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II	Supplementary Factors (Tier 2)				7,075,719	7,761,071	14,135,338	14,751,448
1	Capital instruments in the form of shares or others that meet the requirements of Tier 2				205,135	205,135		
2	Agió/Disagio				-	-		
3	PPA general reserves on productive assets that shall be constituted (at most 1.25% of RWA for Credit Risk)				6,870,584	7,555,936		
4	Reduction factors of supplementary capital				-	-		
4.1	Sinking Fund				-	-		
4.2	Investment on the instrument of Tier 2 in other banks				-	-		
4.3	Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will				-	-		
III	Total Capital (I+II)				137,432,214	148,064,578	107,388,146	115,832,877
		December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015
		Bank	Consolidated	Bank	Consolidated	Bank	Consolidated	Bank
RISK WEIGHTED ASSETS (RWA) BASED ON RISKS					Ratio of CAR			
Risk Weighted Assets (RWA) For Credit risks	549,646,704	604,474,920	497,912,789	547,201,603	Ratio of CET 1 (%)	20.26%	19.67%	16.15%
Risk Weighted Assets (RWA) For Market risks	1,800,778	1,362,981	805,426	881,544	Ratio of Tier 1 (%)	20.26%	19.67%	16.15%
Risk Weighted Assets (RWA) For Operational risks	91,932,008	107,559,670	78,627,774	95,640,437	Ratio of Tier 2 (%)	1.10%	1.08%	2.45%
Total Risk Weighted Assets (RWA)	643,379,490	713,397,571	577,345,989	643,723,584	Ratio of CAR (%)	21.36%	20.75%	18.60%
CAR ratio in accordance with profile risks	9.52%	9.53%	9.00%	9.00%	CET 1 FOR BUFFER	11.84%	11.22%	
FULFILLMENT ALLOCATION OF CAR					PERCENTAGE OF BUFFER WHICH MANDATORY FILLED BY THE BANK			
From CET1	8.42%	8.45%	6.55%	6.71%	Capital conservation buffer (2.5% of ATMR) (%)	0.625%	0.625%	
From AT1	0.00%	0.00%	0.00%	0.00%	Countercyclical buffer (0% - 2.5% of ATMR) (%)	0.00%	0.00%	
From Tier 2	1.10%	1.08%	2.45%	2.29%	Capital surcharge (1% - 2.5% of ATMR) (%)	0.625%	0.625%	

Note:

Capital Adequacy Ratio per December 31, 2016 is calculated according to Regulation of Financial Services Authority (POJK) 34 / POJK.03 / 2016 dated 22 September 2016 concerning the Minimum Capital Requirement for Commercial Banks. Capital Adequacy Ratio per December 31, 2015 is calculated according to Bank Indonesia Regulation (PBI) No. 15/12/PBI/2013 dated December 12, 2013 concerning Minimum Capital Requirement for Commercial Banks.

According to the risk profile position on June 2016, the minimum Capital Adequacy Ratio (CAR) of Bank Mandiri was 9-10%. Bank Mandiri has also used Capital Add-On method, to obtain the minimum CAR that need to be fulfilled by Bank Mandiri of 9.52%.

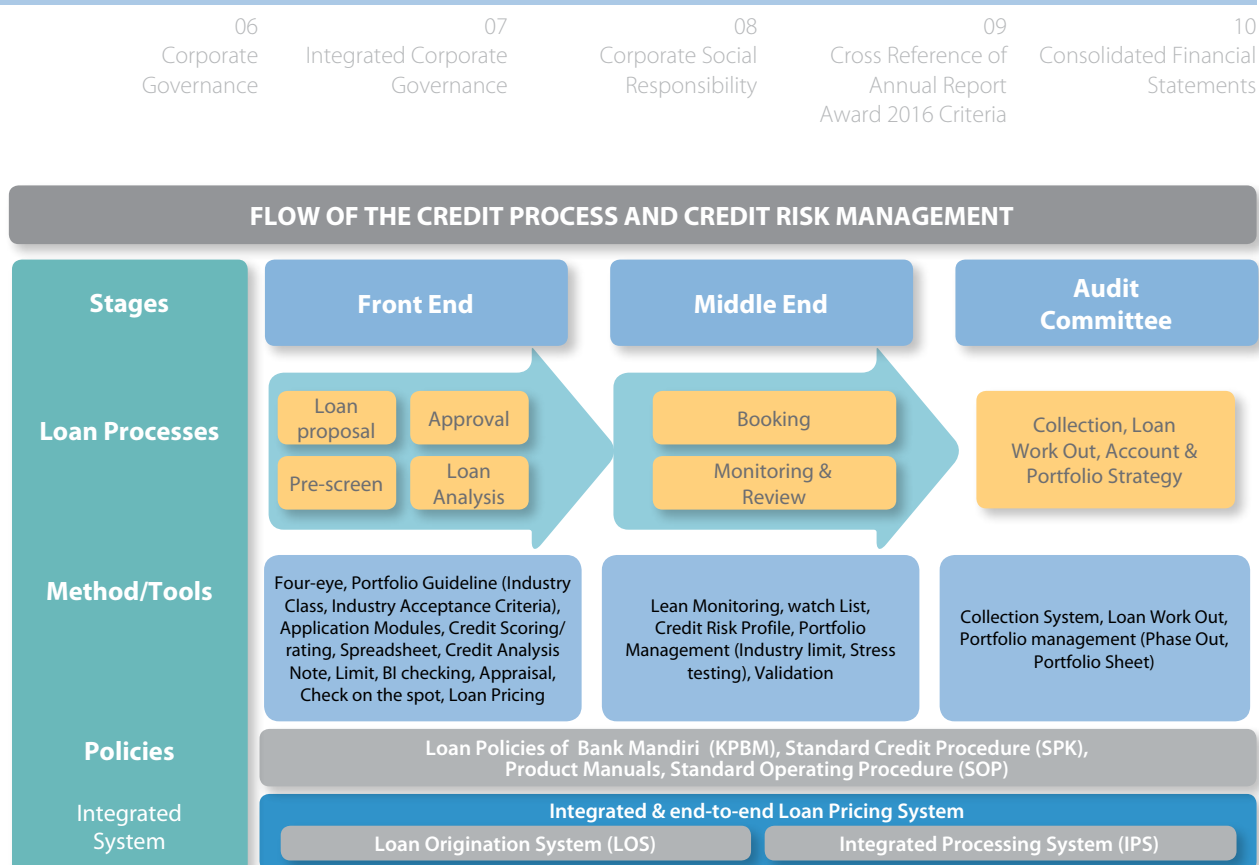
Bank Mandiri always prepares its capital which meets the minimum capital requirements of Basel III in accordance with the FSA timeline. On December 2016 position, CAR stands at 21.36% has met the minimum capital based on the framework of Basel III which adopted by FSA amounted to 10.72% (consisting of CAR accordance to the risk profile 9.52%, Capital Conservation Buffer 0.625% and D-SIB Capital Surcharge 0.625%). The strong capital structure of Bank Mandiri with CET 1 ratio amounted to 20.26% also has met the minimum requirement of CET 1 by 4.5%, and the minimum Tier 1 of 6%.

The Implementation of Risk Management Particularly in Bank Mandiri

1. Credit Risk

Credit Risk Management

The Company's credit management processes begin with determining the target market, and continue with risk assessment and monitoring of credit distribution. In channeling lending, Bank Mandiri always prioritizes the principle of prudence by placing the credit analysis function which performed by the business units and independent credit risk units. Bank Mandiri always guided by the Credit Policy Bank Mandiri (KPB) in managing credit risk by using end-to-end basis. Operationally, the policy set forth in the form of Credit Standard Procedures (SPK) and the Product Manual. Furthermore, in managing credit risk concentration at debtors' level, Bank Mandiri consistently monitor Lending Limit (LLL). In general, the credit process and credit risk management at Bank Mandiri already done end-to-end basis and integrated by Business Unit, Operation Unit Credit, and Credit Risk Management Unit. More clearly seen in the schematic below:



Credit Risk Management Organization

Organization of credit risk management Bank Mandiri introduced the system of four eyes principles together with credit risk unit which separated with business unit for wholesale credit segment.

Credit Risk Management Strategies

In terms of credit risk management, Bank Mandiri has implemented several strategic initiatives, including:

- Pre-screening the Potential Debtor**
 In order to the initial screening of new potential debtor, especially for Corporate and Commercial segment, Bank Mandiri has implemented name clearance mechanism. By this mechanism, new potential debtor will be evaluated related to the businesses, business performance, early identification of potential risks which owned by the debtor/debtor group prior to the process of further analysis. Debtors who past the name clearance process will be a pipeline for further prospects.
- Limit Management**
 In order to maintain the debtor's credit exposure and limit remain at the corridor or limit the risks that can be managed by the bank, Bank Mandiri has implemented a limit management which consisting of Master Limit and Value Chain Limit. Master Limit applied to maintain the maximum credit limit which can be given to the debtor/debtor group while Value Chain Limit applied to maintain the maximum credit limit which can be given to the value chain debtor/debtor group. Limit management is unadvised and uncommitted and applied to the whole Corporate segment.

The implementation and the execution of Limit management will be monitored through the Integrated Central Liabilities System (ICLS), where through these system the limit which has been given to the debtor/debtor group and its value chain as well as its use could be monitored and managed.

- Credit Approval**

Approval and credit limit setting on the corporate, commercial and business banking segment (with the limit of Rp5 billion - Rp10 billion) were identified and quantified through a system of credit rating and then do a business feasibility analysis through spreadsheet and Credit Analysis Memorandum (NAK) in integrated and end-to-end through the Integrated Processing System (IPS). Meanwhile, in the retail segment (business banking with limit of Rp500 million - Rp5 billion and micro) and the consumer segment, approval and credit limit setting measured by a credit scoring system which done through end-to-end process which was integrated with Loan Origination System (LOS). The model of credit rating (wholesale) and credit scoring (retail & consumer) continues to be developed, validated and monitored via Report of Model Scoring and Rating. The model of credit rating and credit scoring used is able to provide the Probability of Default (PD), while Bank Mandiri continues to develop models of Loss Given Default (LGD) and model of Credit Conversion Factors (CCF) for calculating Exposure at Default (EAD) in order to support implementation of Basel II and Economic Capital calculation. While, in terms of credit warrant approval, Bank Mandiri requires the collateral to meet the minimum criteria, such as having economic value, marketable, transferable, and has a juridical value.

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• Credit Monitoring

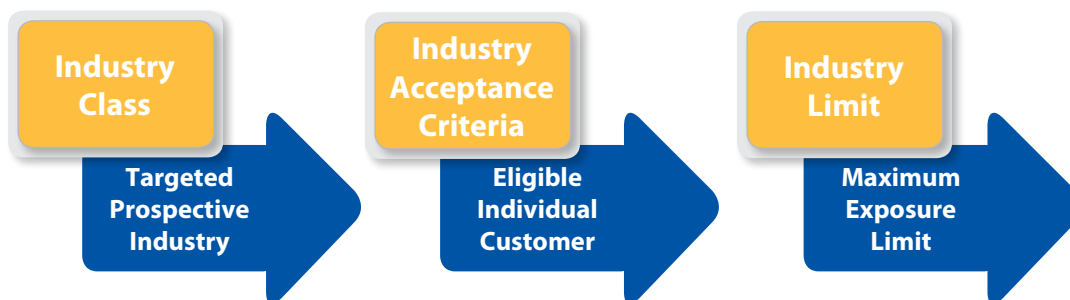
In assessing and monitoring the quality of credit, Bank Mandiri always refers to the regulation of Bank Indonesia by prioritizing the precautionary principle in a way to review the business prospects, as well as assessing the performance and debtor's ability to pay. Monitoring of credit quality in the corporate, commercial, and business banking segment with limit > Rp 2 billion were done at the level of debtors by using ALERT Tools through the Integrated Processing System (IPS). Loan monitoring system includes two functions: as a tool of early detection through Watch List (Early Warning Analysis) and collectibility review based on three pillars. Loan Monitoring System is a standard method, structured and comprehensive in monitoring the performance of the debtor, so it can be carried out follow-up (action plan) to prevent the declining of the debtor's credit quality. Minimum monitoring process conducted within the quarterly period which aims to identify potential debtor which experiencing difficulties in completing their obligations.

Meanwhile, monitoring of credit process in the business banking segment with limit > Rp 2 billion, micro and consumer, were done at the level of portfolio by analyzing the portfolios from various aspects of credit risk as outlined in the credit risk report. In order to maximize the implementation of risk management, Bank Mandiri also do credit monitoring on the credit process and systems as well as its tools supporting through forum named credit sessions which held regularly for every credit segment, where in this forum can be determined the problems and weaknesses in every business process, credit policy and methodologies and tools, so it can immediately be repaired. In addition, as anticipatory measures (early warning signal), Bank Mandiri performs process simulation and stress testing of the portfolio owned periodically to determine changes in the quality of the portfolio per segment or per industrial sector, where the result will be a guide for Bank Mandiri in monitoring the sector or a particular debtor which may experience decline in quality with more stringent to prevent undesirable things.

Portfolio Management and Concentration Risk

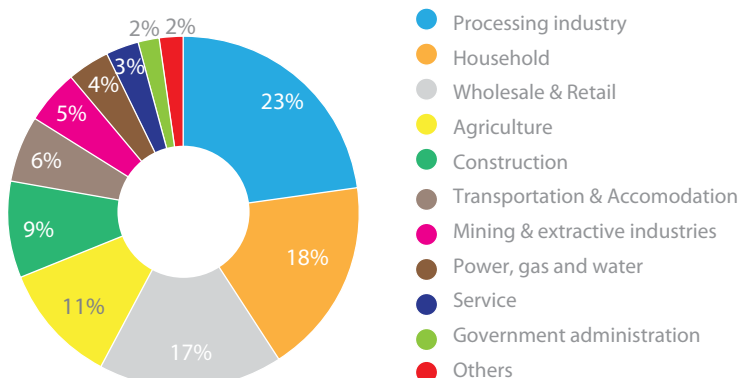
Bank Mandiri has allocated the capital and applied the principle of active portfolio management in managing credit risk at the portfolio level by referring to the Portfolio Guideline (PG), which consists of Industry Classification, Industry Acceptance Criteria and Industry Limit. The Industry Classification and Industry Acceptance Criteria aims to target the prospective customers (winner player) in priority industries whom can bring economic value added as a targeted customer.

Portfolio Guideline Process



Risk management at the portfolio level is done by grouping the industrial sector based on Industry Class by counting some factors such as the outlook for the industry/sector, the Bank's internal expertise, portfolio performance, and Industry Outlook. Furthermore, in each sector will be determined a certain Industry Limit which in accordance with the maximum credit allocation based on the level of risk and return from each industry. While risk management at the level of debtor determined through in-house provision limits by taking into account the needs and financial ability of debtor and Lending Limit (LLL) set by Bank Indonesia.

The Composition of the Bank Loans per Economic Sectors (December 2016)



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To examine the resilience of credit portfolio against changes in macroeconomic conditions, Bank Mandiri conducts Credit Risk Stress Test, either periodically according to banking regulations or as adhoc. In 2016, macroeconomic factors were used as a parameter in the Credit Risk Stress Testing among others, the impact of China's economic slowdown on Indonesia's economy, the decline in commodity prices, as well as the potential increase of Fed Funds Rate. Simulation of the Credit Risk Stress Testing was projecting a decline in the financial capacity of the Wholesale debtors and a change in NPL of Retail segment's credit by portfolio. The Bank prepared Contingency Plan for each loan segment in accordance with the level of severity of the simulation results of Credit Risk Stress Testing.

Growth and Credit Quality

During 2016, Bank Mandiri has recorded loan growth was quite good. Credit portfolio of Bank Mandiri for the entire segment (bank only) grew by 10.6% (YoY) with an NPL ratio of 3.96% (gross). In 2016, several credit segments have performed quite well, including the Corporate segment, which grew by 15.6% (YoY) with an NPL rate of 1.01%. The achievement was obtained through the application of integrated (end-to-end) credit process which are reliable, and has been covering the identification process of potential credit sector, accurate and rigorous underwriting process, credit monitoring process on a regular basis, comprehensive portfolio management and discipline resolution of loan problems. Moreover, this growth is also supported by the presence of strategic infrastructure projects that are being launched by the government.

The Bill which has been Maturity and Impairment Value

The bill which has been maturity the whole bill which overdue for more than 90 (ninety) days, either for payment of principal and/or interest payments.

Meanwhile, the bill is experiencing impairment when there is objective evidence of the occurrence of an adverse event and the impact on the estimated future cash flows of the financial asset or group of reliably financial assets.

The formulation of the Individual Reserves for Impairments (CKPN) is based on two concepts, namely the estimated amount of financial assets losses and the estimated of recoverable amount. The method used was the discounted cash flow or fair value of collateral method.

CKPN credit which was evaluated individually obtained from the difference between the carrying amount and the present value of estimated cash flow of future discounted (the carrying amount is greater than the present value of estimated cash flow). If there is no difference between the carrying amount and the present value of the estimated future cash flows are discounted or negative difference (the carrying value of less than or equal to the present value of estimated future cash flows which discounted), then CKPN for that credits was formed collectively for every segments.

The formulation of Collective CKPN based on the determination of historical loss techniques by using statistical methods which based on internal loan grades Bank. Bank Mandiri uses Migration Analysis and Roll Rate Analysis to get the value of Probability of Default (PD), which already accounted Loss Given Default (LGD) in calculating the historical loss rates. In evaluating credit impairment collectively, the observation period historical loss data used at least 3 years.

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Credit Risk Exposures per Region, Time Period and Economic Sector

Based on the Standard Approach, Bank Mandiri has exposure per region, time period and economic sectors as follows:

Table 2.1.a Disclosure on Net Claims by Region - Bank Individually

(in million Rupiah)

No		Portfolio Category	December 31, 2016									
			Net claims by region									
			Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	Claims against Government		959,332	500					197,743,278	16,086,662	214,789,772	
2	Claims against Public Sector Entities	17,069,341	41,209,270	14,626,242	5,238,726	1,171,144	669,089	948	26,659,405	342,412	106,986,577	
3	Claims against Multilateral Development Banks and International Institutions											
4	Claims against Banks	598,435	96,373	163,181		3,892	124,591	3,489	35,809,192	4,728,863	41,528,016	
5	Collateralized Housing Loans	1,929,480	6,808,125	6,151,738	996,406	1,618,583	796,638	140,131			18,441,101	
6	Collateralized Commercial Property Loans											
7	Loans to Employees/ Pensioners											
8	Claims against MSMEs and Retail Portfolio	19,642,901	44,383,730	26,890,660	6,721,663	8,796,484	4,575,752	2,682,308	8,997,596	22,292	122,713,386	
9	Claims against Corporations	56,975,765	142,529,079	68,715,347	18,593,807	10,627,215	7,958,537	2,370,092	70,998,422	18,022,607	396,790,871	
10	Mature Claims	863,310	3,606,100	2,337,215	344,246	523,316	134,061	43,703	139,511	185,656	8,177,118	
11	Other Assets								64,497,979		64,497,979	
	Total	97,079,232	239,592,009	118,884,883	31,894,848	22,740,634	14,258,668	5,240,671	404,845,383	39,388,492	973,924,820	

Table 2.1.b Disclosure on Net Claims by Region - Bank Consolidated with Subsidiaries

(in million Rupiah)

(in million Rupiah)

No	Portfolio Category	December 31, 2016										
		Net claims by region										
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	Claims against Government		959,332	500					199,423,193	16,086,662	216,469,687	
2	Claims against Public Sector Entities	17,069,341	41,209,270	14,626,242	5,238,726	1,171,144	669,089	948	26,924,948	342,412	107,252,120	
3	Claims against Multilateral Development Banks and International Institutions											
4	Claims against Banks	598,435	96,373	163,181		3,892	124,591	3,489	35,633,755	4,728,863	41,352,579	
5	Collateralized Housing Loans	1,929,480	6,808,125	6,151,738	996,406	1,618,583	796,638	140,131			18,441,101	
6	Collateralized Commercial Property Loans											
7	Loans to Employees/ Pensioners								2,917,617		2,917,617	
8	Claims against MSMEs and Retail Portfolio	19,642,901	44,383,730	26,890,660	6,721,663	8,796,484	4,575,752	2,682,308	20,187,149	22,292	133,902,939	
9	Claims against Corporations	56,975,765	142,529,079	68,715,347	18,593,807	10,627,215	7,958,537	2,370,092	71,585,026	18,022,607	397,377,475	
10	Mature Claims	863,310	3,606,100	2,337,215	344,246	523,316	134,061	43,703	332,474	185,656	8,370,081	
11	Other Assets								66,635,060		66,635,060	
12	Exposure at Sharia Unit (If any)								80,344,554		80,344,554	
	Total	97,079,231	239,592,008	118,884,884	31,894,849	22,740,634	14,258,668	5,240,670	503,983,775	39,388,492	1,073,063,212	

*) Net claim of subsidiaries are monitored and recorded in head office.

