transfer of knowledge of banking and banking products to Bank Mandiri customer, in 2015 the Bank provided consumer education through:

1. Social Media (Twitter accounts @mandiricare, @bankmandiri, @mandiricard and @mandirifesta)
2. Radio Broadcast and Ad Libs Radio
3. SMS E-mail Blast, SMS Notification
4. YouTube Video
5. Corporate Website
6. Printed materials, including education fans, brochures, credit card billing statement and envelopes, ATM receipts

The topics/education materials delivered include: account opening procedure, tips on secure transactions in electronic channels, banking crime prevention,

procedure for replacement of lost ATM card, tips on safe use of credit cards, as well as various products and services of Bank Mandiri.

To measure the effectiveness of education efforts that were made, the Educational Effectiveness Survey was conducted in 2015. The survey was conducted on 5,000 respondents, consisting of 1,000 respondents in the branches across Medan, the Greater Jakarta, Bandung, Surabaya, Makassar (data collection method: face-to-face interview), 800 respondents from phone call survey (data collection method: Computer Assisted Telephone Interview (CATI) and 3,200 respondents from various educational events (data collection method: self-completion questionnaire).

With this survey, it is expected that consumer education done by the Bank will be more effective and efficient.

Customer Complaint Mechanisms

The Bank uses the basic principle known as “Welcome Complaint” to handle customer complaints. Accordingly, Bank Mandiri provides many channels that are easily accessible by customers for submitting complaints without mass media, either printed or online, which may have effects on the Bank’s reputation.

Such channels include:

1. Mandiri Call, 24-hour service at 14000
2. Bank Mandiri 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. Letter addressed to Bank Mandiri
8. Bank Mandiri Branch Offices throughout Indonesia

In line with the Mandiri Personnel’s Spirit for Service (Fast, Reliable, Comfortable), settlement of customer claims is conducted in accordance with Service Level Agreement (SLA) as stipulated by Bank Indonesia.

In order to meet the Bank’s objectives to meet every customer’s need and create a positive customer experience according to the Spirit for Service, Mandiri personnel continues to make improvements on the management and resolution of customer complaints which, among other things, include:

1. Improvements on resolution and monitoring processes of customer complaints.
2. Acceleration of SLA on resolution of customer complaint on an end-to-end basis.

3. Improvements on the 4P (people, product, process, place) to reduce the number of similar complaints.

In addition, in order to establish the responsive and effective complaint mechanisms, the Electronic Channel Operations Group and Customer Care Group have taken and will take a series of anticipative measures as follows:

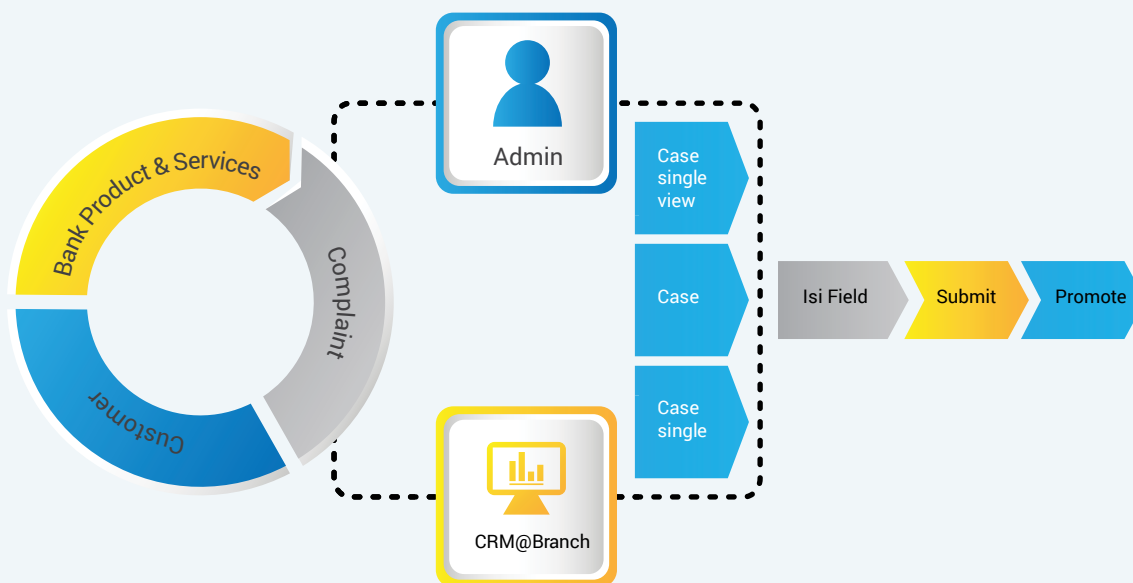
1. Preparing the system for customer complaints in social media are integrated so that all the social media channels of Bank Mandiri centralized in one system and must be equipped with adequate policies and rules.
2. Increasing the number of agents in the Call Center that handles Twitter account @mandiricare, including improving their skills and improve the supporting infrastructure, so that customer complaints can be resolved more quickly so that the level of customer satisfaction and loyalty increased.
3. Continuing consumer education program through various media, such as social media (Twitter), email blast, corporate websites, radio, radio advertisement ad libs, fan education, SMS notification, etc.

In addition to WhatsApp communication channel, a means for customer complaints via SMS will be provided.

Improved Service Excellence across the contact point and end to end and the good management of customer complaints is expected to support the level of customer satisfaction and loyalty, thereby enhancing business growth of the Bank.

Handling of Customer Complaints

In order to resolve customer complaints effectively and quickly, the Bank coordinated with stages in accordance with the process flow of customer complaints as follows:

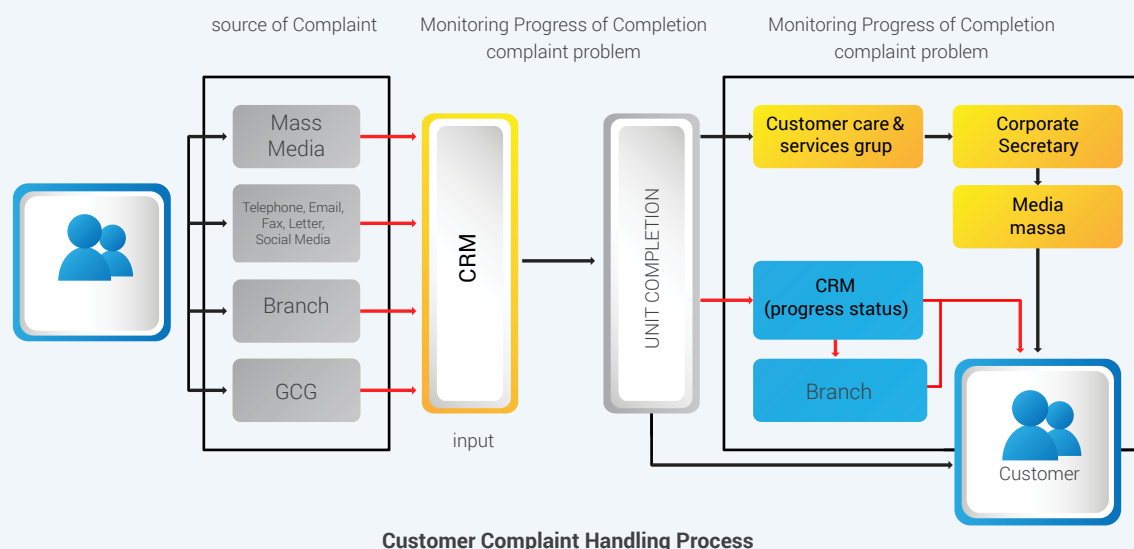


Customer complaint process flow

After the whole of complaints is received, it is put into the system for recording customer complaints, namely CRM @ Branch. The recording consists of three (3) categories:

1. **Single View** is the recording of complaints that can be resolved directly by the Customer Complaint Receiving Unit without the need to be escalated to the Customer Complaint Resolution Unit.
2. **Single Case** is the recording of one (1) complaint at a time that cannot be resolved directly by the Customer Complaint Receiving Unit that needs to be escalated to the Customer Complaint Resolution Unit.
3. **Case** is the recording of more than 1 (one) complaint at a time opportunity that cannot be resolved directly by the Customer Complaint Receiving Unit that needs to be escalated to the Customer Complaint Resolution Unit to obtain resolution.

After a customer complaint is received, the related units to evaluate customer complaints through the Customer Complaint Handling Process by Customer Complaint Handling Process flow as follows:



Complaints are forwarded to the resolution unit monitored by the Customer Care Group (CCG) through CRM@ Branch. CCG monitors customer complaints so that they are resolved and informed to the customers in accordance with the Service Level Agreement (SLA). For complaints submitted through the mass media, in coordination with the Corporate Secretary Group the CCG monitors the closure in response to complaints through the media.

Bank Mandiri services associated with the settlement of complaints and complaints from customers in 2015 can be seen in the following table:

Type of Complaint	Number of Complaint
Interest/Profit Sharing/Gain Margin	34
Fine/Sanction	90
Administrative Costs/Fees/Transaction Fees	156
Transaction Failure/Delay	295,027
Billing Amount/Account Balance	236
Miscellaneous	9,883
Total	305,426
Complaints Resolved	302,722

During the last five years Bank Mandiri received increasing customer complaints as a result of:

1. Increased number of customers and transactions
2. Increased number of transactions
3. Increased new products and features in the existing products
4. Openness and ease of customer complaint submission through social media, such as Twitter, Facebook, etc.
5. Problems of the system/network with the other banks whose transactions related to Bank Mandiri.

Product Information Service

In order to continuously improve the quality of services provided, Bank Mandiri made efforts to meet customer expectations by performing the socialization of the products to the customers in order to facilitate service and access to the customers. Dissemination of product information is carried out through:

1. Website www.bankmandiri.co.id
2. On site at the nearest branch office

Bank Mandiri does not only improve the quality of service products, but also remains faithful in ensuring the customer's trust. The Bank is committed to maintaining and protecting the customer's data/documents from loss, damage or leakage of information to unauthorized parties through enhanced security capabilities of its IT division. Bank Mandiri IT's security enhanced capabilities include: Threat Intelligence that protects the IT systems of Bank Mandiri from cyber and phishing attacks, as well as Security Awareness and Data Leakage Protection which guarantees

the security and confidentiality of data within Bank Mandiri internal environment, as well as increase the security of e-channels. Bank Mandiri's increased security measures also included Mandiri debit cards and ATM machines through the implementation of the Indonesian National Standard Chip Card Specification (NSICCS) to ensure the security of the Bank's customer in conducting debit card transactions. Physical security at Mandiri ATMs was also enhanced by equipping all ATMs with Bezel PINs and CCTV cameras so as to ensure the convenience of Bank Mandiri customers in conducting transactions. These improvements can be evidenced by the absence of complaints or significant incidents regarding customer's data confidentiality and privacy. Bank Mandiri could also report that during the reporting year there were not any complaints of non-compliance with the applicable laws and regulations concerning provision of products and services as well as rules and ethical codes regarding the health and safety impacts of products and services.

Customer Satisfaction Survey

In 2015 Bank Mandiri conducted customer satisfaction surveys to determine the level of customer satisfaction as regards its products and services. This was intended to identify the level of service quality delivered to certain segments and which segment needs improved services.

The surveys conducted in 2015, among others, included:

1. Roy Morgan Single Source
2. Customer Satisfaction & Customer Experience Survey 2015 - Retail
3. Customer Satisfaction Survey 2015 for Bank Mandiri Prioritas
4. Customer Satisfaction Survey 2015 for Mandiri Mitra Usaha

1. Roy Morgan Single Source

The Roy Morgan Single Source Survey was carried out in urban areas (22 Main Cities/Large + Small Towns) and rural areas in 17 provinces (Jakarta, Banten, West Java, Central Java, Yogyakarta, East Java, Bali, North Sumatra, West Sumatra, South Sumatra, Lampung, Riau, West Kalimantan, South Kalimantan, East Kalimantan, North Sulawesi and South Sulawesi).

The survey involved face-to-face interviews with approximately 26,000 respondents over the course of a year. Each respondent had accounts in more than one bank, one of which was Bank Mandiri. The assessment of the level of customer satisfaction among Bank Mandiri customers used a sample that considered Bank Mandiri to be the main financial institution, compared to other banks.

The results of this survey for the period 2013-2015 are as follows:

	2013	Period 2014	2015 (Q3)
Satisfaction Level	94.0	93.8	93.2

2. Customer Satisfaction & Customer Experience Survey 2015 - Retail

(by Roy Morgan)

The 2015 Customer Satisfaction & Customer Experience Survey - Retail was conducted in 10 cities in Indonesia, including Medan, Palembang, Jabodetabek, Bandung, Semarang, Surabaya, Banjarmasin, Makassar, Manado and Denpasar). The survey involved face-to-face interviews with customers in 100 regular branches in those 10 cities (30 respondents/branch) and CATI to 1,000 respondents.

The results of the survey are shown below:

Satisfaction Level for 2015			
Customer Service	Teller	ATM	Overall
83.9	85.3	67.3	84.7

The Customer Satisfaction & Customer Experience Surveys by different consultants during the period 2013-2015 show the following results:

Aspect	2015 (by Roy Morgan)	2014* (by Morrigan)	2013** (by DEKA)
Overall Indeks	84.7	78.2	93.7
Customer Service	83.9	78.8	93.7
Teller	85.3	77.3	93.1
Security	n/a	79.4	94.1
Banking Hall	n/a	78.5	92.3
Akses	n/a	78.8	n/a
Fasilitas	n/a	77.1	n/a
ATM	67.3	79.6	93.9
Kartu ATM	n/a	77.9	n/a
Call Center	n/a	76.9	93.2

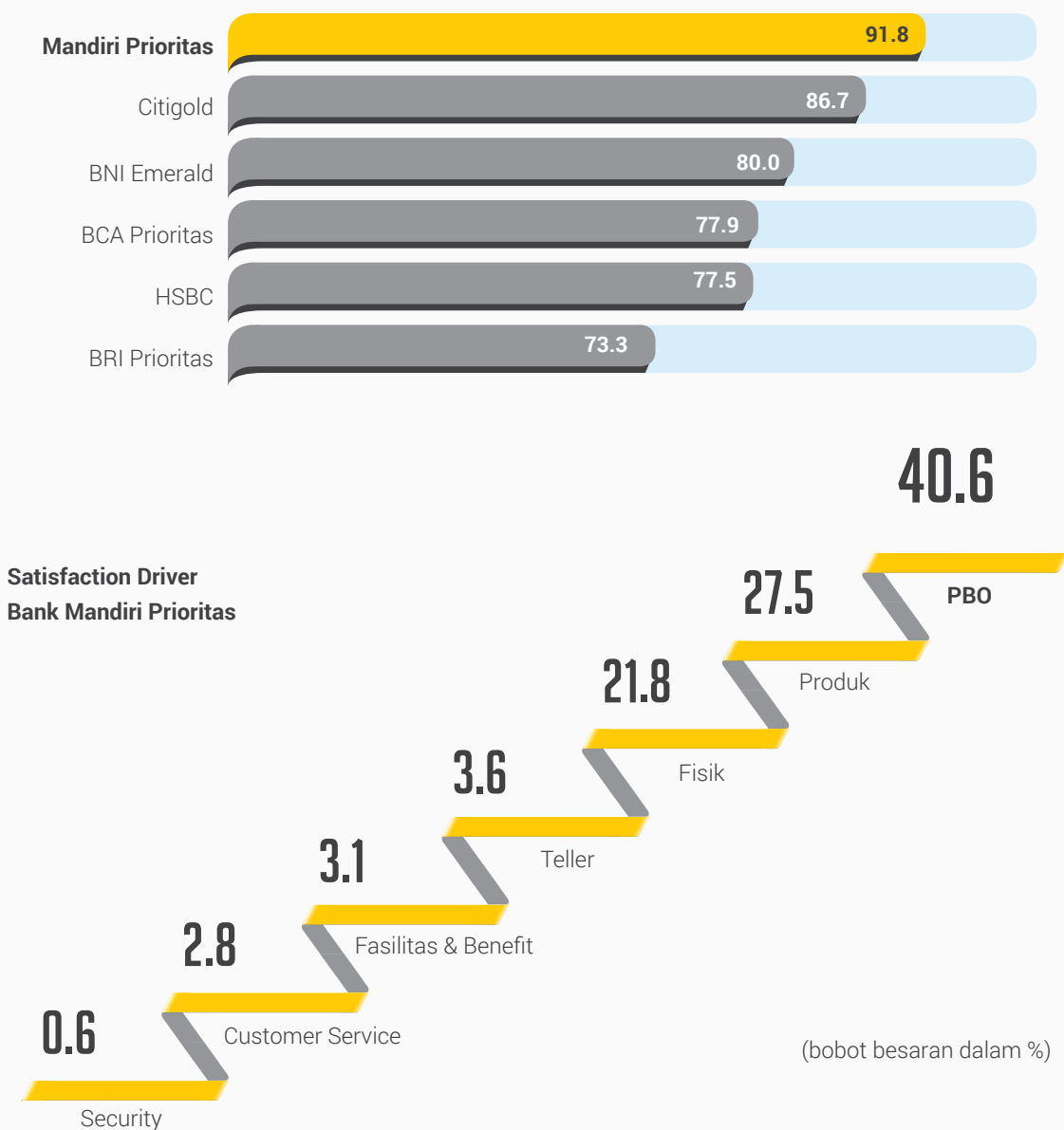
*) Customer Expectation, Behavior, Satisfaction and Engagement Survey 2014 by Morrigan

**) Customer Expectation and Behavior 2013 by DEKA

3. Customer Satisfaction Survey 2015 for Bank Mandiri Prioritas

Bank Mandiri also conducted a customer satisfaction survey in 2015 with regard to 270 Bank Mandiri Prioritas (BMP) customers, using face-to-face interview method, in 55 outlets across 12 regions.

Based on the results obtained from the CSS 2015 the Customer Satisfaction Index (CSI) for BMP Customers amounted to 91.8, higher than that of other Priority Banking services from the competitors. The three main factors that affected BMP customer satisfaction level is, sequentially, Priority Banking Officer (PBO) service with a weight of 40.6%, product (weighting 27.5%) and Outlet physical aspects (21.8%).



4. Customer Satisfaction Survey 2015 for Mandiri Mitra Usaha

Customer Satisfaction Survey (CSS) for Service Branch Model 4/Mandiri Mitra Usaha (MMU) was conducted in 10 major cities also representing the regions, namely: Greater Jakarta (Jabodetabek), Medan, Palembang, Semarang, Bandung, Surabaya, Denpasar, Banjarmasin, Denpasar, Makassar and Jayapura. Total respondents added up to 500 debtors recruited from around the MMU branches through purposive sampling and data collection was done through the face-to-face interview method and assessment scores assigned were from 1 to 10. As comparators (indication), CSS with a limited number of respondents (minimum 30 respondents) was also performed in Jakarta with closest competitors, i.e. Teras BRI, Danamon Simpan Pinjam, Mikro Laju CIMB Niaga and Mitra Usaha Rakyat BTPN. The following was the CSS comparison between MMU and the competitors.

index					
Overall Satisfaction Index	7.93	8.00	7.63	7.57	7.57
Expectation Met Index	7.93	8.00	7.80	7.43	7.67
Loyalty Index	7.91	8.07	7.27	7.43	7.40
Net Promotor score	18	7	0	-20	-7

Customer Satisfaction Index of MMU at national level was 7.93, slightly below Teras BRI as the nearest competitors standing at 8.00. Likewise, MMU Loyalty Index scored 7.91, still lower than that of Teras BRI for 8.07. With NPS being relatively high, there is still an opportunity for the Bank to improve its business and increase the micro market share.

One of the causes of customer dissatisfaction was the perception that the loan product features of Bank Mandiri is not competitive compared to that of the competitors, judging from the interest rate, administrative costs and fines/penalties. Other cause was customer expectations on Micro Kredit Sales (MKS) were unmet, in which customers expected MKS can give them a reminder of the installment due date and periodic reports on the position of customer lending.

social responsibility for occupational health and safety

The Company's success in terms of K3 in 2015 is shown by the zero occupational accidents within the Company environment (zero accident).

Bank Mandiri is ever mindful of the importance of Occupational Health and Safety (K3) in maintaining optimal productivity. Therefore, the Bank is committed to properly treat its employees in accordance with their rights. This includes ensuring that employees are getting paid according to the working hours, providing health insurance and providing a wide range of benefits. Additionally, that entails giving salary raise conforming to the inflation rate, as well as ensuring the safety of workers during the performance of their duties.

Policy

For Bank Mandiri, employees are a valuable asset for the Company's business viability, so that the safety and health of employees is key. Therefore, Bank Mandiri has put in place regulations on manpower and occupational health and safety. Such regulations include:

1. Law of the Republic of Indonesia No. 13/2003 on Manpower
2. Collective Labor Agreement (CLA) PT Bank Mandiri (Persero)

Activity Program

In practice, the responsibility of Bank Mandiri to the employees and K3 is met by implementing 2 (two) strategies as follows:

Manpower Practices

Employee Welfare

Bank Mandiri is always concerned about the fair and just well-being of its employees, with the hope of establishing mutually beneficial relationship, forging a bond between employees and Bank Mandiri that work in synergy to achieve productivity, work efficiency and effectiveness, increased profit, as well as decreasing

employee turnover rate. Such efforts toward achieving welfare are meaningful and useful to meet the physical and mental needs of employees and their families. Welfare programs implemented by the Bank are based on legislation in force with respect to gender equality, decency and fairness of employment opportunities.

The programs to improve the welfare of Bank Mandiri employees cover both material and non-material programs. Employee's material welfare directly relates to employee 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 of employees can take form of facilities and service provided to employees by the Company.

One of the Bank's concerns for its employees is shown by providing a lactation room at Plaza Mandiri. This

room is located on the 11th floor in Plaza Mandiri and comes with an attractive interior.

The facility provides 15 booths which could be used by lactating mothers. Each booth is provided with a sofa and table. The privacy of the users in the lactation room is also protected since each chamber is separated by curtain.

To further improve the room's comfort, it is also equipped with air conditioning and a number of supporting facilities. In lactation room, bottle racks, a dispenser, two sterilizers and a two-door refrigerator as a place to store breast milk are made available.



Besides, Bank Mandiri also provides special facilities for female employees, by organizing a day nursery called Mandiri DayCare for employees, women (and men as permitted) for 1 (one) month at 2 (two) weeks before the long Idul Fitri holiday and 2 (two) weeks after.



Equal Employee's Rights

Related to the rights of its employees, the Bank continues to provide equal chances and opportunities to all employees regardless of religion, ethnicity, race or gender to work in the Company. Bank Mandiri seeks to promote gender equality by providing the opportunity for women to become leaders in various programs. Potential women continue to be explored and optimized for business progress and development of personal knowledge. The contribution of women in various kinds of leadership programs showed the proportion continues to rise.

Strong public support for gender equality is fundamental to the achievement of business advancement and improvement of the results obtained as proof that gender equality in the field of business has received. During 2015, there were no reports of incidents of discrimination based on race, color, gender, religion, political opinion, social origin and all other forms of discrimination involving internal and external stakeholders throughout the Company's operations.

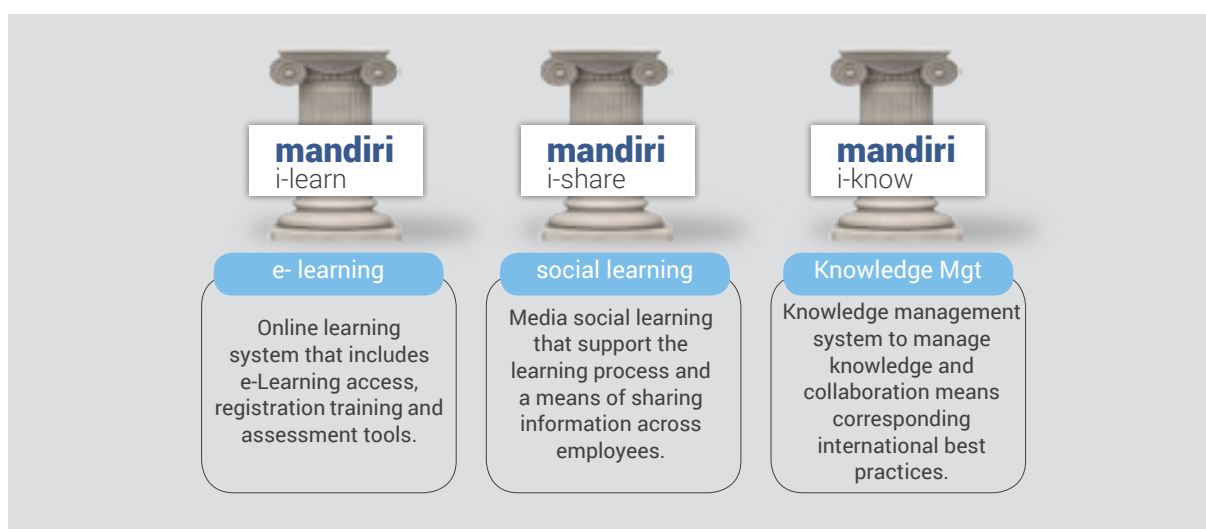
In addition, the Bank continues to strengthen the development of the technology as a way to accommodate the growth in the number and increasingly widespread distribution of employees. In 2015, the Bank has three (3) online portals to support the learning process items, namely i-Share, i-Learn and i-Know.

Employee Learning and Development

Bank Mandiri in continuous learning and development of employees to meet the competencies and expertise required by the method of Education, Training, Special Assignment, Coaching/Counseling and Independent Learning.

Throughout 2015, the Bank has implemented programs to increase knowledge and skills of human resources through education and training in Bank Mandiri, which consisted of a Leadership attended by 2,940 participants as well as Technical & Specific Knowledge Program which has been attended by 50,501 participants. Bank Mandiri also provides modules of e-learning that has been accessed by 152,351 participants.

As a commitment to continue to develop the competence of its employees, the bank continued to improve employee development budget into IDR 492.2 billion compared to 2014 amounting to IDR 454.9 billion. The realization of employee development costs in 2015 amounted IDR 485.1 billion increases compared to 2014 amounting to IDR 429.2 billion.



Career Development

Career development is important where management can improve productivity, improve work attitude, creating job satisfaction also achieve its goals. Therefore, Bank Mandiri provides equal opportunities for male and female employees in terms of career development.

The Company applies a career path system that is based on the requirements of each job and the competencies of each employee as integrated into the performance appraisal system.

Employee Protection

Bank Mandiri facilitates the protection of labor rights and justice in the law enforcement process for employees through their unions. Bank Mandiri gives freedom to its employees to join a labor union in order

to provide protection to employees, aimed to improve the welfare of the employees.

Bank Mandiri has a Collective Labor Agreement (CLA) resulted from negotiations between the Bank and the Labor Union of Bank Mandiri (SPBM), which contains the terms of employment, the rights and obligations of both parties under the provisions of law. The current CLA is for the period of 2015-2017. The CLA has been signed by the Company along with the management and SPBM representative at the Auditorium Plaza on November 25, 2015. With the presence of CLA for 2015-2017, it is expected to be a cornerstone of creating a harmonious working atmosphere, dynamic and equitable to all employees.

With the freedom of association for workers is expected to create channels of communication with management and encourage the employment rules can be carried out properly. Besides, it can represent its members in finding a solution to employment related issues.

Turnover Rate

Throughout 2015, the turnover rate of workers equal to 3.19% with a composition of 434 female and 693 male.

Total Turnover Employees Bank Mandiri

Year	Total (People)	Turnover
2013	1,251	3.91%
2014	1,022	3.00%
2015	1,127	3.19%

Occupational Health & Safety Practice

Managing Occupational Accident Risk

Bank Mandiri provides protection to workers from the risk of accidents that can happen when doing work in the workplace. With the implementation of K3 protection, is expected to create a workplace that is safe, comfortable, healthy and productive workforce, thereby increasing the productivity of labor and productivity. Thus K3 is very large role in improving the Company productivity, mainly to prevent human casualties.

Protection of workers from the risk of workplace accidents caused by work carried out through the management of occupational risks by identifying the risks of occupational accidents and how to manage them. Managing risks of workplace accidents are managed in accordance with the needs in the office and in the field when the service.

In managing the risk of workplace accidents, Bank Mandiri classifies them into two aspects as follows:

1. In the Office
 - a. Provision of training and information on evacuation of high-rise buildings on a regular basis.
 - b. Basic training on use of fire extinguishers.
 - c. Training for the rescue of victims from inside buildings for building security staff.
 - d. Provision of adequate safety equipment and facilities, including oxygen tubes, first aid kits, sliding ladder and emergency exit windows.
 - e. Provision of ambulances at head office and branch offices.
2. On Duty in the Field
 - a. Regulation requiring every employee to attend safety induction

- b. Providing all employees with occupational and personal accident insurance, and occupational accident benefits program

Managing Occupational Health Risk

The health of employees is important for Bank Mandiri since the impacts of work-related diseases are not only detrimental to the employee, but also the Bank either directly or indirectly. To ensure that all the Bank employees remain in good health, the Company provides general medical check-up and health care benefits to both permanent and non-permanent employees. In addition, the Company provides health benefits for employees' dependents, including children up to 21 years who are not employed and are unmarried. In the case of children who are still attending college and who are not employed and are unmarried, benefits are provided up until 25 years of age. This is regulated in the CLA of PT Bank Mandiri (Persero) Tbk under section Health Facilities.

The following activities related to occupational health efforts that the Company made over the course of 2015:

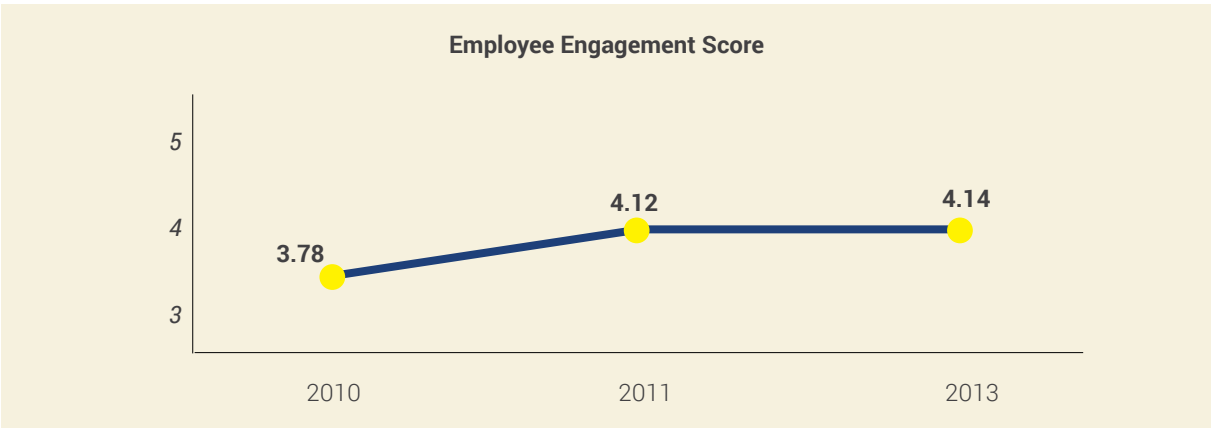
- Blood Donor conducted every three months and participated by 750 employees.
- Medical check up conducted once a year and participated by employees aged 40 years old and above.
- Non routine medical treatment, inpatient, dental and eye care. Medical treatment for the employees in the head and branch office and non-routine allowance for the purpose of first degree outpatient and higher level.

Employee Satisfaction Survey

Employee satisfaction survey is one important element in supporting productivity levels and employee creativity in showing a strong correlation between the level of productivity and creativity of employees with the level of employee satisfaction. Employees who are satisfied tend to be more productive at work, and more to produce ideas.

Thus, Bank Mandiri has had an integrated program to improve the level of engagement of all employees

through Mandiri i-care program. The program began with activities in engagement survey conducted by an independent consultant and continued with the preparation and implementation of the plan in the respective impact of labor unit scorecard survey results. Mandiri i-Care Survey began in 2010 and continued in 2011 and 2013. The survey is conducted every two years, but for 2015 it will be held by early 2016. The following chart shows employee engagement surveys since the beginning of its implementation.



Based on the chart above can be seen that the level of employee engagement continues to increase from year to year.Increased levels of employee engagement indicate that employees perform more productively, contributing to the best ideas and a sincere commitment to achieve long-term success of the Company.

social responsibility for the environment

Bank Mandiri CSR programs in the field of environment aim to create a balance between operations and other parties, including the environment and stakeholders; therefore, Bank Mandiri implemented several measures to minimize the negative impact of the Bank operations.

Policy

As regards the policy strategies related to social responsibility for the environment, in 2015 the Bank undertook the following:

1. Putting Environmental Aspects as a key priority in all activities conducted by the Bank.
2. Collaborating with local government and other relevant agencies for reforestation programs.

Activity Program

In order to create a balance between operations and the environment, during 2015 the Bank participated actively in environmental management through the following programs:

Green Office Program

Environmental management around the head office has been conducted in support of eco-friendly or green office concept. Green office program is a real contribution to managing an office with environmentally friendly principles, namely the office management and all employees strive to implement various austerity programs such as paper-saving electricity saving and

water-saving through suggestion and dissemination of information. The program can provide tangible benefits such as reduced operational costs, increased efficiency and also improving the image of the Bank. Events and activities in support of Green Office establishment are conducted in relation to the use of materials and energy consumption.

Use of Materials

The use of materials by Bank Mandiri in its business is divided between office supplies and materials needed for other operations. The materials used in the office consist primarily of paper and fuel. More efficient use of paper continues to be pursued by Bank Mandiri with the support of information technology that is replacing paper-based transactions with paperless transactions. Bank Mandiri always seeks to reduce paper consumption through a number of initiatives, such as saving documents in soft copy, using email as a medium for making announcement or disseminating internal information, use of recycled paper or double-sided print, utilization of waste paper in printing draft so only the most important pages are printed and recycling of waste paper.

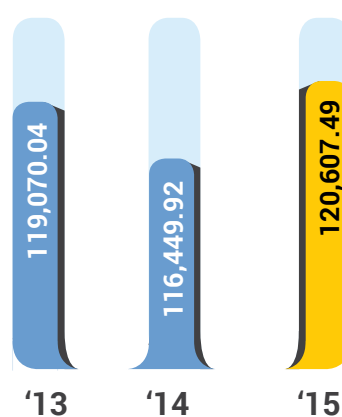
The use of ATMs also saves paper in transactions that were previously done in the banking hall, including the paper used for deposit, withdrawal, transfer and other payment forms. In addition, savings in paper use are also achieved by educating customers to conduct transactions online (Internet Banking, Phone Banking and SMS Banking), and by redesigning our forms and reports as well as using recycled paper for management policy related to day-to-day operations.

Energy Consumption

Bank Mandiri always strives to reduce its energy consumption in respect of its operations, in which efficient use of energy is expected to reduce operating costs and increase environmental values, as well as provide comfort in the workplace. This is done through a series of improvements in the quality specifications of support equipment in the office buildings, such as shutting down computers and other electronic equipment if it will be left or not used in a long time, for example, at lunch or during meeting or when going home.

In 2015, total electricity consumption at Bank Mandiri head office added up to 33,502,080 Kwh, the equivalent of 120,607.49 GJ. This equals to an increase of 0.03% compared to 2014, when the figure was 32,347,200 Kwh or the equivalent of 116,449.92 GJ. The increase in electricity consumption was due to the growing business of the Company which led to an increase in operational activities at the Head Office. The electricity consumption during the period 2013-2015 is illustrated in the table below:

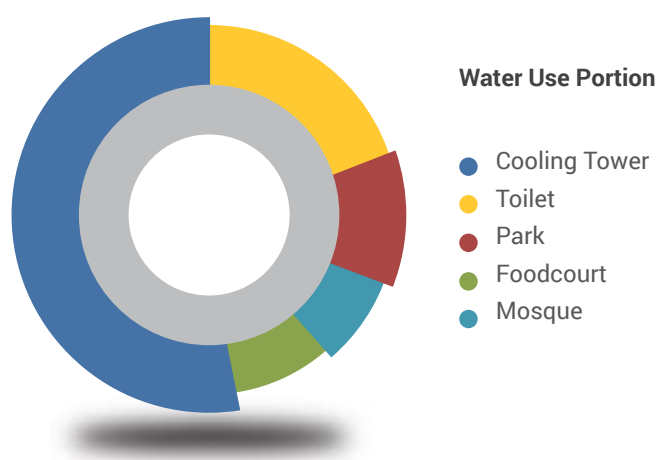
Energy Consumption (GJ)



Water Use

With the global population looking set to reach 9 (nine) billion by 2050, demand for water supply will continue to grow. Lack of clean water has economic, social and environmental impacts. Understanding this issue, Bank Mandiri is committed to keep on using water wisely according to its needs. Installation of “Use water

wisely” signage in toilets, mosque and other work areas hints at an effort to raise the employees’ awareness of the importance of saving water. In Plaza Mandiri Building water is used at various office facilities, such as the Cooling Towers, parks, restrooms, food courts and a mosque



Office Facilities	Water Consumption (m3)
Cooling Tower	95,795
Park	11,208
Toilet	72,600
Foodcourt	10,464
Mosque	951

Throughout 2015, PDAM water consumption amounted to 190,184 m3. Besides, in 2012 the Bank introduced water recycling technology at Plaza Mandiri Building. The recycled water has been used in the air-conditioning system’s cooling towers and to water the

Plaza Mandiri grounds. During the year 2015, water supply from water recycling amounted to 66,278m3 or 34.85% of the clean water use in total. The proportion of recycled water use in 2015 reached 24.31%, or higher than 2014 which stood at 87,566m3.

Water Consumption Volume

	2013	2014	2015
Volume of Water Supplied by PDAM (m3)	148,321	189,322	190,183
Volume of Recycled Water(m3)	96,652	87,566	66,278

Reducing Paper Use (Going Paperless)

The excessive use of paper can cause environmental damages, such as deforestation. It is a known fact that using fifteen reams of paper equals to cutting down a five-year old tree. In relation to that, the Company strives to protect the forest by encouraging its employees to reduce the use of paper. One of the

efforts that Bank Mandiri has made to save paper is employing Xerox Multi-Function Printer with double sided printing capability or duplex printing since 2011. With these efforts, until the end of 2015 the Company had allowed 619 trees to continue to grow.

Bank Mandiri Paper Use and Paper Reduction

Year	Use		Reduction			
	Total Number of Pages	Total Amount of Paper	Sheet	Ream	Paper Procurement Costs	Tree
2011	13,229,167	11,929,176	1,299,991	2,600	77,999,460	173.3
2012	17,054,457	15,839,385	1,215,072	2,430	72,904,293	162.0
2013	16,069,809	15,328,199	741,610	1,483	44,496,607	98.9
2014	18,051,581	17,346,322	705,259	1,411	42,315,527	94.0
2015	17,718,188	17,034,480	683,708	1,367	41,022,462	91.2
Total	82,123,202	77,477,563	4,645,639	9,291	278,738,349	619.4

Reforestation

Reforestation is expected to be one of the alternatives in managing and maintaining environmental sustainability in Indonesia. A high level of awareness is necessary in maintaining and preserving the environment in order to anticipate all forms of destruction and environmental pollution. Environmentally sound management of the company that is the basis for creating an atmosphere of beauty and comfort of the environment, particularly in improving the health status of optimum community.

Therefore, every year the Bank always uses its best efforts to provide environmental assistance both in the head office and the surrounding communities. In 2015,

Bank Mandiri conducted planting of mangroves in the coastal areas of Sidoarjo, East Java where 50,000 mangrove trees belonging to the species *Rhizophora apiculata* and 50,000 mangrove trees classified as *Mucronata* sp. were planted on an area of ± 15 ha. Besides planting mangrove trees in Sidoarjo, Bank Mandiri also planted 6,900 mangrove trees in the coastal areas of Marunda Beach, Jakarta.

The Bank also helps maintain the shade trees growing in the grounds of the head office in collaboration with the building management. This included doing the upkeep of the park around the head office.

Environmental Assistance

In order to maintain environmental quality in the surroundings which is expected to improve economic development and health quality, Bank Mandiri runs sustainable CSR programs, i.e. planting of mangroves in the coastal areas of Sidoarjo, East Java where 50,000 mangrove trees belonging to the species *Rhizophora*

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social responsibility to communities

As one of the actors in national economic development, it is only natural that Bank Mandiri does not only aim for financial gains, but also make contributions to the surrounding communities or environment. The welfare of communities is essential for the success of Bank Mandiri as these communities are both directly and indirectly involved in the Bank's operations. Therefore, it is essential that the Bank acts responsibility vis-à-vis the communities in which it operates.

One of the Company's concerns about the society is demonstrated through the activities conducted under the Corporate Social Responsibility (CSR) programs which take the form of Community Development.

Policy

Bank Mandiri's policies related to its responsibility to the communities are set out in the standards and procedures for the Partnership and Environmental Development Program (PKBL) governing the implementation of the Partnership Program (PK) and Environmental Development (BL) Program, as well as the Procurement of Goods and Services Standards which relate to the PKBL.

Activity Program

As part of the communities, Bank Mandiri strives to at all times align its presence and business with the surrounding communities. Therefore, the Bank continuously strives to continue to program development and community empowerment in order for them to reach independent and prosperous society.

In line with its community program, Bank Mandiri divides its activity program in this regards into:

Self-Reliant Communities Program

The first pillar of Bank Mandiri's CSR program is the Self-Reliant Communities pillar implemented through the Mandiri Bersama Mandiri (Self-Reliant with Mandiri/MBM) program, which is aimed at helping develop communities in selected areas so as to enhance production capabilities and profitability as well as promote creative and productive endeavors

among the communities so as to ultimately improve their living standards. In addition, the MBM program is aimed at helping develop both communities and community groups in an integrated fashion in terms of capacity, infrastructure and access, to achieve a welfare and independent community.

Commencing from 2010, the Company has until 2015 implemented its MBM program through the continued development on existing target areas/clusters and the development of new areas that play host to mentoring partners or have the potential to absorb PP loans. Among the areas on which the program is currently focused are:

a. MBM - Ogan Ilir, South Sumatra

The MBM program provides training to songket weavers who have obtained a small business working capital loans from the Company in the Tanjung Pinang and Limbang Jaya villages, Tanjung Batu, Ogan Ilir Regency, South Sumatra. The purpose of the MBM program in this area is

to improve the skills of songket and limar weavers and provide information on how to dye songket yarn.

b. MBM - Karawang Village

The program provides support facilities and infrastructure for the community-based mushroom industry cluster in Balonggandu Village, Karawang. In addition, the program provides training on how to increase production capacity, management skills, institution building, and mushroom processing. Machinery and product standardization training are also provided.

Self- Reliance in Education and Entrepreneurship Program

The second pillar of Bank Mandiri's CSR program is Self-Reliance in Education and Entrepreneurship, which is aimed at creating future leaders who are self-reliant and able to face the global competition through education and entrepreneurship.

A. Bank Mandiri's Self- Reliance in Education Program

The Self- Reliance in Education Program of the Bank is implemented through:

1. Mandiri Peduli Pendidikan

The education system is the key for a better future. Therefore, as a bank that cares about the welfare of the community and the growth of the national economy in the future, the Company is committed to playing a part in ensuring the sustainability and success of the national education system in Indonesia.

In order to do so, the Company has been carrying out various activities under the Mandiri Peduli Pendidikan (MPP) program.

a. Mandiri Education



(Mandiri Education)

As its name suggests, the Mandiri Education Program is the flagship program of the MPP, and has been implemented on an ongoing basis since 2009. The program involves the provision of training in the banking and leadership fields in general. In 2015, the

Mandiri Education Program involved all of the directors together with Bank Mandiri employees, who taught 11,950 students of elementary up to high school from a total of 222 schools, and 4,500 college students from 9 higher education institutes in 74 cities in 34 provinces around Indonesia. In addition, Bank Mandiri provided educational assistance to schools and colleges worth a total of IDR 1,788 billion.

The main objective of the program is to enrich the knowledge of college and school students about banking, education and leadership, as well as to demonstrate the Company's seriousness in expanding the knowledge and improving the characters of younger generation. The Mandiri Education Program provides an effective medium for sharing experiences with students, especially as regards about the importance of knowledge and creativity in harnessing market opportunities.

b. Scholarships and Other Education Sector Support



(Granting of Scholarships)

The Company also supports the national education sector through the distribution of Mandiri Achievement Scholarships to school students who have good academic credentials but face financial constraints.

In 2015 the scholarships were provided in collaboration with educational institutions and foundations that are concerned with the advancement of education in Indonesia, including:

- Cooperation with the Indonesia Islamic University for the distribution of scholarships worth IDR 90 million.
- Collaboration with the Taruna Nusantara High School for the distribution of scholarships worth IDR 900 million.

Through these partnerships, the Bank expects that the scholarships that have been provided will help the recipients complete their education and at the same time provide them with added value.

2. Financial Literacy

The final pillar of Bank Mandiri's CSR strategy is the Mandiri Financial Literacy Program, which is aimed at educating people so that they can better plan their personal and family finances. Bank Mandiri expects that through this program people will become more open, particularly as regards the importance of financial planning skills in managing financial resources as part of long term life planning.

3. Mandiri Peduli Kesehatan



(Medical assistance)

Bank Mandiri conducted other CSR activities during 2015 through the Mandiri Peduli Kesehatan (MPK) program. Some examples of the program activities are medical assistance provided in the amount of IDR 210 million to Nur Hidayah Hospital in Bantul, for delivering health services to the surrounding community. The aid was used for procuring an ambulance which represents Bank Mandiri's care for the provision of health facilities needed by the community.

4. Mandiri Peduli Sarana Umum & Ibadah

The Mandiri Peduli Sarana Umum & Ibadah (Mandiri Cares for Public & Religious Facilities) program is another form of Mandiri CSR, outside of the three main pillars, which involves the construction or renovation of public facilities, such as schools and places of worship and the provision of assistance to the poor and disadvantaged.

During 2015, the Company undertook the construction or renovation of education support facilities, from elementary and Islamic boarding schools (pesantren) level up to the college level. In addition, the Company provided other support, such as the construction or renovation of religious facilities throughout Indonesia.

In collaboration with the Nahdlatul Ulama Executive Board, Bank Mandiri organized Lebaran trips home for NU members from Jabodetabek to destinations in Java and Madura, with a total of 40 buses provided and 33 coordinating posts established. This activity was provided to help the travelers return home to celebrate Idul Fitri with their families in their hometowns.



(House Construction/Renovation)



(Lebaran Trip)

5. Mandiri Peduli Bencana



(Donation of clean water supply to the drought victims in Pandeglang)

As an expression of the Company's concern for disaster victims in Indonesia, in 2015 Bank Mandiri provided emergency relief to drought victims in Pandeglang and Serang, Banten and the victims of the Mount Sinabung eruption, North Sumatra.

B. Bank Mandiri's Self-Reliance in Entrepreneurship Program

Established in 2007, the Mandiri Young Entrepreneur (WMM) program is the Bank's flagship CSR, the main focus being cultivating the seeds of entrepreneurship among young people in Indonesia and providing appreciation for those who are courageous enough to become entrepreneurs, in addition to providing ongoing mentoring so that they can expand their businesses.

The WMM program was originally established as Bank Mandiri was concerned about the inability of the country's industrial sector to provide sufficient jobs, which resulted in persistent high unemployment levels, especially among people in the productive age groups. The large pool of unemployed people is something that needs to be addressed by all sides so as to seek out the most effective solutions to the problem.

For that reason, the Company is committed to encouraging the growth of the entrepreneurial spirit, especially among the younger generation, so as to help people create jobs, rather than look for jobs.

The WMM program is closely related to the strategic role played by the micro, small and medium enterprise (MSME) sector plays in national economic growth. As has been proven time and time again, the MSME sector has always been able to survive economic shocks and has long served as a key driver of growth in the national economy. Accordingly, Bank Mandiri has designed WMM to serve as a form of real support for the development of the MSME sector by helping young people to optimally grow their businesses.

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WMM sponsored the following activities during the year 2015:

a. Workshop

Mandiri WMM workshops aim at providing an overview of the benefits of entrepreneurship to students through the sharing of experiences by national-level experts and entrepreneurs who appear as guest speakers so as to provide insights and inspiration to the younger generation in order to encourage them to become involved in entrepreneurship.

The series of WMM workshops held between 2007 and 2015 were attended by a total participant of more than 44,200 students. The WMM workshops have been held in many major cities around Indonesia, including Jakarta, Surabaya, Bandung, Yogyakarta, Manado, Malang, Banjarmasin, Palembang, Denpasar, Bogor, Ambon, Jayapura, Balikpapan, Lampung and Mataram. In 2015, the workshops were held only in Jakarta.

Among the successful business people who attended the workshops to share their experiences were Mira Lesmana, Christian Soegiono, Nia Dinata, Marcelino Lefrandt and Joko Anwar.



(Jakarta Workshop)

b. Award

As a token of appreciation for young people who are courageous enough to get involved in entrepreneurship and are prepared to help develop country by making a concrete contribution in the real sector, Bank Mandiri, through the WMM program, stages an annual competition to select the best projects.

