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OFFERING CIRCULAR

PT Bank Mandiri (Persero) Tbk

(established with limited liability in the Republic of Indonesia)

US$2,000,000,000
Euro Medium Term Note Programme

On 29 March 2019, PT Bank Mandiri (Persero) Tbk (the "**Issuer**" or the "**Bank**") established a US$2,000,000,000 euro medium term note programme (as amended, supplemented or restated, the "**Programme**") and prepared an offering circular dated 29 March 2019. This offering circular (the "**Offering Circular**") updates the Programme and supersedes any previous offering circular describing the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular.

Under this Programme, the Bank may, from time to time, issue notes (the "**Notes**") denominated in any currency agreed between the Bank and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed US$2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Overview of the Programme" and any additional Dealer appointed under the Programme from time to time by the Bank (each a "**Dealer**" and together, the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in, and for the listing and quotation of any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of, the SGX-ST and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Bank, the Programme or the Notes. There is no assurance that the application to the Official List of the SGX-ST for the listing of the Notes of any Series will be approved.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Bank and the relevant Dealer. The Bank may also issue unlisted Notes and/or Notes not admitted to trading on any market. The relevant Pricing Supplement (as defined below) in respect of any Series (as defined in "Terms and Conditions of the Notes") will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the SGX-ST will be delivered to the SGX-ST on or before the listing of Notes of such Tranche.

The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or any US state securities laws and may not be offered or sold in the United States unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*".

The Notes may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offer under the Law No. 8 of 1995 on Capital Markets ("**Law 8/1995**") and its implementing regulations.

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Bank and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions (the "**Conditions**"), in which event, if appropriate, a new Offering Circular or a supplement to the Offering Circular, will be made available.

Arrangers and Dealers

CIMB **DBS Bank Ltd.** **Mandiri Securities**

MUFG **Standard Chartered Bank**

The date of this Offering Circular is 4 May 2020.

IMPORTANT INFORMATION

The Bank accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular has been prepared by the Bank for use in connection with the offer and sale of Notes outside the United States. The Bank and the Dealers reserve the right to reject any offer to purchase Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States.

Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Pricing Supplement as the relevant Dealer or the Managers, as the case may be. Copies of Pricing Supplement will be available at the Bank registered office and the specified office set out below of each of the Paying Agents (as defined in the Conditions).

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that those documents are incorporated and form part of this Offering Circular.

CIMB Bank Berhad, Labuan Offshore Branch, DBS Bank Ltd., Mandiri Securities Pte. Ltd., MUFG Securities Asia Limited and Standard Chartered Bank (the "Arrangers" and the "Dealers"), the Trustee (as defined below) and the Agents (as defined in the Conditions) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers, the Trustee or the Agents as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Bank in connection with the Programme. The Arrangers, the Dealers, the Trustee, and the Agents do not accept any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Bank in connection with the Programme.

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates or advisors accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates or advisors or any of their behalf in connection with the Bank or the issue and offering of Notes. Each of the Arrangers, the Dealers, the Trustee, the Agents and their respective affiliates and advisors accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates or advisors undertakes to review the financial condition or affairs of the Bank so long as Notes remain outstanding nor to advise any investor or potential investor of Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates or advisors.

No person is or has been authorised by the Bank to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank, any of the Arrangers, any of the Dealers, the Trustee or any of the Agents.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Bank, any of the Arrangers, any of the Dealers, the Trustee or any of the Agents that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Bank, any of the Arrangers, any of the Dealers, the Trustee or any of the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Bank is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Trustee and the Agents expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Bank, the Arrangers, the Dealers, the Trustee and the Agents do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Bank, the Arrangers, the Dealers, the Trustee or the Agents which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (the "**EEA**") (including the United Kingdom), Japan, Hong Kong, Singapore, Indonesia and the People's Republic of China (the "**PRC**"), see "*Subscription and Sale*".

IMPORTANT – EEA AND UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

PRODUCT GOVERNANCE UNDER DIRECTIVE 2014/65/EU (AS AMENDED)

The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers, the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In making an investment decision, investors must rely on their own examination of the Bank and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

None of the Bank, the Arrangers, the Dealers, the Trustee or the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

NOTICE TO INDONESIAN INVESTORS

The Notes have not been offered or sold and will not be offered or sold in the Republic of Indonesia or to any Indonesian nationals, corporations or residents, including by way of invitation, offering or advertisement, and this Offering Circular and any other offering material relating to the Notes has not been distributed, and will not be distributed, in the Republic of Indonesia or to any Indonesian nationals, corporations or residents in a manner which would constitute a public offering in the Republic of Indonesia under Law 8/1995. The Indonesian Financial Services Authority (*Otoritas Jasa Keuangan* or the "**OJK**") has not reviewed or declared its approval or disapproval of the issue of the Notes, nor has it made any determination as to the accuracy or adequacy of this Offering Circular. Any statement to the contrary is a violation of Indonesian law.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Offering Circular is presented on a consolidated basis and has been derived from the Bank's audited consolidated financial statements in respect of the financial years ended 31 December 2017, 2018 and 2019 (together, the "**Consolidated Financial Statements**"). This Offering Circular also includes certain financial information presented on an unconsolidated basis, which has been derived from the Bank's unconsolidated financial statements in respect of the financial years ended 31 December 2017, 2018 and 2019 (together with the Consolidated Financial Statements, the "**Financial Statements**"). Such financial information is identified as being "Bank only".

The Bank's financial year ends on 31 December, and references in this Offering Circular to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been audited by KAP Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), an independent auditors, in accordance with Standard on Auditing established by the Indonesian Institute of Certified Public Accountants (the "**IICPA**"), as stated in their audit report appearing elsewhere in this Offering Circular.

The Bank's Financial Statements are prepared in accordance with the Indonesian Financial Accounting Standards (the "**IFAS**").

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Offering Circular. In addition, the following terms as used in this Offering Circular have the meanings defined below:

In this Offering Circular, all references to:

- "**US dollars**" and "**US$**" refer to United States dollars;
- "**Rupiah**" and "**Rp**" refer to the Indonesian rupiah;
- "**Singapore dollars**" and "**S$**" refer to the Singapore dollar;
- "**Government**" refers to the Government of Indonesia;
- "**Indonesia**" refer to Republic of Indonesia; and
- "**United States**" and "**US**" refer to the United States of America.

For convenience, certain Rupiah amounts have been translated into US dollar amounts, based on the prevailing exchange rates of Rp13,882.50 = US$1.00 as of 31 December 2019, being the Reuters spot rate at 4:00 p.m. (Western Indonesian Time) on that date for Rupiah against US dollars. Such translations should not be construed as representations that the Rupiah amounts referred to could have been, or could be, converted into US dollars at that or any other rate or at all.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

CERTAIN FINANCIAL TERMS AND RATIOS

The following financial terms and ratios are used in this Offering Circular:

- "**CASA**" means current and savings deposit accounts. References in this Offering Circular to CASA deposit amounts refer to aggregate demand and savings deposit amounts as of the relevant date.

- "**CASA Ratio**" means the ratio of CASA divided by total deposits.

- "**CAGR**" means compound annual growth rate, computed as: (i) the geometric root of the quotient of (a) the figure at the end of the relevant period, divided by (b) the figure at the beginning of the relevant period, (ii) minus one.

- The "**Basel Committee**" means the Basel Committee on Banking Supervision of the Bank for International Settlements in Basel, Switzerland.

- "**Liquidity Coverage Ratio**" or "**LCR**" means the ratio of (i) a bank's stock of unencumbered HQLA to (ii) the bank's net cash outflow for a 30 calendar day liquidity stress scenario. This ratio ensures that a bank has an adequate stock of unencumbered HQLA that can be converted into cash easily and immediately in private markets to meet its liquidity needs. See "*Risk Management – Basel III reforms*" for further discussion of this ratio.

- "**High Quality Liquid Assets**" or "**HQLA**" means cash and other financial assets that can be easily and immediately converted into cash with minimal or no loss of value to meet a financial institution's liquidity needs, computed in line with the recommendations of the Basel Committee.

- "**Net Stable Funding Ratio**" or "**NSFR**" is defined as the amount of available stable funding relative to the amount of required stable funding. "**Available stable funding**" is defined as the portion of capital and liabilities expected to be reliable over one year. The amount of stable funding required. "**Required stable funding**" is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.

- "**Net Open Position**" or "**NOP**" means the net sum of all foreign currency assets and liabilities of a financial institution, inclusive of all of its spot and forward transactions and off balance sheet items in that foreign currency.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Offering Circular may be deemed to be forward looking statements. Forward looking statements include statements concerning the Bank's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Offering Circular, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Description of the Bank*", and other sections of this Offering Circular. The Bank has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Bank believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Offering Circular, if one or more of the risks or uncertainties materialise, including those identified below or which the Bank has otherwise identified in this Offering Circular, or if any of the Bank's underlying assumptions prove to be incomplete or inaccurate, the Bank's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Bank's ability to achieve and manage the growth of its business;
- the performance of the markets in Indonesia and the wider region in which the Bank operates;
- the Bank's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Bank's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects; and
- changes in political, social, legal or economic conditions in the markets in which the Bank and its customers operate.

Any forward looking statements contained in this Offering Circular speak only as of the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Bank expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

INDUSTRY AND MARKET DATA

This Offering Circular includes information regarding the banking industry and the markets in which the Bank competes, industry data and forecasts that the Bank obtained from industry publications and surveys. Certain information is also based on estimates made by the Bank's management, based on their industry and market knowledge, which the Bank believes to be reasonable. However, this data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. As a result, you should be aware that industry projections, market share, ranking and other similar data set forth herein, and estimates and beliefs based on such data, have not been independently verified and the Bank does not make any representation as to the accuracy or the completeness of such information. The Bank does not have any obligation to announce or otherwise make publicly available updates or revisions to these forecasts.

REGULATION OF OFFSHORE BORROWINGS FOR INDONESIAN BANKS

Under Presidential Decree No. 59/1972 on Offshore Commercial Borrowings dated 12 October 1972, which has been partially revoked by Presidential Regulation No. 86/2006 on Granting of Guarantees from the Government for the Acceleration of Development of Coal-Fired Power Plants dated 18 October 2006 and most recently amended by Presidential Regulation No. 91/2007 dated 19 September 2007, the Bank is required to report the particulars of its offshore borrowings to the Minister of Finance and Bank Indonesia, including the particulars of its acceptance, implementation, and repayment of loan principal and interest. Further, under Ministry of Finance Decree No. KEP-261/KMK/IV/5/73, dated 3 May 1973, as amended by Ministry of Finance Decree No.417/KMK.013/1989 dated 1 May 1989, and the Ministry of Finance Decree No. 279/KMK.01/1991 dated 18 March 1991, the Bank is also required to submit periodic reports regarding such offshore loans to the Minister of Finance and Bank Indonesia on the effective date of each loan agreement and each subsequent three-month period. In addition, under Presidential Decree No. 39/1991 dated 4 September 1991, all offshore commercial borrowers must submit periodic reports to the Offshore Commercial Borrowings Coordinating Team (*Tim Koordinasi Pengelolaan Pinjaman Komersial Luar Negeri* or the PKLN Team) regarding the implementation of their offshore commercial borrowings.

Bank Indonesia Regulation No. 21/1/PBI/2019 on Offshore Borrowings for Banks and Other Bank Liabilities in Foreign Currencies, dated 7 January 2019 ("**Bank Indonesia Regulation No. 21/2019**"), stipulates that an Indonesian bank that intends to enter into market to obtain a long-term offshore borrowing from the international market must obtain a market entry approval from Bank Indonesia. For long-term offshore borrowing in the form of a private placement of notes, the market entry approval must be obtained at the date of issuance of the notes. The amount that an Indonesian bank may receive from the long-term offshore borrowing may not exceed the amount that has been approved by Bank Indonesia.

The plan to issue the Notes and obtain a long-term offshore borrowing must be described in a Bank Business Plan (as defined below) and submitted to OJK as required under OJK Regulation No. 5/POJK.03/2016 on Bank Business Plan ("**OJK RBB Regulation**"). The deadline for submission by the Bank for its 2020 Bank Business Plan was 30 November 2019. The Bank submitted the Bank Business Plan that contained the plan to issue the Notes and obtain a long-term offshore borrowing to the OJK on 27 November 2019, as evidenced by Letter No. DCO/1951/2019, and the submission has been acknowledged by OJK pursuant to Letter No. S-13/PB.3/2020 dated 24 March 2020.

An application for the market entry approval for the Notes has been made to Bank Indonesia on 24 March 2020, and Bank Indonesia has granted its approval for the issuance of the Notes by the Bank in Letter No. 22/235/DSSK/Srt/B dated 21 April 2020 (the "**BI Approval**"). The BI Approval shall be valid for three months as from the date of issuance. Further, the BI Approval that has not been realised may become ineffective if the Bank carries out corporate actions (including a merger, consolidation, demerger, or acquisition). After the issuance of the Notes, the Bank must submit periodic reports to Bank Indonesia on the realisation of market entry by no later than seven business days after the date of market entry.

In the event of any difference in the terms and conditions of the offshore loan before and after entering the market, the Bank shall be obligated to explain the cause of such difference in the report on realisation to enter the market adequately. If required, Bank Indonesia may request the Bank to submit information on the distribution of funds of the offshore loan.

Under OJK Regulation No. 6/POJK.03/2016 on Business Activities and Office Network Based on Bank Core Capital as amended by OJK Regulation No. 17/POJK.03/2018 and OJK Circular Letter No. 27/SEOJK.03/2016 on Business Activities Based on Bank Core Capital as partially amended by OJK Regulation No. 11/POJK.03/2019 dated and effected on 28 March 2019 regarding Prudential Principal on Asset Securitisation for Commercial Bank (Prinsip Kehati-hatian dalam Aktivitas Sekuritisasi Aset bagi Bank Umum), ("**OJK Circular Letter No. 27/2016**"), issuance of certain new products or activities requires prior approval from OJK (the "**OJK Approval**"). These new products or activities are those that do not constitute basic products or activities, or have high risk as well as complexity. Further, OJK Circular Letter No. 27/2016 provides that a fund-raising activity in the form of notes issuance falls into the category of this new product or activity which requires the OJK Approval. For this purpose, the Indonesian bank must apply for the OJK Approval at the latest 60 days before the issuance of the new product or the performance of the new activity. The application for OJK Approval for the Notes has been made to OJK on 24 March 2020 and OJK has granted its approval for the issuance of the Notes as evidenced in Letter No. S-39/PB.311/2020 dated 27 April 2020.

The approval shall be valid for six (6) months as from the date of approval. The Bank is obligated to submit report on the realization of the issuance of new product by no later than seven (7) business days after the new product is issued and/or implemented. Bank Indonesia Regulation No. 16/22/PBI/2014 dated December 31, 2014 regarding Reporting on Foreign Exchange Traffic Activities and Reporting of Application of Prudential Principles in relation to an Offshore Loan Management for Non-Bank Corporation as partially revoked and replaced by Bank Indonesia Regulation No. 21/2/PBI/2019 dated 7 January 2019 ("**PBI 21/2/PBI/2019**") and its implementing rules stipulates that banking institutions, non-bank financial institutions, non-financial institutions, other institutions, and individuals are required to submit the Foreign Exchange Traffic Activities Report to Bank Indonesia. The report for banks should only cover, (i) the principal data of offshore loans and/or risk participation transaction, (ii) the plan of withdrawal and/or payment of offshore loans and/or risk participation transaction; (iii) the realisation of plan of withdrawal and/or payment of offshore loans and/or risk participation transaction, (iv) the position and change of foreign financial assets, foreign financial obligations, and/or risk participation transaction. This report is required to be submitted monthly, not later than the 15th each month.

Under Bank Indonesia Regulation No. 21/15/PBI/2019 concerning the Monitoring of Foreign Exchange Activities of Bank and Customers issued in 9 December 2019, effective since 2 January 2020 ("**Bank Indonesia Regulation No. 21/15/2019**"), the foreign exchange reports which must be reported by banks include (i) a "transaction report" that covers, among others, bank's transactions affecting offshore financial liabilities and assets of the relevant bank, (ii) a "position report" that covers position and mutation of each account on the offshore financial liabilities and asset of the relevant bank; and (iii) a "supporting report" that covers (a) export transaction details. (b) list of supporting documents of the foreign exchange export results, (c) special account of the foreign exchange export results, and (d) transaction of foreign exchange export and foreign exchange import payment, and (e) other related reports.

Under Bank Indonesia Regulation No. 18/19/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties ("**Bank Indonesia Regulation No. 18/19/2016**"), any conversion of Rupiah into foreign currency by way of call spread option involving a foreign party would require an underlying transaction. Similarly, any conversion of Rupiah into foreign currency by way of spot transaction and derivative transaction involving a foreign party, which exceeds certain thresholds, would require an underlying transaction. Such thresholds include: (i) the purchases of foreign currency against Rupiah of more than US$25,000 or its equivalent per month per foreign party for spot transactions; (ii) the purchases of foreign currency against Rupiah of more than US$1.0 million or its equivalent per transaction per foreign party or per outstanding sale or purchase per bank for derivative transactions; and (iii) the purchases of foreign currency against Rupiah of more than US$5.0 million or its equivalent per transaction per foreign party for forward transactions.

Under Bank Indonesia Regulation No. 18/19/2016, the underlying transactions include the following activities: (a) domestic and international trade of goods and services and/or (b) investments in the forms of foreign direct investment, portfolio investments, loans, capital and other investments inside and outside Indonesia. The underlying transactions in such activities also include income and expense estimation. The underlying transactions do not include (a) the use of Bank Indonesia Certificates for foreign currency derivative transactions against Rupiah; (b) placement of funds in banks (*vostro*) in the form of, among others, regular deposits, giro, term deposits and negotiable certificates of deposits; (c) undrawn credit facility in the form of, among others, standby loan and undisbursed loan; and (d) the use of Bank Indonesia Securities in foreign currency. Specifically for sales of foreign exchange against Rupiah through forward transactions by a foreign party to a bank and for transfer of Rupiah to an account owned by a foreign party, the underlying transactions also include the ownership of onshore and offshore foreign exchange funds, which could be in the form of, among others, regular deposits, giro, term deposits and negotiable certificates of deposits.

Under Bank Indonesia Regulation No. 18/18/PBI/2016 dated 5 September 2016 on Foreign Exchange Transactions Against Rupiah Between Banks and Domestic Parties ("**Bank Indonesia Regulation No. 18/18/2016**"), Indonesian companies purchasing foreign currencies from banks by way of spot transactions, derivative transactions, forward transactions and option transactions in excess of US$25,000, US$100,000, US$5,000,000 and US$1,000,000, respectively, will be required to submit certain supporting documents to the selling bank, including, among others, a duly stamped statement confirming that the underlying transaction document is valid and that the amount of foreign currency purchased is or will not exceed the amount stated in the underlying transaction document. For purchases of foreign currency not exceeding such threshold, such company must declare in a duly stamped letter that its aggregate foreign currency purchases do not exceed the relevant threshold in the Indonesian banking system.

Under Bank Indonesia Regulation No. 17/3/PBI/2015 dated 31 March 2015 on the Obligation to Use Rupiah in the Territory of Indonesia and Bank Indonesia Circular No. 17/11/DKSP dated 1 June 2015 governing the same ("**Bank Indonesia Regulation No. 17/3/2015**"), each party is required to use Rupiah for cash and non-cash transactions conducted within the territory of Indonesia, including (i) each transaction which has the purpose of payment; (ii) settlement of other obligations which must be satisfied with money; and/or (iii) other financial transactions (including deposits of Rupiah in various amount and types of Rupiah denomination from customers to banks). Subject to further requirements under Bank Indonesia Regulation No. 17/3/2015, the obligation to use Rupiah does not apply to (i) certain transactions relating to the implementation of state revenue and expenditure; (ii) the receipt or provision of grants either from or to an overseas source; (iii) international trade transactions, which includes (a) export and/or import of goods to or from outside Indonesian territory; and (b) activities relating to cross border trade in services; (iv) bank deposits denominated in foreign currencies; (v) international financing transactions; and (vi) transactions in foreign currency which are conducted in accordance with applicable laws, including, among others (a) a bank's business activities in foreign currency which is conducted based on applicable laws regarding conventional and sharia banks; (b) securities in foreign currency issued by the Indonesian government in primary or secondary markets based on applicable laws; and (c) other transactions in foreign currency conducted based on applicable laws, including the law regarding Bank Indonesia and the law regarding investment.

Bank Indonesia Regulation No. 17/3/2015 took effect from 31 March 2015, and the requirement to use Rupiah for non-cash transactions became effective from 1 July 2015. Written agreements which were signed prior to 1 July 2015 that contain provisions for the payment or settlement of obligations in foreign currency for non-cash transactions will remain effective until the expiry of such agreements. However, any extension and/or amendment of such agreements must comply with Bank Indonesia Regulation No. 17/3/2015. A failure to comply with the obligation to use Rupiah in cash transactions will be subjected to criminal sanctions in the form of fines and imprisonment. A failure to comply with the obligation to use Rupiah in non-cash transactions will be subjected to administrative sanctions in the form of (i) written warning; (ii) fines; and/or (iii) prohibition from undertaking payment activities. Bank Indonesia may also recommend to the relevant authority to revoke the business licence or stop the business activities of the party which fails to comply with the obligation to use Rupiah in non-cash transactions.

PERIODIC REPORTS

As a publicly listed company, the Bank is required by OJK regulations to periodically submit financial reports, including annual financial statements and semi-annual financial statements, pursuant to Bapepam-LK Regulation No. X.K.2 on Obligation to Submit Periodic Financial Statements. OJK replaced and assumed the function, duty and authority of the Bapepam-LK with effect from 31 December 2012. In addition, Indonesia Stock Exchange (the "**IDX**") requires publicly listed companies to submit annual and interim (quarterly) financial statements pursuant to IDX Regulation No. I-E on Obligations of Information Submission ("**IDX Regulation No. I-E**"). Under Law No. 40 of 2007 regarding Limited Liability Company ("**Law No. 40/2007**"), the board of directors must submit an annual report to a general meeting of shareholders. Pursuant to OJK Regulation No. 31/POJK.04/2015 on Disclosure on Material Information or Facts by Issuers or Public Companies and IDX Regulation No. I-E, publicly listed companies are required to report to OJK and IDX and are required to announce any material public information or facts that may affect the price of securities or investors' decision to the public, no later than two business days after the event has occurred. Further, pursuant to OJK Regulation No. 31/2015, the announcement shall include the following: (i) the date of the event, (ii) the types of material information, (iii) a description of the material information, and (iv) the impact caused by such material information. Publicly listed companies are also required to submit an annual report to OJK and IDX consisting of a summary of material financial data, the board of directors' and board of commissioners' report, company profile, management analysis and discussion, corporate governance, corporate social responsibility, audited annual financial statement, and statement letter on the responsibilities of the board of directors and the board of commissioners in relation with the content in the financial statement pursuant to OJK Regulation No. 29/POJK.04/2016 on the Annual Reports from Issuers or Public Companies ("**OJK Regulation 29/2016**") and IDX Regulation No. I-E. The annual report must be submitted to OJK and IDX no later than four months following the end of a financial year.

ENFORCEABILITY OF FOREIGN JUDGEMENTS AND INTERNATIONAL ARBITRATION AWARDS IN INDONESIA

The Notes and the agreements entered into with respect to the issue of any Notes, will be governed by English law.

The Bank is a publicly listed limited liability company incorporated under the laws of the Republic of Indonesia, and most of its assets are located in Indonesia. All of the commissioners, directors and executive officers, of the Bank, reside in Indonesia. As a result, it may be difficult for Noteholders to effect service of process or to enforce any judgement within the foreign jurisdiction upon these persons or to enforce in Indonesian courts, including judgments based upon the civil liability provisions of the foreign securities law.

The Bank has been advised by its Indonesian legal adviser that judgments of non-Indonesian courts are not enforceable in Indonesian courts and, as a result, it may not be possible to enforce judgments obtained in non-Indonesian courts against the Bank, including any judgments on original actions brought in Indonesian courts based solely upon the civil liability provisions of the foreign laws. A foreign court judgment could be offered and accepted as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. A judgment of a non-Indonesian court, and in particular the judgment of an English court, will not be enforceable by the courts of Indonesia, although such a judgment could be admissible as evidence in a proceeding on the underlying claim in an Indonesian. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law. Re-examination of the underlying claim de novo would be required before the Indonesian courts. There can be no assurance that the claims or remedies available under Indonesian laws will be the same or as extensive as those available in other jurisdictions.

With respect to international arbitration awards, pursuant to Articles 3, 11 (1) and 11 (2) of the Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution ("**Law No. 30/1999**"), a written arbitration agreement obviates the rights of the parties to bring a dispute in the Indonesian district court, which would otherwise have jurisdiction over civil disputes. Further, based on Law No. 30/1999, such court has no authority to hear disputes where parties are bound by an arbitration agreement and is required to reject and not participate in the resolution of disputes which have already been adjudicated by arbitration, except in limited circumstances as provided in the Law No. 30/1999.

The Republic of Indonesia is a party to and has ratified the New York Convention and accordingly, arbitration awards from the convention countries should be recognised in the Republic of Indonesia, subject to compliance with the requirements under the Law No. 30/1999. Under Law No. 30/1999, a foreign arbitration award must be registered with the registrar of the Central Jakarta District Court. The award is then enforced by obtaining an exequatur from the chairman of the Central Jakarta District Court. Once the exequatur is issued, the award is enforceable as a final court judgment.

There still remains practical risks in enforcing foreign arbitration awards in the Republic of Indonesia. Law No. 30/1999 requires enforcement of a foreign arbitration award to not be contrary to public policy. However, Law No. 30/1999 and Indonesian regulations do not set out any definition of "public policy" and this can be subject to a broad interpretation, especially by Indonesian judges. There have been cases in the past where enforcement of foreign arbitral awards has been hindered or delayed by spurious arguments regarding public policy.

However, there are a number of precedents whereby parties who lost (or expect to lose) an arbitration attempt to by-pass an arbitration agreement or award by bringing a lawsuit before an Indonesian district court on a theory of tort or fraud, and Indonesian courts have accepted the lawsuit on such basis and awarded damages to the losing party in the arbitration on the grounds of tort despite the clear agreement by the relevant parties to arbitrate.

There were also a number of cases in which foreign arbitral awards were annulled by the Indonesian courts. Pursuant to Article 70 of Law No. 30/1999, an application to annul an arbitration award may be made if any of the following conditions are alleged to exist: (i) letters or documents submitted in the hearings are acknowledged to be false or forged or are declared to be forgeries after the award has been rendered, (ii) after the award has been rendered, documents are found which are decisive in nature and which were deliberately concealed by the opposing party, or (iii) the award was rendered as a result of fraud committed by one of the parties to the dispute.

The elucidation to Article 70 states that the basis for the annulment petition shall be evidenced by a court decision, and that if a court decides that the basis for the petition is with or without merit, then this court decision may be used as grounds for a judge to grant or reject the petition. Further, pursuant to Article 72 (2) of Law No. 30/1999, if the application for annulment is granted, the Chairman of the relevant Indonesian district court shall determine further if the arbitration award should be annulled in whole or in part.

LANGUAGE OF TRANSACTION DOCUMENTS

Pursuant to Law No. 24 of 2009 on Flag, Language, Coat of Arms, and National Anthem that was enacted on 9 July 2009 ("**Law No. 24/2009**"), agreements to which Indonesian parties are a party are required to be executed in the Indonesian language, although, when a foreign entity is a party, a dual-language document in English or the national language of the relevant party is permitted. Article 31 of Law No. 24/2009 provides that: (i) the Indonesian language must be used in a memorandum of understanding or an agreement which involves government institution of the Republic of Indonesia, government agencies of the Republic of Indonesia, private entity or individuals having Indonesian nationality; and (ii) with regard to a memorandum of understanding or an agreement referred to in (i) which involves a foreign party, the memorandum of understanding or agreement may also be made in the national language of such foreign party and/or in English.

The Trust Deed and certain other documents entered into in connection with the issuance of Notes have been and will be (as applicable) prepared in Bahasa Indonesia as required under Law No. 24/2009 and the English version will prevail for all purposes, including in the event of a discrepancy or an inconsistency between the English version and the Indonesian language version. However, there can be no assurance, in the event of inconsistencies between the Indonesian language and English Language version of those documents, an Indonesian court would hold that the English versions of such documents prevail. Further, a translation from English to the Indonesian language may not accurately reflect the original intent of the parties.

On 30 September 2019, Presidential Regulation No. 63 of 2019 on The Use of Indonesian Language ("**PR No. 63/2019**") was issued as an implementing regulation to Law No. 24/2009, which, among others, stipulates that in the event of any inconsistency or difference in interpretation between the Indonesian language and the foreign language version of an agreement or memorandum of understanding (in this case the English language version), then the language as agreed by the parties in such agreement or memorandum of understanding shall prevail. As Law No. 24/2009 does not specify any sanctions for non-compliance, we cannot predict how the implementation of Law No. 24/2009 (including its implementing regulation) will impact the validity and enforceability of the Notes in Indonesia, which creates uncertainty as to the ability of Noteholders to enforce the Notes in Indonesia.

On 15 January 2014, Law No. 2 of 2014 on Amendment to the Law No. 30 of 2004 on Notary Profession ("**Notary Law**") was issued. Pursuant to the Notary Law, a notarial deed made after 15 January 2014 must be drawn up in the Indonesian language. If the parties require, the notarial deed can be made in a foreign language and in such an event, the notary must translate the deed into the Indonesian language but in the event of different interpretation as to the content of the deed, the Indonesian language deed shall prevail.

In addition to this implementing regulation, the Minister of State-Owned Enterprises ("**MSOE**") has also issued a Circular Letter No. SE-12/MBU/2009 dated 3 November 2009, which recommends that any state-owned enterprise must use Bahasa Indonesia in every memorandum of understanding or agreement to which such state-owned enterprise is a party.

The Bank has executed and will execute (as applicable) dual English and Bahasa Indonesia versions of all transaction agreements to which the Bank is party. All of these documents provide and will provide (as applicable) that in the event of a discrepancy or inconsistency, the English version will prevail which is in line with the provisions of PR No. 63/2019. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by or accurately translated into the Indonesian language version. Further, we cannot assure you that the Bahasa Indonesia language version will reflect the original intent of the parties or that the English version as the prevailing language in such transaction documents will be interpreted and enforced by the Indonesian courts as intended.

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STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or issued from time to time after the date hereof shall be incorporated in, and form part of, this Offering Circular:

(a) the most recently published audited consolidated and unconsolidated annual financial statements of the Bank and, if published later, the most recently published consolidated and unconsolidated interim financial statements (if any) of the Bank, in each case together with any audit or review reports prepared in connection therewith (where relevant); and

(b) all supplements (other than the Pricing Supplement) or amendments to this Offering Circular circulated by the Bank from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Any published unaudited interim financial statements of the Bank which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited by the auditors of the Bank. Accordingly, there can be no assurance that, had an audit been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them.

The Bank will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Bank at its registered office set out at the end of this Offering Circular.

The Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a new Offering Circular or a supplement to the Offering Circular, will be made available.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	PT Bank Mandiri (Persero) Tbk.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Description:	Euro Medium Term Note Programme.
Arrangers:	CIMB Bank Berhad, Labuan Offshore Branch, DBS Bank Ltd., Mandiri Securities Pte. Ltd., MUFG Securities Asia Limited, and Standard Chartered Bank.
Dealers:	CIMB Bank Berhad, Labuan Offshore Branch, DBS Bank Ltd., Mandiri Securities Pte. Ltd., MUFG Securities Asia Limited, and Standard Chartered Bank, and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Trustee:	The Bank of New York Mellon, London Branch.

Principal Paying Agent:	The Bank of New York Mellon, London Branch.
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Transfer Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Programme Size:	Up to US$2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. The Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of the Series. Each Series may be issued in Tranches on the same or different issue date. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in either bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Clearing Systems:	Clearstream, Luxembourg and Euroclear and, in relation to any Tranche of Notes, such other clearing system as may be agreed between the Issuer, the Trustee, the relevant Paying Agent and the relevant Dealer.

Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that by the Issuer, the Trustee, the relevant Paying Agent and the relevant Dealer have agreed the method of such delivery in advance. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of the Notes of the relevant Series); (b) on the basis of the reference rate set out in the applicable Pricing Supplement; or (c) on such other basis as may be agreed between the Issuer and the relevant Dealer. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

Redemption: The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons, or following an Event of Default, or following the Change of Control Triggering Event); or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Pricing Supplement. Please see Condition 7 for further details.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.

Denomination of Notes: The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or United Kingdom offered to the public in a Member State of the EEA or in the United Kingdom in circumstances which would have required the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than Euros, the equivalent amount in such currency).

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 4.

Cross Default: The terms of the Notes will contain a cross default provision as further described in Condition 10.1.

Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Rating:	Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the rating(s) assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and Admission to Trading:	Application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Programme or the Notes. There is no assurance that the application to the Official List of the SGX-ST for the listing of the Notes of any Series will be approved. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in other currencies). For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note is exchanged for definitive Notes. In addition, in the event that the Global Note is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

	The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom), Japan, Hong Kong, Singapore, Indonesia and the PRC and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 1. TEFRA C or D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Pricing Supplement, a permanent global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, each a "**Bearer Global Note**") which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**").

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not US persons or persons who have purchased for resale to any US person, as required by US Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be)) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10.1) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer

Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a "**Registered Global Note**").

Registered Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depositary of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear and/or Clearstream, Luxembourg or its nominee) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Registrar, and all other agents of the Issuer as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or distributions on such nominal amount of such Notes, for which purposes the registered holder of the relevant Registered Global Notes shall be treated by the Issuer, the Trustee, and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, a new Offering Circular or a supplement to the Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes, whatever the denomination of those Notes, issued under the Programme.

[**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) or a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**MIFID II product governance/target market** – [*appropriate target market legend to be included*]]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA"**) – [*To insert notice if classification of the Notes is not prescribed capital markets products, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products*)][1]

[Date]

PT BANK MANDIRI (PERSERO) TBK

Legal entity identifier (LEI): 549300RSKQN4Z5ZSGH94

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the US$2,000,000,000 Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated [●] 2020 as supplemented by the supplement[s] dated [date[s]]] (the "**Offering Circular**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date*:

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular [dated [original date] [and the supplement dated [date]] which are incorporated by reference in the Offering Circular]. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the

1. Issuer to confirm classification of Notes at each drawdown. Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

Offering Circular, save in respect of the Conditions which are extracted from the Offering Circular dated [*date*] and are attached hereto.]

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	(a)	Issuer:	PT Bank Mandiri (Persero) Tbk
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below, which is expected to occur on or about [*date*]]/[Not Applicable]
3.		Specified Currency or Currencies:	[ ]
4.		Aggregate Nominal Amount:	
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	(a)	Issue Price:	[ ]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
	(b)	Private banking rebate:	[[ ] (*specify*)/Not Applicable]
6.		Net Proceeds:	[ ] *(include for listed issues if required by the stock exchange on which the Notes are listed)*

7.	(a)	Specified Denominations:	[ ] (N.B. Notes must have a minimum denomination of €100,000 (or equivalent)) (Note – where Bearer multiple denominations above [€100,000] or equivalent are being used, the following sample wording should be followed: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].") (N.B. If an issue of Notes is: (i) NOT admitted to trading on an EEA exchange or United Kingdom exchange; and (ii) only offered in the EEA or in the United Kingdom in circumstances where a prospectus is not required to be published under the Prospectus Regulation the GBP100,000 minimum denomination is not required.) (In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)
	(b)	Calculation Amount (in relation to calculation of interest in global form. See Conditions):	[ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
8.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
9.	Maturity Date:		[*Specify date or for Floating Rate Notes* – Interest Payment Date falling in or nearest to [*specify month and year*]]

10.	Interest Basis:	[[ ]% Fixed Rate] [[*specify Reference Rate*] +/-[[ ]% Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
11.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
12.	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis*] [Not Applicable]
13.	Call Option:	[Issuer Call] [(further particulars specified below)]
14.	(a) Status of the Notes:	Senior
	(b) [Date of [Board] approval for issuance of Notes obtained:	[ ] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
15.	Additional Tax considerations:	[[ ] (*specify*)/None]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Rate(s) of Interest:	[ ]% per annum payable in arrears on each Interest Payment Date
	(b) Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
	(c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount

(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
(e)	Day Count Fraction:	[30/360/Actual/Actual *(ICMA)/specify other*]
(f)	[Determination Date(s):	[[ ] in each year] [Not Applicable] (*Only relevant where Day Count Fraction is Actual/ Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*]
(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes:	[None/*Give details*]

17.	Floating Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day *Convention/[specify other]*] [Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/ *specify other*]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]

(f) Screen Rate Determination:

- Reference Rate: *[ ] month [LIBOR/EURIBOR/specify other Reference Rate] (Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement.)*

- Interest Determination Date(s): [ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

- Relevant Screen Page: [ ] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(g) ISDA Determination:

- Floating Rate Option: [ ]

- Designated Maturity: [ ]

- Reset Date: [ ]
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)

(h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]

(i) Margin(s): [+/-] [ ]% per annum

(j) Minimum Rate of Interest: [ ]% per annum

(k) Maximum Rate of Interest: [ ]% per annum

	(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360] [Eurobond Basis] 30E/360 (ISDA) [Other]
	(m)	[Ratings Step-up/Step-down:	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)]
	(n)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions:	[ ]
18.	Zero Coupon Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[ ]% per annum
	(b)	Reference Price:	[ ]
	(c)	Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes:	[ ]
	(d)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]
19.	Index Linked Interest Note:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Index/Formula:	[*give or annex details*]
	(b)	Calculation Agent:	[*give name*]

	(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Paying Agent):	[ ]
	(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	*[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
	(e)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ *specify other*]
	(g)	Additional Business Centre(s):	[ ]
	(h)	Minimum Rate of Interest:	[ ]% per annum
	(i)	Maximum Rate of Interest:	[ ]% per annum
	(j)	Day Count Fraction:	[ ]
20.	Dual Currency Interest Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	*[give or annex details]*
	(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[ ]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	*[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/[Spens Amount/ Make-whole Amount/] specify other/see Appendix]
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[ ]
	(ii) Maximum Redemption Amount:	[ ]
	(d) Notice periods:	[ ] *(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.)*
22.	Final Redemption Amount:	[[ ] per Calculation Amount/specify other/ see Appendix]
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required):	[[ ] per Calculation Amount/*specify other*/ see Appendix] (*N.B. If the Final Redemption Amount is 100% of the nominal value (including par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100% of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)
24.	Redemption Amount payable on redemption upon a Change of Control Triggering Event, if different from that set out in Condition 7.4:	[[ ] per Calculation Amount/specify other/ see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]] *(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves.* *(N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 7 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")* [Registered Notes: [Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg]]
26.	Additional Financial Centre(s):	[Not Applicable/*give details*] *(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 17(c) and 19(g) relate)*
27.	Talons for future Coupons to be attached to Definitive Notes:	*[Yes/No] (If yes, give details)*

28.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	*[Not Applicable/give details. N.B. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]*
29.	Details relating to Instalment Notes:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Instalment Amount(s):	[*give details*]
	(b) Instalment Date(s):	[*give details*]
30.	Other terms or special conditions:	[Not Applicable/give details]
31.	Governing law:	English law

PART B – OTHER INFORMATION

1.	**LISTING**	[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market-note this must not be a regulated market*] with effect from [ ].] [Not Applicable]
2.	**RATINGS**	
	Ratings:	*[The Notes to be issued [[have been]/[are expected to be]] rated* [insert details] *by* [insert the legal name of the relevant credit rating agency entity(ies)]. (The above disclosure is only required if the ratings of the Notes are different to those stated in the Offering Circular)
3.	**OPERATIONAL INFORMATION**	
	(i) ISIN:	[ ]
	(ii) Common Code:	[ ]
	(iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[*Not Applicable/give* name(s) and number(s)]
	(iv) Delivery:	Delivery [against/free of] payment
	(v) Names and addresses of additional Paying Agent(s) (if any):	[ ]
4.	**DISTRIBUTION**	
	(i) Method of distribution:	[Syndicated/Non-syndicated]
	(ii) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(iii) Stabilisation Manager(s) (if any):	[Not Applicable/give name(s)]
	(iv) If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]

(v)	US Selling Restrictions:	Reg. S Compliance Category 1; [TEFRA D/TEFRA C/TEFRA not applicable]
(vi)	Additional selling restrictions:	[Not Applicable/*give details*] *(Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes)*
(vii)	Prohibition of Sales to EEA and UK Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

[USE OF PROCEEDS

[To include if the use of proceeds is different from that set out in the Offering Circular.]]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading of the Notes described herein pursuant to the US$2,000,000,000 Euro Medium Term Note Programme of PT Bank Mandiri (Persero) Tbk.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of **PT Bank Mandiri (Persero) Tbk**:

By:_________________

Duly authorized

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below), each Definitive Bearer Note and each Definitive Registered Note, but, in the case of Definitive Bearer Notes and Definitive Registered Notes, only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Bearer Note or Definitive Registered Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Pricing Supplement" for a description of the content of Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by PT Bank Mandiri (Persero) Tbk (the "**Issuer**") constituted by a Trust Deed dated 29 March 2019 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") and made between the Issuer and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall include any successor as Trustee).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency (as defined below);

(b) any Global Note in bearer form (each a "**Bearer Global Note**");

(c) any Global Note in registered form (each a "**Registered Global Note**");

(d) any definitive Notes in bearer form ("**Definitive Bearer Notes**" and, together with Bearer Global Notes, the "**Bearer Notes**") issued in exchange for a Global Note in bearer form; and

(e) any definitive Notes in registered form ("**Definitive Registered Notes**" and, together with Registered Global Notes, the "**Registered Notes**") (issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 29 March 2019 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "**Registrar**", which expression shall include any successor registrar) and transfer agent (the "**Transfer Agent**", which expression shall include any successor transfer agent) and The Bank of New York Mellon, London Branch as paying agent (the "**Paying Agent**", and together with the Principal Paying Agent and the Registrar, the "**Paying Agents**", which expression shall include any additional or successor paying agent) and as calculation agent (the "**Calculation Agent**").

The final terms for this Note (or the relevant provisions thereof) are set out in the Pricing Supplement attached to or endorsed on this Note which supplement these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Pricing Supplement**" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest-bearing Definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the "**Receiptholders**") and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series; and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the specified office for the time being of the Trustee being at One Canada Square, London E14 5AL, United Kingdom and at the specified office of the Principal Paying Agent, the Registrar, Transfer Agents and the other Paying Agents (the "**Agents**") upon prior written request and satisfactory proof of holding. Copies of the applicable Pricing Supplement are available for viewing at the registered office of the Issuer and the Principal Paying Agent, and copies may be obtained from those offices save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable upon prior written request by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

In the Conditions, "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination**(s)") specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery, and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law or as ordered by a court of competent jurisdiction) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note, or the registered holder of the relevant Registered Global Note, as the case may be, shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for Euroclear or Clearstream, Luxembourg shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of Euroclear or Clearstream, Luxembourg or to a successor of Euroclear or Clearstream, Luxembourg or such successor's nominee.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2.3 and 2.5 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer:

(a) the Noteholder or Noteholders must:

  (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and

(ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent; and

(b) the relevant Transfer Agent must be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered during the period of (i) 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note; and (ii) seven days ending on (and including) any Record Date (as defined in Condition 6.4).

3. STATUS OF THE NOTES

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not and the Issuer shall ensure that no Material Subsidiary (as defined below) of the Issuer will create or have outstanding any mortgage, *hak tanggungan*, fiducia, charge, lien, pledge or other security interest (each a "**Security Interest**") upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes and the Trust Deed (in respect of the Notes) are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided which the Trustee shall, in its absolute discretion, deem not materially less beneficial to the Noteholders or as is approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than two-thirds of the votes cast) of the Noteholders,

provided that, for the avoidance of doubt, this Condition 4.1 shall not be applicable to any Security Interest created or permitted to subsist in connection with a Structured Finance Transaction (as defined below).

4.2 Interpretation

For the purposes of these Conditions:

(a) "**Material Subsidiary**" means at any time a Subsidiary:

(i) whose revenue or whose total assets represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10% of the consolidated revenue, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall become a Material Subsidiary pursuant to this paragraph (ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (i) of this definition or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate revenue equal to) not less than 10% of the consolidated revenue, or represent (or, in the case aforesaid, are equal to) not less than 10% of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (i) of this definition, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate revenue equal to) not less than 10% of the consolidated revenue, respectively, or its assets represent (or, in the case aforesaid, are equal to) not less than 10% of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (i) of this definition, and the transferee Subsidiary shall become a Material Subsidiary pursuant to this paragraph (iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (i) of this definition or, prior to or after such date, by virtue of any other applicable provision of this definition.

(b) "**Relevant Indebtedness**" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which (a) are by their terms payable, or confer a right to receive payment, in any currency other than Rupiah and (b) are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market; and (ii) any guarantee or indemnity of any such indebtedness.

(c) "**Subsidiary**" means in relation to any person (the "**first person**") at any particular time, any other person (the "**second person**"):

(i) whose affairs and policies the first person controls or has power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

(d) "**Structured Finance Transaction**" means any securitization or other structured finance transaction involving the transfer of any assets, revenues, undertakings or risks associated with any such assets, revenues, or undertakings to, and the issue of securities or other indebtedness by, a special purpose company (a "**Special Purpose**

Company") and provided that (i) none of the obligations of the Special Purpose Company in respect of the transaction is subject to any recourse whatsoever in respect thereof to the Issuer, (ii) recourse to the Special Purpose Company for amounts owing under the transactions is limited to the income or cashflow of the assets or collateral comprising the Security Interest for such transaction, (iii) the assets held by the activities of the Special Purpose Company are restricted to those which are permitted for the purposes of the transaction, (iv) the parties to the transaction (including for the avoidance of doubt the holders of the securities or other indebtedness issued by the Special Purpose Company in relation to the transaction) are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding-up or dissolution of the Special Purpose Company until at least one year and one day after the full repayment of such indebtedness, (v) the transaction is conducted on arm's length terms and (vi) the benefit of the transaction accrues, directly or indirectly, to the Issuer.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period; and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and

(c) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Accrual Period divided by 365.

In these Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur, or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(b) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis*; or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day; and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(c) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(d) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(e) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Jakarta and London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Pricing Supplement; and

(ii) if TARGET2 System is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and

(iii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(f) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(g) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(h) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

(vii) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February; or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date; or (ii) such number would be 31, in which case D_2 will be 30.

(i) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. In respect of any Series of Notes listed on any stock exchange, if so required by the rules of such stock exchange, the Issuer shall cause the relevant stock exchange to be notified of the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will, if so required by the rules of such stock exchange, be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(j) Benchmark Replacement

In addition, notwithstanding the provisions above in this Condition 5.2, if the Issuer determines that the relevant Reference Rate specified in the relevant Pricing Supplement has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(f); provided, however, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period and, if applicable, to any Maximum Rate of Interest and/or Minimum Rate of Interest applicable to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(f);

(iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Trustee and Principal Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5.2(f). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee or Principal Paying Agent (if required); and

(v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Trustee, the Principal Paying Agent and the Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions.

An Independent Adviser appointed pursuant to these Conditions will act as an expert and (in the absence of gross negligence, wilful default or fraud) shall have no liability whatsoever to the Trustee or the Noteholders for any determination made by it under these Conditions.

For the purposes of this Condition 5.2(f):

(k) "**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

(l) "**Alternative Reference Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

(m) "**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

(n) "**Relevant Nominating Body**" means, in respect of a Reference Rate:

(i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

(o) "**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(p) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Principal Paying Agent or, if applicable, the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Registrar, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith), no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, the Trustee or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

5.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

5.5 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

6.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part-payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part-payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part-payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part-payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Bearer Global Notes will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

6.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part-payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the

Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in US dollars, such US dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

(i) in the case of Notes in definitive form only, in the relevant place of presentation; and

(ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement;

(b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and

(c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

7.2 Redemption for tax reasons

Subject to Condition 7.5, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 and not more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment; and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount as specified in the applicable Pricing Supplement, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Noteholders (in accordance with Condition 14) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

7.4 Redemption upon a Change of Control Triggering Event

Upon the holder of any Note giving to the Issuer not less than 30 and not more than 45 days' notice (which notice shall be irrevocable) in accordance with Condition 14, which notice shall be given no later than 45 days following the occurrence of a Change of Control Triggering Event or, if later, 45 days from the date of the Change of Control Notice (as defined below), the Issuer will, upon the expiry of such notice, redeem all, but not some only, of such Note at a redemption price equal to 101% of its principal amount, or such other amount as specified in the applicable Pricing Supplement, together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption.

For the purposes of this Condition 7.4:

(a) "**Change of Control**" occurs when (i) the Government of the Republic of Indonesia (the "**Government**") ceases to own, either directly or indirectly (A) at least 51.0% of the Issuer's issued and paid-up share capital and/or (B) the Class A Dwiwarna Share (or other similar special share granting control over the Issuer); or (ii) the rights and benefits attaching to the Class A Dwiwarna Share as of the Issue Date are materially and adversely changed such that the Government no longer Controls the Issuer, where "Control" means the power to direct the management and policies of the entity whether through ownership of voting capital, by contract or otherwise;

(b) "**Change of Control Triggering Event**" means a Change of Control; *provided that*, in the event that the Notes are, on the Rating Date, rated Investment Grade by two or more Rating Agencies, a "Change of Control Triggering Event" shall mean the occurrence of both a Change of Control and a Rating Decline. For the avoidance of doubt, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated;

(c) "**Class A Dwiwarna Share**" means the special share held by the Government that has exclusive rights as set out in the Issuer's Articles of Association;

(d) "**Investment Grade**" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns; a rating of "Aaa," "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns; a rating of "BBB-" or better by Fitch or any of its successors or assigns; or the equivalent ratings of any other internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for S&P, Moody's, or Fitch or any combination thereof, as the case may be;

(e) "**Rating Agencies**" means (i) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors or any of their respective affiliates ("**S&P**"); (ii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors or any of their respective affiliates ("**Moody's**"); (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors or any of their respective affiliates ("**Fitch**"); and (iv) if one or more of S&P, Moody's or Fitch or shall not make a rating of the Notes publicly available, an internationally recognised rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody's or Fitch or any combination of them, as the case may be;

(f) "**Rating Date**" means the later of:

(i) the Issue Date; and

(ii) that date which is 90 days prior to the earlier of:

(A) a Change of Control; and

(B) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other person or persons to effect a Change of Control;

(g) "**Rating Decline**" means the occurrence of a Ratings Event within 90 days from and including the date of, or the date of a public notice of the occurrence of:

(i) a Change of Control; or

(ii) the intention by the Issuer or any other person or persons to effect a Change of Control,

provided that in the case of (ii) above, such period shall be extended by no more than an additional three (3) months after the consummation of the Change of Control, so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies; and

(h) "**Ratings Event**" occurs when Notes, that are on the Rating Date rated Investment Grade by at least two Rating Agencies, cease to be rated Investment Grade by at least two of such Rating Agencies.

The Issuer shall give notice to the Noteholders (in accordance with Condition 14) and to the Trustee and the Principal Paying Agent in writing by not later than ten business days following the first day on which it becomes aware of the occurrence of a Change of Control Triggering Event (the "**Change of Control Notice**").

To exercise the right to require redemption of a Note the holder of the Note must:

(i) if the Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is a Definitive Bearer Note, the Put Notice must be accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control; and

(ii) if this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of the Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4.

7.5 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount which, unless otherwise specified in the applicable Pricing Supplement, shall be calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)_y$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.6 Index Linked Redemption Notes, Dual Currency Redemption Notes and Instalment Notes

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement.

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined pursuant to Condition 7.5.

7.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

7.8 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

7.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.8 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) presented for payment in the Republic of Indonesia; or

(b) the holder of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6).

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes, Receipts and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

"**Tax Jurisdiction**" means the Republic of Indonesia or any political subdivision or any authority thereof or therein having power to tax; and

the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee, the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charge, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder or any third party to pay such tax, duty, charges, withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Event of Default**") shall occur:

(a) *Non-payment*: if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of default in the payment of principal, or 14 days in the case of default in the payment of interest; or

(b) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(c) *Cross-default*: if (1) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any Material Subsidiary of the Issuer becomes, or becomes capable of being declared, due and payable prior to its stated maturity by reason of an event of default (however described); (2) the Issuer or any Material Subsidiary of the Issuer fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or within the applicable grace period; (3) any security given by the Issuer or any Material Subsidiary of the Issuer for any Indebtedness for Borrowed Money becomes enforceable; or (4) default is made by the Issuer or any Material Subsidiary of the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (1) to (4) above, amounts to at least US$30,000,000 (or its equivalent in any other currency); or

(d) *Winding up*: if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of reorganisation on terms previously approved in writing by the Trustee acting pursuant to an Extraordinary Resolution; or

(e) *Insolvency, etc*: if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms previously approved in writing by the Trustee acting pursuant to an Extraordinary Resolution, or the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) *Appointment of receiver, manager, administrator*: if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking, assets or revenues of any of them, or an encumbrancer takes possession of the whole or any part of the undertaking, assets or revenues of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking, assets or revenues of any of them; and (ii) in any case (other than the appointment of an administrator) is not discharged within 60 days; or

(g) *Arrangement or Composition*: if (i) the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself; or (ii) the OJK initiates or consents to judicial proceedings relating to the Issuer or any of its Material Subsidiaries, in each case under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium), or if the Issuer or any of its Material Subsidiaries makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) *Illegality*: if it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes; or

(i) *Nationalisation*: if any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of, in the case of the Issuer, all or a substantial part of its assets or, in the case of a Material Subsidiary of the Issuer, all or substantially all of its assets; or

(j) *Analogous event*: if any event occurs which, under the laws of any relevant jurisdiction, has or may have an analogous effect to any of paragraphs (d), (e), (f) or (g).

10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding; and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

10.3 Limitation on Trustee enforcement

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

10.4 Interpretation

For the purposes of the Conditions:

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The initial Agents are set out above.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in Asia, which is expected to be the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

15.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10% in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or, at any adjourned such meeting, one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than two-thirds of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than two-thirds in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

15.2 Modification and Waiver

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified by the Issuer to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

15.3 Substitution of Issuer

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer; (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and (iii) certain other conditions set out in the Trust Deed being complied with.

16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liabilities in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (A) to evaluate its risk in any given circumstance by considering the worst case scenario and (B) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries; (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders; and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND DISPUTE RESOLUTION

19.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons, the Talons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

19.2 Dispute Resolution

(a) This Condition 19.2 shall be governed by English law.

(b) Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with, the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons or the Talons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons or the Talons (for the purpose of this Condition, a "**Dispute**"), shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre ("**SIAC**"), in accordance with the Arbitration Rules of the SIAC as amended from time to time (for the purpose of this Condition, the "**Rules**").

(c) The Rules are incorporated by reference into this Condition and capitalised terms used in this Condition which are not otherwise defined have the meaning given to them in the Rules.

(d) There shall be three (3) arbitrators. The arbitrators shall be appointed in accordance with the Rules.

(e) The seat, or legal place of arbitration, shall be Singapore.

(f) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation.

(g) The parties hereby waive any rights of appeal to any court or tribunal of competent jurisdiction (including without limitation the courts of Indonesia, Singapore and England) to the fullest extent permitted by law in connection with any question of law arising in the course of the arbitration or with respect to any award made, except for actions relating to enforcement of the arbitration agreement or an arbitral award and except for actions seeking interim or other provisional relief in aid of arbitration proceedings in any court of competent jurisdiction.

(h) The parties agree that the operation of Article 70 of the (Indonesian) Arbitration Law (Law No. 30 of 1999) is excluded.

(i) Any monetary award shall be made and promptly payable in United States dollars free of any tax, deduction or offset, and the arbitral tribunal shall be authorized in its discretion to grant pre-award and post-award interest at commercial rates. Any costs, fees, or taxes incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the party resisting such enforcement. The arbitral tribunal shall have the authority to award any remedy or relief proposed by the claimant(s) or respondent(s) pursuant to the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons or the Talons, including without limitation, a declaratory judgment, specific performance of any obligation created under this Agreement or the issuance of an injunction.

(j) The award shall be final and binding upon the parties as from the date rendered. For the purpose of the enforcement of an award, the parties irrevocably and unconditionally submit to the jurisdiction of a competent court in any jurisdiction in which a party may have assets and waive any defences to such enforcement based on lack of personal jurisdiction or inconvenient forum.

(k) All notices by one party to the other in connection with the arbitration, including service of any notice of arbitration, shall be in accordance with the provisions of Condition 14 hereof.

(l) This arbitration agreement set forth in this Condition 19.2 shall be binding upon the parties, their successors and assigns.

19.3 Waiver of immunity

To the extent the Issuer or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding in relation to ancillary proceedings which relate to arbitration proceedings contemplated in Condition 19.2 ("**Ancillary Proceedings**"), from the giving of any relief in any such legal action, suit or proceeding, from set-off or counterclaim in Ancillary Proceedings, from the competent jurisdiction of any court in Ancillary Proceedings, from service of process for Ancillary Proceedings, from attachment upon or prior to judgment in Ancillary Proceedings, from attachment in aid of execution of judgment in Ancillary Proceedings, or from execution of judgment in Ancillary Proceedings, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment in Ancillary Proceedings or any arbitral award made or given in connection with any Dispute, in any competent jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes or any of the transactions contemplated hereby or thereby, the Issuer hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

20. LANGUAGE

The Notes, the Trust Deed and the Agency Agreement will be executed in both English and Bahasa Indonesia to comply with the Law No. 24 of 2009 regarding National Flag, Language, Coat of Arms and National Anthem and the Circular Letter of the Minister of State Owned Enterprises of the Republic of Indonesia No. SE-12/MBU/2009 on Mandatory Use of Bahasa Indonesia on Agreements of SOE, and in the event of any inconsistency between the English and Bahasa Indonesia versions of these documents, the English version shall prevail.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the Bank's selected consolidated financial information as of and for the years ended 31 December 2017, 2018 and 2019. The selected financial information for the years ended 31 December 2017, 2018 and 2019 set forth below has been derived from the Issuer's Consolidated Financial Statements. The Issuer's Consolidated Financial Statements have been audited by KAP Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), an independent auditors, in accordance with Standard on Auditing established by the IICPA, as stated in their audit report appearing elsewhere in this Offering Circular.

The Bank's Consolidated Financial Statements are prepared in accordance with IFAS.

IFAS differs in certain significant respects from International Financial Reporting Standards ("**IFRS**"). For a discussion of differences between IFAS and IFRS that are relevant to the Bank's IFAS financial statements, see "*Risk Factors – Risk Relating To Indonesia – Indonesian corporate and other disclosure and accounting standards differ from those in the United States, countries in the European Union and other jurisdictions*".