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(in million Rupiah)

	December 31, 2015									
	Net claims by region									
	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	224	714,967						172,409,022	14,578,222	187,702,435
	16,730,078	26,954,684	5,047,823	5,738,723	1,290,881	762,345		34,675,633	354,459	91,554,626
	349,114	179,888	331,094		22,658	202,155	5,311	29,910,792	4,812,170	35,813,182
	1,536,712	3,880,204	3,753,884	742,025	861,286	567,306	72,321	10,184		11,423,922
	18,519,083	41,073,184	24,792,436	6,593,503	8,417,568	3,672,733	2,594,750	9,072,169	30,899	114,766,325
	52,407,842	149,871,579	68,114,572	19,024,575	10,398,874	4,666,701	2,156,944	60,624,251	12,637,222	379,902,560
	638,732	809,684	946,084	258,276	243,068	42,039	41,056	211,625	37,760	3,228,324
								42,635,888		42,635,888
	90,181,785	223,484,190	102,985,893	32,357,102	21,234,335	9,913,279	4,870,382	349,549,564	32,450,732	867,027,262

(in million Rupiah)

	December 31, 2015									
	Net claims by region									
	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	224	714,967						172,879,911	14,578,222	188,173,324
	16,730,078	26,954,684	5,047,823	5,738,723	1,290,881	762,345		35,035,802	354,459	91,914,795
	349,114	179,888	331,094		22,658	202,155	5,311	29,665,369	4,812,170	35,567,759
	1,536,712	3,880,204	3,753,884	742,025	861,286	567,306	72,321	10,184		11,423,922
								187,959		187,959
	18,519,083	41,073,184	24,792,436	6,593,503	8,417,568	3,672,733	2,594,750	17,529,117	30,899	123,223,273
	52,407,842	149,871,579	68,114,572	19,024,575	10,398,874	4,666,701	2,156,944	61,203,103	12,637,222	380,481,412
	638,732	809,684	946,084	258,276	243,068	42,039	41,056	297,244	37,760	3,313,943
								44,381,523		44,381,523
								70,910,376		70,910,376
	90,181,785	223,484,190	102,985,893	32,357,102	21,234,335	9,913,279	4,870,382	432,100,587	32,450,732	949,578,285

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Table 2.2.a Disclosure on Net Claims by Remaining Maturity of the Contract – Bank Individually

(in million Rupiah)

No	Portfolio Category	December 31, 2016						
		Net Claims by Remaining Contract Time						
		≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Claims against Government	78,657,310	32,789,532	35,367,898	19,213,499	48,761,535	214,789,773	
2	Claims against Public Sector Entities	53,005,957	12,780,040	11,021,111	30,179,469		106,986,577	
3	Claims against Multilateral Development Banks and International Institutions							
4	Claims against Banks	26,707,484	5,255,684	1,541,357	71,982	7,951,507	41,528,015	
5	Collateralized Housing Loans	5,015,390	981,061	2,739,156	9,705,493		18,441,100	
6	Collateralized Commercial Property Loans							
7	Loans to Employees/Pensioners							
8	Claims against MSMEs and Retail Portfolio	20,729,283	45,908,880	21,641,960	34,433,263		122,713,385	
9	Claims against Corporations	229,406,390	52,927,274	62,718,669	51,738,538		396,790,872	
10	Mature Claims	3,541,037	1,117,570	1,118,086	2,400,423		8,177,117	
11	Other Assets					64,497,979	64,497,979	
	Total	417,062,851	151,760,041	136,148,237	147,742,668	121,211,021	973,924,818	

Table 2.2.b Disclosure on Net Claims by Remaining Maturity of the Contract – Bank Consolidated with Subsidiaries

(in million Rupiah)

No	Portfolio Category	December 31, 2016						
		Net Claims by Remaining Contract Time						
		≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Claims against Government	78,657,310	32,789,532	37,047,811	19,213,499	48,761,535	216,469,687	
2	Claims against Public Sector Entities	53,005,957	12,780,040	11,286,654	30,179,469		107,252,120	
3	Claims against Multilateral Development Banks and International Institutions							
4	Claims against Banks	26,707,484	5,255,684	1,541,357	71,982	7,776,072	41,352,579	
5	Collateralized Housing Loans	5,015,390	981,061	2,739,156	9,705,493		18,441,100	
6	Collateralized Commercial Property Loans							
7	Loans to Employees/Pensioners				2,917,617		2,917,617	
8	Claims against MSMEs and Retail Portfolio	20,729,283	45,908,880	32,831,513	34,433,263		133,902,939	
9	Claims against Corporations	229,406,390	52,927,274	63,305,273	51,738,538		397,377,475	
10	Mature Claims	3,541,037	1,117,570	1,311,051	2,400,423		8,370,081	
11	Other Assets					66,635,060	66,635,060	
12	Exposure at Sharia Unit (If any)			74,609,776		5,734,778	80,344,554	
	Total	417,062,851	151,760,041	224,672,590	150,660,284	128,907,445	1,073,063,212	

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(in million Rupiah)

	December 31, 2015					
	Net Claims by Remaining Contract Time					
	≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	41,987,584	30,035,485	50,118,950	12,284,192	53,276,224	187,702,435
	41,732,030	10,180,380	8,710,881	30,931,334		91,554,625
	17,982,949	6,934,142	1,312,082	33,614	9,550,394	35,813,181
	1,409,740	677,947	1,468,879	7,867,357		11,423,923
	21,090,846	43,530,482	18,234,604	31,910,394		114,766,326
	225,014,812	43,718,703	63,135,657	48,033,389		379,902,561
	1,860,155	763,489	215,487	389,192		3,228,323
					42,635,888	42,635,888
	351,078,116	135,840,628	143,196,540	131,449,472	105,462,506	867,027,262

(in million Rupiah)

	December 31, 2015					
	Net Claims by Remaining Contract Time					
	≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	42,271,213	30,035,485	50,253,569	12,336,833	53,276,224	188,173,324
	41,732,030	10,180,380	8,710,881	31,291,504		91,914,795
	17,239,266	6,934,142	1,312,082	33,614	10,048,655	35,567,759
	1,409,740	677,947	1,468,879	7,867,357		11,423,923
				187,959		187,959
	21,517,729	46,942,058	22,758,853	32,004,633		123,223,273
	225,177,353	43,718,703	63,135,657	48,449,699		380,481,412
	1,873,983	807,682	243,086	389,192		3,313,943
					44,381,523	44,381,523
	29,389,579	11,371,540	11,987,321	11,003,946	7,157,989	70,910,376
	380,610,893	150,667,937	159,870,328	143,564,737	114,864,390	949,578,285

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Table 2.3.a Disclosure on Net Claims by Economic Sector - Bank Individually

(in million Rupiah)

No.	Economic Sector	Claims against government	Claims against Public Sector Entities	Claims against Multilateral development Banks and international institutions	Claims against Banks
(1)	(2)	(3)	(4)	(5)	(6)
December 31, 2016					
1	Agriculture, menial labor and forestry	0	11,652,846	0	
2	Fisheries	0		0	
3	Mining and extractive industries	0	3,318,338	0	
4	Processing industry	0	20,695,005	0	
5	Power, gas and water	0	19,475,747	0	
6	Construction	0	8,896,387	0	
7	Wholesale and retail trade	500	44,192	0	
8	Hospitality	0	407,783	0	
9	Transportation, warehousing and communications	0	5,904,983	0	
10	Financial intermediaries	0	6,648,349	0	41,528,015
11	Real estate, leasing and corporate services	0	222,605	0	
12	Government administration, defense and mandatory social security	3,304,430		0	
13	Education	0		0	
14	Health and social activities	0	0	0	
15	Social, cultural, entertainment and other personal services	0	4,511	0	
16	Personal household services	0		0	
17	International organizations and other extra international organizations	0		0	
18	Indeterminate activities	0		0	
19	Household				
20	Non-Business Field	0		0	
21	Miscellaneous (additional including for SBI, SUN)	211,484,843	29,715,833	0	
Total		214,789,773	106,986,577	0	41,528,015
December 31, 2015					
1	Agriculture, menial labor and forestry	0	15,441,323	0	0
2	Fisheries	0	0	0	0
3	Mining and extractive industries	0	7,280,640	0	0
4	Processing industry	0	14,854,365	0	0
5	Power, gas and water	0	10,064,347	0	0
6	Construction	0	5,729,621	0	0
7	Wholesale and retail trade	224	25,239	0	
8	Hospitality	0	527,389	0	0
9	Transportation, warehousing and communications	0	1,479,938	0	0
10	Financial intermediaries	0	5,839,011	0	35,813,181
11	Real estate, leasing and corporate services	559,155	2,737,415	0	
12	Government administration, defense and mandatory social security	2,959,663	0	0	
13	Education	0	0	0	
14	Health and social activities	0	0	0	
15	Social, cultural, entertainment and other personal services	0	0	0	
16	Personal household services	0	0	0	
17	International organizations and other extra international organizations	0	0	0	
18	Indeterminate activities	0	0	0	
19	Non-Business Field	0	1,192	0	
20	Miscellaneous (additional including for SBI, SUN)	184,183,392	27,574,147	0	
Total		187,702,434	91,554,626	0	35,813,181

Note:

Net claims which recorded on 'Others' among other 'Other Assets', as well as non-cash loan such as placements of Bank Indonesia, securities, BG, and L/C.

*) Sectors that disclosed are the sectors that have nominal value/material balance. For sectors which are not material, combined into one by the name of other sectors and described to the stakeholders.

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(in million Rupiah)

	Collateralized Housing Loans	Collateralized Commercial Property Loans	Loans to Employees/ Pensioners	Claims against MSMEs and retail Portfolio	Claims against Corporations	Mature Claims	Other assets	Exposure at Sharia unit (if any)
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
		0	0	1,656,758	40,672,718	126,157	0	0
		0	0	76,918	235,884	6,605	0	0
		0	0	43,586	26,663,276	1,063,825	0	0
		0	0	1,056,044	96,227,595	1,369,050	0	0
		0	0	24,494	4,216,787	185,886	0	0
		0	0	302,094	15,206,702	238,250	0	0
		0	0	25,506,018	67,903,072	3,443,799	0	0
		0	0	3,455,390	3,317,592	78,780	0	0
		0	0	857,913	17,424,588	496,987	0	0
		0	0	84,113	12,593,499	763	0	0
		0	0	1,872,634	19,332,729	179,899	0	0
		0	0	16,537	61,036	1,193	0	0
		0	0	37,371	99,581	192	0	0
		0	0	86,456	1,582,546	3,213	0	0
		0	0	1,171,344	1,887,951	33,291	0	0
		0	0	7,879	30,447	1,814	0	0
		0	0		33,687	0	0	0
		0	0		703		0	0
	18,441,101			77,532,355	7,693,239	830,242		
			0	8,686,052	273,346	106,754	0	0
		0	0	239,432	81,333,895	10,417	64,497,979	0
	18,441,101	0	0	122,713,385	396,790,872	8,177,117	64,497,979	0
	0	0	0	2,525,357	42,324,130	147,143	0	0
	0	0	0	52,073	233,553	7,867	0	0
	0	0	0	39,467	23,641,624	11,546	0	0
	0	0	0	910,508	107,187,758	564,245	0	0
	0	0	0	25,575	3,983,326	698	0	0
	0	0	0	332,126	13,722,859	23,001	0	0
	0	0	0	22,487,141	66,815,467	1,332,562	0	0
	0	0	0	2,810,216	2,974,495	57,671	0	0
	0	0	0	410,301	18,082,147	101,760	0	0
	0	0	0	92,658	8,231,312	4,825	0	0
	0	0	0	3,189,873	21,853,064	141,312	0	0
	0	0	0	32,095	103,497	3,215	0	0
	0	0	0	7,112	153,332	241	0	0
	0	0	0	101,888	1,639,722	2,005	0	0
	0	0	0	11,982	364,985	319	0	0
	0	0	0	15,149	19,727	819	0	0
	0	0	0	0	0	0	0	0
	0	0	0	6,699	166,214	1,008	0	0
	11,423,922	0	0	81,483,785	5,910,630	822,837	0	0
	0	0	0	232,319	62,494,719	5,250	42,635,888	0
	11,423,922	0	0	114,766,325	379,902,562	3,228,324	42,635,888	0

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Tabel 2.3.b Disclosure on Net Claims by Economic Sector - Bank Consolidated with Subsidiaries

(in million Rupiah)

No.	Economic Sector	Claims against government	Claims against Public Sector Entities	Claims against Multilateral development Banks and international institutions	Claims against Banks	
(1)	(2)	(3)	(4)	(5)	(6)	
December 31, 2016						
1	Agriculture, menial labor and forestry	0	11,652,846	0		
2	Fisheries	0		0		
3	Mining and extractive industries	0	3,318,338	0		
4	Processing industry	0	20,695,005	0		
5	Power, gas and water	0	19,475,747	0		
6	Construction	0	8,896,387	0		
7	Wholesale and retail trade	500	44,192	0		
8	Hospitality	0	407,783	0		
9	Transportation, warehousing and communications	0	5,904,983	0		
10	Financial intermediaries	0	6,648,349	0	41,352,579	
11	Real estate, leasing and corporate services	0	222,605	0		
12	Government administration, defense and mandatory social security	3,304,430		0		
13	Education	0		0		
14	Health and social activities	0	0	0		
15	Social, cultural, entertainment and other personal services	0	4,511	0		
16	Personal household services	0		0		
17	International organizations and other extra international organizations	0		0		
18	Indeterminate activities	0		0		
19	Household					
20	Non-Business Field	0		0		
21	Miscellaneous (additional including for SBI, SUN)	213,164,757	29,981,376	0		
Total		216,469,687	107,252,120	0	41,352,579	
December 31, 2015						
1	Agriculture, menial labor and forestry	0	15,441,323	0	0	
2	Fisheries	0	0	0	0	
3	Mining and extractive industries	0	7,280,640	0	0	
4	Processing industry	0	14,854,365	0	0	
5	Power, gas and water	0	10,064,347	0	0	
6	Construction	0	5,729,621	0	0	
7	Wholesale and retail trade	224	25,239	0		
8	Hospitality	0	527,389	0	0	
9	Transportation, warehousing and communications	0	1,479,938	0	0	
10	Financial intermediaries	0	5,839,011	0	35,567,759	
11	Real estate, leasing and corporate services	559,155	2,737,415	0		
12	Government administration, defense and mandatory social security	2,959,663	0	0		
13	Education	0	0	0		
14	Health and social activities	0	0	0		
15	Social, cultural, entertainment and other personal services	0	0	0		
16	Personal household services	0	0	0		
17	International organizations and other extra international organizations	0	0	0		
18	Indeterminate activities	0	0	0		
19	Non-Business Field	0	1,192	0		
20	Miscellaneous (additional including for SBI, SUN)	184,654,282	27,934,316	0		
Total		188,173,324	91,914,795	0	35,567,759	

Note:

Net exposures which classified on 'Others' are Other Assets and non-cash loan, such as placements on Bank Indonesia, securities, bank guarantee, and L/C.

*) Disclosed sectors are the sectors with material value/balance. For sectors which are not material are combined into other sectors and described to the stakeholders.

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	Collateralized Housing Loans	Collateralized Commercial Property Loans	Loans to Employees/ Pensioners	Claims against MSMEs and Retail Portfolio	Claims against Corporations	Mature Claims	Other Assets	Exposure at Sharia unit (if any)
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
		0	0	1,656,758	40,672,718	126,157	0	0
		0	0	76,918	235,884	6,605	0	0
		0	0	43,586	26,663,276	1,063,825	0	0
		0	0	1,056,044	96,227,595	1,369,050	0	0
		0	0	24,494	4,216,787	185,886	0	0
		0	0	302,094	15,206,702	238,250	0	0
		0	0	25,506,018	67,903,072	3,443,799	0	0
		0	0	3,455,390	3,317,592	78,780	0	0
		0	0	857,913	17,424,588	496,987	0	0
		0	0	84,113	12,593,499	763	0	0
		0	0	1,872,634	19,332,729	179,899	0	0
		0	0	16,537	61,036	1,193	0	0
		0	0	37,371	99,581	192	0	0
		0	0	86,456	1,582,546	3,213	0	0
		0	0	1,171,344	1,887,951	33,291	0	0
		0	0	7,879	30,447	1,814	0	0
		0	0		33,687	0	0	0
		0	0		703		0	0
	18,441,101			77,532,355	7,693,239	830,242		
			0	8,686,052	273,346	106,754	0	0
	0	0	2,917,617	11,428,986	81,920,498	203,382	66,635,060	80,344,554
	18,441,101	0	2,917,617	133,902,939	397,377,475	8,370,081	66,635,060	80,344,554
	0	0	0	2,525,357	42,324,130	147,143	0	0
	0	0	0	52,073	233,553	7,867	0	0
	0	0	0	39,467	23,641,624	11,546	0	0
	0	0	0	910,508	107,187,758	564,245	0	0
	0	0	0	25,575	3,983,326	698	0	0
	0	0	0	332,126	13,722,859	23,001	0	0
	0	0	0	22,487,141	66,815,467	1,332,562	0	0
	0	0	0	2,810,216	2,974,495	57,671	0	0
	0	0	0	410,301	18,082,147	101,760	0	0
	0	0	0	92,658	8,231,312	4,825	0	0
	0	0	0	3,189,873	21,853,064	141,312	0	0
	0	0	0	32,095	103,497	3,215	0	0
	0	0	0	7,112	153,332	241	0	0
	0	0	0	101,888	1,639,722	2,005	0	0
	0	0	0	11,982	364,985	319	0	0
	0	0	0	15,149	19,727	819	0	0
	0	0	0	0	0	0	0	0
	0	0	0	6,699	166,214	1,008	0	0
	11,423,922	0	0	81,483,785	5,910,630	822,837	0	0
	0	0	187,959	8,689,266	63,073,569	90,869	44,381,523	70,910,376
	11,423,922	0	187,959	123,223,273	380,419,830	3,313,943	44,381,523	70,910,376

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Credit Risk Exposure and Reserve

Bank Mandiri implement prudent policies on credit risk mitigation, including in determining reserves for impairment losses on assets.

Table 2.4.a Disclosure on Claims and Reserves by Region – Bank Individually

(in million Rupiah)

NoDescription		December 31, 2016										
		Claims by Region										
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	Claims	97,486,043	249,212,847	121,660,549	33,528,580	23,225,532	14,479,418	5,240,398	354,966,406	36,303,136	936,102,909	
2	Impaired Claims	0	0	0	0	0	0	0	0	0	0	
	a. Outstanding	2,949,243	7,008,616	7,077,209	1,502,033	1,381,394	351,305	141,440	951,224	92,997	21,455,460	
	b. Mature	1,830,445	11,580,048	7,104,571	797,116	1,067,044	299,178	92,410	1,542,085	280,563	24,593,461	
3	Reserves for Impairmentsi (CKPN) - Bank Individually **)	1,679,408	13,037,404	5,353,229	1,495,007	261,176	212,296	0	1,131,941	49,966	23,220,426	
4	Reserves for Impairmentsi (CKPN) - Collective **)	897,912	928,045	1,132,652	384,913	457,255	93,105	68,389	1,456,738	53,787	5,472,795	
5	Written-off claims ***)	1,552,809	1,418,113	2,424,063	612,632	1,164,750	78,823	129,502	4,114,213	-	11,494,905	

Table 2.4.b Disclosure on Claims and Reserves by Region – Bank Consolidated with Subsidiaries

(in million Rupiah)

No	Description	December 31, 2016										
		Claims by Region										
		Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
1	Claims	97,486,043	249,212,847	121,660,549	33,528,580	23,225,532	14,479,418	5,240,398	435,278,002	36,303,136	1,016,414,505	
2	Impaired Claims	0	0	0	0	0	0	0	0	0	0	
	a. Outstanding	2,949,243	7,008,616	7,077,209	1,502,033	1,381,394	351,305	141,440	951,224	92,997	21,455,460	
	b. Mature	1,830,445	11,580,048	7,104,571	797,116	1,067,044	299,178	92,410	3,804,457	280,563	26,855,832	
3	Reserves for Impairmentsi (CKPN) - Bank Individually **)	1,679,408	13,037,404	5,353,229	1,495,007	261,176	212,296	0	2,999,811	49,966	25,088,297	
4	Reserves for Impairmentsi (CKPN) - Collective **)	897,912	928,045	1,132,652	384,913	457,255	93,105	68,389	3,109,850	53,787	7,125,908	
5	Written-off claims ***)	1,552,809	1,418,113	2,424,063	612,632	1,164,750	78,823	129,502	6,156,252	-	13,536,944	

**) Reserves for Impairments is subject to the definition set out in Circular No. 13/6/DPNP dated February 18, 2011 on the calculation of Credit RWA (without collectability 1)

***) Written-off claims only for the bank individually

****) Subsidiaries Net Claims is monitored and recorded in Head Office

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	December 31, 2015									
	Claims by Region									
	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	89,901,079	225,134,232	104,359,311	32,757,427	22,130,660	9,911,074	4,856,763	300,813,264	28,778,499	818,642,312
	0	0	0	0	0	0	0	0	0	0
	3,011,899	8,843,460	6,604,165	1,343,528	1,500,583	268,290	191,115	1,637,642	0	23,400,682
	1,465,826	4,255,307	3,170,552	701,234	1,152,710	81,432	84,982	2,334,917	234,473	13,481,433
	378,370	7,412,348	2,825,038	345,701	808,126	65,211	0	1,353,482	144,162	13,332,439
	935,840	952,643	1,154,533	346,213	347,814	56,570	65,859	1,537,064	67,361	5,463,896
	818,813	1,667,832	1,490,908	472,614	295,039	70,349	101,308	1,076,277	-	5,993,140

(in million Rupiah)

	December 31, 2015									
	Claims by Region									
	Sumatera	Jakarta	Java	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office	Overseas	Total
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
	89,901,079	225,134,232	104,359,311	32,757,427	22,130,660	9,911,074	4,856,763	384,315,194	28,778,499	902,144,239
	0	0	0	0	0	0	0	0	0	0
	3,011,899	8,843,460	6,604,165	1,343,528	1,500,583	268,290	191,115	2,374,508	0	24,137,548
	1,465,826	4,255,307	3,170,552	701,234	1,152,710	81,432	84,982	2,490,648	234,473	13,637,164
	378,370	7,412,348	2,825,038	345,701	808,126	65,211	0	1,353,482	144,162	13,332,438
	935,840	952,643	1,154,533	346,213	347,814	56,570	65,859	3,384,168	67,361	7,311,001
	818,813	1,667,832	1,490,908	472,614	295,039	70,349	101,308	2,834,777	-	7,751,640

Table 2.5.a Disclosure on Claims and Reserves by Economic Sector - Bank Individually

(in million Rupiah)