In keeping with Bank's entrepreneurship development focuses, three types of awards are presented, namely, the WMM Awards - focused on general entrepreneurship in the field of catering, creative industries, trade and services, the Mandiri Young Technopreneur (MYT) Awards - focused on technopreneurship in the digital technology and no-digital technology areas, and the Mandiri Social Entrepreneur (WSM) Awards - focused on socio-entrepreneurship in agriculture and marine, the creative industries and tourism. However, in 2015 the WSM competition was combined with the WMM competition.

The WMM, WSM and MYT award winners not only benefit in the form of cash prizes, trophies and certificates, but also get entrepreneurship mentoring support. In addition, in the case of the MYT and WSM winners, they have the opportunity to get project capital for the purposes of the implementation of their business ideas and the development of their businesses so as to provide optimal benefit to the community.

The growth in the number of participants in the WMM, WSM and MYT Awards is as follows:



(WMM Awards)

The growth in the number of participants in the WMM, WSM and MYT Awards is as follows:

Year	WMM Awards	WSM Awards	MYT Awards
2007	488	-	-
2008	1,057	-	-
2009	1,706	-	-
2010	3,294	-	-
2011	3,751	-	617
2012	4,725	601	1,292
2013	6,745	-	837
2014	7,718	498	763
2015 *)	5,303	262	373

*)During registration phase (as per January 22, 2016)

c. Project Capital funding for Mandiri Young Technopreneur Winners

The winners of MYT awards not only receive trophies, certificates and cash prizes, but also benefit from coaching and project capital worth up to IDR 500 million so as to allow them to bring their technological innovations to fruition in order to optimally benefit society.

Up to the end of 2015, the project capital provided to the winners of MYT Awards was used for the following purposes

d. Fostering Entrepreneurship

Many entrepreneurs ultimately fail in business due to lack of business experience and knowledge. Unlike other awards programs, these awards are not just about giving prizes in the form of trophies and cash to the winners, but Bank Mandiri also provides intensive coaching and mentoring in order to mold them into successful and ethical entrepreneurs.

As part of the coaching provided to all national finalists of the WMM and MYT Awards, Bank Mandiri staged a bootcamp on March 9, 2015. Additionally, Bank Mandiri supports the development of the business competencies of MYT and WMM alumni through their participation in entrepreneurial activities overseas, including a visit by WMM alumni to Google's Singapore office and financial support for Gibran Al Farizy – MYT winner in 2012 – to participate in the Get In The Ring program in Rotterdam, Netherlands; Teguh Basuki Ariwibowo – WMM finalist in 2008 – to participate in the G20 Young Entrepreneur Alliance Summit 2014 in Sydney, Australia; Hendy Setiono – WMM 2007 winner – to participate in the Endeavor Program at Stanford University, San Francisco, California, United States; and Wahyu Aditya – a 2008's WMM finalist – to take part in the "Encounters Short Film and Animation Festival" in Bristol, England.

In addition to providing support for competencies training and development, Bank Mandiri seeks to promote the products and businesses of the MYT and WMM winners and finalists through promotion at exhibitions and publicity in the print and social media, and on the WMM website. In this respect, Bank Mandiri sponsored the participation of WMM and MYT winners and finalists in the Mandiri Entrepreneur Expo 2015, Mandiri Karnaval Nusantara 2015 and several other national expos.



(WMM Development)

e. Expos

As part of a series of events during the WMM & MYT Awards and as a manifestation of Bank Mandiri support to WMM and MYT national finalists and winners, WMM and MYT alumni, as well as the mentoring partners under the Bank's PK program, Bank Mandiri held the Mandiri Entrepreneur Expo 2015 on March 12-15, 2015 at the Plenary Hall, Jakarta Convention Center. The event was one of a series of activities staged by the National Entrepreneurship Movement (GKN), which is organized by the Ministry of Cooperatives and Small and Medium Enterprises.

The event, which was opened by the then President, Mr. Joko Widodo, was attended by 250 participants and featured a wide range of products, including textiles, crafts, apparel, food, beverages, educational toys, design, housing, photography and technology. In accordance with its objectives, the event represents a real effort by Bank Mandiri to support the development of the businesses of the WMM and MYT finalists through creation of new markets for their products.

In addition, the WME is expected to open up new business networking opportunities and serve as a forum for all stakeholders, including the public and academics, through which entrepreneurship can be developed in Indonesia. During the Expo which was attended by 36,486 visitors, interactive talk shows were held to discuss various themes.



(Speech by Mr. Joko Widodo at the WMM Awards)



(A visit by Mr. Joko Widodo)

d. WMM Goes to Pesantren

The Company continues to fulfil its commitment to creating resilient entrepreneurs who are able to boost the economy of Indonesia. After successfully developing the entrepreneurial spirit in Indonesia's colleges, now the WMM program also organizes workshops in pesantren based on the consideration that these boarding schools have significance influence and importance among the society, and that their students can be encouraged to help develop local economic centers, reinforced by religious aspects.

From 2012 to date, WMM Goes to Pesantren has reached 6,600 students from the following boarding schools: Martapura, Asrama Perguruan Islam Tegalrejo Magelang, Manonjaya Tasikmalaya, Qodratullah Palembang, Bago Lombok Mataram, Tebuireng Jombang, Darun Nahdlatain Lombok, Al Hikmah 2 Benda - Brebes and An Nur Malang. In 2015, WMM Goes to Pesantren was held in three pesantrens/cities: Al Kautsar - Medan, Immim - Makassar and Raudlatul Ulum Trangkil - Pati.

As a follow up to WMM Goes to Pesantren, the Company organized a Pesantren Entrepreneurship Camp. This was aimed at improving the skills and capacity of Pesantren students in East Java, and inculcating them with a sense of business, so that they could become prospective entrepreneurs. As part of the event, the Company provided training in a fun way, with the emphasis being on honesty and simplicity. This was followed by regular practical training on entrepreneurship which prompts real action by getting into the business world after attending the training and workshop.



(WMM Goes To Pesantren Pati)

Partnership Program

Through the Partnership Program, Bank Mandiri supports the development of the competencies of small businesses that are categorized as un-bankable but which are suitable targets for assistance in the form of Partnership Program loans and mentoring program assistance.

Partnership Program loans (PP loans), as the name hints at, means loans provided by the Company to small businesses that are still not bankable ("Partners") but which have the potential to develop and become more productive. Although non-commercial nature, these loans are not grants and have to be repaid in accordance with the agreement that was entered into. Therefore, the lending process continues to be based on proper selection and allocation mechanisms.

In practice, PP loans are provided through two schemes, i.e., the one-by-one scheme and the linkage scheme. In the former, the loans are disbursed directly to small businesses that are still relatively un-bankable on an individual basis through distribution units located throughout Indonesia. Meanwhile, the latter scheme is carried out in collaboration (or alliances) with companies and institutions based on a mutually beneficial partnership pattern. The linkage scheme, which was pioneered by the Company in 2007, positions the company or institution involved as a cooperative partner that acts as guarantor, either partially or fully. During 2015, the Bank delivered a variety of training programs to 56,930 Mentoring Partners. Through Partnership Program loans and intensive coaching, it is expected that they will become strong, resilient, and ethical businesses that are able to access banking facilities on a commercial basis – in other words, that they will become bankable.

Philanthropic Program

Bank Mandiri philanthropic programs related to social responsibility to the community during 2015 were:

a. Education Program

Month	Activity	Description
February	Semai Benih Bangsa Program	Grant for the opening of 30 (thirty) Semai Benih Bangsa (Eng: Nation Nursery) institutes at ECD/Kindergarten/Islamic Kindergarten in East Indonesia in collaboration with the Indonesian Heritage Foundation (IHF)
March	- Construction of new classroom at Islamic Elementary School (MI) Tarbiyatus Syiban, East Java - The granting of a set of computers to Modern Pesantren Al-Azhar Bahaudin Sumenep, Madura	- Construction of new classroom at Islamic Elementary School (MI) Tarbiyatus Syiban intended for the general public who want to access basic education. - In order to assist efforts to encourage Pesantren capacity building efforts to optimize human resources with competence in the field of information technology and Bank Mandiri can participate to provide computer aid to Modern Pesantren Al-Azhar.
April	- WMM Goes to Pesantren Tebuireng - Community Skills Training Acrylic Srengseng Sawah Jagakarsa Working with BMT LAZNAS ICM I - CSR Fund aid for North Sumatra University in the Event of Children's Health Care Disaster Sinabung	- WMM Goes to boarding school has a goal to provide education / training for entrepreneurship are applicable to the students with sources businessman industry & services/catering/creative and National Motivator, WMM Winners & Finalists - This event was attended by 100 participants consisting of young women and housewives. The event was held in collaboration with LAZNAS ICM I, where the purpose of the event to foster the entrepreneurial spirit to the participants so as to be motivated to try and continue to develop their business. - Bank Mandiri CSR Fund to provide assistance to the University of North Sumatra during a training session of health care as well as dental and oral health services to children victims of Mount Sinabung in Tanah Karo District.
July	Participation in the activities of Indonesia Mengajar	- Bank Mandiri participated in the Indonesia Mengajar 2015 held on YPK Pikpik Fakfak SD and SD Inpres Offie in Fakfak, West Papua Province. The purpose of the Indonesia Mengajar, among others, include: - Indonesia Mengajar recruits, trains and sends young people the best (Young Teacher) to serve for one year remote areas. - Young teachers move directly to improve the conditions of education at the same time moving the various stakeholders in the school community, the village, as well as a broader level subdistrict and district.
October	Implementation Mandiri Education Program at nine universities in Indonesia	Bank Mandiri encourages the formation of entrepreneurial leaders through Mandiri Education program. Under the program held at nine universities, the board of directors of Bank Mandiri gives public lectures on leadership and entrepreneurship to students.

b. Health Program

Month	Activity	Description
April	The provision of medical aid to the Cicendo Hospital in the form of two Pendants	Bank Mandiri provides medical aid to Cicendo Hospital located in Bandung in the form of two Pendants so all operating rooms may function properly.
May	The provision of medical aid to the Cicendo Hospital in the form of two Pendants	Bank Mandiri provides medical aid to Cicendo Hospital located in Bandung in the form of two Pendants so all operating rooms may function properly.
September	Providing assistance one ambulance unit to the Army Special Forces Command or Kopassus	One ambulance was granted to Kopassus to assist in national disaster relief and humanitarian assistance and help aid in an accident.

c. Religious Program

Month	Activity	Description
January	Providing two cars to PBNU mosque administration to be used for service cars in order to provide sanitation services and mosque acoustic arrangement	In order to enhance the role of the mosque as a center of social awareness and economic development for the benefit of the people, the Bank provided two cars to PBNU mosque administration that will be used as service cars.
March	Rehabilitation of five small Moslem prayer houses (mushalla) in Banyuwangi and Situbondo	- Facilitating communities across Banyuwangi and Situbondo to renovate mushallas in their surroundings in the hope of developing their social functions among the community. The five mushallas are: - Mushalla Nurul Islam in Wongsorejo Sub-district, Banyuwangi. - Mushalla Al Islam in Wongsorejo Sub-district, Banyuwangi. - Mushalla Nurul Hidayah in Karangbatu Sub-district, Banyuwangi - Mushalla Nurul Huda in Wongsorejo Sub-district, Banyuwangi. - Mushalla Sabilah Muhtadin in Banyuputih Sub-district, Situbondo.
April	Constructing Poltana Mapena mosque in Tuban, East Java	Bank Mandiri provided aid in the construction of Poltana Mapena mosque in Tuban, East Java as one of the worship places and centers for Moslem community activities in Tuban.
	Construction of Nurul Bahri Mosque, Pandeglang, Banten in cooperation with the Army Headquarter	As a place of worship, the Nurul Bahri mushalla having an area of 54 m² in Labuan, Banten was in poor conditions as there were a lot of damages, feared to pose hazardous conditions for people observing their prayer. Therefore, the Bank granted aid to help reconstruct the mushalla.

Month	Activity	Description
November	WMM Goes to Pesantren Pati	WMM Goes to boarding school has a goal to provide education / training for entrepreneurship are applicable to the students with sources businessman industry & services/catering/creative and National Motivator, WMM Winners & Finalists

d. Public Welfare Program

Month	Activity	Description
January	Mass Wedding	- Helping underprivileged communities to legally perform marriages and help break the chain of poverty among them. - With the aid, the communities will be assisted in taking care of personal identity that is their fundamental right, namely the National Identity Card, Family Card, as well as their child's birth certificate.
March	- Potential development of maritime activities through Navy "Coastal Village Development" in the District of Labuan - A bazaar held to celebrate the anniversary of the Special Forces Command (Kopassus) to 63 in 2015	- Bank Mandiri also participated in the potential development of maritime activities carried out in collaboration with the Navy under the Coastal Village Development. These activities have objectives include: - Helping poor fishermen to have a descent house. - Helping the government program in accelerating the development of regional areas and improving the welfare of coastal community - Bank Mandiri participated in the anniversary of the Kopassus, 63 years old, in 2015 by providing assistance of 5,000 Grocery packages to the community around Kopassus HQ.
April	- Assistance in the event of "Friendship Kartini 2015 - Essential Groceries assistance (5,000) in a bazaar held to celebrate the 51st anniversary of Dharma Pertiwi	- Friends of Kartini is an association of women who wanted to continue the noble ideals of RA Kartini, one way to give appreciation and awards to female characters who deserve the title of modern day's Kartini. Bank Mandiri participated in the event as a gratitude and appreciation to the women who have been responsible and dedicated in their respective fields - Bank Mandiri participated in the bazaar held in celebrating Dharma Pertiwi's 51st anniversary with 5,000 Package providing basic food needs. The purpose of the bazaar is to show concern for disadvantaged communities around the existing Kopassus HQ.
June	Building 116 temporary Kiosks in Pasar Klewer	On December 27th, 2014, Pasar Klewer was heavily damaged by fire resulted in a very big loss. Bank Mandiri participates in building 116 temporary kiosks at Pasar Klewer, to help the economic recovery of community in Solo, Pasar Klewer represents as one of the main community economy.

Month	Activity	Description
July	- Organize a Bazaar in welcoming Ramadhan (Fasting Month) and Idul Fitri (Moslem Holiday) in 2015 - Participating in the Lebaran trip with Nahdatul Ulama (NU) in 1436 H/2015	- In welcoming Ramadhan (Fasting Month) Bank Mandiri and Indonesia Army organize a bazaar in DKI Jakarta & Surabaya. There were free 27,500 Essential Groceries distributed in 9 (nine) focal point of location adjacent to the operational area of Bank Mandiri and resided surround the headquarter of Indonesia Army (Indonesia Army HQ, Indonesia Navy). - Bank Mandiri participated in the Lebaran trip in cooperation with Nahdatul Ulama (NU), by providing 41 units of buses and 33 posts.

e. Environmental Program

Month	Activity	Description
April	Plant Mangrove in the coastal beach of Marunda in collaboration with Lembaga Sandi Negara (the State Cryptography Agency) in commemorating the 69th Anniversary of State Cryptography Agency	In commemorating the 69th Anniversary of State Cryptography Agency, Bank Mandiri give 6,900 Mangrove seeds to the seeds for the plantation of Mangrove Forest in the Coastal Beach of Marunda.
June	Plant mangrove trees in cooperation with the Marine	Bank Mandiri in cooperation with the First Marine conduct the plantation of Mangrove trees along the East Coast in Sidoarjo, Tambak Cemandi Village, Sedati Subdistrict, Sidoarjo. The species of trees consist of Mangrove type of Rhizophora Apiculata and Mangrove type of Rhizophora Mucronata.







Reference to The Financial Services Authority Regulation

No	Criteria	Explanation	Page
I. Umum			
1	Written in good and correct Indonesian, it is recommended to present the report as well as in English		✓
2	Printed with good quality using readable type and size of font		✓
3	The Annual Report is posted in the Company's website		✓
4	The annual report shall be made in such a way that is easy to read. Pictures, graphs, tables and charts by mentioning the title and / or description clearly		✓
II. Financial Highlights			
1	Financial information in comparative form over a period of 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years.	The information includes: 1. Revenues 2. Gross Profit 3. Income (Loss) 4. Total income (loss) attributable to owners of the parent entity and non controlling interest 5. Total comprehensive income (loss) 6. Total comprehensive income (loss) attributable to owners of the parent entity and non controlling interest 7. Income (loss) per share 8. Total assets 9. Total liability 10. Total equity 11. Income (loss) ratio to the total asset 12. Income (loss) ratio to the equity 13. Income (loss) ratio to the revenues 14. Current ratio 15. Liability ratio to the equity 16. Liability ratio to the total asset 17. Other information and financial ratios relevant to the company and its industry	20-27

No	Criteria	Explanation	Page
2	The annual report must include information regarding the shares issued for each quarter in the period of 2 (two) financial years (if any)	Information includes: 1. Number of outstanding share 2. Market Capitalization 3. Highest, lowest, and closing share price 4. Trading volume	92-94
3	In case of corporate actions such as stock split reverse stock, stock dividend, bonus shares and par value reduction, the stock pricing information referred to in point 2), shall be added	Information includes: 1. Implementation date of corporate action 2. Stock split, reverse stock, share dividend, bonus share ratio, and decline in share value 3. Number of outstanding share before and after corporate action 4. Share price before and after corporate action	94
4	In terms of stock trading suspension during the year, the annual report must include an explanation of the reason for the suspension		N/A
5	In terms of suspension as referred in item (4) still being imposed until the date of annual report issuance, then Issuer or Public Company must also explain the actions of the company to resolve the issue		N/A
III. Report to The Shareholders			
1	Board of Commissioners' Report	Information includes: 1. Assessment on the performance of the Board of Directors in managing the company 2. View on the prospects of the company's business as established by the Board of Directors 3. Assessment on the performance of Committees under the supervisions of the Board of Commissioners; and 4. Change in the composition of members of the Board of Commissioner and the reason of its change (if any)	40-47

No	Criteria	Explanation	Page
2	Board of Directors' Report	Information includes: 1. Analysis of the company's performance, encompassing among others strategic policies, comparison between achievement of results and targets and challenges faced by the company 2. Business prospects 3. Implementation of Good Corporate Governance by the company 4. Changes in the composition of the Board of Directors (if any)	56-77
IV. Company Profile			
1	Company Profile Information	Includes the following items: Name, address, telephone, facsimile, email and website and/or branch office or representative office, where the public can obtain information about the company	101-103
2	Brief history of the company	includes among others: Date/year of establishment, name and change in the company name, if any	104-105
3	Line of Business.	Description includes: 1. The line of business as stated in the last Articles of Association 2. Type of products and/or services produced	112-117
4	Organization Structure	Organization Structure In the form of a chart, at least until one level below the Board of Directors, along with names and titles.	122-123
5	Vision and Mission	Description includes: 1. Company's vision and mission; dan 2. Statement that vision and mission has been approved by the Board of Directors / Board of Commissioners	106-107
6	Identity of the Board of Commissioners	Description includes: 1. Name; 2. Position history, work experience, and legal basis for the first; appointment in publicly listed companies, asset out in the minutes of GMS decisions; 3. Education history; 4. A brief description of the type of trainings attended in order to improve the competency of the Board of Commissioners who during the year (if any); 5. Disclosure of affiliated relations with other members of the Board of Director and Board of Commissioners, as well as shareholder (if any).	50-55, 562, 566, 591-592

No	Criteria	Explanation	Page
7	Identity of the Board of Directors	Description includes: 1. Name and brief description regarding the duty and function performed 2. Position history, work experience, and legal basis for the first appointment in publicly listed companies, asset out in the minutes of GMS decisions 3. Education history 4. A brief description of the type of training in order to improve the competence of the Board of Commissioners who have followed in the financial year (if any) 5. Disclosure of affiliated relations with other members of the Board of Director and shareholder (if any)	80-87, 598, 600, 602-612, 618-620
8	Change in the composition of the Board of Commissioners and/or Board of Directors after the end of financial year until the time limit of submission of annual report as referred in item number 1 letter a, the composition has set in annual report is the composition of the last and before of the Board of Commissioners and/or Board of Director		50-55, 80-87, 560-562, 597-598
9	Number of employee (comparative 2 years) and description of competency development for the year including implementation of employee education and training programs	Information includes: 1. Number of employee for each organization level 2. Number of employee for each education level 3. Number of employee based on employment status 4. Description and data Competency development that has been done by reflecting the equality of opportunity to all employees 5. Incurred fund	350-360
10	Description of the name of shareholder and the percentage of its ownership at the end of financial year	Description includes : 1. Shareholder who own 5% (five) or more shares 2. Name of the Commissioner and Director who own shares 3. The category of public shareholders who each own less than 5% of the shares and percentage of their ownership	118-121

No	Criteria	Explanation	Page
11	Information regarding major shareholder and issuer or public company, both directly or indirectly, which presented in form of scheme or chart		118-121
12.	Subsidiaries and/or affiliated companies	Information includes: 1. Name of the Subsidiaries/affiliated companies 2. Percentage of share ownership 3. Information of the line of business of subsidiaries and/or associate entities 4. Information of Subsidiaries and associations operational status (has operated or has not operated yet) 5. Information regarding the address of Subsidiaries	140-230
13	Structure of company's group	Structure of company's group describing subsidiaries, associate entities, joint venture, and special purpose vehicle (SPV)	132
14.	Share listing chronology	Includes the following items: 1. Share listing chronology 2. Corporate actions affecting total number of share 3. Change in the total number of share from initial listing to the end of the financial year 4. Name of exchanges where the shares are listed	94
15.	Listing chronology of the other securities	Includes the following items: 1. Listing chronology of the other securities 2. Corporate actions affecting total number of share 3. Change in the total number of share from initial listing to the end of the financial year 4. Name of exchanges where the shares are listed 5. Securities rating	96
16.	Names and address of capital market agencies and professionals.	Information includes: 1. Name and address of BAE/ those who administer the company's securities; 2. Name and addresses of the public accountant; and 3. Name and addresses of the rating agency	137
17.	Awards and/or certification received by the company at both national and international levels during the year (if any)	Information includes : 1. Names of awards and/or certificates 2. Year awarded 3. Awarding or certifying authority or institution 4. Validity (for certificates)	28-33

No	Criteria	Explanation	Page
18	Name and addresses of subsidiaries and/or branch office or representative office (if any)	Includes the following items: 1. Name and addresses of the subsidiaries; and 2. Name and addresses branch office or representative office. Notes: if the company does not have subsidiaries/ branch/ representative, the information should be disclosed	140-230
V. Analysis and Discussion of Management on Company Performance			
1.	Operation review per business segments	Description includes the following items: 1. Products/line of business; 2. Increase/decrease in production capacity 3. Sales/operating income 4. Profitability	240-272
2.	Description on the Company's financial performance	An analysis of financial performance which includes a comparison between the financial performance of the current year and that of the previous year (in the form of narration and tables) concerning: 1. Current assets, non-current assets, and amount of assets 2. Short term and long term liabilities and total liabilities 3. Equity 4. Sales/operating income, expenses and profit (loss), other comprehensive revenue, and total comprehensive profit (loss) 5. Cash flow	273-295
3.	Discussion and analysis on the capacity to pay debts and the company's level of receivables collectability by presenting relevant ratio calculation	Explanation on: 1. Ability to pay debts, both short-term and long-term 2. Receivables collectability level	297-300
4.	Discussion of capital structure and capital structure policy	Explanation on: 1. Capital structure 2. Capital structure policy	300-302
5.	Discussion on material ties for the investment of capital goods		303-304
6.	Discussion of capital investments that were realized in the last financial year	Explanation on: 1. Investment type of capital goods; 2. Investment objective of capital goods; and 3. Value of capital investments incurred in the last financial year Note: if there is no actual investment of capital goods, so that disclosed.	304

No	Criteria	Explanation	Page
7.	Information on the comparison between target set at the beginning of the fiscal year and the realization and target or projection for the next year concerning revenue, profit, capital stricter, and others considered important for the company.	Information should include: 1. Comparison between target of the beginning of the year and the realization 2. Target or projection for the next year	296
8.	Information and material fact subsequent to the date of accountant	Description of important events after the date of the accountant's report, including the effects on the performance and business risk in the future Note: if there is no important event after the date of the accountant report, such information should be disclosed	305
9.	Description of the company's business prospects	Description of the company's prospects in relation to the industry and the economy in general, with supporting quantitative data from reliable sources.	334-335
10.	Description of marketing aspects	Description of marketing aspect of products and/or services, includes: 1. Marketing strategy 2. Market share	344-348
11	Description on dividend policy and amount of cash dividend per share and amount of dividend per year published/paid for the last 2 (two) financial years.	Description includes: 1. Dividend distribution policy 2. Total distribution dividend 3. Total cash dividend per year 4. Payout ratio; dan 5. Date of announcement and cash dividend payment for each year Note: if no dividend was distribution, state the reason	305-307
12.	The program of shareholding by employee and/or management held by company (ESOP/ MSOP)	Description includes: 1. Number of shares ESOP / MSOP and realization; 2. Term of time; 3. Requirements of employees and/or management of the beneficiaries; and 4. The exercise price Note : if it does not have such programs, so that disclosed	95-96
13.	Realization of fund utilization from public offering (should the company be required to submit the report of fund utilization)	Information include: 1. Total funds obtained; 2. Budget plan; 3. Details of budget plan; 4. Balance; and 5. Date of approval from General Meeting of Shareholders regarding the changes in fund utilization (if any).	98

No	Criteria	Explanation	Page
14.	Material information concerning investment, expansion, divestment, consolidation/ merger, acquisition or debt/capital restructuring.	Information include: 1. The purpose of transaction; 2. Transaction value or number of transaction; 3. Fund resource. Note: If there is no such transaction, the information should be disclosed	309-312
15.	Transaction information material conflict of interest and / or transactions with affiliated parties.	Information include: 1. Name of the parties involved in the transactions and related affiliation 2. Explanation on fairness of transaction 3. Reason for transaction 4. Realization of transaction in the current periode 5. Corporate policy related to review mechanism of the transaction; and 6. Compliance to provisions and concerned Regulation Note: if there is no such transaction, such information should be disclosed	324
16.	Description on changes in regulation having significant effect on the company	Description should include: changes in the regulation and its effect on the company Note: if there is no change in the regulation having significant effect on the company, such information should be disclosed	312-321
17.	Description on changes in the accounting policy implemented by company in the last book year	Description includes : Changes in accounting policy, its reasons and impacts on financial report Notes: if there is no change in accounting policy, such information should be disclosed	322
VI. Good Corporate Governance (GCG)			
1.	Board of Commissioners	Description includes: 1. Descripton of responsibilities of Board of Commissioners 2. Disclosure of procedures of determining remuneration 3. Remuneration structure that represents remuneration component and amount per component for each member of Board of Commissioners 4. Meeting frequency and attendance level of Board of Commissioners 5. Training programs to increase the competency of Board of Commissioners 6. Disclosure of Board Charter (regulation of Board of Commissioners)	558-594, 624-630

No	Criteria	Explanation	Page
2.	Information on Independent Commissioners	Includes the following items: 1. Criteria for determining independent commissioner; and 2. Statement about the independency of each Independent Commissioners	564
3.	Description of Board of Directors	Description includes: 1. Scope of work and responsibilities of each member of the Board of Directors 2. Meeting frequency and attendance level of each member of the Board of Directors at a meetings of the Directors 3. Meeting frequency and attendance rate combined meeting of the Board of Directors in the Board of Directors; 4. Training programs for improving the competence of the Board or orientation program for Directors; 5. Disclosure on Board Charter (regulation of Board of Directors); and 6. Policy on the succession of Directors.	595-623
4.	Assessment on Board of Commissioners and Board of Directors	Description includes: 1. Assessment on performance of Board of Commissioners and/or Board of Directors' Performance 2. Criteria used in the assessment process 3. Parties conducting assessment	593-594, 620-622
5.	Description on remuneration policies for Board of Directors	Includes: 1. Disclosure of procedure of determining Remuneration 2. Remuneration structure which shows type and total short term and long term returns, post employment, and other long term kinds of remuneration for each member of the Board of Directors	624-630
6.	Information on the Majority and Controlling Shareholders, direct and indirectly, and the individual shareholder	In the form of scheme or diagram, except for SOEs owned fully by government	118-121
7.	Disclosure of affiliation among Board of Directors, Board of Commissioners, and Majority and/or Controlling Shareholders	Include: 1. Affiliation among internal members of the Board of Directors 2. Affiliation between the Board of Directors and the Board of Commissioners 3. Affiliation between the member of the Board of Directors and Majority and/or Controlling Shareholders 4. Affiliation among internal members of the Board of Commissioners	565-566

No	Criteria	Explanation	Page
		5. Affiliation between the member of the Board of Commissioners and Majority and/or Controlling Shareholders Note: if there is no such transaction, such information should be disclosed	
8.	Audit Committee	Includes: 1. Name and position of each member of audit committee 2. Educational background and working experience of audit committee member 3. Independency of audit committee member 4. Description of roles and responsibilities 5. Brief report of the implementation of audit committee activity 6. Meeting frequency and attendance level of audit committee	642-651
9.	Nomination and Remuneration Committee	Includes: 1. Name, position, and brief curriculum vitae of member of remuneration and nomination committee; 2. Independency of remuneration and nomination committee member; 3. Description of roles and responsibilities; 4. Description of the implementation of remuneration and/or nomination committee's activity; 5. Meeting frequency and attendance level of remuneration and/or nomination committee	651-660
10.	Other committees under the Board of Commissioners	Includes: 1. Name, position, and brief curriculum vitae of other committees; 2. Independency of other committee member; 3. Description of roles and responsibilities; 4. Description of the implementation of other committee's activity; 5. Meeting frequency and attendance level of other committees.	631-642, 660-676
11.	Description of the duties and functions of Corporate Secretary	Includes: 1. Name and professional record of corporate Secretary; 2. Description on the implementation of corporate secretary's duties; 3. Training programs in order to develop competency of Corporate Secretary.	717-720
12.	Description on general meeting of shareholders (GMS) of the previous year	Includes: 1. Decision of GMS previous year; 2. Realization of the GMS in the fiscal year; and 3. Reasons in the event of a decision GMS that has been not realized.	527-557

No	Criteria	Explanation	Page
13.	Description on internal audit unit	Includes: 1. Name of head of internal audit unit 2. Number of employees (internal auditor) within internal audit unit 3. Qualification/certification as professional internal audit 4. Position of internal audit unit in the company structure 5. Description of duty implementation 6. Parties appointing/dismissing head of internal audit unit	741-757
14.	Public Accountants	Includes: 1. Total period when the accountant has audited the yearly financial statements 2. Total period when the Public Accounting Firm has audited yearly financial statements 3. The amount of fee for each service given by the public accountant 4. Other service given by the accountant other than audit for financial reports Note: if there is no such transaction, such information should be disclosed	768-772
15.	Description on risk management	Includes: 1. Explanation on risk management system 2. Explanation on evaluation of risk management system effectiveness 3. Explanation on risks posed to the company 4. Efforts to manage such risks	382-493, 758-767
16.	Description on internal control system	Includes: 1. Brief explanation on internal control system, including financial and operational control 2. Explanation of the conformity of internal control system to the internationally recognized framework (COSO- internal control framework) 3. Explanation of the evaluation on the effectiveness of internal control system.	721-725

No	Criteria	Explanation	Page
17	Description on corporate social responsibility program that relates to environment	Includes: 1. Policies set by management, 2. Activities undertaken related environmental programs related to the operations of the company, such as the use of materials and energy that are environmentally friendly and can be recycled; 3. Certification for environmental programs	860-864, 878
18.	Explanation on corporate social responsibility related to employment, occupational health and safety	Includes: 1. Policies set by management; 2. Activities undertaken related employment practices, health and safety, such as gender equality and employment opportunities, facilities and safety, employee turnover rates, the level of occupational, accidents, etc.	854-859
19.	Explanation on corporate social responsibility related to social and community development	Includes: 1. Policies set by management; 2. Activities undertaken related to social and community development, such as the use of local labor, community empowerment companies, repair facilities and social infrastructure, other donations, etc. 3. Funds spent	864-878
20.	Explanation on corporate social responsibility related to responsibility to customers	Includes: 1. Policies set by management; 2. Activities undertaken related to responsibilities of products, such as health and consumer safety, product information, facilities, and control over the number of consumer complaints, etc.	844-853
21.	Litigation faced by the company, subsidiaries, members of Board of Directors and/or members of Board of Commissioners for the period	Includes: 1. Material of the case/claim 2. Status of settlement of the case/claim 3. Potential impacts on the company 4. Administrative sanctions imposed to the entity, members of the Board of Directors and Board of Commissioners, which is imposed by the authorities concerned (capital market, banking, etc) for the last financial year (including statements of having no administrative sanction, if any) Note: if there is no litigation, such information should be disclosed	799-800

No	Criteria	Explanation	Page
22.	Information access and corporate data	Description on the availability of access to corporate information and data for public, such as through website (in Bahasa and English), mass media, mailing list, bulletin, meeting with analysts, etc.	780-791
23.	Discussion of the code of ethics	Description includes: 1. The contents of the code of ethics; 2. Disclosure that the code of conduct applicable to all levels of the organization; 3. Dissemination of the code of ethics; 4. Efforts in the application and enforcement; 5. Statement on corporate culture of the company.	773-779
24.	Disclosure regarding whistleblowing system	Description of the mechanism of whistleblowing system, includes: 1. Submission of report violations; 2. Protections for whistleblowers 3. Handling of complaints 4. Those who manage complaint; and 5. Number of complaints accepted and processed in the last book year and follow up	801-804
VII. Financial Information			
1.	Statement by the Board of Directors and/or Board of Commissioners on the responsibility of financial reports	Conformity with the relevant rules of responsibility for the financial statements	Laporan Keuangan Konsolidasian hal. i
2.	Opinion of independent auditor on the financial reports		Laporan Keuangan Konsolidasian hal. ii-iii
3.	Description of the independent auditor in the opinion	Description includes: 1. Name & signature 2. Date of Audit Report 3. PAF and Public Accountant license	Laporan Keuangan Konsolidasian hal. iii
4	Comprehensive financial statements	Contains all elements of the financial statements: 1. Balance sheet 2. Income statement 3. Equity statement 4. Cash flow report 5. Notes to the financial statements 6. Statement of financial position at the beginning of the comparative period presented when an entity implements accounting policy retrospectively or makes restatement of financial statement items, or when the entity reclassify items in its financial statements (if relevant)	Laporan Keuangan Konsolidasian hal. 1-268 lamp. 1-4

No	Criteria	Explanation	Page
5.	Comparison of the level of profitability	Comparison of profit (loss) for the current year with the previous year	Laporan Keuangan Konsolidasian hal.9-11
6.	Statements of cash flows	Meet the following requirements: 1. Grouping into three categories of activities: operating, investing, and financing; 2. The use of the direct method to report cash flows from operating activities; 3. Separation between the presentation of cash receipts and/or disbursement during the current year in operating, investing and financing; 4. Disclosure of non cash transactions must be stated in the notes to the financial statements	Laporan Keuangan Konsolidasian hal. 14-16
7.	Accounting policy highlights	Includes at least: 1. Statement of compliance with IFRSs 2. The basis of measurement and the preparation of financial statements 3. Revenue and expense recognition 4. Fixed assets 5. Financial statements	Laporan Keuangan Konsolidasian hal. 35-73
8.	Disclosure of transactions with related parties	Items disclosed among others are: 1. Names of related parties and the nature of relationship with these parties; 2. Transactional value and its percentage against total revenue and relevant expenses; and 3. Total balance and its percentage against total assets or liabilities.	Laporan Keuangan Konsolidasian hal. 194-204
9.	Disclosure related to taxation	Items that must be disclosed: 1. Reconciliation between fiscal and current tax assessment 2. Explanation of the relationship between tax expense (income) and accounting profit 3. Statement that the reconciled taxable profit is the basis for the annual corporate income tax return 4. Breakdown of deferred tax assets and liabilities recognized in the balance sheet for each period presented, and total deferred tax expense (income) recognized in the income statement if such amount is not shown in the total deferred tax assets or liabilities recognized in the financial statement 5. Disclosure of whether or not there are any tax disputes	Laporan Keuangan Konsolidasian hal. 140-147

No	Criteria	Explanation	Page
10.	Disclosure related to taxation Disclosure of matters relating to fixed assets	Matters need to be disclosed: 1. Depreciation method used; 2. Description of accounting policy selected, either revaluation or cost model; 3. Methods and significant assumptions used to estimate fixed assets' fair value (for revaluation model) or disclosure of fixed assets' fair value (for cost model); and 4. Reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and the end of period by presenting: addition, reduction, and reclassification.	Laporan Keuangan Konsolidasian hal. 120-122
11.	Disclosure of matters relating to operational segment	Matters need to be disclosed: 1. General information covering the factors used to identify unreported segment; 2. Information regarding profit and loss, assets, and liabilities of the reported segment; 3. Reconciliation of total revenue, profit and loss, assets, liabilities of the reported segment, and material elements of the other segment against relevant amount in the entity; and 4. Disclosure at the level of entity, covering information on products and/or services, geographical area, and main customer.	Laporan Keuangan Konsolidasian hal. 205-210
12.	Disclosure related to financial instruments	The thing that must be disclosed: 1. Terms, condition and accounting policies for each class of financial instruments; 2. Classification of financial instruments; 3. The fair value of each class of of financial instruments; 4. Risk management objectives and policies; 5. Explanation of the risk associated with financial instruments: market risk, credit risk, liquidity risk; and 6. Analysis of risk associated with financial instruments quantitatively	Laporan Keuangan Konsolidasian hal. 37-50
13.	Publication of the Financial Statements	Items to be disclosed include: 1. Date of authorization for the publication of the Financial Statements 2. Party responsible for authorizing the Financial Statements	Laporan Keuangan Konsolidasian hal. i-iii

No	Criteria	Explanation	Page
VIII. Signature of the Board of Commissioners and Board of			
1	Signature of the Board of Commissioners and Board of Directors	Includes: 1. Signatures of the Board of Commissioners and Board of Directors are on a separate sheet; 2. Statement that the Board of Directors and Board of Commissioners are fully responsible to the truthfulness of the content of the Annual Report; 3. Signed by all members of the Board of Commissioners and the Board of Directors by mentioning their names and positions; 4. Written explanation in a separate letter from the concerned member in the event of not signing the Annual Report, or, written explanation in separate letter from other member in the event the concerned member did not provide written explanation.	88



Museum Bank Mandiri Jakarta

PT Bank Mandiri (Persero) Tbk. and Subsidiaries

Consolidated financial statements
as of December 31, 2015 and
for the year then ended
with independent auditors' report

These consolidated financial statements are originally issued in Bahasa.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015 AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

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**BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES**

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36 - 38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
Fax. (62-21) 527 4477, 527 5577
www.bankmandiri.co.id

We, the undersigned:

1. Name : Sulaiman Arif Arianto
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Maribaya G III No.4 Puri Cinere RT. 006 RW.005
Kelurahan Pangkalan Jati, Kecamatan Cinere,
Kotamadya Depok
Phone number : 021 – 5245108
Title : Deputy Group CEO
2. 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 : 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, 28 January 2016




Sulaiman Arif Arianto
Deputy Group CEO



Kartika Wirjoatmodjo
Director

This report is originally issued in Bahasa.

Independent Auditors' Report

Report No. RPC-293/PSS/2016

The Shareholders and 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, 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



This report is originally issued in Bahasa.

Independent Auditors' Report (continued)

Report No. RPC-293/PSS/2016 (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, 2015, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matters

Our audit of the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2015, and for the year then ended, was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of PT Bank Mandiri (Persero) Tbk. (parent entity), which comprises the statement of financial position as of December 31, 2015, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements as a whole.

The consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2014 and for the year then ended, were audited by other independent auditors who expressed an unmodified opinion on such consolidated financial statements on February 2, 2015.

Purwantono, Sungkoro & Surja

Danil Setiadi Handaja, CPA
Public Accountant Registration No. AP.1008

January 28, 2016

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, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2015	December 31, 2014
ASSETS			
Cash	2c,2g	25,109,124	20,704,563
Current accounts with Bank Indonesia	2c,2g,2h,4	56,314,316	50,598,840
Current accounts with other banks	2c,2f,2g,2h,5		
Related parties	55	24,515	20,937
Third parties		10,131,111	8,965,894
		10,155,626	8,986,831
Less: allowance for impairment losses		(3,412)	(3,364)
Total - net		10,152,214	8,983,467
Placements with Bank Indonesia and other banks	2c,2f,2i,6		
Related parties	55	1,991,278	1,503,078
Third parties		35,396,345	59,709,674
		37,387,623	61,212,752
Less: allowance for impairment losses		(66,760)	(95,147)
Total - net		37,320,863	61,117,605
Marketable securities	2c,2f,2j,7		
Related parties	55	16,516,404	14,803,097
Third parties		27,787,131	26,048,061
		44,303,535	40,851,158
Less: unamortised discounts, unrealised losses from decrease in fair value of marketable securities and allowance for impairment losses		(661,971)	(386,000)
Total - net		43,641,564	40,465,158
Government bonds - net- related party	2c,2f,2k,8,55	103,869,361	86,153,906
Other receivables - trade transactions	2c,2f,2l,9		
Related parties	55	7,051,775	6,414,623
Third parties		7,860,738	6,823,344
		14,912,513	13,237,967
Less: allowance for impairment losses		(1,727,747)	(1,586,271)
Total - net		13,184,766	11,651,696
Securities purchased under resale agreements	2c,2m,10		
Third parties		676,900	19,786,745
Less: allowance for impairment losses		-	(41,941)
Total - net		676,900	19,744,804
Derivative receivables	2c,2f,2n,11		
Related parties	55	32,152	5,807
Third parties		668,732	65,237
Total		700,884	71,044

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, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2015	December 31, 2014
ASSETS (continued)			
Loans and sharia financing/receivables	2c,2f,2o,12		
Related parties	55	75,405,807	67,613,532
Third parties		511,269,630	455,488,285
		586,675,437	523,101,817
Less: allowance for impairment losses		(22,281,842)	(17,706,947)
Total - net		564,393,595	505,394,870
Consumer financing receivables	2c,2f,2p,13		
Related parties	55	5,886	7,420
Third parties		8,172,177	6,080,567
		8,178,063	6,087,987
Less: allowance for impairment losses		(270,614)	(194,852)
Total - net		7,907,449	5,893,135
Investment in lease financing	2c,2q,14		
Third parties		604,150	783,737
Less: allowance for impairment losses		(5,791)	(17,213)
Total - net		598,359	766,524
Acceptances receivable	2c,2f,2u,15		
Related parties	55	409,880	252,138
Third parties		10,921,393	12,861,921
		11,331,273	13,114,059
Less: allowance for impairment losses		(107,030)	(106,927)
Total - net		11,224,243	13,007,132
Investment in shares - net of allowance for impairment losses of Rp10,250 and Rp3,182 as of December 31, 2015 and 2014, respectively	2s,16	48,394	55,490
Prepaid expenses	17	2,299,852	1,837,500
Prepaid taxes	2ad,33a	4,817,396	2,591,982
Fixed assets - net of accumulated depreciation of Rp7,708,438 and Rp6,558,196 as of December 31, 2015 and 2014, respectively	2r.i, 2r.ii,18	9,761,688	8,928,856
Intangible assets - net of accumulated of amortisation of Rp1,877,989 and Rp1,575,399 as of December 31, 2015 and 2014, respectively	2r.iii, 2s,19	1,915,192	1,644,583
Other assets - net of allowance for possible losses of Rp432,029 and Rp251,505 as of December 31, 2015 and 2014, respectively	2c,2t,2v,20	11,292,727	11,239,398
Deferred tax assets - net	2ad,33e	4,834,522	4,189,120
TOTAL ASSETS		910,063,409	855,039,673

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, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY			
LIABILITIES			
Obligation due immediately	2w	1,156,327	1,156,366
Deposits from customers			
Demand deposits/ <i>wadiah</i> demand deposits	2c,2f,2x,21		
Related parties	55	38,252,185	19,751,219
Third parties		133,902,303	108,302,339
Total		172,154,488	128,053,558
Saving deposits/ <i>wadiah</i> saving deposits	2c,2f,2x,22		
Related parties	55	1,342,075	121,683
Third parties		247,609,564	231,339,573
Total		248,951,639	231,461,256
Time deposits	2c,2f,2x,23		
Related parties	55	37,257,210	33,459,942
Third parties		163,968,994	190,474,155
Total		201,226,204	223,934,097
Total deposits from customers		622,332,331	583,448,911
Deposits from other banks			
Demand/ <i>wadiah</i> saving deposits and saving deposits	2c,2f,2y,24		
Related parties	55	70,176	25,569
Third parties		3,674,113	3,473,493
Total		3,744,289	3,499,062
Inter bank call money	2c,2f,2y,25		
Related parties	55	600,000	-
Third parties		3,164,363	2,892,000
Total		3,764,363	2,892,000
Time deposits	2c,2y,26		
Third parties		5,127,585	11,140,783
Total deposits from other banks		12,636,237	17,531,845
Liability to unit-linked policyholders	2z,27	17,019,049	17,343,799
Securities sold under repurchase agreements	2c,2f,2m,28		
Related parties	55	467,123	-
Third parties		4,396,048	6,112,589
Total		4,863,171	6,112,589

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, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
LIABILITIES (continued)			
Derivative payables	2c,2f,2n,11		
Related parties	55	3,095	8,679
Third parties		295,984	148,376
Total		299,079	157,055
Acceptances payable	2c,2f,2u,29		
Related parties	55	606,737	1,366,249
Third parties		10,724,536	11,747,810
Total		11,331,273	13,114,059
Marketable securities issued	2c,2f,2aa,30		
Related parties	55	587,750	437,000
Third parties		1,815,018	1,575,256
		2,402,768	2,012,256
Less: Unamortised issuance cost		(4,590)	(2,631)
Total - net		2,398,178	2,009,625
Estimated losses on commitment and contingencies	2c,31c	395,610	196,793
Accrued expenses	2c,2af,32	3,490,801	3,880,273
Taxes payable	2ad,33b	2,131,616	1,875,141
Employee benefit liabilities	2ai,34,50	5,777,077	5,181,160
Provision	62b	676,170	667,644
Other liabilities	2c,35	14,189,412	16,370,686
Fund borrowings	2c,2f,2ab,36		
Related parties	55	25,178	252,149
Third parties		33,739,493	23,974,955
Total		33,764,671	24,227,104
Subordinated loans	2c,2f,2ac,37		
Related parties	55	1,687,800	1,909,800
Third parties		2,053,867	1,844,241
Total		3,741,667	3,754,041
Less: Unamortised issuance cost		(3,964)	(7,467)
Total		3,737,703	3,746,574
TOTAL LIABILITIES		736,198,705	697,019,624

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2015	December 31, 2014
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
TEMPORARY SYIRKAH FUNDS	2f,2ae,38		
Deposits from customers			
Related parties	55		
Saving deposits - restricted investment and <i>Mudharabah</i> saving deposits - unrestricted investment	38a.2a	228,059	37,195
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	438,297	455,230
Total related parties		666,356	492,425
Third parties			
Demand deposits - restricted Investments and <i>Mudharabah Musytarakah</i> demand deposits	38a.1	11,502	13,533
Saving deposits - restricted investment and <i>Mudharabah</i> saving deposits - unrestricted investment	38a.2a	22,527,832	20,946,548
<i>Mudharabah</i> time deposits - unrestricted investment	38a.3	30,849,240	31,480,676
Total third parties		53,388,574	52,440,757
Total deposits from customers		54,054,930	52,933,182
Deposits from other banks			
Third parties			
<i>Mudharabah</i> saving deposit - unrestricted investment	38b	244,385	163,544
<i>Mudharabah</i> time deposit - unrestricted investment	38b	73,548	78,761
Total deposits from other banks		317,933	242,305
TOTAL TEMPORARY SYIRKAH FUNDS		54,372,863	53,175,487
EQUITY			
Share capital - Rp500 (full amount)			
par value per share			
Authorised capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B.			
Issued and fully paid-in capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of December 31, 2015 and 2014, respectively	40a	11,666,667	11,666,667

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, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
EQUITY (continued)			
Additional paid-in capital	40b	17,316,192	17,316,192
Difference arising from translation of financial statements in foreign currencies	2e	242,807	203,625
Difference arising from transaction with non controlling interest	1g	(92,751)	-
Unrealised losses on available for sale marketable securities and government bonds - net of deferred tax	2j,2k	(1,565,019)	(571,348)
Gains from actuarial defined benefit plan net of deferred tax	2ai,33	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	12,402,382	9,779,446
Unappropriated		76,822,336	64,263,299
Total Retained Earnings		89,224,718	74,042,745
Noncontrolling interests in net assets of consolidated Subsidiaries	2d,39	2,421,551	2,186,681
TOTAL EQUITY		119,491,841	104,844,562
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY		910,063,409	855,039,673