Consolidated statements of financial position

	As of 31 December			
	2017	**2018**	**2019**	
	(Rupiah billion)			*(US$ billion)*
ASSETS				
Cash	24,268.56	27,348.91	28,094.27	2.02
Current accounts with Bank Indonesia	50,188.12	59,852.76	46,490.93	3.35
Current account with other banks				
Related parties	27.53	8.48	4.49	0.00[1]
Third parties	12,305.86	14,827.48	12,559.00	0.90
	12,333.39	14,835.96	12,563.49	0.90
Less: allowance for impairment losses	(3.44)	(5.19)	(5.19)	(0.00)[1]
Net	**12,329.95**	**14,830.77**	**12,558.30**	**0.90**
Placements with Bank Indonesia and other banks				
Related parties	3,152.17	1,162.38	1,499.92	0.11
Third parties	71,498.35	21,403.66	36,116.51	2.60
	74,650.52	22,566.03	37,616.44	2.71
Less: allowance for impairment losses	(49.71)	(50.34)	(47.68)	(0.00)[1]
Net	**74,600.80**	**22,515.70**	**37,568.76**	**2.71**

Note:

(1) Amount less than US$50 million

Consolidated statements of financial position (continued)

	As of 31 December			
	2017	2018	2019	
	(Rupiah billion)			*(US$ billion)*
Marketable securities				
Related Parties	20,775.46	21,562.80	27,377.26	1.97
Third Parties	38,784.59	42,569.88	43,789.66	3.15
	59,560.05	64,132.68	71,166.91	5.13
(Less)/add: unamortised discounts, unrealised (losses)/gains from (decrease)/increase in fair value and allowance for impairment losses	78.27	(296.78)	96.46	0.01
Net	**59,638.32**	**63,835.90**	**71,263.37**	**5.13**
Government bonds – related parties	103,411.19	114,284.52	129,000.30	9.29
Other receivables – trade transactions				
Related parties	10,517.59	10,724.09	14,186.62	1.02
Third parties	14,921.89	15,688.97	16,229.08	1.17
	25,439.48	26,413.06	30,415.70	2.19
Less: allowance for impairment losses	(1,349.35)	(1,603.60)	(1,311.59)	(0.09)
Net	**24,090.13**	**24,809.46**	**29,104.11**	**2.10**
Securities purchased under agreements to resell – Third parties	2,629.32	2,097.63	1,955.36	0.14
Derivative receivables				
Related parties	23.82	149.83	18.82	0.00[(1)]
Third parties	793.47	1,648.73	1,598.66	0.12
Total	**817.29**	**1,798.56**	**1,617.48**	**0.12**
Loans and Sharia loan/financing				
Related parties	113,611.41	160,729.70	171,384.12	12.35
Third parties	598,426.46	638,827.48	714,451.12	51.46
	712,037.87	799,557.18	885,835.24	63.81
Less: allowance for impairment losses	(33,745.35)	(31,796.09)	(29,988.39)	(2.16)
Net	**678,292.52**	**767,761.09**	**855,846.84**	**61.65**
Consumer financing receivables				
Related parties	7.96	8.28	6.76	0.00[(1)]
Third parties	15,137.26	17,189.87	18,558.95	1.34
	15,145.22	17,198.15	18,565.71	1.34
Less: allowance for impairment losses	(362.89)	(371.29)	(354.62)	(0.03)
Net	**14,782.33**	**16,826.86**	**18,211.09**	**1.31**

Note:

(1) Amount less than US$50 million

Consolidated statements of financial position (continued)

	As of 31 December			
	2017	2018	2019	
		(Rupiah billion)		*(US$ billion)*
Net investment finance leases				
Third parties	2,364.63	3,328.39	3,055.07	0.22
Less: allowance for impairment losses	(7.74)	(9.29)	(7.98)	(0.00)[1]
Net	**2,356.89**	**3,319.10**	**3,047.09**	**0.22**
Acceptance receivables				
Related parties	1,049.34	2,183.16	1,198.88	0.09
Third parties	11,495.15	11,705.70	9,080.96	0.65
	12,544.49	13,888.86	10,279.84	0.74
Less: allowance for impairment losses	(254.23)	(296.45)	(221.80)	(0.02)
Net	**12,290.26**	**13,592.41**	**10,058.04**	**0.72**
Investments in shares				
Related parties	297.42	322.62	112.30	0.01
Third parties	48.82	129.47	506.63	0.04
	346.24	452.09	618.93	0.04
Less: allowance for impairment losses	(12.93)	(30.59)	(12.92)	(0.00)[1]
Net	**333.31**	**421.50**	**606.01**	**0.04**
Prepaid expenses	2,784.23	2,858.19	3,012.55	0.22
Prepaid taxes	2,688.05	1,236.03	1,176.60	0.08
Fixed assets	46,991.38	50,075.63	57,657.53	4.15
Less: accumulated depreciation	(10,372.62)	(11,632.93)	(13,045.33)	(0.94)
Net	**36,618.76**	**38,442.70**	**44,612.20**	**3.21**
Intangible assets	5,102.25	5,963.71	7,114.89	0.51
Less: accumulated amortisation	(2,700.78)	(3,198.98)	(3,793.60)	(0.27)
Net	**2,401.47**	**2,764.73**	**3,321.28**	**0.24**
Other assets	15,232.82	19,256.32	17,373.41	1.25
Less: allowance for possible losses	(617.79)	(598.66)	(623.36)	(0.04)
Net	**14,615.03**	**18,657.66**	**16,750.05**	**1.21**
Deferred tax assets – net	**5,564.32**	**4,997.62**	**3,951.71**	**0.28**
TOTAL ASSETS	**1,124,700.85**	**1,202,252.09**	**1,318,246.34**	**94.96**

Note:

(1) Amount less than US$50 million

Consolidated statements of financial position (continued)

	As of 31 December			
	2017	2018	2019	
	(Rupiah billion)			(US$ billion)
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY LIABILITIES				
Obligations due immediately	2,838.57	3,843.19	3,169.45	0.23
Deposits from customers				
Demand deposits and *wadiah* demand deposits				
Related parties	46,108.38	51,161.49	60,118.50	4.33
Third parties	156,756.48	148,662.27	187,325.77	13.49
Total	**202,864.86**	**199,823.76**	**247,444.27**	**17.82**
Saving deposits and *wadiah* saving deposits				
Related parties	3,548.21	3,537.03	3,307.76	0.24
Third parties	305,163.70	303,745.32	321,180.31	23.14
Total	**308,711.91**	**307,282.35**	**324,488.07**	**23.37**
Time deposits				
Related parties	35,491.96	40,762.86	34,132.15	2.46
Third parties	202,515.25	218,139.92	244,043.86	17.58
Total	**238,007.21**	**258,902.78**	**278,176.01**	**20.04**
Total deposits from customers	**749,583.98**	**766,008.89**	**850,108.35**	**61.24**
Deposits from other banks				
Demand deposits, *wadiah* demand deposits and saving deposits				
Related parties	252.78	787.01	148.56	0.02
Third parties	3,985.61	3,051.37	7,599.71	0.55
Total	**4,238.39**	**3,838.38**	**7,748.27**	**0.56**
Interbank call money				
Third parties	1,007.66	8,472.20	219.36	0.02
Total	**1,007.66**	**8,472.20**	**219.36**	**0.02**
Time deposits				
Related parties	108.47	116.96	–	–
Third parties	2,994.99	4,066.28	5,430.24	0.39
Total	**3,103.46**	**4,183.24**	**5,430.24**	**0.39**
Total deposits from other banks	**8,349.51**	**16,493.82**	**13,397.87**	**0.97**
Liabilities to unit-linked policyholders	23,254.04	22,357.80	24,037.66	1.73

Consolidated statements of financial position (continued)

	As of 31 December			
	2017	2018	2019	
	(Rupiah billion)			*(US$ billion)*
Securities sold under agreements to repurchase				
Related parties	–	102.23	–	–
Third parties	3,592.88	16,509.30	3,782.06	0.27
Total	**3,592.88**	**16,611.53**	**3,782.06**	**0.27**
Derivative payables				
Related parties	16.58	19.13	42.51	0.00(1)
Third parties	628.38	1,098.55	1,152.52	0.09
Total	**644.96**	**1,117.68**	**1,195.02**	**0.09**
Acceptance payables				
Related parties	602.89	4,688.80	2,076.36	0.15
Third parties	11,941.60	9,200.06	8,203.48	0.59
Total	**12,544.49**	**13,888.86**	**10,279.84**	**0.74**
Debt securities issued				
Related parties	8,546.20	10,071.70	10,696.10	0.77
Third parties	8,341.09	9,055.20	21,620.41	1.56
	16,887.29	19,126.90	32,316.51	2.33
Less: unamortised debt issuance cost	(43.69)	(37.98)	(71,24)	(0.01)
Net	**16,843.60**	**19,088.92**	**32,245.27**	**2.32**
Estimated losses on commitment and contingencies	381.77	125.73	386.04	0.03
Accrued expenses	3,938.47	4,835.47	6,215.56	0.45
Taxes payable	1,009.83	1,087.95	1,286.97	0.09
Employee benefit liabilities	8,277.39	7,987.89	7,586.15	0.55
Provision	375.77	370.52	405.31	0.03
Other liabilities	20,496.38	15,795.14	16,861.26	1.21
Fund borrowings				
Related parties	–	423.69	984.97	0.07
Third parties	35,703.68	51,230.29	53,143.59	3.83
Total	**35,703.68**	**51,653.98**	**54,128.56**	**3.90**
Subordinated loans and marketable securities				
Related parties	–	136.75	127.75	0.01
Third parties	191.50	550.04	537.30	0.04
	191.50	686.79	665.05	0.05
Less: unamortised subordinated loans and marketable securities	–	(1.06)	(0.83)	(0.00)(1)
Net	**191.50**	**685.73**	**664.22**	**0.05**
TOTAL LIABILITIES	**888,026.82**	**941,953.10**	**1,025,749.58**	**73.89**

Note:

(1) Amount less than US$50 million

Consolidated statements of financial position (continued)

	As of 31 December			
	2017	2018	2019	
		(Rupiah billion)		*(US$ billion)*
TEMPORARY SYIRKAH FUNDS				
Deposits from customers				
Related parties				
Saving deposits – restricted investment and *mudharabah* saving deposits – unrestricted investment	34.78	144.81	207.50	0.01
Mudharabah time deposits – unrestricted investment	939.32	2,132.35	1,526.42	0.11
Total related parties	**974.10**	**2,227.16**	**1,733.92**	**0.12**
Third parties				
Demand deposits – restricted investments and mudharabah musytarakah – *musyarakah* demand deposits	525.29	682.24	2,969.82	0.21
Saving deposits – restricted investment and *mudharabah* saving deposits – unrestricted investment	28,165.95	31,173.61	34,465.92	2.48
Mudharabah time deposits – unrestricted investment	36,557.27	40,772.07	43,846.54	3.16
Total third parties	65,248.51	72,627.92	81,282.28	5.86
Total deposits from customers	**66,222.61**	**74,905.08**	**83,016.20**	**5.98**
Deposits from other banks				
Third parties				
Mudharabah saving deposit – unrestricted investment	316.57	277.31	343.10	0.02
Mudharabah time deposit – unrestricted investment	128.72	156.30	102.93	0.01
Total deposits from other banks	**445.29**	**433.6**	**446.03**	**0.03**
TOTAL TEMPORARY *SYIRKAH* FUNDS	**66,667.90**	**75,338.69**	**83,462.23**	**6.01**

Consolidated statements of financial position (continued)

	As of 31 December			
	2017	2018	2019	
	(Rupiah billion)			(US$ billion)
EQUITY				
Attributable equity of the Parent Entity				
Share capital – Rp250 (full amount) par value per share as of 31 December 2019, 2018 and 2017				
Authorised Capital – 1 share Dwiwarna Series A and 63,999,999,999 common shares Series B as of 31 December 2019, 2018 and 2017				
Issued and fully paid-in capital – 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of 31 December 2019, 2018 and 2017	11,666.67	11,666.67	11,666.67	0.84
Additional paid-in capital/Agio	17,316.19	17,316.19	17,316.19	1.25
Differences arising from translation of financial statements in foreign currencies	168.41	112.17	13.39	0.00(1)
Unrealised (losses)/gain from (decrease)/increase in fair value of available for sale marketable securities and government bonds – net of deferred tax	1,117.86	(1,638.09)	1,385.80	0.10
Effective portion of cash flow hedges	(6.43)	(17.03)	(30.05)	(0.00)(1)
Net differences in fixed assets revaluation	25,666.63	26,435.30	30,306.26	2.18
Net actuarial gain/(loss) from defined benefit program after deducting deferred tax	(462.01)	348.61	653.49	0.05
Other comprehensive income	–	–	85.05	0.01
Difference in transactions with non-controlling parties	(106.00)	(106.00)	(106.00)	(0.01)

Note:

(1) Amount less than US$50 million

Consolidated statements of financial position (continued)

	As of 31 December			
	2017	2018	2019	
	(Rupiah billion)			(US$ billion)
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital as a result of quasi-reorganisation on 30 April 2003)				
– Appropriated	5,0380.27	5,380.27	5,380.27	0.39
– Unappropriated	105,977.25	121,704.42	137,929.79	9.94
Total retained earnings	**111,357.52**	**127,084.69**	**143,310.06**	**10.32**
	166,718.84	181,202.51	204,600.85	14.74
Non-controlling interests in net assets of consolidated subsidiaries	3,287.29	3,757.79	4,433.67	0.32
TOTAL EQUITY	**170,006.13**	**184,960.30**	**209,034.53**	**15.06**
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY	**1,124,700.85**	**1,202,252.09**	**1,318,246.34**	**94.96**

Consolidated statements of profit or loss and other comprehensive Income

	As of 31 December			
	2017	2018	2019	
	(Rupiah billion)			(US$ billion)
INCOME AND EXPENSES FROM OPERATIONS				
Interest income and Sharia income				
Interest income	71,055.10	74,454.38	84,431.18	6.08
Sharia income	6,229.55	6,538.19	7,093.92	0.51
Total interest income and Sharia income	**77,284.65**	**80,992.57**	**91,525.09**	**6.59**
Interest expense and Sharia Expense				
Interest expense	(22,755.16)	(23,710.63)	(29,070.23)	(2.09)
Sharia expense	(2,541.13)	(2,659.31)	(3,014.68)	(0.22)
Total interest expense and Sharia expense	**(25,296.29)**	**(26,369.94)**	**(32,084.90)**	**(2.31)**
NET INTEREST AND SHARIA INCOME	**51,988.36**	**54,622.63**	**59,440.19**	**4.28**
Premium income	10,325.19	10,342.49	11,113.65	0.80
Claims expense	(7,860.11)	(7,635.35)	(9,306.15)	(0.67)
NET PREMIUM INCOME	**2,465.08**	**2,707.14**	**1,807.50**	**0.13**

Consolidated statements of profit or loss and other comprehensive Income (continued)

	As of 31 December			
	2017	2018	2019	
	(Rupiah billion)			*(US$ billion)*
NET INTEREST, SHARIA AND PREMIUM INCOME	**54,453.44**	**57,329.77**	**61,247.69**	**4.41**
Other operating income				
Other fees and commissions	12,448.32	13,013.79	14,216.44	1.02
Trading income – net	3,471.67	3,657.29	3,871.62	0.28
Others	6,910.42	11,000.99	8,402.34	0.61
Total other operating income	22,830.41	27,672.07	26,490.40	1.91
Allowance for impairment losses	(15,646.40)	(14,394.97)	(11,742.99)	(0.85)
Reversal/(provision for) impairment losses on commitments and contingencies	(173.40)	270.97	(262.21)	(0.02)
Reversal/(provision for) other allowances	(132.05)	(61.50)	(67.26)	(0.00)[(1)]
Unrealised (loss)/gain from (decrease)/increase in fair value of policyholders' investment in unit-link contracts	46.85	(18.48)	8.21	0.00[(1)]
Gains on sale of marketable securities and government bonds	779.99	674.09	853.85	0.06
Other operating expenses				
Salaries and benefits	(14,858.64)	(16,322.77)	(17,221.05)	(1.24)
General and administrative expenses	(15,405.58)	(16,587.00)	(17,635.05)	(1.27)
Others – net	(4,724.88)	(4,656.37)	(5,220.07)	(0.38)
Total other operating expenses	**(34,989.10)**	**(37,566.14)**	**(40,076.17)**	**(2.89)**
INCOME FROM OPERATION	**27,169.75**	**33,905.81**	**36,451.51**	**2.63**
Non operating income/(expense) – net	(12.89)	37.57	(10.07)	(0.00)[(1)]
INCOME BEFORE TAX EXPENSE AND NON-CONTROLLING INTEREST	**27,156.86**	**33,943.38**	**36,441.44**	**2.63**
Tax expense				
Current				
Current year	(5,593.29)	(5,918.71)	(7,433.94)	(0.54)
Prior year	–	(1,313.35)	(201.20)	(0.01)
Deferred	(120.53)	(859.38)	(350.71)	(0.03)
Total tax expense – net	**(5,713.82)**	**(8,091.44)**	**(7,985.85)**	**(0.58)**
NET INCOME FOR THE YEAR	**21,443.04**	**25,851.94**	**28,455.59**	**2.05**

Consolidated statements of profit or loss and other comprehensive Income (continued)

	As of 31 December			
	2017	2018	2019	
	(Rupiah billion)			*(US$ billion)*
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Gains on fixed asset revaluation	526.11	768.68	3,870.95	0.28
Actuarial gains/(loss) from defined benefit program	(641.57)	1,023.17	368.66	0.03
Income tax related to items that will not be reclassified to profit or loss	125.14	(206.37)	(72.03)	(0.01)
Others	–	–	85.05	0.01
	9.68	1,585.48	4,252.63	0.31
Items that will be reclassified to profit or loss				
Difference arising from translation of financial statements in foreign currencies	(32.75)	(55.55)	(100.23)	(0.01)
Changes in fair value of available for sale financial assets	2,346.09	(3,585.76)	3,819.31	0.28
Effective portion of cash flow hedge	(16.82)	(27.69)	(34.03)	(0.00)[1]
Income tax related to items that will be reclassified to profit or loss	(446.20)	766.77	(726.60)	(0.05)
	1,868.32	(2,902.23)	2,958.45	0.21
Other comprehensive income/(loss) for the year – net of income tax	1,877.99	(1,316.75)	7,211.08	0.52
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**23,321.04**	**24,535.19**	**35,666.67**	**2.57**
Net income for the year attributable to:				
Parent Entity	20,639.68	25,015.02	27,482.13	1.98
Non-controlling interest	803.36	836.92	973.46	0.07
	21,443.04	25,851.94	28,455.59	2.05
Total comprehensive income for the year attributable to:				
Parent Entity	22,491.11	23,771.53	34,655.10	2.50
Non-controlling interest	829.93	763.66	1,011.57	0.07
	23,321.04	24,535.19	35,666.67	2.57
EARNINGS PER SHARE				
Basic (full amount of Rupiah)	442.28	536.04	588.90	0.04
Diluted (full amount of Rupiah)	442.28	536.04	588.90	0.04

Notes:

(1) Amount less than U$50 million

Financial ratios (individual)

	As of and for the year ended 31 December		
	2017	2018	2019
Financial Ratios			
Return on assets	2.72%	3.17%	3.03%
Return on equity	14.53%	16.23%	15.08%
Net interest margin (NIM)	5.63%	5.52%	5.46%
Loan to deposit ratio	88.11%	96.74%	96.37%
Total loan loss allowance as a percentage of gross non-performing loans	142.95%	146.93%	147.69%
Cost to income ratio (efficiency ratio)	42.58%	40.82%	42.55%
Tier 1 capital ratio	20.57%	19.82%	20.29%
Capital adequacy ratio	21.64%	20.96%	21.39%

Notes:

The Financial Ratios used are defined as follows:

(a) "**Return on assets**" means net profit (attributable to equity holders of the Bank) divided by average total assets.

(b) "**Return on equity**" means net profit (attributable to equity holders of the Bank) divided by average Tier 1 Capital of the Bank.

(c) "**NIM**" means net interest margin or net interest income divided by average earning assets.

(d) "**Loans to deposits ratio**" means loans to customers less deferred revenue divided by deposits.

(e) "**Total loan loss allowance as a percentage of gross non-performing loans**" means total loan loss allowance divided by gross non-performing loans .

	As of and for the year ended 31 December		
	2017	2018	2019
		(Rupiah trillion)	
Total loan loss allowance	31.68	29.34	27.74
Gross non-performing loans	22.16	19.97	18.79

(f) "**Cost to income ratio**" means total other operating expenses divided by total operating income - net.

	As of and for the year ended 31 December		
	2017	2018	2019
		(Rupiah trillion)	
Total operating expenses	27.56	28.94	30.69
Total operating income – net	64.74	70.88	72.14

(g) "**Tier 1 capital ratio**" means tier 1 capital divided by risk weighted assets.

(h) "**Capital adequacy ratio**" means total capital divided by risk weighted assets.

USE OF PROCEEDS

The net proceeds from each issue of Notes (after deducting fees and expenses associated with the issue of the Notes) will be applied by the Bank for its general corporate purposes or for such other purpose as set out in the applicable Pricing Supplement.

RISK FACTORS

Investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular, before making an investment decision. Any of the following risks could materially adversely affect the business, financial condition or results of operations of the Bank and, as a result, investors could lose all or part of their investment. The risks below are not the only risks the Bank faces. Additional risks and uncertainties not currently known to the Bank, or that it currently deems to be immaterial may also materially adversely affect the business, financial condition or results of operations of the Bank.

The Bank believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the Bank's inability to pay any amounts on or in connection with any Note may occur for other reasons which may not be considered significant risks by the Bank based on information currently available to it, or which it may not currently be able to anticipate, and the Bank does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any document incorporated by reference) and reach their own views prior to making any investment decision. In making an investment decision, each investor must rely on its own examination of the Bank and the terms of the offering of the Notes.

The ongoing global Covid-19 pandemic and the economic disruption caused by various measures to reduce its spread may have unprecedented adverse consequences of uncertain magnitude and duration on the Bank, Indonesia and the global economy

Human transmission of the highly infectious Covid-19 respiratory disease caused by the SARS-Cov-2 virus was reported in late 2019. Covid-19 was declared by the World Health Organization ("**WHO**") as a pandemic on 11 March 2020 and has since spread globally over the course of 2020. In Indonesia, President Joko Widodo declared a public health emergency and issued Government Regulation No. 21/2020 on large-scale social distancing on 31 March 2020, and further issued Presidential Regulation No. 12/2020 on 13 April 2020 declaring the Covid-19 outbreak as a national disaster.

There is currently substantial medical uncertainty regarding Covid-19 and no government-certified treatment, vaccine or completely accurate test is available. The Government and other governments have imposed large-scale social distancing measures, restrictions on mobility and closures of businesses, offices and schools. Such measures, and more so rapid increases of severe cases and deaths where such measures fail or are lifted prematurely, may cause unprecedented economic disruption in Indonesia and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of Covid-19 remain uncertain, though the Bank expects the adverse effects to be severe.

The Covid-19 pandemic may affect the Bank in a number of ways, and the Bank expects the potential magnitude and duration of each to be severe:

- the Bank's corporate and commercial borrowers and particularly its small/medium enterprise ("**SME**") borrowers may default on loan and other payments, and the Bank's delinquency ratios may substantially decrease and its asset quality may deteriorate;

- the Bank plans to offer moratoriums of up to 12 months for loans of up to Rp10 billion (see "*Business – Recent Developments*");

- Covid-19 may disproportionately affect key corporate borrowers, such as state-owned oil company Pertamina (which faces unprecedented declines in global oil prices) and state-owned flag carrier Garuda (which faces unprecedented cessation of global air travel), leading to restructuring of large corporate loans;

- large scale furloughs or terminations of employees may lead to defaults by the Bank's retail borrowers;

- the Bank's branch level and other operations (including third party vendors') will be disrupted by social distancing, split-team, work from home and quarantine measures;

- the Bank may be required to recognize impairments in financial assets, and do so earlier under IFAS 71 (see "*Risks relating to the Bank – Changes to accounting standards may negatively affect the Bank's financial results*");

- the Bank's cost of capital may increase substantially, including due to conservative provisioning which the Bank plans to voluntarily undertake;

- the Bank's stress testing (which currently presumes that the Covid-19 pandemic will last for 12 months), changes in loan disbursement, and other measures to address the effects of the Covid-19 pandemic may fail;

- the Bank's digital banking initiatives may fail to be competitive;

- the Bank's strategic projects may be severely delayed or postponed indefinitely; and

- the Rupiah may depreciate against major foreign currencies, which in turn may increase the Bank's cost in servicing foreign currency denominated debt.

Further, the Bank generates almost all of its revenue in Indonesia. Indonesia is the world's fourth most populous country with approximately 280 million people, but is a developing country with limited medical and governmental resources. The effects of Covid-19 in Indonesia may be of a greater magnitude, scope and duration than those experienced to date in other countries. Covid-19 may affect Indonesia in a number of ways, and the Bank expects the potential magnitude and duration of each to be severe:

- The Government may impose special regulations on the banking industry (see "*Risks relating to the Bank – The OJK may force the Bank to carry out acquisitions, mergers, consolidation, or integration with other banks in response to financial system stability problems amid the Covid-19 pandemic*"), including regulations limiting the Bank's ability to enforce loans and related security.

- Through Presidential Regulation No. 54 of 2020, President Widodo authorized an increase of Indonesia's 2020 budget by Rp405.1 trillion to manage Covid-19, and other budget items were reallocated. The Government estimates the 2020 budget deficit to reach 5.07% of GDP, temporarily exceeding the statutory limit of 3% of GDP until fiscal year 2022 as authorized by Government Regulation in Lieu of Law No. 1 of 2020. These budgetary measures may strain the Government's resources.

- On 17 April 2020, S&P downgraded its outlook for Indonesia to negative (from stable) to reflect the additional adverse risk to the Government's fiscal and external metrics as a result of the Covid-19 pandemic, including increased debt to finance responses to the pandemic. On 28 April 2020, S&P likewise downgraded its outlook for the Bank to negative (from stable). (see "*Risks relating to the Bank – The ratings of third-party rating agencies could adversely affect the Bank's ability to obtain, renew or extend credit facilities, or otherwise raise funds*".

- The Bank Indonesia benchmark seven-day (reverse) repo rate was lowered twice in 2020 to 4.5% per annum, and further decreases in interest rates may reduce the Bank's interest rate spread (see "*Risks relating to the Bank – Material asset-liability liquidity mismatch may lead to issues in managing the Bank's liquidity and interest rate risk*").

- Covid-19 is considered unprecedented in that it affects both demand and supply and typical monetary and fiscal responses may not be fully effective.

- Key segments of Indonesia's economy are sensitive to fluctuations in the prices of key commodities such as oil and crude palm oil (CPO).

- Certain parts of Indonesia, including in its capital city of Jakarta, are densely populated and have predominantly low-income residents, and may be prone to rapid outbreaks of Covid-19.

- Covid-19 may spark political instability and social unrest (see "*Risks relating to Indonesia – Political instability in Indonesia, including as a result of terrorist activity, could adversely affect the economy, which in turn could affect the Bank's business, financial condition and results of operations*").

- Indonesia's limited resources may exclude it from any initial economic recovery following the end of the pandemic.

More broadly, the global economic disruption from the Covid-19 outbreak has negatively affected Indonesian companies of all sizes, from SMEs to large corporates, which have experienced significant reductions in sales and revenue. Even before the formal implementation of large scale social distancing in Indonesia at the end of March 2020, the Covid-19 outbreak initially adversely affected sectors related to travel, such as tourism, airlines, hospitality, food and beverage, and their sub-sectors. Subsequently, the Covid-19 outbreak affected a broader set of sectors due to a combination of weak demand and supply disruptions (including in manufacturing (auto and electronic), commodities, and export-oriented sectors). Although certain sectors are believed to benefit from current social distancing measures (such as the technology, telecom, staple foods and pharmaceuticals and other healthcare related sectors), the overall impact of Covid-19 on Indonesia's economy has been adverse.

The Bank believes that the Covid-19 outbreak will present at least six challenges to Indonesia's banking industry this year: (1) Uncertainties over the duration and the severity of the Covid-19 pandemic; (2) A downturn in the global economy and its impact to Indonesia's economy; (3) Lower commodity prices due to the global economic slowdown; (4) Weakening purchasing power because of weak economic growth; (5) Tightening liquidity in the banking system, especially in smaller banks; and (6) Worsening asset quality due to weak economic condition.

The Bank believes that during periods of uncertainty, people generally tend to avoid higher risk assets and shift to safer ones such as bank deposits. The Bank further believes that depositors also shift to larger banks that are considered safer, better capitalized and better able to withstand economic shock. This tends to result in a tightening of liquidity in smaller Indonesian banks during periods of uncertainty. However, notwithstanding this, the Bank expects that larger Indonesian banks (including the Bank) will face liquidity challenges due to numerous requests to restructure loans across the industries and segments, especially from SMEs. Such restructuring would be expected to result in deferrals of interest and principal payments for at least 12 months, and Indonesian Banks (including the Bank) would require substantial liquidity to compensate for such deferrals. Bank Indonesia has undertaken measures to support domestic liquidity and, on 14 April 2020, reduced the Rupiah reserve requirement ratio by 2.0% (while requiring banks to purchase government bonds). There is no guarantee that the Bank and the Indonesian banking industry in general, notwithstanding measures taken by Bank Indonesia, will be able to maintain sufficient liquidity given the uncertain scope and duration of the Covid-19 outbreak.

Covid-19 may have potentially unprecedented adverse effects on the global economy, which necessarily adversely affects Indonesia and the Bank. The Covid-19 pandemic is not the first outbreak of infectious disease to have widespread impact in Asia and globally. Past outbreaks include those of severe acute respiratory syndrome (SARS) in 2003, Influenza A virus subtype H1N1 in 2009 and camel flu or Middle East respiratory syndrome in 2015. There is no guarantee that there will be no future outbreaks of infectious disease in Indonesia, Asia or globally; that such future diseases will not be as or more infectious or otherwise dangerous than Covid-19; and that such outbreaks will be managed successfully and without substantial economic disruption.

Each of the above may materially and adversely, potentially on an unprecedented scale, affect the Bank's business, liquidity, financial and other condition, results of operations and prospects. Further, because social distancing measures in Indonesia were only imposed in late March 2020, the extent of the initial impact of Covid-19 on the Bank may not be fully assessed as of the date of this Offering Circular.

The OJK may force the Bank to carry out acquisitions, mergers, consolidation, or integration with other banks in response to financial system stability problems amid the Covid-19 pandemic

Government Regulation in lieu of Law No. 1 of 2020 on State Financial Policy and Financial System Stability for Handling Corona Virus Disease 2019 (Covid-19) Pandemic and/or in the Context of Facing Threats that Harm National Economy and/or The Financial System Stability ("**Perpu No. 1/2020**") provides the OJK with the power to force banks to carry out acquisitions, mergers, consolidation, integration or conversion by virtue of a written order in support of the implementation of authority of the Indonesian Committee of Financial System Stability in handling financial system stability problems amid the Covid-19 pandemic. To further implement the authority, the OJK issued OJK Regulation No. 18/POJK.03/2020 on Written Order to Handle Bank Problems ("**POJK 18/2020**") which took effect on 21 April 2020.

Under POJK 18/2020, the OJK may issue a written order forcing banks to (i) acquire, or merge, consolidate or integrate with another bank; or (ii) be taken over, or to accept the merger, consolidation or integration of another bank, in each case if certain criteria are met. The OJK may force a bank by virtue of a written order to acquire, merge, consolidate or integrate if based on the OJK's assessment the bank is facing financial problems or is unable to withstand the ongoing or future pressures and/or the bank's controlling shareholder is unable to strengthen the bank. In addition, the OJK may also force a bank to be taken over, or to accept the merger, consolidation or integration of another bank if post transaction, the bank would have the soundness level of at least 3 Composite Level (*Peringkat Komposit 3*). A bank that has been given such a written order must prepare and implement an action plan, and inform OJK on the progress of the implementation of such action plan in accordance with the applicable regulations. POJK 18/2020 provides that the OJK may waive banks that have received a written order from satisfying the requirements on the single presence policy, share ownership of commercial banks, and deadline for fulfilment of minimum core capital under the applicable regulations; and for publicly listed banks from satisfying the disclosure principle requirements, all as approved by the OJK.

While Perpu No. 1/2020 was issued as an extraordinary policy of the Government in anticipation of handling financial system stability problems amid the Covid-19 pandemic, and POJK 18/2020 was issued specifically to implement it, there can be no assurance that Perpu No. 1/2020 will to continue to have the force of law after the Covid-19 pandemic has ended. The OJK may determine that the relevant criteria are met and the Bank may be ordered by the OJK to acquire or merge with another bank. In addition, if the Bank is found to be in breach of the written order, it may be subject to administrative sanctions, penalties, fines, criminal or civil sanctions, or conversion of a license which could adversely affect the Bank's business, financial condition or results of operations.

The global Covid-19 pandemic and projected economic recession will result in huge pressures on Indonesian banks due to deterioration in asset quality and tighter liquidity

The global economy is currently experiencing severe challenges due to the Covid-19 pandemic. As of 26 April 2020, the WHO reported that there are 2,804,796 confirmed cases of Covid-19 globally, with 193,710 deaths (WHO Covid-19 Dashboard). The pandemic has driven more than 200 countries in the world to implement social distancing measures or lockdowns and has caused a substantial reduction in global demand. The International Monetary Fund ("**IMF**"), in the April 2020 World Economic Outlook (WEO) (Chapter 1), estimated that the global economy will sharply contract by 3.0% in 2020 before growing by 5.8% in 2021 (compared to 2.9% in 2019). This contraction projected by the IMF would be more severe than that observed during the "Global Financial Crisis" in 2008-2009. This is a downward revision of 6.3% for 2020, and an upward revision of 2.4% for 2021 from the January 2020 WEO update (World Economic Outlook, Chapter 1, IMF, April 2020).

All economies are projected by the IMF to experience either a slowdown or recession in 2020 before a 'v-shaped' recovery in 2021. Many economies face a multi-layered crisis comprising of severe strain on healthcare systems, domestic economic disruptions, plummeting external demand, capital flow reversals and a collapse in commodity prices. Further, the World Trade Organization expects world trade to fall by between 13-32% in 2020 (WTO Press Release, April 8, 2020). Estimates of the expected recovery in 2021 are equally uncertain, with outcomes depending largely on the duration of the Covid-19 outbreak and the effectiveness of policy responses.

RISKS RELATING TO THE BANK

The Bank's measures to further reduce its level of non-performing loans, particularly in its commercial segment, may not be successful.

The Bank's commercial segment had a Bank only gross non-performing loans ("**NPLs**") to total commercial loans ratio ("**NPL ratio**") of 9.68%, compared to an overall Bank only gross NPL ratio for the Bank of 2.39% and gross NPL ratios of 0.05%, 1.60%, 0.83% and 2.17% for the corporate, SME, micro and consumer segments (including NPLs with other banks) respectively, each as of 31 December 2019. In addition, 77.77% of the Bank's NPLs were in its commercial segment, as of 31 December 2019.

The Bank had Rp18.84 trillion (US$1.36 billion) of gross NPLs (including NPLs with other banks) as of 31 December 2019, with the largest numbers in the following sectors: plastic, textile and other distribution. The Bank's total gross NPLs and overall gross NPL ratio decreased from Rp22.23 trillion and 3.45%, respectively, as of 31 December 2017, to Rp20.04 trillion and 2.79%, respectively, as of 31 December 2018. The Bank's business consists mainly of its wholesale corporate and commercial loans, which accounted for 46.06% and 19.11% of the Bank's total loans, respectively, as of 31 December 2019. The risk of non-payment by the Bank's customers is affected by the credit profile of borrowers, as well as by changes in economic and industry conditions.

Volatile or adverse economic conditions in Indonesia may adversely affect the ability of the Bank's borrowers to repay their indebtedness, and this may result in an increase in NPLs and provisioning, allowances for loan losses and charge-offs. NPLs may increase despite the Bank's safeguards, such as regular loan review, NPL projection for all loan segments with an increased emphasis on commercial loans, routine internal credit risk stress testing on the Bank's loan portfolio using both macro-wide scenarios, and specific sensitivity analyses such as modelling of movements in the price of crude palm oil and other commodities. The Bank also employs early warning mechanisms and early restructurings to anticipate changes in the financial condition of specific borrowers, and maintains targeted levels of loan loss reserve ratios with the aim of ensuring that the Bank has sufficient capacity to absorb loss. The Bank's credit risk management strategy, including for its commercial segment, is based in part on the Bank's outlook for each of approximately 80 industry sectors and the affect of various factors such as movements in global and regional commodities prices on the relevant sectors; this strategy successfully reduced the Bank's consolidated net NPL ratio in the period from 1.06% in 2017 to 0.84% in 2019. Although the Bank continues to actively manage and monitor the loan portfolio, and seeks to improve the credit risk management policies, procedures and systems, no assurance can be made that such policies, procedures and systems are free from deficiencies. Failure of any credit risk management policies, procedures and systems may result in an increase in the level of NPLs and adversely affect the quality of the Bank's loan portfolio. In addition, the quality of the Bank's loan portfolio may also deteriorate due to various other reasons, including factors beyond the Bank's control. An increase in NPLs could have a material adverse effect on the Bank's business, cash flows, financial condition, results of operations and prospects.

The Bank's loans include borrowers in various sectors and the Bank has a high concentration of loans made out to certain customers and certain sectors

As of 31 December 2019, the Bank's total exposure to the Bank's ten largest borrowers based on outstanding principal balance of loans totalled Rp89.62 trillion (US$6.46 billion), which represented 11.31% of the Bank's total loans. These ten largest borrowers are headquartered and operate across Indonesia and across various sectors such as energy, fast moving consumer goods (FMCG), tobacco and mining.

As of 31 December 2019, 9.25% of the Bank's loans were made to palm oil plantations. In addition, the following sectors accounted for a substantial percentage of the Bank's loans: Financial Services, 5.55%; Energy & Water, 5.30%; FMCG, 4.74%; Trading, 4.21%; Construction Service, 3.53%; and Telecommunication, 2.94%. As of 31 December 2019, the Bank had Rp18.84 trillion (US$1.36 billion) of NPLs (including NPLs with other banks), with the largest exposures in textiles and plastic/synthetic fiber manufacturing. 77.77% and 67.72% of these NPLs were in the Commercial Banking segment and in working capital loans, respectively. 92.56% (Bank only) of the Bank's NPLs are Rupiah-denominated.

Given the relative concentration of the Bank's wholesale loan portfolio by borrower and sector, if any loans to the top ten borrowers become non-performing, or if there are financial difficulties encountered in sectors in which the Bank's loans are concentrated, the overall quality of the Bank's total loan portfolio and the Bank's financial condition may be adversely affected.

Declines in commodity prices may negatively and adversely affect the Bank's customers

Indonesia's economy is sensitive to changes in the global prices of commodities, including, for example, the decline in commodity prices in 2015. As of 31 December 2019, 9.25% of the Bank's loans were made to palm oil plantations. Other sectors linked to commodities account for smaller but substantial portions of the Bank's loan portfolio, such as 5.30% of energy and water sector, and 2.36% of coal industry.

Commodity prices are determined by numerous factors beyond the Bank's control, including changes in the global and regional supply and demand for specific commodities as production volumes fluctuate, existing facilities expand or scale down operations and new facilities are developed. The Bank conducts both regular and ad hoc stress testing of its loan portfolio, using both macro-wide scenarios and specific sensitivity analyses such as modelling of movements in the price of crude palm oil and other commodities. There is no guarantee that such measures will be and remain effective as safeguards against the impact of commodity pricing fluctuations. The global markets have in the past exhibited significant fluctuations in supply, demand and prices from year to year. Any mismatch between supply and demand, whether regionally or globally, could adversely affect such commodity prices and the prices that these customers received under their respective supply arrangements.

Increasing competition in the Indonesian banking industry may make it difficult for the Bank to maintain current levels of operating performance in the future

The Bank's NIM for 2017, 2018 and 2019 was 5.63%, 5.52% and 5.46%, respectively. Such performance may be evidence of, and partly attributable to, relatively manageable levels of competition in the Indonesian banking industry. Further, from 31 December 2017 to 31 December 2019, the Bank has been able to substantially increase its loan portfolio and deposit base. It is expected that Indonesia's growth and high NIM will attract new entrants to, and increase competition in, the Indonesian banking industry.

The Bank's primary competitors are major domestic banks operating in Indonesia. The Bank also faces competition for customers from a variety of financial services companies, such as multi-finance companies, which provide financing for trading, consumer loans and multipurpose loans, as well as entities owned by or affiliated with the Government that provide industrial development funding and export and import lending and services.

The Bank may also face increased competition in one or all of its product lines from financial institutions offering a wider array of commercial banking services and products than the Bank offers and that have larger lending limits, greater financial resources and stronger balance sheets than the Bank offers. Increased competition may result from:

- domestic banks entering into strategic alliances with foreign banks with significant financial and management resources;
- financial services companies specializing in products which the Bank offers directly or through its subsidiaries or strategic alliances, such as automotive financing, insurance sales, leasing and rural development loans;
- continued consolidation, both with and without Government assistance and policy changes, in the domestic and international banking sector; and
- growth in smaller private domestic banks that are able to respond more quickly to market changes.

Even if the Bank's operations remain competitive or improve relative to other participants in the banking industry, a general increase in the level of competition may cause NIM to fall to levels more consistent with those seen in other countries or make it difficult for the Bank to increase the size of its loan portfolio and deposit base. Any of these factors could materially and adversely affect the Bank's financial condition and results of operations.

The Bank's business is highly dependent on the proper functioning and improvement of the Bank's information technology systems

The Bank's business is highly dependent on the ability of the Bank's information technology ("**IT**") systems to accurately process a large number of transactions in a timely manner across diverse markets and products. The Bank has invested in its IT systems to provide efficient infrastructures that enable its business functions units and operating segments to deliver sustainable competitive advantages. As both the number and variety of services offered to customer grow, the Bank faces an increasing risk exposure through its IT systems. The Bank implements a comprehensive risks management framework, which is supported with tools to manage enterprise risk and detect potential fraud. The Bank also has a dedicated risk unit that works hand in hand in with the business unit (especially the IT unit) in its day-to-day operation. In order to prevent risks of disruptions in system availability, the Bank maintains back-up data for its key data processing systems and has established a disaster recovery centre at separate locations with mirrored database servers to carry on the Bank's principal functions in the event of a catastrophe or a failure of the Bank's primary systems. The Bank also seeks to protect its computer systems and network infrastructure from physical break-ins as well as security breaches and other fraud or disruptive problems, which could adversely affect the Bank's business. Additional, the Bank prepares a Business Continuity Management framework as a main pillar to ensure the business continuity in case of disaster.

Digitisation, as a strategy that provides the Bank with an opportunity to enrich customer experience and increase efficiency in operations, introduces new risk in the daily operation of the business model due to the reliance on technology and IT systems. The Bank reduces potential risks of error and fraud by implementing straight-through processing and increasing automation of various Bank processes that are integrated with various data analytics and other IT tools. The Bank has also built the API Gateway to drive financial inclusion through Open Banking API to enable collaboration with Indonesia's business ecosystem. The Bank has also developed Virtual Private Cloud (VPC) as an elastic infrastructure and successfully upgraded its core banking infrastructure capacity to anticipate and keep up its business's growth.

The Bank has formally set up its chief information security office to oversee cybersecurity in its operations, potential internal and external threats, and evolving measures such as next generation firewalls, anti-virus implementation, security information and event management ("**SIEM**"), access management, and data protection measures. The Bank's continuous improvement in the IT systems and processes to manage the quality in delivering its banking services is recognised by certification of ISO 20000 for the Service Management System and ISO 9001:2015.

The Government is, and will continue to be, the Bank's controlling shareholder, and may influence the Bank's business practices and policies

A majority (60.0%) of the Bank's outstanding shares are currently owned by the Government through MSOE. The MSOE also owns a non-transferable Series A Dwiwarna share (the "**Special Share**"), and the MSOE's rights with respect to the Special Share will not terminate unless the Bank's Articles of Association are amended, which would require the approval of the MSOE as holder of the Special Share. As holder of the Special Share, the MSOE has rights which are not held by holders of the Bank's Series B common shares, such as the right to: (i) amend the Bank's Articles of Association, (ii) amend the Bank's capital structure, (iii) nominate candidates for, and appoint and/or terminate members of, the Bank's Board of Directors and/or members of the Bank's Board of Commissioners, (iv) merge, consolidate, acquire, spin-off and dissolve the Bank's legal entity; (v) decide on remuneration for members of Board of Directors and Board of Commissioners, (vi) transfer and/or pledge of asset which requires General Meeting of Shareholders ("**GMS**") approval that must be approved by Special Share, (vii) allow participation and reduce capital participation of other companies which requires GMS approval that must be approved by Special Share, (viii) use net profit, and (ix) allow investment and non-operating long term financing which requires GMS approvals. See "*Shareholders*". The Government may use its controlling position to influence, and is likely to seek to influence, the Bank's strategy and operations. For example, the Bank could be influenced to enter into transactions or extend loans for other than purely commercial considerations. The Government also has the ability to influence and control other Government-related entities, some of which are the Bank's competitors, and to direct opportunities to the Bank's competitors or favour their interests over the Bank's. If the Bank is required to act in the Government's interests and those interests differ from the Bank's interests, or the Government is to favour the Bank's other state-owned competitors over it, the Bank may suffer a material adverse effect on the Bank's financial condition, liquidity and results of operations.

Government bonds and other Government obligations represent a substantial portion of the Bank's assets, which may affect the Bank's results of operations, financial condition and capitalisation

As of 31 December 2019, the Bank held Rp129.00 trillion (US$9.29 billion) of Government bonds representing 9.79% of the Bank's consolidated total assets. Interest from the Bank's Government bonds represented 7.60% of the Bank's consolidated gross interest and Sharia income for year ended 31 December 2019. Any delay or default in the payment of interest or principal by the Government when due will have a material adverse effect on the Bank's financial condition, liquidity and results of operations. The Government is the Bank's principal shareholder and owns 60.0% shares of the Bank.

Government or regulatory actions with respect to the Bank's Government bonds could also adversely affect the Bank's financial performance, results of operations and capitalisation. The Government has the power to alter, or reprofile, the material terms of Government recapitalisation bonds with the Bank's agreement or by legislation at any time.

If the Bank's available-for-sale Government bonds were determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised in the statement of changes in equity would be recognised in the Bank's consolidated statement of income. Further, there can be no assurance that the Government credit rating, and therefore the value of the Bank's holdings of Government bonds, will not decline in the future. Consequently, any significant reduction in the value or liquidity of the Bank's Government bonds or any change in the rules applicable to the Bank's Government bonds, depending on the level and direction of interest rates at the time, could have a material adverse effect on the Bank's capitalisation, financial condition, liquidity and results of operations.

Changes to accounting standards may negatively affect the Bank's financial results

The Bank prepares its consolidated and unconsolidated financial statements in accordance with IFAS. Changes to IFAS or interpretations thereof may cause the Bank's future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect the Bank's regulatory capital and ratios. For example, IFAS 71, "Financial Instruments", which is equivalent to IFRS 9 "Financial Instruments", became effective in Indonesia from 1 January 2020. IFAS 71 regulates the classifications and measurements of financial instruments based on characteristics from the contractual cash flows and the Bank's business model, expected credit loss method for impairment resulting in more timely, relevant and understandable information by users of financial statements as well as accounting for hedges that reflects a better entity risk management. This IFAS implementation is generally expected to result in an increase in recognised credit loss allowances. IFAS 71 also requires the Bank to reclassify a certain number of financial assets based on fair value through profit and loss or fair value through other comprehensive income and model or mark to market such financial assets accordingly, although the majority of the Bank's financial assets would be classified as amortised cost. Further, IFAS 71 requires the Bank to recognise certain losses earlier, prior to any actual loss, and calculate allowances based on certain macroeconomic variables. Following guidance from the Indonesian Accounting Association for the initial implementation of IFAS 71, the Bank is allowed to post additional provisions to retained earnings instead of profit and loss. In addition, the implementation of IFRS 15 (Revenue from Contracts with Customers) and IFRS 16 (Leases) in Indonesia may adversely affect the Bank's results of operations due to changes in revenue recognition in certain contracts and the need to recognise nearly all leases on the balance sheet and consequently reclassify lease expenses under what were previously classified as operating leases into depreciation and interest expenses (including for leased bank branches, employee housing and vehicles). Increased provisioning due to the implementation of IFAS 71 and the adverse impact of newly implemented or future changes in accounting standards may have a material adverse effect on the Bank's results of operations.

The Bank may be adversely affected if the Government lowers its subsidy for KUR Micro loans

The Bank offers a substantial number of Government-subsidised micro loans (KUR or *Kredit Usaha Rakyat*) which are backed by a loan insurance guarantee through Jamkrindo & Askrindo, a state-owned insurance company. The Bank plans to substantially increase the volume of KUR loans it offers as a key strategy to expand its retail segment in the near future. In 2020, the Bank is targeted by Government to disburse Rp30 trillion KUR loans for eligible customers. As of 31 December 2019, the Bank has a total of 561,254, active KUR borrowers with total outstanding loans (Bank only) of Rp32.02 trillion (US$2.31 billion, equivalent to 4.03% of its total outstanding loans and 26.03% of its total outstanding micro loans). If the Government were to lower or remove its subsidy of KUR loans, it would have an impact on the profitability of such loans and, in turn, may adversely affect the Bank's business, financial condition and results of operations.

If the Bank is unable to attract and retain qualified personnel, its business and operations may suffer

The Bank's business depends on its ability to attract and retain highly qualified personnel, including loan officers for its widespread network throughout Indonesia and, increasingly, various types of employees in relation to banking digitalisation. The Bank competes for such personnel with banks and other institutions, and there can be no assurance that it will be successful in hiring or retaining such qualified personnel. In particular, the Bank depends on its senior management for their expertise in the banking industry. Departure of senior management or an inability to hire or retain managers could materially and adversely affect the Bank's business, prospects, financial condition and results of operations.

The collateral or guarantees securing the Bank's loans may not be sufficient, and the Bank may be unable to realise the full value of the collateral or guarantees

Most of the Bank's commercial loans, and a substantial amount of corporate loans are secured by collateral, primarily in the form of land and buildings, and cash. The value of such collateral may fluctuate or decline due to factors beyond the Bank's control, including macroeconomic factors. For example, a decline in Indonesia's economic conditions may result in a decline in real estate prices, which may cause declines in the value of property securing the loan. Each decline in collateral value may diminish the amount which may be recovered from the collateral held by the Bank, and increase the Bank's required allowance for impairment losses. The Bank conducts periodic revaluations of the collateral. However, the Bank does not always revalue the property based on assessments from an independent appraisal. As such, the Bank may not have the latest information regarding the value of collateral, which may make it difficult to accurately assess the loan secured by such collateral. To the extent the Bank offsets the value of collateral from any impairments associated with NPLs, the Bank may underestimate the allowance for impairment losses associated with such loans. Further, in such circumstances, the Bank may have to recognise additional losses based on changes in the market value of collateral, even in the absence of changes in the credit condition of the borrower or where the loan is fully impaired.

In addition, in certain situations, the Bank's rights over the collateral may have lower priority compared to other rights during a liquidation process. In addition, in Indonesia, the procedure to realise the value of collateral in the form of fixed assets may still be restrictive and may hinder the Bank's ability to assert its security interests over such collateral. For a more detailed discussion, see "*– Risks Relating to Indonesia – Noteholders will be exposed to a legal system subject to considerable discretion and uncertainty and may have difficulty pursuing claims under the Notes*". Such difficulties may hinder us in recovering the security value upon default of the Bank's debtors.

The performance of the Bank's large portfolio of restructured loans is sensitive to deteriorating general economic conditions, including interest rate increases and such loans may become non-performing again

As of 31 December 2017, 2018, and 2019 the Bank's restructured loan portfolio (Bank only) totalled Rp52.14 trillion, Rp51.26 trillion and Rp57.60 trillion (US$4.15 billion) respectively. Under Indonesian law, state-owned banks are subject to the audit by the Supreme Audit Board (*Badan Pemeriksaan Keuangan*) which may find that any losses from restructuring loans by agreeing to reductions in outstanding principal or from selling loans at a discount to third parties might cause losses to the state. See "*Risk Management – Information System of Risk Management – Types of risk – Credit risk*". As a result, the Bank may only restructure loans by offering reductions in interest and extensions of maturity dates for repayment of principal. The Bank must choose between such restructuring approaches or provisioning for such NPLs in full and writing them off. The Bank's limited ability to restructure NPLs increases the likelihood that if the borrower's situation does not improve sufficiently after a restructuring to enable it to make required payments on a timely basis, loans that are restructured become non-performing again. As such, the Bank faces a greater degree of exposure to deteriorating economic conditions in Indonesia than many of the Bank's private competitors. During such periods, the Bank may experience a higher rate of NPLs from the Bank's restructured loan portfolio, thereby resulting in a larger negative impact on the Bank's overall loan portfolio as compared to certain of the Bank's competitors. The Bank cannot assure you that the Bank's large portfolio of restructured loans will not have a material adverse effect on the Bank's business, financial condition and results of operations.

Restructured loans may become non-performing if the borrowers of such loans fail to adhere to the terms of such restructured loans

In the restructuring of a number of its high risk loans, the Bank has agreed to reduce payments of principal and/or interest to less than what was agreed in the loan agreement for a certain period, subject increases in the amounts of payments should the Bank reevaluate the relevant borrower's perceived ability to service the loan. Although any reduction in interest rates on high risk loans may likely improve the performance of such loans, if the Bank's customers are unable to make readjusted payments for their respective restructured loans, such restructured loans may become non-performing, thereby requiring additional provisions, which may adversely affect the Bank's financial condition and results of operations.

Material asset-liability liquidity mismatch may lead to issues in managing the Bank's liquidity and interest rate risk

Most of the Bank's funding requirements are met through short-term and medium-term funding sources, primarily in the form of time deposits, savings accounts and current accounts. Most of the Bank's time deposits are for periods of one month or three months. Many of the Bank's assets, however, have long-term maturities, creating the potential for liquidity mismatches. 67% of the Government bonds and marketable securities held by the Bank as of 31 December 2019 have maturities of up to five years, while 56% of total consolidated loans have longer maturities. Historically, the Bank has been able to roll over most of its deposits on maturity, but the Bank cannot ensure that the Bank will continue to be able to do so in the future. Although the Bank has not experienced material liquidity problems since commencing operations in August 1999, the Bank cannot ensure that the Bank can maintain sufficient liquidity to cover customer withdrawals in the future, especially in the event of a future economic crisis. If a substantial number of the Bank's depositors do not roll over deposited funds upon maturity, or decide to withdraw their current account deposits, the Bank's liquidity position would be adversely affected. In particular, the Bank may have to rely on borrowings from Bank Indonesia or other sources of financing which may not be available at commercially attractive terms or at all. Currently, the Bank still holds a significant amount of high quality liquid assets that can cover funding needs in time of crisis. Any failure to obtain adequate funding, or significant increase in funding costs, would have a material adverse effect on the Bank's liquidity, financial condition and results of operations.

Further, the Bank realises income from the margin between interest earned on the Bank's assets and interest paid on the Bank's liabilities. Because the Bank's interest earning assets and interest earning liabilities are generally repriced at different times, the Bank's performance can be affected by fluctuations in market interest rates. Within a relatively stable interest rate environment, the composition of the Bank's assets and liabilities should result in a stable interest rate spread. However, as the Bank's main assets are in the form of loans and given recent economic conditions, the Bank's ability to increase lending rates to customers is more limited than its ability to increase deposit rates. The Bank Indonesia benchmark seven-day (reverse) repo rate was lowered four times in 2019 and twice in 2020, leading to a total decrease of 150 basis points to 4.5% per annum. There is no assurance that interest rates will not decrease further in the future, in which case the Bank's interest rate spread will be adversely affected.

The Bank faces foreign exchange risk due to mismatches between the Bank's assets and liabilities

As of 31 December 2019, the Bank had US dollar and other non-Rupiah denominated loans of Rp141.03 trillion (US$10.16 billion), customer deposits of Rp134.40 trillion (US$9.68 billion) and US dollar and other non-Rupiah denominated fund borrowings of Rp44.88 trillion (US$3.23 billion). The Bank's aggregate Net Open Position in foreign currencies was 1.19% as of 31 December 2019, which did not exceed the 20.0% limit of the month end position of the Bank's total Tier I and Tier II capital established by Bank Indonesia regulations. If Rupiah exchange rates move in a manner adverse to the Bank's open positions in foreign currencies at a given time, such movements could cause the Bank to suffer losses, reduce the Bank's CAR and require the Bank to seek additional capital or breach Bank Indonesia capital adequacy regulations. There can be no assurance that any additional required capital would be available to the Bank at such time on acceptable terms or at all.

The Bank's deposit base may contract, leading to a potential increase in its cost of funding and decrease in its competitiveness

The Bank's primary source of funding is deposits. The Bank has the second largest deposit base among Indonesian banks, with, as of 31 December 2019, total consolidated deposits from customers (including deposits from customers classified as temporary syirkah fund) of Rp933.12 trillion (US$67.22 billion). The Bank's large deposit base translates into a cost of funds of 2.86% per annum, the second lowest among Indonesian banks. This deposit base is low cost, with a 68:32 (Bank only) ratio of ordinary deposit to time deposit accounts, the second highest ratio among Indonesian banks.

In the past, the Indonesian banking system has experienced bank runs or simultaneous withdrawals by depositors due to a variety of reasons including lack of confidence in the banking system or a particular bank. There is no guarantee that such simultaneous withdrawals will not occur in the future or that the Bank will be able to adequately respond to these. Further, in the Bank's experience, a substantial portion of time deposits are rolled over upon maturity but no assurances can be given that this will continue to be the case. Simultaneous withdrawals by depositors and/or the failure by depositors to roll over maturing time deposits could materially and adversely affect the Bank's liquidity position and the Bank could be required to seek more expensive sources of short-term or long-term funding to finance its operations. To the extent the Bank is unable to obtain sufficient funding on acceptable terms, its financial condition and results of operations may be adversely affected and its cost of funding may increase and adversely affect the Bank's ability to compete.

The Bank has several policies in place to manage its liquidity to ensure that even under adverse conditions it has access to necessary funds at a reasonable cost. Although the Bank's policy is to maintain prudent liquidity risk management, as well as diversified and stable sources of funding, there can be no assurance that there will not be a liquidity crisis which might affect the Bank. Failure by the Bank to maintain and ensure adequate sources of funding may adversely affect the financial condition and results of operations of the Bank.

The Bank is subject to counterparty risks

Like most financial institutions, the Bank acts as an intermediary, primarily in domestic and international foreign exchange and derivative markets. The Bank has outstanding foreign currency transactions and foreign exchange/interest rate swap arrangements with a number of domestic and international banks, financial institutions and other entities, including those in Asian countries. As a result of such arrangements, the Bank is subject to credit risk from a number of different counterparties. Although the Bank believes that the overall credit quality of its counterparties is adequate, there can be no assurance that parties with significant exposure will not face difficulties in paying amounts on derivative contracts when due, which may adversely affect the financial condition and results of operations of the Bank.

The Bank may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose the Bank to additional liability and harm the Bank's business and reputation

The Bank is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in Indonesia and other jurisdictions where the Bank has operations. These laws and regulations require the Bank, among other things, to adopt and enforce anti-money laundering and counter financing of terrorism ("**AML-CFT**") policies and procedures based on the Financial Action Task Force ("**FATF**") Recommendations. The Bank has accordingly adopted measures such as customer identification, verification and monitoring processes, the implementation of AML CFT programs in subsidiaries and overseas branches, know your employee ("**KYE**") measures and training, and more robust record keeping processes. The Bank may incur substantial compliance and monitoring costs if further rules and regulations are enacted, or if existing regulations are enforced on a more stringent basis. On the other hand, if the current requirements are relaxed, the Bank's depositors and counterparties could lose confidence in the Indonesian banking system which could adversely affect the Bank's business and deposit base. While the Bank has adopted policies and procedures aimed at detecting and preventing the use of the Bank's banking network for money laundering activities or by terrorists, such policies and procedures may not completely eliminate the risk that the Bank's banking network may be used by others to engage in money laundering and other illegal or improper activities, exposing the Bank to regulatory, legal and reputation risks.

The Bank may not be able to detect and prevent all fraud or other misconduct committed by the Bank's employees or third parties

The Bank has an established Anti-Fraud Strategy Frameworks which includes the aspects of prevention, detection, investigation, reporting, sanctions, monitoring, evaluation and follow up. The framework has been adjusted up to the Bank's risk appetite and tolerance with a well preserved implementation.

The Bank has also continued to strengthen the detection and prevention of fraud or other misconduct committed by the Bank's employees or third parties. However, the Bank cannot ensure that the Bank's internal control policies and procedures will completely and effectively prevent all fraud or other misconduct committed. Any fraud or misconduct involving the Bank or its employees may adversely affect the Bank's business, financial condition and results of operations.

If the Bank cannot comply with minimum capital adequacy requirements, it would need to raise additional capital, and its ability to do so could be limited

OJK Regulation No. 11/POJK.03/2016 on Minimum Capital Requirement for Commercial Banks as amended by OJK Regulation No. 34/POJK.03/2016 and OJK Regulation No. 12/POJK.03/2019 on Commercial Bank Reporting on Financial Services Authority System ("**OJK Regulation No. 11/2016**"), require a minimum total CAR of (i) at least 8.0% of the risk-weighted assets (known as "**Aset Tertimbang Menurut Risiko**" or "**ATMR**") for banks with a risk profile of 1, (ii) at least 9.0% up to less than 10.0% of the ATMR for banks with a risk profile of 2, (iii) at least 10.0% up to less than 11.0% of the ATMR for banks with a risk profile of 3 and (iv) at least 11.0% to 14.0% of the ATMR for banks with a risk profile of 4 or 5. Under the OJK Regulation No. 11/2016, the risk profile assigned to a given bank depends on the valuation of inherent risks and quality of the implementation of the risk management in its operation, with the valuation done by every bank through an Internal Capital Adequacy Assessment Process ("**ICAAP**") mechanism, notwithstanding the supervisory review and evaluation process conducted by the OJK. The Bank currently falls under risk profile 2. For the Bank's Internal Capital Adequacy Assessment Process, see "*Banking Regulation and Supervision*".

As of 31 December 2019, the Bank's total CAR and Tier 1 CAR (Bank only) was 21.39% and 20.29%, respectively, which exceed the minimum total CAR requirement of 9.0% and Tier 1 CAR requirement of 6.0%. Although the Bank is currently in compliance with the capital adequacy requirements of OJK, there can be no assurance that it will continue to be able to comply with such requirements. If the Bank's CAR were to fall below 8.0%, under OJK Regulation No. 15/POJK.03/2017 on Determination of Status of and Follow-up Supervision of Commercial Banks, the Bank would be placed under "special surveillance" by OJK and may, among other things, be prohibited from making payments of interest or principal in respect of any outstanding subordinated bonds. Further, the Bank expects that capital adequacy standards established by OJK, as well as asset growth, will increase the amount of regulatory capital required by banks in Indonesia, including the Bank. OJK may also further increase the minimum CAR requirements in the future in order to bring Indonesia's minimum CAR requirements in line with international standards.

The following table provides a summary of the Bank's regulatory capital for the financial years ended 31 December 2017, 2018 and 2019.

	As of 31 December		
	2017	**2018**	**2019**
	(Rp billion)	**(Rp billion)**	**(Rp billion)**
Capital	145,616	158,442	179,161
Supplementary Capital	7,562	9,116	9,667

The Bank has completed the adoption of the Capital Accord of the Basel Committee ("**Basel III**"), as implemented in Indonesia, to meet the minimum capital adequacy requirements set out by OJK. In addition, the Bank anticipates that it will begin to adopt more recent requirements typically referred to as "Basel IV" beginning January 2022. Under Basel III, banks are assigned a score to measure systemic importance and potential social loss in case of default, and assigned a bucket (1-5) based on that score. Higher buckets indicate higher levels of systemic importance, and thus higher applicable D-SIB capital surcharge. As a Bucket 4 bank, a capital conservation buffer of 2.5% and a D-SIB capital surcharge of 2.5% are applicable to the Bank. The Bank's failure to comply with minimum capital adequacy requirements, under current or future regulations (including Basel IV), would have a material adverse effect on its business, prospects, financial condition and results of operations. If this were to occur, the Bank cannot give any assurance that any additional required capital would be available on acceptable terms, or at all.