No.	Economic Sector *)	Claims **)	Impaired Claims		Reserves for impairments (CKPN) - Individual ***)	Reserves for impairments (CKPN) - Collective ***)	Written off claims ****)
			Outstanding	Mature			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2016							
1	Agriculture, menial labor and forestry	56,680,446	915,708	678,826	3,061,537	206,709	288,616
2	Fisheries	321,431	4,582	13,228	0	7,276	14,657
3	Mining and extractive industries	31,873,709	279,136	1,983,748	1,177,350	19,067	505,593
4	Processing industry	125,901,377	7,220,477	7,811,396	11,699,475	243,132	2,189,719
5	Power, gas and water	23,926,086	7,026	211,997	22,917	4,639	427,623
6	Construction	24,274,124	391,710	610,736	460,652	52,316	46,396
7	Wholesale and retail trade	99,310,019	4,036,352	7,619,226	2,817,808	1,989,482	4,929,821
8	Hospitality	7,483,710	302,115	176,116	117,180	148,957	130,460
9	Transportation, warehousing and communications	26,052,500	632,584	1,859,163	1,448,732	113,903	721,659
10	Financial intermediaries	51,253,514	2,917	1,210,764	1,297,881	1,142	29,341
11	Real estate, leasing and corporate services	21,651,124	920,326	538,601	269,098	206,233	199,987
12	Government administration, defense and mandatory social security	3,382,781	10,212	2,507	745	1,511	6,022
13	Education	145,070	10,491	349	8,063	366	8,072
14	Health and social activities	1,671,508	10,087	6,638	238	4,648	2,696
15	Social, cultural, entertainment and other personal services	3,126,453	98,024	71,051	2,973	65,562	80,060
16	Personal household services	42,255	9,164	3,525	0	2,743	1,967
17	International organizations and other extra international organizations	33,687	0	0	0		0
18	Indeterminate activities	703	0		0		0
19	Household	105,407,822		1,496,634	6,815	921,945	1,912,216
20	Non-Business Field	9,333,968	6,250,885	266,969	0	52	
21	Miscellaneous (additional including for SBI, SUN)	344,230,624	353,667	31,987	828,962	1,483,113	0
Total		936,102,910	21,455,460	24,593,461	23,220,426	5,472,795	11,494,905
December 31, 2015							
1	Agriculture, menial labor and forestry	60,448,226	534,554	333,133	110,720	251,882	194,361
2	Fisheries	296,449	10,418	16,842	0	10,471	496,862
3	Mining and extractive industries	31,412,092	572,285	511,481	693,922	78,932	94,453
4	Processing industry	127,104,105	7,011,897	3,364,152	7,117,993	309,642	605,008
5	Power, gas and water	12,853,911	209,124	427,333	433,562	22,735	1,407
6	Construction	19,239,394	595,032	48,772	307,024	38,954	33,934
7	Wholesale and retail trade	92,903,230	4,929,770	4,465,483	2,631,877	1,874,380	2,392,291
8	Hospitality	6,453,640	281,326	135,679	4,435	126,279	111,442
9	Transportation, warehousing and communications	21,095,257	1,612,019	723,710	1,043,049	84,705	314,413
10	Financial intermediaries	14,282,235	3,935	10,672	448	5,921	12
11	Real estate, leasing and corporate services	28,715,931	643,243	493,717	263,088	243,526	155,336
12	Government administration, defense and mandatory social security	3,082,046	3,995	6,697	0	4,034	54,436
13	Education	168,117	1,442	8,222	7,709	465	1,557
14	Health and social activities	1,746,257	22,513	4,058	2,876	4,773	4,500
15	Social, cultural, entertainment and other personal services	377,031	2,829	586	0	637	7
16	Personal household services	36,404	3,739	1,704	0	1,384	0
17	International organizations and other extra international organizations	0	0	0	0	0	0
18	Indeterminate activities	175,071	3,269	2,152	0	1,572	741,014
19	Non-Business Field	100,790,785	6,304,955	1,580,822	0	1,144,853	0
20	Miscellaneous (additional including for SBI, SUN)	297,462,131	654,334	1,346,217	715,737	1,258,752	792,107
Total		818,642,312	23,400,682	13,481,433	13,332,439	5,463,896	5,993,140

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Table 2.5.b Disclosure on Claims and Reserves by Economic Sector - Bank Consolidated with Subsidiaries

(in million Rupiah)

No.	Economic Sector *)	Claims **)	Impaired Claims		Reserves for impairments (CKPN) - Individual ***)	Reserves for impairments (CKPN) - Collective ***)	Written off claims ****)
			Outstanding	Mature			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2016							
1	Agriculture, menial labor and forestry	56,680,446	915,708	678,826	3,061,537	206,709	288,616
2	Fisheries	321,431	4,582	13,228	0	7,276	14,657
3	Mining and extractive industries	31,873,709	279,136	1,983,748	1,177,350	19,067	505,593
4	Processing industry	125,901,377	7,220,477	7,811,396	11,699,475	243,132	2,189,719
5	Power, gas and water	23,926,086	7,026	211,997	22,917	4,639	427,623
6	Construction	24,274,124	391,710	610,736	460,652	52,316	46,396
7	Wholesale and retail trade	99,310,019	4,036,352	7,619,226	2,817,808	1,989,482	4,929,821
8	Hospitality	7,483,710	302,115	176,116	117,180	148,957	130,460
9	Transportation, warehousing and communications	26,052,500	632,584	1,859,163	1,448,732	113,903	721,659
10	Financial intermediaries	51,253,514	2,917	1,210,764	1,297,881	1,142	29,341
11	Real estate, leasing and corporate services	21,651,124	920,326	538,601	269,098	206,233	199,987
12	Government administration, defense and mandatory social security	3,382,781	10,212	2,507	745	1,511	6,022
13	Education	145,070	10,491	349	8,063	366	8,072
14	Health and social activities	1,671,508	10,087	6,638	238	4,648	2,696
15	Social, cultural, entertainment and other personal services	3,126,453	98,024	71,051	2,973	65,562	80,060
16	Personal household services	42,255	9,164	3,525	0	2,743	1,967
17	International organizations and other extra international organizations	33,687	0	0	0		0
18	Indeterminate activities	703	0		0		0
19	Household	105,407,822		1,496,634	6,815	921,945	1,912,216
20	Non-Business Field	9,333,968	6,250,885	266,969	0	52	
21	Miscellaneous (additional including for SBI, SUN)	424,542,218	353,667	2,294,359	2,696,833	3,136,226	2,042,039
Total		1,016,414,505	21,455,460	26,855,832	25,088,297	7,125,908	13,536,944
December 31, 2015							
1	Agriculture, menial labor and forestry	60,448,226	534,554	333,133	110,720	251,882	194,361
2	Fisheries	296,449	10,418	16,842	0	10,471	496,862
3	Mining and extractive industries	31,412,092	572,285	511,481	693,922	78,932	94,453
4	Processing industry	127,104,105	7,011,897	3,364,152	7,117,993	309,642	605,008
5	Power, gas and water	12,853,911	209,124	427,333	433,562	22,735	1,407
6	Construction	19,239,394	595,032	48,772	307,024	38,954	33,934
7	Wholesale and retail trade	92,903,230	4,929,770	4,465,483	2,631,877	1,874,380	2,392,291
8	Hospitality	6,453,640	281,326	135,679	4,435	126,279	111,442
9	Transportation, warehousing and communications	21,095,257	1,612,019	723,710	1,043,049	84,705	314,413
10	Financial intermediaries	14,282,235	3,935	10,672	448	5,921	12
11	Real estate, leasing and corporate services	28,715,931	643,243	493,717	263,088	243,526	155,336
12	Government administration, defense and mandatory social security	3,082,046	3,995	6,697	0	4,034	54,436
13	Education	168,117	1,442	8,222	7,709	465	1,557
14	Health and social activities	1,746,257	22,513	4,058	2,876	4,773	4,500
15	Social, cultural, entertainment and other personal services	377,031	2,829	586	0	637	7
16	Personal household services	36,404	3,739	1,704	0	1,384	0
17	International organizations and other extra international organizations	0	0	0	0	0	0
18	Indeterminate activities	175,071	3,269	2,152	0	1,572	741,014
19	Non-Business Field	100,790,785	6,304,955	1,580,822	0	1,144,853	0
20	Miscellaneous (additional including for SBI, SUN)	380,964,061	1,391,200	1,501,948	715,737	3,105,856	2,550,607
Total		902,144,242	24,137,545	13,637,163	13,332,440	7,311,001	7,751,640

*) The sectors listed are those that have material balances. For sectors without material balances, they have been combined in Miscellaneous

**) Gross claims (Reserves for Impairments not yet deducted)

***) Reserves for Impairments is subject to the definition set out in Circular No. 13/6/DPNP dated February 18, 2011 on the calculation of Credit RWA (without collectability 1)

****) Written-off claims only for the bank individually

Note: Net Claim of subsidiaries are recorded on Other Economic Sectors

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Table 2.6.a Disclosure of Changes in Impairment Reserves - Bank Individually

(in million Rupiah)

No.	Description	December 31, 2016		December 31, 2015	
		Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective ***	Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective ***
(1)	(2)	(3)	(4)	(5)	(6)
1	Opening Impairment Reserves balance	14,846,451	7,685,776	11,153,300	6,752,964
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	16,214,781	6,625,053	5,546,516	4,342,902
	2.a Allocation of Impairment Reserves in current period	16,223,254	6,625,053	5,546,516	4,571,051
	2.b Recovery of Impairment Reserves in current period	(8,473)	-	-	(228,149)
3	Impairment Reserves used to cover write-offs in current period	(5,965,014)	(5,529,891)	(1,853,346)	(4,139,794)
4	Other Allocation recovery in current period *)	(556,573)	(408,091)	(19)	729,704
Closing Impairment Reserve Balance **)		24,539,645	8,372,847	14,846,451	7,685,776

Table 2.6.b Disclosure of Changes in Impairment Reserves - Bank Consolidated with Subsidiaries

(in million Rupiah)

No.	Description	December 31, 2016		December 31, 2015	
		Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective ***	Reserves for impairments (CKPN) - Individual	Reserves for impairments (CKPN) - Collective ***
(1)	(2)	(3)	(4)	(5)	(6)
1	Opening Impairment Reserves balance	15,488,817	9,293,798	11,749,047	8,555,303
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	16,404,841	8,539,097	5,593,041	6,062,416
	2.a Allocation of Impairment Reserves in current period	16,404,841	8,539,273	5,606,308	6,278,066
	2.b Recovery of Impairment Reserves in current period	-	(176)	(13,267)	(215,650)
3	Impairment Reserves used to cover write-offs in current period	(5,965,014)	(7,571,930)	(1,853,346)	(5,898,294)
4	Other Allocation recovery in current period *)	(730,948)	(180,523)	75	574,373
Closing Impairment Reserve Balance **)		25,197,696	10,080,442	15,488,817	9,293,798

*) Includes foreign exchange differences from presentation in foreign currency and recognition of interest income as being excluded from impaired loans

**) Excluding Impairment Reserves for Administrative Account transactions

***) There are adjustment of initial balance reserve collectively on 31 December 2015 with implementation of PSAK No. 102 in subsidiaries

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Credit Risk Exposure based on Standard Approach

In the ATMR calculation for credit risk, Bank Mandiri uses ratings issued by rating agencies which were acknowledged by the appropriate regulator according to the SE OJK No. 37/SEOJK.03/2016 regarding the Agencies Rating which recognized by OJK. The ratings are used for the category of portfolio of Public Sector Entities and Corporation.

For the calculation of capital adequacy which related to the exposures of Counterparty Credit Risk, Bank Mandiri refers to SE OJK No. 42/SEOJK.03/2016 regarding Guidelines for the Calculation of Risk Weighted Assets for Credit Risk by using the Standard Approach, where specifically for the calculation result of CVA risk-weighted assets will be disclosed on starting position January 2017 to the OJK.

Disclosure of Credit Risk Exposure Based on Category Portfolio and Rating Scale

Reporting Standard Approach by Bank Mandiri presently do not use external ratings to the category of the portfolio, however, for the needs of the simulation has been performed the exposure calculation based on external ratings as shown in the following table:

Tabel 3.1.a. Disclosure of Net Claims by Portfolio Category and Rating - Bank Individually

(in million Rupiah)

December 31, 2016

No	Portfolio Category	Net claims								
		Rating Agency	Long term rating							
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	Less than A-3	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	Less than F3	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	B1 s.d B3	Less than P-3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less than F3(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	id B+ s.d id B-	Less than idA4	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Claims against Government		8,895,529	36,742,354	4,221,756	0	10,638,849	0	0	
2	Claims against Public Sector Entities		25,715,921	22,814,812	20,777,467	4,498,973	4,216,706	0	0	
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0	0	0	0	
4	Claims against Banks		926,762	488,810	104,135	0	0	0	0	
5	Collateralized Housing Loans		0	0	0	0	0	0	0	
6	Collateralized Commercial Property Loans		0	0	0	0	0	0	0	
7	Loans to Employees/Pensioners		0	0	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio		0	0	0	0	0	0	0	
9	Claims against Corporations		12,328,642	23,638,782	28,719,806	769,427	0	0	0	
10	Mature Claims		0	0	0	0	0	0	0	
11	Other Assets		0	0	0	0	0	0	0	
Total			47,866,854	83,684,759	53,823,163	5,268,400	14,855,554	0	0	

December 31, 2015

No	Portfolio Category	Net claims								
		Rating Agency	Long term rating							
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	Less than A-3	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	Less than F3	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	B1 s.d B3	Less than P-3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less than F3(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	id B+ s.d id B-	Less than idA4	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
1	Claims against Government		19,369,968	39,793,230	747,960	0	14,757,721	0	0	
2	Claims against Public Sector Entities		18,430,799	14,009,882	18,572,424	4,381,357	5,201,889	0	0	
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0	0	0	0	
4	Claims against Banks		870,716	525,237	25,321	0	0	0	0	
5	Collateralized Housing Loans		0	0	0	0	0	0	0	
6	Collateralized Commercial Property Loans		0	0	0	0	0	0	0	
7	Loans to Employees/Pensioners		0	0	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio		0	0	0	0	0	0	0	
9	Claims against Corporations		7,735,297	21,313,040	29,045,641	4,422,577	0	0	0	
10	Mature Claims		0	0	0	0	0	0	0	
11	Other Assets		0	0	0	0	0	0	0	
Total			46,406,780	75,641,389	48,391,346	8,803,934	19,959,610	0	0	

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Net claims						
	Short term rating				Unrated	Total
	A-1	A-2	A-3	Less than A-3		
	F1+ s.d F1	F2	F3	Less than F3		
	P-1	P-2	P-3	Less than P-3		
	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(11)	(12)	(13)	(14)	(15)	(16)
	0	0	0	0	154,291,286	214,789,773
	0	0	0	0	28,962,699	106,986,577
	0	0	0	0	0	0
	0	0	0	0	40,008,307	41,528,015
	0	0	0	0	18,441,100	18,441,100
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	122,713,385	122,713,385
	0	0	0	0	331,334,215	396,790,872
	0	0	0	0	8,177,117	8,177,117
	0	0	0	0	64,497,979	64,497,979
	0	0	0	0	768,426,088	973,924,818

Net claims						
	Short term rating				Unrated	Total
	A-1	A-2	A-3	Less than A-3		
	F1+ s.d F1	F2	F3	Less than F3		
	P-1	P-2	P-3	Less than P-3		
	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(11)	(12)	(13)	(14)	(15)	(16)
	0	0	0	0	113,033,556	187,702,435
	0	0	0	0	30,958,275	91,554,626
	0	0	0	0	0	0
	0	0	0	0	34,391,908	35,813,182
	0	0	0	0	11,423,922	11,423,922
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	114,766,325	114,766,325
	0	0	0	0	317,386,006	379,902,561
	0	0	0	0	3,228,323	3,228,323
	0	0	0	0	42,635,888	42,635,888
	0	0	0	0	667,824,203	867,027,262

Table 3.1.b. Disclosure of Net Claims by Portfolio Category and Rating - Bank Consolidated with Subsidiaries

(in million Rupiah)

December 31, 2016									
No	Portfolio Category	Net claims							
		Rating Agency	Long term rating						
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	B1 s.d B3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	id B+ s.d id B-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government		9,029,223	36,742,354	4,221,756	135,471	10,638,849	0	0
2	Claims against Public Sector Entities		25,722,887	22,814,812	20,777,467	4,757,550	4,216,706	0	0
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0	0	0	0
4	Claims against Banks		1,007,635	488,810	104,135	0	0	0	0
5	Collateralized Housing Loans		0	0	0	0	0	0	0
6	Collateralized Commercial Property Loans		0	0	0	0	0	0	0
7	Loans to Employees/Pensioners		0	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio		0	0	0	0	0	0	0
9	Claims against Corporations		12,363,676	23,643,682	28,724,820	769,427	0	0	0
10	Mature Claims		0	0	0	0	0	0	0
11	Other Assets		0	0	0	0	0	0	0
12	Exposure at Sharia Unit (If any)		2,772,642	0	683,075	57,903	0	0	0
Total			50,896,061	83,689,658	54,511,253	5,720,351	14,855,555	0	0

December 31, 2015									
No	Portfolio Category	Net claims							
		Rating Agency	Long term rating						
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	B+ s.d B-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	B1 s.d B3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	id B+ s.d id B-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government		19,369,968	39,793,230	747,960	0	14,757,721	0	0
2	Claims against Public Sector Entities		18,430,799	14,009,882	18,572,424	4,381,357	5,201,889	0	0
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0	0	0	0
4	Claims against Banks		1,347,186	579,368	25,321	0	0	0	0
5	Collateralized Housing Loans		0	0	0	0	0	0	0
6	Collateralized Commercial Property Loans		0	0	0	0	0	0	0
7	Loans to Employees/Pensioners		0	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio		0	0	0	0	0	0	0
9	Claims against Corporations		7,735,297	21,313,040	29,045,641	4,422,577	0	0	0
10	Mature Claims		0	0	0	0	0	0	0
11	Other Assets		0	0	0	0	0	0	0
12	Exposure at Sharia Unit (If any)		350,000	0	315,919	58,405	0	0	0
Total			47,233,250	75,695,520	48,707,265	8,862,339	19,959,610	0	0

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Net claims						
	Short term rating				Unrated	Total
	A-1	A-2	A-3	Less than A-3		
	F1+ s.d F1	F2	F3	Less than F3		
	P-1	P-2	P-3	Less than P-3		
	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(11)	(12)	(13)	(14)	(15)	(16)
	0	0	0	0	155,702,034	216,469,687
	0	0	0	0	28,962,698	107,252,120
	0	0	0	0	0	
	0	0	0	0	39,751,999	41,352,579
	0	0	0	0	18,441,100	18,441,100
	0	0	0	0	0	
	0	0	0	0	2,917,617	2,917,617
	0	0	0	0	133,902,939	133,902,939
	0	0	0	0	331,875,870	397,377,475
	0	0	0	0	8,370,081	8,370,081
	0	0	0	0	66,635,060	66,635,060
	0	0	0	0	76,830,935	80,344,554
	0	0	0	0	863,390,333	1,073,063,212

Net claims						
	Short term rating				Unrated	Total
	A-1	A-2	A-3	Less than A-3		
	F1+ s.d F1	F2	F3	Less than F3		
	P-1	P-2	P-3	Less than P-3		
	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(11)	(12)	(13)	(14)	(15)	(16)
	0	0	0	0	113,504,445	188,173,324
	0	0	0	0	31,318,445	91,914,796
	0	0	0	0	0	0
	0	0	0	0	33,615,884	35,567,759
	0	0	0	0	11,423,922	11,423,922
	0	0	0	0	0	0
	0	0	0	0	187,959	187,959
	0	0	0	0	123,223,272	123,223,272
	0	0	0	0	317,964,858	380,481,413
	0	0	0	0	3,313,942	3,313,942
	0	0	0	0	44,381,522	44,381,522
	0	0	0	0	70,186,052	70,910,376
	0	0	0	0	749,120,302	949,578,285

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Disclosure of Counterparty Credit Risk

In accordance to the Indonesian financial market conditions that have not had a lot of derivative instruments, Bank Mandiri has derivatives exposure which was not significant with the largest positions comes from interest rate swap transaction. Reverse repo transactions position is with to other banks and corporations, while repo transaction is with other banks and with underlying government bonds. Based on the Reporting of Standard Approach, Bank Mandiri's exposure in derivative transactions, repo and reverse repo are as follows:

Table 3.2.a Disclosure of Counterparty Credit Risk: Derivatives Transactions

(in million Rupiah)

No	Underlying Variable	December 31, 2016								
		Notional Amount			Derivative Claims	Derivative Obligations	Net Claims before MRK	MRK	Net Claims after MRK	
		≤ 1 year	> 1 year - ≤ 5 year	> 5 year						
INDIVIDUALLY										
1	Interest Rate	8,871,224	8,561,575	0	48,540	9,613	91,348	0	91,348	
2	Exchange Rate	49,657,445	2,731,014	0	192,329	494,037	825,455	0	825,455	
3	Others	0	0	0	0	0	0	0	0	
	TOTAL	58,528,668	11,292,589	0	240,870	503,650	916,803	0	916,803	
CONSOLIDATED										
1	Interest Rate	8,871,224	8,561,575	0	48,540	9,613	91,348	0	91,348	
2	Exchange Rate	49,657,445	2,731,014	0	192,329	494,054	825,455	0	825,455	
3	Shares	0	0	0	0	0	0	0	0	
4	Gold	0	0	0	0	0	0	0	0	
5	Other metals besides gold	0	0	0	0	0	0	0	0	
6	Others	0	0	0	0	0	0	0	0	
	TOTAL	58,528,668	11,292,589	0	240,870	503,667	916,803	0	916,803	

Table 3.2.b.1. Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Individually

(in million Rupiah)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		Fair repo SSB value	Repo Obligations	Net Claims	RWA	Fair repo SSB value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government	3,914,691	0	0	0	5,342,711	1,874,382	95,818	0
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0
4	Claims against Banks	0	3,353,042	561,650	256,998	0	2,988,789	383,722	184,555
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	0	0
6	Claims against Corporations	0	0	0	0	0	0	0	0
	TOTAL	3,914,691	3,353,042	561,650	256,998	5,342,711	4,863,171	479,540	184,555

Table 3.2.b.2. Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Consolidated with subsidiaries

(in million Rupiah)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		Fair repo SSB value	Repo Obligations	Net Claims	RWA	Fair repo SSB value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government	3,914,691	0	0	0	5,342,711	1,874,382	95,818	0
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0
4	Claims against Banks	0	3,353,042	561,650	256,998	0	2,988,789	383,722	184,555
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	0	0
6	Claims against Corporations	0	0	0	0	0	0	0	0
	TOTAL	3,914,691	3,353,042	561,650	256,998	5,342,711	4,863,171	479,540	184,555

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	December 31, 2015							
	Notional Amount			Derivative Claims	Derivative Obligations	Net Claims before MRK	MRK	Net Claims after MRK
		> 1 year - ≤ 5 year	> 5 year					
	13,515,855	4,827,561	0	23,949	75,870	26,142	0	26,142
	37,525,573	210,619	0	678,928	227,217	1,064,715	0	1,064,715
	0	0	0	0	0	0	0	0
	51,041,428	5,038,180	0	702,877	303,087	1,090,856	0	1,090,856
	13,515,855	4,827,561	0	23,949	75,870	26,142	0	26,142
	37,525,573	210,619	0	679,238	227,331	1,065,025	0	1,064,715
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	51,041,428	5,038,180	0	703,187	303,201	1,091,167	0	1,090,856

Table 3.2.c.1 Disclosure on Counterparty Credit Risk: Reverse Repo Transaction - Bank Individually

(in million Rupiah)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		Net Claims	MRK Amount	Net Claims after MRK	RWA after MRK	Net Claims	MRK Amount	Net Claims after MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government	2,017,309	0	2,017,309	0				
2	Claims against Public Sector Entities	0	0	0	0				
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0				
4	Claims against Banks	1,728,781	0	1,728,781	345,756				
5	Claims against MSMEs and Retail Portfolio	0	0	0	0				
6	Claims against Corporations	0	0	0	0				
TOTAL		3,746,090	0	3,746,090	345,756	NIL	NIL	NIL	NIL

Table 3.2.c.2 Disclosure on Counterparty Credit Risk: Reverse Repo Transaction - Bank Consolidated with Subsidiaries

(in million Rupiah)

No	Portfolio Category	December 31, 2016				December 31, 2015			
		Net Claims	MRK Amount	Net Claims after MRK	RWA after MRK	Net Claims	MRK Amount	Net Claims after MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government	3,198,231	0	3,198,231	0	368,970	0	368,970	0
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0
4	Claims against Banks	1,728,781	0	1,728,781	345,756	0	0	0	0
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	0	0
6	Claims against Corporations	127,476	0	127,476	127,476	307,930	0	307,930	307,930
TOTAL		5,054,488	0	5,054,488	473,232	676,900	0	676,900	307,930

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Credit Risk Mitigation by Using Standard Approach

In credit process, the collateral received may be in a form of object which financed by credit (moveable objects or unmoveable objects), or other objects such as personal guarantee and corporate guarantee. The credit collateral must meet the following criteria such as having economic value, marketable, transferable, and has a juridical value.