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan	Year ended December 31,	
		2015	2014
INCOME AND EXPENSES FROM OPERATIONS			
Interest income and sharia income	2f,2af,41,55	71,570,127	62,637,942
Interest expense and sharia expense	2f,2af,42,55	(26,207,024)	(23,505,518)
NET INTEREST AND SHARIA INCOME		45,363,103	39,132,424
Premium income	2ag	9,546,893	9,364,287
Claims expense	2ag	(6,409,823)	(6,683,717)
NET PREMIUM INCOME		3,137,070	2,680,570
NET INTEREST, SHARIA AND PREMIUM INCOME		48,500,173	41,812,994
Other operating income			
Other fees and commissions	2ah	10,014,810	9,131,975
Foreign exchange gains and derivative transactions – net	2e,2n	2,238,098	1,587,639
Others	43	6,125,770	3,968,201
Total other operating Income		18,378,678	14,687,815
Allowance for impairment losses	2c,44	(11,664,837)	(5,718,130)
(Provision for) reversal of impairment losses on commitments and contingencies	2c,31c	(198,450)	5,313
(Provision for) reversal of possible losses	2t,45	(179,242)	183,481
Unrealised (loss)/gain on marketable securities, government bonds and policyholders' investment in unit-linked contracts	2j,2k,2z,46	(18,306)	146,521
Gains on sale of marketable securities and government bonds	2j,2k,47	275,499	234,463
Other operating expenses			
Salaries and employee Benefits	2f,2ai, 48,50,55	(12,376,655)	(10,848,031)
General and administrative	2r,49	(12,799,851)	(11,448,310)
Others - net	51	(3,578,037)	(3,078,010)
Total other operating expenses		(28,754,543)	(25,374,351)
INCOME FROM OPERATION		26,338,972	25,978,106
Non operating income - net	52	30,458	29,909
INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST		26,369,430	26,008,015
Income tax expense			
Current	2ad,33c,33d	(5,548,058)	(5,309,919)
Deferred	2ad,33c,33e	331,026	(43,313)
Income tax expense - net		(5,217,032)	(5,353,232)
NET INCOME		21,152,398	20,654,783

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended December 31,	
	Catatan	2015	2014
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss			
Gains from actuarial defined benefit program	2ai	339,697	-
Income tax related to the item that will not be reclassified to profit or loss		(65,960)	-
		<u>273,737</u>	<u>-</u>
Items that will be reclassified to profit or loss			
Difference arising from translation of financial statements in foreign currencies	2e	39,182	(17,995)
Changes in fair value of available for sale financial assets	2j,2k	(1,268,960)	1,057,365
Income tax related to items that will be reclassified to profit and loss		250,472	(211,473)
		<u>(979,306)</u>	<u>827,897</u>
Other comprehensive income for the year - net of tax		<u>(705,569)</u>	<u>827,897</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>20,446,829</u>	<u>21,482,680</u>
Net income attributable to:			
Parent entity		20,334,968	19,871,873
Noncontrolling interest	2d	817,430	782,910
		<u>21,152,398</u>	<u>20,654,783</u>
Total comprehensive income attributable to:			
Parent entity		19,658,155	20,699,770
Noncontrolling interest	2d	788,674	782,910
		<u>20,446,829</u>	<u>21,482,680</u>
EARNINGS PER SHARE			
	2aj		
Basic (full amount of Rupiah)		871.50	851.66
Diluted (full amount of Rupiah)		871.50	851.66

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Net unrealised gain (loss) on available for							Actuarial gain on post - employment benefits - net of deferred tax	Retained earnings		Noncontrolling interest in net assets of consolidated subsidiaries	Total equity
		Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised sale marketable securities and government bonds - net of deferred tax	Difference arising from transaction with non controlling interest	Unappropriated						
							Appropriated	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 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 year		-	-	-	-	-	-	-	-	20,334,968	20,334,968	817,430	21,152,398
Comprehensive income for the year ended December 31, 2015		-	-	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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised gain (loss) on available for sale marketable securities and government bonds - net of deferred tax	Retained Earnings		Noncontrolling interest in net assets of consolidated subsidiaries	Total equity
						Appropriated	Unappropriated		
Balance as of January 1, 2014		11,666,667	17,316,192	221,620	(1,417,240)	7,431,162	52,200,836	1,371,359	88,790,596
Dividend payment from 2013 net income	40c	-	-	-	-	-	(5,461,126)	-	(5,461,126)
The establishment of specific reserves from 2013 net income	40c	-	-	-	-	2,348,284	(2,348,284)	-	-
Non controlling interest arising from distribution of dividend	2d	-	-	-	-	-	-	32,412	32,412
Comprehensive income for the year ended December 31, 2014		-	-	(17,995)	845,892	-	19,871,873	782,910	21,482,680
Balance as of December 31, 2014		11,666,667	17,316,192	203,625	(571,348)	9,779,446	64,263,299	2,186,661	104,844,562

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended December 31,	
	Catatan	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income and sharia income		68,561,085	59,752,177
Receipts from provision, commissions and premium income - net		13,151,880	11,812,545
Payments of interest expense and sharia expense		(26,303,441)	(23,121,999)
Receipts from the sale of government bonds - fair value through profit or loss		31,695,656	26,624,838
Acquisition of government bonds - fair value through profit or loss		(32,543,993)	(26,249,130)
Foreign exchange gains - net		568,115	1,876,047
Other operating income - others		2,695,638	1,360,996
Other operating expenses - others		(3,884,426)	(2,912,216)
Salaries and employee benefits		(11,503,062)	(10,251,940)
General and administrative expenses		(11,309,466)	(10,266,219)
Non-operating income - net		30,458	29,909
Payment of corporate income tax		(5,299,131)	(5,716,191)
Cash flow from operating activities before changes in operating assets and liabilities		25,859,313	22,938,817
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		(74,344)	(2,321,185)
Marketable securities - fair value through profit or loss		5,930,922	(11,765,022)
Other receivables - trade transactions		(1,674,546)	(4,289,584)
Loans		(71,254,097)	(59,909,017)
Securities purchased under resale agreements		19,109,845	(16,049,132)
Consumer financing receivable		(2,305,938)	(1,590,704)
Net investment in lease financing		170,521	(165,177)
Prepaid taxes		(2,225,414)	(1,465,433)
Prepaid expenses		(462,352)	(348,490)
Other assets		627,894	(1,583,311)
Proceeds from collection of financial assets already written-off		3,430,132	2,607,206
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional Banking			
Demand deposits		44,702,559	4,832,745
Saving deposits		17,133,981	15,682,853
Time deposits		(28,721,091)	57,414,439
Inter-bank call money		872,363	1,611,150
Obligation due immediately		(39)	394,236
Liability to unit - linked policyholders		(324,750)	5,340,802
Other taxes payable		(306,828)	244,614
Other liabilities		(1,484,053)	3,910,075

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, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan	Year ended December 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds (continued):			
Sharia banking - temporary <i>syirkah</i> funds			
Demand deposit - restricted investment and demand deposit - <i>mudharabah musytarakah</i>		(2,031)	(4,342)
Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		1,852,989	509,134
<i>Mudharabah</i> time deposit - unrestricted investment		(653,582)	5,097,017
Net cash provided by operating activities		10,201,454	21,091,691
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		4,202	6,661
Increase in government bonds - available for sale and held to maturity		(17,604,588)	(3,169,133)
Increase in marketable securities - available for sale and held to maturity		(9,640,061)	(965,192)
Acquisition of fixed assets	18	(1,135,677)	(2,250,724)
Acquisition of intangible assets	19	(573,199)	(705,614)
Net cash used in investing activities		(28,949,323)	(7,084,002)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in fund borrowings		7,291,307	8,026,295
Increase in marketable securities issued		388,553	230,028
Payments of dividends	40c	(4,967,968)	(5,461,126)
Payment of subordinated loans		(8,871)	(719,041)
Increase (decrease) in securities sold under repurchase agreements	28	(1,249,418)	1,456,440
Decrease of investment in subsidiaries		(675,283)	(36,365)
Net cash provided by financing activities		778,320	3,496,231
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(17,969,549)	17,503,920
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		4,832,573	277,305
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		138,804,383	121,023,158
CASH AND CASH EQUIVALENTS AT END OF YEAR		125,667,407	138,804,383

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, 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan	Year ended December 31,	
		2015	2014
Cash and cash equivalents at end of year consist of:			
Cash		25,109,124	20,704,563
Current accounts with Bank Indonesia	4	56,314,316	50,598,840
Current accounts with other banks	5	10,155,626	8,986,831
Placements with Bank Indonesia and other banks		33,791,391	57,690,864
Certificates of Bank Indonesia		296,950	823,285
Total Cash and Cash Equivalents		125,667,407	138,804,383
Supplemental Cash Flows Information			
Activities not affecting cash flows:			
Unrealised losses on available for sale marketable securities and government bonds - net of deferred tax		(1,565,019)	(571,348)
Acquisition of fixed assets - payable		(889,153)	(949,120)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2015 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as “Bank Mandiri” or the “Bank”) was established on October 2, 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated October 1, 1998. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its decision letter No. C2-16561.HT.01.01.TH.98 dated October 2, 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated December 4, 1998.

Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) (“BBD”), PT Bank Dagang Negara (Persero) (“BDN”), PT Bank Ekspor Impor Indonesia (Persero) (“Bank Exim”) and PT Bank Pembangunan Indonesia (Persero) (“Bapindo”) (hereinafter collectively referred to as the “Merged Banks”).

Based on Article 3 of the Bank’s Articles of Association, Bank Mandiri is engaged in banking activities in accordance with prevailing laws and regulations. The Bank commenced its operations on August 1, 1999.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2015 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2015 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on June 2, 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated June 27, 2003.

The Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk. based on an amendment to the Articles of Association which 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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2015 and for the year then ended
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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).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
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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 OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on December 26, 2010 and January 18, 2011 and received the effective notification from Capital Market Supervisory Board and Financial Institution on January 27, 2011 based on the Bapepam and LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General Meeting of Shareholder dated January 28, 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated February 25, 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated March 10, 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 year 2011 dated March 10, 2011.

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
	<u>4,251,000</u>
Increase in paid-in capital by the Government in 2003	5,749,000
	<u>10,000,000</u>
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
	<u>23,333,333,333</u>

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2015 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries & associates

Subsidiaries included in the consolidated financial statements as of December 31, 2015 and 2014, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2015	2014
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	58.25***)	93.23
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance	Kuala Lumpur	100.00	100.00
PT AXA Mandiri Financial Services	Life Insurance	Jakarta	51.00	51.00
PT Mandiri AXA General Insurance (MAGI)	General Insurance	Jakarta	60.00	60.00
PT Asuransi Jiwa InHealth Indonesia	Life Insurance	Jakarta	80.00**)	60.00
PT Mandiri Utama Finance (MUF)	Consumer Financing	Jakarta	51.00*)	-
PT Mandiri Capital Indonesia	Venture Capital	Jakarta	99.00****)	-

*) Effective starting from January 21, 2015

**) Effective starting from March 30, 2015

***) Effective starting from May 28, 2015

****) Effective starting from June 23, 2015

The Subsidiaries' total assets as of December 31, 2015 and 2014 (before elimination) are follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)	
		December 31, 2015	December 31, 2014
PT Bank Syariah Mandiri	1955	70,369,709	66,942,422
Bank Mandiri (Europe) Limited	1999	2,543,040	2,334,225
PT Mandiri Sekuritas	1992	1,712,002	2,969,264
PT Bank Mandiri Taspen Pos (formerly PT Bank Sinar Harapan Bali)	1970	2,578,095	1,761,790
PT Mandiri Tunas Finance	1989	9,202,994	7,419,798
Mandiri International Remittance Sdn Bhd	2009	11,404	11,523
PT AXA Mandiri Financial Services	1991	23,032,740	23,385,397
PT Mandiri AXA General Insurance	1962	1,551,866	1,177,732
PT Asuransi Jiwa InHealth Indonesia	2008	1,841,695	1,779,156
PT Mandiri Utama Finance	2015	114,121	-
PT Mandiri Capital Indonesia	2015	11,376	-
Total		112,969,042	107,781,307

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 obtain an operating license based on the decree of the Minister of Finance of the Republic of Indonesia No. 275122/U.M.II dated December 19, 1995 as a commercial bank based on Islamic principles and began operating in 1999.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2015 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries & associates (continued)

PT Bank Syariah Mandiri (continued)

On January 9, 2009, the Bank made additional capital investment in cash at the BSM, amounting 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 an investment capital of Rp199,871, in the form of cash and inbreng (non-cash/exchange) of land and buildings. 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 an investment capital in cash of Rp200.000. 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.

On December 29, 2011, the Bank made additional capital investment in cash at the BSM for Rp300,000. The Bank has received approval from Bank Indonesia through letter dated January 31, 2011 and Circular Resolution of Shareholders dated December 29, 2011 with Notarial Deed No. 42 dated December 29, 2011 on the additional capital.

On December 21, 2012, the Bank made additional capital investment in cash at the BSM 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.

On December 30, 2013, the Bank made additional equity in the form of non-cash (inbreng) of land and buildings on BSM 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. 22 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.

On November 24, 2015, the Bank made additional equity in the form of cash on BSM 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.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries & associates (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 the total shares of PT Mandiri Investment Management, subsidiaries established on October 26, 2004 and is engaged in investment management and advisory.

On December 28, 2012, the Bank made additional capital investment in cash at Mandiri Sekuritas, amounting 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 increase in capital. After the implementation of the increase in capital, 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 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 ownership of the bank early on BSHB 80.00% stake, which further BSHB management will be carried out separately from the Bank as a bank to remain independent (stand-alone bank) with a primary focus on business development of Micro and Small Enterprises.

On October 22, 2009, the Bank increased its 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 BSHB owned by the Managing Director as much as 2,921,314 shares, as contained in the Deed Sale and Purchase of Shares No. 52 dated October 22, 2009 before a Notary Ni Wayan Widastri, SH, Notary in Denpasar, Bali.

Additional investment in BSHB Bank was conducted in order to comply with Bank Indonesia on Good Corporate Governance which among other things requires the Director of Bank should come from an independent party. Additional investment in BSHB Bank Mandiri has received approval from Bank Indonesia as contained in the letter No. 11/103/DPB1/TPB1-1 dated August 21, 2009.

After the implementation of the increase in capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total shares issued BSHB with a total investment value of Rp81,461 from the beginning of Rp80,000.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries & associates (continued)

PT Bank Mandiri Taspen Pos (continued)

On May 28, 2013, the Bank increased its investment in BSHB amounted to 11.77% of the total shares issued and fully paid, or at Rp32,377,072,750 (full amount) to purchase shares owned by a couple BSHB minority shareholders with a total of 23,546,962 shares (full amount). The addition of the Bank's investments in BSHB has received approval from 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 bought 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 additional capital injection BSHB 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 Post and give permission to conduct business under the name of Bank Mantap. The name change is accompanied permit change of logo of the FSA on July 31, 2015. The name and logo change has been announced to the public on August 7, 2015.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri, Taspen, Pos amounting to Rp19,219 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 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 48 "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 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.

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.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries & associates (continued)

PT Mandiri Tunas Finance (continued)

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 amounted to Rp156,807 MTF 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 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 48 "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 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. KL.EC.150/1/8562 dated November 18, 2009. MIR officially commenced its operations on November 29, 2009 and is currently located in Kuala Lumpur, Malaysia. The services provided by MIR is currently limited to remittance service to Bank Mandiri's customer accounts.

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.

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.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries & associates (continued)

PT AXA Mandiri Financial Services (continued)

On August 20, 2010, the Bank signed a Sale and Purchase Agreement (AJB) to acquire 2,027,844 (two million twenty seven thousand eight hundred forty four) shares (for an amount of Rp48,427) or 2.00% of AXA Mandiri issued and fully paid in capital from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LLM. The addition of 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 is 51.00%.

Prior to January 1, 2011, goodwill arising from the acquisition of AXA Mandiri amounting to Rp40,128 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 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 48 "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 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 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 controlling 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 had been submitted and received by the Ministry of Justice and Human Rights Republic of Indonesia as documented in its letter No. AHU-AH.01.10-10-33252 dated October 17, 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa's Article of Association.

Subsequently, the name of PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated October 18, 2011. The notarial deed had been submitted and received by the Ministry of Justice and Human Rights of the Republic of Indonesia as documented in its letter No. AHU-51976.AH.01.02 dated October 25, 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance's Article of Association.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri AXA General Insurance (continued)

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.

OJK through its letter No.S-42/PB.31/2014 dated May 14, 2014 and letter No.S-94/PB.31/2014 dated October 31, 2014 has approved the Increase of Investment PT Bank Mandiri (Persero) Tbk in PT Mandiri AXA General Insurance amounted to Rp24,000 and Rp63,000. The increase in investment shares 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 does not change the percentage of share holders' ownership where as Bank Mandiri own 60% and AXA S.A by 40% of MAGI.

Based on the letter of approval from the OJK No. S-52/PB.31/ 2015 dated June 25, 2015 regarding the Application for Approval of Increase in Investment PT Mandiri AXA General Insurance, the FSA expressed no objection to the plan of the Bank made additional capital investments continued to MAGI Rp30,000. On July 9, 2015 has been carried out the execution of the additional investment to the MAGI Rp30,000. The total increase in capital to the PT MAGI is amounting to 50,000 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 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.

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; 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 (2) 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 the bank is to be equal to 80%. The composition of shareholding after the transaction InHealth stage 2 into 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.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries and Associates (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

On February 27, 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition InHealth. Furthermore, the bank 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, the Bank 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 has 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, the Bank 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 PT Asuransi Jiwa InHealth Indonesia.

Articles of Association of InHealth has been changed in accordance with the Shareholders Agreement which was signed on December 23, 2013 and has been recorded in the Notarial Deed of Mala Mukti, S.H., LL.M No. 20 dated May 5, 2014. This change has been submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted through its letter No. AHU-01805.40.21.2014 dated May 6, 2014.

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. The finalisation of second phase is currently awaiting for FSA approval.

On March 30, 2015, the Bank carry 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 addition of these investments has been approved by the OJK as mentioned in his 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".

Since the signing date of the Sale and Purchase Deed, the Bank 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.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries and Associates (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

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, 2015. The Bank periodically evaluates the impairment of goodwill the accordance with SFAS 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"), has 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 has 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 of the Bank also submit capital 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 submit application of financing company business license to OJK - Non-Bank Financial Institutions ("OJK IKNB"). Upon request, the OJK IKNB has issued a decree of IKNB Board of Commissioners of the OJK No. KEP-81/D.05/2015 regarding the Granting Permit of Financing Company to PT Mandiri Utama Finance on June 25, 2015 through letter No. SR-3516 /NB.111/2015 dated June 26, 2015, regarding the Granting Permit of Financing Company PT Mandiri Utama Finance.

On August 24, 2015, MUF has carried out the initial operational activities through cooperation with primary dealers and the disbursement of credit to limited customers to meet the requirements of the OJK IKNB.

PT Mandiri Capital Indonesia

As of June 23, 2015, Bank Mandiri and PT Mandiri Sekuritas has 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 Rp9,900,000,000 (full amount) representing 99% ownership stake in MCI and PT Mandiri Sekuritas to injected capital amounting to 100,000,000 (full amount) which represents a 1% stake in MCI, so that the capital structure of MCI amounted Rp10,000,000,000 (full amount).

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1. GENERAL INFORMATION (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Capital Indonesia (continued)

Bank Mandiri's equity participation in the framework of establishment of MCI was approved by the OJK per its 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 2015. MCI has obtained a license to carry out business activities in the field of venture capital on 10 November 2015 through the OJK letter No. SR-6035/NB.111/ 2015 stating that MCI may carry out full operational activities.

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, 2015 and 2014, Bank Mandiri's domestic and overseas offices are as follows (unaudited):

	31 December 2015	31 December 2014
Domestic Regional Offices	12	12
Domestic Branches:		
Area	76	74
Community Branches	1,143	1.080
Mandiri Mitra Usaha offices	994	897
Cash Outlets	244	261
	2,457	2,312
Overseas branches	6	6

As of December 31, 2015, 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.

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, responsible for the Bank's main business development consists of 2 (two) segments namely Wholesale segments consists of Corporate, Commercial, Treasury & Markets, and Retail retail segments consist of SME, Micro Banking and consumer/Individual (include priority customers segment).
2. Corporate Center, responsible for supporting unit whom support overall Bank's operational consists of Risk, Legal & Compliance, Finance & Strategy, Technology & Operations, Retail Risk, Wholesale Risk, Human Capital, Internal Audit, Corporate Transformation and Enterprise Data Management.
3. Distributions, responsible for selling products and goods unit to all segments of Bank's customers, consist of 12 (twelve) Regional Offices spread across Indonesia.

On January 1, 2015, Bank restructured its organization structure and role and responsibilities of the Directors.

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1. GENERAL INFORMATION (continued)

h. Structure and management (continued)

As of December 31, 2015 and 2014, the members of Bank Mandiri's Boards of Commissioners are as follows:

	December 31, 2015
<u>Board of Commissioners</u>	
Chairman	: Wimboh Santoso*)
Deputy Chairman	: Imam Apriyanto Putro
Independent Commissioner	: Abdul Aziz
Commissioner	: Askolani
Independent Commissioner	: Aviliani
Commissioner	: Suwhono
Independent Commissioner	: Goei Siauw Hong
Independent Commissioner	: Bangun Sarwito Kusmuljono

*)According to the results Bank Mandiri Extraordinary General Meeting of Shareholders dated December 18, 2015 was appointed as a Commissioner of Bank Mandiri, where the appointment of Chief Commissioner will be effective after the approval of OJK on Fit and Proper Test and meet prevailing regulations.

As of December 31, 2014, the members of Bank Mandiri's Board of Commissioners are as follows:

	December 31, 2014
<u>Board of Commissioners</u>	
Chairman	: Mahmuddin Yasin
Independent Commissioner	: Pradjoto
Independent Commissioner	: Krisna Wijaya
Commissioner	: Abdul Aziz
Commissioner	: Askolani
Independent Commissioner	: Aviliani
Independent Commissioner	: Anton Hermanto Gunawan

As of December 31, 2015, the members of Bank Mandiri's Board of Directors are as follows:

	December 31, 2015
<u>Board of Directors</u>	
President Director	: Budi Gunadi Sadikin
Deputy President Director	: Sulaiman Arif Arianto
Distributions Director	: Sentot A. Sentausa
Technology & Operations Director	: Ogi Prastomiyono
Treasury & Markets Director	: Pahala N. Mansury
Corporate Banking Director	: Royke Tumilaar
Consumer Banking Director	: Hery Gunardi
Micro & Business Banking Director	: Tardi
Risk Management	
& Compliance Director	: Ahmad Siddik Badruddin
Commercial Banking Director	: Kartini Sally
Finance & Strategy Director	: Kartika Wirjoatmodjo

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2014, the members of Bank Mandiri's Board of Directors are as follows:

	December 31, 2014
<u>Board of Directors</u>	
President Director	: Budi Gunadi Sadikin
Deputy President Director	: Riswinandi
Institutional Banking Director	: Abdul Rachman
Risk Management Director	: Sentot A. Sentausa
Compliance & Legal Director	: Ogi Prastomiyono
Technology & Operations Director	: Kresno Sediarsi
Corporate Banking Director	: Fransisca N. Mok
Commercial & Business Banking Director	: Sunarso
Treasury, Financial Institution & Special Asset Management Director	: Royke Tumilaar
Micro & Retail Banking Director	: Hery Gunardi
Finance & Strategy Director	: Pahala N. Mansury

As of December 31, 2015 and 2014, the members of Bank's Mandiri Audit Committee consists of:

	December 31, 2015	December 31, 2014
Chariman and member	: Aviliani	Krisna Wijaya
Member	: Askolani	Aviliani
Member	: Goei Siauw Hong	Askolani
Member	: Budi Sulistio	Anton Hermanto Gunawan
Member	: Ridwan Darmawan Ayub	Budi Sulistio
Member	: -	Ridwan Darmawan Ayub

As of December 31, 2015 and 2014, Bank Mandiri's Remuneration Committee and Nomination consists of:

	December 31, 2015	December 31, 2014
Chairman and member	: Bangun Sarwito Kusmuljono	Pradjoto
Member	: Imam Apriyanto Putro	Krisna Wijaya
Member	: Abdul Aziz	Abdul Aziz
Member	: Aviliani	Mahmuddin Yasin
Member	: Askolani	Aviliani
Member	: Suwhono	Askolani
Member	: Goei Siaw Hong	Anton Hermanto Gunawan
Secretary (ex-officio)	: Group Head Human Capital Strategy & Policy	Group Head Human Capital Strategy & Policy

As of December 31, 2015, Bank Mandiri's Risk Oversight consists of:

	December 31, 2015
Chairman and member	: Abdul Aziz
Member	: Imam Apriyanto Putro
Member	: Suwhono
Member	: Ridwan Darmawan Ayub
Member	: Budi Sulistio
Secretary (ex-officio)	: Group Head Operational Risk

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2015, Bank Mandiri's Integrated Governance Committee consists of:

December 31, 2015	
Chairman and member	: Abdul Aziz
Member	: Goei Siau Hong
Member	: Aviliani
Member	: Bangun Sarwito Kusmuljono
Member	: Ramzi A. Zuhdi (PT Bank Syariah Mandiri)
Member	: M. Syafii Antonio (PT Bank Syariah Mandiri-DP)
Member	: I Wayan D. Ardjana (PT Bank Mandiri Taspen Pos)
Member	: Frans A. Wiyono (PT Mandiri AXA General Insurance)
Member	: I Ketut Sendra (PT Asuransi Jiwa Inhealth Indonesia)
Member	: D. Cyril Noerhadi (PT Mandiri Sekuritas)
Member	: Jiantok Hardjiman (PT Mandiri Manajemen Investasi)*)
Member	: Hanifah Purnama (PT Mandiri Tunas Finance)
Member	: Wihana Kirana Jaya (PT AXA Mandiri Financial Services)

*) No longer serve as an independent commissioner since April 8, 2015 .

As of December 31, 2014, Bank Mandiri's Risk Oversight Committee and Good Corporate Governance consists of:

December 31, 2014	
Chairman and member	: Anton Hermanto Gunawan
Member	: Pradjoto
Member	: Krisna Wijaya
Member	: Abdul Aziz
Member	: Ridwan Darmawan Ayub
Member	: Budi Sulistio
Secretary (ex-officio)	: Group Head Market & Operational Risk

As of December 31, 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 OJK 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, while the Chairman of the Internal Audit of Bank Mandiri as of December 31, 2014 is Riyani T. Bondan.

As of December 31, 2015 and 2014, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of the Bank Mandiri on December 31, 2015 and 2014 are 36,737 and 34,696 people, respectively (unaudited).

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 28, 2016.

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".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

The financial statements of a Subsidiary company engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) 101 (Revised 2014), "Presentation of Financial Statement for Sharia Banking", SFAS 102 (Revised 2013) "Accounting for *Murabahah*", SFAS 104 "Accounting for *Istishna*", SFAS 105 "Accounting for *Mudharabah*", SFAS 106 "Accounting for *Musyarakah*", SFAS 107 "Accounting for *Ijarah*", SFAS 110 "Accounting for *Sukuk*" 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.

b. Changes in accounting policies

Effective on January 1, 2015, the Group has applied new standards and interpretation or revision that are relevant to the Group's operation effective from such date as follows:

- SFAS 1 (revised 2013) "Presentation of financial statements"
- SFAS 4 (revised 2013) "Separate financial statements"
- SFAS 15 (revised 2013) "Investment in associates and joint ventures"
- SFAS 24 (revised 2013) "Employee benefits"
- SFAS 65 "Consolidated financial statements"
- SFAS 66 "Joint arrangements"
- SFAS 67 "Disclosure of interests in other entities"
- SFAS 68 "Fair value measurement"
- SFAS 46 (revised 2014) "Income tax"
- SFAS 48 (revised 2014) "Impairment of asset"
- SFAS 50 (revised 2014) "Financial instrument : Presentation"
- SFAS 55 (revised 2014) "Financial instrument : Recognition and measurement"
- SFAS 60 (revised 2014) "Financial instrument : Disclosures"
- IFRS 26 "Reassessment of embedded derivatives"

The above new and revised standards and interpretations have no material impact to the Bank and Subsidiaries' consolidated financial statements, except changes in consolidated the financial statement presentation which separated items that will be reclassified to profit or loss with items that will never be reclassified to profit or loss and addition of certain disclosures.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies (continued)

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 in the following categories of (a) financial assets at fair value through profit or loss, (b) loans and receivables, (c) held-to-maturity financial assets, and (d) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as of fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

A financial asset designated as fair value through profit or loss at inception are held to 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(b) Loans and receivables (continued)

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Income on financial assets classified as loans and receivables is included in the consolidated statement of profit or loss and other comprehensive income and is reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognised in the consolidated statement of profit or loss and other comprehensive income as "Allowance for impairment losses".

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as 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.

Held-to-maturity financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

Interest income on held-to-maturity financial assets is included in the consolidated statement of profit or loss and other comprehensive income and reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated financial statements as "Allowance for impairment losses".

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, plus transaction costs, and measured subsequently at fair value with gains or losses arising from the changes in fair value 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 an available-for-sale financial asset is determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities

The Group classified its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost. Financial liabilities are derecognised from the consolidated statement of financial position when redeemed or otherwise extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as 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.

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 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

C. Derecognition (continued)

Collateral that is submitted by the Group under the agreement of securities sold under repurchase agreements and securities lending and borrowing transactions is not derecognized 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.

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 assets' 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	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	
		Marketable securities	
		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	Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	Derivative payables - non hedging related	
	Financial liabilities at amortised cost	Obligation due immediately		
		Deposits from customers	Demand/ <i>wadiah</i> deposits	
			Saving/ <i>wadiah</i> deposits	
			Time deposits	
		Deposits from other banks	Demand/ <i>wadiah</i> and saving/ <i>wadiah</i> 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. Though 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 the current year are credited to the allowance for impairment losses account.

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. 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 102 (Revised 2013), Bank Indonesia's circular letter No. 15/26/DPbs dated July 10, 2013 and OJK'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 (revesal) 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.

2. 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

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. At the initial measurement, the investment is recorded at acquisition cost plus transaction cost. After the initial recognition, the sukuk investment is measured at amortized cost. The difference between acquisition cost and nominal value is amortized using straight line method during the period of the sukuk instrument.

If there is an indication of impairment, then the Bank will measure the recoverable amount. If the recoverable amount is less than recorded amount, then the Bank will recognize the impairment losses. Recoverable amount represents the amount which will be recoverable from the principal repayment regardless of its present value.

- Fair Value

Fair value on investment is determined according to the following hierarchy: market quotation in an actively traded market, or the current transaction market price incurred if an active market quotation does not exist, or similar instrument fair value if there is no active market quotation and no available current transaction price.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

H. Investment in sukuk (continued)

- Fair Value (continued)

On the initial recognition, the investment is measured at acquisition cost, excluding transaction cost. After initial recognition, the investment is recognized at fair value. The difference between fair value and recorded amount is recognized in the consolidated statement of profit or loss and other comprehensive income.

I. Sukuk *Mudharabah* issued

Recognition and Measurement

Sukuk *Mudharabah* issued is recognized when the entity has been a party following requirement of sukuk *Mudharabah* issuance. Sukuk *Mudharabah* is recognized at nominal value. Transaction costs are recognized 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 are recognized as deferred expenses, part of assets.

J. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- 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 economic best 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

J. Determination of fair value (continued)

For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For government bonds with no quoted market prices, a reasonable estimate of the fair value is calculated using the internal model based on the present value of expected future cash flows using next-repricing method with deflator adjustment.

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.

Effective since January 1, 2015, the Bank has applied SFAS No.65 "Consolidated Financial Statements". The application of this SFAS does not significantly impact to the financial reporting and disclosure in the consolidated financial statements.

Where an entity either began or ceased to be controlled during the year, the results of operations of that entity are included in the consolidated financial statements only from the date that the control commenced or up to the date that control ceased.

Control is presumed to exist where the Bank is exposed, or has rights, to variable returns from its involvement with the Subsidiaries and has ability to use its power to affect its returns from its involvement with the Subsidiaries.

The Bank controls Subsidiaries if and only if the Bank acquires these rights:

- a) Power over the investee (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 based on a consistent accounting policy for transactions and events in similar circumstances. The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Subsidiaries, unless otherwise stated.

If the control on an entity is obtained or ends in the current year, the entity's net income are included in the consolidated statement of income from the date of acquisition of the control or until the date of the control is ceased.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of consolidation (continued)

Business combination transaction amongst entities under common control, in form of transfer of business conducted for the purpose of reorganisation of entities under common control, does not represent a change of ownership in terms of economic substance, therefore, there shall be no gain or loss recognised by the group as a whole and by individual entities within the group.

Since the business combination transaction amongst entities under common control does not cause a change in economic substance of ownership of the transferred business, therefore the transaction is recognised at book value using the pooling interest method.

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, ie. 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 recognized directly in equity and attributable to the owners of the parent.

The entity that accepts or releases a business in a combination or separation of business amongst entities under common control, shall recognise the difference between benefits being transferred or received and the recorded amount of every business combination transaction as equity and present it under additional paid-in capital/share premium.

e. Foreign currency transactions and balances

Subsidiaries and overseas branches

Bank Mandiri maintains its accounting records in Indonesian Rupiah. For consolidation purposes, the financial statements of the overseas branches and overseas Subsidiaries of Bank Mandiri denominated in foreign currencies are translated into Rupiah based on the following bases:

- (1) Assets and liabilities, commitments and contingencies - using the Reuters spot rates at the consolidated statement of financial position date.
- (2) Revenues, expenses, gains and losses - using the average middle rates during each month when the transaction occurs.
- (3) Shareholders' equity accounts - using historical rates on the date of transaction.
- (4) Statements of cash flows - using the Reuters spot rates at the reporting date, except for income and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The resulting net translation adjustment is presented as "Differences arising from translation of foreign currency financial statements" under the Shareholders' Equity section of the consolidated statement of financial position.

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position date, all foreign 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, 2015 and 2014. The resulting gains or losses are credited or charged to the current year's consolidated statements of profit or loss and other comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Foreign Currency Transactions and Balances (continued)

Transactions and balances in foreign currencies (continued)

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

	2015	2014
Great Britain Pound Sterling 1/Rp	20,439.02	19,288.40
Euro 1/Rp	15,056.67	15,053.35
United States Dollar 1/Rp	13,785.00	12,385.00
Japanese Yen 100/Rp	11,452.00	10,356.00

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 OJK (formerly Bapepam and LK) No. KEP-347/BL/2012, dated June 25, 2012 regarding "Financial Statements Presentation and Disclosure of Issuers or Public Companies", which are defined, among others, as:

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

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

g. Cash and cash equivalents

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

h. Current accounts with Bank Indonesia and other banks

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 concerning Statutory Reserves of Commercial Banks in the Bank Indonesia in Rupiah and Foreign Currency, as amended by Bank Indonesia Regulation No. 10/25/PBI/2008 dated 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, the Bank should comply with a minimum reserve requirement (GWM) in Bank Indonesia in Rupiah and foreign currencies. Minimum reserve requirement in Rupiah consists of Primary GWM, Secondary GWM and Loan to Funding Ratio (LFR) GWM.

Primary GWM in Rupiah is set at 7.50% (2014:8.00%) from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM 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.

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 by 5.00% from TPF in Rupiah and in foreign currencies by 1.00% from TPF in foreign currencies.

i. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI (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 fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position date.

For marketable securities which are traded in organised financial markets, fair value is generally determined by reference to quoted market prices by the stock exchanges at the close of business on the consolidated statement of financial position date. For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities. Any permanent 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 to the current year's 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 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 syariah 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* receivables are stated at the balance of the receivable less deferred margin and allowance for possible losses.

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 bear or paid.

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

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

Loan restructuring

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

Losses on loan restructurings due to modification the terms of the loans are recognised as part of allowance for impairment losses only if the present value of total future cash receipts specified by the new terms of the loans including receipts designated as interest and loan principal, are less than the carrying amount of loans before restructuring.

For loan restructurings which involve a conversion of loans into equity or other financial instruments, a loss on loan restructuring is recognised as part of allowance for impairment losses only if the fair value of the equity or financial instruments received, deducted by estimated expenses to sell the equity or other financial instruments, is less than the carrying amount of loans.

Overdue interest, which is capitalised to loans under new restructuring agreements, is recorded as deferred interest income and is amortised into income proportionately based on the amount of capitalised interest to the loan principal upon credit collection.

p. Consumer financing receivables

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Consumer financing receivables (continued)

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 over contract, asset replacement, 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".

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 recognized 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets, leased assets and intangible assets

i. Fixed assets and software

Fixed assets except for land is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other 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 as follows:

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

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of 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 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. When 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 and leased assets (continued)

i. Fixed assets and software (continued)

Bank Mandiri and Subsidiaries applied SFAS No. 16 (Revised 2011) "Fixed Assets". Bank Mandiri and Subsidiaries chose the cost model, and therefore, the balance of fixed assets revaluation reserve at the first time adoption of SFAS No. 16 (Revised 2007), which were presented in the shareholders' equity section amounting to Rp3,046,936 in the consolidated statement of financial position, were reclassified to appropriated retained earnings in 2008.

ii. Leased assets

Group apply SFAS No. 30 (Revised 2011) "Lease", effective beginning on or after January 1, 2012. Under SFAS No. 30 (Revised 2011), determination of whether an agreement is a lease agreement or lease agreement containing the substance of the agreement based on the inception date and whether the 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 (Revised 2011), 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 recognized 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% 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 loans and receivables.

Acceptance payables are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

v. Other assets

Other assets include accrued income for interest, provision and commissions, receivables, repossessed assets, abandoned properties, inter-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".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other assets (continued)

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

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

Expenses for maintaining reposessed assets and abandoned properties are recognised in the current year's consolidated statement of profit or loss and other comprehensive income. Any permanent impairment 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 reposessed assets and abandoned properties.

w. Obligation due immediately

Obligations due immediately are recorded at the time of the obligations occurred from customer or other banks. Obligation due immediately are classified as financial liabilities at amortised cost.

x. Deposits from customers

Deposits from customers are the funds placed by customers (excluding banks) with the Bank and Subsidiaries which operate in banking industry based on a fund deposit agreements. Included in this account are demand deposits, saving deposits, time deposits and other similar deposits.

Demand deposits represent deposits of customers that may be used as instruments of payment, and which may be withdrawn at any time by cheque, automated teller machine card (ATM) or other orders of payment or transfers.

Saving deposits represent deposits of customers that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking, Phone Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments.

Time deposits represent customers deposits that may only be withdrawn after a certain time based on the agreement between the depositor and the Bank. These are stated at amortised cost in the certificates between the Bank and the holders of time deposits.

Included in demand deposits are *wadiah* demand and saving deposits. *Wadiah* demand deposits can be used as payment instruments and can be withdrawn any time using cheque and *bilyet giro*. *Wadiah* demand and saving deposits earn bonus based on 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 nonparticipating life insurance, provide protection to cover the risk of death, accident, critical illness, and health of the insured. The basic sum assured will be paid upon the occurrence of the risks covered.
- Unit-linked, is the insurance product with single and regular premium payment which linked to investment products, which provide a combined benefit of the protection and investment.

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended. All insurance products issued by the subsidiary has significant insurance risk.

The Subsidiary unbundles the deposit component of unit-linked contract as required by SFAS No. 62 when both the following conditions are met:

- The Subsidiary can measure separately the "deposit" component (including any embedded surrender option, i.e. without taking into account the "insurance" component);
- The Subsidiary's accounting policies do not otherwise require to recognise all obligations and rights arising from the "deposit" component.

The Subsidiary does not separate the deposit component because only one of the above condition is met.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

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.

If a reinsurance asset is impaired, the Subsidiaries deducted the carrying amount accordingly and recognises that impairment loss in the consolidated statement of profit or loss and other comprehensive income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Subsidiary may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Subsidiary will receive from the reinsurer can be reliably measured.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Liability for future policy benefits

The liabilities for future policy benefits represent the present value of estimated future policy benefits to be paid to policyholders or their heirs less present value of estimated future premiums to be received from the policyholders and recognised consistently with the recognition of premium income. The liabilities for future policy benefits are determined and computed based on certain formula by the Subsidiary's actuary or registered independent actuary.

The Subsidiaries calculate the liability for future policy benefits using Gross Premium Reserve method that reflect the present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt.

Increase (decrease) in liabilities for future policy benefits is recognised in the current year's consolidated statement of profit or loss and other comprehensive income.

Liability to unit-linked policyholders classified as insurance liability.

The liability to unit-linked policyholders is recognised at the time the funds received are converted into units, net of related expenses and will increase or decrease in accordance with effective net asset value.

Funds received from customers for non-sharia unit-linked products are reported as gross premium income in the consolidated statements of profit or loss and other comprehensive income. Liabilities to unit-linked policyholders are recognised in the consolidated statement of financial position computed based on unearned premium reserves using daily method from insurance cost of mortality risk plus reserves for the accumulated invested fund of unit-linked policyholders.

Any interest, gain or loss due to increases or decreases in market value of investments are recorded as income or expense, with a corresponding recognition of increase or decrease in liability to unit-linked policyholders in the statements of profit or loss and other comprehensive income and liability to unit-linked policyholders in the consolidated statement of financial position.

Funds received from customers for sharia unit-linked products is recognized as liabilities to unit-linked policyholders in the consolidated statement of financial position for the amount received net of the portion representing the Subsidiary fees in managing the unit-linked product income.

Unexpired Risk Reserve (URR)

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the insurance contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expense and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. 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 recognized 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.

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 recognized if there is probable future that taxable income will be sufficient to be applied against the deductible temporary.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income tax (continued)

Currently enacted or substantially enacted tax rates at the time deferred tax assets has been realised or deferred tax liabilities has been settled are used in the determination of deferred income tax. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to 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 Subsidiary (PT Bank Syariah Mandiri). The Subsidiary has the right to manage and invest funds in accordance with either the Subsidiary's policy or restriction set by the depositors with the agreed profit sharing.

Relationship between the Subsidiary and the owner of temporary *syirkah* funds are based on partnership *mudharabah muthlaqah*, *mudharabah muqayyadah* or *musyarakah*. The examples of temporary *syirkah* funds are investment funds received from *mudharabah muthlaqah*, *mudharabah muqayyadah*, *mudharabah musytarakah* and other similar accounts.

- 1) *Mudharabah muthlaqah* represents *mudharabah* in which the fund owner (*shahibul maal*) entrusts to fund manager (*mudharib*/Subsidiary) in managing its investment.
- 2) *Mudharabah muqayyadah* represents *mudharabah* in which the fund owner sets restrictions against fund manager regarding, among others, the place, the means and/or the object of investment.
- 3) *Mudharabah 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Temporary *syirkah* funds (continued)

Temporary *syirkah* funds represent one of the consolidated statement of financial position accounts which is in accordance with sharia principle that provide right to the Subsidiary to manage fund, including to 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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and sharia income and expense (continued)

(ii) Sharia income (continued)

Income from *istishna* is recognised using the percentage of completion or full completion method.

Income from *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 a cash basis.

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

Margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and the Subsidiary based on proportion of fund used in the financing and other earning assets. Margin income and profit sharing income allocated to the fund owners are then distributed to fund owners as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined ratio. Margin income and profit sharing from financing facilities and other earning assets using the Subsidiary's funds, are entirely shared for the Subsidiary, including income from the Subsidiary's fee-based transactions.

ag. Premium income and claims expenses

Premium received from short duration insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Premiums from long duration contracts are recognised as revenue when the policy is due.

Premiums received before the due date of the respective policies are reported as policyholders' deposits in the consolidated statement of financial position.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Prior to January 1, 2015, actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions. Should the actuarial gains/losses is exceeding 10.00% of defined benefit or 10.00% of fair value program's asset, the actuarial gains/losses are charged or credited to income or expense over the average remaining service lives of the related employees.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee benefits (continued)

Pension liability (continued)

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 unrecognized actuarial gains or losses incurred are recognized 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 recognized 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 post-employment benefit obligations

The entitlement of these benefits is provided to the employee until reach 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.

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.

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, 2015 and 2014 are 23,333,333,333 shares, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 Subsidiary - others.

In accordance with the change in organization structure applied in early January 2015, the operating segment starting December 31, 2015 are separated in these operating segments: Corporation, Commercial, Micro and Business, Consumer/Individual, Treasury and Market, Head Office, Subsidiaries, Shariah Subsidiary, Subsidiary - Insurance and other Subsidiaries.

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

Since 2013, 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.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Several estimates and assumptions are required in the consolidated financial statements in which the management judgment is required in the determining the methodology in 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.

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

Key sources of estimation uncertainty (continued)

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

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 loss reserves a collective impairment, management considers factors such as credit quality, size of portfolio, credit concentrations, and economic factors. In estimating the required reserves, 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 backup depends on how precise the estimated future cash flows to determine the individual reserves and the model assumptions and parameters used in determining collective reserves.

b. Determining fair values of financial instruments

In determining the fair value for financial assets and financial liabilities for which there is no observable market price, the Group uses the valuation techniques as described in Note 2c for financial instruments that are traded infrequently and a lack of price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

c. Pension programs

Pension programs are determined based on actuarial valuation. The actuary valuation involves making assumptions about discount rate, expected rate of return investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 50). Any changes in those assumptions will impact to the liability balance of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year including interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government Bonds denominated in the similar currency with payments that will be made and have terms to maturity approximating the terms of the related employee benefit liability. Other key assumptions for pension obligations are determined based in part on current market conditions.

d. Insurance liabilities on insurance contracts

Technical reserves of subsidiaries recorded in the consolidated statement of financial position as part of "Other liabilities" are calculated based on actuarial calculation using certain actuarial assumptions. Included in the technical reserves are liability for future policy benefits, estimated claim liabilities, unearned premium income, Unexpired Risk Reserve (URR) and liability to policyholders.

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

Key sources of estimation uncertainty (continued)

e. Deferred tax assets

Deferred tax assets are recognized 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 recognized, 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 fixed assets Bank 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.

Management of the Bank and 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). Estimated recoverable amount for individual assets or, if not possible, for the cash-generating unit in which the asset forming part of the unit.

Accounting considerations are important in applying accounting policies the Bank and Subsidiaries

Accounting considerations are important in applying accounting policies the Bank and Subsidiaries include:

Going Concern

Bank and Subsidiaries Management has assessed the ability of the Bank and Subsidiaries to continue its business continuity 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.

Classification of financial assets and liabilities

Management of the Bank and Subsidiaries determine the classification of the assets and certain liabilities as financial assets and financial liabilities by considering if the definitions set SFAS No. 55 (Revised 2014) have been met. Accordingly, financial assets and financial liabilities are recognized in accordance with the accounting policy of the Bank and Subsidiaries as disclosed in Note 2.c.E.

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4. CURRENT ACCOUNTS WITH BANK INDONESIA

	December 31, 2015	December 31, 2014
Rupiah	44,557,520	40,379,267
United States Dollar (Note 61B.(v))	11,756,796	10,219,573
	56,314,316	50,598,840

As of December 31, 2015 and 2014, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 13/10/PBI/2011 dated February 9, 2011, which latest amended by BI Regulation No. 17/21/PBI/2015 dated November 26, 2015 regarding the latest amendment of Bank Indonesia Regulation No. 15/15/PBI/2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and foreign currencies which are as follows:

	December 31, 2015	December 31, 2014
Rupiah		
- Primary Minimum Statutory Reserve*)	7.50%	8.00%
- Secondary Minimum Statutory Reserve	4.00%	4.00%
Foreign Currencies	8.00%	8.00%

*) Primary Minimum Statutory Reserve liabilities Rupiah as of December 1, 2015 decrease from 8.00% to 7.50%.

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the Current Accounts with Bank Indonesia. Secondary Minimum Statutory Reserve is the minimum reserves that should be maintained by the Bank, comprises of Certificates of Bank Indonesia (SBI), Certificate of Bank Indonesia Deposit (SDBI), Treasury Bills and/or Excess Reserve, which 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, if the Bank's LFR below the minimum of LFR targeted by Bank Indonesia (78%) and if the Bank's LFR above the maximum of LFR targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio 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.

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4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as of December 31, 2015 and 2014, are as follows:

	December 31, 2015	December 31, 2014
Rupiah		
- Primary Minimum Statutory Reserve	7.50%	8.00%
- Secondary Minimum Statutory Reserve	14.35%	17.74%
- Minimum Statutory Reserve on Loan to Funding Ratio	-	-
Foreign currencies	8.50%	8.49%

Bank Mandiri's LFR as of December 31, 2015 is between 78.00%-92.00%, while in December 31, 2014, the Bank still using LDR.