The Bank faces compliance risk from the multiple regulatory and supervisory authorities

On 27 October 2011, Indonesia's parliament approved Law No. 21 of 2011 ("**OJK Law**") regarding the OJK. OJK took over the supervision of capital markets, insurance, pension funds, multi-finance and other financial institutions from 31 December 2012.

According to the OJK Law, OJK has the authority to regulate and supervise Indonesian banks in relation to certain aspects, including, institution, soundness and prudence of Indonesian banks. Additionally, OJK also has the authority to conduct inspections of Indonesian banks. Although several banking aspects have been under the directive and supervision of OJK, Bank Indonesia maintains its authority in determining the monetary discretion and regulating the payment system. The existence of OJK's right to regulate and supervise certain aspects in the bank industry does not necessarily curtail Bank Indonesia's authority to regulate and supervise Indonesian banks. Bank Indonesia maintains its authority to regulate and supervise Indonesian banks in relation to the other aspects not regulated or supervised by OJK.

In addition to OJK regulations, the Bank is also subject to banking, corporate and other laws in effect in Indonesia, the requirement that the Bank be licensed to conduct its banking and financial services operations, the banking laws and regulations of other jurisdictions where the Bank has branches or subsidiaries and Indonesia Stock Exchange ("**IDX**") rules.

If the Bank is unable to comply with the rules and regulations applicable to it, including those of foreign jurisdictions, it could be subject to penalties, fines, loss of its required regulatory permits and damage to its business reputation, which could have a material adverse effect on the Bank's financial condition and results of operations. In addition, changes in rules and other regulations and actions by Bank Indonesia or OJK in the future may also significantly affect the Bank's industry in general and the Bank in particular in other ways. For a description of the regulatory framework the Bank is subject to, see "*Banking Regulation and Supervision*".

The regulatory and legal framework governing the Bank differs in certain material respects from that in effect in the United States and other countries and may continue to change as the Indonesian economy and commercial and financial markets evolve. Any changes in laws, regulations or regulatory policies, including changes in the interpretation or application of such laws, regulations and regulatory policies, may restrict the Bank's business activities, adversely affect the products and services which the Bank offers, the value of the Bank's assets or the Bank's business in general, and cause the Bank to incur increased expense and to devote considerable time to ensure compliance. Such changes may include changes with respect to capital requirements, solvency requirements, leverage and liquidity ratios, risk management, cross-border capital flows, local lending obligations, management compensation, consumer protection and risk management, among other areas. Changes in laws, regulations and regulatory policies, or the interpretation or application thereof, will lead to greater regulatory oversight and scrutiny and increased compliance costs.

The Bank may not be successful in identifying and acquiring suitable business targets, which could adversely affect our growth and results of operations

The Bank's growth plans may include acquisitions of or other arrangements with other businesses should such opportunities arise. Such acquisitions may be undertaken to enhance the Bank's traditional business segments or to facilitate its entry or growth in new markets or products, including to advance its digital banking strategies. Financing such acquisitions or arrangements may require the Bank to incur debt which could have an adverse effect on its business and results of operations, including potential downgrades in its credit ratings. In addition, such acquisitions or arrangements may be subject to the completion of due diligence, numerous regulatory restrictions and approvals, negotiations of definitive agreements and the Bank's ability to compete with other entities to attract the target parties. As such, the Bank cannot assure investors that in the future it will be able to identify and enter into arrangements with suitable business partners or acquisition targets on commercially acceptable terms, if at all, or will have sufficient capital to fund such arrangements or at levels that would not adversely affect the Bank's financial position. Failure to identify and enter into viable arrangements with suitable targets in the future, or the failure to properly execute, integrate and draw synergies from acquisitions attempted by the Bank, could adversely affect its growth as well as its business, financial condition and results of operations.

The Bank may not be able to implement its business strategies on schedule or within budget or at all

The Bank may not be able to fully implement its business strategies on schedule or within budget or at all. The Bank's strategies are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Bank's control and could delay or increase the costs of implementation. Such potential events include, but are not limited to, labour disputes, system upgrades, changes in costs or requirements related to compliance with applicable laws and regulations, delays in securing the necessary governmental approvals, a downturn in the economy and changes to plans for additional facilities necessitated by changes in market conditions.

Disruptions to the Bank's strategic plans could result in the loss or delayed receipt of revenue, an increase in financing costs, or a failure to meet profit and earnings projections, any of which may adversely affect the Bank's business, financial condition and results of operations.

The ratings of third-party rating agencies could adversely affect the Bank's ability to obtain, renew or extend credit facilities, or otherwise raise funds

Rating agencies from time to time review prior corporate and specific transaction ratings in light of changes in ratings criteria. If rating agencies were to downgrade the Bank's credit ratings, the Bank's ability to raise funds on favorable terms, or at all, and the Bank's liquidity, financial condition and results of operations could be adversely affected. In addition, if rating agencies further downgraded their original ratings on the Bank's outstanding debt securities, holders of such debt securities may be required to sell bonds in the marketplace, and such sales could occur at a discount, which could affect the perceived value of the bonds and the Bank's ability to sell future bonds on favorable terms or at all. While the Bank is not currently aware of any reasonably expected further downgrades to its corporate credit rating or the ratings of its debt securities, such rating changes may occur without advance notice. On 28 April 2020, S&P revised its outlook on the credit rating of the Bank from stable to negative, following a similar revision in outlook for the credit rating of the Republic of Indonesia. As of April 2020, Fitch affirmed its outlook of stable on the Bank's credit rating.

The Bank is subject to risks associated with its hedging activities and other derivative transactions

The Bank has entered into derivative transactions for hedging purposes as well as conducted derivative transactions on behalf of its customers. The Bank's derivative transactions are small in terms of value relative to its loan, deposit and other transactions. The Bank faces some risks such as credit risk, market risk and operational risk associated with these transactions. At present, the Indonesian market has limited regulations with respect to derivative transactions and requires further improvement where in conjunction, increases the risks of these transactions the Bank has entered into. Further, the Bank's ability to monitor, analyse and report these transactions is limited by its information technology. Accordingly, the Bank's business, financial position and results of operations may be adversely affected given the volatility of the prices of these derivatives, which in turn may negatively affect the Bank's ability to service the Notes and to satisfy its other obligations under the Notes.

The Bank's business is inherently subject to the risk of market fluctuations

The Bank's business is directly subjected to risks including volatility in market movements and wider macroeconomic factors, including changes and increased volatility in exchange rates, interest rates, inflation rates, credit spreads, commodity, equity, bond and property prices and the risk that its customers act in a manner which is inconsistent with business, pricing and hedging assumptions. These movements may affect the Bank in multiple key areas. For instance, changes in interest rate levels, yield curves and spreads affect greatly on the interest rate margin between lending and borrowing costs. Historically, there have been periods of high and volatile interbank lending margins over official rates (to the extent banks have been willing to lend at all), which have exacerbated such risks. Competitive pressures on fixed rates or product terms in existing loans and deposits sometimes restrict the Bank in its ability to change interest rates given to customers in response to changes in official and wholesale market rates.

Any failure by the Bank to implement, or consistently follow, its risk management systems may adversely affect its financial condition and results of operations, and there can be no assurance that the Bank's risk management systems will be effective. In addition, the Bank's risk management systems may not be fully effective in mitigating risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicated.

The Bank may not be successful in implementing new business strategies or penetrating new markets

The Bank's business strategy includes increasing the availability and scale of its existing products as well as developing new products to expand the Bank's business activities. The expansion of the Bank's business activities may expose it to a number of risks and challenges including, among other things, the following:

(i) new and expanded business activities may have less growth or profit potential than the Bank anticipates, and there can be no assurance that new business activities will become profitable at the level the Bank desires or at all;

(ii) the new business strategy may alter the risk profile of the Bank's portfolio;

(iii) the Bank may fail to identify and offer attractive new services in a timely fashion, putting it at a disadvantage with competitors;

(iv) the Bank's competitors may have substantially greater experience and resources for the new and expanded business activities and so the Bank may not be able to attract customers from its competitors; and

(v) economic conditions, such as changes in interest rates or inflation, could hinder the Bank's expansion.

The Bank's inability to implement its business strategy could have a material adverse effect on its business, cash flows, financial condition, results of operations and prospects.

The Bank's risk management controls may not be effective

The Bank has been proactively implementing the Bank's risk management system and improving the Bank's risk management and internal control capabilities. Nonetheless, the information and the available risk management tools or technologies limit the Bank's risk management and internal control capabilities. The Bank's ability to implement and maintain strict internal controls may be affected by the Bank's expansion in business scale and business scope. There are still violations of internal and external provisions that apply as a result of the improper implementation of internal controls. If there are any deficiencies in the Bank's risk management and internal control policies and procedures, the Bank may be subject to credit risk, liquidity risk, market risk, operational risk or reputational risk, which may materially and adversely affect the Bank's business, financial condition and results of operations.

The Bank engages in transactions with related parties

The Bank makes loans to its key management personnel and its subsidiaries and companies controlled by or affiliated with the Bank. As of 31 December 2019, the Bank had outstanding loans to officers and such companies totaling Rp171.38 trillion (US$12.35 billion), as compared with Rp160.73 trillion as of 31 December 2018. There can be no assurance that such loans have been granted on identical or less favourable terms or conditions than a third-party bank would have extended.

The Bank or the Bank's customers may be subject to OFAC or other penalties if the Bank is determined to have violated any OFAC regulations or similar sanctions

The United States imposes a range of economic sanctions against certain foreign countries, terrorists, international narcotics traffickers and those engaged in activities related to the proliferation of weapons of mass destruction. The US sanctions are intended to advance certain US foreign policy and national interests, such as discouraging certain countries from acquiring weapons of mass destruction or engaging in human rights abuses. The US Department of the Treasury's Office of Foreign Assets Control (the "**OFAC**") is the principal government agency charged with administering and enforcing US economic sanctions programs. These economic sanctions, as administered by OFAC, generally apply to US entities and, in certain cases, to foreign affiliates of US entities, or to transactions that involve, in some manner, US products or otherwise come within the jurisdiction of the United States. Other governments and international or regional organisations also administer similar economic sanctions. The Bank has integrated several screening procedures in relation to OFAC and other sanctions in its account opening and other processes. However, if any of the Bank's overseas branches engages in any prohibited transactions by any means, or if it is otherwise determined that any of the Bank's transactions violated OFAC-administered or other sanctions regulations, the Bank could be subject to penalties, and the Bank's reputation and ability to conduct future business in the United States or with US entities, or in other affected jurisdictions, could be affected, which may materially and adversely affect the Bank's business, financial condition and results of operations.

Global trends in banking regulations may affect the Bank's business

Like other major regional banks, the Bank is subject to extensive regulation by regulators and exchanges in each of the major markets where the Bank conduct its business or where its counterparties are located. These laws and regulations significantly affect the way in which the Bank does business and can restrict the scope of its existing businesses and limit the Bank's ability to expand its product offerings and pursue certain investments.

In response to the financial crisis, legislators and regulators around the world have adopted, continue to propose and are in the process of adopting, finalizing and implementing a wide range of financial market reforms that are resulting in major changes to the way in which the Bank's global operations are regulated and conducted.

In particular, as a result of these reforms, the Bank is, or will become, subject to (among other things) significantly revised and expanded regulation and supervision, more intensive scrutiny of the Bank's businesses and any plans for expansion of those businesses, new activities limitations, a systemic risk regime that imposes heightened capital and liquidity requirements and other enhanced prudential standards, new resolution regimes and resolution planning requirements, new restrictions on activities and investments imposed by Section 619 of the Dodd-Frank Act adopted in 2017 (such statutory provision together with such implementing regulations, the "**Volcker Rule**"), and comprehensive new derivatives regulations. While certain portions of these reforms are effective, others are still subject to final rulemaking or transition periods. Many of the changes required by these reforms could materially affect the profitability of the Bank's businesses and the value of assets which the Bank holds, expose the Bank to additional costs, require changes to business practices or force it to discontinue businesses, adversely affect the Bank's ability to pay dividends and repurchase its own stock, or require it to raise capital, including in ways that may adversely affect the Bank's shareholders or creditors. In addition, regulatory requirements that are being proposed by foreign policymakers and regulators may be inconsistent or conflict with regulations that the Bank are subject to in the US and, if adopted, may adversely affect the Bank. While there continues to be uncertainty about the full impact of these changes, the Bank is and will continue to be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future. For example, the Volcker Rule provisions of the Dodd-Frank Act will have an affect on the Bank, including potentially limiting various aspects of the Bank's business.

RISKS RELATING TO INDONESIA

The Bank is subject to the political, economic, legal and regulatory environment in Indonesia and substantially all of its operations and assets are located in Indonesia. The Bank's business, financial condition and results of operations may be affected by changes in Government policies, laws and regulations. Investing in Indonesia and companies located in Indonesia involves many risks, including the following:

Noteholders will be exposed to a legal system subject to considerable discretion and uncertainty and may have difficulty pursuing claims under the Notes

Indonesian legal principles relating to the rights of debtors and creditors and their implementation by Indonesian courts may differ materially from the legal principles that would apply or their implementation by the courts if the Bank was established in other jurisdictions such as the United States or the European Union. Neither the rights of debtors nor the rights of creditors under Indonesian law are as clearly established as under legislation or judicial precedent in most United States and European jurisdictions. In addition, under Indonesian law debtors may have rights and defences to actions filed by creditors that these debtors would not have in jurisdictions with more established legal regimes, such as those in the United States and the European Union member states.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and, although the judiciary has taken steps to systematically publish decisions and make these electronically accessible, not all such decisions are so published or readily accessed. Many of Indonesia's commercial and civil laws and rules on judicial process were based on Dutch law in effect prior to Indonesia's independence in 1945 and some of the laws have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of many Indonesian laws depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised.

In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Governmental agencies may be subject to considerable discretion and uncertainty. Further, there is also no assurance that Indonesian courts would enforce, or even consent to adjudicating agreements that are governed by non-Indonesian law.

On 2 September 2013, the holders of notes issued by BLD Investments Pte. Ltd and guaranteed by PT Bakrieland Development Tbk ("**Bakrieland**"), under a trust deed governed under English law, filed a suspension of debt payment petition with the Jakarta Commercial Court on grounds including that Bakrieland had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their put option under the terms of the notes. In its decision dated 23 September 2013, the Jakarta Commercial Court ruled, among other things, that the trust deed relating to the notes is governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and, accordingly, that it does not have authority to examine and adjudicate this case.

Even though the Notes are issued directly by the Bank under the Trust, Indonesian companies which had defaulted on notes using a structure involving note issuance by an offshore subsidiary of an Indonesian company and guarantee granted by an Indonesian company, have successfully sued creditors and other transaction participants resulting in judgments against defendants invalidating all obligations under the notes and in damages against defendants in excess of the amounts borrowed.

For instance, an Indonesian company, PT Trikomsel Oke Tbk ("**Trikomsel**"), in early 2016 entered into suspension of debt payment proceedings (*Penundaan Kewajiban Pembayaran Utang*/PKPU). The administrators were reported to have rejected claims that arose from holders of their two Singaporean Dollar bonds and have taken the stance that the trustees under such bonds did not have any standing to make claims on behalf of bondholders. Further, they asserted that only individual bondholders that had filed claims on their own would be able to participate in the suspension of debt payment proceedings and to vote on any restructuring plan. On 28 September 2016, the suspension of debt payment obligations process was settled between Trikomsel and its creditors through the establishment of a composition plan (*rencana perdamaian*) which was approved by certain bondholders, and then ratified by the Jakarta Commercial Court. Based on an announcement from Trikomsel on 5 October 2016, under the composition plan, the bondholders of the two of Singaporean Dollar bonds may be required to convert their notes into new shares to be issued by Trikomsel, thereby extinguishing the bonds.

As a result, it may be more difficult for investors to pursue a claim against the Bank in Indonesia than it would be to do so in other jurisdictions, such as the United States and the European Union, which may adversely affect the investors ability to obtain and enforce a judgment against the Bank in Indonesia and increase the investors costs of pursuing, and the time required to pursue, claims against the Bank.

Downgrades of credit ratings of Indonesia could adversely affect the Indonesian financial market and the Bank's ability to finance operations and grow

Currently, Indonesia's sovereign foreign currency long-term debt is rated "Baa2" by Moody's (upgraded from "Baa3" on 14 April 2018), "BBB" by Fitch (upgraded from "BBB-" on 20 December 2017) and "BBB" by S&P (affirmed on 17 April 2020). On 17 April 2020, S&P downgraded its outlook for Indonesia to negative (from stable), to reflect the additional adverse risk to the Government's fiscal and external metrics as a result of the Covid-19 pandemic. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due, and are an improvement over the sovereign rating granted by these international credit rating agencies to Indonesia following the 1997 financial crisis.

Even though the recent trend in Indonesian sovereign ratings has been positive, there can be no assurance that Moody's, S&P, Fitch or any other international credit rating agency will not downgrade the credit ratings of Indonesia. Any such downgrade could have an adverse impact on liquidity in Indonesian financial markets, on the ability of the Government and Indonesian companies, including the Bank, to raise additional financing and on the interest rates and other commercial terms at which such additional financing is available.

The Bank is subject to political, legal and regulatory conditions in Indonesia that differ in certain significant respects from those prevailing in other countries with more developed economies. The Bank's business and operations are subject to the changing economic and political conditions prevailing from time to time in Indonesia. The Government has frequently intervened in the Indonesian economy and occasionally made significant changes in policy. The Bank's business, cash flows, financial condition, results of operations and prospects may be adversely affected by changes in Government policies.

Labour activism and legislation could adversely affect the Bank, its customers and Indonesian companies in general, which in turn could affect the Bank's business, financial condition and results of operations

Laws and regulations that facilitate the formation of labour unions, combined with weak economic conditions, have in the past resulted, and may in the future result, in labour unrest and activism in Indonesia. A labour union law passed in 2000 permits employees to form unions without intervention from their employers. A labour law, passed in 2003 (the "**Labour Law**"), increased the amount of mandatory severance, service and compensation payments payable to terminated employees. The Labour Law requires implementation of regulations that may substantially affect labour regulations in Indonesia. The Labour Law requires bipartite forums with participation from employers and employees and the participation of more than 50.0% of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Under the Labour Law, employees who voluntarily resign are entitled to payments for, among other things, unclaimed annual leave, relocation expenses (if any), and other expenses. The law also set up more permissive procedures for staging strikes. Although several labour unions challenged the Labour Law on constitutional grounds, the Indonesian Constitutional Court declared it valid, except for certain provisions, such as the procedures for terminating the employment of an employee who commits a serious misconduct and criminal sanctions against an employee who instigates or participates in an illegal labour strike. As a result, the Bank may not be able to rely on certain provisions of the Labour Law.

Labour unrest and activism in Indonesia could disrupt the Bank's operations or those of its customers and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Indonesian stock exchanges and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect the Bank's business, prospects, financial condition and results of operations.

Indonesian law requires agreements involving Indonesian parties to be written in the Indonesian language and allows parties thereto to elect a foreign language version of such agreement as the governing language; however, in the event of proceedings in an Indonesian court there can be no assurance that the judges will render their decision based on the foreign language version

Pursuant to Law No. 24/2009, agreements between Indonesian entities and other parties must be set out in Bahasa Indonesia, which is the national language of Indonesia, save that where such party is a foreign entity or individual, the agreement may also be prepared in the language of such foreign party or in the English language, provided that the agreement in the foreign language and the agreement in the Indonesian language are equally authoritative. Law No. 24/2009 is silent on the governing language if there is more than one language used in a single agreement or on the consequence in the event that applicable agreements are not prepared in the Bahasa Indonesia language.

On 30 September 2019, the President of the Republic of Indonesia issued PR No. 63/2019 to implement the provisions under Law No. 24/2009. PR No. 63/2019 stipulates that Indonesian language must be used in memorandums of understanding or agreements that involve, among others, Indonesian private entities (including Indonesian limited liability companies). If the agreement involves a foreign party, the agreement may also be made in the national language of such foreign party or in English. This provision also implies that the Indonesian language version of the agreement needs to be executed at the same time as the English version of the agreement, or the agreement will need to be executed in a bilingual version. In addition, PR No. 63/2019 expressly confirms that parties to an agreement involving foreign parties may agree on any prevailing language of the agreement if there are any inconsistencies between the Indonesian language version and the foreign language version.

In addition to this implementing regulation, the MSOE has also issued a Circular Letter No. SE-12/MBU/2009, dated 3 November 2009, which recommends that any state-owned enterprise must use Bahasa Indonesia in every memorandum of understanding or agreement to which such state-owned enterprise is a party.

The Trust Deed and certain other documents entered into in connection with the issue of the Notes thereunder were or will be prepared in dual English and Bahasa Indonesia forms as permitted under the Law No. 24/2009 and, pursuant to the Law No. 24/2009, each version will be considered equally original. All of these documents expressly state or will expressly state that the English versions will prevail, which is in line with the provisions of PR No. 63/2019.

Some concepts in the English language may not have a corresponding term in Bahasa Indonesia, or may not be fully captured by the Bahasa Indonesia version. If this occurs, there can be no assurance that the Notes, including the terms under the Trust Deed, will be as described in this Offering Circular, or will be interpreted and enforced by the Indonesian courts as intended. Should our agreements be held invalid or misinterpreted as a result of Law No. 24/2009, our results of operations and financial condition may be materially and adversely affected.

The interpretation and implementation of legislation on governance in Indonesia is uncertain and may adversely affect the Bank

During the administration of former President Soeharto, the central Government controlled almost all aspects of national and regional administration. Following the end of his administration in 1998, the Government enacted a number of laws to increase regional autonomy. Under these laws, regional governments have greater powers and responsibilities over the use of national assets to create a more balanced and equitable financial relationship with the central Government. Any new regulations, and the interpretation and implementation of those new regulations, may differ materially from the current legislative and regulatory framework and its current interpretation and implementation. The Bank may also face conflicting claims between the central Government and regional governments regarding, among other things, jurisdiction over the Bank's operations and new or increased local taxes. The regional governments where the Bank's operations are located could adopt regulations, or interpret or implement the regional autonomy laws in a manner, that adversely affects the Bank's business operations and prospects. The Minister of Home Affairs of Indonesia has issued two Ministerial Instructions on 16 February 2016 and 4 April 2016, respectively, which mainly instruct all Governor and Mayor/Head of Regency in Indonesia to revoke/amend every regional regulation and decree issued by both the regional government and the Mayor/Head of Regency which impede investment bureaucracy and licences. The Bank's business and operations are located throughout Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

The Bank faces legal and regulatory risks in the Republic of Indonesia

The Bank's businesses in the Republic of Indonesia are subject to various regulatory requirements of the Government and the Bank is also subject to certain licences, permits and approvals to operate its business. The breach of any law and regulation in the Republic of Indonesia by the Bank or an adverse application or interpretation of the relevant laws and regulations and requirements may materially and adversely affect the Bank's business. In the future, the Bank may be required to renew its licences, permits and approvals and/or obtain new licences, permits and approvals and there can be no assurance that the relevant authorities will issue any of such licences, permits or approvals (where such renewal is subject to discretion) in the timeframe within which the Bank anticipates or that such licences, permits and approvals as renewed will not be subject to conditions that are more stringent or restrictive than those currently imposed by the Bank's existing licences, permits and approvals. In addition, if the Bank is found to be in breach of any conditions of its licences, permits or approvals or if it does not hold the requisite licences, permits or approvals, it may be subject to penalties, fines, criminal or civil sanctions and the relevant licence, permit or approval may be suspended, cancelled or subject to additional conditions which could adversely affect the Bank's business, financial condition or results of operations.

Further, the principles and interpretation of Indonesian laws and regulations relating to matters such as corporate governance practices may be unclear and the application and enforcement of such corporate governance practices may be subject to uncertainty and considerable discretion. At times, the interpretation or application of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public. Under such circumstances, a consultation with the relevant authority in Indonesia may be necessary to obtain a better understanding or clarification of the applicable laws and regulations. The lack of certainty in the interpretation, implementation and enforcement of the Indonesian laws and regulations may affect the Bank's business.

Certain other risks associated with the legal system in the Republic of Indonesia include: (i) the untested nature of judicial independence and the judiciary's insulation from economic, political or nationalistic influences; (ii) inconsistencies between and among laws; (iii) the possibility that laws coming into force in the future may have a retrospective effect; (iv) insufficient funding and staffing of courts compared to levels in developed countries; (v) difficulties in predicting or anticipating future developments in the legal system; (vi) cultural differences and differences in corporate governance practices; and (vii) the relative unfamiliarity of judges and courts with complex commercial or financial transactions.

The Bank is subject to risk of imposition or modification of exchange control restrictions

Currently, Indonesia has limited foreign exchange restrictions. The Rupiah is, in general, freely convertible. However, in an effort to maintain the stability of the Rupiah and to prevent non-residents from using Rupiah for speculative purposes, Bank Indonesia regulations on the purchase of foreign currency restrict the movement of Rupiah from banks within Indonesia to (a) offshore banks, (b) offshore branches or offices of Indonesian banks or (c) any investment in Rupiah by foreign parties or Indonesian citizens domiciled or permanently residing outside Indonesia, without underlying trade or investment reasons, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all people and legal entities that are domiciled, or who plan to reside, in Indonesia for at least one year. Bank Indonesia regulations also require resident banks and companies to report to Bank Indonesia all data concerning their foreign currency activities. Additionally, as the Notes are denominated in a foreign currency, the Bank remains susceptible to the risks of being subject to future imposition or modification of exchange controls by Bank Indonesia. Such risks are usually dependent on various economic and political events over which the Bank does not have any control. The risk of being subject to exchange control restrictions in the future means that the Bank's ability to fulfil its obligations under agreements with creditors outside of Indonesia or where the obligations are denominated in other currencies may be impaired. As a way to manage such potential risks, as of 31 December 2019, the Bank has a Net Open Position for foreign currencies of 1.19% based on the policy.

Substantial decreases or increases in oil prices could adversely affect the Indonesian economy

Global oil prices have fallen precipitously due to significant oversupply in the world oil markets and substantially decreased demand, and the US benchmark oil price (West Texas Intermediate) turned negative to an intraday low of US$40.32 on 21 April 2020. Indonesia is an oil producer and at times has been a net oil exporter, and the state-owned oil company PT Pertamina (Persero) is a key borrower of the Bank. Low oil prices negatively and adversely affect the Bank's customers in the domestic oil industry and could in turn adversely affect the business, financial condition and results of operations of the Bank.

Future increases in the cost of oil globally may negatively affect the economic growth and stability of Indonesia. The economic and political conditions in Indonesia also make it difficult to predict whether oil will continue to be available at prices that will not harm economic growth and stability. For example, in October 2005, the Government implemented new policies, including a reduction in fuel subsidies, which resulted in significant political tension. In addition to the reduction of fuel subsidies, policies have been formulated to reduce reliance on the use of oil as the main source of energy and improve the supply of oil that can be produced domestically to allow Indonesia to become a net oil exporter. However, there can be no assurance that future increases in oil prices in Indonesia will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Bank's businesses, financial condition and results of operations. There is no certainty that oil prices will remain low, particularly as a number of countries including Russia, and the Organisation of the Petroleum Exporting Countries, have agreed to reduce their oil output so as to influence the market to increase oil prices.

In April 2008, the World Bank reported that global wheat and overall food prices had risen by approximately 181% and 83%, respectively, in the immediately preceding 36-month period, and the IMF released warnings regarding the impact of these price increases on developing countries. Also in April 2008, sabotage by militants of two key oil pipelines in Nigeria caused benchmark New York Mercantile Exchange oil futures prices to rise to record highs. Future increases in oil and food prices may negatively affect the economic growth and stability of Indonesia and which in turn could adversely affect the business, financial condition and results of operations of the Bank.

Indonesia is located in a geologically active zone and is subject to the risk of significant geological and other natural disasters, which could lead to social and economic instability

The Indonesian archipelago is one of the most volcanically active regions in the world. As it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity, which can lead to destructive earthquakes, volcanoes and tsunamis. Examples include the 2004 Indian Ocean Tsunami that devastated the province of Aceh, as well as the volcanic eruptions of Mount Rinjani and Mount Raung in 2015 and Mount Agung in 2017, which resulted in the closures of both domestic and international airports in the vicinity.

There can be no assurance that future geological or meteorological occurrences will not significantly harm the Indonesian economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centres could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting the Bank's business, financial condition and results of operations. Even where natural disasters do not have a significant impact on the Indonesian capital markets or the country's economic indicators, they may disproportionately affect the Bank's results of operations and financial condition given its presence across the Indonesian archipelago and exposure to individuals and small businesses throughout the country.

Additionally, any recovery and relief efforts necessary after a disaster may impose a strain on the Government's finances, and may impair its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, thereby materially and adversely affecting the Bank's business, financial condition and results of operations.

Indonesian corporate and other disclosure and accounting standards differ from those in the United States, countries in the European Union and other jurisdictions

The Bank is subject to corporate governance and reporting requirements in Indonesia that differ, in significant respects, from those applicable to companies in certain other countries. One of the differences is due to time lag of IFRS implementation in Indonesia. The amount of information made publicly available by issuers in Indonesia may be less than or different from that made publicly available by comparable companies in other more developed countries, and certain statistical and financial information of a type typically published by companies in other more developed countries may not be available. As a result, investors may not have access to the same level and type of disclosure that may be available in other countries, and comparisons with other companies in other countries may not be possible in all respects.

The Bank's consolidated financial statements are prepared in accordance with IFAS, which is an accounting standard converged from IFRS. However, due to the time lag of IFRS implementation in Indonesia, some of IFAS are different from IFRS implemented in European Union and Other Jurisdiction, and also different from US GAAP. As a result, its consolidated financial statements and reported earnings could be different from those which would be reported under current IFRS and US GAAP. This Offering Circular does not contain a reconciliation of the Bank's consolidated financial statements to current IFRS and US GAAP, and there is no assurance that such a reconciliation would not reveal material differences.

Political instability in Indonesia, including as a result of terrorist activity, could adversely affect the economy, which in turn could affect the Bank's business, financial condition and results of operations

From time to time in recent years, Indonesia has experienced instability and general social and civil unrest on several occasions. Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, and former President Yudhoyono, as well as in response to specific issues, including fuel subsidy reductions, privatisation of state assets, anti-corruption measures, decentralisation and provincial autonomy and the American-led military campaigns in Afghanistan and Iraq. Although these demonstrations were generally peaceful, some turned violent. Other protests regarding elections occurred when Indonesia's Electoral Commission ("**KPU**") formally announced the results of the 2019 presidential election and it was confirmed that the incumbent President Joko Widodo won the presidential polls with 55.5% of the total votes. The result triggered allegations of electoral fraud. Thousands of supporters of the opposing candidate, Prabowo Subianto, then held a rally in front of the Elections Supervisory Agency's ("**Bawaslu**") headquarters on Jl. Thamrin in Central Jakarta on 21 May 2019, calling for the disqualification of Joko Widodo from the presidential election. The rally ended with a riot on 22 May 2019 in Central Jakarta. Further, the opposing party has challenged the election result to the Constitutional Court with regard to such fraud allegation, resulting in political uncertainty and instability in Indonesia. The Constitutional Court rejected the appeal for the presidential election result on 27 June 2019.

Further, recently in September 2019, the House of Representatives *(Dewan Perwakilan Rakyat)* planned to enact a draft Indonesian criminal code and a draft anti-corruption law which was met by a series of protests and rallies rejecting the draft laws. The protestors argued that the draft criminal code contained several articles that potentially threaten civil liberty and contradicts several Constitutional Court decisions. The draft anti-corruption law was also rejected by the protestors on the grounds that the draft law has onerous requirements that would essentially hinder the eradication of corruption. After the rallies on 30 September 2019, there was a riot where several police stations and public property were destroyed. Due to the controversy surrounding the draft laws and series of rallies, the Government agreed to postpone the enactment and further revise the draft laws.

Finally, there also have been separatist movements and clashes between religious and ethnic groups in certain parts of Indonesia.

Separately, over the past several years, there have been various terrorist attacks in Indonesia directed towards the Government, foreign governments, and public and commercial buildings frequented by foreigners, which have killed and injured a number of people. On 13 May 2018 and 14 May 2018, multiple bombings occurred in several churches and a police station in Surabaya, East Java, killing at least 28 people and injuring at least 57 people.

Violent acts arising from, and leading to, social, civil and political instability and unrest have in the past had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, which could have a material adverse effect on the Bank's business, financial condition and results of operations.

RISKS RELATING TO THE INDONESIAN BANKING INDUSTRY

Indonesian banks are generally exposed to higher credit risks and greater market volatility than banks in more developed countries

Indonesian banks are subject to the credit risk that Indonesian borrowers may not make timely payment of principal and interest on loans and in particular that, upon such failure to pay, Indonesian banks may not be willing or able to enforce any security interest or guarantee they may have. The credit risk of Indonesian borrowers is, in many instances, significantly higher than that of borrowers in more developed countries due to the greater uncertainty associated with the Indonesian regulatory, political, legal and economic environment, the large foreign debt of the Government and corporations relative to Indonesia's gross domestic product and the greater volatility of interest rates and the Rupiah to US dollar exchange rate. Any significant political or economic event in Indonesia may result in a rapid deterioration in the credit quality of the Bank's loan portfolio and, as a consequence, a significantly higher percentage of NPLs than banks in more developed countries generally experience.

Higher credit risk affects the quality of loan portfolios and exposes Indonesian banks, including the Bank, to greater potential losses and higher risks than banks in more developed countries. In addition, higher credit risk may make it more difficult or more expensive for the Bank to raise equity financing. Such losses and higher capital costs arising from this higher credit risk may have a material adverse effect on the Bank's business, prospects, financial condition and results of operations.

High levels of inflation and high interest rates in Indonesia could adversely affect the Bank's financial condition and results of operations

Interest rates are affected by the rate of inflation. Historically, Indonesia has experienced periods of high inflation. The official inflation rate reported by Statistics Indonesia (*Badan Pusat Statistik*), also known as BPS-Statistics Indonesia, for the years ended 31 December 2017, 2018 and 2019 and for the three months ended 31 March 2020 was 3.61%, 3.13%, 2.72% and 0.76%, respectively. Inflation can significantly increase the Bank's costs, including its cost of funds, employee compensation and other overhead expenses. Additionally, until the Bank makes appropriate adjustments, inflation causes the real value of the Bank's gross interest income to decrease, which would have a material adverse effect on its NIMs, expense structure, cash flow, business, financial condition and results of operations. Further, high inflation rates could have an adverse effect on Indonesia's economy, business climate and consumer confidence. As a result, a high rate of inflation in Indonesia could have a material adverse effect on the Bank's financial condition and results of operations.

The Indonesian banking sector has faced significant financial and operating difficulties in the past, and there can be no assurance that it will not face financial and operating difficulties in the future

The 1997 Asian financial crisis caused significant financial and operating difficulties for the Indonesian banking sector. These difficulties included interest rate volatility, liquidity constraints, low or negative interest margins, low deposit growth, deterioration of asset and credit quality, declining collateral values, substantial NPLs, low or negative loan growth and potential or actual under capitalisation. It also resulted in a substantial depreciation in the value of the Rupiah and depletion of Indonesia's foreign currency reserves as well as reliance on multilateral lenders and creditor groups to prevent sovereign debt defaults.

In 1998, the Government established the Indonesian Bank Restructuring Agency (the "**IBRA**") to restructure the banking system. In 1999, the Government, through Bank Indonesia and IBRA, undertook significant reforms, including closing, liquidating, selling interests in or merging a number of banks. Further disruptions in the Indonesian financial sector, or general economic conditions in Indonesia, may cause the Indonesian banking sector in general, and the Bank in particular, to experience any or all of the aforementioned challenges including substantial increases in NPLs, problems meeting capital adequacy requirements, liquidity problems and other challenges. There can be no assurance that the Government, acting through Bank Indonesia or otherwise, will not take additional actions in relation to Indonesian banks, including the Bank, including forced acquisitions or mergers, bank closures, increases in interest rates, increases in regulatory capital requirements or exchange controls.

Indonesian banks have limited independent information regarding the credit history and status of potential borrowers

Banks in Indonesia have limited independent information regarding the credit history of potential borrowers in Indonesia, including repayment histories. Limited access to credit history information is a risk which Indonesian banks such as the Bank must consider when extending credit, since no third-party institution monitored credit histories in Indonesia prior to 1990. Currently, information regarding the credit repayment history of potential Indonesian borrowers is only provided by Bank Indonesia. Beginning 27 March 2017, two private credit bureau companies, PT Pefindo Biro Kredit

(PBK) and Kredit Biro Indonesia Jaya (KBIJ), started to provide credit history information and credit risk scoring services based on such information from Bank Indonesia. However, no information is currently available from any source regarding debt incurred by potential borrowers through banks or financing sources other than the information available from Bank Indonesia. The lack of complete and detailed information regarding the credit history and status of potential borrowers makes it difficult to reliably assess the creditworthiness of potential borrowers.

Regulations for classification and provisioning of NPLs may result in inadequate provisions and are subject to change by Bank Indonesia and the OJK

Bank Indonesia and the OJK has revised its asset classification, loss provisioning and credit restructuring regulations in recent years in order to facilitate more accurate estimates of the probability that debtors will be able to fulfil their future obligations for purposes of loan classification, rather than relying on historical performance alone. Bank Indonesia reviews its policies with regard to loan classification from time to time. Such reviews may affect the classification of the Bank's assets and provision requirements. OJK regulations require that Indonesian banks classify NPLs into three categories corresponding to their risk of non-payment: sub-standard, doubtful and loss. In addition, Indonesian banks are required to classify performing loans in two categories: current and special mention. Generally, classification depends on a combination of a number of quantitative factors as well as, to a lesser extent, qualitative factors relating to the business prospects of the borrower and its affiliates, financial performance of the borrower and the borrower's capacity for repayment. Loans delinquent for more than 90 days are considered to be non-performing. These requirements are subject to change by Bank Indonesia and the OJK.

In addition, the Bank is required to assess its classifications of outstanding loans by considering loan classifications made by other banks in Indonesia for facilities that they have extended to the same borrower or that they have extended to finance the same project. To the extent that other banks in Indonesia have classified loans in a lower category than the Bank, the Bank is required to adjust its classifications accordingly and make additional loan loss allowances.

For loan classification, Bank Indonesia guidelines primarily focus on quantitative factors, such as the number of months a payment is in arrears and to a lesser degree, on qualitative factors such as the business prospects of the borrower and its affiliates. Moreover, IAS 39 requires that impaired loans be recorded at the present value of expected cash flows discounted by the loan's original effective interest rate. In addition to that, in the coming year there will be an implementation the new impairment method, where there is a change from an incurred loss approach (IAS 39) to expected loss approach (IFRS 9). This more conservative and forward-looking approach may require even higher provisioning for the Bank's assets.

The Bank's loan classification and provisioning policies have a significant impact on the results of its operations. Although the Bank's loan classification and provisioning policies comply with current Bank Indonesia and OJK guidelines, there can be no assurance that its allowances are sufficient to reflect its actual future recovery on these loans or that the Bank will not have to make significant additional allowances for possible loan losses in future periods.

The Bank's payment obligations within Indonesia which are denominated in foreign currencies may be subject to sanctions

On 28 June 2011, the Government enacted the Currency Law, which took immediate effect. The Currency Law requires an implementing regulation to be issued within one year of the date of its enactment. Article 21(1) of the Currency Law requires the mandatory use of the Rupiah (as the local currency) within the Indonesian territory for the following transactions:

(a) payment transactions;

(b) settlement of obligations in cash; and/or

(c) other financial transactions (e.g., money transfer from the customers to banks). However, Article 21(2) of the Currency Law provides exemptions for:

   (i) certain transactions related to the implementation of the state budget;

   (ii) receipt or grant of offshore grants;

   (iii) international commercial transactions;

   (iv) bank deposits in foreign currency; or

   (v) international financing transactions.

Article 23(2) of the Currency Law contains an additional exemption from the mandatory use of Rupiah where payments or settlements of obligations in foreign currencies have been agreed in writing.

Article 23 of the Currency Law prohibits any party from refusing to accept Rupiah as payment or in fulfilment of its obligations, which must be satisfied in Rupiah, and/or for other financial transactions in Indonesia except where there is doubt as to the authenticity of the Rupiah paid. Failure to comply with the Currency Law may result in imprisonment of up to one year and fines of up to Rp200 million, and if the violation is committed by a company, the sanction will be in the form of fines, which will be increased by one-third. In addition, an additional sanction in the form of business licence revocation may also be imposed on the company.

The Bank has payment obligations denominated in foreign currencies under certain agreements. If it is required by the Currency Law to make such payments in Rupiah, the Bank may be in breach of its payment obligations under these contracts. There is uncertainty regarding the enforcement and impact, including the implementation of Articles 21 and 23 because Article 21 forbids settlement in a currency other than the Rupiah, while Article 23 provides a very broad exception to the prohibition of the rejection of Rupiah. The Currency Law is implemented by Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory Use of Rupiah within the territory of the Republic of Indonesia and Bank Indonesia Circular Letter No. 17/11/DKSP. Due to the inconsistency in the implementation of mandatory use of Rupiah, there can be no assurance that the Currency Law will not materially and adversely affect the Bank's contractual obligations, which are denominated in US dollars within Indonesia.

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features and risks associated:

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks".

Interest rates and indices which are deemed to be "benchmarks", (including the London interbank offered rate ("**LIBOR**") and the euro interbank offered rate ("**EURIBOR**") are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and was applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (the "**FCA**") confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**ESTER**") as the new risk free rate. ESTER is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a benchmark replacement event occurs, including if a relevant Reference Rate and/or any page on which a relevant Reference Rate may be published, becomes unavailable, or if the Bank, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Pricing Supplement) are no longer permitted lawfully to calculate interest on any Notes by reference to such a Reference Rate under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Terms and Conditions), with or without the application of an adjustment spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Bank (acting in good faith and in consultation with an Independent Adviser). An adjustment spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of a relevant Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Reference Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing a relevant Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant Reference Rate were to continue to apply in its current form.

If, following the occurrence of a benchmark replacement event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of the Notes in making any investment decision with respect to any Notes referencing a benchmark.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Bank may elect to convert from a fixed rate to a floating rate, or vice versa. The Bank's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Bank may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Bank converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Bank converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Index linked notes and dual currency notes

The Bank may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Bank may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(a) the market price of such Notes may be volatile;

(b) they may receive no interest;

(c) the payment of principal or interest may occur at a different time or in a different currency than expected;

(d) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;

(e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and

(g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Partly Paid Notes

The Bank may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Notes could result in such investor losing all of his investment.

Notes subject to optional redemption by the Issue

An optional redemption feature is likely to limit the market value of Notes. During any period when the Bank may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Bank may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

RISKS RELATING TO THE NOTES GENERALLY

Purchasers of the Notes may not be able to enforce a foreign judgment in Indonesia against the Bank

The Bank is a limited liability company incorporated under the laws of Indonesia. All of its Commissioners, Directors and executive officers reside in Indonesia. Substantially all of the Bank's assets and the assets of such persons are located in Indonesia. As a result, it may not be possible for investors to effect service of process upon the Bank or such persons outside of Indonesia or to enforce against the Bank or such persons judgments obtained in foreign courts, including judgments predicated upon the civil liability provisions of foreign securities laws.

Judgments of foreign courts, including judgments predicated upon the civil liability provisions of the foreign securities laws, are generally not enforceable in Indonesian courts, and there is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability provisions of foreign securities laws. As a result, investors may be required to pursue claims against the Bank in Indonesia under Indonesian law.

The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of investors in the same manner or to the same extent as would foreign courts. Indonesia's legal system is a civil law system based on written statutes, and decided legal cases do not constitute binding precedent. The administration of laws and regulations by courts and Government agencies may be subject to considerable discretion. In addition, because relatively few disputes relating to commercial matters and modern financial transactions and instruments are brought before Indonesia's courts, such courts do not necessarily have the experience of courts in other countries. There is no certainty as to how long it will take for proceedings in Indonesian courts to be concluded, and the outcome of proceedings in Indonesian courts may be more uncertain than that of similar proceedings in other jurisdictions. Accordingly, it may not be possible for investors to obtain timely and equitable enforcement of their legal rights.

With respect to international arbitration awards, pursuant to Law No. 30/1999, a written arbitration agreement obviates the rights of the parties to bring a dispute in the Indonesian district court, which would otherwise have jurisdiction over civil disputes. Further, such court has no authority to hear disputes where parties are bound by an arbitration agreement and is required to reject and not participate in the resolution of disputes which have already been adjudicated by arbitration, except in limited circumstances as provided in Law No. 30/1999.

In general, Indonesian courts should honor such arbitration agreements, however, there are a number of precedents whereby parties who lost (or expect to lose) an arbitration attempt to by-pass an arbitration agreement or award by bringing a lawsuit before an Indonesian district court on a theory of tort or fraud, and Indonesian courts have accepted the lawsuit on such basis and awarded damages to the losing party in the arbitration on the grounds of tort despite the clear agreement by the relevant parties to arbitrate.

There were also a number of cases in which foreign arbitral awards were annulled by the Indonesian courts. Pursuant to Law No. 30/1999, an application to annul an arbitration award may be made if any of the following conditions are alleged to exist: (i) letters or documents submitted in the hearings are acknowledged to be false or forged or are declared to be forgeries after the award has been rendered, (ii) after the award has been rendered, documents are found which are decisive in nature and which were deliberately concealed by the opposing party, or (iii) the award was rendered as a result of fraud committed by one of the parties to the dispute. The basis for the annulment petition shall be evidenced by a court decision, and that if a court decides that the basis for the petition is with or without merit, then this court decision may be used as grounds for a judge to grant or reject the petition. Further, if the application for annulment is granted, the Chairman of the relevant Indonesian district court shall determine further if the arbitration award should be annulled in whole or in part.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Investors should pay attention to any modification and waivers

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Bank, in the circumstances described in Condition 15.

Bearer Notes where denominations involve integral multiples: definitive bearer Notes

In relation to any issue of Notes in bearer form that have denominations consisting of a minimum Specified Denomination (as specified in the applicable Pricing Supplement) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Performance of contractual obligations

The ability of the Bank to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Trustee, Transfer Agent, Registrar, and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Bank of its obligations to make payments in respect of the Notes, the Bank may not, in such circumstances, be able to fulfil its obligations to the Noteholders.

US Foreign Account Tax Compliance Act Withholding and Section 871(m) Withholding

Pursuant to the US Foreign Account Tax Compliance Act (the "**FATCA**"), all or portion of payments made in respect of any Notes issued on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are published in the Federal Register may be subject to FATCA withholding at a rate of 30.0% However, this withholding would not apply to payments on or with respect to the Notes prior to the later of (i) 1 January 2019 or (ii) the date on which the final regulations applicable to "foreign passthru payments" are published in the Federal Register. In addition, all or a portion of payments made on certain Index-Linked Notes may be subject to US tax withholding under Section 871(m) of the US Internal Revenue Code ("**871(m) Withholding**") if they reference US corporate equity. If an amount in respect of US federal withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA or 871(m) Withholding, none of the Bank, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest or principal than expected. Holders of the Notes should consult their own tax advisers to obtain more detailed explanation of FATCA and 871(m) Withholding and how these rules may apply to payments they receive under the Notes.

The application of FATCA and 871(m) Withholding to Notes may be further addressed in the relevant Pricing Supplement or a supplementary offering circular to this Offering Circular, as applicable.

The application of FATCA to the Notes may be modified or supplemented by an intergovernmental agreement in respect of FATCA between the US government and another jurisdiction (an "**IGA**"). Currently, Indonesia has only reached agreement in substance with the US government and no IGA has been in place.

Noteholders may not be able to bring bankruptcy proceedings against the Bank in Indonesia or elsewhere

Under Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations, only the OJK may bring any bankruptcy proceedings in Indonesia against banks in Indonesia. Accordingly, neither Noteholders nor the Trustee may be able to bring or threaten to bring any potential bankruptcy proceedings against the Bank and thus enforce the Bank's obligations under the Notes.

Noteholders also may not be able to bring bankruptcy proceedings against the Bank in other jurisdictions where the Bank has assets (including jurisdictions where the Bank's branches may be located), depending on the bankruptcy laws and regulations in the relevant jurisdiction. Even if such proceedings are successful, the Bank may have limited assets in those jurisdictions outside Indonesia.

The insolvency laws of Indonesia may differ from those of any other jurisdiction with which holders of the Notes are familiar

As the Bank is incorporated under the laws of Indonesia, an insolvency proceeding relating to the Bank, even if brought in other jurisdiction, would likely involve insolvency laws in Indonesia, the procedural and substantive provisions of which may differ from comparable provisions of insolvency law in other jurisdictions with which the holders of the Notes are familiar. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect an investor's ability to enforce such rights under the Notes in the relevant jurisdictions or limit any amounts that the investor may receive. Investors should analyse the risks and uncertainties carefully before investing in the Notes.

The value of the Notes would be adversely affected by a change in English law or administrative practice

The Conditions of the Notes are based on English law in effect as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially and adversely impact the value of any Notes affected by it.

Where the Global Notes are held by or on behalf of Euroclear, Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Bank

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes, the Bank will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear, Clearstream, Luxembourg to receive payments under the relevant Notes. The Bank has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg to appoint appropriate proxies.

The Notes are unsecured obligations

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Bank and rank pari passu among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Bank, from time to time outstanding.

The Notes will be effectively subordinated to any secured obligations of the Bank – to the extent of the assets that comprise the security for such secured obligations. In addition, payments in relation to the Notes may be adversely affected if:

- the Bank enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Bank's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Bank's indebtedness.

If any of the above events occurs, the Bank's assets may not be sufficient to pay amounts due on any Notes.

The Bank may not have the ability to raise the funds necessary to redeem the Notes upon the occurrence of certain events constituting a Change of Control Triggering Event as required by the Conditions of the Notes

Upon the occurrence of certain events constituting a Change of Control Triggering Event (as defined in the Conditions), Noteholders may require the Issuer to redeem all, but not some only, of their Notes at the specified redemption amount, together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption. If any such event were to occur, the Bank cannot make any assurance that it would have sufficient funds available at such time to pay the applicable redemption price of the outstanding Notes to be redeemed.

RISKS RELATING TO THE MARKET GENERALLY

The secondary market generally

There is no existing market for any Notes and there can be no assurances that a secondary market for the Notes will develop, or if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The market value of any Notes may fluctuate. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Bank's performance and the market for similar securities. No assurance can be given as to the liquidity of, or trading market for, any Notes and an investor in such Notes must be prepared to hold such

Notes for an indefinite period of time or until their maturity. Application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Application will be made to the Bank Indonesia and the OJK for permission to deal in and for the listing and quotation for any Notes which are agreed at the time of issue to be so listed on the Official List. Formal approval will be granted when a particular Series of Notes has been admitted to the Official List. There is no assurance that any application to the Bank Indonesia and the OJK for such approval will be granted. Historically, the market for debt securities by South East Asian issuers has been subject to disruptions that have caused substantial volatility in the prices of such securities. There can be no assurance that the market for any Notes will not be subject to similar disruptions. Any such disruption may have an adverse effect on holders of such Notes.

Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of any Series of Notes

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of any Series of Notes.

Exchange rate risks and exchange controls

The Bank will pay principal and interest on the Notes in the currency specified in the applicable Pricing Supplement (the "**Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Currency. These include the risk that foreign exchange rates may significantly change (including changes due to devaluation of the Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (i) the Investor's Currency-equivalent interest on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable foreign exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

The market value of the Notes may fluctuate

Trading prices of the Notes are influenced by numerous factors, including the operating results, business and/or financial condition of the Bank, political, economic, financial and any other factors that can affect the capital markets, the industry, the Bank generally. Adverse economic developments, acts of war and health hazards in countries in which the Bank operates could have a material adverse effect on the Bank's operations, operating results, business, financial position, and performance.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

CAPITALISATION AND INDEBTEDNESS OF THE BANK

The following table sets out the audited consolidated capitalisation and indebtedness of the Bank as of 31 December 2019. This table should be read in conjunction with the Bank's Consolidated Financial Statements included elsewhere in this Offering Circular. The translation of Rupiah amounts into US dollars at the specified rates herein is provided solely for convenience.

	As of 31 December 2019	
	(Rupiah billion)	*(US$ million)*
Indebtedness		
Obligations due immediately	3,169.45	228.31
Deposits from customers (including Temporary Syirkah Fund)		
Third parties	833,832.22	60,063.55
Related parties	99,292.32	7,152.34
Deposits from other banks (including Temporary Syirkah Fund)	13,843.89	997.22
Derivative payables	1,195.02	86.08
Liabilities to Unit-Linked policy holders	24,037.66	1,731.51
Acceptances payable	10,279.84	740.49
Debt securities issued	32,245.27	2,322.73
Securities sold under agreements to repurchase	3,782.06	272.43
Fund borrowings	54,128.56	3,899.05
Estimated losses on commitment and contingencies	386.04	27.81
Accrued expenses	6,215.56	447.73
Taxes payable	1,286.97	92.70
Employee benefit liabilities	7,586.15	546.45
Provision	405.31	29.20
Other liabilities	16,861.26	1,214.57
Subordinated loans and marketable securities	664.22	47.85
Total indebtedness	**1,109,211.81**	**79,900.00**
Shareholders' Equity		
Share capital	11,666.67	840.39
Additional paid-in capital/*Agio*	17,316.19	1,247.34
Differences arising from translation of financial statements in foreign currencies	13.39	0.96
Unrealised losses from decrease in fair value of available for sale marketable securities and Government bonds – net of deferred tax	1,385.80	99.82
Effective portion of cash flow hedges	(30.05)	(2.16)
Net differences in fixed assets revaluation	30,306.26	2,183.05
Net actuarial gain/(loss) from defined benefit program after deducting deferred tax	653.49	47.07
Others	85.05	6.13
Difference in transactions with non-controlling parties	(106.00)	(7.64)
Retained earnings		
Unappropriated	137,929.79	9,935.52
Appropriated	5,380.27	387.56
Non-controlling interests in net assets of consolidated subsidiaries	4,433.67	319.37
Total shareholders' equity	**209,034.53**	**15,057.41**
TOTAL INDEBTEDNESS AND SHAREHOLDERS' EQUITY	1,318,246.34	94,957.41

Except as described above, there has been no significant change in the indebtedness or capitalisation or contingent liabilities of the Bank since 31 December 2019.

BUSINESS

Overview

The Bank is Indonesia's largest corporate lender with Rp356.79 trillion (US$25.70 billion) of loans in its corporate loan (including Government Institutional unit loans) portfolio (defined as loans to Indonesia's 150 largest publicly-listed and other government and private companies based on revenue), and total consolidated loans (total of consolidated loans and sharia loan/financing, consumer financing receivables, and net investment finance leases, excluding allowance for impairments losses) of Rp907.46 trillion (US$65.37 billion) as of 31 December 2019. The Bank has a strong national profile with a highly recognizable brand, one of the most complete product lines among Indonesian financial institutions, and was recognized as the best employer in Indonesia in 2018, according to Forbes' "World's Best Employers" ranking. In 2017, the Bank became the first Indonesian bank to exceed Rp1,000 trillion in total assets. The Bank also has the second lowest net NPL ratio among large Indonesian banks, at 0.84% (consolidated) as of 31 December 2019. In addition, the Bank has the largest branch network (including micro branches), the second largest deposit and temporary syirkah fund base, second largest loan and financing portfolio and second lowest cost of funds among Indonesian banks, with 2,583 branches, Rp933.12 trillion (US$67.22 billion) (consolidated), Rp907.46 trillion (US$65.37 billion) (consolidated) and 2.86% per annum (Bank only), respectively, as of and for the year ended 31 December 2019.

As Indonesia's largest corporate lender, the Bank is a Domestic-Systemically Important Bank ("**D-SIB**"), with a 15.56% market share of deposits, a 15.39% market share of assets, and a 15.97% market share of loans in the Indonesian banking industry as of 31 December 2019 (on a consolidated basis, according to Bank Indonesia figures). The Bank's consolidated CASA Ratio reached 65.33% as of 31 December 2019 (total consolidated CASA (total of demand and saving deposits) of Rp609.58 trillion divided by total deposits of Rp933.12 trillion as of 31 December 2019). The Bank maintains Indonesia's largest branch network with 2,583 branches, supported by 18,291 ATMs and 39,065 employees, each as of 31 December 2019. The Bank's total consolidated loans (total of consolidated loans and sharia loan/financing, consumer financing receivables, and net investment finance leases, excluding allowance for impairments losses) grew by a CAGR of 11.53% from Rp729.54 trillion as of 31 December 2017 to Rp907.46 trillion (US$65.37 billion) as of 31 December 2019. Total deposits grew by a CAGR of 6.95% from Rp815.81 trillion as of 31 December 2017 to Rp933.12 trillion (US$67.22 billion) as of 31 December 2019.

The Bank believes it has one of the most modern and most effective risk management systems among Indonesian banks, as evidenced by the Bank having the second lowest net NPL ratio among large Indonesian banks. The Bank's consolidated gross and net NPL ratios declined from 3.46% and 1.18%, respectively, as of 31 December 2017 to 2.75% and 0.73%, respectively, as of 31 December 2018 and further decreased to 2.33% and 0.84%, respectively, as of 31 December 2019. These declines in NPL ratio were accompanied by an increase in the Bank's total loan loss allowance as a percentage of gross non-performing loan (consolidated) from 135.09% and 142.80% as of 31 December 2017 and 2018, respectively, to 144.25% as of 31 December 2019.

The Bank believes it is one of Indonesia's most profitable banks. The Bank's consolidated net profit after tax ("**NPAT**") increased from Rp25.85 trillion in 2018 to Rp28.46 trillion (US$2.05 billion) in 2019. The Bank's aggregate consolidated operating income from the Bank's wholesale, retail, institutional and treasury segments increased from Rp51.79 trillion in 2018 to Rp53.49 trillion (US$3.85 billion) in 2019.

The Bank's efforts to improve the quality of its products and services, as well as its overall operations, have earned it a number of industry accolades from both local and international institutions in 2019, including "Country Winner" for Indonesia in Best Financial Institution Foreign Exchange Awards 2019 by *Global Finance*, and "Innovative Company in Providing Intelligent Assistant and Cash for Mobile" at Indonesia Digital Innovation Awards 2019, "The Best Conventional Bank in supporting Monetary and Foreign Exchange Control" at the Bank Indonesia Award by Bank Indonesia, "Taxpayer Award 2019 for the contribution of tax revenue 2018 Large Taxpayer" by Direktorat Jenderal Pajak, "Best of The Best Apresiasi SRI KEHATI 2019" at Indonesia Green Company Award & SRI KEHATI Appreciation by Indonesian Biodiversity Conservation Trust Fund, "Best Wealth Management Bank in Indonesia" at Alpha Southeast Asia's 9th Annual Institutional Investor Awards For Corporates 2019.

The Bank's focus on corporate governance best practices has earned the Bank various recognitions from local and international institutions, including the Indonesian Institute for Corporate Governance ("**IICG**"). In assessing the quality of implementation of governance, the Bank has participated in a Corporate Governance Perception Index ("**CGPI**") research and rating program organized by the IICG. CGPI is participated by public companies, state-owned enterprises (Badan Usaha Milik Negara/BUMN), banks, and other private companies. The Bank has consistently followed the CGPI assessment for sixteen (16) consecutive years since 2003. The results of the CGPI assessment were used by the Bank to evaluate and improve the implementation of Good Corporate Governance ("**GCG**"). The Bank received the title of "Highly Trusted Company" in the 2019 CGPI assessment with a value of 94.86. In 2017, in addition to existing internal controls and risk management systems, the Bank and its Board of Commissioners upgraded the Bank's whistleblowing system and empowered employees, vendors and other stakeholders to report potential issues directly to the Bank's President Director.

As one of the manifestations of a Good Corporate Governance implementation, the Bank has provided a media report on complaints of violations named Letter to CEO (LTC). LTC aims to detect acts of fraud or indications of fraud, encourage awareness and concern for all employees as well as improve the company's reputation in the eyes of stakeholders.

Management of LTC report receipts and administration is carried out by independent third parties to provide safe-environments that encourage employees and stakeholders to dare to report fraud or indications of fraud.

The Bank operates through the following key segments:

- Wholesale Banking (divided into Corporate and Commercial Banking)
- Institutional Banking
- Retail Banking
- Treasury
- Subsidiaries (consisting of Islamic Banking, Conventional Banking, Financing Company, Insurance, Investment Banking and Investment Management)

The Bank preserves close ties among its different business units and subsidiaries through cross-selling efforts, group-wide branding, network optimisation, shared infrastructure and cost management.

Competitive strengths

The Bank believes that its principal competitive strengths are:

Leading corporate lender and one of the largest and most diversified loan portfolios among Indonesian banks, making it a Domestic-Systemically Important Bank ("D-SIB")

The Bank has the largest corporate loan (including Government Institutional) portfolio among Indonesian banks, with Rp356.79 trillion (US$25.70 billion) of corporate loans as of 31 December 2019 and total consolidated loans and financing of Rp907.46 trillion (US$65.37 billion), making it one of the largest Domestic-Systemically Important Banks (D-SIB), based on OJK criteria. The Bank defines corporate borrowers as the 150 largest publicly-listed and other government and private company borrowers in Indonesia. The Bank is a lender to each of Indonesia's ten largest publicly-listed companies, which gives the Bank a strong national profile and highly recognizable brand. The Bank is a key lender to state-owned enterprises ("**SOEs**"), which account for 18.41%

of total Bank only loans, as of 31 December 2019. The Bank is also active in the syndicated loan market, particularly for national infrastructure projects, and was the leading arranger of syndicated loans in Indonesia by value in 2018, based on Bloomberg data. In addition to loans, the Bank serves its anchor corporate borrowers with various investment banking, capital markets, cash management, treasury, payroll and insurance offerings.