Guidelines for determining the collateral structure to mitigate credit risk policy which has been regulated in Credit Standard Procedures for every segments. Types of collateral received by Bank Mandiri consists of moveable objects (including cash collateral, accounts receivable, inventory, machinery, and securities), unmoveable objects (including land, buildings, and machinery), as well as guarantee (personal/corporate guarantee). In the case of the Bank will receive a guarantee, then Bank Mandiri will assess the feasibility and reliability of surety (guarantor).

To guarantee the credit facility, Bank Mandiri gives priority to the collateral in the form of land or land including the building. The collateral value used by Bank Mandiri as loan collateral is a collateral value which assessed by internal assessors (credit operation unit) and external assessors, either Bank Mandiri's partners or not that have officially appointed by the authorities of business unit/ credit recovery unit.

Table 4.1.a Disclosure of Net Claims on Risk Weighting After Mitigation of Credit Risk Effect - Bank Individually

No	Portfolio Category	December 31, 2016										RWA	Capital Charge (RWA x 9,53%) *)	
		Net Claims after Calculating Effect of Credit Risk Mitigation												
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
A	BALANCE SHEET EXPOSURE													
1	Claims against Government	210,773,317	0	0	0	0	0	0	0	0	0	0	0	
2	Claims against Public Sector Entities	1,261,920	43,169,807	0	0	0	40,819,601	0	4,216,706	0	0	33,260,468	3,166,397	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0	0	
4	Claims against Banks	50,720	20,339,190	0	0	0	7,547,014	0	0	0	0	7,841,345	746,496	
5	Collateralized Housing Loans	0	0	18,441,100	0	0	0	0	0	0	0	6,454,385	614,457	
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0	0	0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio	783,807	2,016,389	0	0	0	0	119,182,462	0	0	0	89,790,124	8,548,020	
9	Claims against Corporations	10,714,493	33,610,791	0	0	0	27,629,634	0	290,198,923	0	0	310,735,899	29,582,058	
10	Mature Claims	12,856	25,341	0	0	0	0	0	457,160	7,673,521	0	11,972,509	1,139,783	
11	Other Assets	21,223,787	0	0	0	0	0	0	43,271,222	2,970	0	43,275,677	4,119,844	
Total Balance Sheet Exposure		244,820,900	99,161,518	18,441,100	0	0	75,996,249	119,182,462	338,144,011	7,676,491	0	503,330,407	47,917,055	
B	EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS													
1	Claims against Government	1,983,653	0	0	0	0	0	0	0	0	0	0	0	
2	Claims against Public Sector Entities	2,140	4,288,916	0	0	0	13,227,488	0	0	0	0	7,471,527	711,289	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0	0	
4	Claims against Banks	1,000	0	0	0	0	10,682,398	0	0	0	0	5,341,199	508,482	
5	Collateralized Housing Loans	0	0	0	0	0	0	0	0	0	0	0	0	
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0	0	0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0	0	0	0	
8	Claims against MSMEs and Retail Portfolio	8,847	844	0	0	0	0	700,517	0	0	0	525,556	50,033	
9	Claims against Corporations	81,287	2,335,328	0	0	0	1,055,635	0	30,901,255	0	0	31,896,138	3,036,512	
10	Mature Claims	0	0	0	0	0	0	0	0	8,240	0	12,360	1,177	
Total TRA Exposure		2,076,927	6,625,088	0	0	0	24,965,521	700,517	30,901,255	8,240	0	45,246,780	4,307,493	
C	COUNTERPARTY CREDIT RISK EXPOSURE													
1	Claims against Government	2,032,803	0	0	0	0	0	0	0	0	0	0	0	
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0	0	0	0	0	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0	0	
4	Claims against Banks	0	2,123,581	0	0	0	784,112	0	0	0	0	816,772	77,757	
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	20,519	0	0	0	15,389	1,465	
6	Claims against Corporations	0	21,305	0	0	0	18,254	0	223,968	0	0	237,356	22,596	
Total Counterparty Credit Risk Exposure		2,032,803	2,144,886	0	0	0	802,366	20,519	223,968	0	0	1,069,517	101,818	

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In calculating the mitigation of Credit Risk by using Standard Approach in accordance to SE OJK No. 42/SEOJK.03/2016 regarding Guidelines for the calculation of ATMR credit risk, Bank Mandiri may recognize the existence of collateral, warranties, guarantees, or credit insurance as MRK techniques, with some conditions that must be met by Bank Mandiri. Types of collateral finance which acknowledged (eligible financial collateral) in Mechanical MRK-Collateral including cash, giro/savings/deposits, gold, Government Securities (GS), Bank Indonesia Certificates (SBI) and others that set forth in SE OJK as mentioned above. While collateral in the form of Fixed Assets, Inventory, Land/Building owned by Bank Mandiri, are not recognized in the standard approach. Based on the reporting of Standard Approach, Bank exposure and credit risk mitigation used are as follows:

	December 31, 2015										RWA	Capital Charge (RWA x 9,53%) *)
	Net Claims after Calculating Effect of Credit Risk Mitigation											
	0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya		
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(28)
	184,967,865	0	0	0	0	0	0	0	0	0	0	0
	277,864	26,488,831	0	0	0	41,490,956	0	5,201,889	0	0	31,245,133	3,124,513
	0	0	0	0	0	0	0	0	0	0	0	0
	74,832	16,036,466	0	0	0	7,411,169	0	0	0	0	6,912,878	691,287
	0	0	4,151,088	7,272,835	0	0	0	0	0	0	4,362,015	436,201
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	609,856	731,524	0	0	0	0	112,687,926	0	0	0	84,662,249	8,466,225
	9,337,526	28,188,025	0	0	0	25,912,728	0	282,440,046	0	0	301,034,016	30,103,401
	2,760	54,113	0	0	0	0	0	381,663	2,787,250	0	4,573,362	457,336
	23,118,927	0	0	0	0	0	0	19,516,962	0	0	19,516,962	1,951,696
	218,389,630	71,498,959	4,151,088	7,272,835	0	74,814,853	112,687,926	307,540,560	2,787,250	0	452,306,613	45,230,659
	2,561,792	0	0	0	0	0	0	0	0	0	0	0
	230	5,951,850	0	0	0	12,143,006	0	0	0	0	7,261,873	726,187
	0	0	0	0	0	0	0	0	0	0	0	0
	8,750	1,860	0	0	0	11,272,191	0	0	0	0	5,636,467	563,646
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	4,862	2,973	0	0	0	0	728,430	0	0	0	546,917	54,691
	95,353	807,926	0	0	0	3,006,611	0	29,703,449	0	0	31,368,340	3,136,834
	0	0	0	0	0	0	0	0	2,537	0	3,805	380
	2,670,986	6,764,609	0	0	0	26,421,808	728,430	29,703,449	2,537	0	44,817,402	4,481,740
	172,778	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	274,505	0	0	0	733,408	0	0	0	0	421,605	42,161
	0	0	0	0	0	0	755	0	0	0	566	56
	0	52,386	0	0	0	4,769	0	353,741	0	0	366,603	36,660
	172,778	326,891	0	0	0	738,177	755	353,741	0	0	788,774	78,877

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Table 4.1.b Disclosure of Net Claims on Risk Weighting After Mitigation of Credit Risk Effect - Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2016										RWA	Capital Charge (RWA x 9.53% *)	
		Net Claims after Calculating Effect of Credit Risk Mitigation												
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
A BALANCE SHEET EXPOSURE														
1	Claims against Government	212,281,506	0	0	0	0	0	0	0	0		0	0	
2	Claims against Public Sector Entities	1,261,920	43,176,773	0	0	0	41,264,802	0	4,030,082	0		33,391,149	3,182,177	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0		0	0	
4	Claims against Banks	50,720	20,163,754	0	0	0	7,547,014	0	0	0		7,806,258	743,936	
5	Collateralized Housing Loans	0	0	18,441,100	0	0	0	0	0	0		6,454,385	615,103	
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0		0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	2,917,617	0	0	0		1,458,809	139,024	
8	Claims against MSMEs and Retail Portfolio	798,755	2,016,389	0	0	0	0	130,344,137	0	0		98,161,380	9,354,780	
9	Claims against Corporations	10,714,493	33,650,725	0	0	0	27,634,648	0	290,613,102	0		311,160,571	29,653,602	
10	Mature Claims	12,856	25,341	0	0	0	0	0	457,160	7,866,485		12,261,955	1,168,564	
11	Other Assets	21,328,713	0	0	0	0	0	0	45,302,717	3,630		45,308,162	4,317,868	
12	Exposure at Sharia Unit (If any)	18,114,255	5,098,060	7,196,496	0	0	7,261,305	9,979,927	30,162,123	0		41,220,311	3,928,296	
TOTAL BALANCE SHEET EXPOSURE		264,563,218	104,131,041	25,637,596	0	0	86,625,386	140,324,063	370,565,184	7,870,115		557,222,980	53,103,350	
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS														
1	Claims against Government	1,983,653	0	0	0	0	0	0	0	0		0	0	
2	Claims against Public Sector Entities	2,140	4,288,916	0	0	0	13,227,488	0	0	0		7,471,527	712,037	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0		0	0	
4	Claims against Banks	1,000	0	0	0	0	10,682,398	0	0	0		5,341,199	509,016	
5	Collateralized Housing Loans	0	0	0	0	0	0	0	0	0		0	0	
6	Collateralized Commercial Property Loans	0	0	0	0	0	0	0	0	0		0	0	
7	Loans to Employees/Pensioners	0	0	0	0	0	0	0	0	0		0	0	
8	Claims against MSMEs and Retail Portfolio	8,847	844	0	0	0	0	713,448	0	0		535,255	51,010	
9	Claims against Corporations	81,287	2,335,328	0	0	0	1,055,635	0	30,901,255	0		31,896,138	3,039,702	
10	Mature Claims	0	0	0	0	0	0	0	0	8,240		12,360	1,178	
11	Exposure at Sharia Unit (If any)	0	548,707	0	0	0	567,911	82,222	324,352	0		774,509	73,811	
TOTAL TRA EXPOSURE		2,076,927	7,173,795	0	0	0	25,533,432	795,670	31,225,606	8,240		46,030,987	4,386,753	
C COUNTERPARTY CREDIT RISK EXPOSURE														
1	Claims against Government	2,204,527	0	0	0	0	0	0	0	0	0	0	0	
2	Claims against Public Sector Entities	0	0	0	0	0	0	0	0	0	0	0	0	
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0	0	0	0	0	0	0	
4	Claims against Banks	0	2,123,581	0	0	0	784,112	0	0	0	0	816,772	77,838	
5	Claims against MSMEs and Retail Portfolio	0	0	0	0	0	0	20,519	0	0	0	15,389	1,467	
6	Claims against Corporations	0	21,305	0	0	0	18,254	0	351,444	0	0	364,832	34,768	
7	Exposure at Sharia Unit (If any)	1,009,198	0	0	0	0	0	0	0	0	0	0	0	
TOTAL COUNTERPARTY CREDIT RISK EXPOSURE		3,213,725	2,144,886	0	0	0	802,366	20,519	351,444	0	0	1,196,993	114,073	

*) Capital charges calculated based on the CAR accordance to the Risk Profile for the period of June 2016

**) Capital charges calculated based on the CAR accordance to the Risk Profile for the period of June 2015

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	December 31, 2015										RWA	Capital Charge (RWA x 9,53%) *)
	Net Claims after Calculating Effect of Credit Risk Mitigation											
	0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya		
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(28)
	185,438,754	0	0	0	0	0	0	0	0	0	0	0
	277,864	26,488,831	0	0	0	41,851,126	0	5,201,889	0	0	31,410,860	3,141,086
	0	0	0	0	0	0	0	0	0	0	0	0
	74,832	15,790,733	0	0	0	7,411,169	0	0	0	0	6,863,731	686,373
	0	0	4,151,088	7,272,835	0	0	0	0	0	0	4,362,015	436,202
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	187,959	0	0	0	0	93,980	9,398
	625,546	731,524	0	0	0	0	121,121,194	0	0	0	90,987,200	9,098,720
	9,337,776	28,216,734	0	0	0	25,974,900	0	282,619,775	0	0	301,250,572	30,125,057
	2,760	54,113	0	0	0	0	0	381,663	2,872,870	0	4,701,791	470,179
	23,167,739	0	0	0	0	0	0	21,213,124	660	0	21,214,114	2,121,411
	0	0	0	0	0	0	0	0	0	0	0	0
	218,925,271	71,281,935	4,151,088	7,272,835	0	75,425,154	121,121,194	309,416,451	2,873,530	0	460,884,263	46,088,426
	2,561,792	0	0	0	0	0	0	0	0	0	0	0
	230	5,951,850	0	0	0	12,143,006	0	0	0	0	7,261,873	726,187
	0	0	0	0	0	0	0	0	0	0	0	0
	8,750	1,860	0	0	0	11,272,191	0	0	0	0	5,636,467	563,646
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	4,862	2,973	0	0	0	0	736,419	0	0	0	552,909	55,291
	95,353	807,926	0	0	0	3,006,611	0	29,703,512	0	0	31,368,403	3,136,840
	0	0	0	0	0	0	0	0	2,537	0	3,805	380
	0	0	0	0	0	0	0	0	0	0	0	0
	2,670,987	6,764,609	0	0	0	26,421,808	736,419	29,703,512	2,537	0	44,823,457	4,482,344
	172,778	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	274,815	0	0	0	733,408	0	0	0	0	421,667	42,167
	0	0	0	0	0	0	755	0	0	0	566	56
	0	52,386	0	0	0	4,769	0	661,671	0	0	674,532	67,453
	0	0	0	0	0	0	0	0	0	0	0	0
	172,778	327,201	0	0	0	738,177	755	661,671	0	0	1,096,766	109,676

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Table 4.2.a Disclosure of Net Claims and Credit Risk Mitigation Techniques - Bank Individually

No	Portfolio Category	December 31, 2016						December 31, 2015					Portion unsecured
		Net Claims	Portion secured by				Portion unsecured	Net Claims	Portion secured by				
			Collateral	Guarantee	Credit Insurance	Others			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)- [(4)+(5)+(6)+(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [(10)+(11)+(12)+(13)]
A BALANCE SHEET EXPOSURE													
1	Claims against Government	210,773,317					210,773,317	184,967,865					184,967,865
2	Claims against Public Sector Entities	89,468,034	189,910	1,072,011			88,206,114	73,459,539	277,864				73,181,675
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	27,936,923	50,720				27,886,204	23,522,467	74,832				23,447,635
5	Collateralized Housing Loans	18,441,100					18,441,100	11,423,922					11,423,922
6	Collateralized Commercial Property Loans												
7	Loans to Employees/Pensioners												
8	Claims against MSMEs and Retail Portfolio	121,982,658	783,807		2,016,389		118,984,663	114,029,306	609,856		731,524		112,687,926
9	Claims against Corporations	362,153,841	10,714,493				351,439,349	345,878,326	9,337,256				336,541,070
10	Mature Claims	8,168,877	12,856		25,341		8,127,511	3,225,787	2,760		54,113		3,168,914
11	Other Assets	64,497,979					64,497,979	42,635,888					42,635,888
TOTAL BALANCE SHEET EXPOSURE		903,422,729	11,751,784	1,072,011	2,041,730		888,356,237	799,143,101	10,302,568		785,637		788,054,895
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS													
1	Claims against Government	1,983,653					1,983,653	2,561,792					2,561,792
2	Claims against Public Sector Entities	17,518,543	2,140				17,516,403	18,095,086	230				18,094,856
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	10,683,398	1,000				10,682,398	11,282,801	8,750				11,274,051
5	Collateralized Housing Loans												
6	Collateralized Commercial Property Loans												
7	Loans to Employees/Pensioners												
8	Claims against MSMEs and Retail Portfolio	710,208	8,847		844		700,517	736,265	4,862		2,973		728,430
9	Claims against Corporations	34,373,504	81,287				34,292,217	33,613,339	95,353				33,517,986
10	Mature Claims	8,240					8,240	2,537					2,537
TOTAL TRA EXPOSURE		65,277,546	93,273		844		65,183,428	66,291,819	109,195		2,973		66,179,652
C COUNTERPARTY CREDIT RISK EXPOSURE													
1	Claims against Government	2,032,803					2,032,803	172,778					172,778
2	Claims against Public Sector Entities												
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	2,907,693					2,907,693	1,007,913					1,007,913
5	Claims against MSMEs and Retail Portfolio	20,519					20,519	755					755
6	Claims against Corporations	263,527					263,527	410,896					410,896
TOTAL COUNTERPARTY CREDIT RISK EXPOSURE		5,224,542					5,224,542	1,592,342					1,592,342
TOTAL (A+B+C)		973,924,817	11,845,057	1,072,011	2,042,574		958,764,207	867,027,262	10,411,763		788,610		855,826,889

Note:

In accordance with SE OJK No. 42/SEOJK.03/2016 regarding "Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach", that included in the credit risk mitigation are the collateral (eligible financial collateral), warranty, guarantee or credit insurance. Besides collateral eligible financial collateral, Bank Mandiri also have collateral in the form of fixed assets, accounts receivable, inventory, and other collateral.