5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By currency, related parties and third parties:

	December 31, 2015	December 31, 2014
Rupiah		
Related parties (Note 55)	23,070	19,869
Third parties	448,180	258,212
Total	471,250	278,081
Foreign currencies		
Related parties (Note 55)	1,445	1,068
Third parties	9,682,931	8,707,682
Total foreign currencies (Note 61B.(v))	9,684,376	8,708,750
Total	10,155,626	8,986,831
Less: Allowance for impairment losses	(3,412)	(3,364)
Net	10,152,214	8,983,467

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, 2015	December 31, 2014
Rupiah - Current	471,250	278,081
Foreign currencies		
Current	9,681,195	8,705,569
Loss	3,181	3,181
Total (Note 61B.(v))	9,684,376	8,708,750
	10,155,626	8,986,831
Less: Allowance for impairment losses	(3,412)	(3,364)
	10,152,214	8,983,467

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5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

c. The average interest rate (yield) per annum:

	December 31, 2015	December 31, 2014
Rupiah	0.01%	0.14%
Foreign currencies	0.04%	0.08%

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

	December 31, 2015	December 31, 2014
Beginning balance	3,364	11,591
Reversal during the year (Note 44)	(46)	(6,846)
Others*)	94	(1,381)
Ending balance	3,412	3,364

*) 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, 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

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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, 2014				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	25,211,529	-	25,211,529
Call money	< 1 month	5,886,000	-	5,886,000
	≥ 1 month ≤ 3 months	980,000	-	980,000
Time deposit	< 1 month	2,036,190	-	2,036,190
	≥ 1 month ≤ 3 months	1,476,877	-	1,476,877
	> 3 months ≤ 6 months	240,273	-	240,273
	> 6 months ≤ 12 months	20,000	-	20,000
Saving	no maturity	1,055	-	1,055
Total		35,851,924	-	35,851,924
Foreign currencies:				
Bank Indonesia	< 1 month	17,524,775	-	17,524,775
Call money	< 1 month	5,824,715	-	5,824,715
	> 12 months	-	45,053	45,053
Fixed-term placement	< 1 month	1,756,361	-	1,756,361
	≥ 1 month ≤ 3 months	545	-	545
	> 3 months ≤ 6 months	199,770	-	199,770
	> 12 months	-	1,038	1,038
Time deposit	< 1 month	8,571	-	8,571
Total (Note 61B.(v))		25,314,737	46,091	25,360,828
Less: Allowance for impairment losses				61,212,752 (95,147)
Net				61,117,605

b. By related parties and third parties:

	December 31, 2015	December 31, 2014
Rupiah:		
Related parties (Note 55)	1,572,113	1,250,349
Third parties	9,988,512	34,601,575
Total	11,560,625	35,851,924
Foreign currencies:		
Related parties (Note 55)	419,165	252,729
Third parties	25,407,833	25,108,099
Total (Note 61B.(v))	25,826,998	25,360,828
	37,387,623	61,212,752
Less: Allowance for impairment losses	(66,760)	(95,147)
	37,320,863	61,117,605

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

- c. Average interest rate (yield) per annum:

	December 31, 2015	December 31, 2014
Rupiah	3.79%	4.25%
Foreign currencies	0.17%	0.15%

- d. As of December 31, 2015, placement in other banks-others with the total amount USD5,488,263 and USD10,997,811 is pledge as collateral for fund borrowing from other banks (December 31, 2014: There was no placement in other banks which had been pledged as collateral) (Notes 36c).

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

	December 31, 2015	December 31, 2014
Beginning balance	95,147	105,599
Allowance during the year (Note 44)	(26,256)	(10,321)
Others*)	(2,131)	(131)
Balance at end of year	66,760	95,147

*) 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 balance of Bank Mandiri's placement with the financial institution (in liquidation) as of December 31, 2015 and 2014 amounted to EUR3,061,829 (full amount) and EUR3,061,829 (full amount), respectively. As of December 31, 2015 and 2014, Bank Mandiri has established full reserve for impairment losses on the remaining outstanding balance of placement with the financial institution.

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

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7. MARKETABLE SECURITIES

a. By purpose, related parties and third parties:

	December 31, 2015	December 31, 2014
<u>Marketable securities</u>		
Related parties (Note 55):		
Fair value through profit or loss	1,670,013	699,913
Available for sale	8,826,132	6,628,460
Held to maturity	1,013,537	1,157,606
At cost*)	411,507	295,000
	11,921,189	8,780,979
Third parties:		
Fair value through profit or loss	1,751,959	3,693,306
Available for sale	8,850,569	6,599,574
Held to maturity	6,299,438	6,034,421
At cost*)	308,201	217,933
	17,210,167	16,545,234
<u>Investments in unit-linked contracts **)</u>		
Related parties (Note 55):		
Fair value through profit or loss	4,595,215	6,022,118
Third parties:		
Fair value through profit or loss	10,576,964	9,502,827
Total	44,303,535	40,851,158
Less:		
Unamortised discounts	(1,984)	(3,553)
Unrealised loss on decrease in fair value of marketable securities	(350,818)	(80,668)
Allowance for impairment losses	(309,169)	(301,779)
	(661,971)	(386,000)
	43,641,564	40,465,158

*) Marketable securities own by Subsidiary, PT Bank Syariah Mandiri.

**) Investments in unit-linked contracts are investments owned by policyholders unit-linked contracts of Subsidiary's PT Axa Mandiri Financial Services, which are presented at fair value.

b. By type, currency and Bank Indonesia's collectibility:

	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
	3,185,026	-	27,095	3,212,121	-	-	3,212,121

*) Held to maturity securities are presented at nominal value. Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked 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, 2015 (continued)							
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah (continued):							
<u>Investments in unit-linked 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>	-	-	15,172,179	-	-	15,172,179
	<u>18,357,205</u>	-	27,095	18,384,300	-	-	18,384,300
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>	-	16,726	10,379,039	-	-	10,379,039
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>	(1,990)	-	5,973,295	-	87,000	6,060,295
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>	6	-	582,507	-	137,000	719,507
Total	<u>35,501,304</u>	(1,984)	43,821	35,319,141	-	224,000	35,543,141
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>	-	(394,942)	6,919,446	-	-	6,919,446
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>	-	(394,639)	8,407,592	-	-	8,407,592
	<u>44,303,535</u>	(1,984)	(350,818)	43,726,733	-	224,000	43,950,733
Less: Allowance for impairment losses							(309,169)
Net							43,641,564

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

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

****) Marketable securities owned by Subsidiary, PT Bank Syariah Mandiri.

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7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility (continued):

	December 31, 2014						
	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>							
Certificates of Bank Indonesia	2,288,015	-	5,858	2,293,873	-	-	2,293,873
Investments in mutual fund units	1,139,039	-	9,506	1,148,545	-	-	1,148,545
Bonds	565,649	-	(6,311)	559,338	-	-	559,338
Shares	170,893	-	5,081	175,974	-	-	175,974
	4,163,596	-	14,134	4,177,730	-	-	4,177,730
<u>Investments in unit-linked contracts *)</u>							
Shares	15,367,204	-	-	15,367,204	-	-	15,367,204
Investments in mutual fund units	114,716	-	-	114,716	-	-	114,716
Bonds	43,025	-	-	43,025	-	-	43,025
	15,524,945	-	-	15,524,945	-	-	15,524,945
	19,688,541	-	14,134	19,702,675	-	-	19,702,675
Available for sale							
Investments in mutual fund units	4,927,000	-	45,419	4,972,419	-	-	4,972,419
Bonds	2,447,545	-	(40,253)	2,407,292	-	-	2,407,292
Medium term notes	450,000	-	-	450,000	-	-	450,000
Negotiable Certificate of Deposit	361,581	-	109	361,690	-	-	361,690
	8,186,126	-	5,275	8,191,401	-	-	8,191,401
Held to maturity							
Certificates of Bank Indonesia	2,868,304	(2,527)	-	2,865,777	-	-	2,865,777
Bonds	1,986,000	(91)	-	1,898,949	86,960	-	1,985,909
Medium term notes	1,150,000	(1,915)	-	1,148,085	-	-	1,148,085
Export bills	128,754	-	-	128,754	-	-	128,754
	6,133,058	(4,533)	-	6,041,565	86,960	-	6,128,525
At cost***)							
Sharia Corporate bonds	495,000	980	-	358,980	-	137,000	495,980
Export bills	17,044	-	-	17,044	-	-	17,044
	512,044	980	-	376,024	-	137,000	513,024
Total Rupiah	34,519,769	(3,553)	19,409	34,311,665	86,960	137,000	34,535,625
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	229,623	-	(17)	229,606	-	-	229,606
Available for sale							
Bonds	4,784,762	-	(96,865)	4,687,897	-	-	4,687,897
Treasury bills	257,146	-	(3,195)	253,951	-	-	253,951
	5,041,908	-	(100,060)	4,941,848	-	-	4,941,848
Held to maturity							
Export bills	1,058,969	-	-	1,058,969	-	-	1,058,969
At cost***)							
Export bills	889	-	-	889	-	-	889
Total (Note 61B.(v))	6,331,389	-	(100,077)	6,231,312	-	-	6,231,312
Total	40,851,158	(3,553)	(80,668)	40,542,977	86,960	137,000	40,766,937
Less: Allowance for impairment losses							(301,779)
Net							40,465,158

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

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

***) Marketable securities owned by Subsidiary, PT Bank Syariah Mandiri

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7. MARKETABLE SECURITIES (continued)

c. By remaining period to maturity:

	December 31, 2015	December 31, 2014
<u>Marketable securities</u>		
Rupiah:		
No maturity date	1,883,196	1,823,931
≤ 1 year	6,281,973	10,668,922
> 1 ≤ 5 years	11,763,956	6,358,971
> 5 < 10 years	400,000	143,000
Total	20,329,125	18,994,824
Foreign currencies:		
≤ 1 year	2,532,755	1,423,613
> 1 ≤ 5 years	1,414,964	889,588
> 5 < 10 years	4,854,512	4,018,188
Total	8,802,231	6,331,389
<u>Investments in unit-linked *)</u>		
Rupiah:		
No maturity date	15,135,665	15,481,920
≤ 1 year	12,668	-
≥ 1 ≤ 5 years	23,846	20,148
> 5 ≤ 10 years	-	22,877
Total	15,172,179	15,524,945
	44,303,535	40,851,158
Less:		
Unamortised discounts	(1,984)	(3,553)
Unrealised loss on decrease in fair value of securities	(350,818)	(80,668)
Allowance for impairment losses	(309,169)	(301,779)
	(661,971)	(386,000)
	43,641,564	40,465,158

*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts, PT AXA Mandiri Financial Services, which are presented at fair value.

d. By issuer:

	December 31, 2015	December 31, 2014
<u>Marketable securities</u>		
Corporate	19,813,436	16,459,149
Central Bank	2,807,843	5,385,943
Banks	4,171,897	3,016,163
Government	2,338,180	464,958
	29,131,356	25,326,213

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7. MARKETABLE SECURITIES (continued)

d. By issuer (continued):

	December 31, 2015	December 31, 2014
<u>Investments in unit-linked contracts *)</u>		
Banks	3,966,025	4,214,249
Corporate	11,206,154	11,310,696
	15,172,179	15,524,945
Total	44,303,535	40,851,158
Less:		
Unamortised discounts	(1,984)	(3,553)
Unrealised loss on decrease in fair value of securities	(350,818)	(80,668)
Allowance for impairment losses	(309,169)	(301,779)
	(661,971)	(386,000)
Net	43,641,564	40,465,158

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

e. Details of bonds by rating:

		Rating*)		Fair value/at cost/amortised cost	
	Rating Agencies	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Rupiah					
Fair value through profit or loss					
<u>Marketable securities</u>					
Bonds					
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA+	-	45,000	-
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAAA	idAAA	34,255	43,968
PT Federal International Finance	Pefindo	idAAA	idAA+	14,946	38,059
PT Bank Maybank Indonesia Tbk.	Pefindo	idAAA	idAAA	10,942	10,933
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	9,977	9,797
PT Aneka Tambang (Persero) Tbk.	Pefindo	-	idA	-	6,451
PT Sumberdaya Sewatama	Pefindo	-	idA	-	982
Others **)	Various	Various	Various	1,604,046	449,148
				1,719,166	559,338

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

**) Bonds classified as fair value through profit or loss mainly consist of treasury bills (Surat Perbendaharaan Negara) which 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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Rupiah (continued)					
Fair value through profit or loss (continued)					
<u>Investments in unit-linked contracts ***)</u>					
PT AKR Corporindo Tbk.	Pefindo	idAA-	idAA-	20,418	25,760
PT Adira Dinamika Multi Finance Tbk.	Pefindo	idAAA	idAAA	2,001	1,969
PT Toyota Astra Financial Services	Pefindo	idAA+	-	1,929	-
Others	Various	Various	Various	12,166	15,296
				<u>36,514</u>	<u>43,025</u>
				<u>1,755,680</u>	<u>602,363</u>
Available for sale					
<u>Marketable securities</u>					
<u>Bonds</u>					
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA+	349,725	330,400
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA+	idAA+	292,627	143,665
PT Telekomunikasi Indonesia Tbk.	Pefindo	idAAA	-	255,484	-
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	251,930	249,350
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	204,795	317,620
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	157,550	105,530
PT Medco Energi Internasional Tbk.	Pefindo	idA+	idAA-	68,075	66,010
PT Panorama Sentrawisata Tbk.	Pefindo	idA-	idA-	49,546	50,277
PT Bank Maybank Indonesia Tbk.	Pefindo	idAAA	idAAA	24,450	122,988
PT Pembangunan Jaya Ancol Tbk.	Pefindo	idAA-	idAA-	9,586	49,263
Others	Various	Various	Various	1,397,287	972,189
				<u>3,061,055</u>	<u>2,407,292</u>
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	300,000
PT Medco Energi Internasional Tbk.	Pefindo	idA+	idAA-	223,000	223,000
PT Arpeni Pratama Ocena Line Tbk.	Pefindo	idD	idD	87,000	86,960
PT Mayora Indah Tbk.	Pefindo	idAA-	idAA-	74,000	74,000
PT Indosat Tbk	Pefindo	idAAA	idAAA	36,000	60,949
Others	Various	Various	Various	697,000	741,000
				<u>2,217,000</u>	<u>1,985,909</u>
At cost**)					
<u>Marketable securities</u>					
<u>Sharia Corporate Bonds</u>					
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	265,000	295,572
PT Berlian Laju Tanker Tbk.	Pefindo	idD	idD	87,000	87,000
Others	Various	Various	Various	163,006	113,408
				<u>515,006</u>	<u>495,980</u>
				<u>2,732,006</u>	<u>2,481,889</u>
Total				7,548,741	5,491,544

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

**) Marketable securities owned by Subsidiary, PT Bank Syariah Mandiri

***) Investments in unit-linked 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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Foreign currencies					
Available for sale					
Marketable securities					
Bonds					
PT Pertamina (Persero)	Moody's/Fitch	Baa3	BBB-	4,217,700	3,803,297
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	1,049,993	213,177
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	292,018	407,219
PT Perusahaan Gas Negara (Persero) Tbk.	Moody's	Baa3	Baa3	132,751	88,608
Bank of China Hongkong, Ltd	S&P	A+	A+	132,704	25,563
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	122,204	122,612
PT Pelindo (Persero)	Moodys	Baa3	-	73,320	-
Bank Of East Asia	S&P	-	A-	-	27,421
				6,020,690	4,687,897
Total				6,020,690	4,687,897

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

f. Average interest rate (yield) per annum:

	December 31, 2015	December 31, 2014
Rupiah	7.85%	6.74%
Foreign currencies	3.88%	5.56%

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

	December 31, 2015	December 31, 2014
Beginning balance	301,779	317,066
Allowance during the year (Note 44)	34,394	18,804
Others*)	(27,004)	(34,091)
Balance at end of year	309,169	301,779

*) 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, 2015	December 31, 2014
Protected Mutual Fund BNP Paribas Selaras IV	2,513,844	-
Protected Mutual Fund Schroder IDR Income Plan I	1,005,484	-
Protected Mutual Fund Emco VII	905,628	-
Protected Mutual Fund Emco VIII	603,764	-
Protected Mutual Fund Emco Terproteksi	412,883	411,671
Protected Mutual Fund BNP Paribas Selaras	-	1,507,907
Protected Mutual Fund BNP Paribas Selaras II	-	1,010,412
Protected Mutual Fund Schroder Income Plan X	-	808,405
Protected Mutual Fund Schroder IDR Income Plan XI	-	804,267
	5,441,603	4,542,662

RDT Schroder Regular Income Plan XI and BNP Paribas Selaras II matured on April 2015, Reksa Dana Terproteksi BNP Paribas Selaras and Reksa Dana Terproteksi Schroder Regular Income Plan X matured in November 2015. The main underlying assets of the mutual funds consist of government bonds.

- j. As of December 31, 2015, marketable securities with total nominal amount are Rp500,000 (December 31, 2014: Rp450,000) were sold under repurchase agreements (Note 28).
- k. As of December 31, 2015, marketable securities with total nominal amount USD65,000,000 (full amount) (December 31, 2014: Rp65,000,000 (full amount)) had been pledged as collateral for funds borrowing from other banks (Note 36c).

8. GOVERNMENT BONDS

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as of December 31, 2015 and 2014, with details as follows:

	December 31, 2015	December 31, 2014
Related party (Note 55)		
<u>Government bonds</u>		
Fair value through profit or loss	1,583,907	1,745,205
Available for sale	74,153,603	61,187,145
Held to maturity	20,811,293	21,195,694
At cost*)	6,054,722	875,973
<u>Investments in unit-linked contracts **)</u>		
Fair value through profit or loss	1,265,836	1,149,889
	103,869,361	86,153,906

*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

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

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8. GOVERNMENT BONDS (continued)

a. By maturity

The government bonds, by remaining period of maturity, are as follows:

	December 31, 2015	December 31, 2014
Rupiah		
Fair value through profit or loss		
<u>Government bond</u>		
Less than 1 year	621,972	114,550
1 - 5 years	384,211	601,347
5 - 10 years	407,901	410,816
Over 10 years	137,447	618,492
	<u>1,551,531</u>	<u>1,745,205</u>
<u>Investments in unit-link contracts **)</u>		
Less than 1 year	210,782	18,721
1 - 5 years	44,968	97,069
5 - 10 years	525,698	562,420
Over 10 years	484,388	471,679
	<u>1,265,836</u>	<u>1,149,889</u>
	<u>2,817,367</u>	<u>2,895,094</u>
Available for sale		
Less than 1 year	2,576,119	1,895,913
1 - 5 years	43,744,002	22,979,323
5 - 10 years	3,097,608	24,716,089
Over 10 years	514,063	-
	<u>49,931,792</u>	<u>49,591,325</u>
Held to maturity		
Less than 1 year	10,897,849	412,758
1 - 5 years	9,439,045	20,326,052
5 - 10 years	50,272	40,756
Over 10 years	148,349	157,528
	<u>20,535,515</u>	<u>20,937,094</u>
At cost*)		
Less than 1 year	2,890,495	714,000
1 - 5 years	3,013,879	23,385
	<u>5,904,374</u>	<u>737,385</u>
Total	<u>79,189,048</u>	<u>74,160,898</u>

*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

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

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8. GOVERNMENT BONDS (continued)

a. By maturity (continued)

The government bonds, by remaining period of maturity, are as follows (continued):

	December 31, 2015	December 31, 2014
<u>Foreign currency</u>		
Fair value through profit or loss		
5 - 10 years	4,454	-
Over 10 years	27,922	-
	<u>32,376</u>	<u>-</u>
Available for sale		
Less than 1 year	896,439	608,113
1 - 5 years	14,656,555	8,002,450
5 - 10 Years	8,166,190	2,985,257
Over 10 years	502,627	-
	<u>24,221,811</u>	<u>11,595,820</u>
Held to maturity		
Less than 1 year	193,320	-
1 - 5 years	27,566	209,310
5 - 10 years	54,892	49,290
	<u>275,778</u>	<u>258,600</u>
At cost*)		
1 - 5 years	150,348	138,588
Total (Note 61B.(v))	<u>24,680,313</u>	<u>11,993,008</u>
	<u>103,869,361</u>	<u>86,153,906</u>

*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

b. By type

	December 31, 2015			
	Nominal	Interest rates per annum	Fair value	Maturity dates Frequency of interest payment
<u>Rupiah</u>				
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 contracts **)</u>				
Fixed rate bonds	<u>1,265,836</u>	6.00%-11.00%	<u>1,265,836</u>	07/01/2016 - 15/05/2036 1,6 and SPN 3 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>	

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

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2015				
	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	20,238,579	SPN 3 months	25/03/2016 - 25/09/2017	3 months
	20,535,515			
At cost*)				
Fixed rate bonds	5,904,374	7.00%-8.75%	15/01/2016 - 25/01/2019	1 and 6 months
December 31, 2015				
	Nominal	Interest rates per annum	Fair value	Frequency of interest payment
Foreign currency				
Fair value through profit or loss				
Government bonds				
Fixed rate bonds	32,856	3.30%-5.25%	32,376	21/11/2022 - 17/01/2042
Available for sale				
Fixed rate bonds	23,271,954	3.30%-11.63%	24,221,811	15/01/2016-08/01/2026
December 31, 2015				
	Amortised Cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Foreign currency				
Held to maturity				
Fixed rate bonds	275,778	5.88%-7.50%	15/01/2016 - 15/01/2024	6 months
At cost*)				
Fixed rate bonds	150,348	6.13%	15/03/2019	6 months

*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

December 31, 2014				
	Nominal	Interest rates per annum	Fair value	Frequency of interest payment
Rupiah				
Fair value through profit or loss				
Government bonds				
Fixed rate bonds	1,751,082	5.25%-12.80%	1,745,205	15/06/2015 - 15/02/2044
Investments in unit-linked contracts **)				
Fixed rate bonds	1,149,889	6.25%-11.00%	1,149,889	21/09/2015 - 15/03/2034
Available for sale				
Fixed rate bonds	9,181,113	5.25%-8.50%	9,018,496	21/09/2015 - 15/04/2019
Variable rate bonds	41,074,774	SPN 3 months	40,572,829	25/11/2015 - 25/07/2020
	50,255,887		49,591,325	

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

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2014				
	Amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Rupiah				
Held to maturity				
Fixed rate bonds	306,797	8.25%-11.75%	15/06/2015 - 15/05/2037	6 months
Variable rate bonds	20,630,297	SPN 3 months	25/04/2015 - 25/09/2017	3 months
	20,937,094			
At cost*)				
Fixed rate bonds	737,385	8.75%-11.80%	15/08/2015 - 05/03/2017	6 months
December 31, 2014				
	Nominal	Interest rates per annum	Fair value	Frequency of interest payment
Foreign currency				
Available for sale				
Fixed rate bonds	10,975,339	3.30%-11.63%	11,595,820	20/04/2015 - 15/04/2023 6 months
December 31, 2014				
	Amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Foreign currency				
Held to maturity				
Fixed rate bonds	258,600	5.88%-7.50%	15/01/2016 - 15/01/2024	6 months
At cost*)				
Fixed rate bonds	138,588	6.13%	15/03/2019	6 months

*) Government bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

c. Other information

As of December 31, 2015, government bonds with total nominal amount of Rp5,072,742 were sold under repurchase agreements (December 31, 2014: Rp6,821,742) (Note 28).

As of December 31, 2015, government bonds with total nominal amount of Rp4,626,109 and USD594,500,000 (full amount) (December 31, 2014: Rp13,772,473 and USD581,729,000(full amount)) had been pledged as collateral for fund borrowings from other banks (Note 36b and 36c).

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By type, currency, related parties and third parties:

	December 31, 2015	December 31, 2014
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	1,682,124	29,126
Others	3,236,509	3,514,462
	<u>4,918,633</u>	<u>3,543,588</u>
Third parties		
Usance L/C payable at sight	1,769,163	966,481
Others	2,701,587	1,570,028
	<u>4,470,750</u>	<u>2,536,509</u>
Total	<u>9,389,383</u>	<u>6,080,097</u>
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	1,639,139	2,328,822
Others	494,003	542,213
	<u>2,133,142</u>	<u>2,871,035</u>
Third parties		
Usance L/C payable at sight	1,417,022	2,626,818
Others	1,972,966	1,660,017
	<u>3,389,988</u>	<u>4,286,835</u>
Total (Note 61B.(v))	<u>5,523,130</u>	<u>7,157,870</u>
	14,912,513	13,237,967
Less: allowance for impairment losses	<u>(1,727,747)</u>	<u>(1,586,271)</u>
Net	<u>13,184,766</u>	<u>11,651,696</u>

b. By Bank Indonesia's collectibility:

	December 31, 2015	December 31, 2014
Current	13,246,935	11,577,417
Special mention	503,147	599,234
Substandard	-	54,964
Doubtful	58,819	-
Loss	1,103,612	1,006,352
Total	<u>14,912,513</u>	<u>13,237,967</u>
Less: allowance for impairment losses	<u>(1,727,747)</u>	<u>(1,586,271)</u>
Net	<u>13,184,766</u>	<u>11,651,696</u>

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

c. By maturity:

	December 31, 2015	December 31, 2014
Rupiah:		
Less than 1 month	2,494,602	1,639,539
1 - 3 months	4,148,854	2,836,836
3 - 6 months	2,558,731	1,379,292
6 - 12 months	41,254	78,487
Over 12 months	145,942	145,943
Total	9,389,383	6,080,097
Foreign currencies:		
Less than 1 month	1,664,266	663,299
1 - 3 months	1,462,208	2,567,987
3 - 6 months	1,430,991	3,014,228
6 - 12 months	317	51,948
Over 12 months	965,348	860,408
Total (Note 61B.(v))	5,523,130	7,157,870
	14,912,513	13,237,967
Less: allowance for impairment losses	(1,727,747)	(1,586,271)
	13,184,766	11,651,696

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

	December 31, 2015	December 31, 2014
Beginning balance	1,586,271	1,424,454
(Reversal)/allowance during the year (Note 44)	(41,428)	115,522
Others*)	182,904	46,295
Balance at end of year	1,727,747	1,586,271

*) 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

December 31, 2015					
Type of securities	Starting date	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
Allowance for impairment losses					-
Net					676,900

December 31, 2014					
Type of securities	Starting date	Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
Bonds FR0044	29/12/2014	26/01/2015	999,092	4,143	994,949
Bonds FR0071	05/12/2014	06/01/2015	942,780	784	941,996
Bonds FR0053	12/12/2014	08/01/2015	902,401	1,050	901,351
Bonds FR0056	30/12/2014	27/01/2015	892,005	3,847	888,158
Bonds FR0056	30/12/2014	27/01/2015	892,005	3,847	888,158
Bonds FR0066	02/12/2014	02/01/2015	872,905	145	872,760
Bonds FR0027	30/12/2014	27/01/2015	872,458	3,763	868,695
SPN109-011015	30/12/2014	27/01/2015	814,148	3,512	810,636
Bonds FR0044	29/12/2014	26/01/2015	769,244	3,190	766,054
Bonds FR0063	29/12/2014	26/01/2015	739,787	3,069	736,718
Bonds FR0063	29/12/2014	26/01/2015	739,787	3,069	736,718
Bonds FR0063	29/12/2014	26/01/2015	716,466	2,971	713,495
Bonds FR0031	04/12/2014	05/01/2015	710,241	473	709,768
Bonds FR0027	30/12/2014	27/01/2015	645,911	2,786	643,125
Bonds FR0064	06/11/2014	02/01/2015	578,887	99	578,788
SPN109-011015	30/12/2014	27/01/2015	542,765	2,341	540,424
Bonds FR0053	12/12/2014	08/01/2015	517,577	602	516,975
Bonds FR0057	17/11/2014	12/01/2015	511,502	975	510,527
Bonds FR0058	24/11/2014	19/01/2015	495,669	1,552	494,117
SPN107-030915	30/12/2014	27/01/2015	454,949	1,963	452,986
Bonds FR0056	30/12/2014	27/01/2015	420,260	1,812	418,448
Bonds FR0070	29/12/2014	26/01/2015	404,335	1,677	402,658
Bonds FR0057	13/11/2014	08/01/2015	315,380	383	314,997
Bonds FR0066	06/11/2014	02/01/2015	262,602	45	262,557
Bonds FR0058	24/11/2014	19/01/2015	247,838	777	247,061
Bonds FR0058	24/11/2014	19/01/2015	247,827	773	247,054
Bonds FR0035	29/12/2014	26/01/2015	228,114	946	227,168
Bonds FR0061	15/12/2014	09/02/2015	226,438	1,531	224,907
Bonds FR0059	03/12/2014	28/01/2015	220,719	1,031	219,688
Bonds FR0069	04/12/2014	05/01/2015	219,023	146	218,877
Bonds FR0064	03/12/2014	28/01/2015	202,007	945	201,062
SBSN	19/12/2014	16/01/2015	197,803	526	197,277
Bonds FR0059	30/12/2014	27/01/2015	182,449	787	181,662
Shares	29/09/2014	15/01/2015	163,139	1,083	162,056
Bonds FR0058	24/11/2014	19/01/2015	155,483	488	154,995
Bonds FR0058	24/11/2014	19/01/2015	146,630	460	146,170
Bonds FR0053	04/12/2014	05/01/2015	139,522	93	139,429
SPN104-JUL15	29/12/2014	26/01/2015	138,305	574	137,731
Shares	16/10/2014	14/04/2015	134,688	6,432	128,256

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10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

a. Securities purchased under resale agreements (continued)

Type of securities	December 31, 2014				
	Starting date	Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
SBSN	05/12/2014	02/01/2015	121,352	40	121,312
Bonds FR0071	05/12/2014	06/01/2015	104,753	87	104,666
SBSN	07/12/2014	16/01/2015	99,078	264	98,814
SBSN	05/12/2014	02/01/2015	81,774	27	81,747
Bonds FR0061	12/12/2014	08/01/2015	75,763	88	75,675
SBSN	19/12/2014	16/01/2015	66,894	178	66,716
SBSN	05/12/2014	02/01/2015	55,749	18	55,731
Shares	18/11/2014	18/11/2015	58,111	8,128	49,983
Shares	20/11/2014	20/11/2015	58,111	8,175	49,936
Shares	24/11/2014	24/11/2015	58,111	8,269	49,842
Shares	29/09/2014	15/01/2015	40,508	269	40,239
SBSN	05/12/2014	02/01/2015	39,742	13	39,729
SBSN	19/12/2014	16/01/2015	31,101	83	31,018
Bonds FR0062	13/11/2014	08/01/2015	30,015	37	29,978
Shares	13/06/2014	12/06/2015	28,539	1,888	26,651
Shares	15/10/2014	12/06/2015	27,417	1,899	25,518
Shares	27/10/2014	26/01/2015	10,303	102	10,201
Shares	12/12/2014	11/06/2015	10,603	686	9,917
Shares	29/09/2014	15/01/2015	8,892	59	8,833
Bonds FR0065	24/11/2014	19/01/2015	7,161	23	7,138
SBSN	05/12/2014	02/01/2015	4,651	1	4,650
Total			19,881,769	95,024	19,786,745
Allowance for impairment losses					(41,941)
Net					19,744,804

b. By Bank Indonesia's collectibility:

	December 31, 2015	December 31, 2014
Current	676,900	19,786,745
Less: allowance for impairment losses	-	(41,941)
	676,900	19,744,804

c. Movements of allowance for impairment losses on securities purchased under resale agreements:

	December 31, 2015	December 31, 2014
Beginning balance	41,941	-
(Reversal)/allowance during the year (Note 44)	(41,941)	41,941
Ending balance	-	41,941

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.

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11. DERIVATIVE RECEIVABLES AND PAYABLES

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
Third parties			
<u>Foreign exchange related</u>			
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
<u>Interest rate related</u>			
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, 2014, 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 - buy			
United States Dollar	38,685	827	15
2. Forward - sell			
United States Dollar	555,467	4,980	515
Interest rate related			
1. Swap - interest rate			
Others		-	8,149
Total related parties		5,807	8,679

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11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2014, 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	1,338,106	12,266	5,466
Others	47,302	-	572
2. Forward - sell			
United States Dollar	4,898,228	25,129	6,284
Others	40,324	386	-
3. Swap - buy			
United States Dollar	3,652,953	8,505	17,852
Others	446,524	571	-
4. Swap - sell			
United States Dollar	9,524,366	6,904	75,923
Others	685,980	1,680	1,368
Interest rate related			
1. Swap - interest rate			
United States Dollar		7,205	4,155
Others		2,591	36,756
Total third parties		65,237	148,376
Total		71,044	157,055

As of December 31, 2015 and 2014, derivative contracts were not designated as hedge accounting.

As of December 31, 2015 and 2014, Bank Indonesia's collectibility for derivative receivables is current.

12. LOANS AND SHARIA FINANCING/RECEIVABLES

A. Details of loans and sharia financing/receivables:

a. By currency, related parties and third parties:

	December 31, 2015	December 31, 2014
Rupiah:		
Related parties (Note 55)	51,584,235	44,247,390
Third parties	442,937,919	400,188,347
Total	494,522,154	444,435,737
Foreign currencies:		
Related parties (Note 55)	23,821,572	23,366,142
Third parties	68,331,711	55,299,938
Total (Note 61B.(v))	92,153,283	78,666,080
	586,675,437	523,101,817
Less: allowance for impairment losses	(22,281,842)	(17,706,947)
Net	564,393,595	505,394,870

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

A. Details of loans and sharia financing/receivables (continued):

b.1 By type:

	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
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, (ii) all restructured loans over Rp5,000 (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 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 FINANCING/RECEIVABLES (continued)

A. Details of loans and sharia financing/receivables (continued):

b.1 By type (continued):

	December 31, 2014		
	Non-impaired^{*)}	Impaired^{*)}	Total
Rupiah:			
Working capital	181,634,846	10,896,067	192,530,913
Investment	117,352,314	3,878,429	121,230,743
Consumer	105,920,129	2,534,914	108,455,043
Syndicated	10,535,032	171,817	10,706,849
Export	8,383,443	454,331	8,837,774
Employees	1,388,904	7,194	1,396,098
Government program	1,097,564	180,753	1,278,317
Total	426,312,232	18,123,505	444,435,737
Foreign currencies:			
Working capital	21,077,580	1,788,591	22,866,171
Investment	22,776,225	3,610,070	26,386,295
Consumer	444,186	2,968	447,154
Syndicated	14,951,884	51,518	15,003,402
Export	13,130,837	831,386	13,962,223
Employees	835	-	835
Total (Note 61B.(v))	72,381,547	6,284,533	78,666,080
	498,693,779	24,408,038 ¹⁾	523,101,817
Less: allowance for impairment losses	(4,907,064)	(12,799,883) ²⁾	(17,706,947)
Net	493,786,715	11,608,155 ³⁾	505,394,870

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans over Rp5,000 (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 Rp14,703,940 and Rp9,704,098, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,744,022 and Rp3,055,861, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp4,959,918 and Rp6,648,237, respectively.

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

A. Details of loans and sharia financing/receivables (continued):

b.2 By type and Bank Indonesia's collectibility:

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

December 31, 2014						
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	178,822,876	8,314,895	527,009	1,091,670	3,774,463	192,530,913
Investment	115,508,532	3,935,983	395,608	595,912	794,708	121,230,743
Consumer	98,587,033	7,561,556	513,800	457,239	1,335,415	108,455,043
Syndicated	10,469,284	117,791	119,774	-	-	10,706,849
Export	8,799,234	28,099	-	-	10,441	8,837,774
Employees	1,381,539	7,367	1,588	788	4,816	1,396,098
Government program	946,548	151,015	45,556	25,787	109,411	1,278,317
Total	414,515,046	20,116,706	1,603,335	2,171,396	6,029,254	444,435,737
Foreign currencies:						
Working capital	21,146,429	1,388,627	205,345	204	125,566	22,866,171
Investment	24,969,244	834,375	321,873	-	260,803	26,386,295
Consumer	443,786	400	-	-	2,968	447,154
Syndicated	14,772,676	179,208	64	-	51,454	15,003,402
Export	13,393,718	42,934	61,535	-	464,036	13,962,223
Employees	835	-	-	-	-	835
Total	74,726,688	2,445,544	588,817	204	904,827	78,666,080
(Note 61B.(v))	489,241,734	22,562,250	2,192,152	2,171,600	6,934,081	523,101,817
Less: allowance for impairment losses	(5,450,341)	(5,148,344)	(816,739)	(1,411,310)	(4,880,213)	(17,706,947)
Net	483,791,393	17,413,906	1,375,413	760,290	2,053,868	505,394,870

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

A. Details of loans and sharia financing/receivables (continued):

c.1 By economic sector:

	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 61 B.(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	24,899,204 ³⁾	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, (ii) all restructured loans over Rp5,000 (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. 62 (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 FINANCING/RECEIVABLES (continued)

A. Details of loans and sharia financing/receivables (continued):

c.1 By economic sector (continued):

	December 31, 2014		
	Non-impaired^{**)}	Impaired^{*) **)}	Total
Rupiah:			
Trading, restaurant and hotel	83,559,457	5,113,407	88,672,864
Manufacturing	83,378,801	4,728,162	88,106,963
Business services	61,303,039	1,632,010	62,935,049
Agriculture	52,403,677	817,685	53,221,362
Construction	17,758,273	1,054,733	18,813,006
Transportation, warehousing and communications	17,233,273	1,271,732	18,505,005
Electricity, gas and water	11,192,536	677,080	11,869,616
Mining	6,542,767	380,756	6,923,523
Social services	4,697,251	123,995	4,821,246
Others	88,243,158	2,323,945	90,567,103
Total	426,312,232	18,123,505	444,435,737
Foreign currencies:			
Trading, restaurant and hotel	6,492,201	464,240	6,956,441
Manufacturing	14,083,054	4,674,713	18,757,767
Business services	4,363,829	66,961	4,430,790
Agriculture	4,736,891	-	4,736,891
Construction	1,531,989	20,058	1,552,047
Transportation, warehousing and communications	5,333,801	493,276	5,827,077
Electricity, gas and water	2,062,833	320,856	2,383,689
Mining	25,195,321	241,461	25,436,782
Social services	61,856	-	61,856
Others	8,519,772	2,968	8,522,740
Total (Note 61B.(v))	72,381,547	6,284,533	78,666,080
	498,693,779	24,408,038 ¹⁾	523,101,817
Less: allowance for impairment losses	(4,907,064)	(12,799,883) ²⁾	(17,706,947)
Net	493,786,715	11,608,155 ³⁾	505,394,870

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans over Rp5,000 (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 Rp14,703,940 and Rp9,704,098, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,744,022 and Rp3,055,861, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp4,959,918 and Rp6,648,237, respectively.

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

A. Details of loans and sharia financing/receivables (continued):

c.2 By economic sector and Bank Indonesia's collectibility:

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 FINANCING/RECEIVABLES (continued)

A. Details of loans and sharia financing/receivables (continued):

c.2 By economic sector and Bank Indonesia's collectibility (continued):

	December 31, 2014					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Trading, restaurant and hotel	80,285,126	5,185,455	327,314	465,734	2,409,235	88,672,864
Manufacturing	84,451,452	2,621,248	101,648	13,720	918,895	88,106,963
Business services	59,203,669	2,435,711	488,872	158,222	648,575	62,935,049
Agriculture	52,046,095	705,758	59,776	105,876	303,857	53,221,362
Construction	17,699,269	877,299	55,770	27,393	153,275	18,813,006
Transportation, warehousing and communications	16,796,604	1,286,663	58,828	40,369	322,541	18,505,005
Electricity, gas and water	11,190,847	1,689	45	670,242	6,793	11,869,616
Mining	6,395,171	199,909	20,046	273,879	34,518	6,923,523
Social services	4,567,664	164,257	13,549	8,610	67,166	4,821,246
Others	81,879,149	6,638,717	477,487	407,351	1,164,399	90,567,103
Total	414,515,046	20,116,706	1,603,335	2,171,396	6,029,254	444,435,737
Foreign currencies:						
Trading, restaurant and hotel	6,492,201	-	-	204	464,036	6,956,441
Manufacturing	16,374,068	1,660,430	362,126	-	361,143	18,757,767
Business services	4,342,685	21,145	64	-	66,896	4,430,790
Agriculture	4,736,891	-	-	-	-	4,736,891
Construction	1,431,522	120,525	-	-	-	1,552,047
Transportation, warehousing and communications	5,333,801	266,649	226,627	-	-	5,827,077
Electricity, gas and water	2,248,773	125,132	-	-	9,784	2,383,689
Mining	25,185,520	251,262	-	-	-	25,436,782
Social services	61,856	-	-	-	-	61,856
Others	8,519,371	401	-	-	2,968	8,522,740
Total (Note 61B.(v))	74,726,688	2,445,544	588,817	204	904,827	78,666,080
	489,241,734	22,562,250	2,192,152	2,171,600	6,934,081	523,101,817
Less: allowance for impairment losses	(5,450,341)	(5,148,344)	(816,739)	(1,411,310)	(4,880,213)	(17,706,947)
Net	483,791,393	17,413,906	1,375,413	760,290	2,053,868	505,394,870

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

A. Details of loans and sharia financing/receivables (continued):

d. By period:

	December 31, 2015	December 31, 2014
Rupiah:		
Less than 1 year	63,647,781	83,911,433
1 - 2 years	35,141,876	53,278,747
2 - 5 years	148,904,485	138,176,408
Over 5 years	246,828,012	169,069,149
Total	494,522,154	444,435,737
Foreign currencies:		
Less than 1 year	19,672,332	23,385,679
1 - 2 years	3,313,752	4,492,955
2 - 5 years	17,704,549	13,781,931
Over 5 years	51,462,650	37,005,515
Total (Note 61B.(v))	92,153,283	78,666,080
	586,675,437	523,101,817
Less: allowance for impairment losses	(22,281,842)	(17,706,947)
Net	564,393,595	505,394,870

The ratio of non-performing loans of Bank Mandiri and Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as of December 31, 2015 and 2014, were 2.60% and 2.15%, respectively (the ratios for Bank Mandiri only were 2.29% and 1.66% as of December 31, 2015 and 2014, respectively), while the ratio of non-performing loans of Bank Mandiri and Subsidiaries on a net basis as of December 31, 2015 and 2014, were 0.90% and 0.81%, respectively (the ratios for Bank Mandiri only were 0.60% and 0.44% as of December 31, 2015 and 2014, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as of December 31, 2015 and 2014 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 Rp2,409,938 and Rp2,683,707 as of December 31, 2015 and 2014, respectively.

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

B. Other significant information related to loans and sharia financing/receivables:

- a. Included in loans are sharia financing receivables granted by Subsidiaries amounting to Rp50,265,370 and Rp48,226,582, respectively, as of December 31, 2015 and 2014, which consist of:

	December 31, 2015	December 31, 2014
Receivables from <i>Murabahah</i> and <i>Istishna</i>	34,818,598	33,749,635
<i>Musyarakah</i> financing	10,591,076	7,645,537
Other sharia financing	4,855,696	6,831,410
Total	50,265,370	48,226,582
Less: allowance for impairment losses	(1,796,952)	(1,769,012)
Net	48,468,418	46,457,570

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

	December 31, 2015	December 31, 2014
Rupiah	12.15%	12.10%
Foreign currencies	4.84%	5.01%

Range of profit sharing per annum:

	December 31, 2015	December 31, 2014
Receivables from <i>Murabahah</i> and <i>Istishna</i>	5.12% - 19.10%	4.92% - 17.03%
<i>Musyarakah</i> financing	4.42% - 15.67%	3.51% - 15.67%
Other sharia financing	1.79% - 15.70%	4.17%- 15.43%

- c. Collaterals for loans

Loans are generally secured by pledged collateral, bond with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable by Bank Mandiri and Subsidiaries. Deposits from customers and deposits from other banks that pledged as cash collateral for loans as of December 31, 2015 and 2014 amounted to Rp33,655,043 and Rp26,776,099, respectively (Notes 21c, 22c, 23e, 24c and 26d).

- d. Government program loans

Government Program Loans consist of investment loans, permanent working capital loans, working capital loans and KPR Sejahtera FLPP (*Fasilitas Likuiditas Pembiayaan Perumahan*) which can be partially and/or fully funded by the Government.

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

B. Other significant information related to loans and sharia financing/receivables (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 at December 31, 2015 and 2014 were respectively ranged from 6.73% to 94.52% and 22.22% to 94.52% of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans at December 31, 2015 and 2014 ranged from 0.61% to 99.38% and 0.02% to 99.29%, respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
Extension of loan maturity dates	24,525,588	8,424,554
Extension of loan maturity dates and reduction of interest rates	1,626,032	1,203,717
Long-term loans with options to convert debt to equity	322,172	197,894
Additional loan facilities	34,202	44,608
Extension of loan maturity dates and other restructuring schemes*)	6,005,590	4,044,090
	32,513,584	13,914,863

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

Total restructured loans under non-performing loans (NPL) category as of December 31, 2015 and 2014 are amounting to Rp4,605,600 and Rp2,478,248, 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 are 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.

h. Legal Lending Limit (LLL)

As of December 31, 2015 and 2014, 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).

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

B. Other significant information related to loans and sharia financing/receivables (continued):

j. Movements of allowance for impairment losses on loans and sharia financing/receivables:

	December 31, 2015	December 31, 2014
Beginning balance ¹⁾	17,706,947	16,535,651
Beginning balance adjustment relating to implementation of PSAK No. 102 in Subsidiary ²⁾	246,727	-
Allowance during the year (Note 44)	11,460,581	5,294,726
Write-offs ³⁾	(7,495,451)	(3,977,648)
Others ^{*)}	363,038	(145,782)
Ending balance⁴⁾	22,281,842	17,706,947

*) 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, 2015 and 2014 is amounting to Rp9,744,022 and Rp9,583,003, respectively, which were calculated using individual assessment and Rp7,962,925 and Rp6,952,648, respectively, which were calculated using collective assessment.

2) Adjustment in collective allowance calculation (Note 64).

3) Write-off as of December 31, 2015 and 2014 is amounting to Rp1,853,346 and Rp627,225, respectively, which are calculated using individual assessment and Rp5,642,105 and Rp3,350,423, respectively, which are calculated using collective assessment.

4) Ending balance as of December 31, 2015 and 2014 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.

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, 2015	December 31, 2014
Rupiah:		
Trading, restaurant and hotel	5,073,440	3,202,283
Manufacturing	3,172,692	1,034,263
Electricity, gas and water	676,807	677,080
Mining	659,551	328,443
Business services	628,146	1,295,669
Agriculture	573,463	469,509
Transportation, warehousing and communications	549,417	421,738
Others	2,478,395	2,375,000
Total	13,811,911	9,803,985
Foreign currencies:		
Trading, restaurant and hotel	516,581	464,240
Manufacturing	477,234	723,269
Electricity, gas and water	138,092	9,784
Business services	51,465	66,960
Transportation, warehousing and communications	381,959	226,627
Others	81	2,968
Total	1,565,412	1,493,848
	15,377,323	11,297,833

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12. LOANS AND SHARIA FINANCING/RECEIVABLES (continued)

B. Other significant information related to loans and sharia financing/receivables (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:

	Minimum allowance for impairment losses	
	December 31, 2015	December 31, 2014
Rupiah:		
Trading, restaurant and hotel	3,895,713	2,691,199
Manufacturing	2,097,316	941,002
Electricity, gas and water	674,757	341,921
Mining	568,556	174,464
Business services	497,244	801,017
Agriculture	479,553	365,761
Transportation, warehousing and communications	374,465	351,550
Others	1,687,434	1,688,538
Total	10,275,038	7,355,452
Foreign currencies:		
Trading, restaurant and hotel	516,581	464,138
Manufacturing	239,834	415,462
Electricity, gas and water	20,714	9,784
Business services	51,465	66,906
Transportation; warehousing and communications	291,401	33,994
Others	81	2,968
Total	1,120,076	993,252
	11,395,114	8,348,704

- l. Write-off of "Loss" category loans

For the year ended December 31, 2015 and 2014, Bank Mandiri written-off loans in the "loss" category amounting to Rp5,993,139 and Rp2,986,162 (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% 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 FINANCING/RECEIVABLES (continued)

B. Other significant information related to loans and sharia financing/receivables (continued):

- m. Written-off loans are recorded in extra-comptable. The Bank still continues pursuing for collection for the written-off loans. These loans are not reflected in the consolidated statement of financial position of the Bank. A summary of movements of extra-comptable loans for the years ended December 31, 2015 and 2014 are as follows (Bank Mandiri only):

	December 31, 2015	December 31, 2014
Beginning balance	35,937,424	35,143,579
Write-offs	5,993,139	2,986,162
Cash recoveries	(3,040,568)	(2,686,428)
Others*)	1,924,916	494,111
Ending balance	40,814,911	35,937,424

*) 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, 2015 and 2014 were amounted to Rp11,197,705 and Rp14,277,980, respectively.