In addition to corporate loans (including Government Institutional), which represented 45.03% of loans (Bank only) and 39.32% of consolidated loans as of 31 December 2019, the Bank also diversified its business to middle market and retail segments that represented 19.11% and 34.83% of its loan portfolio (Bank only). The Bank had total loans (Bank only) of Rp792.35 trillion (US$57.08 billion) as of 31 December 2019, the second largest among Indonesian banks. Given the Bank's low cost of funds, its total loan portfolio yields a NIM of 5.46%, as of 31 December 2019.

The Bank's strength in corporate lending generates ready synergies in other areas. The Bank from time to time has been expanding its payroll account base from employees of Indonesia's biggest private and government institutions. These payroll account customers, considered as low risk retail customers, continue to provide a stable low cost funding base as well as becoming the Bank's key target market when growing its retail loan portfolios.

One of the lowest cost, diversified and most stable funding bases among Indonesian banks

The Bank has the second largest funding base and second lowest cost of funds among Indonesian banks. In addition to its depositor base, as one of Indonesia's largest banks, the Bank enjoys access to domestic and international wholesale funding sources such as loans and debt securities. This funding base translates into a cost of funds (Bank only) of 2.86% per annum, the second lowest among large Indonesian banks.

The Bank has the second largest deposit and temporary syirkah fund base among Indonesian banks, with total deposits of Rp933.12 trillion (US$67.22 billion) as of 31 December 2019. This deposit base is low cost, with a 68:32 ratio (Bank only) of CASA (demand and savings deposits) to time deposit accounts, the second highest such ratio among Indonesian banks. The Bank's average cost of funds is less sensitive to increases in interest rates given this ratio. The Bank's depositors span the entire range of banking customers, from the largest private and public sector corporates to retail depositors including both high net worth individuals and mass market depositors.

The Bank's diversified funding base gives it a strong liquidity and stable funding position, as evidenced by a Liquidity Coverage Ratio of 184.13% and a Net Stable Funding Ratio of 116.56% (Bank only), each as of 31 December 2019.

Leading market position across full spectrum of financial services

The Bank has positioned itself as a one-stop provider of financial solutions for both wholesale and retail customers. The Bank believes it has the largest market share in wholesale lending in Indonesia (composed of the Bank's Corporate and Commercial Banking segments) as of 31 December 2019. In addition, the Bank believes it is among the three leading competitors in each key retail banking segment, including mortgages/housing loans (excluding Government subsidised loans), auto loans, credit cards and personal loans, as of 31 December 2019. The Bank capitalises on its market leadership in the wholesale segment, particularly in corporate loans, to accelerate growth in its retail segments, such as cross-selling retail products to the approximately 3.57 million payroll accountholders (as of 31 December 2019) of the Bank's large corporate and Government customers.

In addition, the Bank believes that its subsidiaries are also leaders in their respective markets, creating further mutual cross-selling opportunities. Mandiri Sekuritas is a leading provider of financial advisory, capital markets and brokerage services to the Bank's corporate borrowers. AXA Mandiri life insurance products are currently offered exclusively to the Bank's customers. The Bank's Priority Customer platform for high net worth individuals offers a range of asset management products such as mutual funds and discretionary funds managed by the Bank's subsidiary, Mandiri Manajemen Investasi, the largest asset management company in Indonesia by assets under management. The Bank has also successfully promoted various consumer finance and credit card offerings to retail customers, especially its payroll account customers. The Bank captures the entire life cycle of its retail customers by offering pension loans through its subsidiary, Bank Mantap.

Relative to the Bank's Rp91.53 trillion (US$6.59 billion) total interest and Sharia income in 2019, the Bank's subsidiaries contributed Sharia income of Rp7.09 trillion (US$0.51 billion), premium income of Rp11.11 trillion (US$0.80 billion) and other fee and commission income of Rp14.22 trillion (US$1.02 billion). Together, the Bank's 10 subsidiaries offer one of the most extensive product offerings among Indonesian banks, including:

- *Bank Syariah Mandiri:* Market leader in Sharia-compliant products;
- *Mandiri Sekuritas:* Investment banking and capital markets services;
- *AXA Mandiri Financial Services:* Bank assurance products and services;
- *Bank Mandiri Taspen:* Niche banking focusing on pensioners as a target market;
- *Mandiri Tunas Finance:* Multi-finance products, particularly for auto loans for new cars;
- *Mandiri Utama Finance:* Customer financing services, including financing for both new and used vehicles;
- *Asuransi Jiwa Inhealth Indonesia:* Health Insurance provider, i.e. managed care and indemnity;
- *Bank Mandiri Europe Ltd.:* specialist in the provision of structured trade finance packages for exporters and importers, and also offers treasury services;
- *Mandiri International Remittance:* remittance service provider; and
- *Mandiri Capital Indonesia:* operated in venture capital business, including investing in startups company that focus on financial technology.

Strong business franchise and extensive distribution network

The Bank believes it has one of the most extensive distribution networks among Indonesian banks, anchored by Indonesia's largest branch banking network with 2,583 branches (including micro branches), supported by 18,291 ATMs and 39,065 employees, each as of 31 December 2019. In addition, the Bank has experienced rapid growth in its digital platforms in terms of active users. The Bank launched its mobile banking platform "Mandiri Online" in 2017, and its mobile users grew by 72% from approximately 1.9 million as of 31 December 2018 to approximately 3.2 million as of 31 December 2019.

The Bank aims to expand this already extensive network by developing several digital distribution channels as customers increasingly transact online. These include its mobile banking products branded under "Mandiri Online", and its prepaid card service branded under "e-money". Finally, the Bank has entered into several partnerships with fintech companies and invests in tech startup companies through its subsidiary Mandiri Capital Indonesia.

The Bank's strong traditional and digital distribution networks have translated into approximately 25.71 million deposit accounts and approximately 2.40 million loan accounts as of 31 December 2019, compared to approximately 24.33 million and 1.80 million, respectively, as of 31 December 2018 and approximately 21.94 million and 1.79 million as of 31 December 2017.

Strong corporate governance and employee engagement

The Bank emphasises good corporate governance and adoption of best practices at all levels, from the Board of Commissioners and Board of Directors to individual business units. In 2017, in addition to existing internal controls and risk management systems, the Bank and its Board of Commissioners upgraded the Bank's whistleblowing system and empowered employees, vendors and other stakeholders to report potential issues directly to the Bank's President Director.

In assessing the quality of implementation of governance, the Bank has participated in a Corporate Governance Perception Index ("**CGPI**") research and rating program organized by The Indonesian Institute of Corporate Governance (IICG). CGPI is participated by public companies (issuers), State-Owned Enterprises (Badan Usaha Milik Negara/BUMN), banks, and other private companies. The Bank has consistently followed the CGPI assessment for sixteen consecutive years since 2003. The results of the CGPI assessment were used by the Bank to evaluate and improve the implementation of GCG. The Bank received the title of "Highly Trusted Company" in the 2019 CGPI assessment with a value of 94.86.

As one of the manifestations of a Good Corporate Governance implementation, the Bank has provided a media report on complaints of violations named Letter to CEO ("**LTC**"). LTC aims to detect acts of fraud or indications of fraud, encourage awareness and concern for all employees as well as improve the company's reputation in the eyes of stakeholders.

Management of LTC report receipts and administration is carried out by independent third parties to provide safe-environments that encourage employees and stakeholders to dare to report fraud or indications of fraud.

In addition, the Bank has been repeatedly recognised for employee engagement and employee satisfaction. The Bank received Best 2016 Employee Engagement and 2016 Indonesia Engagement Award in Platinum Category following a recent employee engagement survey in the financial services industry by the Indonesia Banking Development Institute (LPPI), Stabilitas Magazine, Kinerja Magazine, and BlessingWhite Research Agency of Indonesia. The Bank scored 73.7% or within platinum, the highest category in the survey. Further, the Bank ranked third among the Most Wanted Places for Work in the "Employer of Choice Award 2017", based on a survey by the magazine SWA in conjunction with the Hay Group. The Bank also ranked 11th in the 2018 Forbes' World's Best Employer rankings, the highest among Indonesian corporates. The Bank's reputation as an employer of choice attracts employees with the skills needed to support its digital banking initiatives, among others.

Experienced and stable management team

The Bank's twelve directors have an average of over 25 years of experience in the banking industry. Most of the Bank's senior executives have extensive experience in the banking industry and have received advanced degrees from universities abroad. Under the leadership of its management team, the Bank has shown strong operating performance over the years and has been successful in implementing its "Corporate Plan Restart" initiated in 2016. The corporate plan was initiated to drive growth by strengthening the Bank's core strength in the corporate segment and leverage its client base and value chain to offer retail banking products, while building IT and digital competency. Loan quality has improved significantly in the past three years, and the Bank's gross NPL ratio (Bank only) declined to 2.39% as of 31 December 2019. The Bank has also improved its efficiency and realized a cost to income ratio of 42.55% (Bank only) in 2019. The Bank is the least dependent on interest income among Indonesia's five largest banks, with fee-based income ratio (other operating income divided by sum of net interest income and other operating income) stands at 31.46% of its total income in 2019. Management's ability to provide strategic direction and execute business initiatives in a highly competitive market is best evidenced by the Bank's strong position in the Indonesian banking industry. In addition, the Bank's recent strong enhancement of its NPL ratio through more rigorous credit approval measures in the commercial segment also demonstrates its senior management's strategic vision, proactive approach in adapting to the changing market environment and ability to lead a modern commercial bank. The Bank believes its senior management team will continue to provide it with a critical advantage in an increasingly competitive industry.

Robust financial profile

The Bank has shown strong and stable growth in consolidated operational income[(1)], with Rp88.60 trillion (US$6.38 million), Rp85.66 trillion and Rp78.11 trillion, respectively, in 2019, 2018 and 2017. Between 2017 and 2019, the Bank's consolidated operational income grew at a CAGR of 6.50%. In addition, the Bank maintains a strong capital base and a capital adequacy ratio ("**CAR**") of 21.39% (Bank only) as of 31 December 2019, approximately 50% more than the minimum required CAR of 14%. This high ratio gives the Bank substantial stability to withstand market shocks and the capacity to capture future growth potential. The Bank believes that Indonesia's strong economy will continuously support the growth of its operations and financial performance.

Key strategies

As part of its implementation, the Bank's key strategies are:

Continue to improve asset quality

The Bank in recent years has driven profitability through improvement in asset quality rather than aggressive loan growth, given its already large loan portfolio, although the Bank continues to target loan growth above the industry average. As of 31 December 2019, the Bank had a net NPL ratio of 0.84% (consolidated), the second lowest among Indonesian banks. The Bank has been shifting its loan portfolio to expand its lower risk segments, mainly its corporate (which had a net NPL ratio of 0.04% (Bank only) as of 31 December 2019) and retail payroll segments. Within wholesale banking, the Bank periodically reviews its loan exposure to various sectors as part of its credit risk management process, and reduces exposure to sectors experiencing volatility and shifts to more resilient sectors such as infrastructure, fast moving consumer goods (FMCG) and healthcare. The Bank periodically revises portfolio guidelines that define growth targets across sectors and regions. Within the retail segment, low risk payroll customers are targeted for growth.

Diversify loan mix through growth in retail segments

Following the successful growth of its corporate segment in past years, the Bank aims to drive growth in its retail segments, mainly its individual/consumer and micro segments. While the Bank has been able to maintain its leadership position in the corporate segment, the Bank sees ample growth opportunities in the retail segment. To do this, the Bank aims to capitalize on its large corporate loan portfolio by cross-selling to employees of its anchor corporate clients, particularly Government institutions and private company employees with payroll accounts in the Bank. Within the retail segment, the Bank aims to focus on mortgages, auto loans and salary-based loans as key retail products.

(1) Operational Income means net interest, sharia and premium income, total other operating income, unrealized gain/loss from increase/decrease in fair value of policy holders investment in unit-link contracts and gains on sale of marketable securities and government bonds.

In the consumer segment, the Bank achieved a 7.92% loan growth in 2019 and a gross NPL ratio of 2.17% as of 31 December 2019 (Bank only). In particular, the Bank intends to increase its consumer loan portfolio through mortgages, car loans, and credit cards, which accounted for 11.90% of the Bank's total loans. The Bank's consumer loans (Bank only) increased by 11.59% and 7.92% in 2018 and 2019, respectively.

In the micro segment, the Bank delivered 20.11% loan growth with a NPL ratio of 0.83% in 2019. In particular, the Bank aims to increase micro loans under Government programs (KUR) and salary-based loans (KSM), which accounted for 26.03% and 62.00% of the Bank's micro loans, respectively, as of 31 December 2019, and saw growth of 45.53% and 17.50% in 2019. The Bank aims to deploy specialised sales teams targeting these micro loan segments; improve incentive schemes for sales teams based on both loan profitability and quality; improve penetration by targeting payroll account depositors; and introduce profiling and analytics strategies into the micro loan segment.

In addition, the Bank also plans to upgrade the capabilities of existing bank branches instead of opening new branches. The Bank aims to shift ordinary banking transactions to its digital platforms and increase the ratio of sales staff within branches to focus on cross-selling and higher value transactions within branches.

The Growing of digital platforms

Digital transformation is now inevitable as it has become imperative for any Bank to survive in the industry. The Bank plans to invest approximately 10% of its annual net profit in its digital platform innovations, information technology capacity improvements, and cybersecurity safeguarding measurements, demonstrating its seriousness to partake in the Digital Transformation. This plan is essential to enable the bank to welcome and embrace the era of digital economy.

The Bank has developed a three pronged strategy: (1) Digitize Internal Platform; (2) Modernize Channels; and (3) Leverage Digital Ecosystem, as the guiding principles in performing its digital transformation in order to become the Modern Digital Bank. The Bank intends to digitize its Internal Platform by revamping and digitizing the existing business process. The Bank has also improved its foundation by expanding the core banking capacity to mitigate the upcoming spike expected in digital traffic from 2020 onwards. Meanwhile, to improve loan quality, identify cross-selling opportunities, and most importantly foster a data-driven business culture, the Bank intended to digitize the existing loan process and deploy proper data analytics tools. Finally, with the aim of delivering a seamless digital experience to customers, the Bank has formed specialized UI/UX (user interface/user experience) teams to build customer-centric interfaces for every customer's touchpoints, such as Mandiri Online and the customer onboarding platform.

With the aim to achieve the best overall customer experience, the Bank has modernized the channels by developing its e-banking channel using a cross-channel business model. Currently, more than 95% of transactions in terms of frequency are running on digital channels. Only less than 5% are coming from the branches. The Bank has also been continuously improving the mobile banking applications by deploying various enhanced features such as an integrated customer account portfolio dashboard, biometric authentication, and e-money top-ups. Another innovative solution offered by the Bank is an online customer onboarding process on both the web and mobile application platforms. The Bank has also launched an artificial intelligence-driven chatbot named Mandiri Intelligent Assistant (MITA) which provides an interactive customer service capability with 24/7 availability. In addition, the Bank has also developed an advance acquiring platform through its subsidiary which will enable the Bank to serve numerous merchant networks.

Following the success story of integrating e-Money Top Up through a third party application, the Bank has broadened the services in its digital ecosystem by pursuing an open banking strategy in third party applications. The Bank has developed Application Programming Interfaces ("APIs") to integrate its services with third party platforms, including, but not limited to top e-commerce players, fintech companies and retail merchant partners. The Bank provides top-up e-money channels through API. The Bank recently collaborated with fintech companies to leverage their platforms for offering digital loans to their customers and distribute the bank's retail banking products through their platforms. In the future, the Bank will leverage its APIs to help pursue new distribution channels, while also discovering new ways to improve the digital banking customer experience.

In the Wholesale segment, the Bank launched a new Cash Management, Trade Finance Solution, & Supply Chain Management targeting corporate businesses to build the Bank's corporate relationships.

The transformation is also followed by organization developments. The Bank has re-written its policies and compliance procedures, including its security procedures, to adapt them to a primarily digital organization. Furthermore, the Bank is continuing to expand its infrastructure, including its networks and data centers, to support the shift to digital banking. The Bank also intends to develop digital capabilities that facilitate cash management, alternative credit scoring among SMEs and micro-customers, and analytics and data-driven client relationship management. Finally, the Bank aims to establish a human resource culture that is appropriate for a digital bank. The required recruits and internal talent development has also been prepared to ensure there is the DNA talent readiness for digitalization.

Through revamping its digital capabilities, both in wholesale and retail, the Bank is positioning itself to become the leading modern bank in Indonesia.

Continue to strengthen risk management

The Bank continues to take steps to strengthen its risk management structure and systems. The Bank has a Risk Management & Credit Policy Committee that oversees and monitors risk management policies and the overall risk profile under the policies and guidelines approved by the Bank's directors and commissioners. The Bank intends to closely monitor compliance with, and the effectiveness of, its risk management structures and systems and to continually upgrade its risk management personnel and policies, taking into account best practices followed by leading international banks. The Bank has implemented a more dynamic risk management approach standard such as International Financial Reporting Standard 9 (IFRS 9) regarding classification and measurement of financial instruments, impairment of financial assets and hedge accounting. Measures to maintain a robust capital structure are also taken, including the optimisation of loan portfolios by considering capital allocation efficiency, improving business processes and planning for optimum capital adequacy. The Bank has implemented and continually updates and sets quantitative and qualitative requirements and methodology in its market risk internal model. The Bank will also review and improve its stress testing model and methodology with respect to market risk and credit risk. Comparative studies will be conducted for a few risk management options based on different methodology and models to produce a comprehensive risk management framework. Finally, in 2017, the Bank introduced a recovery plan designed to be implemented if certain thresholds are breached and the Bank must respond to unusual levels of systemic or idiosyncratic risk.

Continue to improve operational efficiencies

The Bank intends to improve operational efficiency by continuously upgrading its support functions such as human resource management and IT management. The Bank intends to achieve further operational efficiencies through various system implementation projects, which improve its operating systems and processes. The Bank also aims to increase the revenue generating capability of its staff by promoting the cross-selling efforts of non-bank financial services and products of subsidiaries such as Sharia, insurance, mutual fund, credit card and financing products through the Bank's branch networks, which the Bank believes is a key factor in improving cost efficiency. The Bank intends to generate operational efficiencies as it implements its planned steps towards transforming into a digital banking organization.

Continue to develop human resources and corporate culture

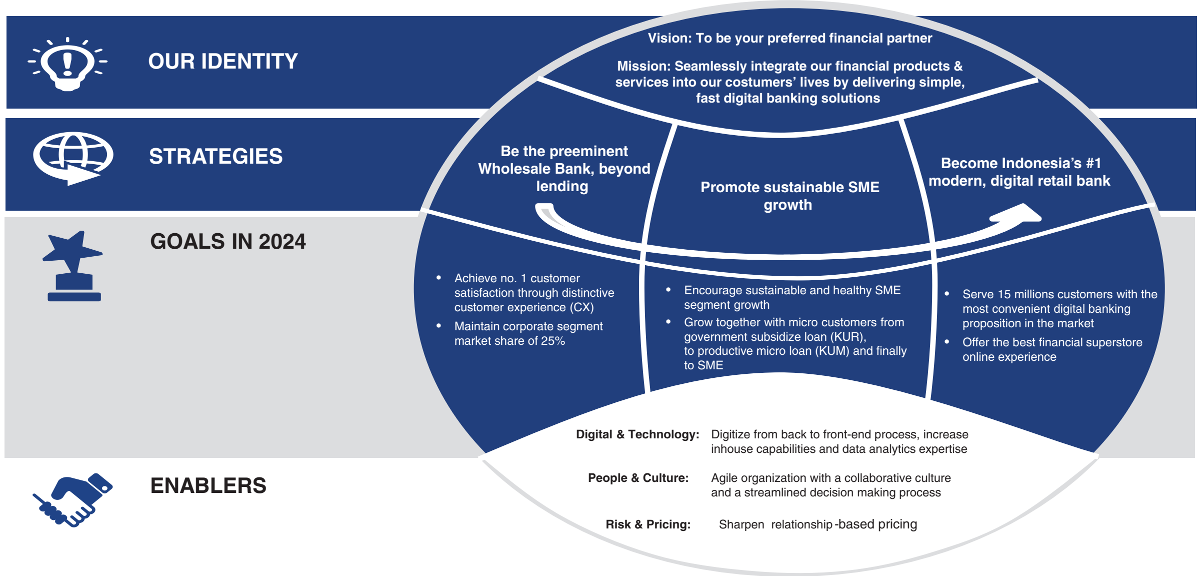
The Bank remains committed to developing its human resources and corporate culture to achieve its vision of becoming a prominent Association of Southeast Asian Nations (ASEAN) bank by 2020. Various significant steps have been taken by the Bank to support this, including the construction of Mandiri University, the Bank's own campus facilities in twelve (12) locations across Indonesia utilized for training and development of human capital.

Training and the development of human capital are carried out with reference to the training and developing framework that covers all aspects and methods of development for employees at all levels. Training and development involves orientation for organization, vision and mission, corporate culture, required technical competence, and also leadership. The framework for training and development is laid out based on business requirements and in line with the strategy for human capital.

The Bank also commits to produce quality leaders through many of its graded leadership programs, such as:

- Officer Development Program (ODP): for fresh graduates to be developed as future leaders in the Bank.
- Staff Development Program (SDP): for Bank employees to be promoted as junior managers.
- Graduate Program (S2): a formal education program for Bank employees who have met performance and selection criteria. This program is run in cooperation with the 50 best universities globally.
- Middle Management Program (MDP): for high potential middle managers being prepared to be Department Heads, Area Managers (level 3).
- General Manager Development Program (GDP): a program for talented and potential senior managers being prepared for senior positions, including Group Head and Regional CEO (level 2).
- SESPIBANK Program: a training program for candidates for the Bank's most senior executive and leadership positions.
- Executive Development Program (EDP): a training program for Directors, SEVPs, Group Heads and Regional CEOs.

Corporate Plan 2020-2024



Recent developments

Impact of Covid-19

Indonesia has been severely affected by the outbreak of the highly infectious Covid-19 respiratory disease caused by the SARS-Cov-2 virus. The Covid-19 outbreak was declared by the World Health Organization as a pandemic on 11 March 2020. President Joko Widodo declared a public health emergency in Indonesia and issued Government Regulation No. 21/2020 on large-scale social distancing on 31 March 2020, and further issued Presidential Regulation No. 12/2020 on 13 April 2020 declaring the Covid-19 outbreak as a national disaster. As a D-SIB, the Bank is committed to supporting its borrowers, depositors and clients, its employees and the government of Indonesia (the "**Government**") and its other stakeholders during this emergency.

2020 focus

Following the Covid-19 outbreak, the Bank intends to focus on: (1) liquidity management; (2) asset quality and resiliency; and (3) selective loan disbursement to distressed customers. Due to the impact of Covid-19, in early 2020, the Bank expects that its NPL ratio will increase from 2.39% (Bank only) as of 31 December 2019 and that its LCR and NSFR will decrease marginally from 184.13% and 116.56% (Bank only), respectively, as of 31 December 2019. The Bank had a CAR of 21.39% and core capital of Rp179.16 trillion as of 31 December 2019. After 31 December 2019, the Bank's capital was reduced by dividend distributions of Rp16.5 trillion declared at the Bank's annual general meeting of shareholders on 19 February 2020 and the recognition of additional allowances for the impairment of the Bank's financial assets of Rp24.45 trillion (gross amount before impact of deferred tax) in relation to the implementation of IFAS 71, which became effective from 1 January 2020. The Bank has elected to use the modified retrospective approach, thus these allowances were recorded against its retained earnings as of 1 January 2020 (such dividends and allowances, the "**2020 Capital Adjustments**"). Due to the adoption of IFAS 71, the Bank's balance sheet reflected increased allowances for impairment losses prior to the Covid-19 outbreak. The Bank expects:

- *1Q2020 financials.* The Bank does not expect its financial results for the three months ended 31 March 2020 to reflect the impact of the Covid-19 outbreak because large scale social distancing measures in Indonesia were only implemented at the end of March 2020. The Bank is still determining whether to revise or discard previously issued earnings guidance for 2020.

- *Loan growth decline.* Loan growth will decline due to lack of demand for loans for business investment and consumer loans. The Bank is focusing on the disbursement of working capital loans to assist distressed borrowers whose businesses have good fundamentals.

- *NIM decline.* NIM will decline as the Bank plans to selectively lower interest rates or allow deferral of interest payments for distressed borrowers. The Bank expects certain segments to experience distress due to social distancing and other measures to mitigate the Covid-19 outbreak, the substantial decline in the prices of oil and other commodities due to decreased demand, and the substantial decline of demand in retail, travel, hospitality and other sectors.

- *Increased provisioning in wholesale segment.* The Bank expects to increase provisioning for 90 borrowers in its corporate and commercial segments representing approximately Rp33.5 trillion aggregate principal amount of loans or approximately 6.5% of the Bank only total wholesale loan portfolio as of 31 December 2019. These borrowers are primarily in the machinery and equipment wholesale, coal, airline, palm oil plantation and crude palm oil (CPO) manufacturing, and hotel and restaurant industries.

- *Increased NPLs in retail segment.* The Bank expects a moderate increase in NPLs in its retail segment assuming the Covid-19 outbreak lasts up to March 2021. The Bank expects SMEs to be most severely impacted among the customers in this segment (although Bank Indonesia has relaxed restrictions for the restructuring of SME loans), and that micro, consumer and credit card customers will be more resilient because they are mostly fixed income salaried workers.

- *Increased cost of credit.* Cost of credit will increase due to increased provisioning. Although the OJK has relaxed requirements for the provisioning of loans for restructured for distressed borrowers, the Bank plans to remain conservative and apply such provisioning beyond what may be required by the OJK, given uncertainties regarding the scope and duration of the Covid-19 outbreak.

- *Suspension of MTM.* Unrealized losses in the Bank's securities portfolio due to volatility during the Covid-19 outbreak may be mitigated by the OJK's suspension of mark to market requirements from March to September 2020.

- *Bank Indonesia support.* The Banks expects Bank Indonesia to support Indonesian banks with greater availability and access (in terms of limit and process) to its lending facilities, relaxation on the usage of short-term liquidity loans (*Pinjaman Likuiditas Jangka Pendek*), and relaxation of reserve requirements (*Giro Wajib Minimum*).

- *Liquidity.* Deposit growth will exceed loan growth beginning in March 2020 and provide additional liquidity buffer. Nevertheless, the Bank plans to increase its internal minimum safety level of excess liquidity.

- *Dividend.* The Bank intends to maintain its dividend payments notwithstanding the Covid-19 public health emergency. The Bank believes its CET1 ratio will remain healthy even after the 2020 Capital Adjustments.

Stress testing

The Bank is actively monitoring economic developments by performing sensitivity analysis on its loan portfolio and will take precautionary actions accordingly, such as exposure management and proactive restructuring.

Customer assistance

To assist borrowers and customers, the Bank plans:

- to prioritize for loan moratoriums deferring principal and interest payments for up to 12 months for micro, consumer and small/medium enterprise loans below Rp10 billion;
- to offer loan restructuring for borrowers of loans above Rp10 billion with businesses affected by Covid-19;
- to, for credit card customers, lower monthly interest rate caps to 2.0% from 2.5%, lower minimum monthly payments to 5% from 10%, and lower late payment penalties to 1% or a maximum of Rp100,000 from 3% or a maximum of Rp300,000;

The Bank received a pipeline for loan restructuring requests for approximately Rp58 trillion aggregate principal amount of loans as of 24 April 2020, as follows:

Group	**Segment**	**Ending Loan Balance as of 31 December 2019 (Rp Tn)**	**Restructuring Pipeline (Rp Tn)**	**Restructuring Pipeline/ Ending Loan Balance (%)**
Wholesale	Corporate	364.8	19.4	5.3%
	Commercial	151.6	14.1	9.3%
Total Wholesale		**516.4**	**33.5**	**6.5%**
Retail	SME	58.7	10.2	17.4%
	Micro productive: KUM & KUR	46.7	8.3	17.8%
	Micro: Salary Based Loan (KSM)	76.2	1.0	1.3%
	Consumer	94.3	4.9	5.2%
Total Retail		**276.0**	**24.5**	**8.9%**
Total Bank-Only		**792.4**	**58.0**	**7.3%**

The following summarizes the Bank's policy on loan restructuring for borrowers whose businesses are affected by Covid -19:

WHOLESALE
Corporate and Commercial

Sectors	• Tourism, Hotel, Restaurant and Accommodation, Transportation, Warehouse, Agriculture and Forestry Trading, Mining, Construction, Trading, Multi-finance, Food and Beverage, Pharmaceuticals, Fertilizers and Pesticides and other sectors which are directly or indirectly affected by Covid-19 and identified by the Bank's credit recovery and credit risk teams
Borrower Criteria	• Decline in revenue or cash flow due to Covid-19 outbreak • Borrowers affected by: o ban on air travel and tourism o significant decline in export/import volume due to disrupted supply chains and trading activities o the delay in infrastructure developments due to disruption in supply, manpower and machineries from countries impacted by Covid-19 o Government policies to respond to Covid-19 • Borrowers with currency mismatch between Rupiah revenue and non-Rupiah liabilities/expenses

RETAIL

	SME	Consumer				Micro (KUM & KUR)
		Mortgage	Auto	Credit Card	KSM	
Sectors	• Tourism, Hotel, Restaurant and Accommodation, Transportation, Warehouse, Agriculture and Forestry Trading, Mining, Construction, Trading, Financial Services, Pharmaceutical, Textile, Automotive, Creative Services and other sectors which are determined by the respective business unit head					
Borrower's Criteria	• Outstanding loan is within 90 days past due	• Outstanding loan is within 30 days past due and borrowers are: (i) confirmed positive for Covid-19, or (ii) experiencing decrease in revenue due to the impact of Covid-19 • For mortgage and auto loans, loan was drawn at least three months prior to proposed restructuring				• Outstanding loan is within 90 days past due

Financial reporting and conservative accounting policy

The following summarizes temporary changes in the Bank's financial reporting:

Category	Before Relaxation	After Relaxation
Loan classification and restructuring	• Asset quality classification and restructuring follows (three pillar assessment) • Any classification of loan or financing asset quality based on the accuracy of principal payment and/or interest or margin and restructuring of loan or financing under OJK Regulation No. 11/2020 shall be reported by the Bank to the OJK for final positions as of April 2020, June 2020, September 2020, December 2020, and March 2021, each submitted by the end of subsequent months	• Asset quality classification for loans less than Rp10 billion based on one pillar (payment punctuality) • After restructuring, loan is classified under Current category • Relaxation is temporary until March 2021
IFRS 9 (IFAS 71) Implementation	• Performing restructured loan is classified as Stage 2 loan • Additional loan loss provision is required	• Performing restructured loans (due to Covid-19) could remain classified as Stage 1 loans • Additional loan loss provision is not mandatory, unless the borrower's condition continues to worsen
Marketable securities mark-to-market ("**MTM**") valuation	MTM valuation is mandatory using latest market price	• Until September 2020, government securities and corporate securities whose fundamentals remain stable may be marked at prices as of 31 March 2020 • Fair value assessment will be used to mark corporate securities where there is sufficient evidence of higher inherent risk

The Bank plans to maintain a conservative accounting policy given uncertainties regarding the Covid-19 public health emergency, particularly its duration, and given the Bank believes it would be more straightforward for businesses to resume operations than to stimulate consumer demand after the end of the emergency. The Bank believes potential problems should be recognized in its accounting policy early. Relaxation of regulations regarding accounting policy (loan restructuring and classification) will generally be in effect until March 2021.

The Bank's policy is summarized as follows:

Loan Moratorium

Interest Income Accrual		Loan Loss Provision
Segment	**Interest Income Accrual**	• Although performing restructured loans (due to Covid-19) may remain classified as Stage 1 loans, the Banks plans to continue to provision loans to reflect the high degree of economic uncertainty accompanying Covid-19 • NPL and LaR coverage to remain elevated
Corporate	Selective +/-50%	
Commercial	Very Selective +/-25%	
Retail	0%	

Operational changes and employee welfare

Since 16 March 2020, even prior to the declaration of a public health emergency in Indonesia, the Bank began to implement work from home, split team and staggered shift measures. Although the Bank's branches are operating regularly, the Bank has implemented strict social distancing measures in its branches and has actively encouraged its customers to shift to its mobile and digital banking platforms. The Bank has implemented the following specific measures in addition to social distancing:

- business travel restrictions for employees;
- temperature checks for customers, guests and employees, provision of hand sanitizer, and enforcement of building entrance procedures;
- requirements to wear personal protective equipment ("**PPE**") as appropriate;
- implementation of split/parallel operation business continuity precautions to avoid "single point of failure risk" should a team need to be quarantined (with provision of housing to certain employees as necessary); and
- increased use of digital tools for meetings and other work activities and to monitor work implementation and maintain efficiency.

Further, the Bank has taken measures to safeguard its employees' welfare, including:

- provision of bereavement and scholarship benefits for employee families affected by Covid-19;
- conduct of health checks as appropriate, standby health clinics, and arrangements for 24-hour ambulance service with coordination with hospitals;
- formation of Covid-19 monitoring team to assist employees in obtaining hospital and psychological services;
- establishment of media center and conduct of podcast and other communication campaigns to provide information and spiritual enrichment programs; and
- promotion of digital training using virtual classrooms, e-learning and podcasts.

Digital initiatives

The Bank has substantially expanded its digital services in response to the Covid-19 outbreak. The Bank has promoted its online facilities MIB (Mandiri Business Online or Mandiri Internet Bisnis) for micro/small/medium enterprises and MCM (Mandiri Cash Management) and approximately 450,000 businesses have subscribed for these facilities as of 30 April 2020. These online facilities make it easier for customers to adjust their own settings and conduct self-service transactions. Further, the Bank has launched digital onboarding for savings account opening, waived various fees for online transactions and raised its online transactions limit for MIB customers to Rp200 million from the previous Rp100 million cap. The Bank has also published educational content on how to use its digital platforms and the Bank's digital teams consciously support the #dirumahaja (#stayathome) effort in Indonesia.

Corporate social responsibility

The Bank plans to maintain several of its corporate social responsibility initiatives in 2020. On 2 April 2020, the Bank announced that it would offer for free Rp1 trillion of life insurance plans to approximately 35,000 frontline healthcare professionals. The plans would be offered through AXA

Mandiri Financial Services to doctors (Rp50 million each), nurses (Rp25 million each) and other healthcare workers (Rp10 million each). The life insurance policies supplement Government financial incentives to such healthcare professionals.

The Bank has contributed 480 units of PPE and sanitation equipment, as well as a sterile chamber valued at Rp500 million, for medical staff at eight referral hospitals in Jakarta, including Harapan Kita Mother and Child Hospital, Cipto Mangunkusumo Hospital, Fatmawati Hospital, and Harapan Kita Heart Hospital. This assistance is part of the Bank's initiative to contribute more than Rp100 billion of medical devices and support facilities for health workers, and was distributed from early March to 14 April 2020 to hospitals, medical workers, and the general public affected by the Covid-19 emergency.

In addition, the Bank also distributes social assistance through its Family Hope Program, in the amount of Rp200,000 per month to approximately 1.7 million beneficiary families per every month. This assistance began in April and is planned to continue through December 2020.

Under the "Mandirian Love Indonesia" initiative, some of the Bank's directors and employees began an initiative to donate part of their salary to informal workers (app-based ride-hailing drivers, parking attendants, street vendors and scavengers) whose livelihood has been affected by the Covid-19 outbreak. Under this initiative, employees aim to donate Rp750,000/month for three months to 1,000 such workers to preserve their income.

Other initiatives include:

- campaigns to educate regarding virus prevention in various media;
- provision of PPE, basic items and vitamins, logistical support and additional compensation for healthcare workers;
- provision of PPE and disinfectants to communities in need; and
- establishment of disaster task force centres in various cities to monitor hospital needs and aid distribution.

Capital raising

On or about 13 May 2020, the Bank plans to issue Rp1 trillion (approximately US$64.5 million) aggregate principal amount of domestic bonds due 2025 and 2027. Previously in 2020, the Bank raised Rp475 billion by securitising corporate loan assets through collective investment contract asset-backed securities (KIK EBA).

Formation of the Bank

The Bank was established through the merger of PT Bank Bumi Daya ("**BBD**"), PT Bank Dagang Negara (Persero) ("**BDN**"), PT Bank Ekspor Impor Indonesia (Persero) ("**Bank Exim**") and PT Bank Pembangunan Indonesia (Persero) ("**Bapindo**") (hereinafter collectively referred to as the "**Merged Banks**").

At the end of February 1998, the Government of the Republic of Indonesia (the "**Government**") announced plans to restructure the Merged Banks. In connection with the restructuring plan, the Government established the Bank in October 1998 by depositing cash and the transfer of Government shares into the Merged Banks. The difference between the transfer price and the book value of shares at the restructuring period was not calculated due to impracticality. All losses incurred during the restructuring period were recognized in the Recapitalization Program.

The restructuring plan was designed to incorporate the Merged Banks' business into the Bank in July 1999 and Bank Mandiri's recapitalization. Merged Bank Restructuring into Bank Mandiri covered:

- Loan restructuring;
- Non-credit assets restructuring;
- Domestic and overseas branch offices rationalization; and
- Human capital rationalization.

Under the notarial deed made by Sutjipto, S.H., No. 100 dated 24 July 1999, the Merged Banks were legally incorporated into Bank Mandiri. The Deed of Merger was ratified by the Minister of Justice of the Republic of Indonesia under Decree No. C-13.781.HT.01.04.TH.99, dated 29 July 1999, and approved by Bank Indonesia Governor under Decree No. 1/9/KEP.GBI/1999, dated 29 July 1999. Such merger was deemed valid by the Head of Department of Industry and Trade of South Jakarta through Decree No. 09031827089, dated 31 July 1999.

On the effective date of the merger:

- All assets and liabilities of the Merged Banks were transferred to Bank Mandiri as the surviving bank;
- All operations and business activities of the Merged Banks were transferred to and operated by Bank Mandiri; and
- Bank Mandiri received an additional paid-in capital amounting to Rp1 million (full value) or equivalent to one share of the remaining shares owned by the Government in each of the Merged Banks.

On such effective date, the Merged Banks were legally dissolved without any liquidation process and the Bank as the surviving bank received all rights and liabilities of the Merged Banks. The Bank was effectively in operation on 1 August 1999.

Key milestones of the Bank

The following are the key milestones of the Bank:

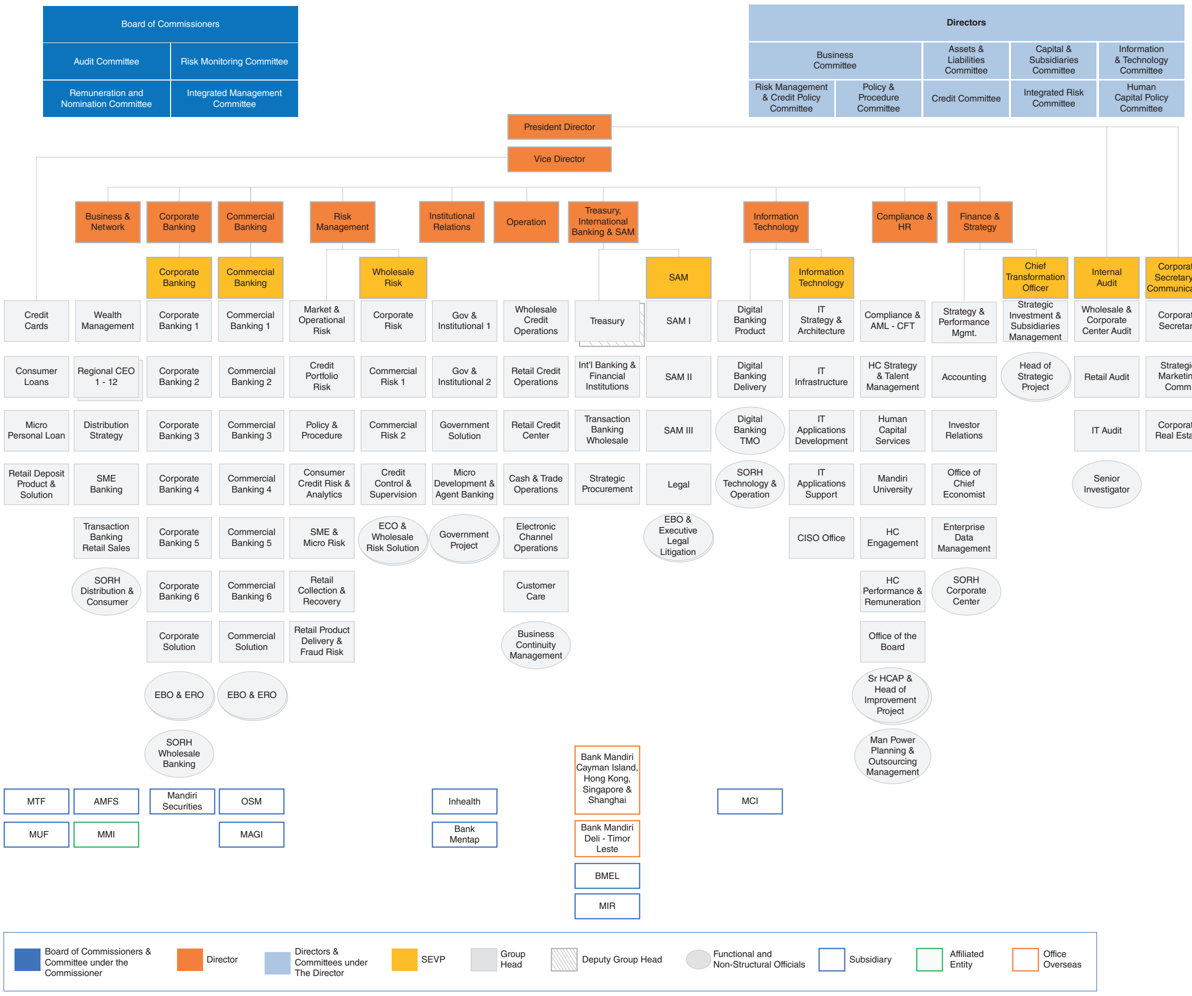
Year	Milestone
1998	Established on October 2, 1998, Bank Mandiri was part of a banking restructuring program implemented by the Government of Indonesia.
1999	In July 1999, four Government-owned Banks, Bank Ekspor Impor Indonesia, Bank Dagang Negara, Bank Bumi Daya, and Bank Pembangunan Indonesia were merged into one entity called Bank Mandiri.
2003	Bank Mandiri conducted Initial Public Offering (IPO).
2005	Became a turning point year by launching Transformation Phase 1 to 2010, to become a superior bank at the regional level regional champion.
	Transformation was carried out with four main strategies, namely cultural implementation, aggressive control of non-performance loans, increasing business growth that exceeds market growth averages, and developing and managing alliance programs between directorates.
2006-2007	This year, Bank Mandiri ran the "Back on Track" Transformation Program as part of Transformation Phase I which focused on reconstructing the fundamentals of Bank Mandiri.

Year	Milestone
2008-2009	Continuing the program in the previous year, this year Bank Mandiri implemented Transformation Program Phase 2 "Outperform the Market" which focused on business expansion to ensure significant growth in various business segments and achieve the level of profit that exceeds the market average target.
2010	This year was the last phase in the Transformation series "Shaping the End Game" which had been running since 2005, where Bank Mandiri aimed to become the leading regional bank through consolidation of the financial services business and prioritize opportunities for non-organic growth strategies. Through this transformation process, Bank Mandiri had consistently managed to improve its performance as reflected in improvements of various financial indicators.
2011	This year, Bank Mandiri conducted a rights issue by issuing 2,336,838,591 shares at a price of Rp5,000 per share. This year was also the initial stage of the implementation of the Advanced Transformation in 2010-2014. At this phase, Bank Mandiri had revitalized its vision of becoming the "most admired and progressive Indonesian Financial Institution".
2012	Continued transformation in 2012 was carried out through Business Transformation, which focused on three main areas, namely Wholesale Transaction, Retail Deposit and Payment and Retail Financing.
2014	Bank Mandiri succeeded in carrying out the second phase of the transformation and was preparing to continue Corporate Plan 2015-2020.
2015	This year was a new chapter in Transformation Phase 3 to become "The Best Bank in ASEAN 2020. "The Transformation Phase 3 would bring Bank Mandiri to be regional players who is ready to compete in the ASEAN market to provide the best financial services for all customers and the community as well as to be the pride of Indonesia as the ASEAN best financial institution.
2016	This year, Bank Mandiri carried out a number of Corporate actions such as the issuance of continuing bonds, Asset Backed Securities in the form of Participation Letters (EBA-SP) and the total asset value penetrating Rp1,000 trillion.
2017	Bank Mandiri began implementing the Corporate Plan Restart which was announced in September 2016. As a result of implementing this strategy, Bank Mandiri's annual net profit grew significantly by 49.5%.
2018	Bank Mandiri implemented the new culture in early 2018. The application of this new culture succeeded in making it be in the rank of 11st out of 500 world's best companies in terms of work environment or "The World Best Employers 2018" of Forbes Magazine version. As a new source of funding, this year Bank Mandiri issued in Bank Mandiri continuing Bonds Phase III Year 2018 of Rp3 trillion. The company also issued Bank Mandiri Medium Term Notes I in 2018 with the total of Rp500 billion.
2019	This year, Bank Mandiri issued Euro Medium Term Notes (EMTN) with a value of US$750,000,000 (full amount) which were listed on the SGX-ST. This is the highest Global Bond transaction made by an Indonesian bank hitherto.
2020	Bank Mandiri raised Rp475 billion by securitising corporate loan assets through collective investment contract asset-backed securities (KIK EBA) and plans to raise Rp1 trillion of domestic bonds in May.

Organizational structure

To better serve the needs of the Bank's customers and to support the Bank's focus on the Bank's business strategy, operational efficiency and performance, the Bank organises its revenue-generating operations by customer segment.

These segments are supported by the Bank's strategic function units, whose role is to provide operational support and to increase the operational efficiency of the groups. Each segment is also supported by the Bank's Risk Management Division, both also seeks to ensure that the relevant risk management policies and procedures are properly implemented. See "*Risk Management*".



Operational segments

The Bank conducts its business through its operational segments. The Wholesale segment is composed of the Corporate Banking and Commercial Banking units. The Corporate Banking unit provides banking products and services to the 150 largest publicly-listed and other Government and private companies, each with gross annual sales (GAS) of more than Rp2 trillion (approximately US$139.08 million). The Commercial Banking unit provides banking services primarily to small and medium-sized enterprises with gross annual sales above Rp50 billion (US$3.48 million) and up to Rp2 trillion (approximately US$139.08 million) and provincial and municipal customers. The Institutional Banking unit services Government institutions, including state owned pension funds, providing these customers principally with deposit products. The Bank's Retail Banking unit is composed of individual/consumer segment, SME and wealth. The Bank's Treasury is linked to the Bank's treasury activities including foreign exchange transactions, fixed income, international banking business, capital market and supervision of foreign offices.

The Bank offers other services including Sharia banking, insurance and other financing (e.g. motor financing) via its subsidiaries. Financial information presented in this section relating to these operating segments is presented on an unconsolidated basis.

The following table provides information on the net income (computed as the sum of net interest and fee based income, less operating and provision expenses) contribution of the Bank's core business group customers on a consolidated basis:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Wholesale	11.43	53.32%	12.11	46.86%	11.14	0.80	39.14%
Corporate	8.99	41.94%	11.12	43.01%	9.03	0.65	31.74%
Commercial	0.91	4.26%	(0.52)	(2.02%)	1.14	0.08	4.02%
Institutional	1.53	7.13%	1.52	5.86%	0.96	0.07	3.38%
Retail	26.54	123.79%	30.48	117.91%	33.66	2.42	118.30%
Treasury and International Banking	7.03	32.80%	9.20	35.58%	8.69	0.63	30.53%
Head Office	(17.86)	(83.28%)	(20.54)	(79.46%)	(23.24)	(1.67)	(81.68%)
Subsidiaries	2.24	10.43%	2.51	9.71%	3.44	0.25	12.09%
Reconciliations(1)	(7.95)	(37.06%)	(7.91)	(30.59%)	(5.23)	(0.38)	(18.38%)
Minority Interest	0.80	3.75%	0.84	3.24%	0.97	0.07	3.42%
TOTAL (CONSOLIDATED)	**21.44**	**100.00%**	**25.85**	**100.00%**	**28.46**	**2.05**	**100.00%**

(1) Includes elimination of internal transfer pricing or reclassification among operating segments and elimination for Bank units.

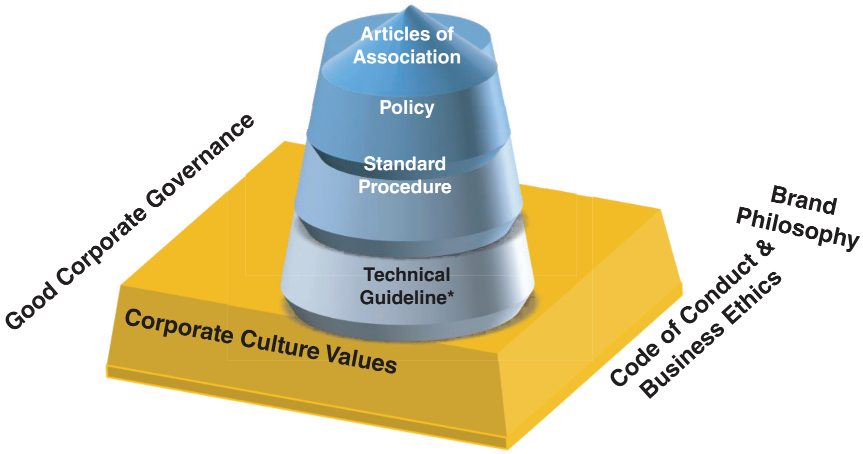
Credit policy and procedures

The Bank's Credit Policy and Procedures cover several main areas: Hierarchy Policy, Company Credit Policies and Procedures (which include the "**Credit Standard Procedures**" for each business segment) and the Credit Lending Process.

The Bank's Credit Policy and Procedures serve as guidelines for all of the Bank's units responsible for loan disbursements to ensure that the Bank's loan disbursements comply with prudent lending principles and maintain the asset quality of the Bank's loans.

Policy hierarchy

The Bank's policy hierarchy is built on four main components: Culture (Corporate Values), Procedure, Policy and the Articles of Association, as illustrated in the following diagram:



Credit policy

The Bank has prepared a manual entitled "**Credit Policy**" that is a Bank manual containing philosophy/credit doctrine, credit culture, basic lending principles and reference to all of the provisions of loan principles. Credit Policy addresses:

- public policy;
- prudential principles;
- credit risk management;
- organisation and authority;
- lending process;
- credit facility and financing forms;
- documentation and loan administration;
- credit monitoring; and
- management of NPLs.

Credit standard procedures

The Bank has a credit standard procedure for each business segment as a guide to manage and maintain the quality of the Bank's credit assets. The Bank's standard credit procedure regulates lending procedures that include:

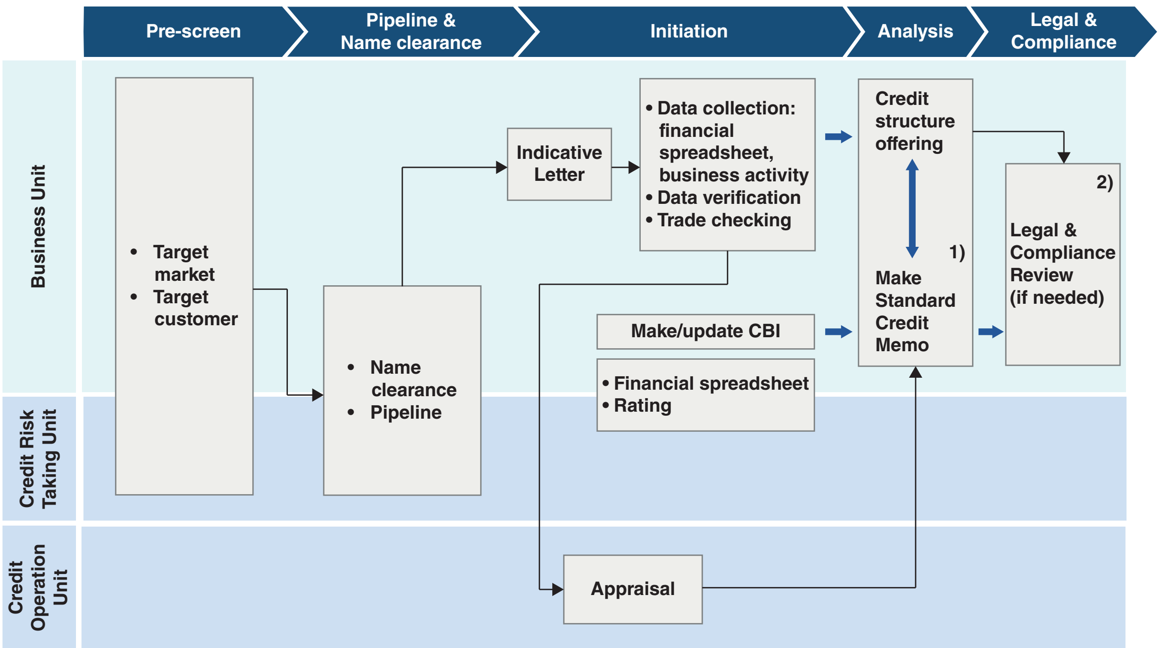
- objectives, characteristics, segmentation, special condition, credit standard procedure revisions, and definitions;

- organisation and authority;
- lending process;
- collateral and insurance;
- activation and credit administration;
- credit monitoring;
- credit quality;
- management of NPLs;
- credit facilities; and
- financing forms.

Lending process

The process of credit approval is as follows:

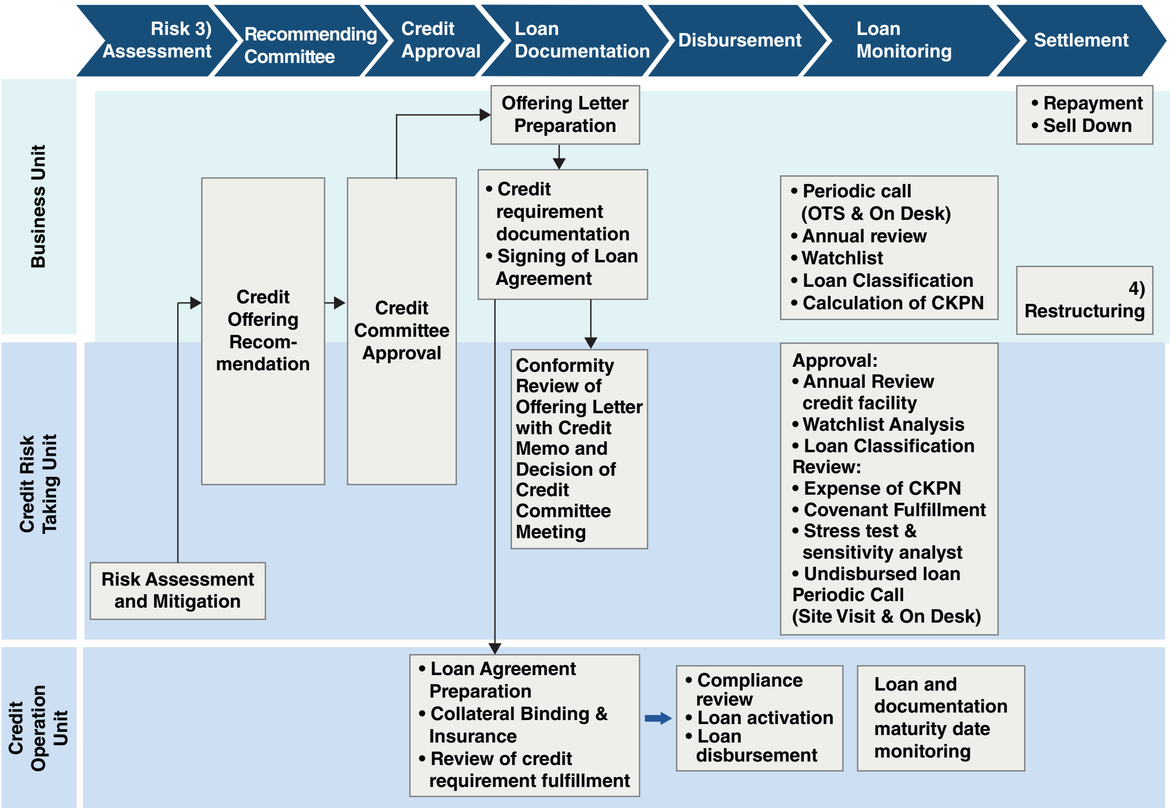
Commercial (One Obligor Limit up to Rp250 billion)



Notes:

1) As the proposer, RM + DH/EBO C2 category will sign the Credit Memo.

2) Only for the credit limit of Credit Committee A Category.

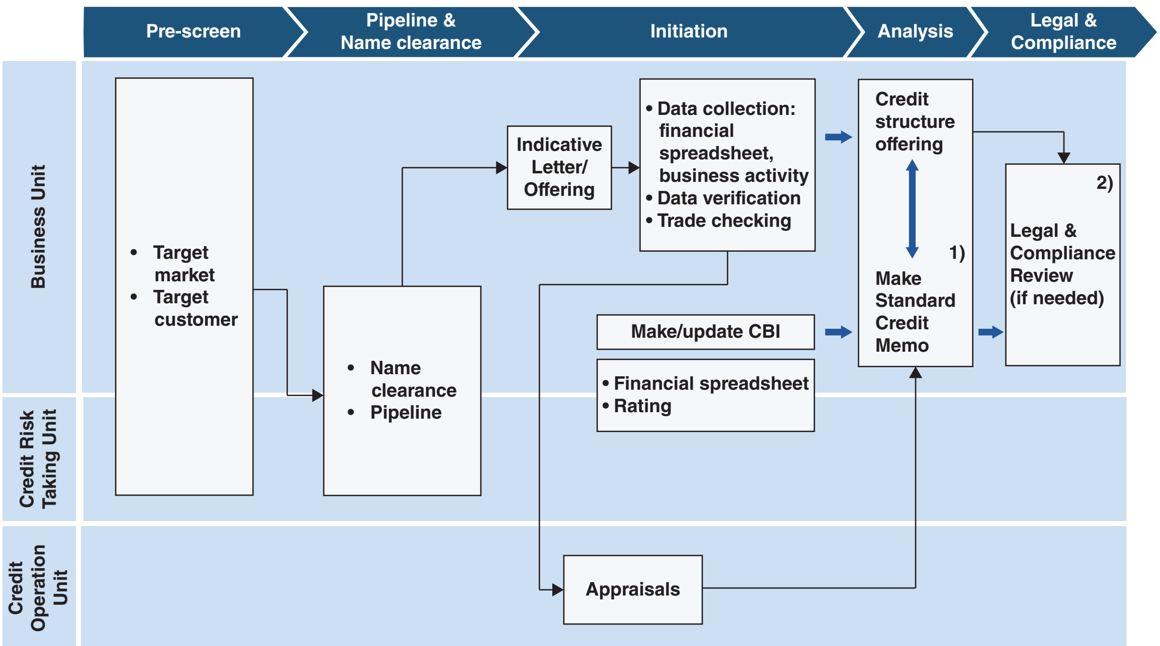


Notes:

3) Review of the Credit Memo by the Risk Manager to carry out a risk assessment of the Credit Memo.

4) Restructuring of Credit Memo carried out by the Credit Recovery Unit by reviewing the risk assessment & mitigation as outlined by the CRTU.

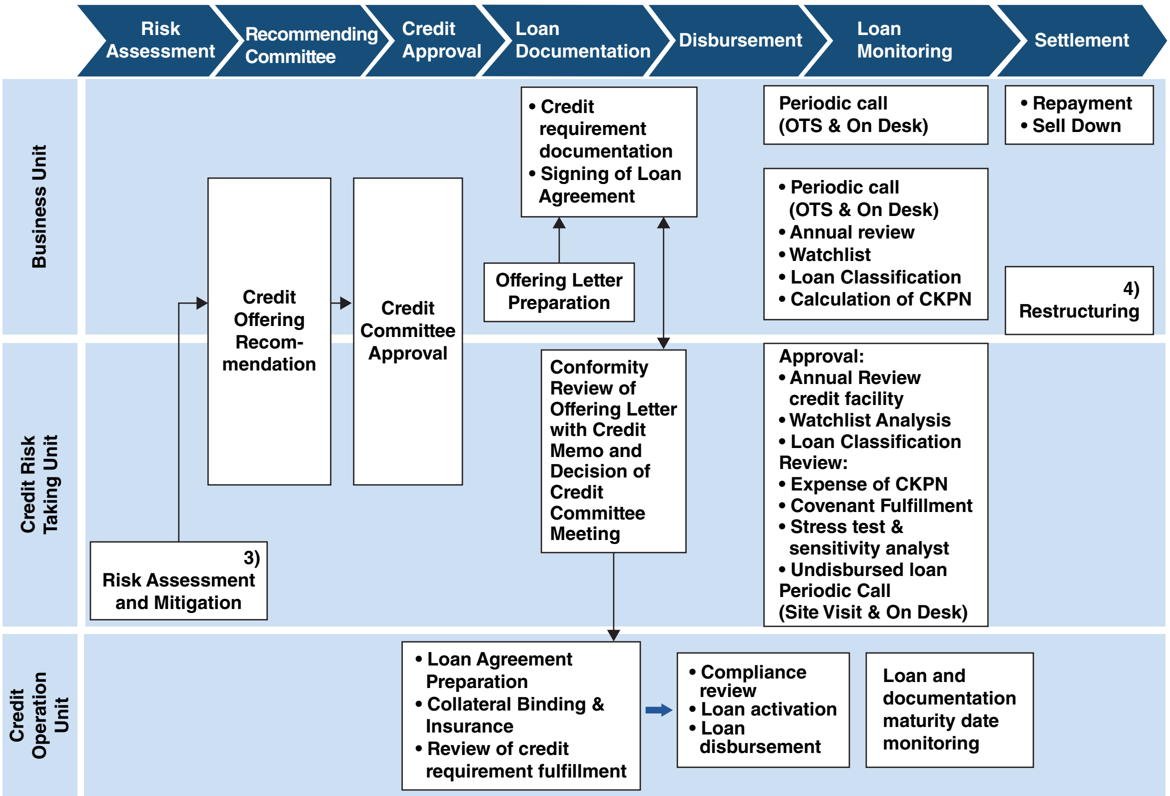
Commercial (One Obligor Limit over Rp250 billion)



Notes:

1) As the proposer, RM + DH/EBO C2 category will sign the Credit Memo.