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Statements**Table 4.2.b Disclosure of Net Claims and Credit Risk Mitigation Techniques - Bank Consolidated with Subsidiaries**

No	Portfolio Category	December 31, 2016						December 31, 2015					Portion unsecured
		Net Claims	Portion secured by				Portion unsecured	Net Claims	Portion secured by				
			Collateral	Guarantee	Credit Insurance	Others			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)- [[4)+(5)+(6)+(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [[10)+(11)+(12)+(13)]
A BALANCE SHEET EXPOSURE													
1	Claims against Government	212,281,506					212,281,506					185,438,754	185,438,754
2	Claims against Public Sector Entities	89,733,577	189,910	1,072,011			88,471,656	277,864				73,541,845	73,541,845
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	27,761,488	50,720				27,710,768	74,832				23,201,903	23,201,903
5	Collateralized Housing Loans	18,441,100					18,441,100					11,423,922	11,423,922
6	Collateralized Commercial Property Loans												
7	Loans to Employees/Pensioners	2,917,617					2,917,617					187,959	187,959
8	Claims against MSMEs and Retail Portfolio	133,159,280	798,755		2,016,389		130,344,137	625,546		731,524		121,121,194	121,121,194
9	Claims against Corporations	362,612,968	10,714,493				351,898,475	9,337,776				336,811,408	336,811,408
10	Mature Claims	8,361,842	12,856		25,341		8,323,645	2,760		54,113		3,254,533	3,254,533
11	Other Assets	66,635,060					66,635,060					44,381,523	44,381,523
12	Exposure at Sharia Unit (If any)	77,812,164	4,214,903				73,597,262					70,022,229	70,022,229
TOTAL BALANCE SHEET EXPOSURE		999,716,603	15,981,636	1,072,011	2,041,730		980,621,226	10,318,778		785,637		869,385,271	869,385,271
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS													
1	Claims against Government	1,983,653					1,983,653					2,561,792	2,561,792
2	Claims against Public Sector Entities	17,518,544	2,140				17,516,404	230				18,094,856	18,094,856
3	Claims against Multilateral Development Banks and International Institutions												
4	Claims against Banks	10,683,398	1,000				10,682,398	8,750				11,274,051	11,274,051
5	Collateralized Housing Loans												
6	Collateralized Commercial Property Loans												
7	Loans to Employees/Pensioners												
8	Claims against MSMEs and Retail Portfolio	723,139	8,847		844		713,448	4,862		2,973		736,419	736,419
9	Claims against Corporations	34,373,504	81,287				34,292,217	95,353				33,518,049	33,518,049
10	Mature Claims	8,240					8,240					2,537	2,537
11	Exposure at Sharia Unit (If any)	1,523,192	6,097				1,517,094					888,146	888,146
TOTAL TRA EXPOSURE		66,813,670	99,371		844		66,713,455	109,195		2,973		67,075,851	67,075,851
C COUNTERPARTY CREDIT RISK EXPOSURE													
1	Claims against Government	2,204,527					2,204,527						172,778
2	Claims against Public Sector Entities												
3	Claims against Multilateral Development Banks and International Institutions											1,008,223	
4	Claims against Banks	2,907,693					2,907,693					755	1,008,223
5	Claims against MSMEs and Retail Portfolio	20,519					20,519					718,826	755
6	Claims against Corporations	391,003					391,003						718,826
7	Exposure at Sharia Unit (If any)	1,009,198					1,009,198					1,900,582	
TOTAL COUNTERPARTY CREDIT RISK EXPOSURE		6,532,940					6,532,940	10,427,973		788,610		938,361,704	1,900,582
TOTAL (A+B+C)		1,073,063,214	16,081,007	1,072,011	2,042,574		1,053,867,621	950,182,381	10,427,973		788,610		938,361,704

Note:

In accordance with SE OJK No. 42/SEOJK.03/2016 regarding "Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach", that included in the credit risk mitigation are the collateral (eligible financial collateral), warranty, guarantee or credit insurance. Besides collateral eligible financial collateral, Bank Mandiri also have collateral in the form of fixed assets, accounts receivable, inventory, and other collateral.

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Asset Securitization

Bank Mandiri has implemented the transfer of assets (asset securitization) through the issuance of asset-backed securities in the form of a letter of participation (EBA SP) with results idAAA rating (Triple A) on August 25, 2016 amounted to Rp500,000,134,976 (five hundred billion one hundred and thirty-four thousand nine hundred and seventy-six rupiah) with the underlying assets transferred is Public Housing Loan (KPR).

Objectives of Asset Securitization Bank Mandiri is among others, as a fulfillment of wholesale funding strategy in order to obtain a source of long-term funds. Publishing EBA-SP is an opportunity for Bank Mandiri to participate in financing the infrastructure projects of government which generally is a long-term so that the risks arising from maturity mismatch funding sources can be controlled.

With the right transfer over the principal and interest since the signing of the deed cession on August 25, 2016, so KPR assets as the underlying assets of the securitization of mortgages as no longer recorded in the Bank's balance sheet (off B/S). This is in accordance with the conditions of the sale and purchase up/off (true sale) as required by the regulator.

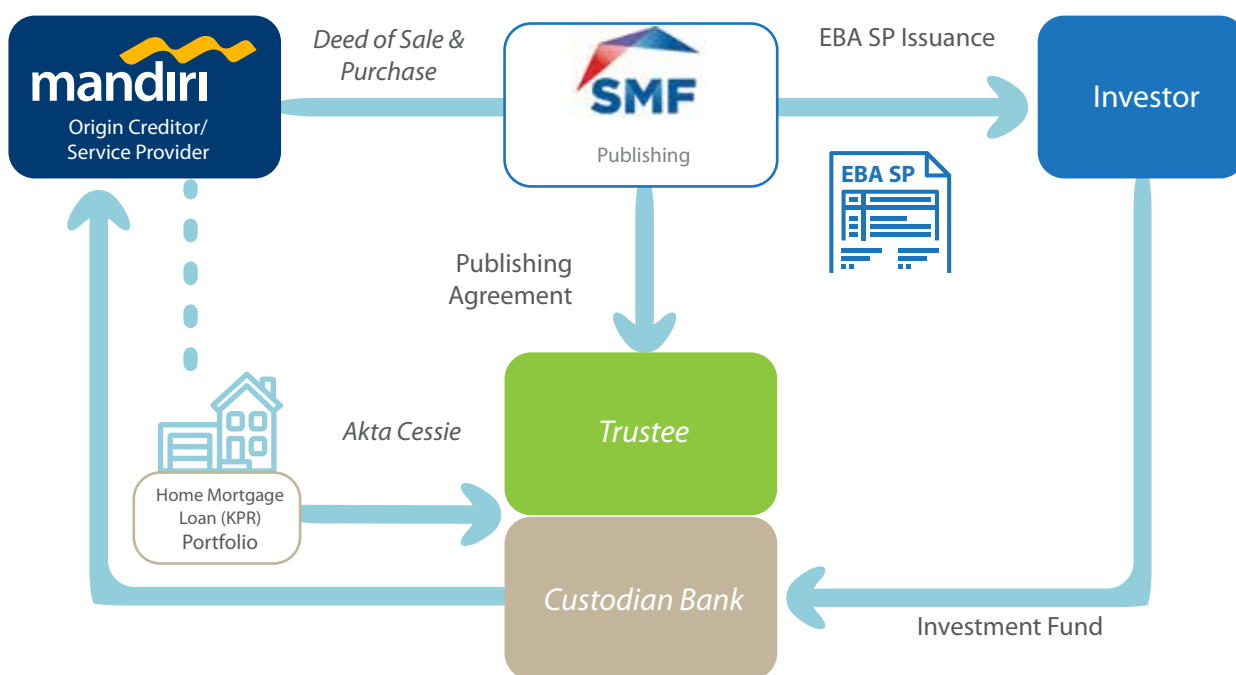
The accounting process for regular mortgage bill from securitization results has been carried out separately in the system, where the separation of recording mortgage bills is

performed by using a different product codes between regular mortgage bill by bill mortgage securitization results. In addition, the accounting for mortgage bill securitization results also reflected a journal that is separate from regular mortgage bill where the bill mortgage securitization results recorded in the journal memo account recorded in off balance sheet of Bank Mandiri.

Besides as Originator, the bank also acts as a servicing agent. As a servicing agent, Bank Mandiri has duty and responsibility to process and oversee the smooth running of the payment is done the debtor in accordance with the agreement issuance of EBA-SP SMF-BMRI01, document issuance EBA-SP SMF-BMRI01 and other applicable legislation.

Ranking of EBA-SP SMF-BMRI01 carried by PEFINDO where the composition of EBA-SP-BMRI01 SMF consists of the senior class (class A) amounted to 91.3% of total issuance, amounting Rp456,500,000,000 (four hundred and fifty-six billion five hundred million) and the balance of 8.7% for the junior class (class B) or by Rp43,500,134,976 (forty-three billion, five hundred million one hundred and thirty four thousand nine hundred and seventy-six rupiah). As for the senior class category EBA SP consists of two (2) categories of the class A1 with an interest rate of 8.60% for Rp103,500,000,000 (one hundred and three billion, five hundred million rupiah) or 20.70% of total issuance and for A2 at an interest rate of 9.10% Rp353,000,000,000 (three hundred fifty three billion rupiah).

Diagram of Asset Sales Scheme/Structure



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Exposure Disclosure of Asset Securitization

Table 5.1.a Securitization transaction disclosure - Bank Individually

(inmillion rupiah)

No	Securitization Exposure	December 31, 2016						December 31, 2015					
		Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	RWA	Capital reduction	Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	RWA	Capital reduction
			Mature	Outstanding					Mature	Outstanding			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
2	Bank acts as Provider of Credit Enhancements a. First loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
	b. Second loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
6	Bank acts as Investor a. Senior tranche - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
	b. Junior tranche Junior tranche - Example of exposure type: Claim secured by residential property	25,000	-	-	-	-	25,000	NIHIL	0	0	0	0	0
Total		25,000	-	-	-	-	25,000	NIHIL					

Table 5.1.b Securitization transaction disclosure - Bank consolidated with subsidiaries

(inmillion rupiah)

No	Securitization Exposure	December 31, 2016						December 31, 2015					
		Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	RWA	Capital reduction	Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	RWA	Capital reduction
			Mature	Outstanding					Mature	Outstanding			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
2	Bank acts as Provider of Credit Enhancements a. First loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
	b. Second loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0	0	0	NIHIL	0	0	0	0	0
6	Bank acts as Investor a. Senior tranche - Example of exposure type: Claim secured by residential property	23,959	-	-	-	23,959	-	NIHIL	0	0	0	0	0
	b. Junior tranche Junior tranche - Example of exposure type: Claim secured by residential property	25,000	-	-	-	-	25,000	NIHIL	0	0	0	0	0
Total		48,959	-	-	-	23,959	25,000	NIHIL					

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Table 5.2.a Securitization Transaction Activity Summary in which the Bank Acts as the Originator - Bank Individually

(in million Rupiah)

No	Underlying Asset	December 31, 2016		December 31, 2015	
		Value of Securitized Asset	Profit (Loss)	Value of Securitized Asset	Profit (Loss)
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0
4	Claims against Banks	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0
9	Claims against Corporations	0	0	0	0
10	Mature Claims	0	0	0	0
11	Exposure at Sharia Unit (If any)	0	0	0	0
Total		NIL	NIL	NIL	NIL

Table 5.2.b Securitization Transaction Activity Summary in which the Bank Acts as the Originator - Bank Consolidated with Subsidiaries

(in million Rupiah)

No	Underlying Asset	December 31, 2016		December 31, 2015	
		Value of Securitized Asset	Profit (Loss)	Value of Securitized Asset	Profit (Loss)
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0
4	Claims against Banks	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0
9	Claims against Corporations	0	0	0	0
10	Mature Claims	0	0	0	0
11	Exposure at Sharia Unit (If any)	0	0	0	0
Total		NIL	NIL	NIL	NIL

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Based on the exposure categories according to the Standard Approach, Bank Mandiri has exposures to the following:

Credit Risk RWA Calculation Standardized Approach - Bank Individually

Table 6.1.1 Disclosure of Asset Exposure in Balance Sheet

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	210,773,317	0	0	184,967,865	0	0
2	Claims against Public Sector Entities	89,468,034	33,569,825	33,260,468	73,459,539	31,384,065	31,245,133
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	27,936,923	7,866,705	7,841,345	23,522,467	6,950,294	6,912,878
5	Collateralized Housing Loans	18,441,100	6,454,385	6,454,385	11,423,922	4,362,015	4,362,015
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	121,982,658	91,486,994	89,790,124	114,029,306	85,521,979	84,662,249
9	Claims against Corporations	362,153,841	321,447,889	310,735,899	345,878,326	310,310,775	301,034,016
10	Mature Claims	8,168,877	12,024,735	11,972,509	3,225,787	4,647,848	4,573,362
11	Other assets	64,497,979	43,275,677	43,275,677	42,635,888	19,516,962	19,516,962
Total		903,422,729	516,126,210	503,330,407	799,143,100	462,693,938	452,306,613

Table 6.1.2 Exposure of Liability Commitment/Contingency on Administrative Account

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	1,983,653	0	0	2,561,792	0	0
2	Claims against Public Sector Entities	17,518,543	7,472,597	7,471,527	18,095,086	7,261,988	7,261,873
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	10,683,398	5,341,699	5,341,199	11,282,801	5,640,842	5,636,467
5	Collateralized Housing Loans	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	710,208	532,656	525,556	736,265	552,199	546,917
9	Claims against Corporations	34,373,504	31,971,785	31,896,138	33,613,339	31,463,693	31,368,340
10	Mature Claims	8,240	12,360	12,360	2,537	3,805	3,805
Total		65,277,546	45,331,097	45,246,780	66,291,820	44,922,527	44,817,402

Table 6.1.3 Exposure Resulting in Credit Risk Attributable to Counterparty Failure (Counterparty Credit Risk)

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	2,032,803	0	0	172,778	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	2,907,693	816,772	816,772	1,007,913	421,605	421,605
5	Claims against MSMEs and Retail Portfolio	20,519	15,389	15,389	755	566	566
6	Claims against Corporations	263,527	237,356	237,356	410,896	366,603	366,603
Total		5,224,542	1,069,517	1,069,517	1,592,342	788,774	788,774

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Table 6.1.4 Exposure Resulting in Credit Risk Attributable to Settlement Failure (Settlement Risk)

(in million Rupiah)

No	Transaction Type	December 31, 2016			December 31, 2015		
		Exposure Amount	Capital reduction factors	RWA after MRK	Exposure Amount	Capital reduction factors	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus payment	0	0	0	0	0	0
	a. Capital Charge 8% (5-15 days)	0	0	0	0	0	0
	b. Capital Charge 50% (16-30 days)	0	0	0	0	0	0
	c. Capital Charge 75% (31-45 days)	0	0	0	0	0	0
	d. Capital Charge 100% (lebih dari 45 days)	0	0	0	0	0	0
2	Non-delivery versus payment	0	0	0	0	0	0
TOTAL		0	0	0	0	0	0

Tabel 6.1.5 Securitization Exposure

(in million Rupiah)

No	Transaction Type	December 31, 2016		December 31, 2015	
		Reduction factors	RWA	Reduction factors	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Support Credit Facilities that meet the requirements	0	0	0	0
2	Support Credit Facilities that do not meet the requirements	0	0	0	0
3	Liquidity Facilities that meet the requirements	0	0	0	0
4	Liquidity Facilities that do not meet the requirements	0	0	0	0
5	Purchase of Asset-Backed Stock that meet the requirements	25,000	0	0	0
6	Purchase of Asset-Backed Stock that do not meet the requirements	0	0	0	0
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	0	0	0	0
Total		25,000	0	0	0

Tabel 6.1.6 Total Measurement of Credit Risk

(in million Rupiah)

	December 31, 2016	December 31, 2015
TOTAL RWA OF CREDIT RISKS	549,646,704	497,912,789
TOTAL CAPITAL REDUCTION FACTORS	25,000	0

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Statements**Credit Risk RWA Calculation Standardized Approach - Bank Consolidated with Subsidiaries****Table 6.2.1 Disclosure of Asset Exposure in Balance Sheet**

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	212,281,506	0	0	185,438,754	0	0
2	Claims against Public Sector Entities	89,733,577	33,700,507	33,391,149	73,819,709	31,549,792	31,410,860
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	27,761,487	7,831,618	7,806,258	23,276,735	6,901,147	6,863,731
5	Collateralized Housing Loans	18,441,100	6,454,385	6,454,385	11,423,922	4,362,015	4,362,015
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	2,917,617	1,458,809	1,458,809	187,959	93,980	93,980
8	Claims against MSMEs and Retail Portfolio	133,159,280	99,869,460	98,161,380	122,478,264	91,858,698	90,987,200
9	Claims against Corporations	362,612,968	321,872,561	311,160,571	346,149,184	310,527,581	301,250,572
10	Mature Claims	8,361,841	12,314,181	12,261,955	3,311,406	4,776,277	4,701,791
11	Other Assets	66,635,060	45,308,162	45,308,162	44,381,523	21,214,114	21,214,114
Total		921,904,438	528,809,682	516,002,669	810,467,457	471,283,605	460,884,263

Table 6.2.2. Exposure of Liability Commitment/Contingency on Administrative Account

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	1,983,653	0	0	2,561,792	0	0
2	Claims against Public Sector Entities	17,518,543	7,472,597	7,471,527	18,095,086	7,261,988	7,261,873
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	10,683,398	5,341,699	5,341,199	11,282,801	5,640,842	5,636,467
5	Collateralized Housing Loans	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	723,139	542,354	535,255	744,254	558,190	552,909
9	Claims against Corporations	34,373,504	31,971,785	31,896,138	33,613,402	31,463,756	31,368,403
10	Mature Claims	8,240	12,360	12,360	2,537	3,805	3,805
Total		65,290,477	45,340,796	45,256,478	66,299,872	44,928,581	44,823,457

Table 6.2.3 Exposure Resulting in Credit Risk Attributable to Counterparty Failure (Counterparty Credit Risk)

(in million Rupiah)

No	Portfolio Category	December 31, 2016			December 31, 2015		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	2,204,527	0	0	172,778	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	2,907,693	816,772	816,772	1,008,223	421,667	421,667
5	Claims against MSMEs and Retail Portfolio	20,519	15,389	15,389	755	566	566
6	Claims against Corporations	391,003	364,832	364,832	718,826	674,532	674,532
Total		5,523,743	1,196,993	1,196,993	1,900,582	1,096,766	1,096,766

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Table 6.2.4 Exposure Resulting in Credit Risk Attributable to Settlement Failure (Settlement Risk)

(in million Rupiah)

No	Transaction Type	December 31, 2016			December 31, 2015		
		Exposure amount	Capital reduction factors	RWA after MRK	Exposure amount	Capital reduction factors	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus payment	0	0	0	0	0	0
	a. Capital Charge 8% (5-15 days)	0	0	0	0	0	0
	b. Capital Charge 50% (16-30 days)	0	0	0	0	0	0
	c. Capital Charge 75% (31-45 days)	0	0	0	0	0	0
	d. Capital Charge 100% (lebih dari 45 days)	0	0	0	0	0	0
2	Non-delivery versus payment	0	0	0	0	0	0
TOTAL		0	0	0	0	0	0

Table 6.2.5. Disclosure of Securitization Exposure

(in million Rupiah)

No	Transaction Type	December 31, 2016		December 31, 2015	
		Reduction factors	RWA	Reduction factors	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Support Credit Facilities that meet the requirements	0	0	0	0
2	Support Credit Facilities that do not meet the requirements	0	0	0	0
3	Liquidity Facilities that meet the requirements	0	0	0	0
4	Liquidity Facilities that do not meet the requirements	0	0	0	0
5	Purchase of Asset-Backed Stock that meet the requirements	25,000	23,959	0	0
6	Purchase of Asset-Backed Stock that do not meet the requirements	0	0	0	0
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	0	0	0	0
Total		25,000	23,959	0	0

Table 6.2.6. Exposure at Sharia Unit (If Any)

(in million Rupiah)

No	Transaction Type	December 31, 2016		December 31, 2015	
		Reduction factors	RWA	Reduction factors	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Exposure	0	41,994,820	0	40,397,117

Table 6.2.7. Total Measurement of Credit Risk

(in million Rupiah)

	December 31, 2016	December 31, 2015
TOTAL RWA OF CREDIT RISKS	604,474,920	547,201,603
TOTAL CAPITAL REDUCTION FACTORS	25,000	0

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2. Market Risk

A. Qualitative Disclosure

Market Risk Management Organization

Market risk management performed by applying the principle of segregation of duties, namely the separation of functions and responsibilities which consists of front office, middle office and back office. Market Risk Management organization comprised of two parts, namely Management Market Risk - Trading Book and Market Risk Management - Banking Book.

Governance framework and market risk management in Bank Mandiri adheres to the principle of three layers of defense. It was comprised of BOC that exercises market risk oversight through the Risk Oversight Committee, Integrated Governance Committee and the Audit Committee.

The Board of Directors runs the risk policy functions through the Executive Committee related to the risk management market namely the Asset & Liability Committee (ALCO). At the operational level, the Risk Management Unit together with the business units and Compliance Working unit performs the function of risk identification, risk assessment, risk mitigation, and risk control.

The framework of risk management of Bank Mandiri was developed by internal and external factors which include but may not limited to the Business Bank, Provisions Regulator, development methodologies and best practices, and data risk. The authorities and responsibilities related to the implementation of risk management stipulated in Bank Mandiri Risk Management Policy (KMRBM).

Management Market Risk - Trading Book

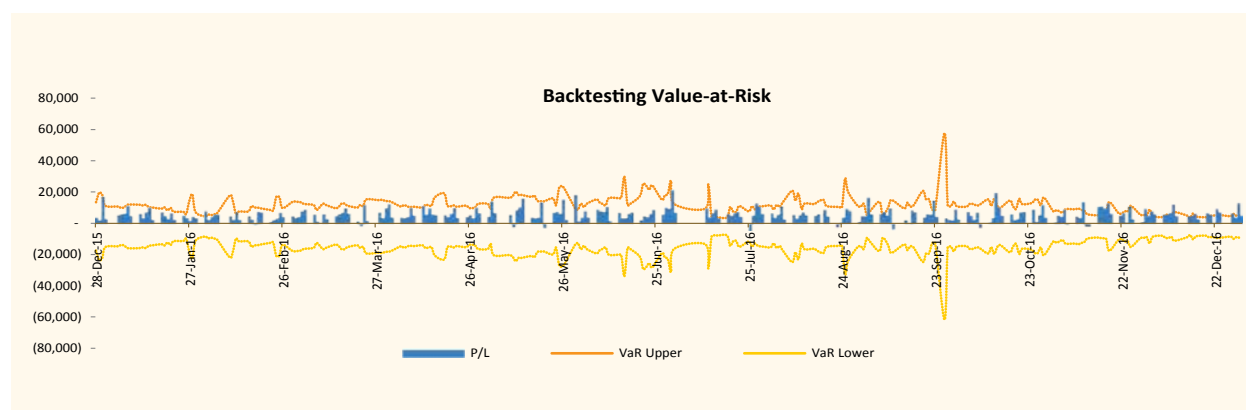
As known, the market risk is a risk arising from potential losses due to changes in interest rates and exchange rates (including derivative instruments). Therefore, the management of the market risk of Bank Mandiri was done by applying the principle of segregation of duties which separates the functions and responsibilities independently on trade transactions of Treasury Group consisting of front office units (Treasury), middle office (Risk Management) and back office (Treasury Operations). Simply stated, middle office unit is responsible to monitor, assess and report the risks arising from all trading activities carried out by the treasury unit, where all the exposure in

trading activity be evaluated by the back office unit on a daily basis by using market prices from independent sources. As for alternative sources of market prices used as a reference by Bank Mandiri, among others, (i) Prices on Reuters, Bloomberg or similar resources; (ii) Prices listed (exchange prices) or secondary market; (iii) Prices on dealer screen (screen prices); or (iv) Quotation most conservative given by a minimum of two brokers and/or market maker who has a good reputation and one of them is independent. Whereas for instruments that do not have a market price, Bank Mandiri uses mark-to-model based on the suitability of the methodology and its accuracy which is evaluated periodically. In addition, to ensure the Bank Mandiri's ability in anticipating the unexpected loss, then the calculating of Capital Adequacy Ratio (CAR) was done periodically by using Standard Methods which reported monthly to Bank Indonesia for the position of banks only, while for consolidation position with the subsidiaries was reported quarterly. Internally, Bank Mandiri had done the calculations by Internal Method.