- o. The carrying amount of loans and sharia financing/receivables at amortised cost are as follows:

	December 31, 2015	December 31, 2014
Loans (Note 12A)	586,675,437	523,101,817
Accrued interest receivables	2,401,623	2,013,782
Deferred income (directly attributable) (Note 35)	(521,003)	(503,018)
Allowance for impairment losses (Note 12A and 12B.j)	(22,281,842)	(17,706,947)
	566,274,215	506,905,634

13. CONSUMER FINANCING RECEIVABLES

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

	December 31, 2015	December 31, 2014
Consumer financing receivables - gross		
Direct financing		
Rupiah		
Related parties (Note 55)	5,886	7,420
Third parties	32,100,824	24,699,084
	32,106,710	24,706,504
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	(20,906,390)	(16,638,656)
Total consumer financing receivables - gross	11,200,320	8,067,848

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13. CONSUMER FINANCING RECEIVABLES (continued)

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

	December 31, 2015	December 31, 2014
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(5,928,224)	(4,329,066)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	2,905,967	2,349,205
Total unearned income on consumer financing	(3,022,257)	(1,979,861)
Total	8,178,063	6,087,987
Less: Allowance for impairment losses	(270,614)	(194,852)
Net	7,907,449	5,893,135

Installments of consumer financing receivables - gross as of December 31, 2015 and 2014 which will be received from customers based on the maturity dates are as follows:

	December 31, 2015	December 31, 2014
<u>Year</u>		
2015	-	10,303,514
2016	12,911,158	7,615,902
2017	9,814,508	4,677,818
2018	6,124,477	1,877,611
2019	2,592,788	230,824
2020 and later	663,779	835
	32,106,710	24,706,504

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, PT Bank Mandiri (Persero) Tbk. 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).

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 that amounting to Rp5,886 and Rp7,420 as of December 31, 2015 and 2014, 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, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Current	7,540,389	5,644,332
Special mention	501,081	361,451
Sub-standard	51,276	36,056
Doubtful	76,581	40,092
Loss	8,736	6,056
Total	8,178,063	6,087,987
Less: Allowance for impairment losses	(270,614)	(194,852)
	7,907,449	5,893,135

- c. Average of effective interest rate charged to consumer for the year ended December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Car	16.06%	16.06%
Motorcycle	35.28%	35.17%

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

	December 31, 2015	December 31, 2014
Beginning balance	194,852	133,356
Allowance during the years (Note 44)	291,624	209,113
Cash recoveries	40,641	28,414
Write-offs	(256,503)	(176,031)
Ending balance	270,614	194,852

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. As of December 31, 2015 and 2014, consumer financing receivables pledged as collateral for fund borrowing amounting to Rp3,778,856 and Rp3,088,414, respectively (Note 36f).

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14. NET INVESTMENT FINANCE LEASES

- a. Details of Subsidiary's net investment finance leases are as follows:

	December 31, 2015	December 31, 2014
Net investment finance leases		
Rupiah		
Third parties		
Gross lease financing receivables	700,117	920,620
Guaranteed residual value	226,130	236,200
Deferred lease income	(95,967)	(136,883)
Security deposit	(226,130)	(236,200)
Total net investment finance leases	604,150	783,737
Less: Allowance for impairment losses	(5,791)	(17,213)
	598,359	766,524

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

Based on maturity date details of finance leases receivables are as follows:

	December 31, 2015	December 31, 2014
<u>Year</u>		
2015	-	458,400
2016	380,726	296,360
2017	216,434	129,785
2018	90,783	35,972
2019 and later	12,174	103
	700,117	920,620
Guaranteed residual value, deferred lease income, and security deposit	(95,967)	(136,883)
Finance leases receivable	604,150	783,737

- b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Current	568,663	718,818
Special mention	32,437	34,738
Substandard	1,734	2,777
Doubtful	1,209	27,404
Loss	107	-
Total	604,150	783,737
Less: Allowance for impairment losses	(5,791)	(17,213)
	598,359	766,524

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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, 2015 and 2014, are as follows:

	December 31, 2015	December 31, 2014
Car	17.88%	19.34%
Heavy Equipment	13.85%	14.31%

- d. Movements of allowance for impairment losses on net investment finance leases are as follows:

	December 31, 2015	December 31, 2014
Beginning balance	17,213	7,537
(Reversal)/allowance during the years (Note 44)	(2,356)	10,806
Write-offs	(9,380)	(1,684)
Cash recoveries	314	554
Ending balance	5,791	17,213

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. As of December 31, 2015 and 2014, net investment in finance lease pledged as collateral for fund borrowing were amounting to Rp321,506 and Rp645,197, respectively (Note 36f).

15. ACCEPTANCES RECEIVABLE

- a. By currency, related parties and third parties:

	December 31, 2015	December 31, 2014
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	66,151	19,436
Third parties	257,786	176,639
	323,937	196,075
Receivables from debtors		
Related parties (Note 55)	140,652	165,412
Third parties	1,953,453	576,520
	2,094,105	741,932
Total	2,418,042	938,007
Foreign currencies:		
Receivables from other banks		
Related parties (Note 55)	1,625	3,065
Third parties	122,949	86,413
	124,574	89,478

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15. ACCEPTANCES RECEIVABLE (continued)

a. By currency, related parties and third parties (continued):

	December 31, 2015	December 31, 2014
Foreign currencies (continued):		
Receivables from debtors		
Related parties (Note 55)	201,452	64,225
Third parties	8,587,205	12,022,349
	8,788,657	12,086,574
Total (Note 61B.(v))	8,913,231	12,176,052
	11,331,273	13,114,059
Less: Allowance for impairment losses	(107,030)	(106,927)
Net	11,224,243	13,007,132

b. By maturity:

	December 31, 2015	December 31, 2014
Rupiah:		
Less than 1 month	543,142	270,125
1 - 3 months	1,129,975	515,103
3 - 6 months	626,010	152,779
6 - 12 months	118,915	-
Total	2,418,042	938,007
Foreign currencies:		
Less than 1 month	2,154,980	3,228,606
1 - 3 months	3,252,351	4,295,136
3 - 6 months	2,160,479	4,643,115
6 - 12 months	1,345,421	9,195
Total (Note 61B.(v))	8,913,231	12,176,052
	11,331,273	13,114,059
Less: Allowance for impairment losses	(107,030)	(106,927)
Net	11,224,243	13,007,132

c. By Bank Indonesia's collectibility:

	December 31, 2015	December 31, 2014
Current	11,311,709	13,107,724
Special mention	19,564	6,335
	11,331,273	13,114,059
Less: Allowance for impairment losses	(107,030)	(106,927)
Net	11,224,243	13,007,132

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15. ACCEPTANCES RECEIVABLE (continued)

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

	December 31, 2015	December 31, 2014
Beginning balance	106,927	63,481
Allowance/(reversal) during the year (Note 44)	(16,822)	44,873
Others*)	16,925	(1,427)
Ending balance	107,030	106,927

*) 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, 2015	December 31, 2014
Investment in shares	58,644	58,672
Less: Allowance for impairment losses	(10,250)	(3,182)
	48,394	55,490

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	5.00%	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

The detail of investment in shares as of December 31, 2014 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	266
Cost and Equity Method:			
PT Istaka Karya (Persero)	Construction service	5.00%	50,331
Others (each less than Rp3,000)	Various	3.99% - 34.00%	8,075
			58,672
Less: Allowance for impairment losses			(3,182)
Net			55,490

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16. INVESTMENT IN SHARES (continued)

- b. Investment in shares by Bank Indonesia's collectibility:

	December 31, 2015	December 31, 2014
Current	8,175	58,405
Substandard	50,331	-
Doubtful	-	266
Loss	138	1
	58,644	58,672
Less: Allowance for impairment losses	(10,250)	(3,182)
Net	48,394	55,490

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

	December 31, 2015	December 31, 2014
Beginning balance	3,182	3,224
Allowance/(reversal) during the year (Note 44)	7,087	(488)
Others*)	(19)	446
Ending balance	10,250	3,182

*) 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, 2015	December 31, 2014
Prepaid rent	1,299,001	1,017,201
Building maintenance	587,060	557,942
Others	413,791	262,357
	2,299,852	1,837,500

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, 2015					
	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
At Cost					
Direct ownership					
Land	2,839,124	-	-	6,805	2,845,929
Building	3,309,328	106,978	(8,158)	660,920	4,069,068
Furnitures, 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
Accumulated Depreciation (Note 49)					
Direct ownership					
Building	1,450,960	189,886	(7,526)	-	1,633,320
Furnitures, 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
Building					2,435,748
Furniture, 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

December 31, 2014					
	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
At Cost					
Direct ownership					
Land	2,807,067	16,540	(1)	15,518	2,839,124
Buildings	2,591,342	302,313	(217)	415,890	3,309,328
Furnitures, office equipment and computer	6,374,639	233,843	(12,602)	525,301	7,121,181
Vehicles	259,936	19,489	(2,981)	2,746	279,190
Construction in progress	1,212,770	1,678,539	(6,120)	(959,455)	1,925,734
	13,245,754	2,250,724	(21,921)	-	15,474,557
Leased assets	12,495	-	-	-	12,495
	13,258,249	2,250,724	(21,921)	-	15,487,052

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18. FIXED ASSETS (continued)

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

	December 31, 2014				Ending Balance
	Beginning Balance	Additions	Deductions	Reclassifications	
Accumulated Depreciation					
Direct ownership					
Buildings	1,283,489	167,693	(217)	(5)	1,450,960
Furnitures, office equipment and computer	4,206,743	753,453	(12,096)	5	4,948,105
Vehicles	120,909	39,034	(2,947)	-	156,996
	5,611,141	960,180	(15,260)	-	6,556,061
Leased assets	1,510	625	-	-	2,135
	5,612,651	960,805	(15,260)	-	6,558,196
Net book value					
Direct ownership					
Land					2,839,124
Furniture, office equipment and computer					2,173,076
Buildings					1,858,368
Vehicles					122,194
Construction in progress					1,925,734
					8,918,496
Leased assets					10,360
					8,928,856

Construction in progress as of December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Computers and other hardware that have not been installed	783,085	577,528
Buildings	399,543	1,045,831
Office equipment and inventory	184,177	260,958
Vehicles	10,391	6,876
Others	74,563	34,541
	1,451,759	1,925,734

The estimated percentage of completion of construction in progress as of December 31, 2015 and 2014 for computers and other hardwares that have not been installed was ranging between 15.00% - 90.00% and 32.00% - 95.00%, respectively.

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 Act 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 as high as 27 floors of offices by Duta Anggada, which the land 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 is Duta Anggada is entitled to operate the Tower 1 building up to May 15, 2016, along with the right and obligation of each party.

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18. FIXED ASSETS (continued)

Others (continued)

- b. Estimated fair values of land and buildings owned by the Bank as of December 31, 2015 and 2014 is determined using value of Sales Value of Tax Object (NJOP). NJOP is regarded as the best estimates which reflect the fair value. As of December 31, 2015, the NJOP of land and buildings owned by the Bank are Rp19,502,208 and Rp3,658,460, respectively (December 31, 2014: Rp17,899,621 and Rp3,470,513). For assets other than lands and buildings, there is no significant difference between the estimated fair value and carrying value of fixed assets.
- c. Land rights acquired through Leasehold Certificate ("HGB") that can be renewed will expire between 2016 and 2039. Based on past experience, the Group has the confidence to extend the HGB.
- d. As of December 31, 2015, Bank Mandiri have insured their fixed assets (excluding land rights, construction in progress and leased assets) to cover potential losses from risk of fire, theft and natural disaster with PT Asuransi Adira Dinamika, PT Asuransi Dayin Mitra Tbk., PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasatania, PT Asuransi Jasa Indonesia (Persero), PT Asuransi Jasaraharja Putera, PT Asuransi Jaya Proteksi, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk., PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama), PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Mandiri AXA General Insurance (formerly PT Asuransi Dharma Bangsa), 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 dan PT Asuransi Sinar Mas, with total sum insured Rp8,878,933 dan USDNil (full amount) (December 31, 2014: Rp5,560,233 and USD1,213,609 (full amount)). Management believes that the above insurance coverage is adequate to cover possible losses that may arise on the assets insured.
- e. Management also believes that there is no impairment of fixed assets as of December 31, 2015 and 2014.

19. INTANGIBLE ASSETS

	December 31, 2015	December 31, 2014
Software	1,492,077 ^{*)}	1,221,468 ^{*)}
Goodwill	423,115	423,115
	1,915,192	1,644,583

^{*)} Net of amortisation of Rp1,877,989 and Rp1,575,399 as of December 31, 2015 and 2014.

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

As of December 31, 2015 and 2014, included in the software balance are construction in progress for software amounting to Rp471,478 and Rp374,844, respectively. The estimated percentage of completion of software as of December 31, 2015 was ranging between 15.00% - 95.00% (December 31, 2014: 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, 2015 and 2014 there is no impairment of goodwill.

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20. OTHER ASSETS

	December 31, 2015	December 31, 2014
Accrued income	4,060,993	3,272,972
Others - net	7,231,734	7,966,426
	11,292,727	11,239,398

Accrued Income

	December 31, 2015	December 31, 2014
Rupiah	3,297,600	2,725,046
Foreign currencies (Note 61B.(v))	763,393	547,926
	4,060,993	3,272,972

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

Others - net

	December 31, 2015	December 31, 2014
Rupiah:		
Receivables from customer transactions	888,426	1,757,865
Receivables from mutual fund	626,492	696,502
Receivables from government bonds pledged as collateral	592,668	592,614
Receivables from transactions related to ATM and credit card	477,159	636,502
Receivables from policy holders	453,560	144,861
Abandoned properties - net of accumulated losses amounting to Rp947 as of December 31, 2015 and 2014	149,325	149,325
Receivables from sales of marketable securities	92,688	-
Repossessed assets - net of accumulated losses amounting to Rp9,850 as of December 31, 2015 and 2014	11,565	23,688
Others	3,255,764	2,821,972
Total	6,547,647	6,823,329
Foreign currencies:		
Receivables to policyholder (Note 61B.(v))	23,247	6,389
Receivable from sale of marketable securities (Note 61B.(v))	6,922	261,870
Receivables from customer transactions (Note 61B.(v))	6,802	6,337
Others	1,079,145	1,120,006
Total	1,116,116	1,394,602
	7,663,763	8,217,931
Less: Allowance for possible losses	(432,029)	(251,505)
Net	7,231,734	7,966,426

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20. OTHER ASSETS (continued)

Receivables from customer transactions mainly consist of receivables arising from securities transactions of PT Mandiri Sekuritas (Subsidiary). As of December 31, 2015 and 2014, included in receivables from customer transactions is an impaired portfolio amounting to Rp214,365 and Rp67,134, respectively.

Receivables from mutual fund related to receivable from securities portfolio transactions of unit-linked contracts in Subsidiary.

Receivables related to ATM and credit card transactions represent receivable arising from ATM transactions within ATM Bersama, Prima and Link network and receivable from Visa and Master Card on 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 Rp600,000 to the counterparty on the due date July 25, 2020.

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

Accrue sales of marketable securities are receivables from sale of marketable securities which have settlement date on January 6, 2016 and January 2, 2015, respectively for the year ended December 31, 2015 and 2014.

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

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

	December 31, 2015	December 31, 2014
Beginning balance	251,505	289,412
Allowance/(reversal) during the year (Note 45)	157,382	(42,475)
Others*)	23,142	4,568
Ending balance	432,029	251,505

*) 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, 2015	December 31, 2014
Rupiah:		
Related parties (Note 55)	22,839,976	9,752,670
Third parties	78,390,328	69,226,136
Total	101,230,304	78,978,806

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21. DEPOSITS FROM CUSTOMERS - DEMAND/WADIAH DEMAND DEPOSITS (continued)

- a. By currency, related parties and third parties (continued):

	December 31, 2015	December 31, 2014
Foreign currencies:		
Related parties (Note 55)	15,412,209	9,998,549
Third parties	55,511,975	39,076,203
Total (Note 61B.(v))	70,924,184	49,074,752
	172,154,488	128,053,558

Included in demand deposits were *wadiah* deposits amounting Rp5,818,708 and Rp5,186,571 as of December 31, 2015 and 2014, 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, 2015	2014
Rupiah	2.07%	2.00%
Foreign currencies	0.29%	0.27%

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

	Year ended December 31, 2015	2014
Rupiah	0.71% - 0.84%	0.70% - 0.81%
Foreign currencies	0.18% - 0.84%	0.18% - 0.81%

- c. As of 31 December 2015 and 2014, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable Letters of Credits) were amounting Rp5,323,777 and Rp3,959,724, 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, 2015	December 31, 2014
Rupiah:		
Related parties (Note 55)		
Mandiri Saving Deposits	1,111,778	111,904
Third parties		
Mandiri Saving Deposits	219,154,260	205,731,289
Hajj Mandiri Saving Deposits	666,507	877,926
Total	220,932,545	206,721,119

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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, 2015	December 31, 2014
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving Deposits	230,297	9,779
Third parties		
Mandiri Saving Deposits	27,788,797	24,730,358
Total (Note 61B.(v))	28,019,094	24,740,137
	248,951,639	231,461,256

Included in saving deposits were *wadiah* deposits amounting Rp2,239,241 and Rp1,700,819 as of December 31, 2015 and 2014, respectively.

- b. Average interest rates (cost of funds) per annum:

	December 31, 2015	December 31, 2014
Rupiah	1.24%	1.50%
Foreign currencies	0.20%	0.20%

- c. As of December 31, 2015 and 2014, total saving pledged as collateral on loans were amounting Rp7,655,250 and Rp6,180,991, respectively (Note 12B.c).

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

- a. By currency, related parties and third parties:

	December 31, 2015	December 31, 2014
Rupiah		
Related parties (Note 55)	30,689,101	28,301,811
Third parties	148,221,550	166,127,536
Total	178,910,651	194,429,347
Foreign currencies		
Related parties (Note 55)	6,568,109	5,158,131
Third parties	15,747,444	24,346,619
Total (Note 61B.(v))	22,315,553	29,504,750
	201,226,204	223,934,097

Include in deposits from customers - time deposits are Negotiable Certificate of Deposit (NCD) amounting Rp145,237 and RpNil as of December 31, 2015 and 2014, respectively.

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23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

b. By contract period:

	December 31, 2015	December 31, 2014
Rupiah:		
1 month	96,126,946	112,370,849
3 months	63,937,370	54,302,197
6 months	10,695,019	17,021,891
12 months	6,681,979	9,903,428
Over 12 months	1,469,337	830,982
Total	178,910,651	194,429,347
Foreign currencies:		
1 month	15,045,077	25,009,765
3 months	2,981,268	1,738,095
6 months	1,354,467	2,232,298
12 months	2,636,163	498,355
Over 12 months	298,578	26,237
Total (Note 61B.(v))	22,315,553	29,504,750
	201,226,204	223,934,097

c. By remaining period until maturity date:

	December 31, 2015	December 31, 2014
Rupiah:		
Less than 1 month	113,525,112	122,668,578
1 - 3 months	52,252,923	52,424,800
3 - 6 months	8,485,894	13,364,000
6 - 12 months	3,415,205	5,195,621
Over 12 months	1,231,517	776,348
Total	178,910,651	194,429,347
Foreign currencies:		
Less than 1 month	16,241,112	22,542,957
1 - 3 months	3,223,240	4,473,904
3 - 6 months	1,110,921	2,004,405
6 - 12 months	1,728,799	461,839
Over 12 months	11,481	21,645
Total (Note 61B.(v))	22,315,553	29,504,750
	201,226,204	223,934,097

d. Average interest rates (cost of funds) per annum:

	December 31, 2015	December 31, 2014
Rupiah	7.77%	7.67%
Foreign currencies	1.17%	1.20%

e. As of December 31, 2015 and 2014, total time deposits pledged as collateral on loans were amounting Rp23,162,101 and Rp18,274,445, 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, 2015	December 31, 2014
Demand/ <i>wadiah</i> demand deposits		
Related parties (Note 55)		
Rupiah	39,729	8,637
Foreign currencies (Note 61B.(v))	30,447	16,932
	70,176	25,569
Third parties		
Rupiah	1,125,495	1,147,015
Foreign currencies (Note 61B.(v))	1,602,074	1,023,532
	2,727,569	2,170,547
Total	2,797,745	2,196,116
Saving deposits		
Third parties		
Rupiah	946,444	1,302,946
Foreign currencies (Note 61B.(v))	100	-
Total	946,544	1,302,946
	3,744,289	3,499,062

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting Rp44,424 and Rp41,838 as of December 31, 2015 and 2014, respectively.

b. Average interest rates (cost of funds) and profit sharing per annum:

Average interest rates (cost of funds) per annum:

	December 31, 2015	December 31, 2014
Demand deposits/ <i>wadiah</i> demand deposit		
Rupiah	2.07%	2.00%
Foreign currencies	0.29%	0.27%
Saving deposits		
Rupiah	1.24%	1.50%
Foreign currencies	0.20%	-

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

	Year ended December 31, 2015	2014
Rupiah	0.62 - 1.79%	0.70 - 0.81%

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

- c. As of December 31, 2015 and 2014, total demand/*wadiah* demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting Rp15,592 and Rp20,079, respectively (Note 12B.c and 31e).

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

- a. By currency:

	December 31, 2015	December 31, 2014
Related parties (Note 55)		
Rupiah	600,000	-
Third parties		
Rupiah	1,200,000	415,000
Foreign currencies (Note 61B.(v))	1,964,363	2,477,000
Total	3,164,363	2,892,000
	3,764,363	2,892,000

- b. By remaining period until maturity date:

	December 31, 2015	December 31, 2014
Rupiah		
Less than 1 month	1,800,000	415,000
Foreign currencies		
Less than 1 month	1,860,975	2,322,188
More than 1 month	103,388	154,812
Total (Note 61B.(v))	1,964,363	2,477,000
	3,764,363	2,892,000

- c. Average interest rates (cost of funds) per annum:

	December 31, 2015	December 31, 2014
Rupiah	8.58%	6.18%
Foreign currencies	0.38%	1.30%

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26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By currency:

	December 31, 2015	December 31, 2014
Rupiah		
Third parties	4,720,928	11,140,783
Foreign currencies		
Third parties (Note 61B.(V))	406,657	-
Total	5,127,585	11,140,783

Include in deposits from customers - time deposits are Negotiable Certificate of Deposit (NCD) amounting to Rp1,550,767 and RpNil as of Desember 31, 2015 and 2014, respectively.

b. By period:

	December 31, 2015	December 31, 2014
Rupiah:		
1 month	2,099,550	10,920,705
3 months	172,742	156,085
6 months	578,192	8,418
12 months	562,478	55,575
More than 12 months	1,307,966	-
Total	4,720,928	11,140,783
Foreign currencies		
1 month	137,850	-
12 months	137,850	-
More than 12 months	130,957	-
Total (Note 61B.(v))	406,657	-
	5,127,585	11,140,783

c. Average interest rates (cost of funds) per annum:

	December 31, 2015	December 31, 2014
Rupiah	7.77%	7.67%
Foreign currencies	1.21%	1.20%

d. As of December 31, 2015 and 2014, time deposits from other banks pledged as collateral on loans amounting Rp94,551 and Rp112,073, respectively (Note 12B.c).

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27. LIABILITY TO UNIT-LINKED HOLDERS

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

	December 31, 2015	December 31, 2014
Non-Sharia	16,147,095	16,407,185
Sharia	871,954	936,614
	17,019,049	17,343,799

The details of non-sharia unit-linked investments based on the type of contracts are as follows:

	December 31, 2015	December 31, 2014
Dynamic Money	7,531,851	7,911,912
Attractive Money	4,518,537	4,219,272
Progressive Money	2,119,308	2,295,561
Excellent Equity	1,290,405	1,426,903
Protected Money	394,396	261,701
Active Money	154,507	150,537
Secure Money	71,131	77,101
Fixed Money	55,850	54,146
Money Market	11,110	10,052
	16,147,095	16,407,185

The details of sharia unit-linked investments based on the type of contracts are as follows:

	December 31, 2015	December 31, 2014
Attractive money sharia	741,366	802,467
Active money sharia	91,258	90,292
Amanah equity sharia	24,182	20,933
Advanced commodity sharia	15,148	22,922
	871,954	936,614

Underlying assets of the policyholders' investment in the above unit-linked contracts are financial assets mainly consist of cash, marketable securities and Government Bonds. As of December 31, 2015 and 2014, the investment of policyholders were recorded based on each type of the financial assets in the consolidated statement of financial position.

The policyholders' funds non-sharia placed in statutory deposits as of December 31, 2015 and 2014 amounted to Rp37,500 and Rp177,776, respectively.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency as of December 31, 2015 and 2014 amounted to USD1,886,869 (full amount) and USD2,378,155 (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-LINKED 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 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, 2015 and 2014 amounted to Rp20,000.

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-LINKED 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*.

28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

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
		<u>500,000</u>			<u>467,771</u>	<u>648</u>	<u>467,123</u>
Third parties	Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,667	501,221
	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 VR0030	800,000	30/12/2015	06/01/2016	750,591	833	749,758
	Bonds VR0030	200,000	30/12/2015	06/01/2016	187,648	208	187,440
	Bonds VR0030	800,000	30/12/2015	06/01/2016	750,554	807	749,747
	Bonds VR0030	200,000	30/12/2015	06/01/2016	187,639	201	187,438
		<u>5,072,742</u>			<u>5,374,432</u>	<u>978,384</u>	<u>4,396,048</u>
Total		5,572,742			5,842,203	979,032	4,863,171

December 31, 2014							
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah Third parties	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,713	740,063
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,713	740,063
	Bonds FR0069	750,000	30/12/2014	30/01/2015	644,611	3,408	641,203
	Bonds FR0069	750,000	29/12/2014	29/01/2015	644,220	3,288	640,932
	Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	201,686	539,874
	Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,778	501,110
	Bonds VR0029	359,000	29/12/2014	12/01/2015	321,380	601	320,779
	Bonds SR004	350,000	30/12/2014	30/01/2015	296,988	1,570	295,418
	Bonds ORI010	250,000	29/12/2014	05/01/2015	215,743	147	215,596
	Bonds ORI011	250,000	29/12/2014	05/01/2015	215,543	147	215,396
	Bonds FR0069	250,000	29/12/2014	05/01/2015	213,339	146	213,193
	Bonds SR004	250,000	29/12/2014	05/01/2015	211,304	144	211,160
	Bonds SR005	250,000	29/12/2014	05/01/2015	210,330	144	210,186
	IDBI130315273S	250,000	30/12/2014	30/01/2015	210,659	1,114	209,545
	Bonds ORI009	200,000	30/12/2014	30/01/2015	169,545	896	168,649
	SPN97-060215	100,000	30/12/2014	30/01/2015	84,922	449	84,473
	VR0029	90,000	24/12/2014	07/01/2015	80,557	82	80,475
	SPN97-060215	50,000	30/12/2014	30/01/2015	42,461	224	42,237
	SPN97-060215	50,000	30/12/2014	30/01/2015	42,461	224	42,237
	Total		7,271,742			7,102,063	989,474

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29. ACCEPTANCES PAYABLE

a. By currency, related parties and third parties:

	December 31, 2015	December 31, 2014
Rupiah:		
Payable to other banks		
Related parties (Note 55)	476,752	296,959
Third parties	1,607,070	444,973
Payable to debtors		
Related parties (Note 55)	41,327	72,868
Third parties	292,893	123,207
Total	2,418,042	938,007
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	87,377	991,837
Third parties	8,701,280	11,094,737
Payable to debtors		
Related parties (Note 55)	1,281	4,585
Third parties	123,293	84,893
Total (Note 61B.(v))	8,913,231	12,176,052
	11,331,273	13,114,059

b. By maturity:

	December 31, 2015	December 31, 2014
Rupiah:		
Less than 1 month	543,142	270,125
1 - 3 months	1,129,975	515,103
3 - 6 months	626,010	152,779
6 - 12 months	118,915	-
Total	2,418,042	938,007
Foreign currencies:		
Less than 1 month	2,154,980	3,228,606
1 - 3 months	3,252,351	4,295,136
3 - 6 months	2,160,479	4,643,115
6 - 12 months	1,345,421	9,195
Total (Note 61B.(v))	8,913,231	12,176,052
	11,331,273	13,114,059

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30. MARKETABLE SECURITIES ISSUED

By type and currencies:

	December 31, 2015	December 31, 2014
Rupiah :		
Related parties (Note 55)		
Bonds	537,750	387,000
Subordinated notes sharia <i>mudharabah</i>	50,000	50,000
Total	587,750	437,000
Third parties		
Bonds	1,287,250	840,000
Subordinated notes sharia <i>mudharabah</i>	450,000	450,000
Mandiri travelers' cheques	77,204	84,692
Medium-term notes (MTN)	-	200,000
Others	564	564
Total	1,815,018	1,575,256
	2,402,768	2,012,256
Less: Unamortised issuance cost	(4,590)	(2,631)
Net	2,398,178	2,009,625

Bonds

On December 18, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds II 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 II PT Mandiri Tunas Finance Phase I year 2015 is PT Bank Mega Tbk.

As of December 31, 2015, based on Pefindo's rating for Continuous Bonds II Mandiri Tunas Finance Phase I is idAA (double A).

On June 9, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase III year 2015 ("Continuous Bonds III") to the Indonesia 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 Continuous Bonds I Mandiri Tunas Finance Phase III year 2015 is PT Bank Mega Tbk.

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

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 consist 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 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 PT Mandiri Tunas Finance Phase I Year 2013 ("Continuous Bonds I") 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	425,000	7.75%	June 5, 2016
Series B	75,000	7.80%	June 5, 2017

The trustee for Continuous Bonds I Mandiri Tunas Finance Phase I is PT Bank Mega Tbk.

On December 31, 2015, the rating for Continuous Bonds I PT Mandiri Tunas Finance Phase I, II and III is idAA (double A).

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

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	48,000	8.60%	May 23, 2012
Series B	52,000	9.60%	May 19, 2013
Series C	350,000	10.00%	May 19, 2014
Series D	150,000	10.70%	May 19, 2015

Mandiri Tunas Finance Bonds VI Year 2011 Series A for Rp48,000, Series B for Rp52,000, Series C for Rp350,000 and series D for Rp150,000 had been paid at the maturity date.

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

On December 31, 2014, the rating for Bonds VI is idAA (double A).

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30. MARKETABLE SECURITIES ISSUED (continued)

Subordinated Notes *Sharia Mudharabah*

On December 19, 2011, PT Bank Syariah Mandiri (BSM) issued limited offering of sharia *mudharabah* sukuk subordinated notes Year 2011 ("Subnotes BSM") with a nominal value of Rp500,000. BSM Subnotes have term of ten (10) years with the right to purchase (call option) in the fifth year from the date of issuance with the following terms and conditions:

- Profit sharing is calculated by multiplying the Bank'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 revenue denominated in Rupiah amounting to Rp5,000,000 obtained during the 1 (one) quarter as listed in each unaudited BSM's financial report.
- 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 forty-nine (49) 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, the 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 Bank Syariah Mandiri *mudharabah* subordinated notes year 2011 are PT Bank Mandiri (Persero) Tbk. and PT Bank CIMB Niaga Tbk.

Based on the latest rating report released on December, 2015 and 2014, the BSM's Subnotes' is rated idAA by the securities rating agency PT Pefindo.

Medium Term Notes (MTN)

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

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30. MARKETABLE SECURITIES ISSUED (continued)

Medium Term Notes (MTN) (continued)

December 31, 2014					
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium Term Notes III	PT UOB Kayhian Securities	February 2, 2015	36	9.95%	200,000
					<u><u>200,000</u></u>

During the years ended December 31, 2015 and 2014, the Subsidiaries had fulfilled the covenants as stipulated in the agreements.

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

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

	December 31, 2015	December 31, 2014
Rupiah:		
Bank guarantees issued (Note 53)	37,077,825	26,853,713
Committed unused loan facilities granted	22,273,685	26,516,482
Outstanding irrevocable letters of credit (Note 53)	2,426,922	2,112,407
Standby letters of credit (Note 53)	1,970,917	1,709,373
Total	63,749,349	57,191,975
Foreign currencies:		
Bank guarantees issued (Note 53)	37,433,266	34,359,188
Committed unused loan facilities granted	7,006,333	7,046,517
Outstanding irrevocable letters of credit (Note 53)	8,497,666	13,055,707
Standby letters of credit (Note 53)	10,764,808	10,180,077
Total	63,702,073	64,641,489
	<u><u>127,451,422</u></u>	<u><u>121,833,464</u></u>

- b. By Bank Indonesia's collectibility:

	December 31, 2015	December 31, 2014
Current	126,481,063	121,384,434
Special mention	685,904	367,646
Sub-standard	230,090	7,064
Doubtful	16,541	10,551
Loss	37,824	63,769
Total	127,451,422	121,833,464
Less: Allowance for impairment losses	(395,610)	(196,793)
Commitments and contingencies - net	<u><u>127,055,812</u></u>	<u><u>121,636,671</u></u>

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31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

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

	December 31, 2015	December 31, 2014
Beginning balance	196,793	200,501
Allowance/(reversal) during the year	198,450	(5,313)
Others*)	367	1,605
Ending balance	395,610	196,793

*) Includes effect of foreign currencies translation.

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

- d. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 61A.
- e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as of December 31, 2015 and 2014 amounting to Rp2,596,228 and Rp1,771,213, respectively (Notes 21c and 24c).

32. ACCRUED EXPENSES

	December 31, 2015	December 31, 2014
Fixed asset and software procurement	1,073,300	1,308,820
Interest expenses	969,433	1,082,993
Outsourcing expenses	287,102	258,401
Promotions	232,779	302,512
Employee related costs: uniform, recreation and others	67,326	70,706
Others	860,861	856,841
	3,490,801	3,880,273

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.

33. TAXATION

- a. Prepaid taxes

	December 31, 2015	December 31, 2014
Bank Mandiri	4,570,305	2,417,736
Subsidiaries	247,091	174,246
	4,817,396	2,591,982

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33. TAXATION (continued)

b. Taxes payable

	December 31, 2015	December 31, 2014
Current Income taxes payable		
Bank Mandiri		
Corporate Income Tax - Article 29	1,065,696	744,342
Subsidiaries		
Corporate Income Tax - Article 29	194,096	153,302
	<u>1,259,792</u>	<u>897,644</u>
Taxes payable - others		
Bank Mandiri		
Income taxes		
Article 25	255,893	369,114
Article 21	122,795	110,231
Article 4 (2)	256,196	276,939
Others	100,764	89,939
	<u>735,648</u>	<u>846,223</u>
Subsidiaries	136,176	131,274
	<u>871,824</u>	<u>977,497</u>
	<u>2,131,616</u>	<u>1,875,141</u>

c. Tax expense/(benefit)

	December 31, 2015	December 31, 2014
Tax expense - current:		
Bank Mandiri	4,932,830	4,674,771
Subsidiaries	615,228	635,148
	<u>5,548,058</u>	<u>5,309,919</u>
Tax (benefit)/expense - deferred:		
Bank Mandiri	(337,514)	82,730
Subsidiaries	6,488	(39,417)
	<u>(331,026)</u>	<u>43,313</u>
	<u>5,217,032</u>	<u>5,353,232</u>

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

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33. TAXATION (continued)

d. Tax expense - current

The reconciliation between income before tax (expense)/benefit 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,	
	2015	2014
Consolidated income before tax expense and non-controlling interests	26,369,430	26,008,015
Less:		
Income before tax expense of Subsidiaries - after elimination	(1,900,221)	(2,265,732)
Impact of changes in presenting investment from equity method to cost method	230,537	443,546
Income before tax expense and non-controlling interests - Bank Mandiri only	24,699,746	24,185,829
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	(1,732,048)	(398,481)
Others	8,880	158
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	799,374	(1,025,957)
Allowance for impairment losses on financial assets other than loans	83,164	151,940
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	816,084	496,970
Unrealised gain on BOT transactions	(7,799)	187,205
Allowance for estimated losses arising from legal cases	33,551	(124,212)
Provision for estimated losses on commitments and contingencies	175,580	(2,660)
Depreciation of fixed assets	(228,162)	(102,848)
Unrealised lossess on decrease in fair value of marketable securities and government bonds - fair value through profit or loss	15,779	6,964
Allowance for possible losses of abandoned properties	-	(1,051)
Estimated taxable income	24,664,149	23,373,857
Estimated tax expense - current		
Bank Mandiri only	4,932,830	4,674,771
Subsidiaries	615,228	635,148
Estimated tax expense - current	5,548,058	5,309,919

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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:

	December 31,	
	2015	2014
Consolidated income before tax expense	26,369,430	26,008,015
Tax calculated at applicable tax rates	5,368,896	5,403,600
Tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(503,341)	(171,684)
- Expense not deductible for tax purposes	156,932	91,987
	(346,409)	(79,697)
Subsidiaries	194,545	29,329
Total tax effect	(151,864)	(50,368)
Income tax expense	5,217,032	5,353,232

Under the taxation laws of Indonesia, Bank Mandiri and Subsidiaries submit the Annual Corporate Income Tax Returns to the tax office on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within 5 (five) years from time when the tax becomes due.

Starting from 2009, Bank Mandiri has recognised written-off loans as deduction of gross profit by fulfilling the three requirements stipulated in UU No. 36 Year 2008 and Regulation of the Minister of Finance No. 105/PMK.03/2009 dated 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 Taxpayers, 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 taxpayer at the minimum 183 (one hundred and eighty three) calendar days in a period of 1 (one) fiscal year.

Tax payer should include the certificate from Securities Administration Agency in the Annual Corporate Income Tax return by attaching form X.H.1-6 as regulated in Bapepam-LK Regulation No X.H.1 for each respective fiscal year.

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33. TAXATION (continued)

d. Tax expense - current (continued)

Based on Certificate No. DE//2016-0117 dated January 5, 2016 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated Desember 31, 2015 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fulfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 Year 2013 and GR No. 56 Year 2015. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, OJK (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, 2015 are calculated using the tax rate of 20%.

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax calculation are as follows:

	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

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33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	December 31, 2014			
	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	1,486,003	(154,465)	-	1,331,538
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	864,471	99,394	-	963,865
Allowance for impairment loan losses	919,733	(50,726)	-	869,007
Allowance for impairment losses on financial assets other than loans	379,792	30,388	-	410,180
Unrealised losses on decrease in fair value of marketable securities and government bonds (available for sale)	347,528	-	(207,712)	139,816
Allowance for estimated losses arising from legal cases	125,778	(24,842)	-	100,936
Estimated losses on commitments and contingencies	39,562	(532)	-	39,030
Allowance for possible losses on abandoned properties	30,029	(210)	-	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)	108	1,393	-	1,501
Accumulated losses arising from difference in net realisable value of abandoned properties	189	-	-	189
Deferred tax assets	4,197,156	(99,600)	(207,712)	3,889,844
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(57,709)	37,441	-	(20,268)
Net book value of fixed assets	(45,681)	(20,571)	-	(66,252)
Deferred tax assets - Bank Mandiri only	4,093,766	(82,730)	(207,712)	3,803,324
Net deferred tax assets - Subsidiaries	<u>228,732</u>			<u>385,796</u>
Total consolidated deferred tax assets - net	<u>4,322,498</u>			<u>4,189,120</u>

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at consolidated statement of financial position dates.

Management believes that it is possible that future taxable income will be available against the temporary difference, which results in deferred tax assets, can be utilised.

f. Tax on fixed assets revaluation

Bank through letter No. FST/1042/2015 dated December 8, 2015 has filed to the tax office, an application of fixed assets revaluation for tax purposes were filed in 2015 by taxpayers who have not been revalued fixed assets.

Based on the Regulation of the Minister of Finance No. 191/PMK.010/2015 dated October 15, 2015 the application filed until the date of December 31, 2015, will receive special treatment in the form of final income tax of 3%. In this regard, the Bank has estimated the fair value of fixed assets such as land and later on increase in fair value compared to the book value of existing fixed assets, the Bank has made tax payments amounting to Rp693,277 on December 11, 2015, although it has not been approved from the Tax Office. The tax payments are recorded as prepaid taxes as of December 31, 2015.

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33. TAXATION (continued)

g. Tax assessment letters

Fiscal year 2013

Based on verification process done by Tax office, on December 16, 2014, Tax Office 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).

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, 2015 and 2014. Until the date of these consolidated financial statements, the tax objection is still in progress.

Fiscal year 2010

Based on tax audit result, 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 on March 4, 2013, Bank has submitted an objection letter to the tax office. The Bank has paid all the tax underpayment which recorded as prepaid tax as of December 31, 2015 and 2014.

On December 2013, the Tax Office 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 submitted an appeal for on the above decision letter to the Tax Court in March 2014. Until the date of this consolidated financial statements, the tax court is still on progress.

On February 21, 2014, Tax Office 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. Until the date of these consolidated financial statements, the appeal in tax court is still on progress.

h. Tax collection letter

Fiscal year 2014

Based on assesment process 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 Tax Collection Letter and Bank has submitted an application letter for cancellation Tax Collection Letter to Tax Office on December 31, 2015. Bank has paid all the tax underpayment of Rp1,459,120 and recorded it as prepaid tax on December 31, 2015. Until the date of these consolidated financial statements, Bank is still waiting for the result on the above concellation request.

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34. EMPLOYEE BENEFIT LIABILITIES

	December 31, 2015	December 31, 2014
Rupiah		
Provision for post-employment benefit (Note 50)	2,411,613	2,234,193
Provisions for bonuses, leave and holiday entitlements	3,365,464	2,946,967
	5,777,077	5,181,160

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, 2015	December 31, 2014
Rupiah:		
Liability to policyholders	3,486,140	3,144,685
Guarantee deposits	1,053,344	737,225
Liability related to ATM and credit card transaction	966,227	966,018
Payable to customers	926,371	2,018,396
Liabilities related to unit-link	596,316	1,152,424
Deferred income (directly attributable)	517,242	501,082
Deferred income (not directly attributable)	356,577	242,143
Customers transfer transaction	124,431	57,367
Payable from purchase of marketable securities	42,194	13,201
Others	3,442,846	4,320,549
Total	11,511,688	13,153,090
Foreign currencies:		
Guarantee deposits	906,797	1,178,359
Other liabilities related to UPAS transactions	743,551	796,728
Deferred income (not directly attributable)	321,721	422,854
Customers transfer transaction	64,301	555,859
Deferred income (directly attributable)	3,761	1,936
Others	637,593	261,860
Total (Note 61B.(v))	2,677,724	3,217,596
	14,189,412	16,370,686

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, 2015	December 31, 2014
Future policy benefits from non unit-linked products	1,705,778	1,724,888
Claim payables	89,324	93,824
Unearned premiums	1,188,453	954,692
Estimated claim liabilities	502,585	371,281
	3,486,140	3,144,685

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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-linked liabilities to third parties and unit-linked 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, 2016 and January 5, 2015 as of December 31, 2015 and 2014.

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, 2015	December 31, 2014
Rupiah:		
Related parties (Note 55)		
(f) Others	25,178	202,609
Third parties		
(a) Ministry of Public Work and Housing (Kemenpupera)	132,948	137,570
(b) Direct off-shore loans	300,000	300,000
(e) Repo to maturity	494,301	494,301
(f) Others	4,237,157	3,221,252
	5,164,406	4,153,123
Total	5,189,584	4,355,732

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36. FUND BORROWINGS (continued)

	December 31, 2015	December 31, 2014
Foreign currencies:		
Related parties (Note 55)		
(d) Trade financing facilities	-	49,540
Third parties		
(b) Direct off-shore loans	18,730,838	10,500,576
(c) Bilateral loans	6,891,192	6,190,452
(d) Trade financing facilities	2,953,057	3,130,804
	<u>28,575,087</u>	<u>19,821,832</u>
Total (Note 61B.(v))	<u>28,575,087</u>	<u>19,871,372</u>
	<u>33,764,671</u>	<u>24,227,104</u>

(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 No. 02/SK.9/HK.02.04/2/2012 with PT Bank Mandiri (Persero) Tbk. No. DIR.PKO/010/2012 dated February 15, 2012 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan.

The outstanding loan balance as of December 31, 2015 and 2014 was amounted to Rp132,948 and Rp137,570. The facility bears interest at 0.50% per annum. The loan has a payment schedule of maximum 240 months (20 years) with the first installment start at the following month (for 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, 2015	December 31, 2014
Rupiah:		
Bank of America, Singapore	300,000	300,000
Foreign currencies:		
China Development Bank, China		
- Tranche A	9,624,789	-
- Tranche B	4,040,859	-
Nomura International Plc, London	2,732,021	2,442,369
Bank of America, Hong Kong	1,585,275	1,424,275
Agence Française de Développement, France	541,559	690,577
Asian Development Bank		
- Tranche A	206,335	370,105
Standard Chartered Bank, Singapore	-	3,096,250
Deutsche Bank AG, Singapore	-	2,477,000
Total	18,730,838	10,500,576
	19,030,838	10,800,576

Bank of America, Singapore

December 31, 2015 and 2014						
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%	-	<u><u>300,000</u></u>

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, 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	LIBOR (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

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, 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

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Nomura International Plc, London (continued)

December 31, 2014						
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	2,477,000
Less:						
Unamortised issuance costs					(2,796,169)	(34,631)
					197,203,831	2,442,369

On October 8, 2014, Bank Mandiri obtained a loan facility from Nomura International Plc, London amounting to USD200,000,000 (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 will be matured on October 17, 2017. Bank Mandiri has drawdown of this loan facility amounting to USD200,000,000 (full amount) on October 17, 2014.

This loan facility is secured with as follows (Note 8c) :

	Nominal amount (USD full amount)	
	December 31, 2015	December 31, 2014
ROI 16	12,230,000	12,230,000
ROI 17	98,498,000	98,498,000
ROI 18	46,106,000	46,106,000
ROI 19	61,500,000	61,500,000
ROI 20	6,000,000	6,000,000
ROI 21	6,800,000	-

Bank of America, Hong Kong

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)

December 31, 2014						
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	1,424,275

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, 2015, this loan facility was secured by government bonds series VR0028 with a nominal value of Rp2,150,000 (December 31, 2014: Rp2,150,000) and ROI 19 series USD9,471,000 (full amount) (December 31, 2014: Nil) (Note 8c).

Agence Française de Développement, France

December 31, 2015						
Type	Arranger	Maturity date		Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement	March 31, 2016		LIBOR (6 months) + certain margin	2,727,273	37,595
Less:						
Unamortised issuance costs					(1,014)	(14)
					<u>2,726,259</u>	<u>37,581</u>
Bilateral loan	Agence Française de Développement	September 30, 2018		LIBOR (6 months) + certain margin	6,857,143	94,526
Less:						
Unamortised issuance costs					(12,074)	(166)
					<u>6,845,069</u>	<u>94,360</u>
Bilateral loan	Agence Française de Développement	September 30, 2017		LIBOR (6 months) + certain margin	14,545,455	200,509
Less:						
Unamortised issuance costs					(21,915)	(302)
					<u>14,523,540</u>	<u>200,207</u>
Bilateral loan	Agence Française de Développement	March 31, 2019		LIBOR (6 months) + certain margin	5,500,000	75,817
Less:						
Unamortised issuance costs					(11,466)	(158)
					<u>5,488,534</u>	<u>75,659</u>
Bilateral loan	Agence Française de Développement	September 30, 2023		LIBOR (6 months) + certain margin	10,000,000	137,850
Less:						
Unamortised issuance costs					(297,259)	(4,098)
					<u>9,702,741</u>	<u>133,752</u>
					<u>39,286,143</u>	<u>541,559</u>

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France (continued)

December 31, 2014					
Type	Arranger	Maturity date	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement	March 31, 2016	LIBOR (6 months) + certain margin	8,181,818	101,332
Less:					
Unamortised issuance costs				(9,380)	(116)
				8,172,438	101,216
Bilateral loan	Agence Française de Développement	September 30, 2018	LIBOR (6 months) + certain margin	9,142,857	113,234
Less:					
Unamortised issuance costs				(21,224)	(263)
				9,121,633	112,971
Bilateral loan	Agence Française de Développement	September 30, 2017	LIBOR (6 months) + certain margin	21,818,182	270,218
Less:					
Unamortised issuance costs				(48,744)	(604)
				21,769,438	269,614
Bilateral loan	Agence Française de Développement	March 31, 2019	LIBOR (6 months) + certain margin	7,071,429	87,580
Less:					
Unamortised issuance costs				(18,746)	(232)
				7,052,683	87,348
Bilateral loan	Agence Française de Développement	September 30, 2023	LIBOR (6 months) + certain margin	10,000,000	123,850
Less:					
Unamortised issuance costs				(357,065)	(4,422)
				9,642,935	119,428
				55,759,127	690,577

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-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 will be matured on March 31, 2016.

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

December 31, 2014						
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	30,000,000	371,550
Less:						
Unamortised issuance costs					(116,720)	(1,445)
					29,883,280	370,105

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, 2015, the Bank has repaid this loan amounting to USD90,000,000 (full amount). Tranche B Facility was repaid at maturity. As of December 31, 2015, the credit facility is secured by Government Bonds VR0031 series with a nominal value of Rp444,045 (2014: Rp1,286,663) (Note 8c).