2) Only for the credit limit of Credit Committee A Category.

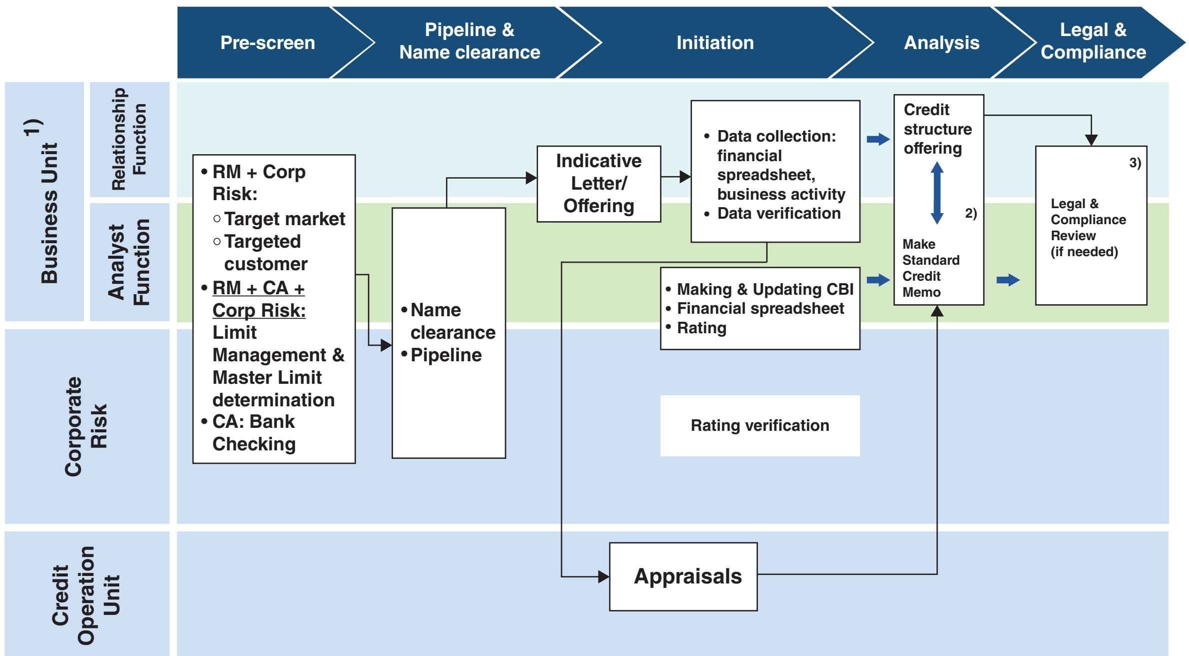


Notes:

3) Review of the Credit Memo by the Risk Manager to carry out a risk assessment of the Credit Memo.

4) Restructuring of Credit Memo carried out by the Credit Recovery Unit by reviewing the risk assessment & mitigation by as outlined by the CRTU.

Corporate Segment

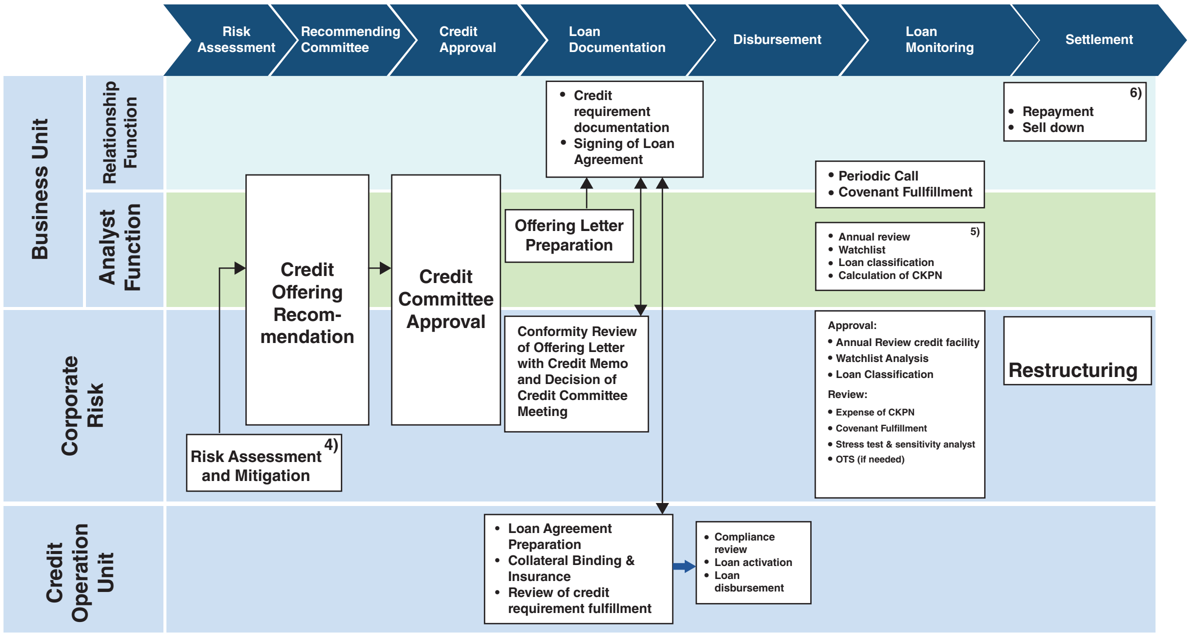


Notes:

1) The Government & Institutional Unit only carries out a relationship function.

2) As the proposer, RM + DH/EBO C2 category will sign the Credit Memo.

3) Only for the credit limit of Credit Committee A Category if certain criteria are met.



Notes:

4) Review of the Credit Memo by the Risk Manager to carry out a risk assessment of the Credit Memo.

5) If needed, this will be performed on the spot.

6) Proposed by the Credit Recovery Unit.

Pre-screening

In this stage, the Bank identifies and directs transactions in accordance with its portfolio guidelines (the "**Portfolio Guidelines**") and risk acceptance criteria (the "**Risk Acceptance Criteria**"). The Bank's Portfolio Guidelines defines which sector is favourable and needs to be pursued or is less favourable thus needs to be hindered in order to manage the concentration risk and to main the Bank's sustainable growth and the Bank's Risk Acceptance Criteria identify potential borrowers within an industry in accordance with the Bank's risk appetite.

Pipeline and name clearance

The Bank identifies the potential risk of targeted customers to determine the prospective borrower's character, reputation, business, legal and compliance status, and relationship with the Bank. The selected prospective borrowers that have a "Clear" result are proposed to be processed in the next stage of the lending process.

Initiation, analysis, risk assessment, recommending committee and credit approval

In this stage, the Bank proposes a credit offering to the borrower and collects all the data and information needed including the risk of the borrower's default which is measured by credit rating and collateral's appraisal to be analysed in order to make a credit memo. The Bank also performs a risk assessment and risk mitigation of the credit lending within the credit memo before being submitted to the Credit Committee for review.

Loan documentation

The Bank prepares all of the loan documentation needed and reviews the fulfilment of credit requirements before the loan is disbursed.

Disbursement and monitoring

At this stage there are two main processes:

- Booking process

After the loan proposal has been approved by the Credit Committee, the Bank ensures that all required documentation has been complied with before the loan is disbursed. The Bank also has to ensure that the loan is disbursed right to debtor's account (loan activation).

- Monitoring and review

To maintain asset quality levels, the Bank monitors loan performance, initiates Early Warning Signals (EWS) using the Loan Monitoring System at least on a quarterly basis (or at any particular time in case of business deterioration signals) analyses the watchlist status of each debtor, monitors and manages limits, and conducts periodic and ad hoc stress testing. Further, the Bank anticipates the impact of deteriorating macro-economic conditions on the Bank's portfolio by performing stress testing. In 2017, the Bank enhanced the loan monitoring processes by using transactional aspects and other additional parameters for more precise Early Warning Signal tools and developed covenant monitoring tools.

Assessments of collateral value are periodically performed to determine the adequacy of the value of collateral against the outstanding loan amounts.

Settlement and remediation

The Bank has specific units that handle recovery and impaired assets. These units determine strategy for impaired accounts in relation to restructuring, collections, write-offs, collateral or asset liquidation, or litigation.

Loan portfolio

The following table shows the Bank's total gross loans (Bank only) by business segment:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Wholesale	418.43	64.95%	467.07	64.97%	508.22	36.61	64.14%
Corporate	248.75	38.61%	302.63	42.59%	329.76	23.75	41.62%
Commercial	155.82	24.19%	142.58	19.34%	151.42	10.91	19.11%
Institutional	13.86	2.15%	21.86	3.04%	27.03	1.95	3.41%
Retail	223.10	34.63%	246.57	34.29%	275.95	19.88	34.83%
SME	61.58	9.56%	56.81	7.89%	58.68	4.23	7.41%
Micro	83.22	12.92%	102.38	14.24%	122.98	8.86	15.52%
Consumer	78.30	12.15%	75.84	12.15%	80.45	5.79	10.15%
International Banking	1.17	0.18%	4.00	0.56%	6.82	0.49	0.86%
SAM	1.56	0.24%	1.33	0.18%	1.36	0.10	0.17%
TOTAL	**644.26**	**100.00%**	**718.97**	**100.00%**	**792.35**	**57.08**	**100.00%**

The Bank's total gross loans (Bank only) increased to Rp792.35 trillion (US$57.08 billion) as of 31 December 2019, from Rp718.97 trillion and Rp644.26 trillion as of 31 December 2018 and 2017, respectively, primarily due to higher growth in the corporate and commercial segments.

The following table shows the Bank's total gross loans (consolidated) by sector:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Manufacturing	151.97	21.34%	138.35	17.30%	142.65	10.28	16.10%
Trading, restaurant and hotel	107.45	15.09%	115.67	14.47%	119.01	8.57	13.44%
Agriculture	77.65	10.90%	83.14	10.40%	87.42	6.30	9.87%
Business services	53.08	7.46%	59.85	7.49%	84.48	6.09	9.54%
Construction	30.83	4.33%	45.76	5.72%	54.02	3.89	6.10%
Electricity, gas and water	32.45	4.56%	35.21	4.40%	43.18	3.11	4.87%
Transportation, warehousing and communications	29.27	4.11%	35.62	4.46%	50.22	3.62	5.67%
Social services	21.18	2.98%	27.92	3.49%	31.23	2.25	3.53%
Mining	38.63	5.43%	58.42	7.31%	48.82	3.52	5.51%
Others	169.52	23.81%	199.61	24.96%	244.80	16.19	25.38%
TOTAL	**712.04**	**100.00%**	**799.56**	**100.00%**	**885.84**	**63.81**	**100.00%**

The following table shows the Bank's total gross loans (consolidated) by currency:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Rupiah	602.17	84.57%	664.43	83.10%	744.80	53.65	84.08%
Foreign Exchange	109.87	15.43%	135.13	16.90%	141.03	10.16	15.92%
TOTAL	**712.04**	**100.00%**	**799.56**	**100.00%**	**885.84**	**63.81**	**100.00%**

Deposit portfolio

The following table shows the Bank's total deposits from customers (Bank Only), by type:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Current account	195.25	26.75%	191.41	25.88%	236.40	17.03	29.00%
Savings account	303.67	41.61%	300.79	40.68%	315.85	22.75	38.75%
Time deposit	230.86	31.63%	247.29	33.44%	262.86	18.93	32.25%
TOTAL	**729.78**	**100.00%**	**739.49**	**100.00%**	**815.11**	**58.71**	**100.00%**

The following table shows the Bank's total deposits from customers (Bank only), by segment:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Wholesale	245.83	33.69%	251.58	34.02%	294.29	21.20	36.10%
Corporate	127.01	17.40%	127.65	17.26%	146.85	10.58	18.02%
Commercial	68.15	9.34%	59.78	8.08%	75.66	5.45	9.28%
Institutional	50.68	6.94%	64.16	8.68%	71.77	5.17	8.81%
Retail	476.37	65.28%	480.51	64.98%	507.38	36.55	62.25%
SME	163.71	22.43%	168.91	22.84%	176.76	12.73	21.69%
Micro	16.95	2.32%	19.13	2.59%	27.31	1.97	3.35%
Consumer	168.58	23.10%	178.31	24.11%	164.05	11.82	20.13%
Wealth Management	127.13	17.42%	114.16	15.44%	139.26	10.03	17.08%
International Banking	7.57	1.04%	7.40	1.00%	13.43	0.97	1.65%
TOTAL	**729.78**	**100.00%**	**739.49**	**100.00%**	**815.11**	**58.71**	**100.00%**

The Bank's total deposits from customers (Bank only) increased to Rp815.11 trillion (US$58.71 billion) as of 31 December 2019, from Rp739.49 trillion and Rp729.78 trillion as of 31 December 2018 and 2017, respectively.

Net interest income

The Bank generates interest income from loans, Government bonds, marketable securities, placements with other banks and Bank Indonesia, and Sharia revenue from margins and profit sharing. The Bank generated net interest income (consolidated) of Rp61.25 trillion (US$4.41 billion) in 2019. The following table shows the Bank's total net interest income (expense), by group (consolidated), as of the dates indicated:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Wholesale	15.92	29.24%	15.52	27.07%	14.56	1.05	23.77%
Corporate	7.87	14.45%	8.05	14.05%	8.53	0.61	13.93%
Commercial	6.55	12.03%	5.83	10.17%	4.58	0.33	7.48%
Institutional	1.51	2.77%	1.64	2.85%	1.45	0.10	2.36%
Retail	31.85	58.50%	34.27	59.78%	35.70	2.57	58.29%
Treasury and International Banking	4.04	7.43%	5.47	9.55%	4.91	0.35	8.01%
Head Office	0.21	0.39%	(1.80)	(3.14%)	(0.05)	(0.00)	(0.09%)
Subsidiaries	10.17	18.68%	11.33	19.76%	11.24	0.81	18.35%
Reconciliations	(7.75)	(14.24%)	(7.47)	(13.02%)	(5.11)	(0.37)	(8.34%)
TOTAL (CONSOLIDATED)	**54.45**	**100.00%**	**57.33**	**100.00%**	**61.25**	**4.41**	**100.00%**

The Bank's total net interest income (expense) (consolidated) increased to Rp61.25 trillion (US$4.41 billion) in 2019, from Rp57.33 trillion and Rp54.45 trillion in 2018 and 2017.

Fee based income

The Bank generates non-interest income on foreign exchange gains, trade finance fees and commissions, gains on marketable securities and fees for managing customer accounts. The following table shows the Bank's fee based income, by group (consolidated):

	As of 31 December						
	2017		**2018**		**2019**		
	(Rupiah trillion, except percentages)					***(US$ billion)***	
Wholesale	3.68	16.10%	3.80	13.73%	3.45	0.25	13.03%
Corporate	2.28	9.98%	2.52	9.10%	2.26	0.16	8.52%
Commercial	1.13	4.95%	1.02	3.69%	0.80	0.06	3.04%
Institutional	0.27	1.18%	0.26	0.95%	0.39	0.03	1.47%
Retail	8.31	36.41%	9.16	33.10%	10.18	0.73	38.43%
Treasury and International Banking	3.73	16.33%	4.28	15.45%	4.34	0.31	16.40%
Head Office	4.04	17.68%	7.14	25.80%	3.84	0.28	14.48%
Subsidiaries	4.07	17.82%	4.54	16.41%	5.61	0.40	21.17%
Reconciliations	(0.99)	(4.33%)	(1.25)	(4.50%)	(0.93)	(0.07)	(3.53%)
TOTAL (CONSOLIDATED)	**22.83**	**100.00%**	**27.67**	**100.00%**	**26.49**	**1.91**	**100.00%**

The Bank's total fee based income (consolidated) increased to Rp26.49 trillion (US$1.91 billion) in 2019, from Rp27.67 trillion and Rp22.83 trillion in 2018 and 2017, respectively.

Operating income

The following table shows the Bank's operating income (consolidated). which the Bank defines as the sum of net interest income and fee based income, by segment:

	As of 31 December						
	2017		**2018**		**2019**		
	(Rupiah trillion, except percentages)					***(US$ billion)***	
Wholesale	19.60	25.36%	19.32	22.73%	18.00	1.30	20.52%
Corporate	10.15	13.13%	10.57	12.44%	10.78	0.78	12.29%
Commercial	7.68	9.93%	6.85	8.06%	5.39	0.39	6.14%
Institutional	1.78	2.30%	1.90	2.23%	1.84	0.13	2.09%
Retail	40.16	51.97%	43.43	51.10%	45.88	3.31	52.30%
Treasury and International Banking	7.77	10.06%	9.75	11.47%	9.25	0.67	10.54%
Head Office	4.25	5.50%	5.34	6.28%	3.78	0.27	4.31%
Subsidiaries	14.24	18.43%	15.87	18.67%	16.85	1.21	19.20%
Reconciliations	(8.74)	(11.31%)	(8.71)	(10.25%)	(6.04)	(0.44)	(6.89%)
TOTAL (CONSOLIDATED)	**77.28**	**100.00%**	**85.00**	**100.00%**	**87.73**	**6.32**	**100.00%**

The Bank's total operating income (consolidated) increased to Rp87.73 trillion (US$6.32 billion) in 2019, from Rp85.00 trillion and Rp77.28 trillion in 2018 and 2017, respectively.

Corporate Banking

Overview

The Corporate Banking unit of the Bank's wholesale banking segment serves Indonesia's leading publicly-listed companies (both private and state-owned companies) and large unlisted companies, with gross annual sales of more than Rp2 trillion (approximately US$139.08 million). The Bank's Corporate Banking unit offers a range of banking products and services as well as financial advisory services, underwriting and securities trading and brokerage services through PT Mandiri Sekuritas, the Bank's market-leading investment banking subsidiary.

The Bank has a number of competitive strengths in the Corporate Banking segment, including:

- diversification across various priority sectors (such as plantation, electricity, food and beverage, mining, oil and gas and fertiliser);
- strong capitalisation allowing the Bank to support the borrowing needs of large corporate clients with higher borrower limits; and
- a broad suite of banking and non-banking products, supported by a superior corporate governance process (recognised by the Indonesian Institute for Corporate Governance (IICG) as one of "the Most Trusted Companies" in 2019), risk management strategy and IT infrastructure.

The Bank's leading market position in the corporate segment provides opportunities to promote lending and fee-based services in other segments, including opportunities with the Bank's clients' employees and business partners throughout the value chains. The Bank cross-sells commercial, treasury, micro and retail banking services as well as consumer finance products.

The Bank's main strategies for developing the Corporate Banking business are:

(1) Anchor client focus: focusing on relatively prominent customers in each priority sector;

(2) Solution and collaboration: providing comprehensive solutions for customers in accordance with their industry and business ecosystems; and

(3) Strong enablers: strengthening fundamental aspects such as human resources development and business process improvement.

Lending products

The Bank's Corporate Banking loans include working capital, term and syndicated loan facilities, as well as non-funded loan facilities such as bank guarantees and letters of credit. As of 31 December 2019, the Bank had total loans to corporate customers of Rp329.76 trillion (US$23.75 billion) (Bank only, excluding loans managed by the Special Asset Management Group), an increase of 8.97% from Rp302.63 trillion as of 31 December 2018. As of 31 December 2019, the corporate loan portfolio represented 41.62% of the Bank's total loan portfolio.

The Bank's gross loans (Bank only) in its Corporate Banking unit increased to Rp27.14 trillion (US$1.95 billion) as of 31 December 2019, compared to Rp53.88 trillion as of 31 December 2018. although the number seem decreasing, but the bank still had strong commitment to grow in several key areas, such as infrastructure loans (including toll road, construction and transportation loans).

The Bank's key corporate loan products include:

- *Mandiri Kredit Investasi:* Credit facility provided to finance the needs for capital goods in order to rehabilitate, modernise, expand, establish new projects and/or other purposes pertaining to investments.

- *Mandiri Kredit Modal Kerja:* Loan facility provided to meet the needs for working capital consumables in one business cycle and/or special working capital to finance inventory/receivable/project or other special needs.

The Bank provides short term Rupiah-and US dollar-denominated working capital loans with maturities of up to one year, which may be rolled forward, and typically with floating interest rates.

As of 31 December 2019, working capital loans represented 43.78% of corporate loans (Bank only) and 16.30% of the Bank's total consolidated loan portfolio.

The Bank also provides long term Rupiah and foreign currency loans for capital expenditure and project finance. These loans typically have maturities of 3 to 12 years and floating interest rates. As of 31 December 2019, investment loans represented 56.22% of the Bank's corporate loans and 20.93% of the Bank's total consolidated loan portfolio.

Most of the Bank's loans are bilateral loans in which it is the sole lender, although the Bank is active in syndicating larger corporate loans. As of 31 December 2019, syndicated loans represented 27.39% of corporate loans (Bank only) and 10.20% of the Bank's total consolidated loan portfolio. The Bank also acts as arranger, facility agent, security agent and escrow agent in connection with syndicated financings, and provides syndicated loans through its overseas branches.

As of 31 December 2019, 69.54% of corporate loans (Bank only) were denominated in Rupiah. Some of the Bank's loans to corporate customers are collateralised by tangible and financial assets, including the asset being financed in the case of the relevant investment or project loans.

Collateral may include land, building or machinery for an investment loan or inventory and receivables for a working capital loan. The Bank seeks to revalue collateral in the form of fixed assets periodically. The Bank typically values collateral based on its estimated fair market value, which may be higher than the amount it would be able to recover through a liquidation process.

Deposit products

The Bank offers its corporate customers demand deposit, time deposit and savings deposit products. As of 31 December 2019, the Bank had total deposits of Rp146.85 trillion (US$10.58 billion) from 4,069 corporate customers (Bank only). As of 31 December 2019, deposits from corporate customers represented 18.02% of the Bank's total deposits from customers. The Bank has focused on reducing reliance on relatively expensive time deposits and decreasing the cost of funds by improving the cash management infrastructure and selectively extending special rates for key corporate customers in accordance with customer profitability analysis. As of 31 December 2019, low cost funds (demand deposits and savings accounts) constituted 73.62% of the total deposits from corporate customers. In addition 2,420 corporate customers use the Corporate Banking's cash management services, a number that the Bank hopes to increase as part of the cross selling product strategy to improve its funding mix.

The Bank offers demand deposit accounts denominated in Rupiah and several foreign currencies, including US dollars, Japanese yen, pounds Sterling, Euros and Singapore dollars. Demand deposits bear interest at variable rates. As of 31 December 2019, demand deposits denominated in US dollars, Japanese yen, pounds Sterling, Euros and Singapore dollars accounted for 35.75%, 0.63%, 0.02%, 2.80%, and 0.09%, respectively, of the total demand deposits (on a Rupiah basis) of corporate customers with 60.26% denominated in Rupiah.

The Bank also offers time deposits, which unlike regular savings deposits may not be withdrawn prior to an agreed maturity of 1, 3, 6, 12 and 24 months. At maturity, the principal and accrued interest is payable to the customer and the aggregate amount may be rolled. Customers may also choose to have interest paid on a monthly basis. As of 31 December 2019, corporate customers accounted for aggregate time deposits of Rp38.74 trillion (US$2.79 billion), constituting 14.74% of Bank only time deposits.

As of 31 December 2019, the Rupiah-denominated time deposits to corporate customers represented 67.42% of total time deposits to corporate customers. For the year ended December 2019, the cost of funds for Rupiah-denominated time deposits to corporate customers was 6.40% and 2.76% for foreign currency-denominated time deposits to corporate customers, compared to 2018, where the cost of funds for Rupiah-denominated time deposits was 5.73% and 1.82% for foreign currency-denominated time deposits.

Finally, the Bank also offers a payroll benefit service called Bank@Work that allows employee payroll cheques of corporate customers to be deposited directly into employees' payroll accounts and provide special consumer products offering for employees. This has both strengthened the corporate relationships and allowed the Bank to leverage these relationships to expand its consumer lending and retail deposit base.

The following table sets forth the deposits from customers by type and currency for Corporate Banking customers as of the dates indicated:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					(US$ billion)	
By type							
Demand deposits *(giro)*	83.35	11.42%	79.92	10.81%	100.67	7.25	12.35%
Savings deposits *(tabungan)*	7.00	0.96%	6.53	0.88%	7.45	0.54	0.91%
Time deposits *(deposito)*	36.65	5.02%	41.19	5.57%	38.74	2.79	4.75%
Subtotal	**127.01**	**17.40%**	**127.65**	**17.26%**	**146.85**	**10.58**	**18.02%**
By currency							
Rupiah	83.76	11.48%	84.28	11.40%	91.69	6.60	11.25%
Non-Rupiah	43.25	5.93%	43.37	5.86%	55.16	3.97	6.77%
Subtotal	**127.01**	**17.40%**	**127.65**	**17.26%**	**146.85**	**10.58**	**18.02%**
TOTAL DEPOSITS FOR ALL SEGMENTS	**729.78**	**100.00%**	**739.49**	**100.00%**	**815.11**	**58.71**	**100.00%**

The Bank's total deposits from Corporate Banking customers slightly increased to Rp146.85 trillion (US$10.58 billion) as of 31 December 2019, compared to Rp127.65 trillion as of 31 December 2018 primarily due to the increase of customers as the Bank tries to increase its market share and penetration to new customers.

Other services

The Bank also provides its corporate customers with bank guarantees, letters of credit, foreign exchange facilities and cash management services in line with the long-term strategy to develop its wholesale transactional banking business. As of 31 December 2018, it extended treasury line facilities to 291 of its 3,899 corporate customers. The Bank's business groups are each directed to explore all of the potential transactional and payments system needs of the corporate customers and their associated suppliers, distributors and customers.

This strategy is aimed at increasing profitability through low cost funds and increased fee-based income. In 2019, other operating income from corporate customers was Rp2,258.29 billion (US$162.67 million), a decrease of 10.29% from Rp2,517.34 billion in 2018. Other operating income was Rp2,277.65 billion in 2017.

Commercial Banking

Overview

The Commercial Banking provides a range of lending (including multi-finance business entities) and deposit products, as well as value-added, fee-based services, to corporate entities with gross annual sales above Rp50 billion (approximately US$3.07 million) and up to Rp2 trillion (approximately US$122.62 million). Commercial Banking customers also include provincial and funding customers across Indonesia, such as rural banks (BPR), local government units (PEMDA), regional government owned enterprises including local public hospitals and water utilities, and universities. Primary targets for the Bank's Commercial Banking products include suppliers, contractors and sub-contractors that support the Bank's corporate banking customers across the value chain. Palm oil plantations, crude palm oil (CPO) manufacturers and construction services currently account for the largest amounts of Commercial Banking loans.

The Bank has a number of competitive strengths in the Commercial Banking segments, including:

- Widely dispersed 26 units of Commercial Banking channels, including 17 Commercial Banking Centers located at 11 regions and 9 units at Mandiri head office which serve specific sectors and bigger loan size. The organization is fit to provide a wide range customer at the regions and more specific support for larger Commercial Banking customers as well;

- extensive experience, geographic presence over branches and a strong customer base in the commercial banking segment; and

- Large opportunities to develop relationship with existing customers to leverage value chain business through financial solutions.

The Commercial Banking segment has become a key element of the business in Bank Mandiri, both in lending and funding. As of 31 December 2019, excluding loans managed by the Special Asset Management group, the Bank had Rp151.42 trillion (US$10.91 billion) in loans to Commercial Banking customers, representing 19.11% of the (Bank only) loan portfolio. The yield of loans issued by the Commercial Banking segment was 7.87% as of 31 December 2019. Most of the Commercial Banking segment loan portfolio is composed of customers with credit limits of more than Rp250 billion. The breadth of the Bank's customer base provides opportunities to promote its value chain business.

The Bank's main strategies in developing the Commercial Banking business are:

(1) Focusing on loan strategy which loan grow focused on existing funding or transaction banking customer, and main players at growing industry sectors at the regions as well.

(2) Growing on asset-based lending by applying portfolio mix in accordance with portfolio guidelines focused on financing with an attractive and neutral sectors.

(3) Increasing debtors' funds and management strategy, and the increase of deposits ratio compare to its working capital loan (WCL) facilities.

(4) Transaction solutions by using the Bank's product bundling to increase Third Party Funds (TPF).

(5) Improvement and refinement of business processes by adding information technology systems to enable the optimization of work effectiveness, credit monitoring and cost efficiency.

(6) The relationship manager (RM) function, which is responsible for managing customers, the center of total solutions offering bundling products to acquire customer's business ecosystem.

(7) Implementing capability enhancement programs for relationship managers.

Lending products

Commercial Banking loans reached Rp151.42 trillion (US$10.91 billion) as of 31 December 2019 (Bank only), representing 19.11% of the Bank's loan portfolio), an increase of 6.20% compared to Rp142.58 trillion as of 31 December 2018. The Bank had Rp155.82 trillion of Commercial Banking loans as of 31 December 2017. Commercial Banking NPLs amounted to Rp14.65 trillion (US$1.06 billion) as of 31 December 2019. Commercial Banking gross NPLs were 9.68% (Bank only) as of 31 December 2019, a decrease of 0.86% and an increase of 0.53% compared to 10.54% and 10.01% as of 31 December 2018 and 2017, respectively. National economic activity has declined since 2016, causing a decline in Commercial Banking lending. Commercial customers are medium-sized borrowers and regional companies who cannot access the capital markets, making them more vulnerable to a decline in economic activity.

The Commercial Banking unit is currently focusing on lending in sectors rated "attractive" and "neutral" by the Bank. The unit adopts the tagline "Total Solutions," and emphasizes the bundling of various products for customers, the use of digital channels and generating fee income from low risk products. The Bank's bundled products target not only commercial customers but the various parties with which such customers do business in their respective value chains. In addition to increasing loan growth, the Commercial Banking unit seeks to maintain loan quality by focusing on low credit risk customers as identified by portfolio guidelines.

Deposit products

The Bank offers Commercial Banking customers demand deposit, time deposit and savings deposit products, similar to those offered to corporate customers. As of 31 December 2019, the Bank had total deposits of Rp75.66 trillion (US$5.45 billion) from 17,484 commercial customers (Bank only). As of 31 December 2019, Rp52.60 trillion (US$3.79 billion), or 69.51%, of Commercial Banking unit deposits were low cost CASA (demand and savings deposits), and Rp23.07 trillion (US$1.66 billion) were time deposits (Bank only). The Bank also offers cash management services to the Commercial Banking customers.

Institutional (*Kelembagaan*)

Overview

In order to support the vision of 2020, Bank Mandiri has an Government Institutional Relations work unit established in 2017 to achieve its aspirations as a "Main Bank for Government Institutional Customer" through the provision of financial solutions supported by the strength of the Mandiri Group collaboration. The focus of customers in the Government Institutional Relations segment is the Ministries/Institutions Customers, Public Service Agencies (BLU), and State-Owned Enterprises (especially non-listed) which currently totals more than 800 institutions

To build a holistic relationship for institutional customers, Government Institutional Relations offers placement of funds (in the form of current accounts and deposits), financing facilities (Investment & Working Capital), system solutions for state revenue (tax, customs, PNBP) and other transaction solutions such as MVA and MHAS (Dashboard System Solution) for vertical hospital institutions and educational institutions.

As a Collaboration Leader for the Retail segment and other segments, the Government Institutional Relations work unit also reaches retail customers related to government institutions through the payroll package, Bulk Pre-Approved KSM, Bulk approval Corporate Card – Credit Card – ID Card.

The Government Institutional Relations segment also manages special units that actively participate in encouraging government programs. The Government Institutional Relation segment actively contributes to government programs including the Non-Cash Food Assistance (BPNT) program, the Family Hope Program (PKH), Farmers' Cards, Village-Owned Enterprises (BUMDes), Asset Redistribution Program – Social Forest Utilization Permit (IPHPS), and the Muara Gembong Family Social Forestry Program.

The Bank's main strategies for developing the Government Institutional Relationship business are:

(a) Increasing funding growth through:

  (i) Deepening client relationship and customer transaction optimization.

  (ii) Expanding distribution channels focusing on strategic areas and providing comprehensive solutions to customers.

(b) Increasing the growth of credit through:

  (i) Customer focus on potential sectors to build long-term business relationships with a healthy loan growth and value chain business generation.

  (ii) Proactive loan monitoring supported by adequate procedures and policies.

  (iii) Development of information systems aimed at sharpening end-to-end credit process.

(c) Increasing fee based income through:

  (i) Enhancing cooperation in providing financial services such as custody service, remittance.

  (ii) Conducting promotion and socialization on the use of channels/means of receipt of payment.

(d) Continuing to support government transaction activities, especially related to the distribution and receipt of APBN (transactions in the Government national budget) and non-APBN by accommodating the provision of products and services and optimizing e-channels.

(e) Supporting the sustainability of the realization of Government programs by encouraging collaboration both internally and externally by the Bank.

(f) Leveraging the relationship with government and institutional client as entry points for new core businesses and affiliated companies through bundling product and payroll package solutions to customers in Government ministries, institutions and state-owned enterprises.

(g) Strengthening the organization and risk management through improvement of human resources competence as well as risk management control in order to increase business growth in a sustainable manner.

Lending products

As of 31 December 2019, the Bank had total loans to Government Institutional customers of Rp27.03 trillion (US$1.95 billion), representing 3.41% of the Bank's total loan portfolio (Bank only), and an increase of 23.62% on annual basis from Rp21.86 trillion (US$1.52 billion) as of 31 December 2018. The Bank had total loans to Government Institutional customers of Rp13.86 trillion as of 31 December 2017.

The increase of Government Institutional loan segment was contributed by foreign exchange financing. The composition of foreign currency financing has increased, from the initial 44.67% of the portfolio in 2018 to 46.85% of the portfolio at the end of 2019 or valued at Rp12.66 trillion.

The credit quality of the Government Institutional segment is reflected by its 0% NPLs ratio in its portfolio of Rp27.03 trillion, as of 31 December 2019. The success in maintaining the loan quality of the Institutional Relations segment is driven by the provision of highly selective financing that focused on government projects/programs related to the Government Expenditure Budget (APBN). In addition to maintaining credit quality, the Bank also carried out:

- Reviewing collectivity and watch list analysis periodically and in an orderly manner.

- Monitoring the fulfillment of credit obligations before maturity so that no enter collection processes.

- Meeting and maintaining the terms and conditions set forth in the credit agreement.

- Improving business processes by increasing the effectiveness of the credit extension process simultaneously with customers in one debtor group and credit extension 3 (three) months before maturity.

Deposit products

The Bank offers its Government Institutional customers demand deposit, time deposit and savings deposit products similar to corporate customers. As of 31 December 2019, the Bank had total deposits of Rp71.77 trillion (US$5.17 billion) from Government Institutional customers, an increase of 11.88% from Rp64.16 trillion (US$4.62 billion) as of 31 December 2018.

The increase was contributed by the growth of CASA products (demand and savings deposits). Government Institutional CASA in this period reached Rp26.53 trillion or grew 24.42% on an annual basis thus contributing 37% of the total Government Institutional Deposits portfolio. Further, based on the type of customers who place their funds, Government Institutional relationship fund customers are dominated by many Public Service Agency, Government Business Entity and Ministry customers who contribute more than 60% of total deposits.

Retail Banking

Overview

Retail Banking provides a variety of banking products for individual customers for consumer financing needs, including mortgages, personal loans, auto loans and credit cards. In addition, Retail Banking also provides business financing support for Micro and Small Medium Enterprise (SME) customers in the form of working capital loans and investment loans. This segment also offers various deposit and investment services to these customers.

The Bank's retail segment is divided into:

- Small Medium Enterprises (SMEs): corporate and individual borrowers with gross annual sales of less than Rp50 billion (approximately US$3.6 million) or credit limits above Rp200 million (approximately US$14,400) and up to Rp25 billion (approximately US$1.8 million), and certain other corporate borrowers such as cooperatives;

- Micro: entity and individual borrowers with credit limits up to Rp200 million (approximately US$14,400);

- Wealth management: individuals with total funds under management with the Bank of at least Rp1 billion (approximately US$72,000); and

- Individual/consumer: other individual customers.

The Retail Banking segment benefits from synergies among the Bank's business units and subsidiaries, such as Bank Mantap, Mandiri Tunas Finance, Mandiri Utama Finance, and Mandiri International Remittance.

The Bank has a number of competitive strengths in the micro and retail banking segment, including:

- Nationwide branch network coverage (including micro), with 2,583 branches (including 139 branch offices, 2,304 sub-branch offices and 140 cash offices), supported by 18,291 ATMs;

- a large deposit customer base of 25.58 million retail deposit accounts; and

- opportunities to cross-sell to various counterparties of existing wholesale banking customers, across their respective value chains, through payroll and supplier transaction accounts.

The Bank aims to grow its retail credit business as a new core segment, in addition to the Corporate Banking segment, with the potential for substantial growth while maintaining asset quality. The Bank's core retail loans (consisting of Bank only SME, Consumer Loan, Credit Card, and Micro Loan) grew 12% to Rp275.95 trillion (US$19.88 billion) as of 31 December 2019 from Rp246.57 trillion as of 31 December 2018. Core retail loans were Rp223.10 trillion as of 31 December 2017. Retail segment gross NPLs (Bank only) improved to 1.45% as of 31 December 2019 from 1.77% as of 31 December 2018 and 2.53% as of 31 December 2017.

Lending products

The Bank expects that consumer and micro banking will be one of its primary growth areas in the near future. As of 31 December 2019, consumer, micro loans, and credit cards (Bank only) were Rp217.27 trillion (US$15.65 billion), an increase of 14.50% from Rp189.76 trillion as of 31 December 2018. Consumer, micro loans, and credit cards Rp161.52 trillion as of 31 December 2017.

Micro credit grew the most in 2019, increasing by 20.11% to Rp122.98 trillion (US$8.86 billion), followed by credit cards which grew 20.06% to Rp13.85 trillion (US$1 billion). Despite this growth, gross NPLs in micro and credit cards (Bank only) were 0.83% and 1.75% respectively as of 31 December 2019. This decreased from levels as of 31 December 2018, where gross NPLs were 0.87% and 1.96% respectively, and as of 31 December 2017 where gross NPLs were 2.01% and 2.93% respectively.

Deposit products

The Bank offers its retail customers (in the SME, Micro, Individuals and Wealth segments) various demand deposit, time deposit and savings deposit products. As of 31 December 2019, the Bank had total deposits of Rp815.11 trillion (US$58.71 billion) (Bank only). As of 31 December 2019, deposits from retail customers represented 62.25% of Bank only deposits. Growth in retail and micro deposits is driven by the fulfilment of transactional needs and trade transactions from SME and micro customers, under the product lines Mandiri Savings, Business Partner Savings (TabunganMU), Business Savings and Current Accounts.

The number of the Bank's retail deposit accounts (in the SME, Micro, Individuals and Wealth segments, consisting of current accounts, saving accounts, and time deposits) grew 5.68% from 24.2 million accounts as of 31 December 2018 to 25.57 million accounts as of 31 December 2019. The Bank had 21.82 million deposit accounts as of 31 December 2017.

Other products

The Bank also provides retail and micro customers with various products including debit cards, travelers' cheques, safety deposit boxes and automated utility bills payments. The Bank also taps its micro and retail network to distribute mutual fund, pension and insurance products on behalf of the Bank's wealth management unit, the Bank's subsidiaries and other partner institutions. For example, the Bank partners with PT Pertamina (Persero), Indonesia's state-owned oil and gas company, to provide payment and other services, including host-to-host payments, retail prepaid gasoline cards, and cash management services in relation to the distribution chain for Pertamina liquid fuel.

Organisation of Retail Banking segment

The Bank's Retail Banking business consists of the Individual/consumer, Micro, Small Medium Enterprises (SME), and Wealth Management units. The Retail Banking segment includes loans given to business entities or individuals on a micro to small scale, other products and services such as third party funds, payment transactions and other transactions owned by micro and small-sized entity customers as well as individual consumer loans, including mortgage loans, credit cards and other products and services such as third party funds, payment transactions and other transactions owned by individual customers, including priority customers with the respective details of selected operation sub-segments listed below.

Micro Banking

Overview

The Bank's Micro Productive unit handles productive micro lending with a maximum limit of up to Rp500 million (US$36,000), to both individual and corporate borrowers and also offer deposits Micro (TabunganMU). Productive micro loan is divided into two products, namely government subsidized micro productive loan (KUR or *Kredit Usaha Rakyat*) and non-subsidized micro productive loan (KUM or *Kredit Usaha Mikro*). The micro productive loan has offers by micro sales (MKS) and the deposit has offers by branchless agent bank.

KUR is a government subsidized credit program aimed at supporting the development of micro, small, and medium enterprises ("**MSMEs**") businesses. Every year, the government sets and allocates KUR disbursement targets for 44 selected banks, including the Bank. Based on PMK No.11/2017, KUR is disbursed for MSMEs such as potential Indonesian overseas workers and apprentices, family members of overseas workers, recently terminated workers, workers in border areas and members of MSME business groups such as the Joint Farmers and Fishermen Group (Gapoktan).

The Bank's main strategies for developing the Micro Productive business are:

(1) Improving competence of sales personnel (MKS) as well as offering more attractive and competitive sales incentive schemes. MKS for the Micro product is separated between the MKS micro productive loan KUM-KUR and MKS micro nonproductive loan KSM, with the phenomenon of the aforementioned MKS KUM-KUR can focus on acquiring debtors.

(2) Sharpening target market focus, either through intensification or extensification.

(3) Developing and improving early warning system tools for credit monitoring.

(4) Improvement of the process that includes the micro credit process in the branch and utilization of branchless banking agents in the acquisition of prospective micro debtors.

(5) Penetration of KUM loans with limits of up to Rp500 million (approximately US$36,000) to new business sectors in order to better diversify KUM portfolios.

(6) Cooperation with e-Commerce and Financial Technology in the distribution of micro productive loan to e-Commerce user.

(7) Disburse micro productive loans to micro customers with a focus on potential sectors that support the growth of customer value chain businesses related to Wholesale segment such as Payroll-based loan.

(8) Increasing the growth of deposit, among others through the development of customer transaction service features both through digital channels and branchless banking agents, as well as marketing programs to encourage business customer transactions.

(9) Increasing the number and distribution of branchless banking agents and strengthen network and branchless banking support systems such as EDC mini ATM.

Lending products

As of 31 December 2019, the Bank had total loans to the micro productive segment of Rp46.74 trillion (US$3.37 billion), representing 5.90% of the Bank's total loan portfolio (Bank only), and an increase of 24.63% on annual basis from Rp37.50 trillion (US$2.61 billion) as of 31 December 2018. The Bank had total micro productive loan of Rp33.87 trillion as of 31 December 2017.

Micro productive loans increased due to increases in KUR loans, which initially composed of 58.67% the portfolio in 2018 and increased to 68.51% at the end of 2019 or valued at Rp32.02 trillion. During this period, the Bank successfully fulfilled its KUR disbursement quota of Rp25 trillion. This growth also demonstrates the Bank's commitment to actively participate in Government programs to advance the micro and SME sectors in Indonesia.

As of 31 December 2019, the NPLs in the micro productive loan segment decreased to 1.03% from 1.60% as of 31 December 2018. This decrease was driven by selection of sectors that benefit from industries that grew in 2019 such as tourism. The Bank also developed and improved early warning system tools for micro productive credit monitoring.

Deposit products

The Bank offers its micro banking customers deposits (demand deposit, time deposit, and savings deposit products). As of 31 December 2019, deposits from micro customers grew 9.29% on annual basis from Rp24.99 trillion in 2018 to Rp27.31 trillion (US$1.97 billion). The Bank had Rp16.95 trillion of micro deposits as of 31 December 2017.

The increase of micro deposits supported by the growth of Tabungan Mitra Usaha (TabunganMU) through the optimization of the Micro Branch Office (KCM) with the Extensification and Intensification Programs, such as Semarak Rakyat 2019 Acquisition of TabunganMU, Semarak Pasar Rakyat, Grebeg Agen, SEMAR, which had been implemented during the year of 2019. The micro saving represented 89.7% of these micro deposits as of 31 December 2019.

As of 31 December 2019, the Bank had 101,744 branchless banking agents, consisting of 89,851 individual agents and 11,893 Legal Entity agents. The number of branchless banking agents grew 46.3% compared to the number of branchless banking agents in 2018 of 69,526 agents. These agents have contributed positively in the case of acquiring accounts that accounted for 3.7 million savings accounts.

To strengthen the branchless banking network, starting in August 2018 Bank Mandiri implemented a banking transaction system through branchless banking agents in the form of mini ATMs at EDC which was carried out in stages. As of December 2019, 51,831 agents had obtained mini ATMs at EDC, which consist of 34,193 Mandiri Agents and 17,638 Mandiri Government Program Agents.

The effort made a positive impact on the micro segment. Since 2019, the Bank has succeeded in recording Rp14.5 trillion transaction volume and 11.7 million transaction frequency from all branchless banking agents. The Bank also cooperates with the Ministry of State-Owned Enterprises and the Social Service to make branchless banking agents as agents of social assistance, the Farmers Card program, the Family Hope Program (PKH) and Non Cash Food Assistance (BPNT), and Village-Owned Enterprises (BUMDes).

SME Banking

Overview

The Bank's SME Banking unit handles lending to corporate and individual borrowers with gross annual sales of less than Rp50 billion (approximately US$3.48 million) or credit limits above Rp200 million (approximately US$14,000) and up to Rp25 billion (approximately US$1.74 million), and certain other corporate borrowers such as cooperatives.

The Bank's main strategies for developing the SME banking business are:

(1) Sharpening the SME target market that is in line with the region's potential, by prioritizing PRIMA customers (or customers with existing liabilities relationships), value chains and cooperatives.

(2) Focusing on potential target markets especially intensification of existing customers, value chain customers and cooperatives.

(3) Expanding business through asset-based credit products and developing fintech financing schemes.

(4) Improving process, system, and human resources to support the achievement of credit.

Lending products

The Bank's SME banking loans increased by 3.30% from Rp56.81 trillion (Bank only) as of 31 December 2018 to Rp58.68 trillion as of 31 December 2019. The Bank had Rp61.58 trillion of SME loans as of 31 December 2017. For the last two years, the SME Banking unit focused on improving credit quality and business processes over loan growth, and lends selectively to new SME borrowers in predetermined target markets. As of 31 December 2019, the wholesale and retail trade, agriculture, and forestry sector accounted for 45.45% of Bank only SME loan.

Deposit products

Deposits from SME customers increased by 11.32% from Rp158.78 trillion (Bank only) as of 31 December 2018 to Rp176.76 trillion as of 31 December 2019. The Bank had deposits from SME customers of Rp163.71 trillion as of 31 December 2017. This growth was driven mainly by growth in CASA (demand and savings deposits) of SME customers of 10.37%, from Rp133.74 trillion (Bank only) as of 31 December 2018 to Rp147.60 trillion as of 31 December 2019, following a successful marketing campaign aimed at SME customers that highlighted, for example, exemptions of bank transfer fees for customers who actively transact using Mandiri Tabungan Bisnis (business savings accounts). As of 31 December 2019, deposits from SME customers represented 21.69% of Bank only deposits.

Individual/consumer

Overview

The Bank has the largest corporate loan portfolio among Indonesian banks. The Bank aims to build upon this key strength by cross-selling to the employees of its largest corporate clients, particularly payroll accountholders, and other counterparties across various corporate clients' respective value chains. The Bank's Corporate Banking and Retail Banking units and the Bank's subsidiaries collaborate to drive growth using this strategy. As a key driver of retail segment growth, the Bank aims to provide key products to satisfy the personal needs of such employees and other counterparties, particularly KSM micro salary loans, housing loans and mortgages (KPR), auto loans (KKB), and credit cards.

Consumer loans

The Bank's consumer loan unit offers consumer credit through credit cards, home mortgage loans, home equity loans, and personal loans (primarily to employees of the Bank's Corporate and Commercial Banking customers), and products of Mandiri Utama Finance, the automotive and motorcycle finance subsidiary (51.0% owned by the Bank), that operates as part of the consumer loan unit.

The consumer loan unit has a number of competitive strengths in the consumer finance segment, including:

- the ability to cross-sell various consumer financing products, particularly payroll loans, to employees of its wholesale banking customers;

- the ability to leverage existing wholesale banking relationships to introduce innovative consumer finance products, such as the co-branding of its Hypermart Card with Hypermart (a leading Indonesian superstore retailer with approximately 100 outlets in Indonesia and owned by PT Matahari Putra Prima Tbk); and

- the Bank's recognised brand among Indonesian consumers.

The key strategies of the consumer loan unit include:

(1) Improvement of product features to enhance competitiveness in the market.

(2) Collaboration with enterprise data management (EDM) unit to supply data as branch leads in making sales.

(3) Increasing employees' product knowledge through the implementation of the digital application Mandiri CliCK (Center of Learning and Integrated Collaborative Knowledge).

(4) Improved composition of the mortgage business with a focus on the primary segment and payroll-based employees.

(5) Improved collaboration with several leading e-commerce platforms in Indonesia to boost credit cards transactions.

The Bank's total consumer loans (mortgage, auto loans, and credit cards) grew to Rp94.30 trillion (US$6.79 billion) as of 31 December 2019, an increase of 7.92% from Rp87.38 trillion as of 31 December 2018. The Bank's total consumer loans were Rp78.30 trillion as of 31 December 2017.

Auto loans grew by 9.58%, from Rp31.61 trillion (Bank only) as of 31 December 2018 to Rp34.64 trillion (US$2.50 billion) as of 31 December 2019. The Bank had total auto loans of Rp26.75 trillion (Bank only) as of 31 December 2017. Auto loans accounted for 36.73% of the Bank's consumer loans as of 31 December 2019.

Mortgage loans grew by 2.78% to Rp44.25 trillion (Bank only) as of 31 December 2019 from Rp43.05 trillion as of 31 December 2018. The Bank had total mortgage loans of Rp40.04 trillion as of (Bank only) 31 December 2017. Mortgages accounted for 46.93% of the Bank's consumer loans as of 31 December 2019.

The Bank also had Rp13.85 trillion (US$1.00 billion) (Bank only) of credit card outstanding loan balance in 2019, an increase of 20.06% compared to Rp11.53 trillion in 2018. The Bank processed Rp10.31 trillion in credit card outstanding loan in 2017. The Bank experienced growth in both transaction value and number of cards issued in 2019.

The following table sets forth the Bank's gross loans (Bank only), by type, for the Bank's consumer customers:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Mortgage	40.04	51.13%	43.05	49.27%	44.25	3.19	46.93%
Auto loans	26.75	34.17%	31.61	36.17%	34.64	2.50	36.73%
Credit card	10.31	13.17%	11.53	13.20%	13.85	1.00	14.69%
Employee-housing loans	1.20	1.53%	1.18	1.35%	1.56	0.10	1.65%
TOTAL CONSUMER LOANS	**78.30**	**100.00%**	**87.38**	**100.00%**	**94.30**	**6.79**	**100.00%**

For consumer loan products, the credit approval process involves evaluating an applicant's income, assets and liabilities, and employment history. The Bank rates applicants by various categories and has implemented a comprehensive credit approval process. The Bank determines the interest rates for the Bank's consumer lending products using a base lending rate plus risk premium.

Retail deposits

The key strategies for the Bank's retail deposit unit are:

(1) Improving the lead management system and business processes that support accelerated customer acquisitions.

(2) Increasing product usage or customer transactions and product holding.

(3) Increasing share of wallet receipts and expenses of anchor clients.

(4) Optimizing potential from payroll accounts through offering special benefits such as payroll package offers based on companies size and existing business potential, special pricing schemes, product bundling, and insurance.

(5) Increasing individual customer savings by creating programs or marketing campaigns that highlight transaction benefits or marketing campaigns regarding banking solutions.

The following table summarizes the Bank's retail deposits by type of product:

	As of 31 December						
	2017		2018		2019		
	(Rupiah trillion, except percentages)					*(US$ billion)*	
Current account	51.01	10%	55.39	12%	60.36	4.35	12%
Savings account	283.73	60%	283.93	59%	296.55	21.36	58%
Time deposit	141.63	30%	141.20	29%	150.47	10.84	30%
TOTAL	**476.37**	**100.00%**	**480.51**	**100.00%**	**507.38**	**36.55**	**100.00%**

Wealth management

The Bank's wealth management unit provides various mutual fund and securities products to premium retail customers and high net worth individuals, including:

- Money Market Mutual Fund: fund invested solely in money market instruments such as time deposits and notes maturing in less than one year.

- Fixed Income Mutual Fund: fund at least 80% of which is invested in bonds.

- Balanced Mutual Fund: fund at most 79% of which is invested in equities and/or bonds.

- Shares Mutual Fund: fund at least 80% of which is invested in equities.

- Protected Mutual Fund: fund actively managed to provide protection on initial investment or principal through portfolio management mechanisms.

- Index Mutual Funds: low cost, passive fund designed to provide returns similar to that of a reference index.

- Retail State Bond: Government bonds sold to individuals who are Indonesian citizens through seller agents, with a specified minimum volume.

- Retail Sukuk: Government Sharia compliant bonds sold to individuals who are Indonesian citizens through seller agents, with a specified minimum volume.

The wealth management unit had Rp27.78 trillion (US$1.74 billion) (Bank only) of mutual funds assets under management ("**AUM**") as of 31 December 2019, an increase of 9.5% from Rp25.38 trillion of AUM as of 31 December 2018. The wealth management unit had Rp22.73 trillion of AUM as of 31 December 2017. The largest increase in AUM in 2019 came from fixed-income mutual funds (130.87%) and money market mutual funds (32.99%).

Revenues from the wealth management unit's mutual fund business decreased by 9.09% from Rp200.11 billion in 2018 to Rp181.91 billion (US$11.37 million) (Bank only) in 2019. Meanwhile, in 2019 retail referral brokerage fee increased by 247% to Rp6.39 billion (US$0.4 million).

Treasury & International Banking

Overview

The treasury segment includes treasury transactions (such as foreign exchange, money market, securities and derivatives transactions) transactions with financial institutions and transactions related to capital markets products. Treasury transactions can be interbank or for wholesale and retail customers. The Bank's Treasury & International Banking Directorate ("**Treasury**") operates from the Bank's head office and through 10 Regional Treasury Marketing networks spread throughout Indonesia.

The Bank's Financial Institutions unit serves other banks and non-bank financial institutions (IKNB). The unit covers domestic banks (excluding rural banks ("**BPRs**")) and international banks, private insurance companies and their affiliated financial institutions (including insurance and reinsurance brokers), as well as financial institution pension funds (DPLK). Transactions with financial institutions include trade finance transactions; remittances, insurance company funds and credit to banks. Meanwhile, capital markets related transactions include custodial, trust, and short-term credit services to securities companies. Transactions with financial institutions and associated capital markets are implemented by the International Banking and Financial Institutions Group which is part of the Treasury & International Banking Directorate.

The Bank has demonstrated a record of performance and a number of competitive strengths in the Treasury segment, including:

- fee income generated by Treasury & International Banking as a Segment of Rp4.34 trillion for 2019, accounting for 16.40% of consolidated fee income and an increase of 1.61% from 2018;

- a highly regarded brand among treasury and financial institution customers as evidenced by numerous recognitions and awards, including "Best FX Provider" from Global Finance (seven awards since 2011) and Global Finance (three awards since 2017), "Best Treasury" from *The Asset* (five awards since 2015), and Bank as Supporting Financial Market Deepening of 2019 (*Bank Pendukung Pendalaman Pasar Keuangan Terbaik* 2019), Supporting Foreign Currency Market Deepening Support Group (*Kelompok Pendukung Pendalaman Pasar Keuangan Valas*) from Bank Indonesia, Best Supporting Bank of Rupiah and Forex Monetary Control of 2019 (*Bank Pendukung Pengendalian Moneter Rupiah dan Valas Terbaik* 2019) from Bank Indonesia; and

- a strong customer base with more than 66,500 money market and foreign exchange services customers and 2,150 customers in custodial services as of 31 December 2019.

For 2019, Treasury & International Banking as a Segment accounted for 16.40% of the Bank's consolidated fee income and 8.01% of consolidated net interest income.

Treasury services

Treasury provides money market and foreign exchange services, including inter-bank placements. repurchase market transactions, hedging transactions and products (including currency swaps, interest rate swaps and forward contracts), and dealing in Bank Indonesia Certificates and Government bonds. Treasury customers include financial institutions, corporate, commercial and retail customers.

In addition, Treasury is responsible for efficiently managing the Bank's liquidity position in compliance with Bank Indonesia regulations on minimum reserve requirements and Net Open Positions.

Treasury transactions are conducted through the Bank's head office by approximately 100 dealers and the Bank's Regional Treasury Marketing groups located in Medan, Batam, Palembang, Bandung, Semarang, Solo, Surabaya, Balikpapan, Denpasar and Makassar. As of 31 December 2019, the Bank's money market and foreign exchange service had more than 60,000 corporate, commercial, small medium enterprise, micro and retail customers.

The Bank had an average daily turnover of foreign exchange transactions of US$1.12 billion. The Bank's Net Interest Income from Treasury in 2019 was Rp4.21 trillion (US$0.30 billion), or 15.33% of its total net income for the same period.

Financial institutions coverage

The Bank also provides a variety of capital market services, including custodial, trustee, paying agent, security agent and escrow services. The Bank also provide foreign exchange lines and intra-day facilities for stock transactions, bonds and OTC transactions in supporting the Bank's role as the payment bank for Bursa Efek Indonesia (the Indonesia Stock Exchange).

Custodial

As of 31 December 2019, the Bank was third party custodian for a portfolio of Rp555.33 trillion (US$39.66 billion), composed of Rp348.04 trillion (US$24.86 billion) of Government bonds, Rp105.96 trillion (US$7.57 billion) of corporate bonds, Rp53.04 trillion (US$3.79 billion) of equities and Rp29.14 trillion (US$2.08 billion) of Eurobonds and Rp19.14 trillion (US$1.36 billion) of other securities. The Bank's general custodial services include:

- safekeeping of securities and other valuable assets, including provision of sub-custodial services for American Depositary Receipts and Global Depositary Receipts;

- corporate actions and services to securityholders, such as the collection and on-payment of dividends and interest, and proxy services for its customers' shareholder and bondholder meetings; and

- escrow agent, paying agent, and receiving bank services in connection with bonds issuances and sub-registry services for the settlement of transactions for Government bonds. Bank Indonesia Certificates and other securities registered with Euroclear.

Special Asset Management

The Special Asset Management Group carries out loan restructuring and recovery across the Bank. It is responsible for managing the increase of NPLs from the Corporate and Commercial Banking portfolios, managing and liquidating abandoned properties and other properties acquired through restructurings and foreclosures, and managing the Bank's equity participation in subsidiaries. In 2019, the Special Asset Management Group had recoveries on written off assets of Rp1.69 trillion (US$0.12 billion).

The Special Asset Management Group implements three broad strategies: loan restructuring, loan exit and loan maintenance. The Bank achieved gross NPL ratios of 2.39%, 2.79% and 3.45% (Bank only) as of 31 December 2019, 2018 and 2017 respectively. The Bank recorded total collections (Wholesale and Retail segment) of Rp3.04 trillion (US$0.21 billion), Rp2.42 trillion (US$0.17 billion), and Rp2.91 trillion in 2019, 2018 and 2017, respectively.

Overseas operations

The Bank's overseas operations are strategically positioned in several major international trade and financial centres. It has six offshore branches located in the Cayman Islands, Hong Kong, Singapore, Dili of Timor Leste and Shanghai. In addition, the Bank operates a remittance office in Hong Kong, a wholly-owned subsidiary Mandiri International Remittance Sdn. Bhd. ("**MIR**") and a subsidiary Bank Mandiri Europe Limited ("**BMEL**") in London. The Bank is also actively seeking to grow its overseas banking operations. All of its overseas operations are independent profit centres and are managed in their respective countries.

As of 31 December 2019, the Bank's overseas branches and United Kingdom subsidiary had total assets of Rp66.5 trillion (US$4.79 billion), or 5.04% of its total assets. The Bank's Singapore branch being the largest overseas branch in terms of assets, with total assets of Rp26.81 trillion (US$1.93 billion).