The calculation of CAR by internal method performed by calculating the Value at Risk (VaR), which is a value that describes the maximum potential for the losses suffered by the Bank as a result of market movements affecting the Bank's risk exposure in normal market conditions. In calculating VaR, Bank Mandiri uses historical simulation method by using 99% confidence level and 1 day holding period.

Bank Mandiri's risk appetite of market risk is reflected in several type of limits used in monitoring the treasury's trading activities, which is the treasury limit and market risk limit. In determining the limit, Bank Mandiri continues to align its policy with Treasury unit's business plan. Meanwhile, Bank Mandiri also determines an integrated market risk limits by considering the overseas branches' trading activities. In addition, in order to support the business growth of subsidiaries, Bank Mandiri also provides assistance to its subsidiaries in monitoring the trading position.

In order to assure the method accuracy in calculating VaR, Bank Mandiri conducts backtesting regularly. Backtesting results for the period of December 2016 showed that VaR calculations were accurate, where the number of irregularities of P/L against the daily VaR was still acceptable.



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Highly dynamic market conditions often can not be predicted by VaR method. Therefore, Bank Mandiri also conducts stress testing to evaluate the resistance of capital against significant market movement factor and prepare an appropriate strategy if a crisis occurs. The implementation of stress testing was done by combining the stressed scenario: (i) Based on the scenario of Bank Indonesia, by the largest potential loss suffered by the Bank in the amount Rp173.65 billion (if the interest rate increased 400 basis points and the Rupiah exchange rate depreciated by 20%); (ii) Based on the Bank's historical scenario, by the biggest potential loss suffered by the Bank in the amount Rp244.39 billion (when interest rates rise 31-575 basis points and the Rupiah exchange rate depreciation of 30%).

Management and Measurement Mechanism of Market Risk - Banking Book

Banking book market risks are risks that arise due to changes in interest rates and exchange rates on the banking book activities. Market risk management of banking book of Bank Mandiri was done by optimizing the balance sheet structure in order to obtain maximum yield in accordance with the level of acceptable risk and by setting the limit refers to the provision of internal regulator and monitored weekly and monthly by Market Risk Management Unit.

The risk of changes in interest rates on the banking book arising from market interest rates fluctuation as opposed to the position or transactions of the Bank, which may affect the Bank's profitability (earnings perspective) and the economic value of the Bank's capital (economic value perspective).

Earning perspective is the approach to look at the impact of changes in interest rates in the short term by measuring the impact of interest rate changes on income. NII Sensitivity and Earning at Risk are tools used to measure interest rate risk in a revenue perspective. Economic value perspective is an approach to see the impact of changes in long-term interest rates by measuring the impact of interest rate changes on the economic value of capital. EVE Sensitivity and Capital at Risk are tools used to measure interest rate risk in an economic perspective. Sources of interest rate risk of banking book are repricing risk (repricing mismatch between the components of assets and liabilities), basis risk (use of interest rates are different), yield curve risk (changes in the shape and slope of the yield curve), and option risk (loan repayment or liquefaction of deposits prior to maturity).

The risk of changes in exchange rates is derived from the banking book or the change in exchange rate volatility. Identification of foreign exchange risk can be divided into Translational (loss revaluation or accounting exposure), the potential decline in value of the components of capital, assets, and liabilities in foreign currencies due to changes in exchange rates and Transactional, namely the risk that occurs due to potential changes in foreign exchange rate transactions.

The measurement of Bank's exchange rate risk was conducted by using Gap Analysis method. In gap analysis or Net Open Position (NOP), namely then added with the net difference between assets or claims of foreign exchange liabilities or obligations in foreign currency, the net difference between claims and liabilities which are commitments and contingencies in administrative accounts for each foreign currency which are all stated in Rupiah.

Portfolio of Trading Book and Banking Which Calculated in CAR

In the calculation of ATMR for market risk, the Bank has been referred to the SE OJK No. 38/SEOJK.03/2016 regarding Guidelines for Use in Calculation Method Standard Minimum Capital Requirement for Commercial Banks Taking Account of Market Risk. Calculation of Market Risk in the CAR of the Bank include interest rate risk and exchange rates. Calculation of the interest rate risk is carried out on financial instruments in the Trading Book is exposed to interest rate risk. Calculation of capital charges for interest rate risk in the Trading Book cover specific risks and general risks. Whereas in the calculation of the exchange rate risk conducted on foreign exchange position, both in the Trading Book, as well as in the Banking Book is exposed to exchange rate risk, including gold with reference to the calculation of net open position as stipulated in Bank Indonesia regulation regarding net open position. Calculation of capital charges on foreign exchange risk of foreign exchange position is charged at 8% of the overall net foreign exchange position.

In addition to taking into account the risk of exchange rate and interest rate, in terms of CAR on consolidated basis are also taken into account the equity risk and commodity risk that the Bank has a Subsidiary Company which has been exposed by the risk of equities and commodities. Currently, Bank Mandiri has calculated the consolidation of equity risk into account where Bank Mandiri has a Subsidiary Companies which has been exposed by equity risk namely Mandiri Sekuritas. The calculation of the equity risk is carried to the position of financial instruments in the Trading Book which exposed to equity risk.

Interest Rate Risk in Banking Book (IRRBB) Assumption

In managing the interest rate risk of banking book, the Bank has calculated the behavioral assumption, especially for non-maturing deposit products. The calculation of behavioral assumption by using historical methodology for calculating non-maturing deposits which stable and precipitate during the observation period. The Bank also take into account the behavioral assumption for consumer loan prepayment using the same methodology.

Behavioral assumption for non-maturing deposits and consumer loans used for risk management in banking book interest rate which more comprehensive so that the managing of banking book portfolio can be done better.

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Pricing Management

The Bank implements product pricing policy for funding and credit as one of the strategies in maximizing Net Interest Margin (NIM) and also supports the Bank's market share of the considerable competitive conditions.

The Bank implements pricing strategy either in funding product or credit which is aligned with the type of product, period, Bank's conditions and macroeconomic conditions or market, the credit risk of the counterparty, as well as market liquidity conditions.

In terms of pricing management, the Bank consistently strives to implement the strategy as market leader. However, considering the liquidity condition and funding needs, the Bank may implement the aggressive strategy (greater than major competitors) or defensive (equal to or smaller than the main competitors).

The Bank also implements risk-based pricing in terms of pricing of credit, namely the provision of mortgage interest rates that vary to customers based on the level of credit risk. In order to minimize interest rate risk, the interest rate pricing of loans tailored to the interest rate of the source of funding credit. In addition to the cost of funds, credit interest rates are set by considering the overhead costs, credit risk premium and a profit margin Bank by regard to competitiveness by other competitors. Credit interest rates can be either a floating interest rate (floating rate) or a fixed interest rate (fixed rate).

The Bank publishes its prime lending rate in Rupiah's through the announcement board in every offices, the bank's website, and through newspapers quarterly according to SE BI No. 15/1/DPNP dated January 15, 2013.

Steps and Plans in Anticipating Market Risk

1) Steps and Plans in Anticipating Market Risk of Trading Book

Market risk management for trading portfolios is done through identifying process, measuring, monitoring and controlling risks. In the process of risk control, the Bank make the determination of market risk limits, including the allocation to the Foreign Branch (CLN). Risk management activities were reported to the management on a regularly (daily, weekly, monthly and quarterly) through the Trading Risk Profile.

To determine the total size of the overall market risk exposures, including overseas branches and subsidiaries, the Bank is conducting the preparation of consolidated market risk reports which done quarterly.

The quarterly, biannually and annually report of market risk are published in accordance with the provisions of Bank Indonesia, which refers to the Basel II Pillar III.

Bank Mandiri has also established policies and procedures related to the management of treasury activities which includes:

- i. Policies and
- ii. Standard Procedures

Both of these provisions are the implementation of guidelines for treasury activities and compliance with the precautionary principle. The provision is updated periodically and under certain conditions adjusted to the prevailing internal and external provisions.

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2) Steps and Plans In Anticipating Market Risk of Banking Book

Interest rate risk management aims to control exposure of the Bank to comply with established limits. The correlation between changes in interest rates, gap position, and the effect on Net Interest Income (NII) as well as alternative strategies that can be done can be seen in the table below:

Gap Position	Interest Rate Trend	NII	Strategies
		Impact	
Positive	Up	Positive	Enlarging positive gap with repricing gap limit restriction.
	Down	Negative	Striving to change the direction of negative gap by the strategy on/off B/S.
Negative	Up	Negative	Striving gap into positive position by on/off B/S strategy.
	Down	Positive	Enlarging negative gap with repricing gap limit restriction.
Zero	Up Down	No Impact	Maintaining the position.

Foreign exchange risk management aims to control exposure of the Bank that conform with established limits. The correlation between changes in the exchange rate gap position and influence as well as alternative strategies that can be done can be seen in the table below:

Gap Position	Interest Rate Trend	NII	Strategies
		Impact	
Long	Strong	Positive	Enlarging the long position by the restrictions of PDN limit.
	Weak	Negative	Striving to change the direction of the short position.
Short	Strong	Negative	Striving to change the direction of the long position.
	Weak	Positive	Enlarging the short position by the restrictions of PDN limit.
Square	Strong Weak	No Impact	Maintaining the position.

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B. Quantitative Disclosure

1) Disclosure of Market Risk by using Standard Method

Table 7.1. Disclosure of Market Risk by using Standard Method

(in million Rupiah)

No.	Type of Risk	December 31, 2016				December 31, 2015			
		Bank		Consolidated		Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risks								
	a. Specific Risks	798.40	9,980.02	2,302.28	28,778.55	470.49	5,881.18	3,043.86	38,048.22
	b. General Risks	61,190.96	764,886.94	63,213.15	790,164.32	43,958.69	549,483.57	48,438.17	605,477.09
2	Exchange Rate Risks	82,065.66	1,025,820.81	43,461.24	543,265.53	20,004.88	250,061.00	19,000.43	237,505.31
3	Equity Risks	-	-	54.56	682.00	-	-	41.05	513.13
4	Commodity Risks	-	-	-	-	-	-	-	-
5	Option Risks	7.22	90.31	7.22	90.31	-	-	-	-
	Total	144,062.25	1,800,778.08	109,038.46	1,362,980.71	64,434.06	805,425.75	70,523.50	881,543.75

2) Disclosure of Interest Rate Risk in Banking Book (IRRBB) Exposure

The disclosure of IRRBB exposure is an increase or decrease of economic value and earnings against the interest rate movements based on the gap reports which drafted by the Bank in order to meet the provisions concerning commercial bank soundness and application of risk management for commercial banks. Bank Mandiri using repricing gap and perform sensitivity analysis in order to obtain a projected Net Interest Income (NII) and the Economic Value of Equity (EVE). Based on the simulation results of sensitivity analysis per December 31, 2016, the impact of changes in interest rates by 100 bps would result in NII Bank fell by 3.42% for the 12 months ahead of the target set and Equity Bank fell by 1.96%.

Description	December 31, 2016	December 31, 2015
"NII Sensitivity, NII 12 mo (100bps : % against NII target)"	3.42%	2.92%
"EVE Sensitivity (100 bps: % against Equity)"	1.96%	1.76%
"Earning at Risk (% against Equity)"	0.30%	0.22%
"Capital at Risk (% Equity)"	1.84%	0.92%

Foreign exchange risk is a risk which arising from the fluctuation of exchange rates in the opposite market when Bank Mandiri in an open positions. Foreign exchange risk is derived from foreign exchange transactions with customers and counterparties which led to the open position in foreign currency or structural positions in foreign currency due to capital investment. Bank Mandiri managed its foreign exchange risk by monitoring and managing the Net Open Position (NOP) in accordance by the internal and regulatory limits. As of December 31, 2016, PDN overall (absolute) amounted to 0.77% of the capital.

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3. Liquidity Risk

A. Qualitative Disclosure

Liquidity Risk Management Organization

The framework and governance of liquidity risk management in Bank Mandiri adheres to the principles of the Three Layer Defense Approach (three layers of defense). Consisting of BOC whom exercises oversight of liquidity risk (risk oversight) through the Risk Oversight Committee, Integrated GCG Committee and the Audit Committee.

The Board of Directors runs the risk policy functions through the Executive Committee related to liquidity risk management, namely Asset & Liability Committee (ALCO). At the operational level, the Risk Management Unit together with the business units and the Compliance Work unit performs the function of risk identification, risk assessment, risk mitigation, and risk control.

The framework of risk management of Bank Mandiri were developed by internal and external factors which include but not limited to the Business Bank, Provisions Regulator, development methodologies and best practices, and Data Risk.

The authorities and responsibilities regarding implementation of risk management stipulated in Bank Mandiri Risk Management Policy (KMRBM).

Overview of Liquidity Condition of Bank Mandiri, Mechanism of Liquidity Risk Measurement, and Funding Strategy

Liquidity risk is the risk that occurs when the Bank is not able to provide liquidity at a reasonable price which affect the profitability and the impact on bank capital. In general, bank liquidity is affected by the funding structure, liquidity of assets, liabilities to the counterparty, and credit commitments to borrowers. Meanwhile, the measurement of liquidity risk of banking tested using several indicators, such as primary reserve ratio (Statutory and Cash), secondary reserve (liquidity reserves) loan to funding ratio (LFR), Concentration Customer Besar, and liquidity coverage ratio (LCR).

As of December 31, 2016, the position of Primary GWM Rupiah amounted to 6.50% of total third party funds Rupiah, while the secondary reserve amount is equal to 9.84% of total third party funds Rupiah. As for foreign exchange, the Bank maintains statutory reserves amounted to 8.12% of the total foreign currency deposits. The realization of GWM Rupiah and Foreign Exchange in accordance with the regulations and internal limits.

Secondary reserve (liquidity reserves) are liquid instruments Bank support to function as a primary reserve liquidity reserve to fund the needs that are not scheduled. In managing the secondary reserve, the Bank has a limited liquidity reserve in the form of safety limit level, the Bank's projected liquidity reserve to 1 month ahead. On December 31, 2016, liquidity reserves and foreign currency Rp is above the safety level as well as in a state of optimal surplus.

Loan to Funding Ratio (LFR) is the ratio of credit given to the third party against the total funds of third party and securities issued in rupiah and foreign currency. LFR used to see how big the source of funds comes from public funds, which contractually short term nature, used to finance assets such as loans which generally illiquid. As of December 31, 2016, LFR Total Bank Mandiri amounting to 85.41%.

The bank's liquidity position significantly affected by the cash flow from third party funds. To strengthen the structure of long-term funds, the Bank also pursuing a strategy of funding through wholesale funding such as the Fund Borrowing, Publishing NCD, and Senior Debt Issuance.

Steps and Plans in Anticipating Liquidity Risk

Liquidity risk control performed by setting a limit - a limit which refers to the provision and internal regulator. To determine the impact of changes in market factors and internal factors in extreme conditions (crisis) to liquidity, the Bank's liquidity risk stress testing periodically. In addition, the Bank also has a Liquidity Contingency Plan (LCP), which includes funding strategy include money market lending, repo, bilateral loans, FX swap, sale of securities, as well as pricing strategies. In LCP, the determination of liquidity and funding strategies have to consider internal and external conditions.

To raise awareness of the economic conditions that less stable, either because of the crisis global condition as well as a various issues in the country, Bank Mandiri also monitor the external indicators such as: the exchange rate of USD/Rp, Credit Default Swap (CDS) 5 years Indonesia, spreads between ROI 5 years against UST 5 years, the Composite Stock Price Index (IHSG), interest rate Rupiah and USD interbank, Non Delivery Forward (NDF) USD/Rp 1M as well as the latest market information.

B. Quantitative Disclosure

In order to calculate the capital charges and RWA Operations, Bank uses the Basic Indicator Approach (BIA) in accordance with the provisions of the regulator, the Financial Services Authority Circular No. 24 / SEOJK.03 / 2016 regarding the calculation of Risk Weighted Assets for Operational Risk by Using Basic Indicator approach, the following tables are the details of operational risk capital adequacy of the Bank using the Basic Indicator approach, such as:

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(in million Rupiah)

No.	Pos	Report Date Position						Previous Year's Report Date Position					
		Balance	Maturity					Balance	Maturity				
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I BALANCE SHEET													
A. Assets													
1.	Cash	18,209,644	18,209,644	0	0	0	0	20,220,503	20,220,503	0	0	0	0
2.	Placement with Bank Indonesia	60,852,842	60,852,842	0	0	0	0	44,590,657	44,590,657	0	0	0	0
3.	Placement with other banks	6,529,340	6,459,340	70,000	0	0	0	1,530,981	1,430,981	100,000	0	0	0
4.	Securities	80,805,580	429,058	9,838,080	1,850,079	5,774,958	62,913,405	80,083,749	727,792	9,607,603	802,022	6,253,450	62,692,882
5.	Loans	504,822,211	57,089,131	36,350,056	54,570,097	65,422,361	291,390,566	448,241,168	37,272,335	29,780,932	49,687,037	73,681,661	257,819,203
6.	Other receivables	4,573,816	4,573,816	0	0	0	0	650,743	650,743	0	0	0	0
7.	Other assets	2,110,949	1,998,523	0	0	112,426	0	4,273,443	4,167,498	0	0	105,945	0
	Total Assets	677,904,382	149,612,354	46,258,136	56,420,176	71,309,745	354,303,971	599,591,244	109,060,509	39,488,535	50,489,059	80,041,056	320,512,085
B. Liabilities													
1.	Third party funds	570,256,250	489,827,708	63,445,293	10,324,202	5,615,218	1,043,829	493,387,101	432,960,582	48,865,272	7,162,093	2,935,406	1,463,748
2.	Funds from Bank Indonesia	0	0	0	0	0	0	0	0	0	0	0	0
3.	Funds from other banks	6,513,129	6,513,129	0	0	0	0	8,686,209	8,686,209	0	0	0	0
4.	Securities issued	4,975,923	0	0	4,975,923	0	0	3,496,600	0	0	564	3,496,036	0
5.	Loans received	932,580	11,043	0	0	300,000	621,537	959,509	32,260	0	0	0	927,249
6.	Other liabilities	27,275,978	23,455,095	17	3,820,866	0	0	29,446,397	24,111,784	17	5,334,596	0	0
7.	Miscellaneous	8,990,456	6,843,742	1,471,619	675,095	0	0	6,360,869	4,779,940	833,173	747,756	0	0
	Total Liabilities	618,944,316	526,650,717	64,916,929	19,796,086	5,915,218	1,665,366	542,336,685	470,570,775	49,698,462	13,245,009	6,431,442	2,390,997
	Difference between Assets and Liabilities in the Balance Sheet	58,960,066	(377,038,363)	(18,658,793)	36,624,090	65,394,527	352,638,605	57,254,559	(361,510,266)	(10,209,927)	37,244,050	73,609,614	318,121,088
II ADMINISTRATIVE ACCOUNT													
A. Administrative Account Claims													
1.	Commitments	4,498,899	4,498,899	0	0	0	0	3,603,899	3,603,899	0	0	0	0
2.	Contingencies	38,165,941	0	4,594,271	33,571,670	0	0	30,151,977	0	2,755,143	27,396,834	0	0
	Total Administrative Account Claims	42,664,840	4,498,899	4,594,271	33,571,670	0	0	33,755,876	3,603,899	2,755,143	27,396,834	0	0
B. Administrative Account Liabilities													
1.	Commitments	109,954,014	500,162	104,323,645	5,130,207	0	0	93,725,630	78,087	89,327,792	4,397,838	0	0
2.	Contingencies	42,487,771	0	0	42,487,771	0	0	37,332,099	0	0	37,332,099	0	0
	Total Administrative Account Liabilities	152,441,785	500,162	104,323,645	47,617,978	0	0	131,057,729	78,087	89,327,792	41,729,937	0	0
	Difference between Assets and Liabilities in the Balance Sheet	(109,776,945)	3,998,737	(99,729,374)	(14,046,308)	0	0	(97,301,853)	3,525,812	(86,572,649)	(14,333,103)	0	0
	Difference [(IA-IB)+(IIA-IIB)]	(50,816,879)	(373,039,626)	(118,388,167)	22,577,782	65,394,527	352,638,605	(40,047,294)	(357,984,454)	(96,782,576)	22,910,947	73,609,614	318,121,088
	Cumulative Difference	(50,816,879)	(373,039,626)	(491,427,793)	(468,850,011)	(403,455,484)	(50,816,879)	(40,047,294)	(357,984,454)	(454,767,030)	(431,856,083)	(358,246,469)	(40,125,381)

Table 8.1.b. Disclosure of Rupiah Maturities Profile - Bank Consolidated with Subsidiaries

(in million Rupiah)