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Standard Chartered Bank, Singapore

December 31, 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Standard Chartered Bank, Singapore	July 9, 2015	36	LIBOR (6 months) + certain margin	250,000,000	<u>3,096,250</u>

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

This loan facility has 3 (three) years of tenor and will be matured on July 9, 2015. Bank Mandiri has drawdown on the loan facility amounting to USD250,000,000 (full amount) on July 9, 2012. This loan has been fully paid at maturity date.

As of December 31, 2015, this loan was fully paid at maturity date July 9, 2015, so there was no government bonds has been secured. As of December 31, 2014, this loan facility was secured by government bonds VR0030 series with nominal value of Rp3,460,000 and VR0031 series with nominal value of Rp843,746 (Note 8c).

Deutsche Bank AG, Singapore

December 31, 2014						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Standby loan	Deutsche Bank AG, Singapore	June 23, 2016	60	LIBOR (6 months) + certain margin	200,000,000	<u>2,477,000</u>

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

This loan facility has a tenor of 5 (five) years and will be matured on June 23, 2016. During the tenor of the loan facility, Bank Mandiri could drawdown and repay the outstanding loan at any time. On June 27, 2011, Bank Mandiri exercised the first drawdown on this loan facility amounting to USD100,000,000 (full amount) and subsequently on September 28, 2011, the Bank exercised the second drawdown amounting to USD200,000,000 (full amount). Those outstanding loans were repaid on September 24, 2014.

On December 31, 2014, Bank Mandiri exercised another drawdown amounting to USD200,000,000 (full amount). Based on the withdrawal, it was fully paid on March 6, 2015.

As of December 31, 2015, this loan facility has been fully paid on March 6, 2015 so there was no government bonds pledged (December 31, 2014 this loan facility was secured by government bonds VR0031 series with a nominal value of Rp4,000,000) (Note 8c).

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36. FUND BORROWINGS (continued)

(c) Bilateral loans

The details of bilateral loans are as follows:

	December 31, 2015	December 31, 2014
JP Morgan, Jakarta	5,512,692	4,951,952
Standard Chartered Bank, Jakarta	1,378,500	1,238,500
	<u>6,891,192</u>	<u>6,190,452</u>

JP Morgan, Jakarta

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)
					<u>149,966,268</u>	<u>2,067,285</u>
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)
					<u>249,938,877</u>	<u>3,445,407</u>
					<u>399,905,145</u>	<u>5,512,692</u>

December 31, 2014

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	1,857,750
Less:						
Unamortised issuance costs					(69,562)	(862)
					<u>149,930,438</u>	<u>1,856,888</u>
Bilateral loan	JP Morgan, Jakarta	September 5, 2017	36	LIBOR (3 months) + certain margin	250,000,000	3,096,250
Less:						
Unamortised issuance costs					(95,768)	(1,186)
					<u>249,904,232</u>	<u>3,095,064</u>
					<u>399,834,670</u>	<u>4,951,952</u>

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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 will be 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 was secured by (Note 8c):

	Nominal amount	
	December 31, 2015	December 31, 2014
ORI 011*)	288,276	-
ORI 009*)	-	288,276
ROI 23**)	17,500,000	17,500,000
ROI 21**)	36,500,000	-
ROI 15**)	-	40,000,000
ROI 16**)	48,000,000	48,000,000
INDOIS 22**)	60,000,000	60,000,000

*) In million rupiah

**) In USD (full amount)

This loan facility was secured by placement with others bank 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 was secured by (Note 7k and 8c):

	Nominal amount	
	December 31, 2015	December 31, 2014
ORI 011*)	669,000	-
ORI 009*)	-	669,000
ROI 23**)	37,000,000	37,000,000
ROI 19**)	27,295,000	27,295,000
ROI 18**)	29,100,000	29,100,000
INDOIS 22**)	98,500,000	98,500,000
PERTAMINA 23**)	65,000,000	65,000,000

*) In million rupiah

**) In USD (full amount)

This loan facility is also secured by placement with others bank 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	<u><u>1,378,500</u></u>

December 31, 2014						
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	<u><u>1,238,500</u></u>

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 will be matured on July 11, 2016. On July 11, 2011, Bank Mandiri has drawdown this loan facility as amount to USD100,000,000 (full amount). As of December 31, 2015, this loan facility was secured by Government Bonds VR0031 series with a nominal value of Rp1,074,788 (December 31, 2014: 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, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Wells Fargo Bank NA, United States of America	689,250	743,100
Wells Fargo Bank NA, United Kingdom	689,250	-
Bank of America NA, Singapore	441,120	-
Bank of New York, Mellon, Singapore	344,625	-
Westpac Banking Corporation, Singapore	275,700	-
Standard Chartered Bank, New York	206,775	421,090
CTBC Bank Co.Ltd, Singapore	137,850	743,100
Citibank NA, Hong Kong	99,562	-
Hongkong and Shanghai Banking Corp, Hong Kong	68,925	-
Bank of New York Mellon, Cayman Island	-	371,550
Bank of Montreal, Canada	-	307,024
Bank of New York Mellon, Jakarta	-	247,700
Bank of America NA, Hong Kong	-	123,850
Bank of New York Mellon, Hong Kong	-	111,465
Hongkong and Shanghai Banking Corp, Jakarta	-	61,925
PT Bank Negara Indonesia (Persero), New York	-	49,540
	<u>2,953,057</u>	<u>3,180,344</u>

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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 is amount 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, 2015	December 31, 2014
PT Bank Pan Indonesia Tbk.	2,504,667	1,607,830
PT Bank Jabar Banten Tbk.	518,560	308,216
PT Bank Central Asia Tbk.	426,100	585,661
PT Bank KEB Hana Indonesia	355,988	-
PT Bank DKI	296,078	238,041
PT Bank Chinatrust Indonesia	66,549	99,751
PT Bank Commonwealth	47,090	113,291
PT Bank Negara Indonesia (Persero) Tbk.	25,178	52,609
Standard Chartered Bank, Jakarta	20,000	-
Bank of China, Jakarta	2,125	116,245
PT Bank Tabungan Pensiunan Nasional Tbk.	-	150,000
PT Sarana Multigriya Finansial (Persero)	-	150,000
PT Bank OCBC NISP Tbk.	-	2,217
	4,262,335	3,423,861

PT Bank Pan Indonesia Tbk.

On February 16, 2011, August 8, 2011 and latest amended on September 30, 2015, 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 Rp4,331,000 and bear a fixed interest rate. These facilities have various maturity, which ranging from January 2016 until November 2019.

On May 12, 2011, the Subsidiary (PT Mandiri Tunas Finance) and Panin also signed loan agreement whereby Panin provide a revolving money market facility with total limit of Rp200,000 and bears a floating interest rate. This agreement had been amended based on latest amendment signed on November 12, 2012 with additional facility up to Rp300,000 and maturity date was extended to May 12, 2016.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

On July 11, 2003, the Subsidiary (PT Mandiri Sekuritas) entered into working capital facility agreement with Panin. The agreement has been amended by latest addendum of agreement dated June 25, 2013, whereby Bank Panin granted working capital facility of Rp200,000 cross clearing facility of Rp200,000, forex transaction facility (spot/forward) USD10,000,000 (full amount) and bank guarantee facility of Rp200,000. Based on the terms of the agreement, interest for the working capital is determined based on the annual term lending rate of Bank Panin. This loan has been repaid by the Subsidiary (PT Mandiri Sekuritas).

As of December 31, 2015 and 2014, borrowing from Panin was amounted to Rp2,504,667 and Rp1,607,830.

PT Bank Jabar Banten Tbk.

On November 1, 2011, November 30, 2012 and latest amended on Desember 4, 2015 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 Rp675,000 and bear a fixed interest rate. These facilities have various maturity, which ranging from Maret 2017 until December 2018.

As of December 31, 2015 and 2014, borrowing from BJB was amounted to Rp518,560 and Rp308,216.

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 an 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 will be matured June 12, 2014. This loan was extended until March 12, 2016.

On March 24, 2011 and the last on March 30, 2015, 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 Rp1,275,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between January 2016 until June 2017.

On June 11, 2013 and the last on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed a loan agreement whereby the BCA provides revolving money market facility with a limit of Rp100,000 and bears a floating interest rate. The facility matures on March 12, 2016.

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, which consist of money market line facility, bank guarantee facility, and foreign exchange line. The facility will be matured on February 22, 2016. The interest under this facility is determined based on agreed interest rate of the drawdown of the facility. This loan has been repaid by the Subsidiary (PT Mandiri Sekuritas).

As of December 31, 2015 and 2014, borrowing from BCA was amounted to Rp426,100 and Rp585,661.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank KEB Hana Indonesia

On March 19, 2015 and the last on Juli 31, 2015, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank KEB Hana Indonesia (Hana) signed a loan agreement where Hana provides revolving money market facilities with a limit of Rp150,000 and bears a floating interest rate and some non revolving working capital loan facilities with limit of Rp400,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between March 2018 until September 2018.

As of December 31, 2015 borrowing from Hana was amounted to Rp355,988.

PT Bank DKI

On March 2, 2011 and the latest on December 2, 2015, 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 Rp830,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between January 2016 until December 2018.

As of December 31, 2015 and 2014, borrowing from Bank DKI was amounted to Rp296,078 and Rp238,041.

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 on December 2017.

As of December 31, 2015 and 2014, borrowing from BCT was amounted to Rp66,549 and Rp99,751.

PT Bank Commonwealth

On March 5, 2013 and the last 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 Rp199,000 and bears fixed interest rate. The facility has various maturity dates ranging between March 2016 until June 2017.

As of December 31, 2015 and 2014, borrowing from Commonwealth was amounted to Rp47,090 and Rp113,291.

PT Bank Negara Indonesia (Persero) Tbk.

On November 23, 2011, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Negara Indonesia (Persero) Tbk. (BNI) signed the joint financing agreement where BNI provides several non-revolving joint financing facilities with total limit of Rp277,743 and bear a fixed interest rate. These facilities have various maturity dates, which ranging between February 2016 until November 2016.

As of December 31, 2015 and 2014, borrowing from BNI was amounted to Rp25,178 and Rp52,609.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

Standard Chartered Bank, Jakarta

On September 8, 2006, 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 November 23, 2015, whereby the Subsidiary (PT Mandiri Sekuritas) has been provided by bank guarantee facility of Rp75,000. The bank guarantee is issued for KPEI as one of factors considered in determining the Subsidiary's (PT Mandiri Sekuritas) limit of shares transaction. The Subsidiary also obtained short-term loan facility amounted to Rp250,000. This facility has been automatically extended for one year. Under the terms of the agreement, interest for this facility is 1 % above the annual term funding rate of SCB. This loan facility has maturity on January 2016.

As of December 31, 2015 and 2014, borrowing from SCB was amounted to Rp20,000 and RpNil.

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 will be matured on June 27, 2016.

As of December 31, 2015 and 2014, borrowing from BOC was amounted to Rp2,125 and Rp116,245.

PT Bank Tabungan Pensiunan Nasional Tbk.

On January 26, 2011, the Subsidiary (PT Mandiri Sekuritas) entered into money market facility agreement as amount to Rp150,000 with PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN"). The agreement has been amended by latest addendum of agreement dated March 6, 2013 with an increase in facility limit to Rp200,000 and maturity date until January 26, 2014. The agreement has been subsequently extended until January 26, 2016. Under the terms of the agreement, the interest for the funding facility is determined based on the annual lending rate of BTPN. This borrowing was fully repaid by the Subsidiary (PT Mandiri Sekuritas).

As of December 31, 2014, borrowing from BTPN amounted to Rp150,000.

PT Sarana Multigriya Finansial (Persero)

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

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Sarana Multigriya Finansial (Persero) (continued)

On December 29, 2011, PT SMF provided additional facility amounting to Rp300,000 for 3 years since the date of financing establishment to provide *Mudharib* working capital for PPR facility by using *Murabahah* or *Musyarakah Mutanaqishah* principles. The agreed revenue sharing is 62.00% for Shahibul Mal and 38.00% for *Mudharib* from gross income received by *Mudharib* before deducted by related costs. Disbursement of financing implemented in two phases, each at Rp150,000 on December 29, 2011 and January 30, 2012. Revenue sharing will be paid monthly starting from January 2012. This facility will be due on January 30, 2015. This borrowing was fully repaid by the Subsidiary.

As of December 31, 2014, borrowing SMF was amounted to Rp150,000.

PT Bank OCBC NISP Tbk.

On June 27, 2011 and December 16, 2011, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank OCBC NISP Tbk. (OCBC) signed loan agreement whereby OCBC provides several non revolving term loan facilities with total limit of Rp50,000 and bear fixed interest rate. These facilities have various maturity dates ranging between December 2014 until February 2015. This loan was fully repaid by Subsidiary (PT Mandiri Tunas Finance).

As of December 31, 2014, borrowing from OCBC was amounted to Rp2,217.

The loans received by PT Mandiri Tunas Finance was secured by consumer financing receivables amounted Rp3,778,356 as of December 31, 2015 (December 31, 2014: Rp3,088,414) (Note 13f) and receivables from lease financing amounted Rp321,506 as of December 31, 2015 (December 31, 2014: Rp645,197) (Note 14f).

Bank Mandiri and its Subsidiaries have paid all interests for fund borrowings in accordance with the interest payment schedules for the period from January 1, 2015 to December 31, 2015.

During year ended December 31, 2015 and 2014, Bank Mandiri and its Subsidiaries have fulfilled all debt covenants as stipulated in all of the above fund borrowing agreements.

37. SUBORDINATED LOANS

By type and currency:

	December 31, 2015	December 31, 2014
Rupiah:		
Related parties (Note 55)		
Subordinated Bond Rupiah Bank Mandiri I	1,687,800	1,909,800
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	31,957	53,261
Subordinated Bond Rupiah Bank Mandiri I	1,797,200	1,575,200
	1,829,157	1,628,461
Total	3,516,957	3,538,261

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37. SUBORDINATED LOANS (continued)

	December 31, 2015	December 31, 2014
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(b) Asian Development Bank (ADB)	224,710	215,780
	3,741,667	3,754,041
Less: Unamortized issuance costs	(3,964)	(7,467)
Net	3,737,703	3,746,574

Two-Step Loans (TSL)

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from Nordic Investment Bank (NIB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which relents 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, 2015	December 31, 2014
Nordic Investment Bank IV (NIB IV)	31,957	53,261

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

(b) 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 relents to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
ADB 1327 - INO (SF)	To finance Micro Credit Project (PKM).	January 15, 2005 - July 15, 2029 with 1 st installment on January 15, 2005.

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37. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(b) Asian Development Bank (ADB) (continued)

The details of credit facilities from ADB are as follow:

	December 31, 2015	December 31, 2014
ADB Loan 1327 - INO (SF)	224,710	215,780

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, 2015, the unamortised issuance cost of subordinated bond is amounting to Rp Rp3,964 (December 31, 2014: Rp7,467).

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 OJK (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.

The interest on the subordinated bond are payable 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.

There was no breach to the covenant of trusteeship agreement of subordinated bond during year ended December 31, 2015 and 2014.

As of December 31, 2015 and 2014, the rating of the subordinated bond based on Pefindo was idAA+ (double A Plus).

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38. TEMPORARY SYIRKAH FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	December 31, 2015	December 31, 2014
Rupiah		
Third parties		
Demand deposits - <i>Mudharabah Musytarakah</i>	10,501	10,563
Demand deposits - restricted investment	1,001	2,970
	11,502	13,533

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, 2015	December 31, 2014
Related parties (Note 55)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	217,264	7,405
<i>Mabrur</i> saving deposits	112	57
<i>Investa Cendekia</i> saving deposits	288	304
<i>Berencana</i> BSM saving deposits	310	173
Institution <i>Mudharabah</i> saving deposits	10,085	29,256
	228,059	37,195
Third parties		
Saving deposits - restricted investment	1,057,746	534,110
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	17,541,960	16,817,638
<i>Mabrur</i> saving deposits	3,318,723	3,064,239
<i>Investa Cendekia</i> saving deposits	361,059	329,290
<i>Berencana</i> BSM saving deposits	158,014	160,300
Retirement saving deposits	89,900	40,437
<i>Qurban</i> saving deposits	429	532
<i>Al-Washilyah</i> Mandiri saving deposits	1	2
	22,527,832	20,946,548
	22,755,891	20,983,743

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38. TEMPORARY SYIRKAH FUNDS (continued)

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

a. Based on type (continued):

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Saving Deposits - unrestricted investment:

	December 31, 2015	December 31, 2014
Profit sharing ratio	0.22% - 5.46%	0.22% - 5.25%

3) *Mudharabah* Time Deposit - Unrestricted Investment

	December 31, 2015	December 31, 2014
Rupiah		
Related parties (Note 55)	195,996	455,067
Third parties	27,228,698	27,353,981
Total	27,424,694	27,809,048
Foreign currency		
Related parties (Note 55)	242,301	163
Third parties	3,620,542	4,126,695
Total	3,862,843	4,126,858
	<u>31,287,537</u>	<u>31,935,906</u>

b. Deposits from Other Banks

	December 31, 2015	December 31, 2014
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	244,385	163,544
<i>Mudharabah</i> time deposits - unrestricted investment	73,548	78,761
	<u>317,933</u>	<u>242,305</u>

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38. TEMPORARY SYIRKAH FUNDS (continued)

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

1) By contract period:

	December 31, 2015	December 31, 2014
Rupiah:		
1 month	20,814,126	1,382,343
3 months	3,204,667	2,470,300
6 months	1,124,115	3,347,624
12 months	2,355,334	20,687,542
Total	27,498,242	27,887,809
Foreign currency:		
1 month	3,072,455	109,638
3 months	282,518	232,991
6 months	315,341	1,585,296
12 months	192,529	2,198,933
Total	3,862,843	4,126,858
	31,361,085	32,014,667

2) By remaining period until maturity date:

	December 31, 2015	December 31, 2014
Rupiah:		
Less than 1 month	21,654,675	21,278,429
1 - 3 months	3,314,400	3,830,385
3 - 6 months	1,152,496	1,200,898
6 - 12 months	1,376,671	1,578,097
Total	27,498,242	27,887,809
Foreign currency:		
Less than 1 month	3,318,078	3,799,870
1 - 3 months	71,628	217,363
3 - 6 months	316,410	40,141
6 - 12 months	156,727	69,484
Total	3,862,843	4,126,858
	31,361,085	32,014,667

Mudharabah time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilisation of its fund based on an agreed profit sharing ratio arranged in *Mudharabah Muthlaqah* agreement.

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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):

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

	December 31, 2015	December 31, 2014
Rupiah	3.97% - 6.30%	3.96% - 6.05%
Foreign currency	1.15% - 1.59%	1.14% - 1.61%

- 4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp7,777,091 and Rp2,935,027 as of December 31, 2015 and 2014, respectively.

39. NON CONTROLLING INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

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

	December 31, 2015	December 31, 2014
PT AXA Mandiri Financial Services	1,068,962	1,058,826
PT Mandiri Tunas Finance	574,592	441,306
PT Bank Mandiri Taspen Pos ("Bank Mantap")	294,599	13,766
PT Asuransi Jiwa InHealth Indonesia	268,778	528,262
PT Mandiri Axa General Insurance	172,000	144,401
PT Mandiri Utama Finance	42,395	-
PT Mandiri Sekuritas	124	120
PT Mandiri Capital Indonesia	101	-
	2,421,551	2,186,681

40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank's authorised, issued and fully paid capital as of December 31, 2015 and 2014, respectively, are as follows:

	December 31, 2015 and 2014		
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount) Percentage Of Ownership
Authorised Capital			
- Dwiwarna Share Series A	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%

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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, 2015 and 2014, respectively, are as follows (continued):

	December 31, 2015 and 2014			Percentage Of Ownership
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	
Issued and Fully Paid Capital				
Republic of Indonesia				
- Dwiwarna Share Series A	1	500	500	0.00%
- Common Shares Series B	13,999,999,999	500	6,999,999,999,500	60.00%
Public (less than 5% each)				
- Common Shares Series B	9,333,333,333	500	4,666,666,666,500	40.00%
Total Issued and Fully Paid Capital	23,333,333,333		11,666,666,666,500	100.00%

Based on notarial deed No. 10 of Notary Sutjipto, S.H., dated October 2, 1998, the authorised capital of Bank Mandiri is amounted to Rp16,000,000 with a nominal value of Rp1,000,000 (full amount) per share.

The determination of issued and fully paid capital amounted to Rp4,000,000 by the Government of the Republic of Indonesia at the date of establishment of Bank Mandiri was carried out as follows:

1. Cash payment through Bank Indonesia amounted to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounted to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated October 2, 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated July 24, 1999, the share holders 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.

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40. SHARE CAPITAL(continued)

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

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.

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.

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40. SHARE CAPITAL(continued)

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

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 and a Share Purchase at Discount program. MSOP is designated for directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs are performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On July 14, 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated June 2, 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated January 19, 2004, the Government of the Republic of Indonesia divested an additional 10.00% of ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on March 11, 2004 through private placement.

On July 14, 2003, the date of the IPO, through MSOP Stage 1, the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounted to Rp69.71 (full amount) per share options. MSOP Stage 1 has been exercised in total 375,365,957 shares, thereby increasing the total issued and fully paid capital by Rp187,683, share premium by Rp117,193. MSOP stage 1 could be exercised until July 13, 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated July 14, 2004.

The Annual General Meeting of Shareholders on May 16, 2005 approved MSOP Stage 2 amounted to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounted to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised in total 311,713,697 shares thereby increasing the total issued and fully paid capital by Rp155,857 and share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from May 4, 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated February 2, 2007. The un-exercised MSOP Stage 2 stock option was 286,303 shares or amounting to Rp184 that has expired and recorded as additional paid-in capital/share premium.

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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 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 unexercised MSOP Stage 3 stock option was 1,127 shares or amounting to Rp4 that has expired and recorded as additional paid-in capital/share premium.

On December 27, 2010, Bank Mandiri submitted a first registration to OJK (formerly Capital Market Supervisory Board and Financial Institution ("Bapepam and LK")) in relation to the Limited Public Offering (LPO) to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 shares series B. The limited public offering has been approved by the Board of Commissioners through its letter dated April 29, 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated September 17, 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated November 20, 2010.

LPO has been approved by Bapepam and LK through its letter No. S-807/BL/2011 dated January 27, 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on January 28, 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of February 14 - 21, 2011 with an exercise price of Rp5,000 (full amount) per share which resulted in an additional of issued and paid-up capital amounted to Rp1,168,420.

b. Additional Paid-In Capital/Share Premium

The additional paid-in capital/share premium as of December 31, 2015 and 2014 amounted to Rp17,316,192 is derived from LPO and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in UGM and BDP. The share premium amount of Rp17,316,192 already includes the share premium from LPO (Note 40a) amounted to Rp10,515,774 before deducted by expenditures related to the LPO amounted to Rp274,078. The additional share premium in 2013 amounting Rp113,817 in the consolidated financial statements (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to controlling entity, which represents the difference between selling price and book value of shares in consolidated financial statements.

The difference between selling price and book value of shares recorded as share premium in Parent Entity and consolidated financial statements are amounted to Rp273,932 and Rp113,817, respectively.

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40. SHARE CAPITAL(continued)

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

Based on the results of a due diligence review conducted on behalf of the Government dated December 31, 1999 and Management Contract (IMPA) dated April 8, 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on July 7, 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on April 25, 2003 based on approval from the shareholders during its meeting on October 29, 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/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 Share holders' Meeting held on March 16, 2015 and February 27, 2014, the shareholders approved the distribution of the 2014 and 2013 net income as follows:

	2014	2013
Dividends	4,967,968	5,461,126
Retained Earnings		
Appropriated	2,622,936	2,348,284
Unappropriated	12,280,969	10,394,343
	19,871,873	18,203,753
Dividend per share (full amount)	212.91292	234.04825

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40. SHARE CAPITAL(continued)

c. Distribution of Net Income (continued)

Dividends from 2014 net income amounted to Rp4,967,968 were paid on April 17, 2015 and dividends from 2013 net income amounted to Rp5,461,126 were paid on April 15, 2014. 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 2014 amounting Rp2,622,936 and the year 2013 amounting Rp2,348,284 is allocated to business expansion and supporting infrastructure construction such as construction of Mandiri University, procurement of office building, procurement of ATM, non-IT capital expenditure and technology system development.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	For the year ended December 31,	
	2015	2014
<u>Interest income</u>		
Loans	55,191,771	48,237,589
Government bonds	5,273,855	4,634,503
Marketable securities	1,626,369	1,652,818
Consumer financing income	1,523,637	1,118,631
Placements with Bank Indonesia and other banks	1,337,831	1,104,672
Others	1,413,196	815,051
	66,366,659	57,563,264
<u>Sharia income</u>		
<i>Murabahah</i> and <i>Istishna</i> income - net	3,832,690	3,878,231
<i>Musyarakah</i> income	887,760	750,937
<i>Mudharabah</i> income	364,450	420,136
<i>Ijarah</i> income - net	118,568	25,374
	5,203,468	5,074,678
	71,570,127	62,637,942

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, 2015 and 2014 amounting to Rp560,920 and Rp470,717 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended December 31, 2015 and 2014 amounting to Rp1,586,373 and Rp1,705,602.

Included in the interest income is interest income from financial assets at fair value through profit or loss amounting to Rp334,442 and Rp284,145, respectively for the years ended on December 31, 2015 and 2014.

As of December 31, 2015 and 2014 included in interest income and sharia income is income from transaction with related parties on government bonds and treasury bill amounting to Rp5,364,814 and Rp4,681,935 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:

	For the year ended December 31,	
	2015	2014
Time deposits	18,487,729	16,481,206
Saving deposits	2,918,599	3,352,005
Demand deposits	1,961,379	1,562,423
Fund borrowings	1,206,241	825,948
Marketable securities issued	454,181	446,278
Subordinated loans	424,118	425,860
Others	754,777	411,798
	26,207,024	23,505,518

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended December 31, 2015 and 2014 amounting to Rp2,438,112 and Rp2,451,302, 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, 2015 and 2014 amounting to Rp3,759 and Rp59,292, respectively (Note 55).

43. OTHER OPERATING INCOME - OTHERS

	For the year ended December 31,	
	2015	2014
Income from loan written-off	3,430,132	2,607,206
Income from penalty	196,154	156,921
Stamp duty income	47,275	48,237
Safety deposit box	34,954	34,979
Others	2,417,255	1,120,858
	6,125,770	3,968,201

44. ALLOWANCE FOR IMPAIRMENT LOSSES

	For the year ended December 31,	
	2015	2014
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	46	6,846
Placements with other banks (Note 6e)	26,256	10,321
Marketable securities (Note 7g)	(34,394)	(18,804)
Other receivables - trade transactions (Note 9d)	41,428	(115,522)
Securities purchased under resale agreements (Note 10c)	41,941	(41,941)
Loans (Note 12B.j)	(11,460,581)	(5,294,726)
Consumer financing receivables (Note 13c)	(291,624)	(209,113)
Net investment in lease finance (Note 14c)	2,356	(10,806)
Acceptance receivables (Note 15d)	16,822	(44,873)
Investments in shares (Note 16c)	(7,087)	488
	(11,664,837)	(5,718,130)

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45. (PROVISION FOR) REVERSAL OF POSSIBLE LOSSES

	For the year ended December 31,	
	2015	2014
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	(10,266)	11,710
Estimated losses arising from legal cases	(11,594)	129,296
Others assets (Note 20)	(157,382)	42,475
	(179,242)	183,481

46. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDERS INVESTMENT IN UNIT-LINKED CONTRACTS

	For the year ended December 31,	
	2015	2014
Marketable securities	992	93,824
Government bonds	(19,298)	52,697
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts		
- Change in market value of policyholders' investment	2,142,173	2,860,353
- Increase in liability in unit-linked contracts	(2,142,173)	(2,860,353)
	(18,306)	146,521

47. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	For the year ended December 31,	
	2015	2014
Marketable securities		
Fair value through profit and loss	(27,760)	39,425
Available for sale	62,683	33,355
Government bonds		
Fair value through profit and loss	21,219	45,220
Available for sale	219,357	116,463
	275,499	234,463

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48. SALARIES AND EMPLOYEE BENEFITS

	For the year ended December 31,	
	2015	2014
Salaries, wages, pension and tax allowances	6,890,207	6,100,140
Holidays allowance, leave and related entitlements	1,192,666	1,206,130
Employee benefits in kind	945,705	904,372
Training and education	557,580	463,904
Provision for post-employment benefit expenses	491,225	293,932
Provision of tantiem	226,952	152,273
Bonuses and others	2,072,320	1,727,280
	12,376,655	10,848,031

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Sharia Supervisory Board and Executive Vice President and Senior Vice President are amounting to Rp857,365 and Rp717,073 (Note 55) for the years ended December 31, 2015 and 2014, respectively as follows:

	For the year ended December 31,			
	2015			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
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
Syariah 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

	For the year ended December 31,			
	2014			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	29,609	53,981	2,459	86,049
Directors	110,995	200,259	10,835	322,089
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	3,255	1,404	-	4,659
Syariah Supervisory Board	1,114	21	-	1,135
Senior Executive Vice Presidents and Senior Vice Presidents *)	176,079	112,135	14,927	303,141
	321,052	367,800	28,221	717,073

*) Effective from January 9, 2014, Executive Vice Presidents changed to Senior Executive Vice Presidents as mentioned at Board of Directors' Decree (SK) No. KEP.DIR/12/2014

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49. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2015	2014
Professional fees	2,750,772	2,380,440
Rent	1,627,002	1,291,413
Depreciation of fixed assets (Note 18)	1,187,795	938,547
Goods/services provided by third parties	1,186,835	1,116,362
Communication	1,025,079	918,280
Repairs and maintenance	1,039,401	973,698
Promotion	982,701	986,272
Office supplies	518,344	488,373
Electricity, water and gas	527,356	512,952
Transportations	365,134	339,631
Amortisation of intangible assets	302,590	217,254
Traveling expenses	187,991	247,239
Insurance expenses	66,899	70,404
Others	1,031,952	967,445
	12,799,851	11,448,310

For the year ended December 31, 2015 and 2014, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp68,648 and Rp48,145, 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.

Pension Plan

Bank Mandiri has five pension plans in the form of Employer Pension Plans (DPPK) as follows:

- a. One defined contribution pension fund, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PPIP) or Bank Mandiri Pension Plan (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on 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, 2015 and 2014 were Rp198,800 and Rp374,090, respectively. The interest rates on these time deposits are given on arms-length basis.

For the years ended December 31, 2015 and 2014, the Bank has paid pension contributions amounting to Rp331,278 and Rp290,647, respectively.

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

- b. Four defined benefit pension funds, *Dana Pensiun Pemberi Kerja Program Pensiun Manfaat Pasti* (DPPK-PPMP) which were derived from the respective pension plans of the ex-legacy Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBMS (BBD), DPBMD (BDN), DPBMT (Bank Exim) and DPBME (Bapindo). 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 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.

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 Minister of Finance 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, ie after the increase in pension benefits or the provision of other benefits Adequacy Ration 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 Minister of Finance Decree No. KEP-1773/NB.1/2014 dated July 17, 2014 (DPBMS); No. KEP-1774/NB.1/2014 dated

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

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. Fund the deviation to provide other benefits embodied in the regulations of each pension fund and it has been approved by OJK Board of Commissioners 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).

The provision for pension benefit obligation are calculated by the independent actuary as shown in the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated January 5, 2016 for the year ended December 31, 2015.

The assumptions used for the years ended December 31, 2015 and 2014 are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	9.50% per annum (2014: 8.50%)	9.50% per annum (2014: 8.50%)	9.50% per annum (2014: 8.50%)	9.50% per annum (2014: 8.50%)
Expected rate of return on pension plan assets	9.50% per annum (2014: 9.50%)	9.50% per annum (2014: 9.00%)	9.50% per annum (2014: 8.50%)	9.50% per annum (2014: 9.00%)
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	2015 and 2014: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2015 and 2014: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2015 and 2014: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2015 and 2014: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2015 and 2014: 5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	2015 and 2014: 5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	2015 and 2014: 5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	2015 and 2014: 5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55
Disability rate	2015 and 2014: 10.00% of TMI III	2015 and 2014: 10.00% of TMI III	2015 and 2014: 10.00% of TMI III	2015 and 2014: 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	75.00% 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	2015 and 2014: 3.00% of pension benefit	2015 and 2014: 3.00% of pension benefit	2015 and 2014: 3.00% of pension benefit	2015 and 2014: 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, 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	<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 **)	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the 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, 2014, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,474,919)	(1,647,936)	(634,988)	(504,829)
Fair value of plan assets	<u>1,566,369</u>	<u>1,894,023</u>	<u>806,043</u>	<u>559,406</u>
Funded Status	91,450	246,087	171,055	54,577
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial losses	(35,627)	(183,351)	(125,401)	(9,710)
Surplus based on SFAS No. 24	-	-	-	-
Asset ceiling*)	<u>(55,823)</u>	<u>(62,736)</u>	<u>(45,654)</u>	<u>(44,867)</u>
Pension Plan Program Assets recognised in consolidated statements of financial position **)	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the 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, 2015 and 2014 are as follows:

	December 31, 2015			
	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	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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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, 2015 and 2014 are as follows:(continued)

	December 31, 2014			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	38%	31%	11%	26%
Bonds	28%	42%	36%	34%
Direct investment	5%	14%	21%	13%
Land and building	15%	4%	26%	7%
Shares	8%	4%	-	1%
Government Bonds	-	4%	4%	5%
Others	6%	1%	2%	14%
Total	100%	100%	100%	100%

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 to recognise provision for employee service entitlements. As of December 31, 2015 and 2014 the Group recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to 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) and Rp2,234,193 (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, 2015 and 2014 are estimated using the employees service entitlements calculation for the years ended December 31, 2015 and 2014 as shown in the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated January 5, 2016 for the year ended December 31, 2015 and the independent actuarial reports of PT Milliman Indonesia dated January 17, 2015 for the year ended December 31, 2014. The assumptions used by the actuary for the years ended December 31, 2015 and 2014 are as follows:

- Discount rate is 9.10% per annum (2014: 8.50% per annum).
- Expected rate of annual salary increase is 9.50% per annum (2014: 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, 2015	December 31, 2014
Present value of obligations	1,976,724	1,924,202
Unrecognised past service cost	-	(10,530)
Unrecognised actuarial losses	-	(6,800)
Provision for post employment benefits presented in statement of financial position	1,976,724	1,906,872

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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):

	December 31, 2015	December 31, 2014
Beginning balance of present value of obligation	1,924,202	1,597,813
Interest cost	158,580	134,108
Current service cost	260,608	146,083
Benefit paid	(69,315)	(94,869)
Impact of changes actuarial adjustment	-	45,247
Actuarial (gains)/losses	(297,351)	95,820
Ending Balance of Present Value of Obligation	1,976,724	1,924,202

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, 2015	2014
Current service cost	260,608	146,083
Interest cost	158,580	134,108
Bank payment for termination benefit	13,683	-
Amortisation of unrecognised past service cost	-	5,142
Cost of Pension benefits	432,871	285,333

Reconciliations of provision for post employment benefits are as follows:

	December 31, 2015	December 31, 2014
<u>Bank Mandiri</u>		
Beginning balance of provision for post employment benefits	1,906,872	1,716,408
Expenses during the year	432,871	285,333
Payments of benefits	(69,315)	(94,869)
Adjustment	(3,152)	-
Recognition of actuarial gains in other comprehensive income	(290,552)	-
Provision for post employment benefits (Bank Mandiri)	1,976,724	1,906,872
<u>Subsidiaries</u>		
Provision for post employment benefits	426,649	319,081
Total provision for post employment benefits	2,403,373*)	2,225,953*)

*) As of December 31, 2015 and 2014, 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):

	2015	2014	2013	2012	2011
Present value of defined benefit obligations	1,976,724	1,924,202	1,597,813	1,757,767	1,547,952
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	1,976,724	1,924,202	1,597,813	1,757,767	1,547,952
Experience adjustments on plan liabilities	62,579	95,820	24,497	93,991	127,820
Experience adjustments on plan assets	-	-	-	-	-

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

December 31, 2014					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No.13/2003
Beginning balances of PVDBO	1,391,476	1,472,346	589,041	474,597	1,597,813
Current service cost	-	-	-	-	146,083
Past service cost on benefit change	6,493	5,417	3,164	1,181	-
Interest cost of PVDBO	120,563	127,166	50,805	41,314	134,108
Provision for termination benefit	-	-	-	-	59,659
Benefit payments from plan assets	(160,688)	(175,925)	(73,935)	(48,516)	-
Benefit payments by the company (other than termination benefit)	-	-	-	-	(94,869)
Benefit payments for termination by the company	-	-	-	-	(59,659)
Actuarial (gains)/losses from PVDBO:					
(Gains)/losses on change of assumption in economics	68,247	82,286	31,512	29,084	45,247
(Gains)/losses on experience adjustment	48,828	136,646	34,401	7,169	95,820
Ending balances of PVDBO	1,474,919	1,647,936	634,988	504,829	1,924,202

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50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

Reconciliation of plan assets:

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

December 31, 2014				
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,540,476	1,770,137	816,426	551,037
Benefit payments from plan assets	(160,688)	(175,925)	(73,935)	(48,516)
Interest income on plan assets	138,712	151,396	66,254	47,410
Result of plan assets (exclude interest income)	47,869	148,415	(2,702)	9,475
Ending fair value plan assets	1,566,369	1,894,023	806,043	559,406

Mutations in other comprehensive income:

December 31, 2015				
	DPBMS	DPBMD	DPBMT	DPBME
Accumulation of actuarial gains/(losses) on beginning year	-	-	-	-
Actuarial gains of the current year	7,087	5,913	3,454	1,290
Accumulation of actuarial gains on ending year	7,087	5,913	3,454	1,290

Employee benefits liabilities maturing on December 31, 2015 are as follows:

For the year then ended December 31, 2015				
	DPBMS	DPBMD	DPBMT	DPBME
Year-1	169,430	151,898	60,499	40,588
Year-2	140,213	144,781	56,286	37,858
Year-3	127,861	134,276	51,893	35,246
Year-4	115,083	123,797	46,887	32,538
Year-5	103,741	111,855	42,541	31,279
Year-6 to year-10	385,608	419,279	160,716	120,384
Year-11 to year-15	220,597	248,519	93,246	67,828
Year-16 to year-20	118,186	136,308	49,821	37,642
Year-20 up	101,678	129,369	44,841	41,833
Total	1,482,397	1,600,082	606,730	445,196

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50. EMPLOYEE BENEFITS (continued)

Provision for Subsidiaries post-employment benefit on December 31, 2015 and 2014 has been calculated by an independent actuary as stated in the following independent actuarial reports:

Subsidiaries	Independent actuary	Actuary report date	
		2015	2014
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	December 23, 2015	December 18, 2014
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	January 11, 2016	January 9, 2015
PT Bank Mandiri Taspen Pos (formerly PT Bank Sinar Harapan Bali)	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 4, 2016	January 4, 2016*)
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo (2014: PT Ricky Leonard Jasatama)	January 14, 2016	January 15, 2015
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 7, 2016	January 5, 2015
PT Mandiri AXA General Insurance	PT Dayamandiri Dharmakonsilindo	January 7, 2016	January 3, 2015
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	December 31, 2015	January 9, 2015
PT Mandiri Utama Finance	PT Kompujasa Aktuaria	December 31, 2015	-

*) Employee benefit expense for PT Bank Mandiri Taspen Pos as of December 31, 2014 has been recalculated.

51. OTHER OPERATING EXPENSES - OTHERS - NET

	For the year ended December 31,	
	2015	2014
Insurance premiums on third party funds guarantee program	1,327,476	1,171,997
Insurance sales force compensation	852,220	306,156
Fees and commissions expenses	737,454	709,392
Fees related to credit card and ATM transaction	397,698	340,818
Fees from RTGS, remittance and clearing transactions	61,171	62,206
Employee restructuring costs	-	69,733
Others	202,018	417,708
	3,578,037	3,078,010

52. NON-OPERATING INCOME - NET

	For the year ended December 31,	
	2015	2014
Building rental income	14,848	10,235
Gain on sale of fixed assets	228	4,122
Penalties	(6,413)	(10,904)
BOT transactions income	29,266	15,597
Others - net	(7,471)	10,859
	30,458	29,909

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53. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	December 31, 2015	December 31, 2014
COMMITMENTS		
Commitment Payables:		
Unused loan facilities granted*)		
Related parties	(20,811,629)	(26,730,367)
Third parties	(84,527,024)	(66,675,601)
	<u>(105,338,653)</u>	<u>(93,405,968)</u>
Outstanding irrevocable letters of credit (Note 31):		
Related parties	(5,107,643)	(8,325,989)
Third parties	(5,816,945)	(6,842,125)
	<u>(10,924,588)</u>	<u>(15,168,114)</u>
Commitment Payables - Net	<u>(116,263,241)</u>	<u>(108,574,082)</u>
CONTINGENCIES		
Contingent Receivables:		
Guarantees received from other banks	20,021,563	18,764,479
Interest receivable on non-performing assets	9,466,919	8,567,219
Others	32,729	32,729
	<u>29,521,211</u>	<u>27,364,427</u>
Contingent Payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties	(23,280,899)	(17,401,095)
Third parties	(51,230,192)	(43,811,806)
	<u>(74,511,091)</u>	<u>(61,212,901)</u>
Standby letters of credit (Note 31)		
Related parties	(6,560,416)	(6,510,384)
Third parties	(6,175,309)	(5,379,066)
	<u>(12,735,725)</u>	<u>(11,889,450)</u>
Others	<u>(432,992)</u>	<u>(377,195)</u>
Total	<u>(87,679,808)</u>	<u>(73,479,546)</u>
Contingent Payables - Net	<u>(58,158,597)</u>	<u>(46,115,119)</u>
	<u>(174,421,838)</u>	<u>(154,689,201)</u>

*) Include committed and uncommitted unused loan facilities.

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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, 2015 and 2014 are as follows:

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 ^{*)}	-	127,487	-	68,210
		1,515,629		2,388,846

December 31, 2014				
Original Currency	Spot – Buy		Spot – Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	77,621,682	961,345	91,040,000	1,127,530
Others ^{*)}	-	199,468	-	162,032
		1,160,813		1,289,562

^{*)} Consist of various foreign currencies.

55. RELATED PARTY TRANSACTIONS

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following related parties:

- **Related party relationship as the controlling shareholder:**
The Government of the Republic of Indonesia through Ministry of Finance.
- **Related parties relationship by ownership and/or management:**

Related Parties	Nature of Relationship
PT Kustodian Sentral Efek Indonesia	Associate Company
PT Sarana Bersama Pengembangan Indonesia	Associate Company
Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
PT Asuransi Staco Mandiri (dahulu PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri

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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 related parties (continued):

- **Related parties relationship by ownership and/or management (continued):**

The nature of transactions with related parties includes among others, current accounts with other banks, investments in shares, securities, employee's pension plan, loans, deposits from customers and bank guarantee.