The Bank's overseas operations focus primarily on trade finance and lending to Indonesia-related customers as well as local customers in certain niche markets and also targets remittance business from overseas workers. Through its overseas offices, the Bank provides trade-related facilities to overseas companies importing from Indonesia. The business will continue to generate significant growth for us in line with the Government's policy of increasing exports. The Bank also provides offshore lending directly to its Indonesian clients for their international operations and arranges and participates in foreign loan syndications. The Bank generally funds its offshore loans through international foreign currency borrowings or in the international inter-bank money market.

The overseas operations are required to comply with the Bank's central credit procedures and risk assessment criteria as well as all applicable local laws. Each overseas operation has a credit officer on-site. The overseas branches are also required to comply with guidelines and procedures set by Bank Indonesia designed to detect and prevent money laundering. As of 31 December 2019, the Bank developed reciprocal relationships with 1,103 banks in 83 countries, as well as 54 nostro accounts, which enable the Bank to increase the Bank's business including trade finance and remittances as well as risk-sharing and bilateral financing agreements.

Distribution channels

The Bank has the largest branch network among Indonesian banks. Its distribution network comprises branch offices, sub-branch offices, cash offices, overseas offices, and other office networks such as payment points, mobile cash, and micro mobile cash and ATMs, telephone banking, internet banking (Mandiri Online) and SMS banking.

Branch network

The Bank had 2,583 bank branches as of 31 December 2019, broken down into 139 branch offices, 2,304 sub-branch offices and 140 cash offices, supervised by 84 area offices and 12 regional offices throughout all provinces in Indonesia, as well as 6 overseas branches. The Bank is currently focusing on upgrading the capabilities of existing branches and other distribution channels, particularly digital banking channels, instead of adding new bank branches. For example, the Bank is shifting ordinary banking transactions to its online and mobile banking platforms and changing the staffing mix in branches to increase the ratio of sales officers and decrease the ratio of tellers.

The Bank also refurbishes existing branches and upgrades or establishes priority-banking centres as cities served by such branches become more affluent. As of 31 December 2019, the Bank operated 63 priority banking outlets, including 28 in Greater Jakarta (including Depok, Bekasi, Bogor and Tangerang), 26 in Medan, Riau, Batam, Padang, Palembang, Semarang, Yogyakarta, Malang, Banjarmasin, Samarinda, Balikpapan, Manado, Makassar, Denpasar, and 5 in Surabaya and 4 in Bandung. On 31 December 2019, the Bank had approximately 55,714 priority customers with total funds under management of approximately Rp205.2 trillion (US$14.78 billion). In order to qualify for priority services, customers must have at least Rp1 billion of funds under management or otherwise be recommended for priority service based on other factors.

The Bank's domestic branches are organised into 12 geographic regions within Indonesia, and the Bank aims to better integrate the input of regional heads to facilitate various growth strategies. The branches in every regional office are designed around the "area", "branch" and "cash outlet" structure. The area office supervises the branch offices and cash outlets within its area as a branch office with the approval of Bank Indonesia. The branch office is a branch-working unit that conducts marketing, sales and service functions. The cash outlet is a working unit under the supervision of the area office that conducts sales and service functions (aside from services related to credit products) and provides a specific type of transactional service as determined by the Bank, with the approval of Bank Indonesia, as a sub-branch office or cash office.

The area, branch and cash outlet structure is aimed at improving efficiency through operational centralisation of functions such as credit administration, increasing the marketing area coverage and developing areas in order to serve customers in every region. The Bank has determined that all branch offices in the Jakarta region shall only provide front office functions, while back office functions will be centralised in the Bank's Jakarta City Operations unit. More than 25% of the Bank's branch office network is located in Indonesia's four largest cities, namely Jakarta, Bandung, Surabaya and Medan. As of 31 December 2019, 29.2% of the Bank's total loans and 99.1% of total deposits are granted by branches in these four cities, while Greater Jakarta alone accounted for 29.2% and 56.6% of such loans and deposits, respectively.

The table below sets out the distribution of our area offices, branch offices, sub-branch offices, and cash outlets by region as of 31 December 2019 (branch subtotals exclude area offices):

	As of 31 December		
	2017	2018	2019
		(unit)	
Region 1 (Sumatera 1)			
Area offices	8	8	8
Branch offices	18	18	18
Branch sub-offices	249	248	245
Cash outlets	16	18	14
Branch subtotal	**283**	**284**	**277**
Region 2 (Sumatera 2)			
Area offices	7	7	7
Branch offices	14	14	14
Branch sub-offices	217	217	213
Cash outlets	3	3	2
Branch subtotal	**234**	**234**	**229**
Region 3 (Jakarta 1)			
Area offices	11	11	11
Branch offices	12	12	12
Branch sub-offices	228	228	238
Cash outlets	51	50	36
Branch subtotal	**291**	**290**	**286**
Region 4 (Jakarta 2)			
Area offices	10	10	10
Branch offices	10	10	10
Branch sub-offices	205	207	208
Cash outlets	25	24	22
Branch subtotal	**240**	**241**	**240**

	As of 31 December		
	2017	2018	2019
		(unit)	
Region 5 (Jakarta 3)			
Area offices	8	8	8
Branch offices	8	8	8
Branch sub-offices	172	172	164
Cash outlets	19	20	18
Branch subtotal	**199**	**200**	**190**
Region 6 (Jawa 1)			
Area offices	6	7	7
Branch offices	9	9	9
Branch sub-offices	221	222	216
Cash outlets	6	5	4
Branch subtotal	**236**	**236**	**229**
Region 7 (Jawa 2)			
Area offices	6	8	8
Branch offices	10	10	10
Branch sub-offices	254	255	256
Cash outlets	8	7	4
Branch subtotal	**272**	**272**	**270**
Region 8 (Jawa 3)			
Area offices	7	7	7
Branch offices	12	12	12
Branch sub-offices	297	298	297
Cash outlets	14	13	13
Branch subtotal	**323**	**323**	**322**
Region 9 (Kalimantan)			
Area offices	5	5	5
Branch offices	12	12	12
Branch sub-offices	147	148	145
Cash outlets	12	11	11
Branch subtotal	**171**	**171**	**168**

	As of 31 December		
	2017	2018	2019
		(unit)	
Region 10 (Sulawesi and Maluku)			
Area offices	6	7	7
Branch offices	19	19	19
Branch sub-offices	166	165	159
Cash outlets	8	8	7
Branch subtotal	**193**	**192**	**185**
Region 11 (Bali and Nusa Tenggara)			
Area offices	4	4	4
Branch offices	5	5	5
Branch sub-offices	107	109	111
Cash outlets	11	9	6
Branch subtotal	**123**	**123**	**122**
Region 12 (Papua)			
Area offices	2	2	2
Branch offices	10	10	10
Branch sub-offices	52	52	52
Cash outlets	4	4	3
Branch subtotal	**66**	**66**	**65**
TOTAL	**2,631**	**2,632**	**2,583**

ATM network

The Bank's ATM network is one of the largest in Indonesia. As of 31 December 2019, the network comprised 18,291 ATMs, with more than 21.7 million ATM cards in circulation. The Bank has ATMs located at all of its branches and cash outlets, as well as in shopping centres, office buildings and residential areas.

The table below shows, as of 31 December 2019, the number of the Bank's ATMs and ATM cards in issue:

	As of 31 December		
	2017	2018	2019
		(unit)	
ATMs	17,766	18,291	18,291
ATM cards	17.0 million	18.8 million	21.7 million

ATM cardholders can use the Bank's ATMs to withdraw funds, make balance inquiries and acquire a mini statement setting out the four most recent transactions, make payments on certain utility and credit card bills, purchase airline tickets and purchase prepaid phones vouchers, transfer funds (between their accounts including to or to another account holder) and register for electronic banking facilities through SMS, Mandiri Online and Call Mandiri. In order to increase efficiency and service quality, the Bank also provide cash deposit machines and self service passbook printers as additional delivery channels.

As of the end of 2017, the Bank has extended its ATM network through the integration with the vast LINK ATM network owned by Himbara Banks. Himbara is an association of state owned banks comprises of Bank Mandiri, Bank Negara Indonesia, Bank Rakyat Indonesia, and Bank Tabungan Negara. Mandiri's customers can now seamlessly use 30,000 ATM Merah Putih (Himbara's ATM network brand) as if it is Bank Mandiri's own ATM. This network is planned to be expanded to 58,000 ATM in the near future.

Internet and mobile banking

The Bank initially launched its internet banking services in December 2003 and single dashboard internet and mobile platform "Mandiri Online" on 21 March 2017. The Bank has developed several digital products aimed at maintaining its customer base as its customers increasingly transact online, and aims to shift at least 80% of customer interaction with the Bank to digital platforms. The Bank's e-money card has a dominant market share in prepaid electronic payments, including toll road and parking building payments. By 2019, the Bank has issued 19.84 million Mandiri e-money cards, evidencing a 19.29% increase from 2018 (16.63 million). The transaction volume of e-money cards also increased from Rp13.54 trillion in 2018 to Rp16.38 trillion (US$1.18 billion) in 2019.

As of 31 December 2019, the Bank had approximately 3.2 million active Mandiri Online users, which is roughly double the approximately 1.9 million users as of 31 December 2018. In the three months ended 31 December 2019, the Bank processed Rp245.14 trillion (US$17.65 billion) and Rp16.93 trillion (US$1.22 billion) mobile banking and internet banking transactions, compared to Rp306.83 trillion (US$22.1 billion) of ATM transactions in the same period. The Bank's volume of mobile banking transactions more than doubled compared to Rp107.63 trillion of mobile banking transactions in the three months ended 31 December 2017. The Bank's increasing volume of digital transactions also improves the Bank's data analytics.

Mandiri Online users can transfer funds between accounts and transfer funds to other domestic banks, make payments for certain utility and credit card bills, purchase airline tickets and prepaid phone cards (GSM), monitor their transaction history and obtain information on interest rates, foreign exchange rates and various other banking products.

SMS banking

The Bank provides customers with real time SMS and mobile access to their accounts through Mandiri SMS. Customers can check their balance or transfer funds and pay certain utility and credit card bills and purchase prepaid phones vouchers at anytime from anywhere with mobile phone reception. Mandiri SMS consists of three channels including SMS Ketik, USSD ("*141*6#") and Sim Tool Kit (STK), which are offered to users of the networks offered by Telkomsel, PT Indosat Tbk and PT XL Axiata Tbk.

The Bank's SMS banking service facilitates the access to banking services of customers with featured mobile phones. As of 31 December 2019, there were 0.53 million average active users per month, which is a decline from 2.47 million average active users per month as of 31 December 2018. Most Mandiri SMS users have moved to Mandiri Online, the Bank's primary digital solution, and other digital solutions.

Call centre and phone banking

The Bank established Mandiri Call, an automated telephone banking service which allows customers to carry out secure and convenient banking services over the phone. Mandiri Call allows customers to obtain information on account balances, foreign exchange rates, recent transactions and access various information regarding the Bank's various products and services. With more than 1,000 Mandiri Call staff, Mandiri Call services customers in all banking segments, including micro banking, SME, consumer, retail and corporate.

Digital banking and technology

Directorate of Information and Technology acts as a shared support function and service for various business units of the Bank regarding technology and banking operations. Information technology development has been planned and arranged in a way to be in line with the Bank's corporate plan, which is to strengthen the Bank's core business on the wholesale segment and generate new core business in the retail segment. The Bank's integrated technology platforms are aimed at providing efficient processing services at lowest cost benchmarks by taking advantage of economies of scale and advanced levels of automation. The Bank aims to focus in providing customer centric solutions by leveraging the power of digital, corporate relationships, and asset optimization. The strategies are well defined under the Digital Transformation framework that governs the tactical IT Improvement activities, strategic initiatives, and internal IT Transformation. The shifting to digital banking allows the Bank to address changing operational, business and customer needs, taking appropriate measures to sustain and improve customer service quality and to increase operational effectiveness. Over the past few years, as the Bank has focused on consolidation, integration and centralization, our technology platforms have been successfully augmented to process large volumes of transactions with high levels of accuracy. The Bank's IT infrastructure includes integrated delivery channel systems, core banking systems, middleware systems that interface the delivery channel systems with the core banking systems, management information systems and data warehousing systems. The Bank's IT solutions are designed to be flexible to service expected business growth, facilitate accelerated product development, reduce the time-to-market of new services, integrate new delivery channels, and provide for a centralised repository of customer relationship data across multiple products. Ultimately, the Bank aims to transform itself into a digital organisation, and achieve both the required technological and internal cultural changes.

The Bank's digital initiatives include:

- Improving core banking capacities to support up to 5 times the number of current digital traffic.

- Accelerating the Bank's efficiency and enabling straight-through-processing through BPR initiative (Business Process Reengineering). BPR aims to simplify, standardize, and centralize internal business processes with focus on retail loan products

- Implementing an Integrated Customer Management tool through advanced data analytics such as alternate credit scoring models and artificial intelligence applications.

- Developing customer-centric digital products and a fully digital on-boarding process for retail and wealth segments.

- Developing omni-channel e-banking solutions.
- Providing cloud portal services for corporate customers.
- Developing API (Application Programming Interface) gateways internal services, while also integrating our strategic partners' API into our services in an effort to boost collaboration and strengthen market penetration in digital ecosystem.
- Implementing big data platform to support decision-making and provide data driven insight, enabling the Bank the ability to make prompt business decisions that stay focused on increasing revenue, reducing costs and stimulating growth.
- Developing chat banking capabilities using artificial intelligence in various digital platform.
- Enhancing acquiring platform to serve hundred of thousands merchant networks with multiple payment methods.
- Continuing efforts to digitize retail products and reframing the Bank's Branch Delivery System.
- Developing and continuously improving Mandiri Online (an internet banking platform for retail segment) with new and enhanced features to provide the best digital customer experience.
- Providing a one-stop banking solution that integrate cash management solution from collection, liquidity, and payment for our wholesale segment customers.
- Improving cash management solutions for specific industries and clients by embedding clients' business processes into the Bank's.
- Developing Mandiri Cash Management 2.0 (an internet banking platform for wholesale segment client) with new features to enhance transaction banking activities.
- Providing split virtual accounts with fund-splitting capabilities, an integrated automatisation system that fundamentally transforms cash and liquidity management capability.
- Developing enhanced virtual accounts that can be utilised for both collection and payment solutions for corporate clients.

To ensure business continuity of its systems, the Bank has established two hot sites disaster recovery centre located approximately 20 kilometres outside of Jakarta, which uses mirroring technology to replicate data for critical applications. The Bank regularly tests these two sites. In 2018, the Bank began construction of a third disaster recovery site and data centre outside Jakarta, to further increase its central data and business continuity capacity. Currently, these projects are still in development.

Cybersecurity

Cybersecurity is the practice of protecting systems, networks, and programs from digital attacks. These cyber attacks are usually aimed at accessing, changing, or destroying sensitive information; extorting money from users; or interrupting normal business processes. Implementing effective cybersecurity measures is particularly challenging today because there are more devices than people, and attackers are becoming more innovative.

As a financial institution, the Bank is committed to maintaining the confidentiality of transaction data. To ensure data security, the Bank's website and applications are equipped with a multi-level security system and transactions are executed in a secure environment by using a dynamic identification number provided to the customer.

Competition

The Bank's primary competitors across all principal businesses are other large domestic banks as well as foreign banks operating in Indonesia. The Bank also faces indirect competition from a variety of other types of financial services companies, such as multi-finance and securities companies, savings cooperatives, leasing and factoring companies and venture capital companies, as well as from certain Government-owned or affiliated entities that provide industrial development funding and export/import lending and services. Internationally, the Bank competes with a variety of banks and financial institutions, many of which have extensive worldwide operations, in providing banking and financial services to Indonesian customers with overseas operations. Additionally, the Bank's investment banking, insurance and Sharia banking businesses also face competition from companies that specialize in those industries.

As the development and reform of the Indonesian financial sector continues, the Bank expects to face increasing competition from financial institutions that may offer a wider array of banking services and products or have larger lending limits or stronger balance sheets. In addition, the Bank's domestic competitors have formed, and can be expected to continue to form, strategic alliances with foreign banks with significantly greater financial, management and other resources.

In Corporate Banking, the Bank competes principally on pricing (for both loans and deposits), monitoring relationships and the ability to provide specific solutions to our customers' needs. The Bank's principal competitors in Corporate Banking are state-owned and private banks, such as PT Bank Rakyat Indonesia (Persero) Tbk, PT Bank Negara Indonesia (Persero) Tbk and PT Bank Central Asia Tbk, as well as foreign banks, such as Citibank, HSBC and Standard Chartered Bank.

In micro and retail banking, the Bank competes on service, convenience and the breadth of its branch and retail banking network, which allows the Bank to attract less price-sensitive, low-cost depositors. The Bank's principal competitors are PT Bank Rakyat Indonesia (Persero) Tbk, PT Bank Danamon Indonesia Tbk and PT Bank Tabungan Pensiunan Nasional Tbk.

In treasury advisory services for corporate clients, the Bank typically competes with a number of other Indonesian banks, and foreign banks with branches in Indonesia such as Deutsche Bank and Citibank.

Indonesia has many banks targeting commercial and consumer customers. In commercial and consumer banking, the Bank competes principally on the reach of its distribution network, range of products offered and customer service. In commercial and consumer banking, the Bank's principal competitors are state-owned banks, such as PT Bank Rakyat Indonesia (Persero) Tbk., PT Bank Negara Indonesia (Persero) Tbk, and PT Bank Tabungan Negara (Persero) Tbk. In addition, the Bank also faces competition from private national banks such as PT Bank Central Asia Tbk., PT Bank CIMB Niaga Tbk., PT Bank Danamon Indonesia Tbk., and PT Bank Permata Tbk.

In investment banking, the Bank competes primarily on its well-established institutional and corporate relationships within Indonesia and the historic strength of its Corporate Banking business. The Bank's and PT Mandiri Sekuritas' principal competitors are domestic and regional investment banks, including CIMB, Bahana Securities and PT Danareksa Sekuritas.

In life insurance, the Bank is able to leverage its product expertise and extensive customer base to effective compete in a highly fragmented market with its joint venture partner NMI (Part of the AXA Group), an internationally-recognised insurance group company. The company's principal competitors of this joint venture consist of domestic providers and international financial institutions such as PT Prudential Life Assurance, PT Asuransi Allianz Utama Indonesia and PT AIA Financial Indonesia.

In Sharia banking, the Bank's main competitive advantages consists of brand recognition, Indonesia's largest Sharia service network and a sophisticated operational and risk management function relative to the Bank's competitors in the sector. In Sharia banking, the Bank's principal competitors include both Islamic commercial banks and Islamic business units of other large domestic banks, including PT Bank Muamalat Indonesia, PT Bank Mega Syariah and PT BRI Syariah.

In automotive and motorcycle finance, the Bank is able to build on the extensive market penetration of its joint venture partner, PT Tunas Ridean Tbk, one of Indonesia's largest auto dealership networks. The Bank's primary competitors in automotive and motorcycle finance are PT BCA Finance, PT Astra Sedaya Finance and PT Adira Dinamika Multi Finance.

Principal subsidiaries and affiliates

The Bank conducts certain of the Bank's banking activities and all of the Bank's non-banking activities through the Bank's subsidiaries, joint ventures and affiliates, the Bank's principal subsidiaries and affiliates, their business activities and the Bank's ownership interest and investment in each of these companies, as of 31 December 2019 are set out below:

Islamic bank

Bank Syariah Mandiri was established on 15 June 1955 under the name of PT Bank Industri Nasional. The company's name has changed several times, and the latest of these changes was into Bank Syariah Mandiri based on the notarial deed dated 8 September 1999. Bank Syariah Mandiri conducts banking activities under Sharia principles.

Securities

Established on 31 July 2000, PT Mandiri Sekuritas is the surviving securities company from the merger of several securities companies in Bank Mandiri's vicinity, such as Bumi Daya Sekuritas, Exim Securities and Merincorp Securities Indonesia. Mandiri Sekuritas obtained the business as security portfolio trading intermediary and security portfolio underwriter. As of 31 December 2019, the Bank owns 99.93% of the share capital of PT Mandiri Manajemen Investasi, a company which operates in investment management and advisory activities.

Multifinance

PT Mandiri Tunas Finance was established on 17 May 1989 under the name of PT Tunas Financindo Corporation (later renamed into PT Tunas Financindo Sarana). Later, in February 2009, the Bank acquired the company into PT Mandiri Tunas Finance with 51.0% of the shareholding held by the Bank and 49.0% by PT Tunas Ridean Tbk. Mandiri Tunas Finance is engaged in consumer financing activities.

PT Mandiri Utama Finance is a subsidiary of Bank Mandiri which provides financing services covering investment financing, working capital financing, and multipurpose financing, of which the main focus is currently the financing of motor vehicles for retail customer and companies in the form of financing consumers, as well as leasing. As of 31 December 2019, the Bank maintains its 51.0% interest in PT Mandiri Utama Finance.

Insurance

PT AXA Mandiri Financial Services is a joint venture insurance company between Bank Mandiri and National Mutual International Pty Limited. As of 31 December 2019, Bank Mandiri owns 51.0% ownership in AXA Mandiri Financial Services.

PT Asuransi Jiwa Inhealth ("**Mandiri Inhealth**") is a joint venture company co-owned between the Bank, Kimia Farma, and Asuransi Jasa Indonesia (AJI). As of 31 December 2019, the Bank owns a 80%, Kimia Farma owns a 10%, and AJI owns a 10% interest in Mandiri Inhealth.

Niche banking

PT Bank Mandiri Taspen was previously known as PT Bank Sinar Harapan Bali (Bank Sinar). Over time, on 3 May 2008, Bank Sinar was officially acquired by PT Bank Mandiri. As of 31 December 2019, the Bank owns 51.08% and PT Taspen owns 48.42% of Bank Mandiri Taspen, respectively.

Other

Other operating subsidiaries include: Bank Mandiri (Europe) Limited, Mandiri International Remittance Sdn. Bhd. and PT Mandiri Capital Indonesia.

As of 2019, the 10 direct subsidiaries had a contribution of 12.09% income for the year to the Bank.

Properties

The total acquisition value, accumulated depreciation, and book value of property and equipment owned by the Bank are Rp38.25 trillion (US$2.76 billion), Rp2.39 trillion (US$0.17 billion) and Rp33.90 trillion (US$2.44 billion). The total assets (land and building under construction) settled by the Bank as of 31 December 2019 amounted to Rp2.00 trillion (US$0.14 billion).

The Bank has land parcels in various locations in Indonesia with land rights in the form of ownership rights of 1,129 certificates with a total area of approximately 2.53 million square metres and building use rights of 314 certificates with a total area of approximately 378 square metres, all of which are registered on behalf of the Bank, including 30 building use rights certificates which are in the process of being extended at the National Land Agency (BPN) by the Bank. In addition, the Bank also controls land parcels with land rights in the form of one ownership certificate with an area of approximately 18,631 square metres and building use rights of ten (10) certificates with a total area of approximately 18,821 square metres, all of which are still registered on behalf of other parties.

In addition, the Bank also controls land parcels based on other evidence, namely loan agreements, land use permits, and land use determinations with a total area of 18,366 square metres. Thus, the Bank owns or controls a total land area of approximately 2.96 million square metres.

As of 31 December 2019, the Bank held repossessed assets net of accumulated losses arising from a difference in net realisable value of Rp290.87 billion (US$0.02 billion) (book value), representing assets acquired by it via auctions and voluntary transfers of collateral where the debtors could not fulfil their obligations. In accordance with Bank Indonesia regulations, the Bank plans to sell these repossessed assets to other parties, or convert them to increase the Bank's shareholding in certain of the Bank's Subsidiaries by treating the value of such repossessed assets as a non-cash payment for additional issued and paid-up capital of the relevant subsidiaries.

Intellectual property

The Bank has 57 trademarks which have been registered under the Bank's name with the following descriptions, among others: (i) Mandiri's logo in blue, gold, orange, and white colours as a name, (ii) Mandiri's logo with black letters and symbols, as a name, (iii) the phrase "melayani dengan hati, menuju yang terbaik/passion to serve, passion to perform", in a black colour as a tagline, (iv) the phrase "terdepan, terpercaya, tumbuh bersama" in a black colour as a tagline, (v) the phrase "satu hati, satu negeri, satu bank/one heart, one nation, one bank" in a black colour, as a tagline, (vi) Mandiri logo in a black letters and symbols, as a name, and (vii) Mandiri's logo in blue, gold and orange colours as a name. All of these trademarks are registered in the Directorate General of Intellectual Property Rights. In addition, the Bank also has ten copyrights, among others in the logo of "mandiri" and "PT Bank Mandiri" which are registered in the Bank's name with the certificate numbers as follows: (i) A158786, (ii) A158787, (iii) A158788, (iv) A158789, (v) 043 630, (vi) 043 632 and (vii) 043 633.

All of the intellectual property owned by the Bank is still valid and not related to any legal disputes.

Insurance

The Bank's policy is to adequately insure all of the properties the Bank owns against fire, earthquake and other usual risks. As of 31 December 2019, the Bank had insured the Bank's buildings and inventory (excluding land) against physical loss or damage for a total coverage amount in Rupiah of Rp 7.38 trillion (US$0.53 billion), which the Bank believes is adequate to cover the possibility of losses arising in relation to the Bank's buildings and inventory. The Bank also maintains insurance for operational risks such as the loss of cash in transit/cash in safe or risks caused by theft/burglary. The Bank does not maintain business interruption insurance covering loss of revenues in the event the Bank's operations are affected by unexpected events.

Most of the Bank's fixed and movable assets are insured by PT Asuransi Kredit Indonesia (Persero), PT Asuransi Jasa Indonesia (Persero), and PT Mandiri AXA General Insurance. In addition, a small portion of other assets is insured by several insurance companies, among others, PT Asuransi Jasaraharja Putera and PT Tugu Pratama Indonesia.

Employees

As of 31 December 2017, 2018 and 2019 respectively, the Bank had 38,307, 39,809 and 39,065 employees. As of 31 December 2019, of the Bank's 39,065 employees, 33,308 were permanent employees, 5,503 were temporary employees and 254 trainee. Only the Bank's permanent employees are entitled to participate in pension plans and certain other benefits or be unionised.

The Bank has a training group offering a variety of training programs for both new and existing employees. Employees are given competency training relating to basic job skills, as well as management training relating to advanced and more general subjects. The Bank has also embarked on a training program for employees to ensure a higher quality service at its branches. Branch managers are trained through managerial training programs. Almost all of the Bank's employees receive a compensation package which includes salary, bonus (related to both the individual's and the Company's performance), annual leave allowance, Idul Fitri/Christmas bonus, medical package, savings and pension plans, loans for housing and cars and other benefits.

The majority of the Bank's employees are unionised and the Bank enters into collective labour agreements with these unions from time to time. The Bank continuingly maintains harmonious relationship with the union. In order to implement the mandatory regulation in the Labour Law and to maintain the harmonious relationship with the union, the Union and the Bank formed the Bipartite Institution Forum (LKS Bipartit) which is held every two months. In the Bipartite Institution Forum, the union and the Bank has established a forum for communication and consultation on matters pertaining to industrial relations, including to absorb the aspiration from the workers and to communicate the management policies.

The Bank believes that because of the Bank's reputation as Indonesia's largest commercial bank and the Bank's attractive compensation packages, the Bank is able to attract and retain quality employees. The Bank considers the Bank's relations with the Bank's employees to be satisfactory. The Bank maintains and manages five pension funds, of which four were originally established by each of the four predecessor banks. The Bank established the (i) Dana Pensiun Bank Mandiri Satu (DPBMS) (ii) Dana Pensiun Bank Mandiri Dua (DPBMD) (iii) Dana Pensiun Bank Mandiri Tiga (DPBMT); (iv) Dana Pensiun Bank Mandiri Empat (DPBME); and (v) Dana Pensiun Bank Mandiri (DPBM). Under the rules of all of the above pension funds, the Bank is the founder.

These four pension funds (DPBMS, DPBMD, DPBMT, DPBME) originated from the predecessor banks are defined benefit plans for which the Bank has the ultimate obligation to fund shortfalls. DPBM was, however, established as a fixed contribution pension program. Under this program, employees are required to pay to the pension fund 5% of their basic pension income (Penghasilan Dasar Pensiun). The Bank is required to pay 10% of their basic pension income to the pension fund.

Legal proceedings

The Bank is currently involved in a number of legal proceedings in connection with its banking business. The management of the Bank does not currently believe that these proceedings, if determined adversely, would have a material adverse effect on its business, financial condition or results of operations.

As of 31 December 2019, the Bank had a total potential financial exposure arising from outstanding legal proceedings amounting to Rp849.42 billion (US$61.19 million), and had provided an outstanding provision of Rp170.02 billion (US$12.25 million) in respect of ongoing or pending litigation proceedings against it. The management of the Bank believes that the provision is adequate to cover possible losses arising from legal claims against the Bank.

Good corporate governance

Good corporate governance is a critical element in the banking sector as the risks and challenges faced by individual banks continue to increase. The implementation of GCG is a long-term process that should result in sustainable value creation. The implementation of GCG involves the Bank's Board of Commissioners, the Bank's Board of Directors and all of the Bank's employees. With the implementation GCG, the Bank believes that the Bank has been improving across a range of areas.

Implementation of GCG at Bank Mandiri is based on prudential banking practices. The Bank's GCG plan consists of five elements:

(1) governance commitment;

(2) governance structure;

(3) governance mechanism;

(4) socialisation and evaluation; and

(5) walking the talk.

Corporate social responsibility

The Partnership Program and Community Development (PKBL) is spearheading the implementation of Corporate Social Responsibility ("**CSR**") in the Bank. Through the implementation of the sustainable CSR, the Bank would like to achieve the success of the business together with an increase in the welfare of Indonesian society. Since 2007, CSR programs have been aligned with the corporate objective and carried out in a structured and targeted manner, as well as being able to improve sustainable corporate image and corporate business to its full potential. The main focus of the CSR program is to encourage the growth of independent levels of well-being of the community. Therefore, the Bank consistently continues to seek opportunities to improve its CSR strategies and the implementation of the program. CSR strategy is increasingly enhanced through Independent determination of the three pillars of the programs:

a. Self-reliant Community

   Aims to encourage economic progress by increasing production capacity and economic advantages and creative and productive activity patterns. This pillar is implemented through the program "Mandiri Bersama Mandiri".

b. Self-reliant Education and Entrepreneurship

   Aims to support the existence of high quality education in Indonesia to create future leaders who are prepared for global competition. The pillars are implemented through the program "Wirausaha Muda Mandiri" and "Mandiri Education Care".

c. Eco-friendly Facility

   In addition to the aforementioned pillars, the Bank also helps build communities by constructing public infrastructure, places of worship and health facilities. This strategy and the development of a wide-ranging CSR program are expected to provide the maximum possible benefits for the people of Indonesia and for the achievement of a company vision for an independent Indonesian society.

RISK MANAGEMENT

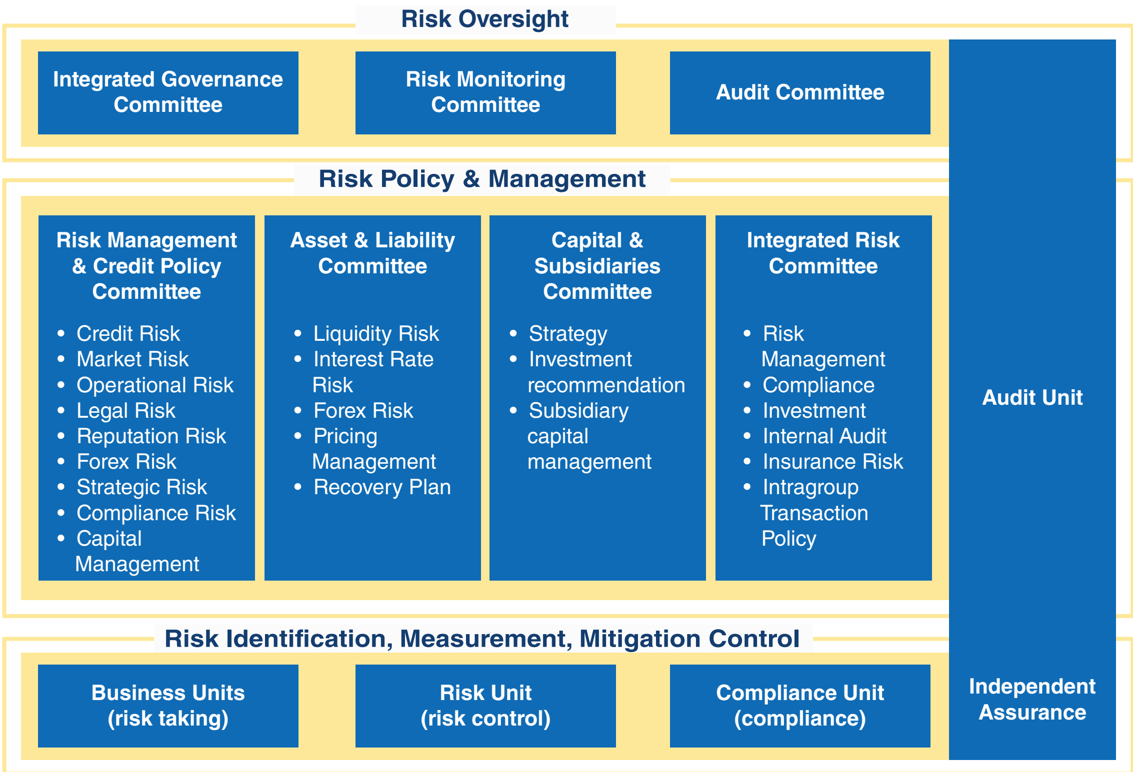
Risk Management

The Bank’s risk management principles are is conducted proactively to achieve a healthy and sustainable financial and operational growth as well as to take care of the optimal risk-adjusted return level in accordance with the desired risk appetite. As a manifestation of the Bank’s commitment in conducting a good company management practice, particularly in risk management, the Bank has established policy, process, competency, accountability, reporting and supporting technology in order to make the risk management in the Bank effective and efficient.

Risk Management Framework

The company risk management framework is written in the risk governance structure of the Bank and encompasses three main parts, which are Risk Oversight, Risk Policy and Risk Management, as well as Risk identification, Measurement Mitigation, and control. These three main parts are supported by the Audit Working Unit and Independent Assurer to guarantee the effectiveness of its performance.

The work and risk governance framework of Bank Mandiri as mentioned above is illustrated in the diagram as follows:



Risk management system

Four pillars of risk management implementation

The Bank applies four pillars of Risk Management implementation, as follows:

Active monitoring of the Board of Commissioners and the Board of Directors

The risk management and governance frameworks of the Bank consist of the Board of Commissioners performing the risk oversight function through the Audit Committee, Risk Monitoring Committee (KPR) and Integrated Governance Committee (TKT), as well as the Board of Directors performing the risk policy function through the Executive Committee in relation to risk management, and through its Risk Management and Credit Policy Committee, Asset and Liability Committee, Capital and Subsidiaries Committee, and Integrated Risk Committee. At the operational level, individual risk management work units perform risk identification, risk measurement, risk mitigation and risk control functions together with the relevant business unit and compliance unit.

Duties of the Board of Commissioners

The duties, responsibilities and authorities of the Board of Commissioners in relation to the active monitoring of Risk Management activities includes the following:

(1) Understanding the risks attached to the Bank's functional activities, particularly those that may affect the Bank's financial condition.

(2) Evaluating and approving Risk Management policies conducted at least once a year or in higher frequency in the event of significant changes in factors affecting the Bank's business activities.

(3) Evaluating for the Board of Directors regarding the implementation of Risk Management to comply with Bank policies, strategies and procedures.

(4) Providing consultations to the Board of Directors on transactions or business activities with large amounts of funds.

(5) Approving the provision of funds to related parties on proposed credits by the credit committee in accordance with its respective authority.

(6) Conducting active monitoring of the Bank's capital adequacy in accordance with the Bank's risk profile as a whole, including reviewing the risk appetite bands determined by the Board of Directors.

(7) Increasing an anti-fraud culture and concerns for all personnel of the Company.

(8) Monitoring the implementation of integrated risk management policies in accordance with the characteristics and complexity of the Bank's business.

In order to implement integrated risk management policies, the Board of Commissioners is responsible for the following:

(1) Directing, approving, and evaluating policies regulating the integrated risk management policies on a regular basis.

(2) Evaluating the implementation of the integrated risk management policies by the Bank's Directors.

Duties of the Board of Directors

The duties, responsibilities and authorities of the Board of Directors in relation to Risk Management activities includes the following:

(1) Establishing policies, strategies and procedures of Risk Management in writing and comprehensively including the establishment and approval of Bank risk limits, re-evaluating them once in a year or more wherever required.

(2) Being responsible for the implementation of risk management policies and risk exposure taken by the Bank as a whole, including evaluating and providing directions of risk management strategy based on the reports presented by the risk management unit and submission of accountability reports to the Board of Commissioners.

(3) Evaluating and determining transactions beyond the authority of Bank officials on a level below the Board of Directors or transactions requiring the approval of the Board of Directors in accordance with the applicable policies and internal procedures.

(4) Developing an awareness and culture of instilling risk management, including an anti-fraud culture throughout the organisation, among others, through adequate communication on the importance of effective internal controls.

(5) Improving the competence of human capital related to the implementation of risk management, among others, through continuous education and training programs especially related to risk management systems and processes.

(6) Implementing an independent risk management function, reflected in part by the separation of functions between the risk management unit that conducted identification, measurement, monitoring and risk control from the business units conducting and completing transactions.

(7) Conducting periodic reviews with frequency adjusted to the needs of the Bank.

(8) Determining the adequacy of capital in accordance with the Bank's risk profile and strategies to maintain the level of capital, including establishing risk appetite bands.

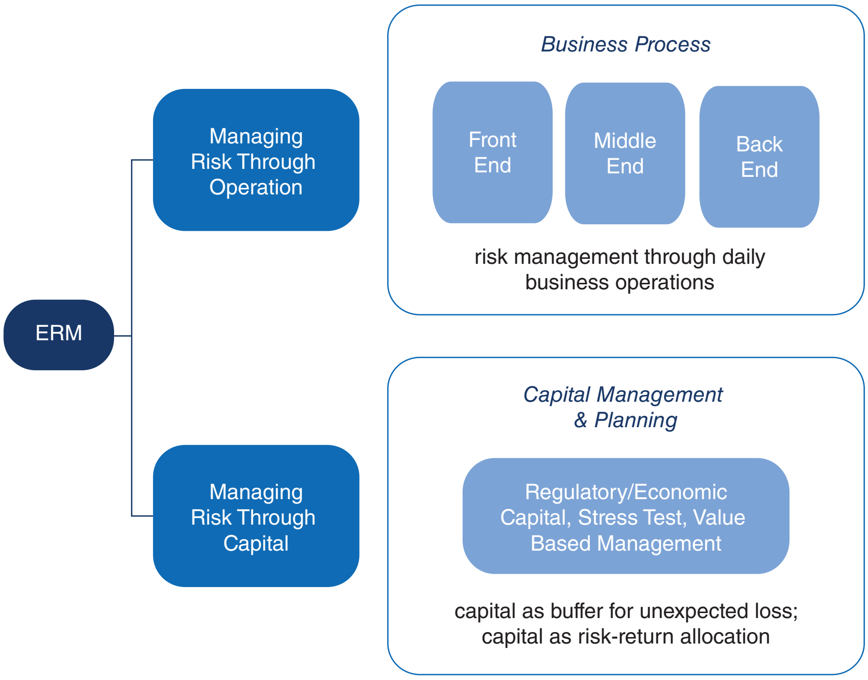
Sufficiency of policies, procedures, and determination of limits

The Bank has drafted the Bank's Risk Management Policy ("**KMNR**") as the main guidelines in implementing risk management. Specific business units are subject to more specific policies and procedures, such as credit, treasury and operations units. Business units are regulated based on the limit determination for each activity, both at the portfolio and transactional levels.

All policies and procedures in the Bank are adapted from a form of risk management inherent in every Bank operating activity and evaluated and updated at least once a year.

Adequacy of risk identification, measurement, monitoring, and control process and risk management information system.

The Bank has implemented an Identification, Measurement, Monitoring, Risk Control, and Risk Management Information System through an Enterprise Risk Management (“**ERM**”) platform. The Bank implements ERM with a two-prong approach, to ensure that risks are properly mitigated in both day-to-day business processes through safeguards integrated in operations and under unexpected conditions and downturns through capital reserves.



Internal control system

The Bank requires the relevant business units to adhere to three lines of defence with the following conditions:

(1) The business unit as the risk owner is the first line of defence responsible for its risk management.

(2) The assigned risk management unit serves as a second line of defence, in an oversight function.

(3) The assigned internal audit unit serves as a third line of defence, in an independent assurance function.

Risk management principles

The Bank adheres to the following risk management principles:

(1) **Capital.** The Bank provides capital according to the risks to be borne and maintains the level of capital in accordance with applicable regulations. As of 31 December 2019, the Bank’s total capital adequacy ratio was 21.39%.

(2) **Transparency.** The Bank openly discloses relevant information in the risk-taking process and the risk-taking process itself.

(3) **Independent.** The Bank's management acts professionally and as free from the pressure and influence of others.

(4) **Integrated.** The Bank implemented the Integrated Risk Management at Financial Services Institutions incorporated in the financial conglomeration of the Bank in accordance with the regulator's requirements.

(5) **Continuous.** Risk control is continuously developed to better suit the available business conditions and best practices.

(6) **Accountability.** The Bank implements policies and procedures to ensure management accountability to stakeholders.

(7) **Responsibility.** The Bank acts upon the principles of prudence and compliance with applicable laws and regulations.

(8) **Fairness.** The Bank takes into account the interests of all stakeholders based on the principles of fairness and equality (equal treatment).

INFORMATION SYSTEM OF RISK MANAGEMENT

The risk management system is developed to support more efficient business processes so that decision making can be faster but still refers to the principle of prudence. In order to maintain data integrity and quality, the Bank has implemented systems including:

System	Objective
Integrated Processing System and Loan Origination System	To improve the efficiency of the loan process and maintain data quality in all business segments.
Integrated Collection System	To enhance the integration and quality of limit data and the exposure of all customer facilities, in the context of implementing limit management.
Summit System	To manage market risks and monitor credit risks that arise from treasury activities.
Assets and Liabilities Management ("**ALM**") System	To manage risks of banking book portfolio and asset and liability management activities.
Risk Assessment Consolidation Generator System ("**RACER System**")	To get a risk profile overview of the Bank both as the parent company and the Bank's risk profile that is consolidated and integrated with the Subsidiaries. RACER System is web-based so it speeds up access and simplifies monitoring.

System	Objective
ERM system	To monitor overall risk management, especially in calculating capital to cover risks. The ERM system has the capability to perform capital charge calculations (Standardised Approach and Advanced Approach), implementation of operational risk management tools, active portfolio management, and value-based management.
Fraud Detection Systems ("**FDS**")	To monitor transactions of Loan Cards, Debit Cards, Merchants, Electronic Money (Mandiri E-Cash), Internet Banking and Micro Loan by using predetermined parameters (rule-based) based on historical data, mode and fraud trend. With the existence of this system, precautionary measures can be taken earlier and thus minimise fraudulent transactions.
Fraud Risk Management System ("**FRMS**")	To provide an integrated fraud control system that is capable of carrying out early detection of transactions that occur on various channels. Currently FRMS has been implemented on the Mandiri Online channel and will be followed by further implementation of other channels including loan cards, debit cards, prepaid cards (e-money), electronic money (e-cash), Mobile Banking (USSD, STK/DSTK, Text Type), Acquiring (ATM and Merchant), as well as branches and employees.
Anti-Fraud Application System ("**AFAS**")	To detect the risk of application fraud by utilising rules. This system has been implemented, among others, on Loan Cards, Micro loan, and Unsecured Loans.

Basel II and III

Implementation of Basel II

The Bank has continuously implemented a risk measurement that refers to international best practices by using both quantitative and qualitative methods through the development of risk models such as rating, score, Value at Risk (VaR), portfolio management, stress testing and other models as supports in judgemental decision making. Periodically, these risk models are calibrated and validated by an independent Model Risk Validator unit to maintain the reliability and validity of the models and meet regulatory requirements.

In order to synchronise the implementation of Basel II and ERM with Basel II regulation and best practice implementation, the Bank has adopted and implemented Basel II as well as ERM framework. The implementation of Basel II and ERM in Bank Mandiri covers the areas of Credit Risk, Market Risk, Liquidity Risk, Interest Rate Risk in Banking book Position, Operational Risk, Capital Management and Internal Capital Adequacy Assessment Process ("**ICAAP**").

The Implementation of Basel II and ERM

Implementation Aspect	Scope of Implementation
Credit Risk	Development and Improvement of Basel II Risk Parameters for the implementation of Internal Rating Based Approach.
Market Risk	Measurement of structured product risks, Treasury trading limit, treasury system infrastructure and repricing gap method; implementation of Interest Rate Risk in Banking Book (“**IRRBB**”).
Liquidity Risk	Improvement of liquidity limit, core deposit analysis, liquidity stress testing, and implementation of Assets and Liabilities Management (“**ALM**”) System.
Operational Risk	Development of Framework and Governance Operational Risk Management (“**ORM**”).
Capital Management	Improvement Economic Capital model, development of framework Portfolio Optimisation and Capital Optimisation.
Internal Capital Adequacy Assessment Process (“ICAAP”)	Implementation of Risk Appetite Statement, Stress Testing, Capital Planning, and synchronisation with related regulation of Risk Based Bank Rating (“**RBBR**”).

Application of Basel II And III

In order to provide added value to stakeholders and as a form of the Bank’s compliance in fulfilling the capital adequacy requirements set by regulators, the Bank always guarantees and ensures that the capital structure is strong enough to support the current business development strategy and maintain business sustainability in future.

Risk management in the capital aspect at the Bank includes policies on diversifying capital sources in accordance with long-term strategic plans and capital allocation policies efficiently in business segments that have an optimal risk-return profile (including placements with Subsidiaries). This aims to meet the expectations of stakeholders including investors and regulators.

The Bank ensures that it has sufficient capital to cover credit risk, market risk and operational risk, both based on regulatory requirements (regulatory capital) and internal capital requirements (economic capital). The Bank refers to Bank Indonesia and OJK regulations (Basel II and Basel III), especially Pillar 1, in calculating capital adequacy for credit risk, market risk and operational risk.

In addition to the above calculation, the Bank is also developing a capital adequacy calculation with reference to Basel II Pillar 2 or better known as the Internal Capital Adequacy Assessment Process (ICAAP) approach. ICAAP includes the determination of risk appetite, overall risk assessment, capital planning, and bank-wide stress testing.

For the calculation of capital adequacy, the Bank uses the Basel II (Standardised Approach) for credit risk and has included the External Rating component. In addition, The Bank has gradually conducted a simulation of the Internal Ratings-Based Approach. For market risk, the Bank uses the Basel II Standard Measurement Method (Standardised Measurement Method), and internally uses Value at Risk. For operational risk, the Bank refers to the Basel II Basic Indicator Approach (Basic Indicator Approach).

The Bank has implemented the implementation of Basel III, referring to the Basel documentation as well as regulations and initiatives issued by the OJK. As part of implementing Basel III in Indonesia, the Bank has reported the fulfilment of monthly Liquidity Coverage Ratio (LCR) and the fulfilment of quarterly Net Stable Funding Ratio (NSFR), as well as conducting quarterly Leverage Ratio (LR) calculations in accordance with OJK regulations.

As the implementation of the latest Basel III framework (Basel III reform), specifically related to 5 Counterparty Credit Risk, the Bank has implemented a Loan Valuation Adjustment (CVA) calculation and Standardised Approach for Measuring Counterparty Credit Risk Exposures (SA-CCR).

Basel III Reforms

In implementing the latest Basel III framework (Basel III reform) the Bank will revise operational risk standards for several elements from the previous framework to improve reliability and sensitivity. Following this, a Qualitative Impact Study (QIS) has been carried out based on Financial Service Authority's Consultative Paper (CP) in calculating minimum capital for Operational risk using a standard approach.

The Bank has also implemented Interest Rate Risk in the Banking Book ("**IRRBB**") standards as prescribed by Basel and the OJK as per SEOJK number 12/SEOJK.03/2018 concerning "Implementation of Risk Management and Risk Measurement in the Standard Approach for Interest Rate Risk in the Banking Book (IRRBB) for Commercial Banks". The scope of implementation includes integrating IRRBB into the Bank's internal risk management policies, reviewing measurement methodologies, setting up internal limits, and improving systems and tools used to manage the risk.

Implementation of IRRBB standards was reported for the first time for risk as of 30 June 2019 and subsequently reported to the OJK every quarter according to methods specified by the regulator. Disclosure of IRRBB implementation is also made available in the Bank's annual report.

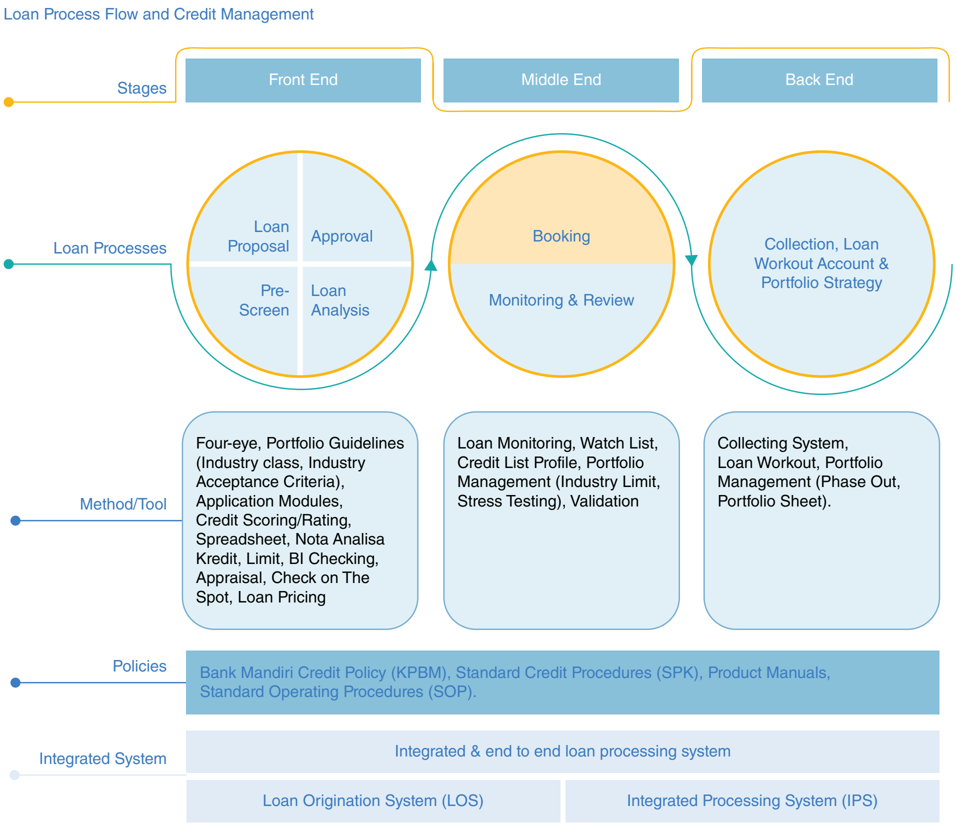
Types of risk

The Bank manages ten (10) risk types:

Credit risk

The Bank's loan management process began with determining the target market and continued by conducting risk assessment and monitoring of loan approval. In extending loans, the Bank prioritises the principles of prudence by placing the credit analysis function performed by the independent business unit and the credit risk unit, through four-eyes principle. The Bank is guided by the Bank Mandiri Credit Policy ("**KPKD**") in managing credit risk on an end-to-end basis. Operationally, this policy was set forth in the Bank's Standard Credit Procedures ("**SPK**") and Product Manual.

In implementing risk management of credit concentration at the debtor level, the Bank consistently monitors the legal lending limit ("**BMPK**"). In general, credit process and credit risk management at the Bank are conducted on an end-to-end basis and integrated by business unit, credit operation unit and credit risk management unit. The following is the credit risk management scheme:



Market risk

The Bank's market risk management is carried out by an independent unit that is in line with the segregation of duties principle. Market risk in relation to the Bank's trading book and banking book are managed separately.

The Bank Mandiri Risk Management Framework was developed on the basis of internal and external factors including but not limited to bank business, regulatory requirements, methodological developments based on global best practices, and risk data analysis. The authority and responsibility associated with the implementation of risk management were regulated in the Bank's Risk Management Policy ("**KMNR**").

As for the guidance in the implementation of market risk management, both the Bank's trading book and banking book portfolios are regulated in its Standard Procedures of Treasury ("**SPT**") and Standard Procedures of Asset & Liability Management ("**SP ALM**").

Market risk – Trading book

In relation to the Bank's trading book activities (or its purchase and sale of securities and other financial instruments), market risk arises from potential losses resulting from changes in interest rates and exchange rates, including derivatives instrument. In line with the segregation of duties principle, the following units manage this particular market risk:

(a) The front office unit (Treasury) is the transaction-implementing unit;

(b) The middle office unit (Risk Management) is responsible for monitoring, assessing and reporting risks arising from any trading activities performed by the Treasury unit; and

(c) The back office unit (Operations) is responsible for recording and valuing all exposures from daily trading activity using market rates from independent sources.

Market risk – Banking book

Banking book market risk arises because changes in interest rates and exchange rates may affect banking book activities (or the Bank's acceptance of deposits, borrowing and lending money and sale of assets in relation to its lending activities and outside its trading activities) and adversely affect the Bank's profitability (earnings perspective) and the economic value of its capital (economic value perspective). Management of the Bank's banking book market risk is carried out by optimizing its balance sheet structure to obtain maximum returns in accordance with the targeted level of acceptable risk. In addition, the Bank also sets limits for internal provisions and provisions under applicable laws and regulations which are monitored weekly and monthly by the relevant work unit.

Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet maturing obligations from cash flow funding sources and/or from high-quality liquid assets that can be pledged, without disrupting the Bank's activities and financial condition. In order to manage liquidity risk in a measured and comprehensive manner, the Bank implements the following strategies:

(a) Establish limits that refer to internal provisions and applicable laws and regulations provisions.

(b) Perform periodic liquidity risk stress testing to determine the impact of changes in market factors and internal factors on extreme conditions (crises) on liquidity conditions.

(c) Arrange and conduct periodic reviews of the Bank's Liquidity Contingency Plan ("**LCP**") and Recovery Plan that regulate its procedures to encounter deteriorating liquidity conditions including alternative funding strategies. The LCP and Recovery Plan have determined liquidity conditions and funding strategies and considered internal and external conditions.

Operational risk

Operational risk arises from inadequate and/or non-functioning internal processes, human error, system failures, and/or the existence of external problems that adversely affect the Bank's operations.

Operational risk may give rise to other risks such as reputational risk, strategic risk, legal risk, market risk, credit risk, compliance risk, liquidity risk, intra-group transaction risk and insurance risk. Effective and consistent operational risk management is critical to minimize the incidence of other risks.

Operational risk is inherent in all of the Bank's activities and operational processes. The Bank implements operational risk management with the aim of reducing the frequency and/or impact of operational losses.

Implementation of operational risk management involves all Bank units and stakeholders, including its Board of Directors with active monitoring of the Board of Commissioners. The Board of Commissioners and the Board of Directors understand the risks faced by the Bank and play an important role in supporting and monitoring the success of its implementation across all operational work units.

Organisations in operational risk management consist of:

(a) The Risk Management & Credit Policy Committee, a Board of Directors committee performing the supervisory function of risk control and management, among others, through the establishment of risk management strategies and procedures, monitoring of risk profile and determining risk appetite.

(b) The Director in charge of risk management function, who holds duties and responsibilities in formulating the risk management policy, strategy and framework.

(c) The Market & Operational Risk Group of the Operational Risk Management Working Unit is the unit responsible for formulating and evaluating policies, strategies, frameworks and operational risk management tools as well as communicating these to the rest of the Bank. It is also responsible in calculating operational risk capital (or the operational risk reserve).

(d) The Operational Risk Operations Unit of the Operational Risk Management Working Unit (Senior Operational Risk) is the unit responsible for implementing operational risk policies, strategies, frameworks and risk management tools in collaboration with each operating unit, implementing control testing, addressing any incidents and issues that arise and the monitoring and fulfilment of action plans.

(e) Each Work Unit is the risk owner that is fully responsible for operational risk management with respect to its own activities and must aim to ensure control over the implementation of each of its activities.

(f) The Compliance Unit oversees compliance with internal and external rules in all operations.

(g) The Internal Audit Unit performs effectiveness evaluations of internal controls and risk management and governance processes.

The process of managing operational risk is carried out through the stages of risk identification, risk assessment, risk monitoring, and risk mitigation and control. These stages become the foundation of the Bank's working units as they pursue their assigned task areas and advance the Bank's business goals.

Legal risk

Risk management mechanisms including the process of identification, measurement, and control and monitoring referred to the applicable provisions on risk management. Each work unit must identify and manage the risks, including but not limited to legal risks, that attach to any product or activity created or executed by the Bank, so as not to have a widespread impact and trigger other risks, including but not limited to reputational risk.

Reputational risk

Reputation risk is the risk that is due to, among others, the existence of a negative publication related to bank business activities or negative perception on the bank.

Reputational risk is managed by the Corporate Secretary Group (as facilitated by the Customer Care Group, Strategic Marketing Group and IT Strategy and Infrastructure Group) and monitored by each of the Bank's units. The Corporate Secretary Group is responsible to the Board of Directors, under the direct supervision of the President Director and works directly with the Director responsible for a business unit whenever an event may have an impact on the Bank's reputation.

Strategic risk

Strategic risk is the risk that is due to the inaccuracy of decision-making and/or implementation of a strategic decision, as well as the failure in anticipating changes in the business environment. The Bank established the Risk Management & Credit Policy Committee, the Risk Management Work Unit and working committees under these groups to support comprehensive, integrated, measurable and controlled strategic risk management.

The Bank continuously reviews various units' performance against business targets as well as corrective measures taken, in the context of various internal and external conditions. The Bank also continues to work on strengthening management support programs on financial performance through the development of automated budgeting and portfolio management system enhancement.

Compliance risk

Compliance risk arises when the Bank does not comply with and/or does not enforce the applicable laws and regulations. Each Bank unit is fully responsible for ensuring that their respective activities comply with all applicable laws and regulations. Specifically, the Board of Commissioners, the Integrated Governance Committee, the Board of Directors, the Director in charge of the compliance function, the SEVP in charge of a unit, the Compliance Unit, the compliance officers in each unit, and unit heads have specific roles with respect to compliance.

The Bank has established compliance risk management policies and procedures subject to applicable rules and regulations. The main objective of the compliance risk management policies and procedures is to build compliance culture that is one of the keys to success in the Bank's sustainability.

The compliance risk management process is divided into several phases, namely identification, assessment, monitoring and mitigation.

Risk of intra-group transaction

Risk of intra-group transactions is the risk that is due to the dependence of one entity, directly or indirectly, on another entity in the same financial conglomerate for the purpose of fulfilling the obligations underwritten as well as unwritten agreements, regardless of whether fund transfers are followed. Implementation of intra-group transaction risk management is performed by the Bank and its subsidiaries in accordance with the Bank's business strategy.

The Bank identified and analysed the activities that could increase intra-group transaction risk and affect the Bank's performance. The risk identification is performed on the Bank's and its subsidiaries' business activities by considering the complexity of the transactions. The Bank combines qualitative and quantitative approaches in the process of measuring intra-group transaction risk and monitors such risk on a regular basis.

Insurance risk

Insurance risk is a risk that is due to failure of an insurance company to meet its obligations to policy holders as a result of insufficient process for risk selection (underwriting), determination of premium (pricing), use of reinsurance, and/or handling of claims. The Bank implements insurance risk management with respect to its subsidiaries engaged in the insurance business.

The Bank identifies and analyses the activities that could increase insurance risk and affect the Bank's performance. The identification of such risks is made in the business activities of each relevant subsidiary, taking into account their characteristics. The Bank combines qualitative and quantitative approaches in measuring insurance risk and periodically monitors such risk.

Efforts to instill a Bank-wide culture of risk management

In order to instill a Bank-wide culture of risk management, the Bank reinforces a culture of risk awareness in all operations. The Bank communicates risk consciousness, including an anti-fraud culture. The Bank maintains a risk awareness program where each unit is responsible for recognising, understanding and mitigating the specific operational risks applicable to it. Further, the Bank adopts RAKSA, a risk program that supports the principle of self-preservation and guard your friends, guard independent. The Bank aims to develop a culture of risk consciousness by developing an open, efficient and effective atmosphere for risk management. Finally, the Bank constantly evaluates the effectiveness of its risk management systems.

Integrated risk management

The Bank has been gradually consolidating and integrating its risk management processes since 2008, pursuant to OJK Regulation No. 38/POJK.03/2017 on the Consolidated Implementation of Management Consolidated Risk for Banks Controlling Subsidiaries as partially revoked by OJK Regulation No. 12/POJK.03/2019 on Commercial Bank Reporting on OJK Reporting System ("**OJK Regulation No. 38/2017**") and OJK Regulation No.17/POJK.03/2014 on Application of Integrated Risk Management for Conglomeration Finance. These stages until now have become one form of strategic initiative of risk management working unit in the Bank which is periodically discussed with the OJK in a special forum to discuss topics of risk profile and (Risk Based) Bank Rating.