No.	Items	Report Date Position						Previous Year's Report Date Position					
		Balance	Maturity					Balance	Maturity				
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I BALANCE SHEET													
A. Assets													
1.	Cash	19,385,853	19,350,693	35,161	-	-	-	21,872,556	21,872,556	-	-	-	-
2.	Placement with Bank Indonesia	75,026,510	70,114,333	588,493	1,550,057	2,773,627	-	53,113,936	50,936,260	600,000	468,047	1,109,629	-
3.	Placement with other banks	8,729,735	7,991,240	738,495	-	-	-	2,691,887	2,536,887	155,000	-	-	-
4.	Securities	87,657,878	1,499,945	9,940,470	2,058,745	5,977,121	68,181,596	88,049,851	2,111,760	10,194,148	3,166,407	6,328,315	66,249,221
5.	Loans	573,939,167	60,121,973	40,104,766	58,969,370	69,802,061	344,940,998	505,651,812	39,736,892	33,810,517	53,860,557	78,568,801	299,675,046
6.	Other receivables	5,078,485	4,727,353	130,615	-	-	220,517	1,097,171	866,185	184,108	29,693	447	16,738
7.	Other assets	2,626,614	2,305,284	-	-	112,426	208,904	4,914,305	4,572,147	-	-	105,945	236,213
	Total Assets	772,444,242	166,110,821	51,538,000	62,578,171	78,665,235	413,552,014	677,391,519	122,632,687	44,943,774	57,524,704	86,113,137	366,177,218
B. Liabilities													
1.	Third party funds	637,975,068	548,425,349	68,182,689	13,500,891	6,813,095	1,053,044	550,910,347	483,725,269	52,487,738	8,660,642	4,506,737	1,529,960
2.	Funds from Bank Indonesia	-	-	-	-	-	-	-	-	-	-	-	-
3.	Funds from other banks	12,966,492	7,614,514	769,555	781,990	1,259,766	2,540,668	14,878,261	9,677,148	499,440	844,572	1,254,971	2,602,130
4.	Securities issued	9,017,157	-	-	5,475,813	350,000	3,191,344	5,842,010	-	-	425,485	3,496,036	1,920,489
5.	Loans received	3,296,955	787,811	-	-	385,000	2,124,144	1,522,386	574,673	-	-	20,464	927,249
6.	Other liabilities	28,403,689	24,511,533	21,155	3,820,866	-	50,135	30,148,369	24,703,217	74,006	5,334,596	-	36,549
7.	Miscellaneous	9,246,823	7,100,109	1,471,619	675,095	-	-	6,502,180	4,921,251	833,173	747,756	-	-
	Total Liabilities	700,906,185	588,439,317	70,445,018	24,254,654	8,807,861	8,959,335	609,803,552	523,601,559	53,894,358	16,013,051	9,278,208	7,016,378
	Difference between Assets and Liabilities in the Balance Sheet	71,538,057	(422,328,496)	(18,907,017)	38,323,517	69,857,374	404,592,679	67,587,967	(400,968,872)	(8,950,584)	41,511,653	76,834,930	359,160,840
II ADMINISTRATIVE ACCOUNT													
A. Administrative Account Claims													
1.	Commitments	4,498,899	4,498,899	-	-	-	-	3,603,899	3,603,899	-	-	-	-
2.	Contingencies	38,165,941	-	4,594,271	33,571,670	-	-	30,151,977	-	2,755,143	27,396,834	-	-
	Total Administrative Account Claims	42,664,840	4,498,899	4,594,271	33,571,670	-	-	33,755,876	3,603,899	2,755,143	27,396,834	-	-
B. Administrative Account Liabilities													
1.	Commitments	110,047,219	502,083	104,328,850	5,147,818	32,726	35,742	93,748,099	79,126	89,330,139	4,402,240	15,720	-
2.	Contingencies	42,530,743	-	27,566	42,503,177	-	-	37,332,099	150,932	-	37,332,099	-	-
	Total Administrative Account Liabilities	152,577,962	502,083	104,356,416	47,650,995	32,726	35,742	131,080,198	230,058	89,330,139	41,734,339	15,720	-
	Difference between Assets and Liabilities in the Balance Sheet	(109,913,122)	3,996,816	(99,762,145)	(14,079,325)	(32,726)	(35,742)	(97,324,322)	3,373,841	(86,574,996)	(14,337,505)	(15,720)	-
	Difference [(IA-IB)+(IIA-IIB)]	(38,375,066)	(418,331,680)	(118,669,162)	24,244,192	69,824,648	404,556,937	(29,736,355)	(397,595,031)	(95,525,580)	27,174,148	76,819,210	359,160,840
	Cumulative Difference	(38,375,066)	(418,331,680)	(537,000,842)	(512,756,651)	(442,932,003)	(38,375,066)	(29,736,355)	(397,595,031)	(493,120,611)	(465,946,463)	(389,127,253)	(29,966,413)

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(in million Rupiah)

No.	Pos-pos	Report Date Position						Previous Year's Report Date Position					
		Balance	Maturity					Balance	Maturity				
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I BALANCE SHEET													
A. Assets													
1.	Cash	3,013,461	3,013,461	-	-	-	-	2,897,745	2,897,745	-	-	-	-
2.	Placement with Bank Indonesia	43,061,236	43,061,236	-	-	-	-	32,636,939	31,947,689	689,250	-	-	-
3.	Placement with other banks	13,271,180	11,983,358	1,164,819	123,004	-	-	14,630,269	12,865,582	791,259	677,257	144,577	151,594
4.	Securities	34,569,115	769,697	2,417,681	7,076,996	1,859,852	22,444,889	32,008,232	1,287,822	490,195	575,041	839,879	28,815,296
5.	Loans	87,847,059	11,699,748	3,623,914	3,511,216	7,548,211	61,463,970	87,788,642	13,013,509	5,987,625	3,943,999	10,507,547	54,335,962
6.	Other receivables	1,472,248	1,472,248	-	-	-	-	457,938	457,938	-	-	-	-
7.	Other assets	391,740	239,339	86,318	-	66,083	-	392,431	168,398	155,509	-	68,525	-
	Total Assets	183,626,039	72,239,087	7,292,732	10,711,217	9,474,145	83,908,859	170,812,196	62,638,682	8,113,837	5,196,297	11,560,528	83,302,851
B. Liabilities													
1.	Third party funds	117,693,591	108,424,969	5,241,880	2,520,489	1,488,913	17,339	119,773,840	114,582,354	2,364,513	1,102,235	1,704,667	20,071
2.	Funds from Bank Indonesia	-	-	-	-	-	-	-	-	-	-	-	-
3.	Funds from other banks	3,039,127	2,675,477	121,253	242,397	-	-	3,754,359	3,650,971	103,388	-	-	-
4.	Securities issued	-	-	-	-	-	-	-	-	-	-	-	-
5.	Loans received	31,118,403	18,226,986	3,278,519	1,852,806	5,782,720	1,977,372	29,231,244	13,531,838	1,131,749	1,195,297	6,891,190	6,481,169
6.	Other liabilities	25,578,161	25,578,161	-	-	-	-	24,318,877	24,318,877	-	-	-	-
7.	Miscellaneous	6,041,662	692,204	4,850,545	498,914	-	-	5,559,408	904,916	3,413,125	1,241,367	-	-
	Total Liabilities	183,470,944	155,597,796	13,492,197	5,114,606	7,271,634	1,994,711	182,637,727	156,988,956	7,012,774	3,538,899	8,595,857	6,501,240
	Difference between Assets and Liabilities in the Balance Sheet	155,095	(83,358,709)	(6,199,465)	5,596,611	2,202,511	81,914,147	(11,825,531)	(94,350,275)	1,101,063	1,657,398	2,964,671	76,801,611
II ADMINISTRATIVE ACCOUNT													
A. Administrative Account Claims													
1.	Commitments	3,873,182	3,873,182	-	-	-	-	6,831,543	2,696,043	4,135,500	-	-	-
2.	Contingencies	34,612,294	-	16,932,736	17,679,558	-	-	47,991,085	-	22,176,853	25,814,232	-	-
	Total Administrative Account Claims	38,485,476	3,873,182	16,932,736	17,679,558	-	-	54,822,628	2,696,043	26,312,353	25,814,232	-	-
B. Administrative Account Liabilities													
1.	Commitments	35,491,065	380,436	15,187,576	19,923,052	0	0	35,095,521	384,477	15,493,609	19,217,434	0	0
2.	Contingencies	31,802,887	0	0	31,802,887	0	0	37,231,769	0	0	37,231,769	0	0
	Total Administrative Account Liabilities	67,293,952	380,436	15,187,576	51,725,939	-	-	72,327,290	384,477	15,493,609	56,449,203	-	-
	Difference between Assets and Liabilities in the Balance Sheet	(28,808,476)	3,492,746	1,745,160	(34,046,382)	-	-	(17,504,662)	2,311,565	10,818,744	(30,634,971)	-	-
	Difference [(IA-IB)+(IIA-IIB)]	(28,653,380)	(79,865,963)	(4,454,305)	(28,449,770)	2,202,511	81,914,147	(29,330,193)	(92,038,709)	11,919,807	(28,977,573)	2,964,671	76,801,611
	Cumulative Difference	(28,653,380)	(79,865,963)	(84,320,268)	(112,770,039)	(110,567,528)	(28,653,380)	(29,330,193)	(92,038,709)	(80,118,902)	(109,096,475)	(106,131,804)	(29,330,193)

Table 8.2.b. Disclosure of Valas Maturities Profile - Bank Consolidated with Subsidiaries

(in million Rupiah)

		Report Date Position						Previous Year's Report Date Position					
No.	Items	Balance	Maturity					Balance	Maturity				
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
I BALANCE SHEET													
A. Assets													
1.	Cash	3,067,602	3,067,602	-	-	-	-	2,922,210	2,922,210	-	-	-	-
2.	Placement with Bank Indonesia	43,131,293	43,131,293	-	-	-	-	32,977,793	32,288,543	689,250	-	-	-
3.	Placement with other banks	15,121,618	13,286,365	1,712,250	123,004	-	-	16,070,265	14,305,579	791,259	677,257	144,577	151,594
4.	Securities	35,374,697	769,697	2,417,681	7,076,996	1,859,852	23,250,471	32,682,224	1,315,302	490,195	575,041	839,879	29,461,808
5.	Loans	93,903,989	11,699,748	4,043,673	3,665,919	8,085,042	66,409,607	92,237,553	13,035,227	6,097,238	4,141,873	10,633,937	58,329,278
6.	Other receivables	1,486,103	1,486,103	-	-	-	-	1,421,380	649,942	351,242	419,880	316	-
7.	Other assets	391,740	239,339	86,318	-	66,083	-	392,431	168,398	155,509	-	68,525	-
	Total Assets	192,477,042	73,680,147	8,259,922	10,865,919	10,010,976	89,660,078	178,703,856	64,685,200	8,574,691	5,814,051	11,687,234	87,942,679
B. Liabilities													
1.	Third party funds	124,068,574	114,375,807	5,471,687	2,556,005	1,647,737	17,339	125,382,120	119,655,906	2,435,121	1,412,025	1,858,997	20,071
2.	Funds from Bank Indonesia	-	-	-	-	-	-	-	-	-	-	-	-
3.	Funds from other banks	4,664,877	4,295,876	126,604	242,397	-	-	5,274,740	3,657,317	245,816	689,250	682,358	-
4.	Securities issued	-	-	-	-	-	-	-	-	-	-	-	-
5.	Loans received	31,118,403	18,226,986	3,278,519	1,852,806	5,782,720	1,977,372	29,231,244	13,531,838	1,131,749	1,195,297	6,891,190	6,481,169
6.	Other liabilities	25,582,496	25,582,496	-	-	-	-	24,329,123	24,329,123	-	-	-	-
7.	Miscellaneous	6,041,662	692,204	4,850,545	498,914	-	-	5,559,408	904,916	3,413,125	1,241,367	-	-
	Total Liabilities	191,476,013	163,173,368	13,727,355	5,150,121	7,430,457	1,994,711	189,776,635	162,079,100	7,225,811	4,537,939	9,432,545	6,501,240
	Difference between Assets and Liabilities in the Balance Sheet	1,001,029	(89,493,222)	(5,467,434)	5,715,798	2,580,519	87,665,366	(11,072,780)	(97,393,900)	1,348,881	1,276,112	2,254,689	81,441,439
II ADMINISTRATIVE ACCOUNT													
A. Administrative Account Claims													
1.	Commitments	3,873,182	3,873,182	-	-	-	-	6,831,543	2,696,043	4,135,500	-	-	-
2.	Contingencies	34,612,294	-	16,932,736	17,679,558	-	-	47,991,085	-	22,176,853	25,814,232	-	-
	Total Administrative Account Claims	38,485,476	3,873,182	16,932,736	17,679,558	-	-	54,822,628	2,696,043	26,312,353	25,814,232	-	-
B. Administrative Account Liabilities													
1.	Commitments	35,497,975	387,347	15,187,576	19,923,052	-	-	35,128,025	391,661	15,513,757	19,222,608	-	-
2.	Contingencies	32,408,839	587,828	532	31,802,887	17,117	474	37,458,245	129,343	10,951	37,277,185	1,019	39,747
	Total Administrative Account Liabilities	67,906,814	975,175	15,188,108	51,725,939	17,117	474	72,586,270	521,004	15,524,707	56,499,793	1,019	39,747
	Difference between Administrative Account Claims and Liabilities	(29,421,338)	2,898,007	1,744,628	(34,046,382)	(17,117)	(474)	(17,763,642)	2,175,039	10,787,646	(30,685,561)	(1,019)	(39,747)
	Difference [(IA-IB)+(IIA-IB)]	(28,420,309)	(86,595,215)	(3,722,806)	(28,330,583)	2,563,403	87,664,892	(28,836,422)	(95,218,861)	12,136,526	(29,409,449)	2,253,669	81,401,692
	Cumulative Difference	(28,420,309)	(86,595,215)	(90,318,021)	(118,648,604)	(116,085,201)	(28,420,309)	(28,836,422)	(95,218,861)	(83,082,335)	(112,491,783)	(110,238,114)	(28,836,422)

Tabel 8.3 Disclosure of Liquidity Coverage Ratio

Liquidity Coverage Ratio (%)

	Q1	Q2	Q3	Q4
	(1)	(2)	(3)	(4)
Bank Individually	184.75%	196.98%	199.55%	207.17%
Bank Consolidated	186.53%	195.74%	200.13%	206.80%

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4. Operational Risk

A. Qualitative Disclosure

Operational risk is the risk due to insufficiency and/or failed internal processes, human error, system failure, and/or the presence of external events which affecting the operations of Bank Mandiri.

Operational risk can lead to other risks such as reputation risk, strategic risk, legal risk, market risk, credit risk, compliance risk, liquidity risk, the risk of intragroup transactions and insurance risks. The management of operational risk effectively and consistently can minimize the emergence of other risks.

Operational risk is inherent in all activities/operations of Bank Mandiri while running business process. Bank Mandiri implemented the Operational Risk Management effectively to reduce the frequency and/or impact of operating losses. In general, the implementation of the Operational Risk Management is expected to give positive impact to Bank Mandiri's stakeholders.

Operational Risk Management Organization

The implementation of operational risk management involves all elements in Bank Mandiri, including the Board of Directors with active supervision by the Board of Commissioners. To that end, the Board of Commissioners and Board of Directors understand the risks faced by Bank Mandiri, and plays an important role in supporting and overseeing the success of its application in all operational units.

1. **Risk Management Committee** is a committee which formed to assist the Board of Directors in performing the function of monitoring and control, among others through policy discussion, define strategies and procedures related to the Operational Risk Management of Bank Mandiri, monitoring risk profile and risk management to establish risk appetite.
2. **The Builder Unit of Operational Risk System, Retail & IT Operational Risk Group and Wholesale Operational of Risk Group**, is the Operational Risk Management Unit, which responsible for formulating policies, strategies, frameworks and operational risk management tools as well as doing the implementation thereof.
3. **Working Unit (Risk Owner)**, responsible for managing operational risk according to the authority and scope of work in every units, especially in ensuring that the control effectiveness have been carried out in accordance with the standard guidelines for operational activities.
4. **ORM Coordinator**, monitor and review the effectiveness/ adequacy of operational risk management processes inherent to every activity and perform tests of controls against the assessment control by Risk Owner periodically.
5. **Internal Audit**, provides independent, objective assurance and consulting services to give added value and improve the operational quality of Bank Mandiri.

Operational Risk Management Mechanism

Bank Mandiri has set policies and procedures for managing operational risk refers to the regulatory provisions and international best practices, particularly of Basel Committee recommendations. Policies and procedures for the implementation of operational risk management for the entire unit in Bank Mandiri, among others, Bank Mandiri Risk Management Policy (KMRBM), SPO Operational Risk Management, Technical Guidelines for Operational Risk Management (ORM) Tools, and SPO Products or Activities.

To support the process of managing operational risk, Bank Mandiri uses ORM Tools namely:

1. **Risk & Control Self Assessment (RCSA)**
RCSA is used for the identification and assessment of operational risk exposure and effectiveness of the control of Bank Mandiri. RCSA is a proactive approach in measuring risk since it involves all the activities and operational control. RCSA processes performed by used Assessment Top Risk method, where Working Units will be more focused in identifying, measuring, monitoring, and control contained in the core process.
2. **Loss Event Database (LED)**
LED is the data of operational risk incident on every working unit. The result of the recording of LEDs used as one factor of risk profile assessment and operating loss of Bank Mandiri. The purposes of LED recording is to provide a map of operational risk loss of Bank Mandiri, prevent reoccurrence of operational incidents, and as one of the inputs in determining the operational risk profile.
3. **Key Indicator (KI)**
Key Indicator (KI) is a quantitative indicator which used as an early warning signal to changes/trends of risk or operational risk control effectiveness. Determination of KI aims that all working units exert control over core competency processes which have high operational risk to set mitigation measures.
4. **Issue & Action Management (IAM)**
IAM aims to facilitate the ease of identification and follow-on issues in which the action plan should be carried out in accordance to the timelines and responsible parties and also to facilitate monitoring progress of action plan completion.

The results of identification, assessment, monitoring and controlling of risk exposure was integrated with i-Mors (Independent Operational Risk Integrated System) which has been implemented in all working units (risk owners).

As the output of operational risk management process, every working units produce risk profile report which used as the basis in making Bank Mandiri's operating risk profile. The report of operational risk profile was drafted through the identification of major process in all working units according to the activity, segments, products and services that run through ORM Forum, questionnaires, interviews (one on one meeting), or other appropriate media.

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The report of operational risk profile of Bank Mandiri which has validated by the Internal Audit unit and approved by the Board of Directors and Board of Commissioners, further reported to the regulator periodically. Profile of Operational Risk of Bank Mandiri used as part of the determination of Bank Mandiri's soundness or the report of Risk-Based of Bank Mandiri Rating (RBBR) which is submitted to the regulator.

Implementation of Operational Risk Management

In 2016, the implementation of Bank Mandiri's Risk management were focused on four strengthening aspects, namely:

1. Risk Awareness Program

The cultural program owned by every working units and related to the recognition, understanding, and operational risk mitigation. This was reflected in the Culture of Excellence, RAKSA, a risk awareness program that supports the principles of keep safe, keep friends, keep independent.

2. MRO Forum

A meeting which must be implemented by every unit of at least once a month to discuss issues related to operational risk in every main activities of the working unit, including the assessment of risk identification and risk measurement. Furthermore, the forum implementation results reported to the Trustee Unit of Operational Risk Management System in the form of minutes of meeting.

3. Risk Profile Report

An overview of operational risk exposures in every working unit where the report shall be submitted by working unit to the Unit of Operational Risk Management System, minimum at quarterly or shorter period if needed (ad-hoc). Preparation of risk profile report regularly intended that the operational risk profile of every working unit always updated and maintained.

4. Data Quality on ORM Tools

It is the process of managing and updating data/information stored on ORM Tools (i-Mors) including RCSA, MFORs, KI and IAM. The whole datas were inputted to the i-Mors used as the basis for preparing risk profile of working unit in order to measure the soundness of Bank Mandiri.

Steps and Plans in Anticipating Operational Risk

Here are the operational risk management strategies for the year 2017:

1. Determination of risk appetite level for operational risk and monitoring the level of operating loss to ensure that the appetite which has been set was still under Bank Mandiri's control.
2. The development of frameworks, methodologies, tools, and operational risk management application systems by improving procedures, limits, tools and risk management systems.
3. The development of framework and methodology of information technology by developing IT Risk Management framework and Information Security Management.
4. Continuous improvement on operational risk management infrastructure by improving risk identification process, organization, and follow-up which needed, as well as implemented the improvement of operational risk framework to working unit.
5. The consummation review related to the provisions effectiveness, initiative, and risk awareness program through recommendations given from the standpoint of operational risk management.
6. Become a benchmark for subsidiary companies in developing operational risk management framework in order to make infrastructure improvements of risk management widely.

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B. Quantitative Disclosure

In order to calculate the capital and ATMR Operations, Bank Mandiri now using Basic Indicator Approach (BIA) according to the provisions of the regulator, SE OJK No. 24/SEOJK.03/2016 regarding the calculation of Risk Weighted Assets for Operational Risk using Basic Indicator Approach, so the following tables shown the detail report of operational risk of capital adequacy of Bank Mandiri by using Basic Indicator approach, as follows:

Table 9.1.a. Disclosure of Rupiah Maturity Profile - The Bank Individually

No	Approach	Report Date Position on December 31, 2016		
		Gross income (average of last 3 years)*	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Base Indicator Approach	49,030,404	7,354,561	91,932,008
Total		49,030,404	7,354,561	91,932,008

Table 9.1.b. Operational Risk Quantitative Disclosure - Bank Consolidated with Subsidiaries

No	Approach	Report Date Position on December 31, 2016		
		Gross income (average of last 3 years)*	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Base Indicator Approach - BM	49,030,404	7,354,561	91,932,008
2	Base Indicator Approach - BSM	3,594,936	539,240	6,740,505
3	Base Indicator Approach - Mandiri Sekuritas	605,077	90,761	1,134,519
4	Base Indicator Approach - BMEL	48,367	7,255	90,688
5	Base Indicator Approach- Bank Mantap	139,748	20,962	262,028
6	Base Indicator Approach - AMFS	2,137,344	320,602	4,007,519
7	Base Indicator Approach - MTF	320,064	48,010	600,120
8	Base Indicator Approach - MIR	13,768	2,065	25,816
9	Base Indicator Approach - MAGI	7,478	1,122	14,022
10	Base Indicator Approach - Inhealth	1,466,944	220,042	2,750,520
11	Base Indicator Approach - MUF	1,027	154	1,925
Total		57,406,150	8,610,923	107,636,532

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5. Legal Risk

Legal risk is a risk faced by Bank Mandiri as a result of lawsuits, both by internal and external parties and/or discovery of the weakness of the judicial aspect such as the absence of legal and regulatory documents or weakness in the document.

