

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.

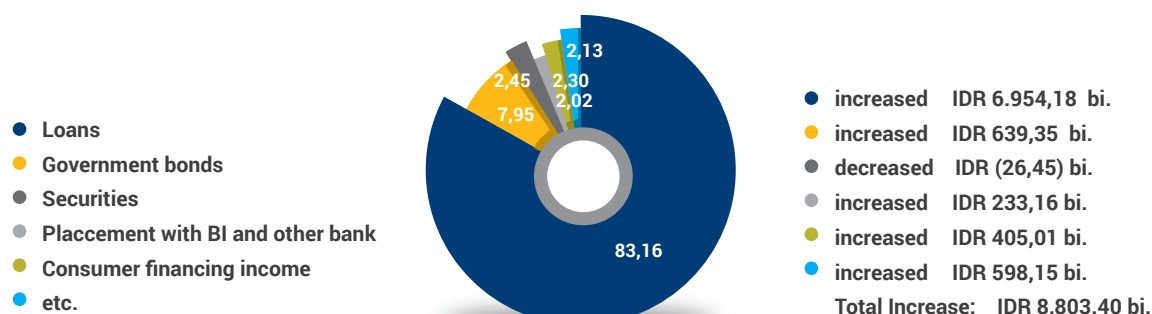
Operating Income 2013-2015 (IDR billion)

	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)

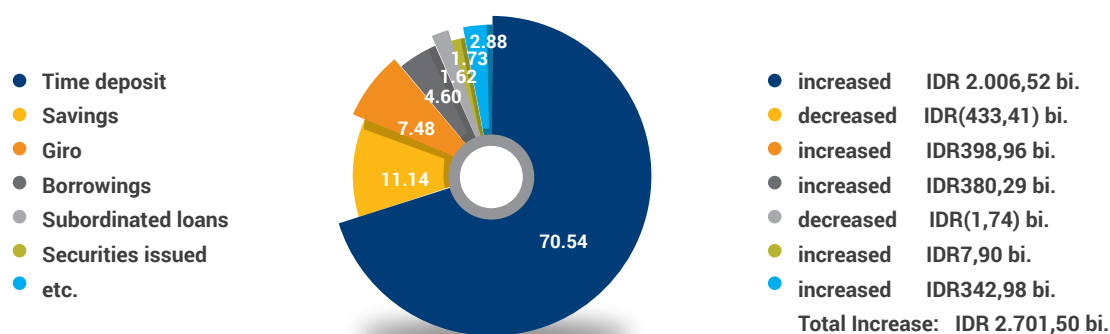
	2013 ^{*)}	2014	2015	Change (%)
Sharia and Interest Expense	16.399,43	23.505,52	26.207,02	11,49
Claim Expense	3.820,14	6.683,72	6.409,82	(4,10)
Salaries and Benefits	9.431,34	10.848,03	12.376,66	14,09
General and Administrative Expense	9.898,40	11.448,31	12.799,85	11,81
Others - Net	3.204,04	3.078,01	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)

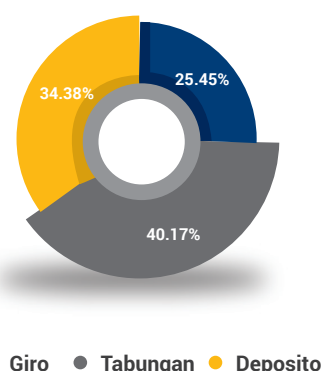
In 2015, customer deposits recorded at IDR 676,387 billion, an increase of 6.29% compared to 2014 which only amounted to IDR 636,382 billion. Deposits from customers consist of demand deposits, savings and time deposits.

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)



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%