This is important because the Bank realizes that its viability is also affected by risk exposure, which arises directly, or indirectly from its subsidiaries' activities. Related to this, the Bank has implemented a consolidation and integration management system for both subsidiaries operating in and outside Indonesia while remaining in line with the principles of risk management and adapted to the local regulations where a subsidiary operates. The concept of integration undertaken by the Bank is generally divided into two (2) major parts, namely:

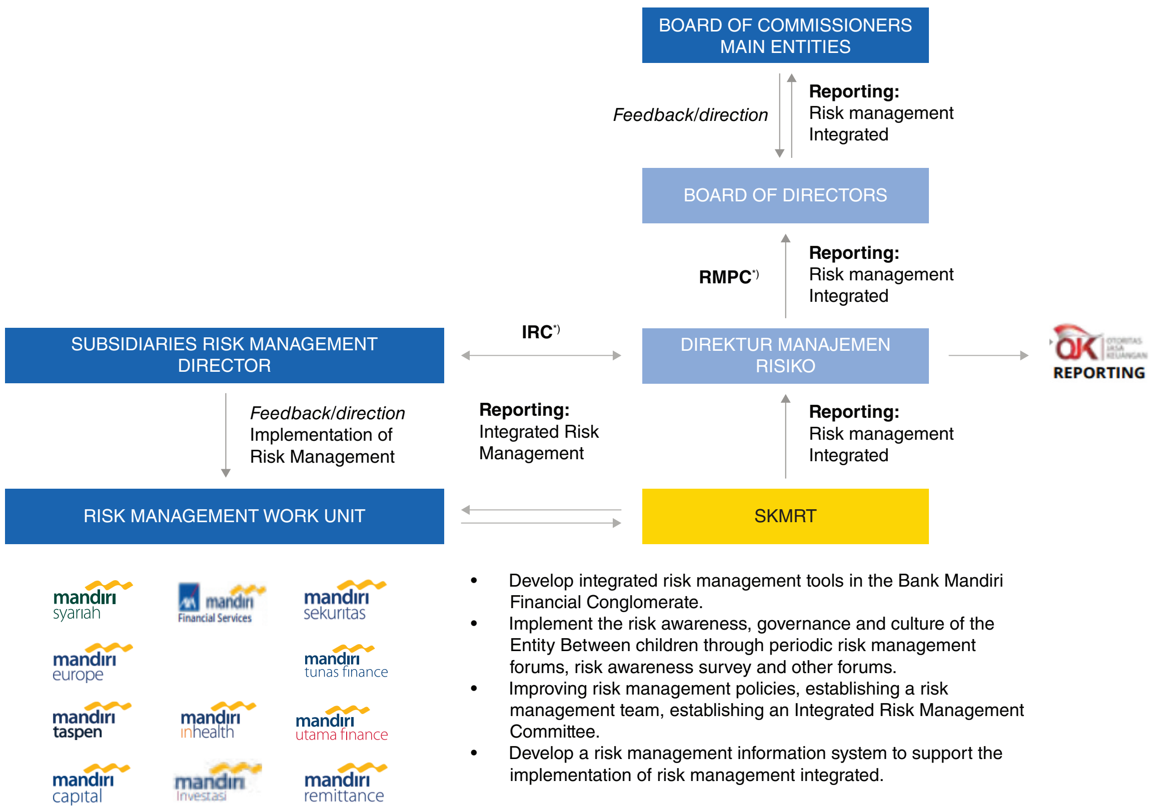
(1) First line, which relates to the fulfillment of the provisions OJK Regulation No. 38/2017, OJK Regulation No. 17/POJK.03/2014 on the Implementation of Integrated Risk Management For the Financial Conglomeration, as well as OJK Regulation No. 4/POJK.03/2016 on the Rating of Commercial Bank Health.

(2) Second line, which is more a needs approach internal to the Bank as a whole, covers tools, awareness, governance corporate, and management information systems risk. Gradually, the Bank has consolidated risk management with subsidiary companies included in financial services institutions (Bank Syariah Mandiri, Bank Mandiri Europe Ltd, Bank Mandiri Taspen, Mandiri Sekuritas, Mandiri Investment Management, AXA Mandiri Financial Services, Mandiri AXA General Insurance, Mandiri InHealth Mandiri Tunas Finance, Mandiri Utama Finance, Mandiri International Remittance, and Mandiri Capital Indonesia).

Related to that, the Bank has internal guidelines named Mandiri Group Principle Guidelines (MGPG) and Guidelines Integrated Management, which contain technical guidance regarding the implementation of risk management implementation among the Bank and its subsidiaries. It is one of the Bank's most prominent measures on risk management, and relates to OJK Regulation No.18/POJK.03/2014 on the Application of Integrated Governance for Conglomeration Finance.

In order to implement integrated risk management policies comprehensively, the Bank established a Risk Management & Credit Policy Committee consisting of the Director or Executive Officer in charge of the risk management function of the Bank or the relevant subsidiary. The Risk Management & Credit Policy Committee provides recommendations for the preparation, improvement and improvement of integrated risk management policies. In addition, the Bank also established a Work Unit Integrated Risk Management (SKMRT) directly responsible to the Director in charge of managing the risk function.

The following diagram outlines the duties and responsibilities of SKMRT:



*) IRC = Integrated Risk Committee

RMPC = Risk Management & Credit Policy Committee

DESCRIPTION OF THE BANK'S ASSETS AND LIABILITIES

The following information should be read together with the Bank's financial statements included elsewhere in this Offering Circular. All amounts presented in this section are in accordance with IFAS. See "*Risk factors – Indonesian corporate and other disclosure and accounting standards differ from those in the United States, countries in the European Union and other jurisdictions*".

Average interest-earning assets and interest-bearing liabilities

The following table presents, for the periods indicated, condensed average balances for interest-earning assets and interest-bearing liabilities, together with interest income and yields earned on average interest-earning assets and interest expense and rates paid on average interest-bearing liabilities (Bank only).

	As of and for the Year Ended December 31								
	2017			2018			2019		
	Average Size(1)	Income/ Expense	Yield (%)(2)	Average Size(1)	Income/ Expense	Yield (%)(2)	Average Size(1)	Income/ Expense	Yield (%)(2)
	(Rupiah billion, except percentage)								
Rupiah assets									
Loans(3)	509,229.74	54,177.28	10.64	546,751.52	55,182.60	10.09	602,689.01	60,656.35	10.06
Government Bonds	65,676.66	3,954.66	6.02	64,386.10	3,778.46	5.87	82,579.88	5,640.15	6.83
Corporate bonds	8,811.90	690.74	7.84	8,438.73	653.25	7.74	10,556.59	823.66	7.80
Placement in BI (FASBI)	12,398.24	267.16	2.15	11,434.09	176.80	1.55	14,756.24	183.08	1.24
Current Account in Other Bank	659.99	–	–	531.89	–	–	141.38	–	–
Placement in Other Bank	1,110.08	54.80	4.94	1,786.50	65.49	3.67	1,703.83	46.95	2.76
Reverse Repo	2,930.16	253.06	8.64	3,425.92	133.58	3.90	734.63	27.14	3.69
Other(4)	5,348.09	643.63	12.03	4,739.25	562.36	11.87	6,700.76	571.01	8.52
Foreign Currency assets									
Loans(3)	90,726.61	3,977.14	4.38	114,287.44	5,110.39	4.47	123,439.89	6,175.48	5.00
Government Bonds	23,904.86	586.00	2.45	23,812.84	436.03	1.83	21,842.20	425.46	1.95
Corporate bonds	12,671.24	342.53	2.70	8,374.79	409.31	4.89	9,097.89	454.31	4.99
Placement in BI (FASBI)	40,328.94	454.67	1.13	21,645.88	363.68	1.68	14,259.45	276.39	1.94
Current Account in Other Bank	9,373.40	1.95	0.02	12,835.45	100.34	0.78	12,404.93	174.79	1.41
Placement in Other Bank	8,562.92	80.45	0.94	8,992.42	192.72	2.14	14,293.54	311.57	2.18
Other(4)	4,195.75	291.62	6.95	6,125.54	527.54	8.61	5,846.70	505.96	8.65
Total assets	**795,928.58**	**65,775.69**	**8.26**	**837,568.36**	**67,692.55**	**8.08**	**921,046.94**	**76,272.29**	**8.28**
Rupiah Liabilities									
Demand Deposits	118,954.90	2,593.65	2.18	127,646.64	2,722.78	2.13	142,297.50	3,433.60	2.41
Savings	242,035.59	2,697.43	1.11	262,985.53	2,959.22	1.13	274,207.01	3,036.95	1.11
Time Deposits/DOC/ CDs/Call Money	221,702.63	13,005.22	5.87	215,631.56	11,848.82	5.49	230,275.42	13,898.32	6.04
Securities Issued & Funds Borrowing	13,495.13	1,069.70	7.93	19,611.73	1,436.05	7.32	21,120.48	1,878.54	8.89
Subordinated Loan	0.89	0.12	12.96	–	–	–	–	–	–
Foreign Currency Liabilities									
Demand Deposits	58,643.14	245.80	0.42	62,203.04	249.18	0.40	60,030.89	329.82	0.55
Savings	27,422.43	54.28	0.20	27,004.99	89.30	0.33	27,216.92	112.47	0.41
Time Deposits/DOC/ CDs/Call Money	23,632.60	165.66	0.70	30,639.31	421.92	1.38	41,774.88	961.24	2.30
Securities Issued & Funds Borrowing	28,979.20	1,225.10	4.23	37,373.53	1,619.41	4.33	52,803.06	2,257.69	4.28
Subordinated Loan	192.79	2.66	1.38	188.96	2.93	1.55	171.66	1.21	0.70
Other(5)	–	48.88	–	–	48.91	–	–	40.86	–
Total liabilities	**735,059.30**	**21,108.50**	**2.87**	**783,285.29**	**21,398.53**	**2.73**	**849,897.81**	**25,950.70**	**3.05**
NET INTEREST SPREAD	**60,869.29**	**44,667.19**	**5.39**	**54,283.08**	**46,294.02**	**5.35**	**71,149.71**	**50,321.59**	**5.23**

Notes:

(1) The average size is based on monthly averages.

(2) The average yield on average interest-earning assets is the ratio of interest income to average interest-earning assets on an annualized basis. The average cost of funds on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities on an annualized basis.

(3) The average balances of loans include NPLs. The loan includes Supply Chain Financing.

(4) Other Assets include Non-letter of credit ("LC"), non-domestic LC (SKBDN), UPAS LC transaction, and pre-export financing facilities.

(5) Other Liabilities include trade transaction Interest Expenses and B2B Financing Interest Expenses.

Analysis of changes in net Interest Income – volume and rate analysis

The following tables set forth, for the periods indicated, a summary of the net changes in interest income or expense for interest-earning assets and interest-bearing liabilities, and the allocation of such changes. The net changes in interest income/expense can be attributed to: (i) changes in average balance, (ii) changes in average rates (average yield or average cost of funds, as the case may be), and (iii) changes in both average balances and average rates. For purposes of the tables below, the net changes in interest income/expense have been reflected in the tables below as attributable either to changes in average balances or changes in average rate, and the net changes in interest income/expense due to changes in both average balances and average rates have been allocated and added solely to the increase or decrease due to changes in average rates.

An increase or decrease in interest income/expense due to changes in average balances has been computed based on (i) the change in average balances between the current year/period and the prior year/period, multiplied by (ii) the average rate (average yield or average cost of funds, as the case may be) for the current year/period, for the relevant line item.

An increase or decrease in interest income/expense due to changes in average rates has been computed based on (i) the change in average yields or average costs of funds between the current year/period and the prior year/period, multiplied by (ii) the average balance for the prior year/period, for the relevant line item.

	As of 31 December 2019 v. 31 December 2018	
	Net changes in Income/ Expense	Increase (decrease) due to average Balance
	(Rupiah billion)	
Yield of assets		
Rupiah assets		
Loans	5,473.76	55,937.49
Government Bonds	1,861.69	18,193.78
Corporate bonds	170.41	2,117.86
Placement in BI (FASBI)	6.28	3,322.15
Current Account in Other Bank	–	(390.50)
Placement in Other Bank	(18.55)	(82.67)
Reverse Repo	(106.44)	(2,691.29)
Other	8.65	1,961.51
Total	**7,395.80**	**78,368.33**

	As of 31 December 2019 v. 31 December 2018	
	Net changes in Income/ Expense	Increase (decrease) due to average Balance
	(Rupiah billion)	
Yield of assets		
Foreign currency assets		
Loans	1,065.09	9,152.44
Government Bonds	(10.57)	(1,970.64)
Corporate bonds	45.00	723.11
Placement in BI (FASBI)	(87.29)	(7,386.42)
Current Account in Other Bank	74.46	(430.52)
Placement in Other Bank	118.85	5,301.12
Other	(21.58)	(278.84)
Total	**1,183.95**	**5,110.25**
TOTAL INTEREST EARNING ASSETS	**8,579.75**	**83,478.58**
Cost of Liabilities		
Rupiah liabilities		
Demand Deposits	710.82	14,650.86
Savings	77.72	11,221.48
Time Deposits/DOC/CDs/Call Money	2,049.50	14,643.87
Securities Issued & Funds Borrowing	442.49	1,508.75
Subordinated Loan	–	–
Total	**3,280.53**	**42,024.95**
Foreign currency liabilities		
Demand Deposits	80.64	(2,172.15)
Savings	23.17	211.93
Time Deposits/DOC/CDs/Call Money	539.32	11,135.57
Securities Issued & Funds Borrowing	638.28	15,429.53
Subordinated Loan	(1.73)	(17.30)
Other(5)	(8.05)	–
Total	**1,271.64**	**24,587.58**
TOTAL INTEREST EARNING LIABILITIES	**4,552.17**	**66,612.53**

	As of 31 December 2018 v. 31 December 2017	
	Net changes in Income/ Expense	Increase (decrease) due to average Balance
	(Rupiah billion)	
Yield of assets		
Rupiah assets		
Loans	1,005.32	37,521.78
Government Bonds	(176.20)	(1,290.56)
Corporate bonds	(37.49)	(373.17)
Placement in BI (FASBI)	(90.36)	(964.15)
Current Account in Other Bank	–	(128.10)
Placement in Other Bank	10.69	676.42
Reverse Repo	(119.47)	495.76
Other	(81.27)	(608.84)
Total	**511.22**	**5,110.25**
Yield of assets		
Foreign currency assets		
Loans	1,133.25	23,560.83
Government Bonds	(149.97)	(92.02)
Corporate bonds	66.78	(4,296.45)
Placement in BI (FASBI)	(90.99)	(18,683.06)
Current Account in Other Bank	98.38	3,462.04
Placement in Other Bank	112.27	429.50
Other	235.91	1,929.79
Total	**1,405.64**	**6,310.63**
TOTAL INTEREST EARNING ASSETS	**1,916.86**	**41,639.78**
Cost of Liabilities		
Rupiah liabilities		
Demand Deposits	129.13	8,691.74
Savings	261.80	20,949.94
Time Deposits/DOC/CDs/Call Money	(1,156.40)	(6,071.07)
Securities Issued & Funds Borrowing	366.35	6,116.60
Subordinated Loan	(0.12)	(0.89)
Total	**(399.24)**	**29,686.32**

	As of 31 December 2018 v. 31 December 2017	
	Net changes in Income/ Expense	Increase (decrease) due to average Balance
	(Rupiah billion)	
Foreign currency liabilities		
Demand Deposits	3.38	3,559.90
Savings	35.02	(417.44)
Time Deposits/DOC/CDs/Call Money	256.26	7,006.72
Securities Issued & Funds Borrowing	394.31	8,394.33
Subordinated Loan	0.27	(3.84)
Other(5)	0.03	–
Total	**689.27**	**18,539.67**
TOTAL INTEREST EARNING LIABILITIES	**290.03**	**48,225.99**

Securities portfolio

The Bank's securities portfolio is managed by its Treasury and International Banking operating segment. It consists of a variety of debt securities and, in accordance with IFAS, is divided into three categories:

Fair Value through profit or loss. The Bank holds these securities for short periods of time. The Bank marks to market securities held in the trading account on a daily basis and any gains or losses are booked against profit and loss.

Available for sale. The Bank uses securities as a secondary reserve and hold these securities for longer periods of time. The Bank marks to market securities held in this account on a daily basis and any gains or losses are booked directly against unrealised gain (losses) on available-for-sale securities, which constitutes part of shareholder's equity.

Held to maturity. These debt securities are held at historical cost, subject to any permanent diminution in value.

As of 31 December 2019, the Bank's consolidated securities portfolio was categorised as follows: Rp35,736.32 billion for trading, Rp116,430.95 billion as available for sale and Rp47,999.95 billion as held to maturity.

Securities

The following table sets forth the book values of the Bank's consolidated securities portfolio (including Government bonds) as of the dates indicated:

	As of and for the Year Ended December, 31					
	2017		2018		2019	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	(Rupiah in billion)					
Fair value through profit or loss						
Government bonds.........	3,488.58	2.14%	4,573.25	2.56%	6,253.26	3.12%
Corporate debt and other securities	24,297.67	14.91%	21,934.06	12.29%	27,868.10	13.92%
Bank Indonesia Certificates....................	291.30	0.18%	1,548.58	0.87%	1,614.96	0.81%
Available for Sale						
Government bonds.........	89,073.72	54.66%	78,265.24	43.87%	96,664.45	48.29%
Corporate debt and other securities	21,025.31	12.90%	27,462.98	15.39%	18,870.33	9.43%
Bank Indonesia Certificates....................	4,531.85	2.78%	2,575.40	1.44%	896.16	0.45%
Held to Maturity						
Government bonds.........	10,848.89	6.66%	31,446.03	17.63%	26,082.59	13.03%
Corporate debt and other securities	6,583.91	4.04%	10,611.67	5.95%	11,635.63	5.81%
Bank Indonesia Certificates....................	2,830.00	1.74%	–	0.00%	10,281.73	5.14%
Total book value..........	**162,971.24**	**100.00%**	**178,417.19**	**100.00%**	**200,167.21**	**100.00%**
Less						
Unamortized discounts...	(9.30)		(3.65)		(5.65)	
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	169.30		(196.55)		171.65	
Allowance for impairment losses	(81.73)		(96.58)		(69.54)	
NET BOOK VALUE[(1)]	**163,049.51**		**178,120.42**		**200,263.67**	

Note:

(1) Net book value is the aggregate of: (i) the historical cost of securities which are classified as held to maturity (less any permanent diminution and unamortized discount or premium) and (ii) the marked value of securities held in the fair value through profit and loss (FVPL) and fair value through other comprehensive income (FVOCI) accounts.

As of 31 December 2019, the Bank's Government bonds were made up of fixed rate bonds of Rp82,796.04 billion and variable rate bonds of Rp13,868.41 billion.

The following table sets forth the book values of the Bank's consolidated Government bonds as of the dates indicated in more detail categorized by type of account:

	As of and for the Year Ended 31 December					
	2017		2018		2019	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
	(Rupiah billion)		*(Rupiah billion)*		*(Rupiah billion)*	
Fair value through profit or loss						
Fixed rate bonds.........	3,488.58	3.37%	4,573.25	4.00%	6,253.26	4.85%
Available for Sale(1)						
Fixed rate bonds.........	58,508.36	56.58%	55,013.24	48.14%	82,796.04	64.18%
Variable rate bonds.....	30,565.37	29.56%	23,252.00	20.35%	13,868.41	10.75%
Held to Maturity(2)						
Fixed rate bonds.........	10,848.89	10.49%	31,446.03	27.52%	26,082.59	20.22%
TOTAL BOOK VALUE ...	**103,411.20**	**100.00%**	**114,284.52**	**100.00%**	**129,000.30**	**100.00%**

Notes:

(1) Fair Value through Profit or Loss securities and Available for Sale Securities are stated at fair value.

(2) Held to Maturity securities are stated at book value.

Maturities and yields

The following table sets forth an analysis of the maturity profile of the Bank's consolidated secondary reserves in the form of Government bonds and marketable securities as of the date indicated:

	As of 31 December 2019									
	Up to one year		Up to five years		Up to ten years		More than ten years		Total	
	Amount		Amount		Amount		Amount		Amount	
	(Rp billion)	*(US$ million)*	*(Rp billion)*	*(US$ million)*	*(Rp billion)*	*(US$ million)*	*(Rp billion)*	*(US$ million)*	*(Rp billion)*	*(US$ million)*
Rupiah										
Government bonds	20,497.30	1.48	54,646.98	3.94	25,510.74	1.84	4,089.22	0.29	104,744.24	7.55
Fixed rate bonds	6,628.89	0.49	54,646.98	3.94	25,510.74	1.84	4,089.22	0.29	90,875.83	6.55
Variable rate bonds	13,868.41	0.99	–	–	–	–	–	–	13,868.41	0.99
Corporate debt securities	41,194.32	2.97	10,933.55	0.79	3,666.03	0.26	–	–	55,793.90	4.02
Total interest-earning securities	**61,691.62**	**4.44**	**65,580.53**	**4.72**	**29,176.77**	**2.10**	**4,089.22**	**0.29**	**160,538.14**	**11.56**
Foreign currency										
Government bonds	3,391.40	0.24	13,979.03	1.01	6,850.74	0.49	34.90	0.00	24,256.07	1.74
Fixed rate bonds	3,391.40	0.24	13,979.03	1.01	6,850.74	0.49	34.90	0.00	24,256.07	1.74
Corporate debt securities	6,145.88	0.44	6,223.93	0.45	3,003.19	0.22	–	–	15,373.00	1.11
Total interest-earning securities	**9,537.28**	**0.69**	**20,202.96**	**1.46**	**9,853.93**	**0.71**	**34.90**	**0.00**	**39,629.07**	**2.85**
TOTAL BOOK VALUE[(1)]	**71,228.90**	**5.13**	**85,783.49**	**6.18**	**39,030.70**	**2.81**	**4,124.12**	**0.29**	**200,167.21**	**14.42**

Note:

(1) The book value is the aggregate of (i) the historical cost of securities which are classified as held to maturity (less any permanent diminution and unamortised discount/premium) and (ii) the marked to market value of securities held in the trading and available for sale accounts.

Loan portfolio

As of 31 December 2019, the Bank's consolidated gross loan portfolio amounted to Rp885.84 trillion (US$63.81 billion), or 67.20% of its total assets. As of 31 December 2019, the Bank's only gross loan portfolio amounted to Rp792.35 trillion (US$57.08 billion), or 70.20% of its total assets. The Bank offers borrowers a variety of credit facilities including working capital loans, term loans, syndicated loans, consumer loans and loans made pursuant to certain Government programs.

The Bank also offers letters of credit and bank guarantees, particularly for trade finance. As of 31 December 2019, the Bank had outstanding irrevocable letters of credit amounting to Rp17,565.35 billion (US$1.27 billion) or and had issued bank guarantees amounting to Rp96,463.40 billion (US$6.95 billion). The Bank also had issued standby letters of credit amounting to Rp13,131.69 billion and Rp13,798.09 billion (US$993.92 million) as of 31 December 2018, and 31 December 2019 respectively.

Types of loans

As of the dates indicated, on a consolidated basis, the Bank's loan portfolio, classified by currency and type of loan, was as follows:

	As of and for the Year Ended 31 December		
	2017	**2018**	**2019**
	(Rupiah billion)		
By currency			
Rupiah	602,168.15	664,427.17	744,804.34
Foreign currencies	109,869.72	135,130.02	141,030.90
Total loan (gross)	712,037.87	799,557.19	885,835.24
Less allowance for possible losses	(33,745.35)	(31,796.09)	(29,988.39)
TOTAL LOANS (NET)	**678,292.52**	**767,761.10**	**855,846.84**

	As of and for the Year Ended 31 December		
	2017	2018	2019
	(Rupiah billion)		
By type			
Rupiah:			
Investment[1]	141,787.47	149,468.60	184,231.68
Working capital[2]	261,615.23	265,018.05	267,014.85
Government program[3]	7,220.81	23,273.58	33,402.44
Export[4]	6,269.72	6,823.36	6,025.81
Consumer[5]	154,165.44	181,200.07	200,866.10
Syndicated[6]	22,286.22	26,783.64	37,971.61
Employees[7]	8,823.26	11,859.88	15,291.85
Total	**602,160.15**	**664,427.17**	**744,804.34**
Foreign currencies:			
Investment[1]	48,350.87	47,409.71	62,640.22
Working capital[2]	27,830.66	38,071.90	26,600.40
Government program[3]	–	0.68	0.45
Export[4]	6,500.16	24,374.45	9,734.59
Consumer[5]	397.90	620.38	916.20
Syndicated[6]	26,789.83	24,652.90	41,139.04
Employees[7]	0.30	–	–
Total	109,869.72	135,130.02	141,030.90
Total gross loans	**712,037.87**	**799,557.19**	**885,835.24**
Total gross loan (net of deferred income)	**712,037.87**	**799,557.19**	**885,835.24**
Less allowance for possible losses	(33,745.35)	(31,796.09)	(29,988.39)
TOTAL LOAN (NET)	**678,292.52**	**767,761.10**	**855,846.84**

Notes:

(1) Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts are reported as due in one year or less.

(2) Working capital facilities are pre-approved lines of credit consisting of term loans, installment loans, current accounts and overdraft facilities. Amounts reflect drawdown amounts; commitments under such facilities may be higher.

(3) Government program loans consist of small-scale investment loans, permanent working capital loans, and working capital loans for which funds are provided by the Government at subsidized interest rates.

(4) Export loans consist of loans to industries which generate foreign currency income.

(5) Consumer loans include personal loans.

(6) Syndicated loans represent loans provided to customers under syndicated loan agreements with other banks.

(7) Loans to the Company's employees consist of interest-bearing loans which are intended for acquisition of vehicles, houses and other personal properties and are repayable over a term of one to 15 years through monthly payroll deductions.

One of the Bank's Assets and Liabilities Committee function is to monitor the market interest rate movements and to measure the movement impacts to the Bank's portfolio. In addition of that, Bank will determine its strategy to adjust interest rates both on its deposit and loan portfolio. The annual average interest rate charged on loans provided by the Bank for 2017, 2018, and 2019 was 10.64%, 10.09% and 10.06%, respectively, for Rupiah loans and 4.38%, 4.47% and 5.00%, respectively, for foreign currency loans.

Maturity

The following table presents the maturity distribution of the Bank only loan portfolio based on loan type, as of 31 December 2019:

	As of 31 December 2019				
	Total amount of all loans				
	Up to one year[1]	Up to five years	Up to ten years	More than ten years	Total
	Amount	Amount	Amount	Amount	Amount
	(Rupiah billion)				
Rupiah					
Working Capital[2]	76,363.23	94,242.38	35,973.48	28,960.18	235,539.28
Investment[3]	0.06	44,020.47	91,586.66	33,142.58	168,749.77
Consumer[4]	3.53	69,415.91	71,549.14	43,018.77	183,987.36
Government Program[5]	1.81	31,936.91	6.42	0.04	31,945.19
Employees[6]	–	92.25	461.58	1,014.62	1,568.46
Syndicated[7]	–	3,309.52	18,039.44	11,313.90	32,662.85
Total Rupiah	**76,368.64**	**243,017.44**	**217,616.73**	**117,450.11**	**654,452.91**
Foreign Currency					
Working Capital[2]	15,258.45	15,244.83	2,395.38	3,366.78	36,265.43
Investment[3]	0.08	35,766.43	21,508.08	4,280.81	61,555.40
Consumer[4]	–	27.78	93.80	–	121.58
Syndicated[7]	196.23	20,252.64	13,117.53	6,389.39	39,955.79
Total Foreign Currency	**15,454.76**	**71,291.68**	**37,114.78**	**14,036.98**	**137,898.21**
TOTAL	**91,823.40**	**314,309.12**	**254,731.51**	**131,487.09**	**792,351.12**

	As of 31 December 2019		
	Total amount of all loans due after one year		
	Predetermined Interest Rates (Fixed Rate)	Floating/ Adjustable Interest Rates	Total
	(Rupiah billion)		
Total Rupiah	117,077.09	461,007.18	578,084
Total Foreign Currencies	659.78	121,783.67	122,443
Total	**117,736.87**	**582,790.85**	**700,528**

Notes:

(1) Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts are reported as due in one year or less.

(2) Working capital facilities are pre-approved lines of credit consisting of term loans, instalment loans, current accounts and overdraft facilities. Amounts reflect drawdown amounts; commitments under such facilities may be higher.

(3) Investment loans are generally long-term loans for capital expenditure.

(4) Consumer loans include personal loans.

(5) Government program loans consist of small-scale investment loans, permanent working capital loans and working capital loans for which funds are provided by the Government at subsidised interest rates.

(6) Loans to the Company's employees consist of interest-bearing loans which are intended for acquisition of vehicles, houses and other personal properties and are repayable over a term of one to 15 years through monthly payroll deductions.

(7) Syndicated loans represent loans provided to customers under syndicated loan agreements with other banks.

The following table sets forth the maturity of the Bank only loans based on business segment, as of 31 December 2019:

	As of 31 December 2019				
	Due in one year or less	**Due in more than one year and up to five years**	**Due after five years**	**More than ten years**	**Total**
	Amount	**Amount**	**Amount**	**Amount**	**Amount**
			(Rupiah billion)		
Rupiah					
Corporate	59,587.22	66,557.73	65,319.91	41,738.29	233,203.16
Commercial	7,606.19	39,848.03	61,161.21	23,789.51	132,404.94
Retail SME	5,257.10	31,324.22	14,017.02	6,729.37	57,327.71
Wholesale Government Institution	3,913.73	4,618.39	4,680.14	1,154.22	14,366.48
Micro Banking	4.40	63,522.07	41,628.78	17,699.90	122,855.16
Individual/Consumer	–	37,146.98	30,809.67	26,338.82	94,295.47
Total	**76,368.64**	**243,017.44**	**217,616.73**	**117,450.11**	**654,452.91**
Foreign currencies					
Corporate	13,973.88	56,636.87	22,511.20	11,620.86	104,742.81
Commercial	1,413.05	8,925.53	6,277.27	2,403.35	19,019.20
Retail SME	54.70	1,256.06	29.58	12.78	1,353.11
Wholesale Government Institution	13.12	4,445.45	8,202.93	–	12,661.50
Micro Banking	–	27.78	93.80	–	121.58
Total	**15,454.76**	**71,291.68**	**37,114.78**	**14,036.98**	**137,898.21**
TOTAL LOANS	**91,823.40**	**314,309.12**	**254,731.51**	**131,487.09**	**792,351.12**

Loan concentrations

Industry concentrations

Historically, the manufacturing sector has represented the largest single sector of the Bank's loan portfolio. It is believed that the manufacturing sector will continue to be an important source of credit demand.

The following table sets forth, for the periods indicated, the Bank's consolidated gross loans classified by the industry of the borrower and as a percentage of the Bank's consolidated gross loans in Rupiah or US dollars, respectively, as of the dates indicated. The industry sectors used below follow Bank Indonesia's Industry classification scheme:

	As of and for the Year Ended 31 December					
	2017		2018		2019	
	(Rupiah billion)	*(Percentage of Total)*	*(Rupiah billion)*	*(Percentage of Total)*	*(Rupiah billion)*	*(Percentage of Total)*
Rupiah						
Manufacturing	115,871.13	19.24%	110,903.94	16.69%	109,321.33	14.68%
Agriculture(1)	68,782.94	11.42%	74,915.44	11.28%	78,833.67	10.58%
Trading, restaurant and hotel(2)	98,361.57	16.33%	101,147.00	15.22%	104,574.93	14.04%
Construction(3)	30,488.64	5.06%	45,615.95	6.87%	53,916.20	7.24%
Business services(4)	50,830.79	8.44%	55,825.08	8.40%	78,199.14	10.50%
Transportation, warehousing and communications(5)	23,859.69	3.96%	29,391.68	4.42%	44,046.24	5.91%
Electricity, gas and water	25,977.22	4.31%	25,193.30	3.79%	26,334.94	3.54%
Social services	12,882.60	2.14%	18,767.09	2.82%	21,497.61	2.89%
Mining	6,580.10	1.09%	4,315.48	0.65%	4,764.42	0.64%
Other(6)	168,533.42	27.99%	198,352.18	29.85%	223,315.87	29.98%
Total for Rupiah/ Percentage of total Rupiah denominated loans	**602,168.15**	**100.00%**	**664,427.17**	**100.00%**	**744,804.34**	**100.00%**

	As of and for the Year Ended 31 December					
	2017		2018		2019	
	(Rupiah billion)	*(Percentage of Total)*	*(Rupiah billion)*	*(Percentage of Total)*	*(Rupiah billion)*	*(Percentage of Total)*
Foreign currencies						
Manufacturing	36,100.16	32.86%	27,441.54	20.31%	33,332.31	23.63%
Agriculture(1)	8,862.67	8.07%	8,227.31	6.09%	8,589.08	6.09%
Trading, restaurant and hotel(2)	9,087.83	8.27%	14,519.07	10.74%	14,437.80	10.24%
Construction(3)	342.37	0.31%	146.26	0.11%	103.87	0.07%
Business services(4)	2,253.50	2.05%	4,029.56	2.98%	6,279.90	4.45%
Transportation, warehousing and communications(5)	5,410.19	4.92%	6,229.48	4.61%	6,170.81	4.38%
Electricity, gas and water	6,474.32	5.89%	10,019.14	7.41%	16,840.27	11.94%
Social services	8,301.57	7.56%	9,157.17	6.78%	9,734.69	6.90%
Mining	32,050.14	29.17%	54,106.22	40.04%	44,056.49	31.24%
Other(6)	986.96	0.90%	1,254.26	0.93%	1,485.68	1.06%
Total/Percentage of total foreign currency denominated loans	**109,869.72**	**100.00%**	**135,130.02**	**100.00%**	**141,030.90**	**100.00%**
Total: gross loans	**712,037.87**	**–**	**799,557.19**	**–**	**885,835.24**	**–**
Less deferred income ...	–	–	–	–	–	–
Total gross loans (net of deferred income)	712,037.87	–	799,557.19	–	885,835.23	–
Less: allowance from impairment losses	(33,745.35)	–	(31,796.09)	–	(29,988.39)	–
TOTAL LOANS (NET)....	**678,292.52**	**–**	**767,761.10**	**–**	**855,846.84**	**–**

(1) The Bank's lending to the agricultural sector includes financing of palm oil, rubber and coconut plantations.

(2) Financing of trading activities (defined as the export, import and other trading of commodities and products manufactured by others) has been a significant component of this business. Financing of trading activities generally is short-term in nature.

(3) Construction sector loans, consisting of performance, advance bonds and working capital facilities, are extended to Government and private sector entities to finance building, civil engineering works, mechanical and electrical systems, utilities and other infrastructure projects. Bank Indonesia does not have a separate category for real estate-related exposures. Real estate exposures are captured under the "construction" and "others" sectors. Collateral is required for all real estate loans.

(4) Other services include, among other things, loans to real estate agents, leasing companies, hospitals and professionals.

(5) Loans to this sector consist of loans to transportation and logistics operators as well as telecommunication companies.

(6) Others include personal loans.

Business group and individual borrower concentrations

Pursuant to OJK regulations, a commercial bank may not have exposure (i) in excess of 20% of such bank's total capital to any single customer, or (ii) in excess of 25% of such bank's total capital to any business group (as defined by Bank Indonesia regulations) not affiliated with such bank, or in excess of 10% of such bank's total capital to all customers or business groups affiliated with such bank in aggregate or (iv) in excess of 30% of such bank's total capital to any single customer or business group (applies only to banks that are SOEs involved in infrastructure projects). Exposure is defined to include loans, contingent liabilities, negotiable instruments, inter-bank placements, participations and derivative transactions. See "*Legal Lending Limits*". The Bank is in compliance with these lending limits.

The Bank's ten (10) largest cash loans and non-funded facilities as of 31 December 2019 aggregated Rp88.58 billion for loans, representing 9.76% of its total loan portfolio, and Rp25,158 billion for non-funded facilities, representing 41.89% of its total non-funded facility portfolio.

The following table sets forth the Bank's 10 largest exposures to business group borrowers and individual borrowers for loans as of 31 December 2019. This information includes restructured loans and NPLs.

	As of 31 December 2019					
	Primary business[(1)]	**Total loan facilities**		**Outstanding principal balance of loans[(2)]**		**Loan classification[(3)]**
		(Rupiah billion)	***(US$ million)***	***(Rupiah billion)***	***(US$ million)***	
Borrower A	Electricity	36,562	2,634	21,738	1,566	1
Borrower B	Agriculture	19,790	1,426	11,937	860	1
Borrower C	Financial Services	10,300	742	9,480	683	1
Borrower D	Mining	8,746	630	8,330	600	1
Borrower E	Food & Beverages	8,500	612	8,028	578	1
Borrower F	Steel Manufacture	10,177	733	7,438	536	2
Borrower G	Food & Beverages	6,085	438	5,599	403	1
Borrower H	Retailer	5,553	400	5,553	400	1
Borrower I	Construction	5,642	406	5,252	378	1
Borrower J	Automotive	5,226	376	5,226	376	1
TOTAL		**116,581**	**8,397**	**88,581**	**6,380**	

Notes:

(1) See "*Legal Lending Limits*" for a description of Bank Indonesia's definition of business groupings.

(2) Outstanding principal balance is the total facility which has been drawn down upon agreement of the borrower and the Company, but does not include past due interest payments.

(3) Loan classification consists of five categories: current, special mention, sub-standard, doubtful and loss. For group borrowers, the Bank makes allowances based on the lowest rating within a borrower group. For more information, see "*Description of the Bank's Assets and Liabilities*". This column represents the lowest loan classification for a borrower within each group.

The following table sets forth the 10 largest exposures to business groups and individual borrowers as of 31 December 2019 for non-funded facilities. This information includes restructured loans and non-performing facilities:

	As of 31 December 2019				
	Primary business(1)	**Total loan facilities**		**Outstanding principal balance of loans(2)**	
		(Rupiah billion)	***(US$ million)***	***(Rupiah billion)***	***(US$ million)***
Borrower A	Construction	4,544	327	8,900	641
Borrower B	Construction	3,146	227	4,165	300
Borrower C	Construction	2,977	214	8,250	594
Borrower D	Electricity	2,575	185	5,000	360
Borrower E	Constriction	2,293	165	5,300	382
Borrower F	Steel Manufacture	1,987	143	2,782	200
Borrower G	Transportation	1,926	141	2,082	150
Borrower H	Construction	1,933	139	4,385	316
Borrower I	Automotive	1,866	136	5,969	430
Borrower J	Pulp and paper	1,856	134	2,360	170
TOTAL		**25,158**	**1,811**	**49,193**	**3,543**

Notes:

(1) See "*Legal Lending limits*" for a description of Bank Indonesia's definition of business groupings.

(2) Non-funded facilities consist primarily of guarantees and letters of credit.

(3) Computed based on total non-funded facilities divided by total capital as of the date indicated. Regulatory capital means the Company's regulatory capital as of 31 December 2019, as determined in accordance with Bank Indonesia regulations.

The following table sets forth the ten (10) largest exposures as of 31 December 2019 for loans and non-funded facilities:

	As of 31 December 2019						
	Industry	**Total outstanding principal balance of loans**		**Outstanding total non-funded facility**		**Total exposure(1)**	
		(Rupiah trillion)	***(US$ million)***	***(Rupiah trillion)***	***(US$ million)***	***(Rupiah trillion)***	***(US$ million)***
Borrower A	Electricity	21,738	1,566	2,575	185	24,314	1,751
Borrower B	Agriculture	11,937	860	187	13	12,125	873
Borrower C	Financial Services	9,480	683	–	–	9,480	683
Borrower D	Mining	8,330	600	551	40	8,880	640
Borrower E	Steel Manufacture	7,438	536	1,149	83	8,587	619
Borrower F	F&B	8,028	578	492	35	8,520	614
Borrower G	Construction	1,234	89	4,544	327	5,777	416
Borrower H	Construction	5,252	378	459	33	5,710	411
Borrower I	F&B	5,599	403	–	–	5,599	403
Borrower J	Retailer	5,553	400	–	–	5,553	400
TOTAL		**84,589**	**6,093**	**9,957**	**716**	**94,545**	**6,810**

Note:

(1) Exposure is the total facility used which can be drawn down at the sole discretion of the borrower or upon the agreement of the borrower and the lenders (including both funded and non-funded facilities) and does not include past due interest payments.

Geographic profile

As of 31 December 2019, 96.00% of the Bank's loans were booked in Indonesia. The remaining 4.00% consists of the Bank's unconsolidated loans booked outside Indonesia through its overseas operations.

Interest rates

The majority of the Bank's loans bear variable rates of interest. The Bank is generally entitled to adjust loan interest rates at any time according to market and its internal condition, except housing loans introduced in 2007 that have a fixed rate applicable in the initial years of such loans.

The effective average annual interest rate paid by borrowers to the Bank during the year ended 31 December 2019 was 10.06% for Rupiah loans. The effective average annual interest rate paid by borrowers to the Bank during the year ended 31 December 2019 was 5.00% for foreign currency loans.

Non-Performing Loans

The following table sets forth information concerning written-off loans (Bank only) by business segment as of the dates and for the periods indicated:

	As of and for the year ended 31 December		
	2017	**2018**	**2019**
		(Rupiah billion)	
Loan write-offs (Bank only)			
Corporate	–	239.36	597.00
Commercial	4,509.90	5,975.39	4,568.09
Government institutional	–	–	–
SME	3,161.42	2,779.15	2,124.75
Micro banking	1,866.86	2,521.74	1,794.70
Individual/consumer	2,047.27	1,715.34	1,756.86
Total loan write-offs (Bank only)	**11,585.46**	**13,230.97**	**10,841.45**
Gross loans at beginning of period	649,322.95	712,037.86	799,557.19
Gross loans at end of period	712,037.86	799,557.19	885,835.24

Notes:

(1) Computed based on the basis of the average of the opening and closing balance for the period indicated.

(2) Computed based on the total loan write-offs during the period divided by the average loan balance (Bank only).

NPLs (on a gross basis) represented 2.33% of the Bank's consolidated total loans as of 31 December 2019. The following table sets forth information with respect to the Bank's consolidated performing loans and NPLs (excluding non-funded facilities, gross of deferred income) as of the dates indicated:

	As of 31 December		
	2017	2018	2019
		(Rupiah billion)	
Performing loans			
Rupiah	595,095.85	660,729.63	742,789.67
Foreign Currency	107,787.82	133,117.45	136,659.90
Non-performing loans			
Rupiah	23,676.42	20,973.15	19,111.59
Foreign Currency	1,517.72	1,501.38	1,880.34

The following table presents nonaccrual and restructured loans (Bank only) for the periods indicated:

	As of and for the Year Ended 31 December		
	2017	2018	2019
		(Rupiah billion, except percentages)	
Non-performing loans			
Restructured loans	52,136.44	51,261.58	57,604.49
Non-performing loans	22,158.87	19,967.55	18,785.55
Non-performing loans to total gross loans(1)	3.45%	2.79%	2.39%
Non-performing assets(2)	24,282.58	22,488.81	22,097.89
Total earning assets(3)	890,145.63	927,521.20	1,027,154.44
Non-performing assets to total earning assets(4)	2.73%	2.42%	2.15%

Notes:

(1) NPLs to total gross loans computed based on the NPLs to total gross loans (excluding loan to other banks).

(2) Non-performing asset means financial asset's balance which is classified into three categories: substandard; doubtful; and loss.

(3) Total earning assets constitute Bank fund provisions for gaining revenue, which are in the forms of credits, securities, interbank placements, acceptance claims, claims on securities purchased under resale agreements (reverse repurchase agreements), derivative claims, equity participations, and any other equivalent form of fund provisions.

(4) Non-performing asset to total earning asset is a ratio that compares non performing assets to total earning assets.

The following table sets forth information concerning the Bank's allowance for loan losses (Bank only) as of the dates and for the periods indicated.

	As of and for the Year Ended 31 December		
	2017	**2018**	**2019**
	(Rupiah billion, except percentages)		
Allowance for loan losses			
Rupiah:			
Working capital	15,966.09	15,488.46	13,989.35
Investment	5,731.36	4,729.69	5,045.23
Consumer	2,810.45	2,899.01	2,779.73
Export	107.25	202.57	180.06
Syndicated	412.44	124.99	81.70
Government program	201.11	820.37	1,058.75
Employee	12.24	11.58	12.52
Total in Rupiah	**25,240.94**	**24,276.66**	**23,147.34**
Foreign currencies:			
Working capital	3,105.78	2,645.58	1,677.94
Investment	2,071.27	1,771.31	2,736.77
Consumer	6.68	9.83	14.48
Export	423.18	188.90	131.28
Syndicated	906.68	527.80	104.54
Government program	(0.0)	0.01	0.01
Employee	(0.0)[2]	(0.0)	(0.0)
Total in foreign currencies	**6,513.59**	**5,143.43**	**4,665.02**
Total allowance for loan losses:	**31,754.53**	**29,420.09**	**27,812.36**
Gross loans (net of deferred income) at the beginning of the period	592,699.27	644,257.41	718,966.84
Gross loans (net of deferred income) at the end of the period	644,257.41	718,966.84	792,351.11
Average loan balance during the period[1]:	**618,478.34**	**681,612.13**	**755,658.98**
Total allowance for loan losses to average loan balance during the period	**5.13%**	**4.32%**	**3.68%**

Notes:

(1) Computed based on the average of the loan balance (Bank only) at the beginning and at the end of the period indicated.

(2) Amount less than Rp500 million.

As of 31 December 2019, Rp60,205.49 billion of the Bank's consolidated gross loan portfolio of Rp885,835.23 billion had been restructured. As of 31 December 2019, Rp20,991.93 billion of the Bank's consolidated gross loan portfolio consisted of non-performing loans.

The Bank's Credit Recovery Unit, which is part of the Credit Committee, is responsible for the supervision and management of NPLs, being loans classified as "sub-standard", "doubtful" or "loss" according to Bank Indonesia's guidelines. See "*Description of the Bank's Assets and Liabilities*".

As of 31 December 2019, the Bank's ten largest NPLs (excluding non-funded facilities) amounted to Rp8,174.37 billion (US$588,83 million), and accounted for 38,94% of its consolidated gross NPLs portfolio. The following table sets forth information regarding its ten (10) largest NPLs (excluding non-funded facilities) as of 31 December 2019.

	As of 31 December 2019				
	Economic sector	**Type of banking arrangement**	**Gross principal outstanding**	**Gross principal outstanding(1)**	**Current loan classification(2)**
			(%)	***(Rupiah billion)***	
Borrower A	Manufacturing	Investment, Working capital	24%	1,979.21	4
Borrower B	Manufacturing	Working capital	18%	1,458.57	5
Borrower C	Manufacturing	Investment, Working capital	14%	1,147.19	5
Borrower D	Mining	Investment, Working capital	10%	810.37	5
Borrower E	Construction	Working capital	8%	685.83	5
Borrower F	Manufacturing	Investment, Working capital	6%	486.33	5
Borrower G	Business services	Working capital	6%	473.57	5
Borrower H	Manufacturing	Investment, Working capital	5%	401.77	5
Borrower I	Manufacturing	Investment, Working capital	4%	367.74	5
Borrower J	Manufacturing	Investment, Working capital	4%	363.79	5
TOTAL			**100%**	**8,174.37**	

Notes:

(1) Principal outstanding net of allowance for loan losses.

(2) For loan classification, see "*Description of the Bank's Assets and Liabilities*".

Loan portfolio classification

Bank Indonesia requires banks to categories each loan into one of five categories and to set minimum loan allowances based on these categories. See "*Description of the Bank's Assets and Liabilities*".

The following table classifies the Bank's consolidated gross loans by Bank Indonesia loan performance categories as of the dates indicated:

	As of and for the Year Ended 31 December					
	2017		2018		2019	
	Outstanding amount	Percentage of total	Outstanding amount	Percentage of total	Outstanding amount	Percentage of total
	(Rupiah billion)	*(%)*	*(Rupiah billion)*	*(%)*	*(Rupiah billion)*	*(%)*
Current	658,749.99	92.52%	746,095.57	93.31%	825,007.47	93.13%
Special mention	28,247.09	3.97%	31,152.56	3.90%	40,019.38	4.52%
Sub-standard....	7,531.98	1.06%	4,389.70	0.55%	4,474.92	0.51%
Doubtful	4,284.45	0.60%	2,320.71	0.29%	3,655.49	0.41%
Loss	13,224.35	1.86%	15,598.65	1.95%	12,677.98	1.43%
TOTAL	**712,037.87**	**100.0%**	**799,557.19**	**100.0%**	**885,835.24**	**100.00%**

As of 31 December 2019, 2.51% of the Bank's consolidated Rupiah-denominated loans and financing by value, were non-performing and 1.36% of its foreign currency-denominated loans and financing by value, was non-performing. As of 31 December 2018, 3.08% of the Bank's consolidated Rupiah-denominated loans and financing by value, were non-performing and 1.12% of its foreign currency-denominated loans and financing by value, was non-performing.

The following table classifies consolidated loans in Rupiah and foreign currency by Bank Indonesia loan performance categories as of 31 December 2019:

	As of and for the Year Ended 31 December 2019		
	Outstanding amount		Percentage of total
	(Rupiah billion)	*(US$ million)*	
Rupiah			
Current	693,491.43	49,954.36	93.11%
Special mention	32,438.08	2,336.62	4.36%
Sub-standard	4,097.57	295.16	0.55%
Doubtful	3,340.58	240.63	0.45%
Loss	11,436.68	823.82	1.54%
Total for Rupiah	**744,804.34**	**53,650.59**	**100.00%**
Foreign currencies			
Current	131,516.04	9,473.51	93.25%
Special mention	7,581.29	546.10	5.38%
Sub-standard	377.34	27.18	0.27%
Doubtful	314.91	22.68	0.22%
Loss	1,241.32	89.43	0.88%
Total for foreign currency	**141,030.90**	**10,158.90**	**100.00%**
TOTAL	**885,835.24**	**63,809.49**	**100.00%**

As of 31 December 2019, the Bank (Bank only, including NPLs with other banks) had Rp129.74 billion (US$9.35 million) of corporate NPLs, Rp14,652.55 billion (US$1.06 billion) of commercial NPLs, Rp2,045.71 billion (US$147.36 million) of consumer NPLs (including credit cards), Rp1,957.64 billion (US$141.01 million) of retail NPLs (including loans to micro and SME customers) representing 0.69%, 77.78%, 10.86% and 10.39%, respectively, of the Bank's total NPLs.

In comparison, as of 31 December 2018, the Bank (Bank only, including NPLs with other banks) had Rp597.00 billion of corporate NPLs, Rp15.022.19 billion of commercial NPLs, Rp1.894.42 billion of consumer NPLs (including credit cards), Rp2.473.41 billion of retail NPLs (including loans to micro and SME customers), representing 2.98%, 74.95%, 9.45% and 12.34%, respectively, of its total NPLs. The following table sets forth information on its NPLs portfolio (Bank only, including NPLs with other banks), gross, as of the dates indicated classified by borrower category:

	As of and for the year ended 31 December					
	2017		2018		2019	
	Outstanding amount	Percentage of total	Outstanding amount	Percentage of total	Outstanding amount	Percentage of total
	(Rupiah billion)	*(%)*	*(Rupiah billion)*	*(%)*	*(Rupiah billion)*	*(%)*
Corporate						
Sub-standard............	536.31	2.41%	492.31	2.46%	129.74	0.69%
Doubtful....................	–	0.00%	–	0.00%	–	0.00%
Loss	396.96	1.79%	104.69	0.52%	–	0.00%
Commercial						
Sub-standard..........	4,129.68	18.57%	2,381.70	11.88%	2,405.11	12.77%
Doubtful	2,277.70	10.24%	812.76	4.05%	2,351.83	12.48%
Loss	9,191.29	41.34%	11,827.74	59.01%	9,895.62	52.53%
Consumer (Incl. Credit Card)						
Sub-standard..........	450.83	2.03%	334.59	1.67%	317.77	1.69%
Doubtful	565.15	2.54%	410.66	2.05%	412.03	2.19%
Loss	921.25	4.14%	1,149.16	5.73%	1,315.90	6.98%
Micro Banking						
Sub-standard..........	281.28	1.27%	281.88	1.41%	338.65	1.80%
Doubtful	316.74	1.42%	371.06	1.85%	456.01	2.42%
Loss	777.94	3.50%	242.21	1.21%	221.64	1.18%
SME						
Sub-standard..........	647.82	2.91%	226.00	1.13%	181.37	0.96%
Doubtful	503.20	2.26%	327.85	1.64%	313.20	1.66%
Loss	1,181.71	5.31%	1,024.41	5.11%	446.76	2.37%
Treasury						
Sub-standard..........	–	0.00%	–	0.00%	–	0.00%
Doubtful	–	0.00%	–	0.00%	–	0.00%
Loss	55.50	0.25%	56.20	0.28%	53.22	0.28%
NON-PERFORMING LOANS	**22,233.77**	**100.00%**	**20,043.63**	**100.00%**	**18,839.26**	**100.00%**

The following table sets forth further information about the Bank's consolidated NPLs and consolidated loans portfolio (including consumer financing receivables and net investment financial lease) as of the dates indicated:

	As of and for the Year Ended 31 December		
	2017	**2018**	**2019**
	(Rupiah billion, except percentages)		
Gross non-performing loans	25,194.14	22,474.53	20,991.93
Non-performing loan loss allowances	(16,591.35)	(16,495.15)	(13,466.98)
Performing loan loss allowances	(17,443.76)	(15,598.34)	(16,814.14)
Gross loans(1)	728,077.81	816,321.61	900,441.50
Total loan loss allowances	(34,035.11)	(32,093.49)	(30,281.12)
Net loans	694,042.70	784,228.12	870,160.38
Gross non-performing loans as a percentage of gross loan(2)	3.46%	2.75%	2.33%
Total loan loss allowance as a percentage of gross non-performing loan(3)	**135.09%**	**142.80%**	**144.25%**

Notes:

(1) Total gross loans are determined by total gross loans and allowance for possible losses.

(2) Computed based on gross NPLs divided by gross loans.

(3) Computed based on total loan loss allowance divided by gross NPLs.

Analysis of NPLs by industry sector

The following table provides the industry breakdown of the Bank's gross consolidated loan portfolio by Bank Indonesia industry sector and loan classification as of 31 December 2019:

	As of 31 December 2019						
	Current	Special mention	Sub-standard	Doubtful	Loss	Total	Total
			(Rupiah billion)				(US$ million)
Rupiah							
Manufacturing	89,006.89	12,438.34	1,343.39	1,683.26	4,849.45	109,321.33	7,874.76
Agriculture	77,269.79	1,277.00	105.42	42.71	138.75	78,833.67	5,678.64
Trading, restaurant and hotel	95,857.04	4,884.61	1,210.02	487.84	2,135.42	104,574.93	7,532.86
Construction	51,690.35	1,258.16	39.39	33.58	894.72	53,916.20	3,883.75
Business services	76,355.68	1,151.10	77.28	47.54	567.55	78,199.14	5,632.93
Transportation, warehousing and communication	40,457.31	2,479.61	547.11	296.42	265.79	44,046.24	3,172.79
Electricity, gas and water	25,952.37	103.56	119.22	0.71	159.08	26,334.94	1,896.99
Social services	21,038.63	196.13	20.71	19.91	222.22	21,497.61	1,548.54
Mining	4.152.00	144.97	10.71	1.52	455.23	4.764.42	343.20
Other[1]	211,711.37	8,504.60	624.32	727.09	1,748.46	223,315.87	16,086.14
TOTAL	693,491.43	32,438.08	4,097.57	3,340.58	11,436.67	744,804.34	53,650.59
Foreign currency							
Manufacturing	25,809.04	6,586.28	138.45	314.91	483.63	33,332.31	2,401.03
Mining	43,289.06	323.94	–	–	443.49	44,056.49	3,173.53
Agriculture	8,588.66	0.43	–	–	–	8,589.08	618.70
Trading, restaurant and hotel	14,405.68	3.11	28.78	–	0.23	14,437.80	1,040.00
Construction	103.87	–	–	–	–	103.87	7.48
Business services	6,151.62	75.06	–	–	53.22	6.279.90	452.36
Transportation, warehousing and communication	5,955.04	157.79	45.53	–	12.45	6,170.81	444.50
Electricity, gas and water	15,993.07	434.42	164.59	–	248.21	16,840.27	1,213.06
Social services	9,734.69	–	–	–	–	9,734.69	701.22
Other[1]	1,485.33	0.27	–	–	0.08	1,485.68	107.02
Total	131,516.04	7,581.29	377.34	314.91	1,241.31	141.030.90	10,158.90
Total loans	825,007.47	40,019.38	4,474.92	3,655.49	12,677.98	885,835.24	63,809.49
Less allowance for possible losses	(8,369.63)	(8,162.43)	(1,733.49)	(1,297.76)	(10,425.08)	(29,988.39)	(2,160.16)
TOTAL LOANS – NET	816,637.84	31,856.94	2,741.42	2,357.74	2,252.90	855,846.84	61,649.33

Note:

(1) Other includes consumer loans.

Restructuring and settlement of NPLs

The Bank's NPLs are restructured on a case-by-case basis upon a determination by the Bank's management that restructuring would be the best means of realising repayment. The Bank generally restructures loans to debtors that it believes have good operating prospects and are cooperative, but who have had or are expected to have temporary liquidity difficulties or in circumstances where the restructuring involves a partial repayment of the outstanding amounts.

Loan restructuring is performed in accordance with written procedures of the Credit Recovery Unit which include specific loan restructuring strategies and the circumstances under which they may be applied.

The Bank emphasises recovery and settlement of NPLs, and has attempted to institutionalise this focus across its organisation. Generally, the Bank divides its loan restructurings into two categories:

"Simple restructurings" involving the rescheduling of repayments or a reduction of interest rates for companies that meet certain criteria such as adequate working capital, minimal intra-group liabilities and operate in a viable industry sector.

"Complex restructurings" which involve more complex steps such as debt for equity swaps for companies which have negative equity, low cash flows and other features that do not allow for a "simple restructuring".

According to OJK regulations, after restructuring, loans previously classified as "doubtful" or "loss" can be reclassified as "sub-standard", while loans previously classified as "current", "special mention" or "sub-standard" may not be reclassified. Upon the signing of a restructuring agreement with a borrower, the Company upgrades the NPLs to "sub-standard". In accordance with OJK regulations, the NPLs may only return to performing status ("current" or "special mention") and accrue interest in the Company's financial statements in accordance with its new terms after the borrower has made at least three consecutive payments in accordance with the restructured contractual terms. However, even where the borrower has satisfied this requirement, the Bank may still not reclassify the loan as performing if there remain concerns about the borrower's ability to meet its payment obligations. The Bank usually allows several months of testing before reclassifying the loan as "current". After the Bank has classified a restructured loan as "current" and it has continued to show operational and financial improvement, the Bank typically transfers it from its Credit Recovery Unit to the relevant business unit.

For simple restructurings involving reductions in interest rates, the Bank charges interest on the restructured loans at rates above its cost of funds but below the relevant market lending rate. In addition, as it may take a borrower an extended period before it returns to financial health, in certain such cases, the Bank has restructured, and may continue to restructure, loans with smaller payments due in earlier periods and larger payments in later periods. During the earlier periods, a restructured loan may become performing in accordance with the Bank's classifications of performing loans. However, as larger payments become due, it is possible that a borrower may not meet these payments and the loan may, once again, become non-performing.

In the restructuring of certain loans, depending on the complexity of the restructuring, the Bank has utilised external advisers to assist it in determining a borrower's ability to repay a loan under the restructured terms. In connection with certain restructurings, the Bank has extended additional credit facilities.

As of 31 December 2019, the Company had restructured loans of Rp57,604 billion. The following table sets forth information on the Bank's 10 largest restructured loans as of 31 December 2019:

	As of and for the year ended 31 December 2019			
	Economic sector	**Total outstanding(1)**		**Loan classification**
		(Rupiah billion)	*(US$ million)*	
Borrower A	Manufacturing	7,437.89	535.77	1
Borrower B	Agriculture	3,809.06	274.38	1
Borrower C	Manufacturing	1,711.07	123.25	2
Borrower D	Petrochemical	1,610.57	116.01	1
Borrower E	Agricultural	1,607.52	115.79	1
Borrower F	FMCG	1,458.57	105.07	5
Borrower G	Transportation	1,366.76	98.45	2
Borrower H	Textile	1,168.81	84.19	1
Borrower I	Petrochemical	1,160.56	83.60	1
Borrower J	Agricultural	885.36	63.78	1
TOTAL		**22,216.17**	**1,600.30**	

Note:

(1) Restructured loans only.

Provisions for loan losses

The Bank's policy is to classify its loans in accordance with the Bank regulator's policies and applicable accounting requirements. SFAS 50 and 55 requires the Bank to use an "incurred loss" methodology for asset impairments. This approach requires objective evidence of asset impairment before a provision may be made, such as would be evidenced by deterioration in the creditworthiness of a counterparty, an actual breach of contract, or a high probability of a bankruptcy.

The following table sets forth the components of the Bank's consolidated allowance for impairment losses on loans and Sharia loans/financing:

	As of and for the Year Ended 31 December		
	2017	2018	2019
	(Rupiah billion)		
Balance at beginning of period/year	32,616.76	33,745.35	31,796.09
Allowance during period/year	15,458.49	13,481.96	11,468.13
Write-offs	(13,885.01)	(15,182.09)	(12,588.93)
Others[(1)]	(444.90)	(249.12)	(686.90)
Balance at end of period	33,745.35	31,796.09	29,988.39
Total loans – net	**678,292.52**	**767,761.10**	**855,846.84**
Percentage of write-offs during the period to total loans outstanding net at end of period[(2)]	2.05%	1.98%	1.47%
Minimum allowance for impairment losses on loans based on BI Regulation	24,496.23	26,436.05	25,428.01
Coverage Ratio[(3)]	137.76%	120.28%	117.93%

Notes:

(1) Others includes the effect of foreign currency translation.