Legal Risk Management Organization

Organization of legal risk management conducted by the Legal Unit at the Head Office to implement functions, duties and responsibilities related to the regulatory, advisory, litigation, advocacy and legal assistance, education and transformation in the field of law and legal risk management of the Bank. In the implementation of its functions, duties and responsibilities, the Legal unit at the Head Office coordinates with Legal Unit at Work Unit and Legal Unit in the Region. Legal Unit at the Head Office is a trustee system and supervises the Legal Unit at Working Unit and Legal Unit in the Region. Organization of legal risk management conducted by the Legal Unit at Head Office to implement the functions, duties and responsibilities related to the regulatory, advisory, litigation, advocacy and legal assistance, education and transformation in the field of law and legal risk management of the Bank.

Legal Risk Management Mechanism

Risk management mechanism which includes the identification, measurement, control, and monitoring refers to the applicable provisions concerning risk management. Every working unit owners or the executor of products or the organizer of activities required to manage risk optimally, including but not limited to legal risks basically inherent in any product or activity which created or implemented by the Bank, so it does not have significant impact and lead to the emergence of other risks, including but not limited to reputation risk.

Implementation of Legal Risk Management

Throughout 2016, the implementation of legal risk management in Bank Mandiri focused on several strengthening aspects, among others were:

- Implementation of legal culture (law as a second nature) continuously including organizing the Legal Awareness and Legal Advice Forum on Site for business unit
- Decentralization of handling problems/lawsuit/case law by the placement of Legal Officer in the Units and the establishment of Regional Legal Team in every Region
- Giving review/advice/legal opinions that are strategic and involvement in giving review/advisory/legal opinions in forums such as the Credit Committee Meeting, Business Committee, Wholesale Committee and actively involved in the activities of corporations such as GMS and other strategic initiatives
- Implementation of on-site inspection of the loan documents which approved in RKK forum and check the conformity of the document with RKK decisions

Steps and Plans in Anticipating Legal Risk

Along with the increasing scope of business of Bank Mandiri, hence in order to realize a compliant business and increase awareness of legal risk level, the legal unit has conducted strategic initiatives holistically in order to strengthen and

safeguard the legal position of the Bank and prevent the emergence of various legal issues/mitigate potential operational risks of Bank Mandiri as below:

1. Provide support from the legal aspects, preventive and repressive in order to strengthen and safeguard the legal position of the Bank, including to develop law obedient culture (Law as a Second Nature) through Learning Method and Prevention, among others:

a. Preventive Actions :

- 1) Legal Awareness Forum (LAF)
A continuous program which conducted every year in order to provide sufficient knowledge of the legal basis for frontliner (teller, customer service, RBC, Verificator) so hopefully all employees could have the competencies and understanding of basic laws in the process of banking operations. By the LAF program is expected to help in eliminating or minimizing the occurrence of various problems/ case law.
- 2) Legal Review On Site
Is a judicial review of credit document by examining, ensuring suitability and adequacy of juridical credit facilities, assess whether there is a juridical excess in the preparation of the provisions in loan documents, including collateral documents which followed by channeling mitigation.
- 3) Legal Advice On Site
An interactive discussion with the participants in order to give legal advice and assistance directly against the actual legal issues in operations field/ business units related to credit proposed by the participants or by the results of the Legal Review On Site.

b. Repressive actions

- 1) Decreasing outstanding legal cases
In addition to prevent the occurrence of new cases, the Bank continued to take efforts of providing legal solutions to decrease the outstanding litigation such as the decrease of legal matters.
- 2) Out of court settlement
Conduct settlement of the case through alternative dispute resolution outside the court (out of court settlement).
- 3) Building good relations
Fostering good relations with relevant agencies in efforts to encourage the acceleration of verdict of the case, as well as with customers to get a balanced dispute resolution (win-win solution).
- 4) Legal action
Maintaining the dignity and reputation of the Bank to conduct strict legal efforts against those who harm the Bank both in the settlement of credit, fraud actions or actions of other third party with bad purpose and against the law.

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6. Reputation Risk

Reputation risk is the risk faced by the Bank as an impact of the negative perception of stakeholders to the Bank which coming from various undesirable events such as negative publications over the Bank's operations, violation of business ethics, customer complaints, governance weaknesses and other events that can degrade the image of the Bank.

Reputation Risk Management Organization

The reputation risk is managed by the Corporate Secretary Group and performed by all working units within the company, including Customer Care Group, Strategic Marketing Group, and IT Strategy and Infrastructure Group. In its function, Corporate Secretary Group is responsible to the Board of Directors and came under the direct supervision of President Director. Thus, in addition to the President Director, Corporate Secretary Group also provides report to the associate director whom related with the incidence of reputation.

Reputation Risk Management Mechanism

Reputational risk is managed through the mechanism of oversight, handling and settlement which coordinated by the Corporate Secretary Group by referring to the provisions of Standard Guidelines for Corporate Secretary.

Implementation of Reputation Risk Management Policy

As the implementation of reputation risk management policies, the President Director assures that all working units have been performing the function of each well and according to the applicable regulations. In case there is potential events affected the reputation risk related to the duties and functions of particular working unit, so the working unit is obliged to provide detailed information to the Corporate Secretary Group in order to manage the incident so as to minimize the impact.

Currently, Bank Mandiri has an official channel to receive complaints and questions from customers, such as call center 14000, website, branches, including conventional media and social media. All complaints are forwarded to Customer Care Group to get the handling and settlement. On these duties, Customer Care Group collaborates with the Corporate Secretary Group, particularly in handling customer complaints related with conventional media and social media.

Separately, Corporate Secretary Group also monitors and evaluates of various reports and then releases them in conventional media and social media periodically to measure the effectiveness of the company's publication and communication activities. Furthermore, monitoring and evaluation results will serve as the basis of publications and communication activities for the next period in order to strengthen the company's reputation on an ongoing basis.

In its function as the coordinator of managing reputation risk of the Company, Bank Mandiri also have several internal units, such as the Corporate Communication Department and Corporate Social Responsibility (CSR) Department which has the authority and ability to create a positive image of the company through communication programs and social activities of the company.

Whereas in the context of crisis or incident reputation highly critical and massive so it affects the confidence of stakeholders or shareholders, Corporate Secretary Group assumes full responsibility for implementing the action plan which is expected could minimize the impact of the crisis, among others preparing the strategy of problem management, determining the internal sources and executing schedule of crisis management activities, as well as the overall evaluation.

7. Strategic Risk

Strategic risks is risk faced by Bank Mandiri due to inaccuracy in the decision and/or implementation of a strategic decision and the failure in anticipating the changes in the business environment.

Strategic Risk Management Organization

The Bank has established a Risk Management Committee and Risk Management Unit which aims to support the comprehensive risk management, integrated, measurable and controllable. Every committee supported by a working group whose members consist of groups that directly related to the risk problems including within the scope of the committees.

Strategic Risk Management Mechanism

In conducting strategic risk management, Bank Mandiri constantly reviews the performance and evaluate the draft of business targets policy and conduct corrective measures in developing strategic plans and business targets taking into account the internal and external conditions, if necessary. Bank Mandiri continues to support the strengthening of the implementation of programs supporting financial performance management through the development of automated budgeting, PMS enhancement and development of Executive Information System (EIS).

Implementation of Strategic Risk Management

Throughout 2016, considering the external and internal conditions of Bank Mandiri, the Management Policy until 2020 will be focused on three main strategies, namely sharpen the wholesale business by intensifying the wallet share of customer wholesale segment (deepen client relationship), accelerating its expansion in the retail segment (Accelerate growth in the segment), as well as strengthening the integration of Mandiri Group (integrate the group). Further explanations are as follows:

- Deepen client relationship (wholesale segment), to achieve the aspirations of becoming Indonesia's Wholesale Transaction Bank, Bank Mandiri's policy is to offer holistic and integrated products and services which capable to serve the needs of end to end customer. Wholesale business development was done by strengthening the Relationship Manager (RM) with expertise in priority sectors. With the development of trade between countries these days, the big corporations in Indonesia continues to expand its business abroad. Bank Mandiri as the leading wholesale bank in Indonesia which has a powerful corporate customers base, provide a strategy to serve the customers (follow the principle of the worker, follow the trade).

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- Accelerate in Growth Segment, comprised of three segments, namely: 1) Micro Segment, 2) Individuals Segment, and 3) SME Segment.
- Integrate the Group strategy is the Group that aims to increase the synergy in every working units by optimizing all existing resources in Bank Mandiri and its subsidiaries in order to support each other through cross-selling.

Steps and Plans in Anticipating Strategic Risk

Here are the risk management strategies in 2017:

- Slowdown of economic impact on business growth and credit quality has driven Bank Mandiri's loan expansion carefully (prudent), as well as made the selection sector is prospective and not vulnerable to economic turmoil, monitoring watch list, better management credit to an end to end, and so forth.
- Controlling the formation of CKPN by reviewing and following up on account which potentially problematic, to anticipate the unexpected condition.
- Focus on the fund (retail deposits) in the segment of small business, micro and consumer (individual).
- Conduct efficiency program/overhead cost savings and more in-depth assessment for initiatives that have an impact on overhead costs (initiatives that do not have immediate impact on revenue/P&L), without the exclusion of aspects of service and profitability.

Macroeconomic and banking conditions are expected to remain unfavorable. It will increase the external risk in which the performance of national economy this year still need to be wary, especially the economic recovery which is still running slower than expected. Reorganization and implementation of which is still in the process of improvement and repair.

8. Compliance Risk

Compliance risk is the risk arising when the Bank doesn't comply and/or implement the applicable legislation and regulations. As set forth in Compliance Policy Bank Mandiri (KKBM), Bank Mandiri has an organizational structure which is responsible to manage compliance risk, consisting of:

- **The Director in charge of Compliance Function**
The Director in charge of compliance function is responsible for establishing systems and procedures related to compliance risk management of the Bank in order to minimize the risk of such compliance. In addition, the Director whose in charge of compliance function also responsible for formulating strategy to increase the Bank's compliance culture.
- **The Compliance Working Unit (SKK) at the Head Office**
SKK in the head office is responsible for formulating compliance risk management methodology and conduct surveillance on bank wide working units so that the potential compliance risks can be minimized. In addition, the SKK at the Head Office also sets the steps to support the creation of Culture of Compliance in all bank business activities at every level of the organization.

- **The Compliance Working Unit (SKK) at Working Unit**
SKK at Working Unit is the technical implementation of operational in every Directorate to assist the Director of the Field in implementing the compliance function, including identifying and providing historical data on the occurrence of sanctions and monitoring the implementation of compliance risk control.

Compliance Risk Management Mechanism

In managing compliance risk, the Bank uses the concept of Enterprise Risk Management (ERM) to obtain more comprehensive description about the risks. Risk management is conducted through two approaches, namely Top Down by assessment of Directors through (Enterprise Risk Assessment) ERA and Bottom Up by analysis of historical data trends.

On the bottom-up approach, the management of compliance risk divided into several stages, i.e.:

1. Identification

The identification of compliance risks addressed in the Compliance Risk Statement (CRS) which covers regulations related, the causes of risk, control risk, and the action plan needed to prevent compliance risks.

2. Assessment

Compliance risks which have been identified was assessed by the respective risk owners to produce compliance risk profile in their work unit. The risk assessment conducted based on:

- Likelihood of risk occurring
- Impact to the Bank if risk does occur

In addition, the risk owner also assessed the effectiveness of the control exercised.

3. Monitoring

Monitoring of compliance risk is done by:

- Reviewing the compliance risk that all the identification processes has already conducted properly and correctly
- Reviewing the implementation of control and mitigation has already conducted properly and correctly
- Reviewing that compliance risk assessment process has already done properly and take into consideration on historical sanction/fine data.

4. Mitigation

Risk mitigation performed by setting and monitoring the Risk Appetite Statement (RAS) of compliance risk.

Implementation of Risk Management Compliance

Throughout 2016, the implementation of compliance risk management of Bank Mandiri was focused on improving compliance risk management methodologies, which includes:

1. Determination of Risk Appetite Statement (RAS)

In 2016, Bank Mandiri has decided the methodology to determine Risk Appetite Statement (RAS) methodology on the risk of compliance based on top-down approach and the bottom-up approach. Top Down Approach derived from Director's view regarding potential of compliance risk that might occur (forward looking), while the bottom-up approach derived from on historical sanction data that have occurred in Bank Mandiri.

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2. Database Development of Compliance Risk

In managing compliance risk, the database of compliance risk and sanctions which ever happened become a crucial thing to see the potential for repeated violations. Therefore, the Bank develops Integrated Risk Library (IRL) to obtain single database bankwide more accurate and easy to use by all levels.

3. Development of Monitoring and Reporting System

In order to optimize the implementation of compliance function, the Bank also has developed the monitoring system for reporting as an automatically reminder to the reporting unit in making compliance risk, particularly the risk for delay in submission of reporting can be minimized.

Steps and Plans in Anticipating Compliance Risk

The management strategy of compliance risk in 2017 will be conducted by implementing the tightening of compliance risk of RAS. This strategy aimed to encourage all levels to be more carefully and pay attention to the risk limits which may occur in any decision-making. The tightening of compliance risk RAS was prepared prudently by using the historical data according to compliance risk assessment parameters as stipulated in the SEBI 13/24 /DPNP concerning Commercial Bank Rating. The compliance risk RAS for 2017 has been set at 28.5% more stringent than the previous year to a maximum of 10 times the violation of every month.

Consolidated Risk Management to the Subsidiaries (PA)

Consolidated risk management of Bank Mandiri has started gradually since 2008 in line with the provisions issued No. 8/6/PBI/2006 concerning Application of Consolidated Risk Management for Banks Performing Control against Subsidiaries. These stages until now be one form of strategic initiatives of risk management units in Bank Mandiri which regularly communicated with OJK in a special forum to discuss topics or the risk profile of Bank Mandiri Risk Based Rating. This become important because Bank Mandiri realizes that its business continuity also influenced by the exposure to risks arising directly or indirectly from the business activities of subsidiaries.

Related to this, Bank Mandiri has implemented a system of consolidated risk management of the subsidiary companies whether operating in Indonesia and outside Indonesia while still meeting the principles of risk management and tailored to the jurisdiction of the authorities/local superintendent, and considering the characteristics of the business of each subsidiaries. The concept of risk management consolidation which carried on by Bank Mandiri and its subsidiaries generally can be divided into two major parts, namely:

- First Line, with regard to compliance with the provisions of PBI No. 8/6/PBI/2006 concerning Application of Consolidated Risk Management for Banks Performing Control against Subsidiaries.
- Second Line, which is more of an approach to the internal needs of the Bank as a whole which includes tools, risk awareness, corporate governance, and risk management information systems.

Gradually, Bank Mandiri has conducted consolidated risk management with subsidiary companies which engaged in finance (Bank Syariah Mandiri, Bank Mandiri Europe, Bank Mandiri Taspen Pos, Mandiri Sekuritas, AXA Mandiri Financial Services, Mandiri Tunas Finance, Mandiri International Remittance, Mandiri AXA General Insurance, and InHealth). Related to this, Bank Mandiri has set internal guidelines called Mandiri Subsidiaries Principle Guideline (MSPG) which contains technical guidance on the implementation of risk management of Bank Mandiri as a holding with subsidiaries. This is could stand as a real forms of Bank Mandiri as the largest bank in Indonesia which always comply and obey to the regulations applied in Indonesia, which in this context refers to POJK No. 18/POJK.03/2014 regarding the Application of Integrated Governance Share Financial Conglomerate.

Simulation of Worst Condition & Stress Testing

In order to measure the degree of resilience of Bank Mandiri in facing an extreme external event scenario (exceptional) but may occur (plausible), Bank Mandiri conducts stress testing as a basis for decision-making (contingency plan) as well as the fulfillment of the provisions of the applicable regulations in Indonesia. For Bank Mandiri, stress testing intended to estimate the amount of loss, estimating the resilience of the Bank's capital to absorb losses and to identify steps that should be taken to mitigate risk and maintain capital.

As for the two types of stress testing which are often carried out by Bank Mandiri, ie sensitivity/shock analysis and scenario analysis (historical or hypothetical). Meanwhile, stress testing models include the major types of risk namely credit risk, market risk and liquidity risk. Specifically for credit risk, Bank Mandiri develops stress testing model to cover wholesale segment, consumer and retail (modules have been developed per product for better results granular and accurate) by reference to best practices, among others, through econometrics modeling which connecting the factor of credit risk with macroeconomic factors.

In the projection of 2017, although the Indonesian economic fundamental is generally in a good condition and commodity prices seems to recover gradually, but the macroeconomic conditions globally and regionally still overwhelmed by the uncertainty as the economic recovery in European countries that have not been evenly distributed, pressure from Brexit, and China's economic growth continued to slow down, the increase in Fed Funds rate and the impact of post-US Election, volatility in financial markets remains high and domestic issues that occurred as political stability.

During 2016, Bank Mandiri has done some simulation scenario analysis for the baseline scenario, moderate and worst with reference to the current conditions and historical global issue or issues in the country such as the hike of Fed Funds Rate, Trump Effect, Brexit, inflation and BI rate. Bank Mandiri has a function of Business Command Center (BCC) as a integrated crisis management center, which can be activated to anticipate the crisis and global recession.

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Validation Model

Bank Mandiri has independent validation work unit in the Directorate of Risk Management and Compliance. This working unit is part of the internal risk control to provide quality assurance towards the development of models and regulatory compliance of Bank Indonesia. Its main responsibilities are as follows:

- Validating models used or developed in Bank Mandiri
- Participating actively involved in advisory process which related to the developments of models and risk management
- Inventory and monitoring models used in Bank Mandiri

Besides act as a second layer of defense in controlling operational risk model development process, model validation unit also responsible for the validity of the methods used in model development. The validation process or advisory verified by the Directorate of Internal Audit to ensure that the validation process has been in line with the principles of Good Corporate Governance (GCG).

Business Continuity Model (BCM)

Business Continuity Model (BCM) is a management process to identify potential threats to an organization and provides a framework for building resilience and the ability to respond effectively to a disaster situation so as to secure the interests of stakeholders, the company's reputation and brand.

Bank Mandiri as one of the largest and leading banking institutions, fully aware of its role in providing banking products and services and maintain business continuity both in normal conditions and in conditions of disruption or disaster. This encourages policies to create, test, implement and maintain the BCM to maintain the continuity of critical business operations and the necessary resources in the event of disruption or disaster. By forming BCM, Bank Mandiri could minimize the potential for financial loss, reputational damage and lawsuits when there is a disruption/disaster.

Efforts to maintain the continuity of business processes, operations and activities of all units within the Bank organization is a form of implementation of the vision, mission and business strategy of Bank, which is the shared responsibility of all levels of Bank.

BCM program is intended to develop and support the execution and implementation of BCM to be part of the Bank's operations. To ensure the reliability of Bank in the face of disruption/disaster which backed by formal structures of the Organization BCM and Crisis Management Team (CMT), the BCM implementation activities will be the object of internal and external audits.

Legal Basis and Policies

1. Financial Services Authority Regulation No.38/POJK.03/2016 on Implementation of Risk Management in Utilizing Information Technology by Commercial Banks.
2. BI Regulation No. 11/25/PBI/2009 dated July 1, 2009 on amendments of BI Regulation No. 5/8/PBI/2003 regarding Implementation of Risk Management for Banks.
3. SE BI No. 9/30/DPNP dated December 12, 2007 regarding Risk Management in the Use of Information Technology by Commercial Bank.

4. Bank Mandiri Risk Management Policy (KMRBM).
5. Policy of Internal Control Systems Bank Mandiri (KSPIBM).
6. Operational Policy of Bank Mandiri (KOBM).
7. Resolutions of Risk Management Committee (RMC) dated May 10, 2013.
8. Decisions of Policy & Procedure Committee (PPC), dated June 12, 2015.

The Development Plan of Risk Management System in 2017

To support the growth strategy of the operational business in order to always have a high competitiveness on banking sector either on National and ASEAN level, Bank Mandiri is consistently and sustainably going to develop infrastructure and capabilities of risk management, among others:

1. The alignment of risk level on Bank Mandiri
 - a. The implementation of Risk Appetite Statement (RAS) as formal guidelines in the process of risk taking to achieve business targets.
 - b. Develop a systems which intended to calculate the aggregation of stress testing for credit risk, liquidity risk, market risk, impact on the profit / loss and capital adequacy ratio (CAR), at Bank Mandiri and Subsidiaries.
2. Strengthening Credit Portfolio Management Strategy through Portfolio Management, Portfolio Mix, Pipeline Management, and Credit Supervisory via Credit Portfolio Management Strategy Project.
3. Improving end to end credit process on the wholesale segment through:
 - a. Business process improvement on wholesale segment with determination of limits for anchor client and specific sectors.
 - b. The implementation of Name Clearance on the determination of the debtor pipeline and Proactive Loan Monitoring System for credit monitoring.
 - c. Strengthening the information resources of the debtor in order to analyze and monitor credit quality.
 - d. Enhancement Credit Processing System in order to improve end to end credit process
 - e. Optimizing the use of limit management system.
4. The efficient use of capital through:
 - a. The implementation of IRBA Fase III
 - b. Enhancement Modeling Basel II Risk Parameters for Retail Portfolio
 - c. The implementation of New Operational Risk Reporting System
 - d. Enhancement Calculation of Operational Risk Capital Expenses
 - e. The intensification and extensification of Validation Functions
5. The development model of Expected Credit Loss as the preparation for the implementation of IFRS 9.
6. Optimizing the Management of Assets & Liabilities, through management of Earning Asset Yield and Cost of Liability, Pricing Strategy, and Implementation of New ALM Solutions.
7. Optimizing the implementation of Operational Risk Management framework by improving the policies, procedures, tools, and systems, as well as the implementation of the Operational Risk Forum.
8. Compliance Disaster Recovery Center (DRC) in the framework of sustainability of the Risk Management System.