- **Related parties relationship with government related entities**

Related Parties	Nature of Relationship
Adhi Multipower Pte. Ltd.	Subsidiary of State Owned Enterprise
PT Abacus Distri System Indonesia	Subsidiary of State Owned Enterprise
PT Adhiguna Putera	Subsidiary of State Owned Enterprise
PT Aero System Indonesia	Subsidiary of State Owned Enterprise
PT Aerowisata	Subsidiary of State Owned Enterprise
PT Angkasa Citra Sarana Catering	Subsidiary of State Owned Enterprise
PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
PT Arthaloka Indonesia	Subsidiary of State Owned Enterprise
PT Asrinda Arthasangga	Subsidiary of State Owned Enterprise
PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
PT Asuransi Jasa Raharja Putera	Subsidiary of State Owned Enterprise
PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
PT Bank Negara Indonesia Syariah	Subsidiary of State Owned Enterprise
PT Berdikari United Livestock	Subsidiary of State Owned Enterprise
PT Berlian Jasa Terminal Ind	Subsidiary of State Owned Enterprise
PT BNI Life Insurance	Subsidiary of State Owned Enterprise
PT BNI Multi Finance	Subsidiary of State Owned Enterprise
PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
PT Daya Laut Utama	Subsidiary of State Owned Enterprise
PT Dharma Lautan Nusantara	Subsidiary of State Owned Enterprise
PT Dok & Perkapalan Waime	Subsidiary of State Owned Enterprise
PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
PT Eltran Indonesia	Subsidiary of State Owned Enterprise
PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
PT Galangan Pelnis Surya	Subsidiary of State Owned Enterprise
PT Gapura Angkasa	Subsidiary of State Owned Enterprise
PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
PT Haleyora Power	Subsidiary of State Owned Enterprise
PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

Related Parties	Nature of Relationship
PT Indonesia Power	Subsidiary of State Owned Enterprise
PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
PT Ismawa Trimitra	Subsidiary of State Owned Enterprise
PT Itci Hutani Manunggal	Subsidiary of State Owned Enterprise
PT Itci Kayan Hutani	Subsidiary of State Owned Enterprise
PT Jasa Marga Bali Tol	Subsidiary of State Owned Enterprise
PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
PT Kalimantan Agro Nusantara	Subsidiary of State Owned Enterprise
PT KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise
PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
PT Kertas Padalarang	Subsidiary of State Owned Enterprise
PT Kimia Farma Trading & Distributor	Subsidiary of State Owned Enterprise
PT Kodja Terramarin	Subsidiary of State Owned Enterprise
PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
PT Krakatau Engineering	Subsidiary of State Owned Enterprise
PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
PT Mega Eltra	Subsidiary of State Owned Enterprise
PT Mitra Kerinci	Subsidiary of State Owned Enterprise
PT Multi Nitrotama Kimia	Subsidiary of State Owned Enterprise
PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
PT Nusantara Regas	Subsidiary of State Owned Enterprise
PT Pal Marine Service	Subsidiary of State Owned Enterprise
PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
PT Patra Jasa	Subsidiary of State Owned Enterprise
PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
PT Pelita Air Service	Subsidiary of State Owned Enterprise
PT Pelita Indonesia Djaya Corp	Subsidiary of State Owned Enterprise
PT Pembangkit Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
PT Perhutani Alam Wisata	Subsidiary of State Owned Enterprise
PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
PT Permodalan Nasional Madani Investment Management	Subsidiary of State Owned Enterprise
PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise
PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities(continued)**

Related Parties	Nature of Relationship
PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
PT Pertamina EP	Subsidiary of State Owned Enterprise
PT Pertamina Gas	Subsidiary of State Owned Enterprise
PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
PT Pertamina Retail	Subsidiary of State Owned Enterprise
PT Pertamina Training & Consulting	Subsidiary of State Owned Enterprise
PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
PT Petrosida	Subsidiary of State Owned Enterprise
PT PLN Batam	Subsidiary of State Owned Enterprise
PT PLN Tarakan	Subsidiary of State Owned Enterprise
PT PP Dirganeka	Subsidiary of State Owned Enterprise
PT PP Pracetak	Subsidiary of State Owned Enterprise
PT Prima Layanan Nasional	Subsidiary of State Owned Enterprise
PT Prima Terminal Petikemas	Subsidiary of State Owned Enterprise
PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
PT Pupuk Kalimantan Timur/PT Pupuk Kaltim	Subsidiary of State Owned Enterprise
PT Pupuk Kujang	Subsidiary of State Owned Enterprise
PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
PT Railindo Global Karya	Subsidiary of State Owned Enterprise
PT Railink	Subsidiary of State Owned Enterprise
PT Reasuransi Internasional Indonesia	Subsidiary of State Owned Enterprise
PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
PT Rekaindo Global Jasa	Subsidiary of State Owned Enterprise
PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
PT Sariarthamas Hotel International	Subsidiary of State Owned Enterprise
PT Semen Padang	Subsidiary of State Owned Enterprise
PT Semen Tonasa	Subsidiary of State Owned Enterprise
PT Sinergi Perkebunan Nusantara (PT SPN)	Subsidiary of State Owned Enterprise
PT Stannia Bineka Jasa	Subsidiary of State Owned Enterprise
PT Sucofindo Episi	Subsidiary of State Owned Enterprise
PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
PT Surya Hutani Jaya	Subsidiary of State Owned Enterprise
PT Tambang Timah	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities(continued)**

Related Parties	Nature of Relationship
PT Tanjung Redeb Hutani	Subsidiary of State Owned Enterprise
PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
PT Terminal Petikemas Indonesia	Subsidiary of State Owned Enterprise
PT Terminal Petikemas Kodja	Subsidiary of State Owned Enterprise
PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
PT Wijaya Karya Bangunan Gedung	Subsidiary of State Owned Enterprise
PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
BPJS Kesehatan (formerly PT ASKES (Persero))	State Owned Enterprise
BPJS Ketenagakerjaan (formerly PT Jamsostek (Persero))	State Owned Enterprise
Perum BULOG	State Owned Enterprise
Perum DAMRI	State Owned Enterprise
PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
Perum Jasa Tirta I (Persero)	State Owned Enterprise
Perum Jasa Tirta II (Persero)	State Owned Enterprise
Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	State Owned Enterprise
Perum Pegadaian	State Owned Enterprise
Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
Perum Perhutani	State Owned Enterprise
Perum Percetakan Uang Republik Indonesia/PERUM PERURI	State Owned Enterprise
Perum Perikanan Indonesia (PERUM PERINDO)	State Owned Enterprise
Perum Perumnas	State Owned Enterprise
Perum PPD Tbk	State Owned Enterprise
Perum Produksi Film Negara	State Owned Enterprise
PT Adhi Karya (Persero) Tbk	State Owned Enterprise
PT Amarta Karya (Persero)	State Owned Enterprise
PT Aneka Tambang (Persero) Tbk.	State Owned Enterprise
PT Angkasa Pura I (Persero)	State Owned Enterprise
PT Angkasa Pura II (Persero)	State Owned Enterprise
PT ASABRI (Persero)	State Owned Enterprise
PT ASDP Indonesia Ferry (Persero)	State Owned Enterprise
PT Asei Reasuransi Indonesia (Persero)	State Owned Enterprise
PT Asuransi Ekspor Indonesia	State Owned Enterprise
PT Asuransi Jasa Indonesia (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities(continued)**

Related Parties	Nature of Relationship
PT Asuransi Jasa Raharja	State Owned Enterprise
PT Asuransi Jiwasraya (Persero)	State Owned Enterprise
PT Asuransi Kredit Indonesia/PT Askindo (Persero)	State Owned Enterprise
PT Bahana Pembinaan Usaha Indonesia (Persero)	State Owned Enterprise
PT Balai Pustaka (Persero)	State Owned Enterprise
PT Bali Tourism Development Corporation	State Owned Enterprise
PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
PT Barata Indonesia (Persero)	State Owned Enterprise
PT Berdikari (Persero)	State Owned Enterprise
PT Bhanda Ghara Reksa (Persero)	State Owned Enterprise
PT Bina Karya (Persero)	State Owned Enterprise
PT Bio Farna (Persero)	State Owned Enterprise
PT Biro Klasifikasi Indonesia (Persero)	State Owned Enterprise
PT Boma Bisma Indra (Persero)	State Owned Enterprise
PT Brantas Abipraya (Persero)	State Owned Enterprise
PT Cambrics Primiissima (Persero)	State Owned Enterprise
PT Dahana (Persero)	State Owned Enterprise
PT Danareksa (Persero)	State Owned Enterprise
PT Dirgantara Indonesia (Persero)	State Owned Enterprise
PT Djakarta Llyod (Persero)	State Owned Enterprise
PT Dok & Perkapalan Kodja Bahari (Persero)	State Owned Enterprise
PT Elnusa Tbk.	State Owned Enterprise
PT Energi Manajemen Indonesia	State Owned Enterprise
PT Garam (Persero)	State Owned Enterprise
PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
PT Hotel Indonesia Natour	State Owned Enterprise
PT Utama Karya (Persero)	State Owned Enterprise
PT Iglas (Persero)	State Owned Enterprise
PT Indah Karya	State Owned Enterprise
PT Indofarma (Persero) Tbk.	State Owned Enterprise
PT Indra Karya (Persero)	State Owned Enterprise
PT Industri Kapal Indonesia (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities(continued)**

Related Parties	Nature of Relationship
PT Industri Kereta Api (INKA)	State Owned Enterprise
PT Industri Nuklir Indonesia (Persero) (formerly PT Batan Teknologi)	State Owned Enterprise
PT Industri Sandang Nusantara	State Owned Enterprise
PT Industri Soda Indonesia (Persero)	State Owned Enterprise
PT Industri Telekomunikasi Indonesia (ITI)	State Owned Enterprise
PT Inhutani I	State Owned Enterprise
PT Inhutani II	State Owned Enterprise
PT Inhutani III	State Owned Enterprise
PT Inhutani IV	State Owned Enterprise
PT Inhutani V	State Owned Enterprise
PT INTI (Persero)	State Owned Enterprise
PT Istaka Karya	State Owned Enterprise
PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
PT Jiep	State Owned Enterprise
PT Kawasan Berikat Nusantara (Persero)	State Owned Enterprise
PT Kawasan Industri Makasar (Persero)	State Owned Enterprise
PT Kawasan Industri Medan (Persero)	State Owned Enterprise
PT Kawasan Industri Wijayakusuma (Persero)	State Owned Enterprise
PT Kereta Api Indonesia (Persero)	State Owned Enterprise
PT Kertas Kraft Aceh (Persero)	State Owned Enterprise
PT Kertas Leces (Persero)	State Owned Enterprise
PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
PT Kliring Berjangka Indonesia (Persero)	State Owned Enterprise
PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
PT Len Industri (Persero)	State Owned Enterprise
PT Merpati Nusantara Airlines	State Owned Enterprise
PT Nindya Karya (Persero)	State Owned Enterprise
PT PAL Indonesia (Persero)	State Owned Enterprise
PT Pann Multi Finance (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia I (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia II (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia III (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia IV (Persero)	State Owned Enterprise
PT Pelayaran Bahtera Adiguna	State Owned Enterprise
PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities(continued)**

Related Parties	Nature of Relationship
PT Pengembangan Pariwisata Indonesia (Persero)	State Owned Enterprise
PT Pengusahaan Daerah Industri Pulau Batam (Persero)	State Owned Enterprise
PT Perhutani	State Owned Enterprise
PT Perikanan Nusantara	State Owned Enterprise
PT Perkebunan Nusantara I (Persero)	State Owned Enterprise
PT Perkebunan Nusantara II (Persero)	State Owned Enterprise
PT Perkebunan Nusantara III (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IV (Persero)	State Owned Enterprise
PT Perkebunan Nusantara V (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IX (Persero)	State Owned Enterprise
PT Perkebunan Nusantara X (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIV (Persero)	State Owned Enterprise
PT Permodalan Nasional Madani (Persero)	State Owned Enterprise
PT Pertamina (Persero)	State Owned Enterprise
PT Pertani (Persero)	State Owned Enterprise
PT Perusahaan Pengelolaan Aset	State Owned Enterprise
PT Prasarana Perikanan Samudera	State Owned Enterprise
PT Pupuk Indonesia Holding Company (previously PT Pupuk Sriwidjaja (Persero))	State Owned Enterprise
PT Reasuransi Umum Indonesia	State Owned Enterprise
PT Rukindo	State Owned Enterprise
PT Sang Hyang Seri	State Owned Enterprise
PT Sarana Karya	State Owned Enterprise
PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
PT Sarana Multigriya Finansial (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities(continued)**

Related Parties	Nature of Relationship
PT Sarinah (Persero)	State Owned Enterprise
PT Semen Baturaja (Persero)	State Owned Enterprise
PT Semen Indonesia (Persero) Tbk. (formerly PT Semen Gresik (Persero) Tbk.)	State Owned Enterprise
PT Semen Kupang	State Owned Enterprise
PT Sier	State Owned Enterprise
PT Sucofindo (Persero)	State Owned Enterprise
PT Survey Udara Penas	State Owned Enterprise
PT Surveyor Indonesia	State Owned Enterprise
PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
PT Taspen	State Owned Enterprise
PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
PT Timah (Persero) Tbk.	State Owned Enterprise
PT Varuna Tirta Prakasya (Persero)	State Owned Enterprise
PT Virama Karya	State Owned Enterprise
PT Waskita Karya (Persero)	State Owned Enterprise
PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
PT Yodya Karya (Persero)	State Owned Enterprise
PT Penjamin Infrastruktur Indonesia (Persero)	State Owned Enterprise
Lembaga Pembiayaan Ekspor Indonesia	Financial Institution
PT Indonesia Infrastruktur Finance	Associate Entity of State Owned Enterprise

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.

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to government related entities.

On December 19, 2013, Bank Mandiri sold all of its shares in UGM to Dana Pensiun Bank Mandiri, Dana Pensiun Bank Mandiri 2, Mandiri Healthcare and BDP to Dana Pensiun Bank Mandiri, Dana Pensiun Bank Mandiri 1, Mandiri Healthcare with market value amounting to Rp396,000. This transaction represents transaction between entities under common control (Note 1g and 40b).

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55. RELATED PARTY TRANSACTIONS (continued)

• **Transactions with management and key personnel of Bank Mandiri**

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Sharia Supervisory Board and Executive Vice President and Senior Vice President (Note 48) for the years ended December 31, 2015 and 2014 as amount Rp857,365 and Rp717,073 or 2.98% and 2.83% of total consolidated operating expenses - others, respectively.

Shares owned by the Directors from MSOP program for the years ended December 31, 2015 and 2014 amounting to 10,207,529 shares and 13,892,900 shares or 0.04% and 0.04% of total authorised capital, respectively.

Details of significant transactions with related parties as of December 31, 2015 and 2014, are as follows:

	December 31, 2015	December 31, 2014
<u>Assets</u>		
Current accounts with other banks (Note 5a)	24,515	20,937
Placements with Bank Indonesia and other banks (Note 6b)	1,991,278	1,503,078
Marketable securities (Note 7a)*)	16,516,404	14,803,097
Government bonds (Note 8)	103,869,361	86,153,906
Other receivables - trade transactions (Note 9a)	7,051,775	6,414,623
Derivative receivables (Note 11)	32,152	5,807
Loans (Note 12A.a and 12B.g)	75,405,807	67,613,532
Consumer financing receivables (Note 13a)	5,886	7,420
Acceptance receivables (Note 15a)	409,880	252,138
Total assets with related parties	205,307,058	176,774,538
Total consolidated assets	910,063,409	855,039,673
Percentage of total assets with related parties to total consolidated assets	22.56%	20.67%
<u>Liabilities</u>		
Deposits from customers		
Demand deposits/wadiah demand deposit (Note 21a)	38,252,185	19,751,219
Saving deposits/wadiah saving deposit (Note 22a)	1,342,075	121,683
Time deposits (Note 23a)	37,257,210	33,459,942
Deposits from other banks		
Demand and saving deposits (Note 24a)	70,176	25,569
Inter-bank call money (Note 25a)	600,000	-
Derivative payables (Note 11)	3,095	8,679
Securities sold under repurchase agreements to repurchase (Note 28)	467,123	-
Acceptance payables (Note 29a)	606,737	1,366,249
Marketable securities issued (Note 30)	587,750	437,000
Fund borrowings (Note 36)	25,178	252,149
Subordinated loans (Note 37)	1,687,800	1,909,800
Total liabilities with related parties	80,899,329	57,332,290
Total consolidated liabilities	736,198,705	697,019,624

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55. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2015 and 2014, are as follows (continued):

	December 31, 2015	December 31, 2014
Percentage of total liabilities with related parties to total consolidated liabilities	10.99%	8.23%
Temporary <i>Syirkah</i> Funds (Note 38)	666,356	492,425
Percentage to total temporary <i>syirkah</i> funds	1.23%	0.93%

* Stated by gross before unamortized discount and (losses)/gains have not realizing from (decrease)/increase in securities.

	For the year ended December 31,	
	2015	2014
<u>Statements of Comprehensive Income</u>		
Interest income from government bonds and treasury bills (Note 41)	5,364,814	4,681,935
Percentage to interest income and sharia income	7.49%	7.47%
Interest expense from fund borrowing (Note 42)	3,759	59,292
Percentage to interest expense and sharia expense	0.01%	0.25%
<u>Commitmens and contingencies (Note 53)</u>		
Unused loan facilities granted	20,811,629	26,730,367
Outstanding irrevocable letters of credit	5,107,643	8,325,989
Guarantees issued in the form of bank guarantee	23,280,899	17,401,095
Guarantees issued in the form of Standby letters of credit	6,560,416	6,510,384
Total commitments and contingencies for related parties	55,760,587	58,967,835
Total commitmens and contingencies for consolidated	174,421,838	154,689,201
Percentage total commitmens and contingencies of related parties to consolidated aset	31.97%	38.12%

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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, 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.
- Micro dan Business : including loans granted to business entities or individuals with micro-scale to small, products and other services such as deposits, payment transactions and other transactions belonging to micro and small customers.
- Consumer/Individual : 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 life insurance, 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)

The following describes the operation in each of reportable segments as of December 31, 2014:

- Corporate : includes loans, deposits and other transactions by corporate customers.
- Commercial and Business : includes loans, deposits and other transactions by commercial and business banking customers (small to medium size).
- Micro and Retail : focuses on products and services for individual customers in micro and retail segments. It includes loans, deposits, payment transactions and other transactions by retail customers.
- Consumer : represents consumer financing business including housing loan, credit cards and other transactions by consumer customers.
- Treasury, Financial Institution and Special Assets Management (SAM) : treasury undertakes treasury activities which include foreign exchange, money market, and fixed income business. Financial institution undertakes international business banking, capital market and Cayman islands branch. SAM activities include non performing loan and abandoned properties management.
- Institutional Banking : focuses on handling deposits and other transactions with government related entities, which are not undertaken by other segments.
- Head Office : mainly manages Group's assets and liabilities that are not managed by other segments, act as cost centre for providing central shared services to other segments and absorb costs that are not allocated to other segments.
- Subsidiary - Sharia : includes all transactions undertaken by a Subsidiary engaged in sharia banking.
- Subsidiaries - Insurance : includes all transactions undertaken by a Subsidiary engaged in life and general insurance.
- Subsidiary - other than Sharia and insurance : includes all transactions undertaken by Subsidiaries engaged in consumer financing, remittances, securities and banking.

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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-linked 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:											
Non controlling 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)

Account	December 31, 2014											Total
	Corporate	Commercial and Business	Micro and Retail	Consumer	Treasury, Financial Institution and SAM	Institutional Banking ¹	Head Office	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance	Adjustment and elimination ^{**}	
Consolidated statement of profit or loss and other comprehensive income												
Interest and sharia income [*]	15,614,891	20,214,019	30,964,293	7,767,435	5,208,616	6,965,750	4,248,225	5,546,561	463,750	1,554,137	(35,909,735)	62,637,942
Interest and sharia expense [*]	(10,738,414)	(13,149,766)	(13,528,314)	(4,848,192)	(2,403,749)	(5,089,973)	(1,483,153)	(2,451,302)	-	(664,386)	30,851,731	(23,505,518)
Net Interest and sharia income	4,876,477	7,064,253	17,435,979	2,919,243	2,804,867	1,875,777	2,765,072	3,095,259	463,750	889,751	(5,058,004)	39,132,424
Net Premium income	-	-	-	-	-	-	-	-	2,680,570	-	-	2,680,570
Net Interest and sharia and premium income	4,876,477	7,064,253	17,435,979	2,919,243	2,804,867	1,875,777	2,765,072	3,095,259	3,144,320	889,751	(5,058,004)	41,812,994
Other operating income:												
Other fees and commission	839,459	1,161,538	4,612,109	1,131,148	2,156,543	172,259	(1,775,987)	984,529	-	495,246	(644,869)	9,131,975
Other	55,091	418,102	875,086	449,817	2,078,019	-	1,493,187	17,037	354,494	381,830	(566,823)	5,555,840
Total	894,550	1,579,640	5,487,195	1,580,965	4,234,562	172,259	(282,800)	1,001,566	354,494	877,076	(1,211,692)	14,687,815
Reversal of/(allowance for) impairment losses on financial assets and others	406,107	(1,661,263)	(1,455,667)	(992,256)	578,592	(2,648)	(1,121,120)***)	(1,004,044)	-	(254,668)	(22,369)	(5,529,336)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	2,578	-	132,858	11,085	-	146,521
Gain on sale of marketable securities and government bonds	-	-	-	-	-	-	183,617	-	8,084	42,762	-	234,463
Other operating expenses:												
Salaries and employee benefit	(274,261)	(898,753)	(4,346,999)	(286,643)	(215,906)	(47,774)	(2,542,866)	(1,359,776)	(272,801)	(602,252)	-	(10,848,031)
General and administrative expenses	(185,133)	(321,761)	(3,432,646)	(623,259)	(269,626)	(56,981)	(4,192,944)	(1,351,815)	(627,814)	(386,331)	-	(11,448,310)
Other	(143,071)	(40,121)	(845,935)	(104,068)	(90,560)	(113,863)	(1,092,337)	(285,070)	(925,578)	(91,626)	654,219	(3,078,010)
Total	(602,465)	(1,260,635)	(8,625,580)	(1,013,970)	(576,092)	(218,618)	(7,828,147)	(2,996,661)	(1,826,193)	(1,080,209)	654,219	(25,374,351)
Non operating income - net	1,305	-	894	(208)	(49,373)	-	70,743	13,673	2,606	(9,731)	-	29,909
Tax expense	-	-	-	-	-	-	(4,757,501)	(38,015)	(433,407)	(124,309)	-	(5,353,232)
Net income	5,575,974	5,721,995	12,842,821	2,493,774	6,992,556	1,826,770	(10,967,558)	71,778	1,382,762	351,757	(5,637,846)	20,654,783
Net income attributable to:												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	782,910
Parent entity	-	-	-	-	-	-	-	-	-	-	-	19,871,873
Consolidated statement of financial position												
Loans - gross	142,597,627	196,182,613	36,030,708	64,705,595	5,055,677	30,694,606	-	48,226,583	-	919,827	(1,311,419)	523,101,817
Total Asset	156,397,003	198,430,658	40,837,873	65,027,274	228,286,307	31,776,127	36,283,970	66,942,422	26,342,284	14,496,601	(9,780,846)	855,039,673
Demand deposits/ wadiah demand deposits	(40,275,004)	(13,223,418)	(50,425,065)	-	(1,302,746)	(17,816,423)	-	(5,186,571)	-	(101,224)	276,893	(128,053,558)
Saving deposit/ wadiah saving deposits	(555,122)	(3,344,503)	(224,423,863)	-	(30,200)	(1,100,923)	-	(1,700,819)	-	(305,826)	-	(231,461,256)
Time deposits	(38,788,889)	(7,473,932)	(128,055,156)	-	(6,780,056)	(42,730,501)	-	-	-	(727,682)	622,119	(223,934,097)
Total deposit from customers	(79,619,015)	(24,041,853)	(402,904,084)	-	(8,113,002)	(61,647,847)	-	(6,887,390)	-	(1,134,732)	899,012	(583,448,911)
Total Liabilities	(87,903,489)	(27,494,162)	(406,253,339)	(838,056)	(20,980,313)	(61,656,991)	(54,581,314)	(8,829,956)	(22,606,318)	(11,770,972)	5,895,286	(697,019,624)

^{*}) Include a component of internal transfer pricing amongst 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.

1) For risk management disclosure purpose in Note 61, institutional banking business included in corporate.

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56. SEGMENT INFORMATION (continued)

Geographical Segment

The principal operations of the Group is managed in Indonesia, Asia (Singapore, Hong Kong, Timor Leste, Shanghai, Malaysia), Western Europe (England) and Cayman Islands. Information concerning the geographical segments of the Group is set out in the table below:

Information on geographical segment for the year ended 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	(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:					
Non controlling 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/ <i>wadiah</i> demand deposits	(169,257,095)	(2,871,186)	(26,207)	-	(172,154,488)
Saving deposit/ <i>wadiah</i> 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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56. SEGMENT INFORMATION (continued)

Geographical Segment (continued)

Information on geographical segment for the year ended December 31, 2014:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	61,992,640	387,916	38,520	218,866	62,637,942
Interest and sharia expense	(23,443,855)	(45,441)	(4,146)	(12,076)	(23,505,518)
Net Interest and sharia income	38,548,785	342,475	34,374	206,790	39,132,424
Net Premium income	2,680,570	-	-	-	2,680,570
Net Interest and sharia and premium income	41,229,355	342,475	34,374	206,790	41,812,994
Other operating income:					
Other fees and commissions	9,008,691	113,554	-	9,730	9,131,975
Others	5,495,559	47,357	12,486	438	5,555,840
Total	14,504,250	160,911	12,486	10,168	14,687,815
(Allowance for)/reversal of impairment losses	(5,374,246)	2,991	(3,670)	(154,411)	(5,529,336)
Unrealised gains/(losses) from increase/(decrease) marketable securities, government bonds, and policyholders' investment	146,568	(47)	-	-	146,521
Gain on sale of marketable securities and government bonds	217,055	3,346	-	14,062	234,463
Other operating expenses:					
Salaries and employee benefit	(10,693,968)	(125,780)	(20,141)	(8,142)	(10,848,031)
General, administrative expenses and others	(14,388,684)	(95,807)	(19,435)	(22,394)	(14,526,320)
Total	(25,082,652)	(221,587)	(39,576)	(30,536)	(25,374,351)
Non operating income - net	26,136	52,205	-	(48,432)	29,909
Tax expense	(5,305,287)	(47,945)	-	-	(5,353,232)
Net income	20,361,179	292,349	3,614	(2,359)	20,654,783
Net income attributable to:					
Non controlling interest	-	-	-	-	782,910
Parent entity	-	-	-	-	19,871,873
Consolidated statement of financial position					
Loans	504,659,448	13,110,662	32	5,331,675	523,101,817
Total Aset	824,343,716	20,885,950	2,334,225	7,475,782	855,039,673
Demand deposit/ <i>wadiah</i> demand deposits	(125,534,036)	(2,434,201)	(84,082)	(1,239)	(128,053,558)
Saving deposit/ <i>wadiah</i> saving deposits	(230,263,488)	(1,197,768)	-	-	(231,461,256)
Time deposits	(220,969,844)	(2,964,253)	-	-	(223,934,097)
Total deposit from customers	(576,767,368)	(6,596,222)	(84,082)	(1,239)	(583,448,911)
Total Liabilities	(665,302,888)	(20,866,724)	(3,385,824)	(7,464,188)	(697,019,624)

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57. CAPITAL ADEQUACY RATIO

Capital Risk Management

Bank Mandiri's capital policy is to prudently diversify the source of its capital to anticipate the long-term strategic plan and to allocate capital efficiently to business segment that has a potential to provide an optimum risk of return, includes investment in subsidiaries in order to fulfil the stakeholders (investor and regulator) expectations.

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 SE BI No. 13/6/DPNP dated February 18, 2011 regarding credit risk weighted asset using Standardised Approach, the Bank's risk weighted assets as of December 31, 2015 amounted to Rp497,912,789. The market risk weighted assets using Standardised Approach and operational risk weighted assets using Basic Indicator Approach are amounting to Rp805,426 and Rp78,627,774, respectively.

The Capital Adequacy Ratio (CAR) as of December 31, 2015 is calculated based on Peraturan Bank Indonesia (PBI) No. 15/12/PBI/2013 regarding the Minimum Capital Requirement for Conventional Banking while the Capital Adequacy Ratio (CAR) as of December 31, 2014 is calculated based on PBI No. 14/18/2012 regarding the Minimum Capital Requirement for Conventional Banking. The CAR of Bank Mandiri (Bank Mandiri only) as of December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Capital:		
Core capital*)	93,252,808	79,052,150
Supplementary capital	14,135,338	6,427,547
Total Capital for credit risk, operational risk and market risk charge	<u>107,388,146</u>	<u>85,479,697</u>
Risk-Weighted Assets for credit	497,912,789	445,254,441
Risk-Weighted Assets for operational	78,627,774	67,786,852
Risk-Weighted Assets for market risk	805,426	1,863,243
Total Risk-Weighted Assets for credit, operational and market risk charge	<u>577,345,989</u>	<u>514,904,536</u>

*) Excludes the impact of deferred tax amounting to Rp82,730 as of December 31, 2014 and unrealised losses on marketable securities and government bonds available for sale (Bank Mandiri Only) amounting to Rp699,085 as of December 31, 2014. On April 30, 2003, Bank Mandiri underwent a quasi-reorganisation which accumulated losses of Rp162,874,901 was eliminated against additional paid-in capital/share premium.

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57. CAPITAL ADEQUACY RATIO (continued)

Capital Risk Management (continued)

	December 31, 2015	December 31, 2014
CAR for core capital	16.15%	15.35%
CAR for credit risk	21.57%	19.20%
CAR for credit risk and operational risk	18.63%	16.66%
CAR for credit risk and market risk	21.53%	19.12%
CAR for credit risk, operational risk and market risk	18.60%	16.60%
Minimum CAR core capital	6.00%	6.00%
Minimum CAR based on risk profile	9.00%	9.00%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2015 and 2014 including credit, operational and market risk is 17.99% and 16.13%, taking into account credit and operational risk is 18.02% and 16.20%.

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 (include off-balance sheet) as of December 31, 2015 and 2014 (Bank Mandiri only) are 1.54% and 1.13% 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, 2015 and 2014 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2015 and 2014 are 122.80% and 122.55% 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, 2015 and 2014 are 6.08% and 6.89% respectively.

The Legal Lending Limit (LLL) as of December 31, 2015 and 2014 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;

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59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Custodial Services (continued)

- 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 administered by Bank Mandiri's custodial.

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

- 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, 2015 and 2014, Bank Mandiri's Custodial Operations has 663 and 608 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, 2015 (unaudited) are amounting to Rp291,574,581, USD1,115,451,120 (full amount), EUR106,336 (full amount) and HKD153,500,000 (full amount) and as of December 31, 2014 (unaudited) are amounting to Rp261,185,495, USD846,795,769 (full amount), EUR106,336 (full amount) and HKD84,000,000 (full amount). 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 OJK 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

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59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Trust Operations (continued)

As of December 31, 2015, Bank Mandiri as Trustee has 85 trustee customers with the total value of bonds and MTN issued amounting to Rp50,760,000 and USD44,100,000 (full amount) and as of December 31, 2014 has 63 trustee customers with the total value of bonds and MTN issued amounting to Rp41,227,000 and USD9,900,000 (full amount) (unaudited).

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, 2015	December 31, 2014
Government:		
Agriculture	415,740	518,548
Manufacturing	14,543	91,200
Electricity, gas and water	-	6,970,950
Transportation and communications	-	1,371,414
Construction	-	32,149
Others	-	52,848
	430,283	9,037,109

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60. CHANNELING LOANS (continued)

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.

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.

The Bank's risk management framework is based on Bank Indonesia's Regulation No. 5/8/PBI/2003 dated May 19, 2003 regarding Risk Management Implementation for Commercial Banks as amended by Bank Indonesia's Regulation No. 11/25/PBI/2009 dated July 1, 2009 regarding The Amendment of Bank Indonesia's Regulations No. 5/8/PBI/2003 regarding the Implementation of Risk Management for Commercial Bank. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (BMRMP), which is in line with the implementation plan of Basel II Accord in Indonesia. Risk management framework consists of several policies as the guideline to the business growth and as a business enabler to ensure the Bank conduct prudential principle by examining the risk management performance process (identification - measurement - 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 and Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Assets & Liabilities Committee (ALCO), Risk Management Committee (RMC), Integrated Risk Management Committee (IRC) Capital & Subsidiaries Committee (CSC), Wholesale Business Committee (WBC), Retail Business Committee (RBC), Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), Policy & Procedure Committee (PPC) and Credit Committee.

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61. RISK MANAGEMENT (continued)

Out of 10 Executive Committee, 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 roifk 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 OJK Rule No.14/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 2 (two) big parts, that is 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.

The Risk Management Directorate and each strategic business unit are responsible for maintaining/coordinating 8 (eight) types of risk that faced by the Bank, discussing and proposing risk management policies and guidelines.

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.

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 optimum 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 and 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 Assessing the Quality of Asset on Commercial Bank regulating that the assessment on debtor business process should also consider the debtor's effort to maintain its environment.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

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 condition. This is to ensure the debtor uses the loan according to original purpose so that bank and debtor's interest are fulfilled.

The policies regarding to collateral in order to mitigate credit risk has been embedded in each segment's Credit Procedure Standard. 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

As credit collateral, 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 fulfils 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 among other include Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum.

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).

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

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

To improve the measurement of transactional risk in the overseas branches, the Bank has implemented BMRS overseas.

To support the development of model, the Bank has issued Guideline for the development of credit rating and credit scoring models, a complete guidance for the Bank in developing credit rating and credit scoring models. In addition, to monitor the performance of credit rating and credit scoring models, the Bank reviews the scoring and rating results conducted by Business Units. 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 AIRB, 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.

In quarter IV of 2015, the Bank has completed model development for PD and LGD in the Retail segment for several products such as consumer loans and credit card and PD model for Corporate, Corporate SME, and Project finance segment.

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 Non Performing Loan (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 (Non Performing Loan) level of business banking debtors.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

At the portfolio level, risk management is conducted through an active portfolio management approach in which the Bank proactively maintains portfolio diversification 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.

Industry Classification (IC) classifies industrial sectors into three categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry target market. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative), which serves as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which provides maximum exposure limit which can be given to a particular industrial sector.

PG has fundamentally changed the business process in credit where the Bank now proactively gives priority to industries which give economic value added and select the best companies and individuals within those industries (winner players) which are set as targeted customers. By using this proactive approach, the Bank has successfully attracted the companies that are profitable and classified in the prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry Limit and Debtor Limit). The Bank has been implementing an integrated Limit Management System Solution to monitor and manage limit and exposures, for both individual and portfolio level.

PG is 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 Bank Mandiri, 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 31 December 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Current accounts with Bank Indonesia	56,314,316	50,598,840
Current accounts with other banks	10,152,214	8,983,467
Placement with Bank Indonesia and other banks	37,320,863	61,117,605
Marketable securities*)		
Government		
Fair value through profit or loss	1,451,095	208,782
Available for sale	898,756	253,951
Non Government		
Fair value through profit or loss	1,998,275	4,198,554
Available for sale	16,390,715	12,879,298
Held to maturity	7,153,740	7,030,776
At cost	576,804	368,852
Government Bonds**)		
Fair value through profit or loss	1,583,907	1,745,205
Available for sale	74,153,603	61,187,145
Held to maturity	20,811,293	21,195,694
At cost	6,054,722	875,973
Other receivables - trade transactions	13,184,766	11,651,696
Securities purchased under resale agreements	676,900	19,744,804
Derivatives receivables	700,884	71,044
Loans		
Corporate	193,600,635	171,537,913
Commercial	151,730,845	188,999,684
Consumer/individual	71,026,792	63,456,545
Micro and Business Banking	99,566,905	34,943,158
Sharia	48,468,418	46,457,570
Consumer financing receivables	7,907,449	5,893,135
Net investment in finance leases	598,359	766,524
Acceptances receivables	11,224,243	13,007,132

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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, 2015	December 31, 2014
Other assets		
Accrued income	4,060,993	3,272,972
Receivables from customer transactions	762,373	1,698,106
Receivables from transactions related to ATM and credit card	477,159	636,502
Receivable from policyholder	476,807	151,250
Receivable from sale of marketable securities	99,610	261,870
Receivables from Government Bonds pledged as collateral	592,668	592,614
	840,016,109	793,786,661

*) Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

Credit risk exposures relating to administrative accounts net after allowance for impairment losses as of December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Bank guarantees issued	74,276,897	61,139,500
Committed unused loan facilities granted	29,268,015	33,510,008
Standby letter of credit	12,710,551	11,886,608
Outstanding irrevocable letters of credit	10,800,349	15,100,555
	127,055,812	121,636,671

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as of December 31, 2015 and 2014, 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 (continued)

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of December 31, 2015 and 2014. 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, 2015					
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
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 (Note 2ak).

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

***)) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

****) 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, 2014					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others***)	
Current accounts with Bank Indonesia	50,598,840	-	-	-	-	50,598,840
Current accounts with other banks	6,713,624	33	8,909	3	2,264,262	8,986,831
Placement with Bank Indonesia and other banks	58,447,823	-	-	-	2,764,929	61,212,752
Marketable securities *)						
Government						
Fair value through profit or loss	208,782	-	-	-	-	208,782
Available for sale	-	-	-	-	253,951	253,951
Non Government						
Fair value through profit or loss	3,968,948	-	-	-	229,606	4,198,554
Available for sale	12,826,314	-	-	-	52,984	12,879,298
Held to maturity	7,187,494	-	-	-	-	7,187,494
At cost	513,913	-	-	-	-	513,913
Government Bonds **)						
Fair value through profit or loss	1,745,205	-	-	-	-	1,745,205
Available for sale	61,138,371	-	-	-	48,774	61,187,145
Held to maturity	20,937,094	-	-	-	258,600	21,195,694
At cost	875,973	-	-	-	-	875,973
Other receivables-trade transactions	13,037,723	-	-	-	200,244	13,237,967
Securities purchased under resale agreements	19,786,745	-	-	-	-	19,786,745
Derivatives receivables	68,111	-	-	-	2,933	71,044
Loans						
Corporate	122,280,812	27,566,114	8,293,468	1,634,581	18,399,392	178,174,367
Commercial and Business Banking	132,977,018	35,569,769	15,559,340	8,985,522	1,953,122	195,044,771
Consumer	49,340,611	6,835,578	3,848,116	3,827,294	853,996	64,705,595
Micro and Retail	20,705,947	8,809,805	2,530,994	3,513,790	1,389,966	36,950,502
Sharia	32,389,459	9,477,884	3,198,689	2,384,871	775,679	48,226,582
Consumer financing receivables	3,845,389	1,484,977	429,830	327,791	-	6,087,987
Net investment in finance leases	649,050	294	4,138	130,255	-	783,737
Acceptances receivables	11,052,190	-	-	-	2,061,869	13,114,059
Other assets						
Accrued income	2,623,970	306,969	115,117	91,410	135,506	3,272,972
Receivables from customer transactions	1,764,202	-	-	-	-	1,764,202
Receivables from transactions related to ATM and credit card	636,502	-	-	-	-	636,502
Receivable to policyholder	124,549	15,059	6,571	5,071	-	151,250
Receivable from sale of marketable securities	261,870	-	-	-	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	-	-	-	592,614
	637,299,143	90,066,482	33,995,172	20,900,588	31,645,813	813,907,198

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

***) 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, 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

	December 31, 2014					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others*)	
Administrative accounts						
Bank guarantees issued	59,742,968	8,152	1,417	9,250	1,451,114	61,212,901
Committed unused loan facilities granted	24,267,611	3,269,169	670,332	605,514	4,750,373	33,562,999
Outstanding irrevocable letters of credit	14,110,804	-	-	-	1,057,310	15,168,114
Standby letter of credit	11,715,440	-	-	-	174,010	11,889,450
	109,836,823	3,277,321	671,749	614,764	7,432,807	121,833,464

*) Other including portfolio in Papua and overseas branch

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, 2015 and 2014.

	December 31, 2015						Total
	Government	Bank financial institution	Manufacturing	Agriculture	Business services	Others****)	
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

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, 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	Bank financial institution	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 (Note 2ak).

****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

	December 31, 2014						
	Government	Bank financial institution	Manufacturing	Agriculture	Business services	Others***)	Total
Current accounts with Bank Indonesia	-	50,598,840	-	-	-	-	50,598,840
Current accounts with other banks	-	8,986,831	-	-	-	-	8,986,831
Placement with Bank Indonesia and other banks	-	61,212,752	-	-	-	-	61,212,752
Marketable securities *)							
Government							
Fair value through profit or loss	208,782	-	-	-	-	-	208,782
Available for sale	253,951	-	-	-	-	-	253,951
Non Government							
Fair value through profit or loss	-	3,968,616	66,180	2,069	120,556	41,133	4,198,554
Available for sale	-	6,941,062	330,400	300,000	1,340,315	3,967,521	12,879,298
Held to maturity	-	4,594,409	343,496	-	1,236,995	1,012,594	7,187,494
At cost	-	13,021	-	-	-	500,892	513,913
Government Bonds **)							
Fair value through profit or loss	1,745,205	-	-	-	-	-	1,745,205
Available for sale	61,187,145	-	-	-	-	-	61,187,145
Held to maturity	21,195,694	-	-	-	-	-	21,195,694
At cost	875,973	-	-	-	-	-	875,973
Other receivables-trade transactions	-	1,582,038	6,014,385	237,127	-	5,404,417	13,237,967
Securities purchased under resale agreements	-	19,225,313	-	-	-	561,432	19,786,745
Derivatives receivables	-	28,468	39,080	1,753	1,743	-	71,044
Loans							
Corporate	7,584,351	1,054,814	46,806,196	34,632,962	18,648,676	69,447,368	178,174,367
Commercial and Bussiness Banking	-	32,000	57,281,077	18,561,333	21,282,789	97,887,572	195,044,771
Consumer	-	-	-	-	13,982,607	50,722,988	64,705,595
Micro and Retail	-	1,470,851	216,870	2,701,552	2,540,028	30,021,201	36,950,502
Sharia	949,942	1,462,598	2,559,988	2,054,577	9,062,907	32,136,570	48,226,582
Consumer financing receivables	-	-	1,801	1,744	23,884	6,060,558	6,087,987
Net investment in finance leases	-	-	-	-	51,095	732,642	783,737

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

***) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, 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, 2014 (continued)							
	Government	Bank financial institution	Manufacturing	Agriculture	Business services	Others***)	Total
Acceptances receivables	-	285,554	177,222	-	-	12,651,283	13,114,059
Other assets							
Accrued income	85,333	989,993	334,860	112,208	147,091	1,603,487	3,272,972
Receivables from customer transactions	-	93,477	-	3,032	-	1,667,693	1,764,202
Receivables from transactions related to ATM and credit card	-	-	-	-	-	636,502	636,502
Receivable to policyholders	-	-	-	-	-	151,250	151,250
Receivable from sale of marketable securities	-	261,870	-	-	-	-	261,870
Receivables from Government Bonds pledged as collateral	-	592,614	-	-	-	-	592,614
	94,086,376	163,395,121	114,171,555	58,608,357	68,438,686	315,207,103	813,907,198

***) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

Credit risk exposure relating to administrative accounts items are as follows:

December 31, 2015							
	Government	Bank financial institution	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

December 31, 2014							
	Government	Bank financial institution	Manufacturing	Agriculture	Business services	Others*)	Net
Administrative accounts							
Bank guarantees issued	35,650	22,765,829	12,783,651	114,381	291,390	25,222,000	61,212,901
Committed unused loan facilities granted	4,544,091	4,015,754	6,168,228	1,080,620	4,334,146	13,420,160	33,562,999
Outstanding irrevocable letters of credit	-	-	859	-	-	15,167,255	15,168,114
Standby letter of credit	-	-	474,968	-	1,063,379	10,351,103	11,889,450
	4,579,741	26,781,583	19,427,706	1,195,001	5,688,915	64,160,518	121,833,464

*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

c) Credit quality of financial assets

As of December 31, 2015 and 2014, exposure to credit risk on financial assets are as follows:

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

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	December 31, 2015 (continued)					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
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
Syariah	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

	December 31, 2014					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current accounts with Bank Indonesia	50,598,840	-	-	50,598,840	-	50,598,840
Current accounts with other banks	8,983,650	-	3,181	8,986,831	(3,364)	8,983,467
Placement with Bank Indonesia and other banks	61,166,661	-	46,091	61,212,752	(95,147)	61,117,605
Marketable securities *)						
Government						
Fair value through profit or loss	208,782	-	-	208,782	-	208,782
Available for sale	253,951	-	-	253,951	-	253,951
Non Government						
Fair value through profit or loss	4,198,554	-	-	4,198,554	-	4,198,554
Available for sale	12,879,298	-	-	12,879,298	-	12,879,298
Held to maturity	7,019,436	-	168,058	7,187,494	(156,718)	7,030,776
At cost	376,913	-	137,000	513,913	(145,061)	368,852

*) Appropriate with operation segments of Bank Mandiri (Note 2ak).

**) Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

***) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	December 31, 2014 (continued)					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Government Bonds **)						
Fair value through profit or loss	1,745,205	-	-	1,745,205	-	1,745,205
Available for sale	61,187,145	-	-	61,187,145	-	61,187,145
Held to maturity	21,195,694	-	-	21,195,694	-	21,195,694
At cost	875,973	-	-	875,973	-	875,973
Other receivables-trade transactions	8,581,064	6,689	4,650,214	13,237,967	(1,586,271)	11,651,696
Securities purchased under resale agreements	19,786,745	-	-	19,786,745	(41,941)	19,744,804
Derivatives receivables	71,044	-	-	71,044	-	71,044
Loans						
Corporate	167,338,622	-	10,835,745	178,174,367	(6,636,454)	171,537,913
Commercial and Business banking	184,394,981	4,069,244	6,580,546	195,044,771	(6,045,087)	188,999,684
Consumer	59,052,537	4,185,154	1,467,904	64,705,595	(1,249,050)	63,456,545
Micro and retail	33,628,353	1,445,316	1,876,833	36,950,502	(2,007,344)	34,943,158
Syariah	41,529,215	3,050,357	3,647,010	48,226,582	(1,769,012)	46,457,570
Consumer financing receivables	5,644,332	361,451	82,204	6,087,987	(194,852)	5,893,135
Net investment finance leases	718,817	34,738	30,182	783,737	(17,213)	766,524
Acceptance receivables	12,756,849	-	357,210	13,114,059	(106,927)	13,007,132
Other assets						
Accrued income	3,272,972	-	-	3,272,972	-	3,272,972
Receivables from customer transaction	1,697,068	-	67,134	1,764,202	(66,096)	1,698,106
Receivables from transactions related to ATM and credit card	636,502	-	-	636,502	-	636,502
Receivables to policy holders	151,250	-	-	151,250	-	151,250
Receivables from sale of marketable securities	261,870	-	-	261,870	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	-	592,614	-	592,614
	770,804,937	13,152,949	29,949,312	813,907,198	(20,120,537)	793,786,661

**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

As of December 31, 2015 and 2014, exposure to credit risk on administrative accounts are as follows:

	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

	December 31, 2014					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	48,380,352	-	12,832,549	61,212,901	(73,401)	61,139,500
Committed unused loan facilities granted	31,949,328	-	1,613,671	33,562,999	(52,991)	33,510,008
Outstanding irrevocable letters of credit	13,640,852	-	1,527,262	15,168,114	(67,559)	15,100,555
Standby letter of credit	11,421,217	-	468,233	11,889,450	(2,842)	11,886,608
	105,391,749	-	16,441,715	121,833,464	(196,793)	121,636,671

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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 31 December 2015 and 2014, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2015		
	Not under monitoring	Under monitoring	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
Syariah	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 (Note 2ak).

**) Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

***) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	December 31, 2014		
	Not under monitoring	Under monitoring	Total
Assets			
Current accounts with Bank Indonesia	50,598,840	-	50,598,840
Current accounts with other banks	8,983,650	-	8,983,650
Placement with Bank Indonesia and other banks	61,166,661	-	61,166,661
Marketable securities *)			
Government			
Fair value through profit or loss	208,782	-	208,782
Available for sale	253,951	-	253,951
Non Government			
Fair value through profit or loss	4,198,554	-	4,198,554
Available for sale	12,879,298	-	12,879,298
Held to maturity	6,985,688	33,748	7,019,436
At cost	376,913	-	376,913
Government Bonds **)			
Fair value through profit or loss	1,745,205	-	1,745,205
Available for sale	61,187,145	-	61,187,145
Held to maturity	21,195,694	-	21,195,694
At cost	875,973	-	875,973
Other receivables-trade transactions	5,559,651	3,021,413	8,581,064
Securities purchased under resale agreements	19,786,745	-	19,786,745
Derivatives receivables	71,044	-	71,044
Loans			
Corporate	146,874,797	20,463,825	167,338,622
Commercial and Business Banking	172,979,056	11,415,925	184,394,981
Consumer	59,051,893	644	59,052,537
Micro and Retail	33,628,344	9	33,628,353
Syariah	40,918,294	610,921	41,529,215
Consumer financing receivables	2,971,623	2,672,709	5,644,332
Net Investment in finance leases	437,508	281,309	718,817
Acceptances receivables	11,317,695	1,439,154	12,756,849
Other assets			
Accrued income	3,272,972	-	3,272,972
Receivables from customer transactions	1,697,068	-	1,697,068
Receivables from transactions			
related to ATM and credit card	636,502	-	636,502
Receivable to policyholders	151,250	-	151,250
Receivable from sale of marketable securities	261,870	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	592,614
Total	730,865,280	39,939,657	770,804,937

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

**) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

As of December 31, 2015 and 2014, 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, 2015		
	Not under monitoring	Under monitoring	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

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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)

	December 31, 2014		
	Not under monitoring	Under monitoring	Total
Administrative accounts			
Bank guarantees issued	46,577,539	1,802,813	48,380,352
Committed unused loan facilities granted	31,614,464	334,864	31,949,328
Outstanding irrevocable letters of credit	11,342,399	2,298,453	13,640,852
Standby letters of credit	10,734,006	687,211	11,421,217
	100,268,408	5,123,341	105,391,749

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

- Not under monitoring;
- There is no doubt on the recovery of the financial assets;
- Under monitoring.

Bank Mandiri:

There are certain considerations in relation to the debtor's ability in repaying the loan at maturity date. However, up to December 31, 2015 and 2014 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, 2015 and 2014.

Subsidiaries:

Financial assets which have experienced past due in the past but no overdue as of December 31, 2015 and 2014.

Aging analysis of financial assets that were past due, but not impaired can be disaggregated based on days overdue as of December 31, 2015 and 2014 are as follows:

	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.

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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)

	December 31, 2014			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables - trade transactions	6,689	-	-	6,689
Loans				
Commercial and bussiness banking	2,303,730	845,899	919,615	4,069,244
Consumer	2,986,310	701,251	497,593	4,185,154
Micro and Retail	643,855	427,955	373,506	1,445,316
Sharia	1,913,840	509,640	626,877	3,050,357
Consumer financing receivables	246,687	83,539	31,225	361,451
Net Investment in finance leases	31,098	2,492	1,148	34,738
	8,132,209	2,570,776	2,449,964	13,152,949

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset of December 31, 2015 and 2014, are summarised in the tables below:

	December 31, 2015 ⁷⁾					
	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	9,517,839	-	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 (Note 2ak)

**) Represent restructured and non performing debtors which had been subject to individual assessment but impairment loss are not recognised and therefore are collectively assessed.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(ii) Loans (continued)

	December 31, 2014					
	Corporate	Commercial and Business Banking	Consumer	Micro and Retail	Sharia	Total
Individually Impaired						
Gross amount	8,945,903	4,807,554	-	19,794	930,689	14,703,940
Allowance for impairment losses	(6,379,260)	(2,901,267)	-	(19,762)	(443,733)	(9,744,022)
Carrying amount	2,566,643	1,906,287	-	32	486,956	4,959,918
Collectively impaired						
Gross amount	1,889,842 *)	1,772,992 *)	1,467,904	1,857,039	2,716,321	9,704,098
Allowance for impairment losses	(2,868)	(863,302)	(622,985)	(729,128)	(837,578)	(3,055,861)
Carrying amount	1,886,974	909,690	844,919	1,127,911	1,878,743	6,648,237
Total gross amount	10,835,745	6,580,546	1,467,904	1,876,833	3,647,010	24,408,038
Total allowance for impairment losses	(6,382,128)	(3,764,569)	(622,985)	(748,890)	(1,281,311)	(12,799,883)
Total carrying amount	4,453,617	2,815,977	844,919	1,127,943	2,365,699	11,608,155

*) 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, 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

	December 31, 2014		
	Non-impaired*)	Impaired	Total
Rupiah	278,081	-	278,081
Foreign currencies	8,705,569	3,181	8,708,750
Total	8,983,650	3,181	8,986,831
Less: Allowance for impairment losses	(183)	(3,181)	(3,364)
Net	8,983,467	-	8,983,467

*) 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, 2015		
	Non-impaired*)	Impaired	Total
Rupiah:			
Bank Indonesia	5,909,168	-	5,909,168
Call money	1,210,000	-	1,210,000
Time deposits	4,440,971	-	4,440,971
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

	December 31, 2014		
	Non-impaired*)	Impaired	Total
Rupiah:			
Bank Indonesia	25,211,529	-	25,211,529
Call money	6,866,000	-	6,866,000
Time deposits	3,773,340	-	3,773,340
Saving deposits	1,055	-	1,055
Total	35,851,924	-	35,851,924
Foreign currencies:			
Bank Indonesia	17,524,775	-	17,524,775
Call money	5,824,715	45,053	5,869,768
Fixed-term placement	1,956,676	1,038	1,957,714
Time deposit	8,571	-	8,571
Total	25,314,737	46,091	25,360,828
	61,166,661	46,091	61,212,752
Less: Allowance for impairment losses	(49,056)	(46,091)	(95,147)
Net	61,117,605	-	61,117,605

*) 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, 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
Certificates of Bank Indonesia	2,593,947	-	2,593,947
Bonds	5,472,909	87,000	5,559,909
Medium term notes	1,466,283	-	1,466,283
Sharia corporate bonds	378,006	137,000	515,006
Negotiable Certificate of Deposit	609,097	-	609,097
Shares	27,609	-	27,609
Export bills	935,694	9,092	944,786
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

	December 31, 2014		
	Non-impaired*)	Impaired**)	Total
Government			
Rupiah			
Bonds	208,782	-	208,782
Foreign currencies:			
Treasury bills	253,951	-	253,951
Total	462,733	-	462,733
Non Government			
Rupiah:			
Investments in mutual fund	6,120,964	-	6,120,964
Certificates of Bank Indonesia	5,159,650	-	5,159,650
Bonds	4,656,797	86,960	4,743,757
Mediumterm notes	1,598,085	-	1,598,085
Sharia Corporate bonds	358,980	137,000	495,980
Negotiable Certificate of Deposit	361,690	-	361,690
Shares	175,974	-	175,974
Export bills	145,638	160	145,798
Total	18,577,778	224,120	18,801,898
Foreign currencies:			
Bonds	4,687,897	-	4,687,897
Export bills	978,920	80,938	1,059,858
Treasury bills	229,606	-	229,606
Total	5,896,423	80,938	5,977,361
Total	24,474,201	305,058	24,779,259
	24,936,934	305,058	25,241,992
Less: Allowance for impairment losses	(18,066)	(283,713)	(301,779)
Net	24,918,868	21,345	24,940,213

*) 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-linked 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, 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
Less: Allowance for impairment losses	10,302,074 (88,741)	4,610,439 (1,639,006)	14,912,513 (1,727,747)
Net	10,213,333	2,971,433	13,184,766

	December 31, 2014		
	Non-impaired^{*)}	Impaired	Total
Rupiah:			
Usance L/C payable at sight	943,156	52,451	995,607
Others	2,096,922	2,987,568	5,084,490
Total	3,040,078	3,040,019	6,080,097
Foreign currencies:			
Usance L/C payable at sight	4,348,509	607,131	4,955,640
Others	1,199,166	1,003,064	2,202,230
Total	5,547,675	1,610,195	7,157,870
Less: Allowance for impairment losses	8,587,753 (27,559)	4,650,214 (1,558,712)	13,237,967 (1,586,271)
Net	8,560,194	3,091,502	11,651,696

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptances receivable

	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
Less: Allowance for impairment losses	10,686,186 (32,933)	645,087 (74,097)	11,331,273 (107,030)
Net	10,653,253	570,990	11,224,243

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vii) Acceptances receivable (continued)

	December 31, 2014		
	Non-impaired	Impaired	Total
Rupiah	818,961	119,046	938,007
Foreign currencies	11,937,888	238,164	12,176,052
	12,756,849	357,210	13,114,059
Less: Allowance for impairment losses	(39,894)	(67,033)	(106,927)
Net	12,716,955	290,177	13,007,132

(viii) Consumer financing receivables

	December 31, 2015		
	Non-impaired	Impaired	Total
Rupiah	8,041,470	136,593	8,178,063
Foreign currencies	-	-	-
	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

	December 31, 2014		
	Non-impaired	Impaired	Total
Rupiah	6,005,783	82,204	6,087,987
Foreign currencies	-	-	-
	6,005,783	82,204	6,087,987
Less: Allowance for impairment losses	(162,460)	(32,392)	(194,852)
Net	5,843,323	49,812	5,893,135

(ix) Securities purchased under resale agreement

	December 31, 2015		
	Non-impaired	Impaired	Total
Rupiah			
SBSN	368,970	-	368,970
Shares	307,930	-	307,930
	676,900	-	676,900
Less: Allowance for impairment losses	-	-	-
Net	676,900	-	676,900

	December 31, 2014		
	Non-impaired	Impaired	Total
Rupiah			
Bonds	18,528,319	-	18,528,319
SBSN	696,994	-	696,994
Shares	561,432	-	561,432
	19,786,745	-	19,786,745
Less: Allowance for impairment losses	(41,941)	-	(41,941)
Net	19,744,804	-	19,744,804

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(x) Investment in finance lease

December 31, 2015			
	Non-impaired	Impaired	Total
Rupiah	601,100	3,050	604,150
Foreign currencies	-	-	-
	601,100	3,050	604,150
Less: Allowance for impairment losses	(4,971)	(820)	(5,791)
Net	596,129	2,230	598,359

December 31, 2014			
	Non-impaired	Impaired	Total
Rupiah	753,555	30,182	783,737
Foreign currencies	-	-	-
	753,555	30,182	783,737
Less: Allowance for impairment losses	(6,492)	(10,721)	(17,213)
Net	747,063	19,461	766,524

(xi) Estimated losses on commitments and contingencies

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 Rupiah	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 foreign currencies	57,889,059	5,813,014	63,702,073
	104,850,141	22,601,281	127,451,422
Less: Allowance for impairment losses	(7,906)	(387,704)	(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 amounting to Rp7,906.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	December 31, 2014		
	Non-impaired*) **)	Impaired	Total
Rupiah:			
Bank guarantees issued	17,131,168	9,722,545	26,853,713
Committed unused loan facilities granted	25,054,519	1,461,962	26,516,481
Outstanding irrevocable letters of credit	1,532,352	580,055	2,112,407
Standby letters of credit	1,633,091	76,283	1,709,374
Total	45,351,130	11,840,845	57,191,975
Foreign currencies:			
Bank guarantees issued	31,249,184	3,110,004	34,359,188
Committed unused loan facilities granted	6,894,809	151,709	7,046,518
Outstanding irrevocable letters of credit	12,108,500	947,207	13,055,707
Standby letters of credit	9,788,126	391,950	10,180,076
Total	60,040,619	4,600,870	64,641,489
Total	105,391,749	16,441,715	121,833,464
Less: Allowance for impairment losses	(12,515)	(184,278)	(196,793)
	105,379,234	16,257,437	121,636,671

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Including balance amounting to Rp105,585 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp12,515.

B. Market risk and liquidity risk

(i) Liquidity risk management

Liquidity risk represents potential loss due to the Bank's inability to meet all financial liabilities when they due from its financing cash flows and/or high quality liquid assets that can be pledged, without negatively impacting the Bank's activities and financial condition. The Bank's liquidity is influenced by the funding structure, asset liquidity, liabilities to counterparty and loan commitment to debtors. Liquidity risk is also caused by 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, 2015, the Bank maintained primary reserve of 7.50% from total outstanding deposit denominated in Rupiah in accordance with the regulated limit, GWM LFR reserve of 0.00% and GWM secondary reserve of 14.35% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.50% 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, 2015, 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, 2015, the Bank's LFR is 87.05%.

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, 2015, 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 as of Desember 31, 2015 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 RO1 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, 2015 and 2014 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 are as follows:

December 31, 2015								
Description	Total	No maturity Contract	< 1 month	1 - < 3 months	3 - < 6 months	6 - < 12 months	1 - < 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 maturity profile of financial assets and liabilities presented using “discounted” cash flows method are as follows (continued):

December 31, 2014								
Description	Total	No maturity Contract	< 1 month	1 - < 3 months	3 - < 6 months	6 - 12 < months	1 - < 3 years	> 3 years
Assets								
Current accounts with Bank Indonesia	50,598,840	-	50,598,840	-	-	-	-	-
Current accounts with other banks - gross	8,986,831	-	8,986,831	-	-	-	-	-
Placements with Bank Indonesia and other banks - gross	61,212,752	47,146	58,248,141	2,457,422	440,043	20,000	-	-
Marketable securities - gross	40,766,937	17,323,194	2,075,531	1,976,050	3,580,668	4,495,210	4,762,028	6,554,256
Government Bonds	86,153,906	-	-	-	1,052,579	2,711,475	28,914,851	53,475,001
Other receivables - trade								
Transactions - gross	13,237,967	-	2,302,838	5,404,823	4,393,521	130,434	-	1,006,351
Securities purchased under resale agreements - gross	19,786,745	-	19,221,736	224,907	190,341	149,761	-	-
Derivative receivables - gross	71,044	-	27,868	28,901	7,070	-	7,205	-
Loans - gross	523,101,817	-	63,912,709	43,218,783	51,880,300	80,924,119	85,845,374	197,320,532
Consumer financing receivables - gross	6,087,987	-	179,792	363,226	545,443	1,054,396	3,212,860	732,270
Net Investment in finance lease	783,737	-	32,984	66,067	98,344	179,153	373,401	33,788
Acceptance receivables - gross	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Other assets-gross	6,679,410	151,250	3,684,510	351,280	226,860	268,479	496,661	1,500,370
	830,582,032	17,521,590	212,770,511	58,901,698	67,211,063	89,942,222	123,612,380	260,622,568
Allowance for impairment losses	(20,120,537)							
Total	810,461,495							
Liabilities								
Deposit from customers								
Demand deposits	128,053,558	-	128,053,558	-	-	-	-	-
Saving deposits	231,461,256	-	231,461,256	-	-	-	-	-
Time deposits	223,934,097	-	145,211,535	56,898,704	15,368,405	5,657,460	797,993	-
Deposits from other banks								
Demand and saving deposits	3,499,062	-	3,499,062	-	-	-	-	-
Interbank call money	2,892,000	-	2,737,188	154,812	-	-	-	-
Time deposits	11,140,783	-	10,586,175	490,735	14,988	48,885	-	-
Securities sold under repurchase agreements	6,112,589	-	2,107,718	1,483,760	-	-	-	2,521,111
Derivative payables	157,055	-	46,978	62,934	4,111	8,871	34,161	-
Acceptance payables	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Marketable securities issued	2,009,625	-	85,256	199,966	149,884	-	900,007	674,512
Accrued expenses	3,880,273	161,512	3,652,683	8,562	48,447	9,069	-	-
Other liabilities	5,723,644	13,716	2,997,615	1,915,585	796,728	-	-	-
Fund borrowings	24,227,104	-	1,109,324	292,942	2,199,999	3,547,707	16,147,167	929,965
Subordinated loans	3,746,574	-	7,192	10,652	-	17,845	3,538,259	172,626
	659,951,679	175,228	535,054,271	66,328,891	23,378,456	9,299,032	21,417,587	4,298,214
Maturity gap	170,630,353	17,346,362	(322,283,760)	(7,427,193)	43,832,607	80,643,190	102,194,793	256,324,354
Net position, net of allowance for impairment losses	150,509,816							

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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, 2015 and 2014 as follows:

December 31, 2015								
Description	Total	No maturity Contract	< 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years
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	-	137,707,371	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	-	2,234,201	-	-	-	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

December 31, 2014								
Description	Total	No maturity Contract	< 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years
Liabilities								
Deposit from customers								
Demand deposits/								
<i>wadiah</i> demand deposit	128,175,515	-	128,175,515	-	-	-	-	-
Saving deposits/								
<i>wadiah</i> saving deposit	231,691,459	-	231,671,754	2,116	3,654	5,534	7,016	1,385
Time deposits	226,605,886	-	146,487,168	57,738,717	15,668,823	5,838,927	872,251	-
Deposits from other banks								
Demand and saving deposits	3,528,725	-	3,528,725	-	-	-	-	-
Interbank call money	2,894,450	-	2,739,324	155,126	-	-	-	-
Time deposits	11,182,720	-	10,621,641	494,481	16,131	50,464	3	-
Securities sold under repurchase agreements	7,102,062	-	2,112,416	1,491,646	-	-	-	3,498,000
Derivative payables	171,654	-	48,010	87,714	16,906	8,892	10,132	-
Acceptances payable	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Marketable securities issued	2,251,606	-	85,256	201,790	156,076	-	1,068,805	739,679
Accrued expenses	3,880,273	161,512	3,652,683	8,562	48,447	9,069	-	-
Other liabilities	5,723,644	13,716	2,997,615	1,915,585	796,728	-	-	-
Fund borrowings	25,569,067	-	1,154,315	306,295	2,206,935	3,621,506	17,176,527	1,103,489
Subordinated loans	4,627,132	-	8,847	117,289	107,144	234,014	3,970,731	189,107
Total	666,518,252	175,228	536,782,000	67,329,560	23,816,738	9,777,601	23,105,465	5,531,660

The following maturity table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows as of December 31, 2015 and 2014 are as follows:

December 31, 2015								
Description	Total	No maturity Contract	< 1 month	1-3 months	3-6 months	6-12 months	1-3 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	-

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

Description	December 31, 2014							
	No maturity Total	Contract	< 1 month	1-3 months	3-6 months	6-12 months	1-3 years	> 3 years
Administrative accounts								
Bank guarantees issued	61,212,901	-	61,212,901	-	-	-	-	-
Committed unused loan facilities granted	33,562,999	-	33,562,999	-	-	-	-	-
Outstanding irrevocable letters of credit	15,168,114	-	3,051,334	6,304,302	2,102,277	1,726,150	1,984,051	-
Standby letter of credit	11,889,450	-	11,889,450	-	-	-	-	-
	121,833,464	-	109,716,684	6,304,302	2,102,277	1,726,150	1,984,051	-

(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).

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, 2015 and 2014 (Bank Mandiri only) as follows:

	Increased by 100 bps	Decreased by 100 bps
December 31, 2015		
Increase/(decrease) net income (Rp billion)	(907.58)	(41.84)
December 31, 2014		
Increase/(decrease) net income (Rp billion)	741.97	(1,385.91)

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, 2015 and 2014 (Bank Mandiri only) as follows:

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

b. Sensitivity to unrealised gains on available for sale marketable securities (continued):

	Increased by 100 bps	Decreased by 100 bps
December 31, 2015		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	321.16	(321.16)
December 31, 2014		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	364.83	(364.83)

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.

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, 2015									
	Interest bearing							Non interest bearing		
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years		Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	56,314,316	56,314,316
Current accounts with other banks	9,700,440	-	-	-	-	-	-	-	455,186	10,155,626
Placements with Bank Indonesia and other banks	30,404,983	2,736,377	909,370	151,606	-	-	-	-	3,185,287	37,387,623
Marketable securities	417,159	1,643,815	2,690,501	4,453,204	1,328,624	1,251,474	345,994	4,735,556	27,084,406	43,950,733
Government bonds	25,476,529	31,603,947	1,897,662	9,135,374	3,778,296	7,175,922	3,310,243	14,098,104	7,393,284	103,869,361
Other receivables - trade transactions	1,501,500	2,233,631	2,408,831	1,481	-	-	-	-	8,767,070	14,912,513
Securities purchased under resale agreements	-	-	-	-	-	-	-	-	676,900	676,900
Derivative receivables	-	117	11,754	5,371	6,367	-	339	-	676,936	700,884
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	586,675,437
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	11,331,273
Other assets	-	-	-	-	-	-	-	-	6,602,465	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>	<u>881,359,344</u>
Deposits from customers										
Demand deposits	57,624	-	166,091,002	-	-	-	-	-	6,005,862	172,154,488
Saving deposits	360,093	215,027,698	29,991,870	5,187	1,888	1,157	734	2,289	3,560,723	248,951,639
Time deposits	135,657,100	51,871,183	12,037,350	1,660,571	-	-	-	-	-	201,226,204
Deposits from other banks										
Demand and saving deposits	350,530	3,321,051	28,283	-	-	-	-	-	44,425	3,744,289
Interbank call money	3,764,363	-	-	-	-	-	-	-	-	3,764,363
Time deposits	448,429	1,196,901	3,190,016	292,239	-	-	-	-	-	5,127,585
Securities sold under repurchase agreements	2,341,504	-	-	-	2,521,667	-	-	-	-	4,863,171
Derivative payables	-	197	556	1,418	-	-	-	-	296,908	299,079
Acceptances payable	-	-	-	-	-	-	-	-	11,331,273	11,331,273
Marketable securities issued	-	-	411,921	489,478	819,506	-	99,505	-	577,768	2,398,178
Accrued expenses	1,721	96,793	1,868	531	-	-	-	-	3,389,888	3,490,801
Other liabilities	-	-	-	-	-	-	-	-	4,727,808	4,727,808
Fund borrowings	3,249,065	23,536,359	5,184,003	591,329	1,047,864	25,618	-	130,135	298	33,764,671
Subordinated loans	42,357	-	-	3,464,362	-	-	-	230,984	-	3,737,703
	<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>	<u>699,581,252</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>

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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, 2014									
	Interest bearing							Non interest bearing	Total
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years	
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	50,598,840
Current accounts with other banks	8,590,820	-	-	-	-	-	-	-	8,986,831
Placements with Bank Indonesia and other banks	51,206,117	2,457,421	460,043	-	-	-	-	-	7,089,171
Marketable securities	892,209	746,794	2,312,544	1,039,026	3,639,565	834,477	1,025,325	4,032,782	26,244,215
Government bonds	24,639,971	36,563,156	1,856,405	2,778,085	4,908,718	3,445,060	4,252,959	5,271,003	2,438,549
Other receivables - trade transactions	461,390	2,340,453	2,694,478	-	-	-	-	-	7,741,646
Securities purchased under resale agreements	18,303,413	224,907	-	-	-	-	-	-	1,258,425
Derivative receivables	-	-	2,591	7,205	-	-	-	-	61,248
Loans	96,671,308	297,791,259	42,805,757	13,879,416	8,747,645	1,707,278	2,046,484	6,584,185	52,868,485
Consumer financing receivables	179,792	363,226	1,599,839	1,875,422	1,337,437	663,174	69,097	-	-
Net investment in finance lease	32,984	66,067	277,498	256,752	116,649	33,686	101	-	-
Acceptances receivable	-	-	-	-	-	-	-	-	13,114,059
Other assets	-	-	-	-	-	-	-	-	6,679,410
	<u>200,978,004</u>	<u>340,553,283</u>	<u>52,009,155</u>	<u>19,835,906</u>	<u>18,750,014</u>	<u>6,683,675</u>	<u>7,393,966</u>	<u>15,887,970</u>	<u>168,490,059</u>
									<u>830,582,032</u>
Deposits from customers									
Demand deposits	101,224	-	119,879,757	-	-	-	-	-	8,072,577
Saving deposits	284,059	202,956,339	24,736,147	4,798	2,218	741	643	2,063	3,474,248
Time deposits	156,605,581	46,088,403	20,428,258	810,653	1,202	-	-	-	-
Deposits from other banks									
Demand and saving deposits	277,802	848,428	2,320,750	-	-	-	-	-	52,082
Interbank call money	2,737,188	154,812	-	-	-	-	-	-	-
Time deposits	10,955,675	126,235	58,873	-	-	-	-	-	-
Securities sold under repurchase agreements	2,107,718	1,483,760	-	-	-	2,521,111	-	-	-
Derivative payables	-	4,741	10,157	34,161	-	-	-	-	107,996
Acceptances payable	-	-	-	-	-	-	-	-	13,114,059
Marketable securities issued	-	199,966	149,884	401,267	498,740	174,512	-	-	585,256
Accrued expenses	3,352	94,395	-	-	-	-	-	-	3,782,526
Other liabilities	-	-	-	-	-	-	-	-	5,723,644
Fund borrowings	7,735,910	5,393,804	8,202,389	611,561	2,145,871	-	-	137,569	-
Subordinated loans	-	53,261	-	3,477,533	-	-	-	215,780	-
	<u>180,808,509</u>	<u>257,404,144</u>	<u>175,786,215</u>	<u>5,339,973</u>	<u>2,648,031</u>	<u>2,696,364</u>	<u>643</u>	<u>355,412</u>	<u>34,912,388</u>
									<u>659,951,679</u>
Total interest repricing gap	<u>20,169,495</u>	<u>83,149,139</u>	<u>(123,777,060)</u>	<u>14,495,933</u>	<u>16,101,983</u>	<u>3,987,311</u>	<u>7,393,323</u>	<u>15,532,558</u>	<u>133,577,671</u>
									<u>170,630,353</u>

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct regular stress testing on the market risk of banking book.

(iii) Pricing management

As part of the management of interest rate risk, the Bank applies pricing policy for loans 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, 2015 and 2014 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, 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			<u>3,129,885</u>
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			<u>13,917,726</u>
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			<u>107,388,146</u>
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)

a. Net open position (continued)

The net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2014 as follows:

Currency	Assets	Liabilities	Net Open Position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	155,766,942	156,659,716	892,774
European Euro	2,224,762	1,890,731	334,031
Singapore Dollar	2,059,589	1,866,616	192,973
Japanese Yen	401,073	395,352	5,721
Australian Dollar	774,508	760,231	14,277
Great Britain Pound Sterling	132,803	96,711	36,092
Hong Kong Dollar	184,732	153,471	31,261
Others	369,815	162,277	207,538*)
Total			1,714,667
STATEMENT OF FINANCIAL POSITION			
United States Dollar	148,978,357	140,158,990	8,819,367
European Euro	2,132,334	1,503,939	628,395
Singapore Dollar	1,893,112	1,390,022	503,090
Japanese Yen	240,251	216,552	23,699
Australian Dollar	245,192	110,196	134,996
Great Britain Pound Sterling	109,730	75,494	34,236
Hong Kong Dollar	184,732	17,664	167,068
Others	346,604	99,662	246,942**)
Total			10,557,793
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			85,479,697
NOP Ratio (Statements of Financial Position)			12.35%
NOP Ratio (Overall)			2.01%
Below is the Net Open Position ratio of Bank Mandiri, as of December 31, 2014 if calculated using November 2014 capital (unaudited):			
Capital November 2014			84,566,955
NOP Ratio (Statements of Financial Position)			12.48%
NOP Ratio (Overall)***)			2.03%

*) 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, 2015 and 2014. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	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	8,146,579	266,766	196,469	399,282	26,922	20,924	233,989	393,445	9,684,376
Placement with Bank Indonesia 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/ <i>Wadiah</i> 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/ <i>Wadiah</i> 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	24,992,236	700,619	1,216,078	1,043,953	107,245	130,440	34,646	(3,384,561)	24,840,656
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)

b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)

	December 31, 2014								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	Total
Asset									
Cash	1,224,413	85,928	481,322	62,604	97,572	13,804	19,308	115,331	2,100,282
Current accounts with Bank Indonesia	10,219,573	-	-	-	-	-	-	-	10,219,573
Current accounts with other banks	7,579,897	409,804	162,660	139,075	82,621	24,974	93,226	216,493	8,708,750
Placement with Bank Indonesia and other banks	25,205,086	46,091	84,386	-	-	-	-	25,265	25,360,828
Marketable Securities	5,861,307	4,006	230,426	1,563	-	134,010	-	-	6,231,312
Government Bonds	11,993,008	-	-	-	-	-	-	-	11,993,008
Other receivables - trade transactions	6,862,883	218,857	3,849	63,113	8,317	136	715	-	7,157,870
Derivatives receivable	65,816	1,324	343	-	897	-	-	73	68,453
Loans	76,537,941	1,213,058	898,449	16,025	575	-	32	-	78,666,080
Acceptances receivable	12,063,826	91,219	6,518	14,489	-	-	-	-	12,176,052
Other assets	728,215	30,847	2,528	374	59,275	1,281	1	1	822,522
Total assets	158,341,965	2,101,134	1,870,481	297,243	249,257	174,205	113,282	357,163	163,504,730
Liabilities									
Deposits from Customers									
Demand deposits/ <i>Wadiah</i> demand deposits	47,112,193	1,096,615	545,908	138,179	39,576	6,994	56,665	78,622	49,074,752
Saving deposits/ <i>Wadiah</i> saving deposits	24,062,830	70,142	541,669	27,142	26,977	234	3,146	7,997	24,740,137
Time deposits	29,237,617	72,535	156,535	5,213	21,564	2,445	8,841	-	29,504,750
Deposits from other banks									
Demand and saving deposits	1,028,364	1,689	10,411	-	-	-	-	-	1,040,464
Inter bank call money	2,477,000	-	-	-	-	-	-	-	2,477,000
Derivative payable	110,210	299	-	-	1,122	-	-	246	111,877
Acceptances payable	12,063,826	91,219	6,518	14,489	-	-	-	-	12,176,052
Accrued Expenses	712,280	2,096	29,263	-	19	4,994	9	7	748,668
Other liabilities	2,986,073	119,429	61,664	30,741	4,936	1,472	5,292	7,989	3,217,596
Fund Borrowings	19,871,372	-	-	-	-	-	-	-	19,871,372
Subordinated Loans	215,780	-	-	-	-	-	-	-	215,780
Total liabilities	139,877,545	1,454,024	1,351,968	215,764	94,194	16,139	73,953	94,861	143,178,448
Net on statements of financial position	18,464,420	647,110	518,513	81,479	155,063	158,066	39,329	262,302	20,326,282
Administrative accounts - net	(9,712,141)	(294,365)	(310,117)	(17,978)	(120,719)	(135,807)	1,855	(39,403)	(10,628,675)

c. The balances of monetary assets and liabilities in foreign currencies are as follows:

	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

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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)		
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
European 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
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
Accrued expenses		
United States Dollar	515,375	37,387
European 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
European 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, 2015 and 2014:

	<u>Increased by 5%</u>	<u>Decreased by 5%</u>
December 31, 2015		
Increase/(decrease) net income	768,797	(768,797)
December 31, 2014		
Increase/(decrease) net income	440,969	(440,969)

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, 2015 and 2014:

	December 31, 2015			
	<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	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, 2015 and 2014 (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
December 31, 2014				
	Level 1	Level 2	Level 3	Fair value
Assets measured at fair values				
Marketable securities				
Fair value through profit or loss	17,287,852	2,644,429	-	19,932,281
Available for sale	4,694,543	8,438,706	-	13,133,249
Government bonds				
Fair value through profit or loss	2,855,829	39,265	-	2,895,094
Available for sale	9,018,496	52,168,649	-	61,187,145
Derivatives receivables	-	71,044	-	71,044
Liabilities measured at fair values				
Derivatives payables	-	157,055	-	157,055

As of December 31, 2015 and 2014, 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, 2015 and 2014 amounting to Rp35,556,311 (42.50% of total assets level 2) and Rp40,572,829 (64.03% 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.

As of December 31, 2015 and 2014, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Marketable securities				
Held to maturity	7,153,740	7,229,628	7,030,776	7,008,937
At cost*)	576,804	572,738	368,852	367,872
Government bonds				
Held to maturity	20,811,293	20,683,614	21,195,694	21,052,909
At cost*)	6,054,722	6,065,296	875,973	902,039
Loans	564,393,595	564,187,859	505,394,870	503,813,342
Consumer financing receivable	7,907,449	8,631,925	5,893,135	6,241,516
Net Investment in finance leases	598,359	633,146	766,524	767,149
	607,495,962	608,004,206	541,525,824	540,153,764
Liabilities				
Marketable securities issued	2,398,178	1,717,367	2,009,625	2,008,124
Fund borrowings	33,764,671	33,744,627	24,227,104	24,143,015
Subordinated loans	3,737,703	3,804,651	3,746,574	3,839,041
	39,900,552	39,266,645	29,983,303	29,990,180

*) Marketable securities and government bonds owned by Subsidiary in accordance with SFAS 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 2015 is as follows:

	December 31, 2015 ^{*)}			
Type of Risk	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
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 2015 show that the VaR calculation has been done accurately, where the number of irregularities P/L of the daily VaR is still acceptable.

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61. RISK MANAGEMENT (continued)

C. Operational risk

Operational risk is defined as the risk of loss resulting from inadequate and/or dysfunction of internal process, human error, systems failure or external factors which impact the Bank's operations. The effectiveness of operational risk management can reduce losses due to operational risk.

In order to the 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.

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.

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61. RISK MANAGEMENT (continued)

C. Operational risk (continued)

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 in 4th quarter 2015 is Rp6,290,221.95 and operational risk capital charge of Bank Mandiri with its subsidiaries is Rp7,651,234.99, with an alpha value of 15% over the last three years. Based on that result, the value of operational risk RWA is Rp78,627,774.32 for Bank Mandiri and Rp95,640,437.35 for the consolidation of Bank Mandiri with its subsidiaries. The operational risk RWA value is 12.5 times the operational risk capital charges. 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, 2015, 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, 2015 of 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, 2015 the contract value to the realisation payment approach is equal to USD2,393,300 (full amount) and the Bank has booked the value of the payment realization as a fixed asset of USD2,234,400 (full amount) so that the estimated project completion as of December 31, 2015 of 93.36%.

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 31 December 2015 the contract value to the realisation payment approach is equal to USD2,648,300 (full amount) and the Bank has booked the value of the payment realization as a fixed asset of USD2,386,310 (full amount) so that the estimated project completion as of December 31, 2015 of 90.11%.

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 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, 2015 and 2014 amounted to Rp2,420,417 and Rp4,411,270, respectively. As of December 31, 2015 and 2014, the Bank has formed a provision amounting to Rp537,693 and Rp507,707, respectively and believes that the provision is adequate.

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *murabahah* financing transactions

In 2004 and 2005, the Head Office and several branch offices of BSM received tax assessments for under payment of taxes (SKPKB) and tax collection letters (STP) on Value Added Tax (VAT) for the tax period January to December 2003 from the Directorate General of Taxes (DGT) with the total amount of Rp37,649 in relation to BSM in performing its intermediary function by distributing the fund based on sharia principles in the form of *Murabahah* financing.

In relation to the SKPKB and STP, BSM did not make any payments based on the ground of uncertainty in the legal status of *Murabahah* financing transactions. There was no specific and explicit regulations overseeing the sharia bank operation, particularly *Murabahah* financing, and therefore a process of interpretation was required.

BSM argued that *Murabahah* financing is a part of banking services as stipulated in Law No. 7 Year 1992 regarding Banking, as amended by Law No. 10 Year 1998 and Law No. 21 Year 2008 regarding Sharia Banking, such as *Murabahah* financing should not be subjected to VAT. This is in accordance with Law No. 8 Year 1983 as amended by Law No. 18 Year 2000 regarding VAT for goods and services and sales of luxury goods.

DGT believes that *Murabahah* activities undertaken by BSM is subject to VAT because the transaction were based on purchasing and selling of goods principles and such as, *Murabahah* transaction shall not be included as a type of banking services.

On October 15, 2009, the Government has issued Laws No. 42 year 2009 regarding the third change of Laws No. 8 year 1983 regarding Value Added Tax for Goods and Services and Tax for Sales of Luxurious Goods which is effective starting from April 1, 2010. The Laws reiterates that financing services in sharia principles are categorised as services that are not subjected to VAT.

Later in year 2010, the Government issued Laws of Republic of Indonesia No. 2 Year 2010 regarding Change of Laws No. 47 year 2009 regarding Budget of Government's Income and Expenses Year 2010 dated May 25, 2010. On the article 3 (2) b and explanatory paragraph stated that VAT *Murabahah* liabilities for several banks were being borne by the Government. Based on explanatory paragraph from article 3 (2) the Bank's VAT that is borne by the Government amounting to Rp25,542 from the total SKPKB and STP received by BSM amounting to Rp37,649.

BSM believes that the difference between VAT borne by the Government and total SKPKB and STP received by BSM shall not be billed to BSM which is inline with objective and purposes of the law.

d. Trade Financing with Asian Development Bank (ADB)

On 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").

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Trade Financing with Asian Development Bank (ADB) (continued)

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.

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 (full amount).

The interest rate of deposit insurance corporation as of December 31, 2015 and 2014 is 7.50% and 7.75% for deposits denominated in Rupiah, and 1.25% and 1.50% for deposits denominated in foreign currencies, respectively.

Based on the Law of the Republic of Indonesia No. 7 year 2009, Government Regulation in Lieu of Law on the Deposit Insurance Corporation has been enacted into Law starting from January 13, 2009.

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.

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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.

(i) Amendments to SFAS 1: Presentation of Financial Statements on Disclosures Initiative, effective January 1, 2017

This amendments clarify, rather than significantly change, existing SFAS 1 requirements, among others, to clarify the materiality, flexibility as to the order in which they present the notes to financial statements and identification of significant accounting policies.

(ii) Amendments to SFAS 4: Separate Financial Statements on Equity Method in Separate Financial Statements, effective January 1, 2016

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

(iii) Amendments to SFAS 15: Investments in Associates and Joint Ventures on Investment Entities: Applying the Consolidation Exception, effective January 1, 2016

The amendments address issues that have arisen in applying the investment entities exception under SFAS 65 Consolidated Financial Statements, provide clarification on the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

(iv) Amendments to SFAS 16: Property, Plant and Equipment on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016

The amendments clarify the principle in SFAS 16 and SFAS 19 Intangible Asset that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate the property, plant and equipment.

(v) Amendments to SFAS 19: Intangible Assets on Clarification of the Accepted Method for Depreciation and Amortization, effective January 1, 2016

The amendments clarify the principle in SFAS 16 Property, Plant and Equipment and SFAS 19 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate the property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

(vi) Amendments to SFAS 24: Employee Benefits on Defined Benefit Plans: Employee Contributions, effective January 1, 2016

SFAS 24 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of service years, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

(vii) Amendments to SFAS 65: Consolidated Financial Statements on Investment Entities: Applying the Consolidation Exception, effective January 1, 2016

The amendments address issues that have arisen in applying the investment entities exception under SFAS 65. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

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65. NEW FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATION (continued)

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 (continued).

(viii) Amendments to SFAS 67: Disclosure of Interests in Other Entities on Investment Entities: Applying the Consolidation Exception, effective January 1, 2016

The amendments address issues that have arisen in applying the investment entities exception under SFAS 65 Consolidated Financial Statements. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

(ix) SFAS 5 (2015 Improvement): Operating Segments, effective January 1, 2016

The improvement clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of SFAS 5 including a brief description of operating segments that have been aggregated and the economic characteristics.
- Disclose the reconciliation of segment assets to total assets if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

(x) SFAS 7 (2015 Improvement): Related Party Disclosures, effective January 1, 2016.

The improvement clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

(xi) SFAS 13 (2015 Improvement): Investment Property, effective January 1, 2016

The description of ancillary services in SFAS 13 differentiates between investment property and owner-occupied property. The improvement clarifies that SFAS 22, and not the description of ancillary services in SFAS 13, is used to determine if the transaction is the purchase of an asset or business combination.

(xii) SFAS 16 (2015 Improvement): Property, Plant and Equipment, effective January 1, 2016

The improvement clarifies that in SFAS 16 and SFAS 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.

(xiii) SFAS 19 (2015 Improvement): Intangible Assets, effective January 1, 2016

The improvement clarifies that in SFAS 16 and SFAS 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revaluated amounts.

(xiv) SFAS 68 (2015 Improvement): Fair value Measurement, effective January 1, 2016

The improvement clarifies that the portfolio exception in SFAS 68 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of SFAS 55.

The Group is presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

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66. SUBSEQUENT EVENT

Based on the approval letter from the OJK No. S-1/PB.31/2016 dated January 7, 2016 regarding to Application for Approval of Participation Bank Saudara to PT Mandiri Capital Indonesia (PT MCI), the FSA expressed no objection to the Bank's plan to make additional equity participation to PT MCI amounted Rp345,000.

On January 21, 2016, additional investment transaction has been executed to PT MCI for Rp340,000, so that MCI becomes the authorized capital amounting to Rp350,000.

The additional investment to PT MCI has been done by issuing 3,400 (full amount) new shares in PT MCI each share have a nominal value Rp100,000,000 (full amount) in which all the new shares executed 100% by Bank Mandiri.

The additional investment amounting to Rp340,000 which was carried out entirely by Bank Mandiri so the percentage ownership of equity in PT MCI owned by Bank Mandiri amounted to 99.97% and Mandiri Sekuritas amounted to 0.03%, respectively.

67. 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.
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As of December 31, 2015
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	December 31, 2015	December 31, 2014
ASSETS		
Cash	23,118,246	18,719,445
Current accounts with Bank Indonesia	53,276,224	47,772,187
Current accounts with other banks		
Related parties	349,373	306,556
Third parties	9,201,021	8,100,465
	9,550,394	8,407,021
Less: allowance for impairment losses	(3,181)	(3,181)
Total	9,547,213	8,403,840
Placements with Bank Indonesia and other banks		
Related parties	1,754,200	1,610,050
Third parties	28,808,026	49,624,245
	30,562,226	51,234,295
Less: allowance for impairment losses	(66,760)	(93,197)
Total - net	30,495,466	51,141,098
Marketable securities		
Related parties	10,234,479	7,194,304
Third parties	12,986,506	11,701,317
	23,220,985	18,895,621
Less:		
Unamortised discounts, unrealised losses from decrease in fair value of marketable securities and allowance for impairment losses	(480,077)	(242,728)
Total - net	22,740,908	18,652,893
Government bonds - related parties	94,965,707	82,462,907
Other receivables - trade transactions		
Related parties	7,498,733	6,414,623
Third parties	7,051,776	6,368,419
	14,550,509	12,783,042
Less: allowance for impairment losses	(1,669,497)	(1,586,271)
Total - net	12,881,012	11,196,771

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
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	December 31, 2015	December 31, 2014
ASSETS (continued)		
Securities purchased under resale agreements		
Third parties	-	18,528,320
Total - net	-	18,528,320
Derivative receivables		
Related parties	32,152	5,807
Third parties	668,422	65,237
Total	700,574	71,044
Loans		
Related parties	74,937,297	68,918,738
Third parties	461,092,515	406,348,088
Total	536,029,812	475,266,826
Less: allowance for impairment losses	(20,470,785)	(15,927,985)
Loans - net	515,559,027	459,338,841
Acceptances receivable		
Related parties	409,880	252,138
Third parties	10,921,393	12,861,921
	11,331,273	13,114,059
Less: Allowance for impairment losses	(107,030)	(106,927)
Total - net	11,224,243	13,007,132
Investments in shares - net of allowance for impairment losses of Rp57,730 and Rp31,984, as of December 31, 2015 and 2014, respectively	5,296,410	4,203,384
Prepaid expenses	1,691,677	1,279,377
Prepaid taxes	4,570,305	2,417,736
Fixed assets - net of accumulated depreciation of Rp6,443,338 and Rp5,514,581 as of December 31, 2015 and 2014, respectively	8,909,357	8,201,998
Intangible assets - net of amortisation of Rp1,733,034 and Rp1,472,720 as of December 31, 2015 and 2014, respectively	1,376,092	1,092,928
Other assets - net of allowance for possible losses of Rp298,234 and Rp238,443 as of December 31, 2015 and 2014, respectively	6,879,970	6,745,987
Deferred tax assets	4,318,681	3,803,324
TOTAL ASSETS	807,551,112	757,039,212

PARENT ENTITY FINANCIAL INFORMATION

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	December 31, 2015	December 31, 2014
LIABILITIES AND EQUITY		
LIABILITIES		
Obligation due immediately	1,156,327	1,156,366
Deposits from customers		
Demand deposits		
Related parties	38,162,247	19,544,634
Third parties	128,242,700	103,498,022
Total demand deposits	166,404,947	123,042,656
Saving deposits		
Related parties	1,338,746	119,123
Third parties	244,985,964	229,335,488
Total saving deposits	246,324,710	229,454,611
Time deposits		
Related parties	37,870,850	33,454,266
Third parties	162,560,422	190,374,268
Total time deposits	200,431,272	223,828,534
Total	613,160,929	576,325,801
Deposits from other banks		
Demand and saving deposits		
Related parties	111,920	135,886
Third parties	3,656,991	3,482,457
Total demand and saving deposits	3,768,911	3,618,343
Interbank call money		
Related parties	651,000	42,000
Third parties	3,164,363	2,892,000
Total interbank call money	3,815,363	2,934,000
Time deposits		
Third parties	4,858,778	11,139,843
Total time deposits	4,858,778	11,139,843
Total	12,443,052	17,692,186
Securities sold under repurchase agreements		
Related parties	467,123	-
Third parties	4,396,048	6,112,589
Total	4,863,171	6,112,589

PARENT ENTITY FINANCIAL INFORMATION

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	December 31, 2015	December 31, 2014
LIABILITIES AND EQUITY (continued)		
LIABILITIES (continued)		
Derivative payables		
Related parties	3,095	8,679
Third parties	295,870	148,376
Total	298,965	157,055
Acceptances payable		
Related parties	606,737	1,366,249
Third parties	10,724,536	11,747,810
Total	11,331,273	13,114,059
Marketable securities issued - net of unamortised discount of RpNil and RpNil as of December 31, 2015 and 2014	77,767	85,256
Estimated losses on commitments and contingencies	370,727	195,147
Accrued expenses	2,913,725	3,315,544
Current tax payable	1,801,344	1,590,565
Employee benefits liabilities	5,313,231	4,825,081
Provision	676,170	667,644
Other liabilities	7,714,157	9,343,302
Fund borrowings		
Related parties	429,269	611,792
Third parties	29,502,337	20,753,703
Total fund borrowings	29,931,606	21,365,495
Subordinated loans		
Related parties	1,702,800	1,924,800
Third parties	2,053,867	1,844,241
	3,756,667	3,769,041
Less: unamortised issued cost	(3,964)	(7,467)
Total	3,752,703	3,761,574
TOTAL LIABILITIES	695,805,147	659,707,664

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ONLY (continued)
As of December 31, 2015
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	December 31, 2015	December 31, 2014
EQUITY		
Share capital - Rp500 (full amount) par value per share, authorised capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B. Issued and fully paid-in capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B, as of December 31, 2015 and 2014	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308
Differences arising from translation of financial statements in foreign currencies	69,774	98,192
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	(1,526,045)	(582,234)
Actuarial gain on post-employment benefits - net of deferred tax	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	12,402,382	9,779,446
- unappropriated	71,406,695	58,893,169
Total retained earnings	83,809,077	68,672,615
TOTAL EQUITY	111,745,965	97,331,548
TOTAL LIABILITIES AND EQUITY	807,551,112	757,039,212

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ONLY
For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2015	2014*)
INCOME AND EXPENSES FROM OPERATIONS		
Interest income	63,093,448	55,092,073
Interest expense	(22,961,703)	(20,408,409)
NET INTEREST INCOME	40,131,745	34,683,664
Other operating income		
Other fees and commissions	9,581,734	8,297,069
Foreign exchange gains and derivative transactions - net	2,207,103	1,560,499
Others	5,970,640	3,808,803
Total other operating income	17,759,477	13,666,371
Allowance for impairment losses	(10,450,247)	(4,426,530)
(Allowance)/reversal for impairment losses on commitments and contingencies	(176,093)	4,240
(Allowance)/reversal for possible losses - others	(78,094)	174,035
Unrealised gains from increase in fair value of marketable securities and government bonds	2,402	2,578
Gains on sale of marketable securities and government bonds	300,560	183,617
Other operating expenses		
Salaries and employee benefits	(9,903,220)	(8,613,202)
General and administrative expenses	(10,034,308)	(9,082,350)
Others - net	(2,908,746)	(2,429,955)
Total other operating expenses	(22,846,274)	(20,125,507)
INCOME FROM OPERATIONS	24,643,476	24,162,468
Non-operating income - net	56,270	23,361
INCOME BEFORE TAX EXPENSE	24,699,746	24,185,829
Tax expense		
Current	(4,932,830)	(4,674,771)
Deferred	337,514	(82,730)
Total tax expense - net	(4,595,316)	(4,757,501)
NET INCOME	20,104,430	19,428,328

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ONLY
(continued)**

**For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2015	2014*)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Actuarial gain on post-employment benefits	308,294	-
Income tax related to the items that will not be reclassified to profit or loss	(58,110)	-
	<u>250,184</u>	<u>-</u>
Items that will be reclassified to profit or loss		
Differences arising from translation of financial statements in foreign currencies	(28,418)	(27,818)
Changes in fair value of available for sale financial assets	(1,179,764)	1,038,560
Income tax related to items that will be reclassified to profit and loss	235,953	(207,712)
	<u>(972,229)</u>	<u>803,030</u>
Other comprehensive income for the year - net of tax	(722,045)	803,030
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>19,382,385</u>	<u>20,231,358</u>
EARNING PER SHARE		
Basic (full amount)	861.62	851.66
Diluted (full amount)	861.62	851.66

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF CHANGES IN EQUITY - PARENT ONLY For the year ended December 31, 2015 (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 securities and government bonds - net of deferred tax	Actuarial gain on post-employment benefits net of deferred tax	Retained earnings	Total	Total equity
						Unappropriated		
						Appropriated		
Balance as of January 1, 2015	11,666,667	17,476,308	98,192	(582,234)	-	58,893,169	68,672,615	97,331,548
Dividends payment from 2014 net income	-	-	-	-	-	(4,967,968)	(4,967,968)	(4,967,968)
The establishment of specific reserves from 2014 net income (refer to Note 40c)	-	-	-	-	-	(2,622,936)	-	-
Income for the year	-	-	-	-	-	20,104,430	20,104,430	20,104,430
Comprehensive income for the year ended December 31, 2015	-	-	(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	71,406,695	83,809,077	111,745,965

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ONLY (continued)
For the year ended December 31, 2015
(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	Appropriated	Retained earnings Unappropriated	Total	Total equity
Balance as of January 1, 2014	11,666,667	17,476,308	126,010	(1,413,082)	7,431,162	47,274,251	54,705,413	82,561,316
Dividend payment from 2013 net income	-	-	-	-	-	(5,461,126)	(5,461,126)	(5,461,126)
The establishment of special reserves	-	-	-	-	-	(2,348,284)	-	-
from 2013 net income	-	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	(27,818)	830,848	-	19,428,328	19,428,328	20,231,358
ended December 31, 2014	-	-	98,192	(582,234)	-	-	-	-
Balance as of December 31, 2014	11,666,667	17,476,308	98,192	(582,234)	9,779,446	58,893,169	68,672,615	97,331,548

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CASH FLOWS - PARENT ONLY
For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2015	2014*)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	60,238,840	53,060,073
Receipts from provision commission	9,581,734	8,297,069
Payments of interest expense	(23,052,087)	(20,037,516)
Receipts from the sale of government bonds - fair value through profit or loss	31,445,218	26,339,529
Acquisition of government bonds - fair value through profit or loss	(31,690,614)	(26,147,846)
Foreign exchange gains - net	6,285	1,170,384
Other operating income - others	2,930,200	1,202,694
Other operating expenses - others	(3,233,515)	(2,307,540)
Salaries and employee benefits	(9,164,886)	(8,111,567)
General and administrative expenses	(8,833,173)	(8,185,850)
Non-operating income - net	56,270	23,361
Payment of corporate income tax	(4,724,697)	(5,077,133)
Cash flow from operating activities before changes in operating assets and liabilities	23,559,575	20,225,658
Decrease/(Increase) in operating assets:		
Placements with Bank Indonesia and other banks	939,340	(1,204,800)
Marketable securities - fair value through profit or loss	(305,574)	(400,950)
Other receivables - trade transactions	(1,767,467)	(4,131,481)
Loans	(66,756,125)	(61,274,958)
Securities purchased under resale agreements	18,528,320	(15,424,969)
Prepaid taxes	(2,152,569)	(1,309,306)
Prepaid expenses	(412,300)	(371,535)
Other assets	513,539	(2,061,231)
Proceeds from collection of financial assets already written-off	3,040,568	2,607,206
Increase/(decrease) in operating liabilities:		
Demand deposits	41,978,965	7,051,277
Saving deposits	18,403,993	15,564,787
Time deposits	(29,678,327)	57,476,599
Interbank call money	881,363	1,546,150
Obligation due immediately	(39)	394,236
Taxes payable	(175,197)	778,526
Other liabilities	(931,924)	1,561,282
Net cash provided by operating activities	5,666,141	21,026,491
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	3,754	103
Increase in government bonds - available for sale and held-to-maturity	(12,900,528)	(1,794,649)
Increase in marketable securities - available for sale and held-to-maturity	(4,307,027)	(3,888,574)
Acquisition of fixed assets	(762,329)	(2,020,891)
Acquisition of intangible assets	(543,929)	(387,165)
Paid up capital in PT Bank Syariah Mandiri	(500,000)	-

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CASH FLOWS - PARENT ONLY (continued)
For the year ended December 31, 2015
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2015	2014*)
CASH FLOWS FROM INVESTING ACTIVITIES (continued)		
Additional purchase of shares in PT Asuransi Jiwa Inhealth Indonesia	(330,000)	(990,000)
Additional purchase of shares in PT Bank Mandiri Taspen Pos	(198,000)	-
Purchase of shares PT Mandiri Utama Finance	(51,000)	-
Paid up capital to PT Mandiri Axa General Insurance	(30,000)	(87,000)
Establishment PT Mandiri Capital Indonesia	(9,900)	-
Net cash used in investing activities	(19,628,959)	(9,168,176)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in fund borrowings	6,256,294	7,761,385
Payments of dividends	(4,967,968)	(5,461,126)
(Decrease)/increase marketable securities sold under repurchase agreement	(1,249,418)	1,456,440
Payments of subordinated loans	(8,871)	(709,041)
Decrease in marketable securities issued	(7,489)	(20,606)
Net cash provided by financing activities	22,548	3,027,052
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,940,270)	14,885,367
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	4,727,417	109,208
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	124,217,476	109,222,901
CASH AND CASH EQUIVALENTS AT END OF YEAR	115,004,623	124,217,476
Cash and cash equivalents at end of year consist of:		
Cash	23,118,246	18,719,445
Current accounts with Bank Indonesia	58,276,224	47,772,187
Current accounts with other banks	9,550,394	8,407,021
Placements with Bank Indonesia and other banks	28,762,809	48,495,538
Certificate of Bank Indonesia	296,950	823,285
Total cash and cash equivalents	115,004,623	124,217,476
Supplemental non-cash flow information		
Activities not affecting cash flows:		
Unrealised losses from decrease in value of available for sale marketable securities and government bonds - net of deferred tax	(1,526,045)	(582,234)
Acquisition of fixed assets - payable	(889,153)	(949,120)



Bank Mandiri KCB Medan Balai Kota