(2) Computed based on the loan write-offs during the period divided by the total net loan balance (on a consolidated basis) at the end of the period.

(3) Total allowance for impairment losses on loan divided by minimum allowance for impairment losses on loans based on the BI Regulation.

The following table sets forth information on provisions for the Company's consolidated net total loans as of 31 December 2019, classified by borrower category:

	As of 31 December 2019						
	Current	Special mention	Sub-standard	Doubtful	Loss	Total	Total
	(Rupiah billion)						(US$ in million)
Total loans	825,007.47	40,019.38	4,474.92	3,655.49	12,677.98	885,835.24	63,809.49
Less allowance for possible losses	(8,369.63)	(8,162.43)	(1,733.49)	(1,297.76)	(10,425.08)	(29,988.39)	(2,160.16)
TOTAL LOANS – NET	816,637.84	31,856.94	2,741.42	2,357.74	2,252.90	855,846.84	61,649.33

Deposits

The following table summarizes the Bank's consolidated deposits including *Syirkah* Temporer Fund as of the dates indicated:

	As of and for the Year Ended 31 December					
	2017		2018		2019	
	(Rupiah billion)	*(%)*	*(Rupiah billion)*	*(%)*	*(Rupiah billion)*	*(%)*
Deposits						
Interest bearing						
Time deposits	275,503.80	33.41%	301,807.20	35.18%	323,548.96	34,17%
Saving deposits	336,912.64	40.86%	338,600.77	39.47%	359,161.50	37,93%
Demand deposits	203,390.15	24.67%	200,506.00	23.37%	250,414.09	26,44%
Other (deposits from other banks)	8,794.80	1.07%	16,927.43	1.97%	13,843.89	1,46%
Total interest bearing	**824,601.39**	**100.00%**	**857,841.40**	**100.00%**	**946,968.44**	**100.00%**
TOTAL DEPOSITS	**824,601.39**	**100.00%**	**857,841.40**	**100.00%**	**946,968.44**	**100.00%**

MANAGEMENT

In accordance with Indonesian law, the Bank has a Board of Commissioners and a Board of Directors. The two boards are separate and no individual may be a member of both boards.

Board of Commissioners

The Board of Commissioners, which has the task of supervising management, must have a minimum of three members, including the President Commissioner, and is appointed by shareholders at the annual general meeting of shareholders, provided that all candidates for election must be nominated by the holder of the Special Share. See "*Banking Regulation and Supervision – Bank Management*".

The principal function of the Board of Commissioners is to supervise the policies of the Board of Directors. In addition, the Board of Commissioners is responsible for overseeing the implementation of the Bank work plan and budget and monitoring the development of the Bank's activities. The work plan annual budget and long term work plan of the Bank is prepared by Board of Directors and submitted to the Board of Commissioners to get their approval. As required under Law No. 40/2007, OJK Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of the Issuer or Public Company ("**OJK Regulation No. 33/2014**"), and OJK Regulation No. 55/POJK.03/2016 on the Good Governance of Commercial Banks ("**OJK Regulation No. 55/2016**"), the Board of Commissioners is required to establish several committees.

Under Law No. 40/2007 and OJK Regulation No. 33/2014, persons eligible to be appointed as members of the Board of Commissioners must fulfil the following requirements:

(1) having a good value, moral, and integrity;

(2) having a capacity to perform legal acts;

(3) within five years prior to their appointment and during their tenure, such person has not:

   (a) been declared bankrupt;

   (b) been declared guilty of having caused a company to be declared bankrupt while a member of the Board of Directors or the Board of Commissioners of such company;

   (c) been declared guilty of having committed a criminal act which caused financial loss to the Government or that is related to the financial sector; and/or

   (d) been a member of Board of Directors and/or Board of Commissioners, whereas when holding such position, such person has ever failed to hold an annual general meeting of shareholders, has its accountability report as a member of the Board of Directors and/or Board of Commissioners rejected by the general meeting of shareholders or failed to provide an accountability report as a member of Board of Directors and/or Board of Commissioner to the general meeting of shareholders; and/or has caused a public company which has obtained licences, approvals or registration from OJK to fail to deliver an annual and/or financial statements to the OJK.

(4) having a commitment to fulfil the prevailing regulations; and

(5) having knowledge and/or competence in the sector as needed by the public company.

In carrying out its supervisory activities, the Board of Commissioners represents the interests of the Bank and is accountable to the shareholders. The Board of Commissioners is required to perform its duties in good faith. The affirmative vote of Ministry of State-Owned Enterprises (the "**MSOE**"), as holder of the Special Share, is required to elect or remove commissioners. Shareholders at a general meeting of shareholders have the power to nominate, elect and remove members of the Board of Commissioners by means of shareholder resolution, with the approval of the holder of the Special Share. A Commissioner may be removed at the general meeting of shareholders prior to the expiration of his or her term of office in the event he or she is considered incapable of performing the duties required of such office. Each Commissioner serves a term that ends on the close of the fifth annual general meeting following his or her date of appointment. The term of office of a Commissioner will automatically terminate upon, among other events, the bankruptcy or death of the Commissioner, or if the Commissioner does not meet the requirements stipulated by prevailing laws and regulations, or is dismissed at the general meeting of shareholders.

Meetings of the Board of Commissioners may be held at any time deemed necessary by one or more members of the Board of Commissioners or the Board of Directors by stipulating the proposed agenda. The Board of Commissioners must conduct a meeting at least once every two months, and must conduct a meeting together with the Board of Directors regularly, at least once every four months. A meeting of the Commissioners is valid only if more than half of the total number of Commissioners are present or represented. In any meeting, each Commissioner is entitled to cast one vote in his or her own capacity and one additional vote for another Commissioner whom he or she may be representing. A Commissioner may be represented in a meeting of Commissioners only by another Commissioner acting pursuant to a power of attorney specifically issued for such purpose.

Resolutions of the Board of Commissioners should be adopted by deliberation and consensus. If no agreement is reached by deliberation and consensus, such resolution must be passed by a vote of more than half of the total votes cast at the meeting. The Board of Commissioners may adopt lawful and binding resolutions without convening a meeting of the Board of Commissioners provided all the members of the Board of Commissioners sign and approve the resolution in writing.

The current members of our Board of Commissioners are as follows.

Commissioner	**Position**	**Appointment Date**	**Age (as of March 31, 2020)**
Muhamad Chatib Basri*..	President Commissioner/ Independent Commissioner	19 February 2020	54
Andrinof A. Chaniago*....	Vice President Commissioner/Independent Commissioner	19 February 2020	57
Ardan Adiperdana...........	Commissioner	21 March 2016	60
Rionald Silaban.............	Commissioner	28 August 2019	53
Nawal Nely*	Commissioner	19 February 2020	46
Arif Budimanta*	Commissioner	19 February 2020	52
Faried Utomo*	Commissioner	19 February 2020	55
Boedi Armanto*	Independent Commissioner	19 February 2020	60
Mohamad Nasir*.............	Independent Commissioner	9 December 2019	59
Loeke Larasati Agoestina*......................	Independent Commissioner	19 February 2020	60

* *Effective after obtaining approval from the OJK for the fit and proper test.*

Muhamad Chatib Basri has served as President Commissioner since February 2020. Mr. Basri was previously appointed as Vice President Commissioner/Independent of the Bank from December 2019-February 2020. He is also appointed as President Commissioner/Independent PT XL Axiata Tbk. (2016 – present). He has served as Commissioner at various companies, which include PT Indonesia Infrastructure Finance (2016-2019), PT Astra International Tbk. (2015-2019), and PT Indika Energy Tbk. (2015-2019). In 2015-2019, he served as the Non-Executive Director of Axiata Group Sdn.Bhd. Before that, he was previously appointed as Minister of Finance of the Republic of Indonesia (2012-2013). Mr. Basri obtained his Bachelor of Economics from the University of Indonesia (1992) and his Masters and Ph.D. from the Australian National University in 1996 and 2001.

Andrinof A. Chaniago has served as Vice President/Independent Commissioner since February 2020. He previously served as President Commissioner at PT Bank Rakyat Indonesia (Persero) Tbk. (2017-2020) and PT Angkasa Pura I (Persero) (2015-2017). He was appointed as Minister of National Development Planning Ministry of Development Planning National of the Republic of Indonesia (2014-2015). He is still active as a Lecturer in the Department of Political Science, Faculty of Social and Political Sciences, University of Indonesia (2006-present). Mr. Chaniago obtained a Bachelor of Science majoring in Political Science from the University of Indonesia (1990), a Master Degree in Planning and Public Policy from the University of Indonesia (2004), and National Development Courses Diploma from Fu Hing Kang College, Taipei, Taiwan (2004).

Ardan Adiperdana has served as a Commissioner since 21 March 2016. Mr. Adiperdana served as President Commissioner of PT Jasa Raharja in 2013 and Commissioner of PT Hotel Indonesia Natour in 2011. He also served as Head of Finance and Development Supervisor since 2015. Mr. Adiperdana obtained a Bachelor of Science in Accounting from Sekolah Tinggi Akuntansi Negara Indonesia in 1987, a Master of Business Administration from Saint Mary’s University in 1992, and a Doctor of Strategy Management from Universitas Indonesia in 2013.

Rionald Silaban has served as a Commissioner since 2019. He also serves as Acting Managing Director of the Education Fund Management Institute (2018 – present) and Head of the Ministry of Finance’s Financial Education and Training Agency (2018 – present). He was appointed as an expert staff of the Minister of Finance for Macroeconomics and International Finance (2016-2018) and Executive Director of SEAVG-World Bank (2014-2016). Mr. Silaban holds a Bachelor of Laws from the University of Indonesia (1989) and LL.M from Georgetown University (1993).

Nawal Nely has served as a Commissioner since February 2020. She also serves as Deputy of Finance and Risk Management of the Ministry of State-Owned Enterprise of the Republic of Indonesia (February 2020-present). She has extensive experience at Ernst & Young, including as a Partner at Ernst & Young Indonesia (2010-February 2020), Senior Manager at Ernst & Young Egypt (2009-2010), Manager at Ernst & Young Qatar (2007-2008), Financial Analyst Ernst & Young Kuwait (2002-2005). Ms. Nely obtained a Bachelor of Accounting degree from Gadjah Mada University and an Executive MBA from INSEAD.

Arif Budimanta has served as a Commissioner since February 2020. He also serves as the President’s Special Staff for the Economy (2019-present). He was previously appointed as Deputy Chairperson of the MPR-RI Study Institute (2015-2020), Commissioner of Indonesia Eximbank (2015-2020), Deputy Chairperson of the National Economic and Industry Committee (2016-2019). He was also a member of the DPR-RI Commission XI (2000-2014). Mr. Budimanta holds a Bachelor’s degree in Soil Science from the Bogor Institute of Agriculture (1990), a Master’s degree in Natural Resource Economics from the University of Indonesia (1996), and a Doctorate from the Faculty of Social and Political Sciences, University of Indonesia (2006).

Faried Utomo has served as a Commissioner since February 2020. At the Cabinet Secretary of the Republic of Indonesia, he served at various positions which include Deputy in Administration (2015-2020), Head of the Secretariat of the Final Assessment Team (TPA) about Appointment, Transfer, and Dismissal of the Main High-Leaders and Associate High-Leaders (2015-2020), Expert Staff of the Cabinet Secretary for Research, Technology, Communication and Information (2014-2015), Assistant Deputy in Material Session (2011-2014), and the Head of the State Apparatus Bureau, Local Government and People's Welfare (2006-2011). Mr. Utomo obtained a Law degree from Sebelas Maret University (1988) and a Master's degree from the Faculty of Law, University of Indonesia (2003).

Boedi Armanto has served as an Independent Commissioner since February 2020. He served at various positions at the OJK which included Banking Supervision Expert Staff (2019-February 2020), Deputy Banking Supervision Commissioner I (2017-2019), Deputy Banking Supervision Commissioner IV (2016-2017), Deputy Banking Supervisory Commissioner II (2015-2016), Head of the Crisis Monitoring and Management Development Department (2012-2015), Executive Director of the Accounting and Payment System (April-May 2012), and Head of the Bank Supervision Department 1 (2009-2012). Mr. Armanto holds a Bachelor of Agriculture from the Bogor Institute of Agriculture (1982), a Master in Applied Economics from the University of Minnesota, USA (1989), and a Doctorate from the Department of Economics University of Indonesia (2005).

Mohamad Nasir has served as an Independent Commissioner since 2019. He was previously the Minister of Research in Technology and Higher Education of the Republic of Indonesia (2014-2019). He was appointed as Rector of Diponegoro University (2014), Independent Commissioner of PTPN IX (2013-2014), Dean at Diponegoro University (2010-2014), Vice-Rector III of Diponegoro University (2006-2010). Mr. Nasir obtained his Bachelor's Degree from Diponegoro University (1988), M.Sc from Gadjah Mada University (1994), Ph.D. from the University of Science Malaysia (2004), and an Honorary Doctorate in Education from the University of Science Malaysia (2015).

Loeke Larasati Agoestina has served as an Independent Commissioner since February 2020. She was appointed as a Commissioner of PT Bank Rakyat Indonesia Tbk. (2019-February 2020). Previously, she was the Deputy Chief of the Riau Islands Prosecutor's Office (2012-2014), the Head of the High Prosecutor's Office (KAJATI) of Yogyakarta (2014-2015), Head of the Attorney General's Asset Recovery Center (2015-2017), Head of the High Prosecutor's Office (KAJATI) of West Java (2017), Commissioner Attorney General Civil and State Administration (Jamdatun) Attorney General's Office (2017-2019). Ms. Agoestina earned her Bachelor of Law from Parahyangan Catholic University (1994) and a Masters in Human Capital from IPWI (2001).

Board of Directors

The Bank is managed on a day-to-day basis by the Board of Directors. Under the Article of Association, the Board of Directors is required to be made up of at least three directors, including the President Director.

Shareholders have the power to nominate, elect and remove members of the Board of Directors by resolution at a general meeting of Shareholders, and the affirmative vote of MSOE, as holder of the Special Share, is required to elect or remove Directors. This also provided that all candidates for election must be nominated by the holder of the Special Share. Each Director serves a term that ends on the close of the fifth annual general meeting following his or her date of appointment. A general meeting of shareholders, however, may remove any Director prior to the expiration of his or her term of office for cause. The term of office of a Director will automatically terminate upon, among other events, the expiration of his or her term, resignation, death or if the Director no longer meets the requirements as a director stipulated by prevailing regulations and/or the Articles of Association or is dismissed at the general meeting of shareholders.

A general meeting of shareholders may appoint a new member to fill a vacancy. Such appointment will last for the remaining term of the vacant directorship. Under the Articles of Association, if not determined otherwise in the management policy of the Bank, the President Director has the right to act for and on behalf of the Board of Directors to represent the Bank. In the event that the President Director is absent or unable to attend for any reason whatsoever, which absence is not necessarily proven to any third party, the Deputy President Director or a Director appointed by the President Director has the right to act for and on behalf of the Board of Directors to represent the Bank. In the event that the Deputy President Director is absent or unable to attend due to any reason whatsoever, which absence is not necessarily proven to any third party, the Deputy President Director can appoint in writing one of the members of the Board of Directors to act for and on behalf of the Board of Directors. The Board of Directors of the Bank issued the Board of Directors Decree No. Kep.Dir/015/2020 effective as of 20 February 2020 on the division of the duties and authorities of the members of the Board of Directors, and the appointment of the alternate director, the director of the regional supervisor and the director of the subsidiary's supervisor ("**BoD Decree No. 15/2020**") which, among others, sets the nomenclature and division of tasks and authority of the directors into 12 positions (please see the current members of the Board of Directors below for further details). Under the BoD Decree No. 15/2020, the President Director has the right to act for and on behalf of the Board of Directors to represent the Bank. Further, each member of the Board of Directors has the right and authority to act for and on behalf of the Board of Directors to represent the Bank in accordance with their positions and authorities that have been determined under the BoD Decree No. 15/2020.

The Board of Directors has the power to perform, for and on behalf of the Bank, all actions and all transactions concerning the Bank's management and administration. However, certain actions of the Bank require written approval from the Board of Commissioners, including:

- disposing/transferring and/or pledging the Bank's asset with criteria and amount exceeding a certain amount as stipulated by the Board of Commissioners, by taking into account of the provisions of the laws and regulations in Capital Market and Banking sectors;

- entering into any cooperation with any legal entity or other party, in the form of Joint Operation (KSO), Business Cooperation (KSU), Licensed Cooperation, Build, Operate and Transfer (BOT), Build, Transfer and Operate (BTO), Build, Operate and Own (BOO) and other agreements that have the same nature, the period and amount of which shall not exceed the period and amount as stipulated by the Board of Commissioners;

- determining and changing the Bank's logo;

- determining organisational structure one level below the Board of Directors;

- making capital participation, release capital investment including changes in capital structure at certain amount as stipulated by the Board of Commissioners in other company, subsidiary company, and joint venture company which are not in the framework of saving receivables, by taking into account the provisions in capital market sector;

- establishing a subsidiary company and/or a joint venture company at certain amount as stipulated by the Board of Commissioners;

- proposing the Bank's representative for a candidate member of the Board of Directors and the Board of Commissioners in a subsidiary company that provides significant contribution and/or has a strategic value to the Bank with the qualification and/or criteria as stipulated by the Board of Commissioners;

- merging, amalgamating, acquiring, spinning off, and dissolving a subsidiary or a joint venture company at certain amount as stipulated by the Board of Commissioners;

- performing any action that falls into a material transaction criteria as stipulated by the applicable laws at a certain amount as determined by the Board of Commissioners, except such action is exempted as a material transaction;

- performing any action that has not been set forth in the Bank's Work Plan and Budget;

- performing any action to transfer including to sell, to relinquish the rights to collect and/or not to collect of the non-performing principal of receivables which have been written off within the purpose of credit settlement or the difference between the non-performing principal of receivables which has been written off and the assignment value including disposal or the value of right relinquishment.

Further, certain actions of the Bank require written approval from the Board of Commissioners and approval from the General Meeting of Shareholders:

- conducting any action that falls into material transaction criteria which require to get General Meeting of Shareholders' approval as stipulated by applicable Capital Market laws at the value of more than 50% (fifty per cent) of the Bank's equity, unless such action is included in the exempted material transaction under applicable Capital Market laws;

- conducting conflict of interest transaction as stipulated by applicable Capital Markets laws;

- conducting other transactions in order to comply with applicable Capital Markets laws.

Meetings of the Board of Directors can be convened at any time at the request of one or more members of the Board of Directors, or at the written request of one or more members of the Board of Commissioners. A meeting of the Board of Directors may only adopt lawful and binding resolutions, if at least half of the Directors holding office are present or represented. A Director may only be represented in a meeting of the Board of Directors by another Director appointed by virtue of a power of attorney issued specifically for such purpose. At any meeting of the Board of Directors, each Director is entitled to cast one vote in his or her personal capacity and one vote for each other Director whom he or she may be representing. Resolutions of the Board of Directors should be adopted by deliberation and consensus. However, if no agreement is reached by deliberation and consensus, resolutions can be passed by the vote of more than half of the Directors present or represented at the meeting. The Board of Directors may adopt valid and binding resolutions without convening a meeting of the Directors provided that all of the Directors approve and sign a written resolution. If at any time and by any reason whatsoever there is one or more members of the Board of Directors vacant, the Board of Directors Meetings shall appoint other member of the Board of Directors to perform the duties of the member of the Board of Directors who is vacant with the same power and authority. Subject to the applicable laws in the Banking sector, a General Meeting of Shareholders shall be convened to fill a vacant position if such vacancy causing the total number of the members of the Board of Directors less than three members which one of them is the President Director or other Directors as required according to the applicable laws in the Banking sector. Such General Meeting of Shareholders shall be convened no later within ninety days from the date of the vacancy.

The current members of the Board of Directors are as follows:

Director	Position	Appointment Date	Age (as of March 31, 2020)
Royke Tumilaar	President Director	9 December 2019	56
Hery Gunardi*	Deputy President Director	19 February 2020	57
Alexandra Askandar	Director of Corporate Banking	9 December 2019	48
Riduan...........................	Director of Commercial Banking	7 January 2019	49
Darmawan Junaidi..........	Director of Treasury, International Banking, and Special Asset Management	9 December 2019	53
Aquarius Rudianto*.........	Director of Business and Network	19 February 2020	53
Panji Irawan	Director of Operations	9 December 2019	54
Agus Dwi Handaya.........	Director of Compliance and Human Capital	12 September 2018	49
Donsuwan Simatupang...	Director of Institutional Relationship	9 December 2019	59
Ahmad Siddik Badrudin ..	Director of Risk Management	19 February 2020	54
Rico Usthavia Frans.......	Director of Information Technology	9 December 2019	49
Silvano Winston Rumantir*	Director of Finance and Strategy	9 December 2019	41

* *Effective after obtaining approval from the OJK for the fit and proper test.*

Royke Tumilaar has served as the Bank's President Director since December 2019. He joined the Bank in 1999 through the legacy Bank Dagang Negara (BDN), where his final position was Senior Professional on the Loan Settlement Team in Jakarta. In 2007, Mr. Tumilaar was promoted to Group Head of Regional Commercial Sales I through May 2010, and in August 2009, he served concurrently as a Commissioner at Mandiri Sekuritas. In May 2010, he became Group Head of the Commercial Sales for Jakarta until May 2011. In May 2011, he was appointed Managing Director of Treasury, Financial Institutions, and Special Asset Management. Later in 2015-2019, he served as Director of Corporate Banking. He graduated with a Bachelor of Economics Degree from the University of Trisakti in 1987. Mr. Tumilaar then earned a Master of Business in Finance from the University of Technology Sydney in 1999.

Hery Gunardi has served as Deputy President Director since February 2020. He started working at Bank Pembangunan Indonesia (Bapindo), which was a legacy bank of The Bank. He was part of a team that was involved in the merger process towards the establishment of the Bank (1998-1999). He also led project management to establish AXA Mandiri joint venture (2002-2003). In 1991, he became the Bank's Regional Marketing Manager for the Jakarta Kota district. He was entrusted to oversee Wealth Management Group (2006-2009), Jakarta Network Group (2009-2011), and Distribution Network I Group (2011-2013). In January 2013, he was appointed to EVP Coordinator of Consumer Finance. Later on, he was appointed as Director of Micro & Business Banking (January-March 2015), Director of Consumer Banking (2015-2016), Director of

Distributions (2016-2018), Director of Small Business and Networks (2018-2019) and Director of Consumer & Retail Transaction (2019). Mr. Gunardi graduated with a BA in Business Administration from August 17th University, Jakarta in 1987 and an MBA from the University of Oregon, USA, in 1991.

Alexandra Askandar has served as the Bank's Director of Corporate Banking since 2019. Her career history was as Group Head of Corporate Banking (2015-2016), Senior Executive Vice President Corporate Banking (2016-2018), and Director of Institutional Relationship (2018-2019). Ms. Askandar holds a Bachelor of Economics from the University of Indonesia (1995) and a Master of Business Administration from Boston University (1999).

Riduan has served as the Director of Commercial since 2019. He was appointed as a Director of Finance and Investment at PT Askes (Persero) and BPJS Kesehatan in 2013-2016 and Senior Executive Vice President Middle Corporate of the Bank in 2017-2019. He graduated with a Bachelor's Degree in Economy and a Master of Management from the University of Sriwijaya.

Darmawan Junaidi has served as Director of Treasury, International Banking, and Special Asset Management since December 2019. Previously, he was appointed as the Bank's Director of Treasury and International Banking (2017-2019). He served as Senior Vice President of Treasury in the Bank since 2012 until he was promoted as Regional CEO of Bali and Nusa Tenggara in 2015. In the beginning of 2016, he was appointed as the Bank's Head of Treasury. Within the same year, he became the Director of Finance of Semen Indonesia. He completed his undergraduate degree in Civil Law from Universitas Sriwijaya Palembang.

Aquarius Rudianto has served as the Bank's Director of Business and Networks since February 2020. Before occupying this position, in the Bank, he had served as Regional CEO III (2015-2018), SVP Operation (2018-2019), Commissioner at PT Mandiri AXA General Insurance (March 2019 – February 2020), SVP Business and Network (December 2019 – February 2020), and Commissioner at PT Bank Syariah Mandiri (February 2019 – February 2020). He holds a Bachelor's degree in Social Politics – Governmental Science from Padjadjaran University in 1990.

Panji Irawan has served as Operation Director from 2019 until now. While at the Bank, he served as Group Head of Treasury (2011-2016), Director of Finance (2018-2019), and Director of Finance & Strategy (May-December 2019). He was previously appointed as Director of Treasury at Bank Negara Indonesia (2016-2018). He holds a Bachelor's Degree from the Bogor Institute of Agriculture in Agricultural Economics and Resources.

Agus Dwi Handaya has served as the Bank's Director of Compliance and Human Capital since 2018. Previously, he was appointed as Director of Finance & Distribution Network (2014-2015) and Director of Finance & Strategy (2015-2016) at the Bank's subsidiary, PT Bank Syariah Mandiri. While in the Bank, he served as Group Head Office of the CEO (2016-2017), Senior Executive Vice President of Corporate Transformation & Finance (2017-2018), and Compliance Director (2018-2019). Mr. Handaya obtained his Bachelor of Economics from the University of North Sumatra (1995) and a Master of Business Administration from Nanyang Fellows National Technological University Singapore (2013).

Donsuwan Simatupang has served as Director of Institutional Relationship from 2019 to the present. Previously, while at PT Bank Rakyat Indonesia (Persero) Tbk., he served as Head of General Business Division (2013-2015), Director of Commercial (2015-2017), Director of Micro, Small & Medium Business (May-October 2017), and Director of Risk Management (2017-2018). He was later appointed as the Bank's Director of Retail Banking (2018-2019). Mr. Simatupang holds a Bachelor of Economics degree from Parahyangan University (1985) and an MBA from Virginia Polytechnic Institute and State University (1993).

Ahmad Siddik Badruddin has served as Director of Risk Management since February 2020. He started his career in the banking industry in 1990 by joining the Management Associate program at Citibank and remained at the company until 1999. At Citibank, his career progressed in various leadership roles across different jurisdictions. Following the early years of his work at Citibank, his positions at the bank advanced to Regional Risk Officer of the Global Consumer Bank (AVP) in Singapore (1995-1997), and Retail Bank Risk Director of Global Consumer Bank (VP) in Jakarta (1997-1998), Country Risk Director of Global Consumer Bank in the Philippines (2001-2004), Country Risk Director of Global Consumer Bank in Düsseldorf, Germany (2004-2008), Regional Senior Credit Officer for Central & Eastern Europe and Middle East Africa Region of Global Consumer Bank in London, UK (2008-2011), Global Unsecured Product Risk of Global Consumer Risk Management division in New York, USA (2001-2014). In between those years, he headed ABN AMRO's Risk Management of the Consumer Banking division in Hong Kong (1999-2001). He joined the Bank as Senior Executive Vice President of Retail Risk Directorate in 2014 and later was appointed as Director of Risk Management and Compliance (2015-2018). He completed undergraduate studies in chemical engineering in 1988 and MBA program with a concentration in information system management in 1990, both at the University of Texas at Austin, USA.

Rico Usthavia Frans has served as the Bank's Director of Technology and Operations since 2019. He started his career in the oil industry in 1993 before moving to the banking industry in 1995 by joining the Management Associate program at Citibank and remained at the company until 2010. At Citibank, his career progressed in various leadership roles across different jurisdictions. Following the early years of his work at Citibank, his roles at the bank progressed from e-Business Head (2001-2006) to Country Marketing Manager (2006-2010). In 2010, he joined the Bank and served in several capacities, including as Group Head Electronic Banking (2010-2013), SEVP Transaction Banking (2013-March 2016), and Director of Information Technology and Operation. He completed undergraduate studies in electrical engineering in 1992 at Bandung Institute of Technology.

Silvano Winston Rumantir has served as Director of Finance and Strategy since November 2019. Previously, he had held several positions which include President Director of PT Deutsche Securities Indonesia (2013-2015), Director of Corporate Finance Indonesia Coverage of Deutsche Bank Singapore (2015-2016), President Director of PT Mandiri Sekuritas (2016-2019), and Advisor of PT Mandiri Sekuritas (July-November 2019). In the Bank, he was appointed as Senior Executive Vice President of Corporate Banking in 2019. Mr. Rumantir holds a Bachelor of Arts from the University of Oregon (1999) and a Master of Finance from the Royal Melbourne Institute of Technology (2001).

In performing its duties, the Board of Directors is assisted by the Senior Executive Vice Presidents.

Senior Executive Vice President	Position	Appointment Date	Age (as of March 31, 2020)
David Pirzada.................	Senior Executive Vice President of Wholesale Risk	2 July 2018	52
M. Arifin Firdaus.............	Senior Executive Vice President of Special Asset Management	4 September 2019	51
Toto Prasetio.................	Senior Executive Vice President of Information Technology	1 June 2019	54
Mustaslimah..................	Senior Executive Vice President of Internal Audit	15 March 2015	55

Senior Executive Vice President	Position	Appointment Date	Age (as of March 31, 2020)
Rohan Hafas	Act. Senior Executive Vice President of Corporate Banking	28 February 2020	58
Susana Indah K. Indriarti	Act. Senior Executive Vice President Commercial Banking	28 February 2020	54

Committees under the Board of Commissioners

The Bank has established four committees of the Board of Commissioners, namely the Risk Monitoring Committee (the "**Governance/Risk Committee**"), the Audit Committee, the Nomination and Remuneration Committee and Integrated Governance Committee.

Risk Monitoring Committee

The Governance/Risk Committee was established by the Board of Commissioners of the Bank in order to help the Board of Commissioners to perform their duties and responsibilities in supervising and counseling the Directors to obtain sufficient confidence that the implementation of risk management of the Bank will meet the adequacy element of the procedure and risk management methodology, so that the Bank's business activities will always be under control to the limit of acceptable and profitable to the Bank.

The Governance/Risk Committee has the duties and responsibilities to help Board of Commissioners to perform its supervisory and counselling duties to the Board of Directors by providing opinions in the form of suggestions and recommendations on but not limited to the:

(a) Evaluation of the conformity between the Bank's risk management policy and integrated risk management policy with the implementation of such policies.

(b) Monitoring and evaluation of the implementation of the duties of Integrated Risk Management & Credit Policy Committee and Integrated Risk Management Work Unit.

(c) Review of integrated risk management implementation, which consists of:

    (i) Report on risk profile both individually (Bank only) and consolidated with subsidiaries (integrated risk profile).

    (ii) Risk-based report on bank's health both individually (Bank only) and consolidated with subsidiaries (integrated risk profile).

    (iii) Other reports related to the management of ten (10) risk types, namely credit risk, market risk, operational risk, liquidity risk, legal risk, compliance risk, reputation risk, strategic risk, inter-group transaction risk and insurance risk.

(d) Monitoring of the adequacy of identification, measurement, monitoring, controlling process and risk management information system.

(e) Evaluation of Bank's compliance to its Articles of Association, Bank and Capital Market Supervisory Authority regulations, and other laws and regulations in relation to risk management.

(f) Preparing guidelines and committee's work code of conduct (charter) and conducting reviews as required every other year.

(g) Performing other duties and responsibilities mandated by the Board of Commissioners from time to time.

   (i) Determining annual work plan.

   (ii) Scheduling annual meeting.

   (iii) Preparing periodic reports on the activities of risk monitoring committee and other matters deemed necessary to be of the Board of Commissioners' concern.

   (iv) Preparing Self-Assessment on the effectiveness of Risk Monitoring Committee activities.

(h) Members of the Committee are in charge and responsible for:

   (i) Convening meeting regularly/routinely.

   (ii) Reviewing the materials prior to the meetings.

   (iii) Attending meetings.

   (iv) Participating actively and providing contributions in every committee activity.

   (v) Drawing up minutes of meetings.

   (vi) Performing working visit to sites.

The Governance/Risk Committee is comprised of three Commissioner members, and two independent party non-Commissioner member.

Audit Committee

The objective of the Bank's Audit Committee is to assist and facilitate the Commissioners' activities and supervisory functions with respect to its responsibilities including the following:

(a) Reviewing all financial information consisting of financial statements, projections and other financial information.

(b) Analysing the standard internal control system of the Bank.

(c) Reviewing the effectiveness and audit reports of the Internal Audit Work Unit and External Auditor.

(d) Reviewing the:

   (i) Independence and objectivity of the Bank's auditor bidding to be appointed as the Bank's auditor.

   (ii) Scope of the audit and fees proposed by the Bank's auditor.

   (iii) Audit progress and audit report of the Bank's auditor.

(iv) Audit report submitted by the Bank's auditor.

(e) Reviewing the Bank's compliance with relevant laws and regulations.

(f) Reviewing the Director's follow up action on the findings of the Internal Work Unit, public accountants and the supervision results of the OJK.

Members of the audit committee are:

1.	Head and Member of Audit Committee (Commissioner)	:	Ardan Adiperdana**
2.	Member (Commissioner)	:	Rionald Silaban
3.	Member (Vice President Commissioner/Independent)	:	Andrinof A. Chaniago*
4.	Member (Commissioner)	:	Nawal Nely*
5.	Member (Commissioner)	:	Arif Budimanta*
6.	Member (Independent Commissioner)	:	Loeke Larasati Agoestina*
7.	Member (Independent Party)	:	Bambang Ratmanto
8.	Member (Independent Party)	:	Ridwan D. Ayub

* The effectiveness of voting rights in decision making awaiting the results of the fit and proper test and approval of appointment as a Board of Commissioners by the OJK.

** Based on the OJK Regulation No.55/POJK.03/2016 and OJK Regulation No.18/POJK.03/2014, the Audit Committee, the Risk Monitoring Committee, the Remuneration and Nomination Committee, and the Integrated Governance Committee must be chaired by an Independent Commissioner. Changes in the composition of the Bank's Board of Commissioners at the Annual GMS on 19 February 2020 made the Bank does not have an Independent Commissioner who has effectively served. Until the Bank has obtained OJK approval of the appointment of Independent Commissioners at the Annual GMS on 19 February 2020, the Committee Under the Board of Commissioners is temporarily chaired by a Non-Independent Commissioner. Based on OJK regulations regarding the fit and proper test, members of the Board of Commissioners who have appointed by the GMS but have not yet obtained OJK approval, have not been able to carry out its functions, duties, and responsibilities as members of the Board of Commissioners.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee's duties and responsibilities include the following:

(a) To assist the Board of Commissioners in providing recommendations on composition of the Board of Commissioners and Board of Directors.

(b) To assist the Board of Commissioners in the determination of remuneration systems in consultation with the Board of Directors.

(c) To assist the Board of Commissioners in providing recommendations on stock option programs for Directors and employees, as well as the supervision and implementation of any such stock option programs.

(d) To provide a database and talent pool of candidates for the Board of Directors and Board of Commissioners.

(e) To evaluate the remuneration policy and provide recommendations to the Board of Commissioners on:

(i) Policies, structures, and amounts for the remuneration of the Board of Commissioners and Board of Directors to be submitted to the General Meeting of Shareholders.

(ii) Remuneration policy for employees as a whole to be submitted to the Board of Directors.

(f) To prepare and provide recommendations on the selection system and procedures and removal and/or replacement of members of the Board of Commissioners and Board of Directors to the Board of Commissioners and to be submitted to the General Meeting of Shareholders.

(g) To compile and provide recommendations on prospective members of the Board of Commissioners and/or the Board of Directors to the Board of Commissioners to be submitted to the General Meeting of Shareholders.

(h) To provide recommendations on the independent parties who will become members of the Audit Committee and Risk Monitoring Committee.

Some Commissioners sit on the Remuneration and Nomination Committee, while the Group Head of Human Capital Strategy and Policy acts as the ex-officio secretary.

Integrated Governance Committee

The Integrated Governance Committee was established by the Board of Commissioners with the purpose to assist and facilitate the Board of Commissioners in performing its duties and functions to supervise the implementation of Governance to each financial services institution (*Lembaga Jasa Keuangan* or "**LJK**") within financial conglomerate of the Bank to conform to the integrated governance guidance; to supervise the implementation of the duties and functions of the Board of Directors of the Bank, and to provide directions or advices to the Board of Directors of the Bank regarding the implementation of integrated governance guidance; and to evaluate the integrated governance guidance and to provide directions in order to improve.

The integrated governance committee has duties and responsibilities to:

(a) Evaluate the implementation of integrated governance through the following assessment:

(i) Adequacy of integrated internal control

– Performing an evaluation whether the Bank and its subsidiaries have had a standard integrated internal control system in accordance with applicable best practice through studies on the integrated governance guidelines applicable to the Bank.

– Performing monitoring and evaluation on the effectiveness of the implementation of the integrated internal controls through studies of the periodic report and examination report issued by the integrated internal audit unit.

– Conducting periodic meetings with the integrated internal audit unit to discuss matters related to the integrated internal control system and its implementation.

- Performing monitoring and evaluation on the implementation of follow-ups by the Board of Directors of the Bank and its subsidiaries on the findings from the integrated internal audit unit, public accountant office, and supervisory results of the OJK regarding the weakness of the system and implementation of integrated internal control.

- Reporting periodically on the monitoring results and providing suggestions on matters related to the integrated internal control that require the attention of the Board of Commissioners of the Bank and its subsidiaries.

(ii) Implementation of Integrated Compliance Function

- Performing monitoring and evaluation on the compliance of the Bank and its subsidiaries with the applicable laws and regulations in the Capital Markets and of the OJK, Bank Indonesia and other regulations related to banking, insurance, securities and financing business through coordination with integrated compliance unit.

- Reviewing periodic reports and examination reports related to compliance with internal and external regulations issued by the integrated compliance unit and external auditor.

- Conducting periodic meetings with the integrated compliance unit to discuss matters related to the compliance of the Bank and its subsidiaries with internal and external regulations.

- Performing monitoring and evaluation on the implementation of follow-ups by the Board of Directors of the Bank and its subsidiaries on the findings from the integrated compliance unit, public accountant office and supervisory results of the OJK regarding the weakness of the system and implementation of the integrated compliance function.

- Reporting periodically on monitoring results and providing suggestions on matters related to the compliance of the Bank and its subsidiaries with internal and external regulations that require the attention of the Board of Commissioners of the Bank and its subsidiaries.

(b) Providing recommendations to the Board of Commissioners of the Bank to improve the integrated governance guidelines.

SHAREHOLDERS

The following table depicts the holders of the Bank's issued and fully-paid ordinary shares as of 31 December 2019.

Issued and fully paid ordinary shares	**Number of shares**	**Nominal value per share**	**Value of shares**	**Ownership**
	(Rp)	***(Rp)***	***(%)***	
Republic of Indonesia				
Series A Dwiwarna share	1	250	250	0.00
Series B ordinary shares	27,999,999,999	250	6,999,999,999,750	60.00
Board of Commissioners, Directors and Public				
Series B ordinary shares	18,666,666,666	250	4,666,666,666,500	40.00
Total issued and fully paid capital stock	46,666,666,666		11,666,666,666,500	100.00

As of the date of this offering circular, the Government holds 60.0% of the Bank's issued and outstanding ordinary shares through the MSOE. No other party holds more than 5.0% of the issued and outstanding ordinary shares of the Bank.

All of the Bank's shares are registered under the name of the holder recorded in the Register. The Special Share is not transferable and may only be owned by the Government. The Government's rights with respect to the Special Share will not terminate unless the Bank's articles of association are amended, which would require the approval of the Government as the holder of the Special Share. All candidates for election to the Board of Commissioners and the Board of Directors must be nominated and approved by the holder of the Special Share.

RELATIONSHIP WITH THE GOVERNMENT AND RELATED PARTY TRANSACTIONS

The Bank and its subsidiaries have entered into a range of transactions with the Government and Government-related entities controlled by the Government as well as other related entities and it is expected that the Bank will enter into similar transactions in the future. Transactions between the Bank and the Government and Government-related enterprises, as well as transactions between the Bank and entities owned by the Bank as a result of debt-to-equity swaps, are not considered to be related party transactions under IFAS, and have not been disclosed as transactions with related parties in the Bank's financial statements include elsewhere in this Offering Circular. Each of the Bank's related party transactions has been conducted on an arm's length basis and on terms that are no worse than terms for similar transactions with unaffiliated third parties. In the Bank's ordinary course of business, it has dealt with and will from time to time deal with other companies owned or controlled by the Government.

Government as shareholder

As of the date of this Offering Circular, the Government holds 60.0% of the Bank's issued and outstanding ordinary shares through the MSOE. Additionally, the Government's ownership of the single Series A Dwiwarna share gives the Government preferential rights which are not held by the shareholders of the Bank's Series B ordinary shares, including the right to (i) amend the Bank's Articles of association, (ii) amend the capital structure, (iii) appoint and/or terminate members of the Board of Directors and/or members of the Board of Commissioners, (iv) merge, consolidate, acquire, spin-off and dissolve the Bank, (v) decide on the remuneration for members of Board of Directors and Board of Commissioners, (vi) transfer the Bank's assets and pledge of assets which requires a general meeting of shareholders ("**GMS**") approval that must be approved by Special Share, (vii) allow participation and reduce capital participation of other companies which requires GMS approval that must be approved by Special Share, (viii) use net profit, and (ix) allow investment and non-operating long term financing which requires GMS approval that must be approved by the Special Share. Accordingly, the Government will have effective control of these matters even if its ownership of the Bank's shares were to decline to less than a majority.

Although it does not involve itself in the Bank's daily management, as the Bank's controlling shareholder, the Government is interested in the Bank's performance both in terms of the benefits it provides to the Government, such as the Bank's ability to provide a return on the Government's investment in it, as well as the Bank's ability to operate on a commercial basis.

The Bank's policy is to not enter into transactions with affiliates, including other Government-related entities, unless the terms are no less favourable to the Bank than those that could be obtained by the Bank on an arm's length basis from an unaffiliated third party. The MSOE has advised the Bank that the Government, in its capacity as the Bank's controlling shareholder, will not cause it to enter into transactions with other entities under the control of the Government unless the terms are consistent with the Bank's policy. Although the Bank lends to some Government-related entities on an unsecured basis depending on the credit quality of the borrower and certain other factors, the Bank believes that this is consistent with commercial arm's length terms, based on its risk assessment of such entities and similarity to terms extended by other Indonesian Government-related banks to Government-related entities.

Under OJK regulations, any transaction in which there is a conflict of interest must be approved by a majority of the shareholders who do not have a conflict of interest in the proposed transaction. The OJK has the power to enforce this rule and the Bank's shareholders may also be entitled to seek enforcement or bring enforcement actions based on this rule.

Transactions between the Bank and other Government-related entities could constitute "interest" transactions under OJK regulations and the approval of disinterested shareholders would have to be obtained if a conflict of interest were to exist. The Bank believes that many transactions conducted with Government related entities in the ordinary course between the Government and the Bank are on an arm's length, commercial basis and do not constitute "conflict of interest" transactions for which a disinterested shareholder vote would be required. Such transactions might include the extension of credit by the Bank to Government-related entities or deposits with the Bank by Government-related entities.

Government as regulator

The supervision and operational aspects of the banking sector are carried out by the OJK and certain aspects by Bank Indonesia. In particular, the OJK has the authority to regulate and supervise the institutional, soundness and prudential aspects in the banking sector, while Bank Indonesia has the authority to regulate and supervise the monetary and payment system. See "*Banking Regulation and Supervision*".

Government as customer

Many of the Bank's customers are Government-related entities. The Government and Government-related entities in the aggregate accounted for 13.99% of the Bank's deposits and 11.49% of the Bank's loans as of 31 December 2019. See "*Description of the Bank's Assets and Liabilities*".

The table below sets out the relevant amounts of deposits and loans as of 31 December 2019.

	As of 31 December 2019		
	(Rupiah billion)	*(US$ million)*	%
Deposit			
Government and institutional segment	93,647	6,746	11.49%
Bank Mandiri (individual)	721,459	51.969	88.51%
Total deposits	**815,106**	**58,715**	**100.00%**
Government and institutional segment	110,888	7,988	13.99%
Bank Mandiri (individual).....................................	681,463	49,088	86.01%
TOTAL LOANS	**792,351**	**57,076**	**100.00%**

Other arrangements with and on behalf of the Government

In the past, the Bank been requested to perform certain functions with, or on behalf of, the Government. There can be no assurance that the Government will not request the Bank to perform such functions again in the future. See "*Risk Factors – Risks Relating to the Bank*".

RELATED PARTY TRANSACTIONS

Transactions with the Government

Recapitalisation program

In May 1999, the Government implemented a recapitalisation program for the Bank by issuing Government recapitalisation bonds. See "*The Indonesian Banking Industry*".

Standby letters of credit and loan conversions

The Bank has issued letters of credit and guarantees to a number of Government-related entities including standby letters of credit facilities as of 31 December 2019 for Rp35,370 billion.

Deposits

As of 31 December 2019, 2018, and 2017, 11.32%, 12.32%, 11.28% respectively, of the Bank's deposits were from Government-related entities.

Loans

As of 31 December 2019, 2018, and 2017, 19.35%, 20.10%, and 15.96%, respectively, of the Bank's loans were extended to SOEs and Government-related entities.

Channelling loans

The Bank provides and administers for the Government channelling loans to corporate and Government-related entities (as channelling agent/bank). Such loans finance certain socio-economic investments and projects in Indonesia, such as channelling loans from Bank Indonesia, from former of PIR Plantations to farmers for community plantation development, and of Industrial Plantation Forest Reforestation (DR HTI) from the Ministry of Environment and Forestry (KHLK).

Fund borrowings

The Bank provides, channels and administers fund borrowings from the Government and serve loans to corporate and individual as an executing bank. Such loans finance certain socio-economic investments and projects in Indonesia, such as two-step loans from the Ministry of Finance based on the primary loan agreement between the Republic of Indonesia and the Asian Development Bank ("**ADB**") for Microcredit Project (Loan 1327-INO) and two-step loans from the Ministry for Public Work and Housing (*Kementerian PUPR*) in the Housing Finance Liquidity Facility Program for first-time home owners.

Cash management

For a number of the Bank's customers which are state-owned, the Bank provides integrated cash management and trade solutions.

Transfer of certain investments and non-core fixed assets

Properties

Certain of the Bank's properties are leased or used by Government-related entities.

Board of Commissioners and Board of Directors

All candidates for election to the Board of Commissioners and to the Board of Directors must be nominated by the holder of the Special Share.

Insurance

A substantial portion of the Bank insurance for fixed assets and movable fixed assets is provided by the Bank's affiliates, including the Bank's affiliate PT Staco Mandiri.

Loans

Loans made to the Bank's employees consist of interest-bearing loans at 5.00% per annum for mortgages, 6.00% per annum for auto loans, and 7.00% per annum for multipurpose loans with maximum tenors of 20 years, 5 years, and 5 years, respectively. The loans are paid through monthly deductions.

Transactions with the Bank's subsidiaries

From time to time, the Bank also enters into various transactions or arrangements with the Bank's subsidiaries, including those subsidiaries that are not wholly owned by the Bank, including but not limited transactions or arrangements relating to (i) money remittance services, (ii) utilisation of the Bank's Data Center and Disaster Recovery Center as well as the Bank's ATM and EDC units, (iii) granting of short term working capital or intraday facilities or treasury transaction services to the Bank's subsidiaries carrying out business as securities companies, (iv) vehicle joint financing facilities to the Bank's subsidiaries' customers, either for new or used vehicles, (v) offering subsidiaries' bancassurance products through the Bank's distribution channels, (vi) custodian services, (vii) acting as selling agent for the Bank's subsidiaries' mutual fund securities.

For more information regarding the Bank's transactions and balances with related parties, refer to the Bank's consolidated financial statements as of 31 December 2019.

THE INDONESIAN BANKING INDUSTRY

The information in this section relating to the Indonesian banking industry has been derived or extracted from reports prepared by industry advisers or sources available in the public domain. The methodologies used for collecting the information and data presented in this section may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the Indonesian banking industry. This information has not been independently verified by the Bank, the Dealers or the Arrangers or their respective legal, financial or other advisors, and no representation is made as to the accuracy or completeness of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Structure of the industry

Prior to 1988, the Indonesian banking industry consisted of commercial banks, savings banks and development banks, with Bank Indonesia as the central bank. The modern banking industry consists of both commercial banks and small-holder credit banks (*bank perkreditan rakyat* or "**BPRs**"), further divided into Government-related banks, regional development banks, private national banks, joint venture banks, branches of foreign banks and BPRs. As of 31 December 2019, there are 4 state-owned banks, 41 foreign exchange commercial banks, 19 non-foreign exchange commercial banks, 27 regional development banks, 11 joint venture banks, 8 foreign-owned banks, and 1,545 BPRs with total assets of state-owned banks, foreign exchange commercial banks, non-foreign exchange commercial banks, regional development banks, joint venture banks, foreign-owned banks, and BPRs comprised 41.0%, 38.9%, 1.4%, 8.2%, 3.5%, 5.2% and 1.7% of the Indonesian banking sector's total assets, respectively. Source: Indonesia Banking Statistics December 2019 volume 18 No. 01 published by the OJK.

Developments in the Indonesian banking industry

The following sections describe major developments in the Indonesian banking industry from 1983 to the present.

Deregulation: 1983-1991

In 1983, the Government began a program of deregulation policies for the banking industry, designed to encourage a sound, efficient and strong banking system. These policies eliminated credit ceilings, reduced liquidity credit requirements, improved banks' autonomy to set interest rates on loans, savings and deposits and introduced money market instruments.

Prior to 1988, the banking industry consisted of commercial banks, savings banks and development banks. However, seven Government-related banks that provided over 60.0% of all outstanding credit remained dominant in the banking industry. In an effort to further deregulate the industry, mobilise domestic savings and encourage competition among banks, the Ministry of Finance introduced a package of deregulatory reforms in October 1988, including a more lenient standard of licensing for new banks. In the following years, a large number of new banks became licensed and consequently, deposits and loans grew rapidly from 1989 to 1990.

In February 1991, the Government introduced policies that further detailed and refined the October 1988 deregulation package. The new policies included an increase of CAR to a minimum requirement of 8.0% of risk-weighted assets, applicable to the entire industry.

Economic growth: 1991-1996

The increase of the minimum CAR requirement to 8.0% of risk-weighted assets was a form of monetary tightening that impacted the growth rate of the banking sector. From 1991 to 1993, deposits and loan growth rates declined and some consolidation occurred. During this period, some Government-related banks and many private banks experienced slower loan growth and raised additional capital in order to raise their CAR to the minimum level required by Bank Indonesia. In August 1994, the Government set a 25.0% limit on banks' foreign exchange Net Open Position.

Most of 1992 and 1993 saw a gradual decline in deposit and loan interest rates, accompanied by a significant decline in asset quality and higher levels of NPLs. Beginning in early 1994, interest rates in Indonesia began to rise again, primarily in response to higher offshore interest rates resulting from the US Federal Reserve Board's increases in the discount rate and the US federal funds rate. After the reduction of the US federal funds rate in July 1995, however, interest rates in Indonesia stabilised somewhat and later declined slightly.

Economic crisis and recovery: 1997 to the present

The Asian financial crisis of 1997 resulted in serious liquidity problems for most of the Indonesian banks. During the economic crisis, liquidity difficulties emerged as a result of, among other causes, massive cash withdrawals from banks by depositors triggered by declining public confidence in the banking system. As an increasing number of banks failed to comply with the mandatory reserve requirements, the Government intervened by offering liquidity support, extended to the banks on strict terms, through loans and guarantees to banks. See "*Risk factors – Risks relating to the Indonesian Banking Sector*".

Indonesian Bank Restructuring Agency

IBRA was established by Presidential Decree No. 27/1998 dated 26 January 1998 on The Establishment of the Indonesian Bank Restructuring Agency as an autonomous agency of the Ministry of Finance in response to the economic crisis of 1997. IBRA's mandate was to: (i) handle administration of certain guarantees granted by the Government to commercial banks; (ii) monitor and restructure banks that had been declared unsound; and (iii) conduct all legal actions required within the framework of the restructuring of the banks. In short, the central mission of IBRA was to assist Indonesia's economic recovery through bank restructuring and corporate debt restructuring and to optimise the Government's return on funds loaned to banks as liquidity support and in the form of Government bonds in order to reduce the burden on the Government budget. See "*Risk factors – Risks relating to the Indonesian Banking Sector*".

IBRA was granted extraordinary powers such as the authority to supervise banks, to acquire, manage, transfer and sell bank assets and to restructure and rehabilitate banks under its supervision. Through IBRA, the Government executed various bank closures, recapitalisations, mergers and acquisitions to pursue the ultimate goal of having fewer but stronger commercial banks with extensive geographic coverage and offering a wide range of services.

Government guarantee program and deposit insurance

In response to the economic crisis and to support the deteriorating Indonesian banking industry, the Government established Government guarantee and exchange offer programs in 1998 to provide guarantees to bank depositors and creditors. In general, the obligations that were guaranteed under the Government guarantee program included on-balance sheet and off-balance sheet obligations of Indonesian commercial banks (including overseas branches of such banks) owed to foreign and domestic depositors and creditors, including obligations denominated in Rupiah and foreign currencies, subject to certain limits.

The Government guarantee program, which was implemented and administered by IBRA, was automatically extended every six months, subject to the authority of the Minister of Finance to announce that it did not intend to extend the program prior to the end of any six-month term.

After IBRA was dissolved in early 2004, the Government guarantee program was administered by a unit under the Ministry of Finance. The Government guarantee program ended in September 2005, after the Indonesia Deposit Insurance Corporation (*Lembaga Penjamin Simpanan* or "**LPS**") was established under Law No. 24 of 2004 dated 22 September 2004, as amended by Government Regulation in lieu of Law No. 3/2008 as stipulated by Law No. 7 of 2009 on Stipulation of Government Regulation in lieu of Law No. 3 of 2008 on Amendment to Law No. 24 of 2004 on Indonesia Deposit Insurance Corporation to Become Law, and commenced insuring bank payment obligations (deposits).

The LPS insures third-party (non-bank) funds and interbank deposits which include current accounts, time deposits, certificate of deposits, savings accounts and/or other forms of deposits that are treated the same as those types of deposits. The amount of a deposit insured by the LPS is the balance of the deposit which consists of principal and accrued interest or return at the date of revocation of a bank's license. The insured amount for each depositor in one bank is the sum of all balances of accounts the depositor maintains at the bank, in single or joint accounts in a maximum amount of Rp100.0 million, effective 22 March 2007. The insured deposit balance for each depositor is a maximum of Rp2.0 billion effective from 13 October 2008.

In response to the Covid-19 pandemic (see "*Business – Recent Developments – Impact of Covid-19*"), the Government issued Perpu No. 1/2020, which stipulates among others, authority of LPS to (i) conduct preparation and to escalate the preparation (together with OJK) for handling solvability issues of banks, (ii) sell sovereign bonds held by LPS to Bank Indonesia, issue bonds and/or (iii) involve in loan arrangements with the Government or third party, if LPS is expected to have liquidity issues in handling of failing banks, (iii) to decide whether LPS will save non-systemic failing banks by considering certain conditions as stated in this regulation, (iv) to prepare and to conduct policies regarding deposit guarantees for certain customers. Perpu No. 1/2020 has taken into effect since 31 March 2020.

Exchange offer programs

The exchange offer programs were established pursuant to two agreements reached between Bank Indonesia and creditors of certain Indonesian banks. The first exchange offer program was introduced in late 1998 pursuant to an agreement reached on 18 August 1998. The second exchange offer program was introduced the following year pursuant to an agreement reached on 25 May 1999. These Government-sponsored programs sought to assist in the restructuring of loans by changing interest rates or tenors, among other terms. Under the exchange offer programs, Bank Indonesia provided an unconditional and irrevocable guarantee of the obligations of the relevant Indonesian banks.

Under the 1998 exchange offer program, "eligible debt" was exchanged for new loans which were divided into four tranches with final maturity dates of one, two, three and four years. Participants in the 1999 exchange offer program exchanged eligible debt for new loans which were divided into four tranches with final maturity dates of three, four, five and six years.

For the purpose of the 1998 exchange offer program, eligible debt was defined as outstanding non-Rupiah denominated (i) inter-bank deposit obligations and short-term debt of any obligor maturing prior to 1 April 1999 and (ii) current maturities of medium-and long-term debt of any obligor falling due prior to 1 April 1999. For the purpose of the 1999 exchange offer program, eligible debt was defined as outstanding non-Rupiah denominated (i) inter-bank deposit obligations and other short-term debt of any obligor matured or maturing prior to 1 January 2002 and (ii) current maturities of medium-and long-term debt of any obligor falling due prior to

1 January 2002 (other than as a result of acceleration, unless such acceleration occurred prior to 15 March 1999 pursuant to an existing contractual right). "Obligors" were defined as Government-related commercial banks and private banks and their foreign banking subsidiaries and overseas branches and agencies. See "*Risk factors – Risks relating to the Notes*".

Bank recapitalisation program

In February 1999, the Minister of Finance and the Governor of Bank Indonesia created, under joint decree, a bank recapitalisation program (the "**Bank Recapitalisation Program**") to increase the CAR of eligible banks to at least 4.0%. For banks participating in the Bank Recapitalisation Program (except for Government-related banks, regional development banks and banks taken over by IBRA), controlling shareholders were obliged to inject cash equivalent to at least 20.0% of the capital shortfall required to reach a CAR of 4.0% The controlling shareholders could make the capital injection jointly with strategic investors or the entire amount could be made by strategic investors alone. For this purpose, "controlling shareholders" means parties owning 25.0% or more of the total issued voting shares of a commercial bank or parties owning less than 25.0% but who directly or indirectly control the bank. Within three years, any shareholder was entitled to buy back the shares owned by the Government pursuant to call options. Further, the Government could sell its shares to the public after first offering the shares to the bank's existing shareholders.

On 13 March 1999, the Government determined that 74 banks were sufficiently sound to continue to operate without participating in the Bank Recapitalisation Program. Nine banks were allowed to continue provided they were recapitalised under the Bank Recapitalisation Program. These institutions included Bank Niaga, Bank Lippo, Bank Internasional Indonesia, Bank Bali, Bank Universal, Bank Umum Koperasi Indonesia (Bukopin), Bank Prima Express, Bank Arta Media and Bank Patriot. In July and September 1999, respectively, Bank Niaga and Bank Bali opted out of the Bank Recapitalisation Program and IBRA took over their control.

Under a Joint Decree of the Minister of Finance and Governor of Bank Indonesia No. 117/KMK.017/1999 and No. 31/15/KEP/GBI dated 26 March 1999 on the Realisation of Bank Recapitalisation Program for Banks Taken Over, the Government acquired temporary investments in certain banks at the minimum amount to meet the minimum CAR of 4.0%. The required temporary investment by the Government was determined based on the due diligence review of an independent party appointed by IBRA. Five Government-related banks were also merged and recapitalised in July 1999 to increase the CAR of the merged entity to at least 4.0%. In June 2000, the Government, through IBRA, merged eight banks it had taken over (namely Bank Duta, Bank Rama, Bank Tamara, Bank Tiara Asia, Bank Nusa Nasional, Bank Pos Nusantara, Jayabank International and Bank Risjad Salim) into Bank Danamon.

In December 2001, the Government, through IBRA, announced plans to merge five commercial banks, Bank Bali, Bank Universal, Bank Arta Media, Bank Prima Express and Bank Patriot. The legal merger of these banks became effective on 30 September 2002, the resulting merged entity being known as Bank Permata.

Bank consolidation

The Indonesian banking sector has continued to experience consolidation from 2000 until the present, in part as a result of Bank Indonesia Regulation No. 7/15/PBI/2005, as amended by Regulation No. 9/16/PBI/2007 on the Minimum Core Capital for Commercial Banks ("**OJK Regulation No. 7/2005**"), which required commercial banks to meet a minimum core capital requirement of Rp80.0 billion by the end of 2007 and a minimum core capital requirement of Rp100.0 billion by end of 2010. Following the implementation of this regulation, the government merged Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia and Bank Pembangunan Indonesia to create Bank Mandiri in 1999. Separately, PT Bank Artha Graha merged into PT Bank Inter-Pacific in 2005, PT Bank Hana purchased PT Bank Bintang Manunggal in 2007, PT Bank Commonwealth Indonesia merged with PT Bank Arta Niaga Kencana Tbk in 2007 and PT Bank Bukopin Tbk purchased PT Bank Persyarikatan Indonesia in 2008, among others.

OJK Regulation No. 7/2005 was then fully revoked by OJK Regulation No. 12/POJK.03/2020 on Commercial Bank Consolidation ("**OJK Regulation No. 12/2020**"), which requires banks to meet a minimum core capital requirement of Rp3.0 trillion at the latest on 31 December 2022 through the following stages: (a) Rp1.0 trillion at the latest 31 December 2020, (b) Rp2.0 trillion at the latest 31 December 2021, (c) Rp3.0 trillion at the latest 31 December 2022. OJK Regulation No. 12/2020 has took effect since 17 March 2020.

Indonesian financial services institutions

On 27 October 2011, the Indonesian parliament approved the OJK Law. Pursuant to the transition provision of the FSA Law, (i) effective from 31 December 2012, all authority with respect to regulation and supervision of the financial sector, including the insurance and multi-finance sectors, was transferred from the Ministry of Finance as performed by Bapepam-LK to the OJK and (ii) effective from 31 December 2013, all authority with respect to regulation and supervision of the banking sector was passed from Bank Indonesia to the OJK. As of 31 December 2013, the OJK is the primary government entity overseeing Indonesian's banking system, with the authority to license, regulate, supervise, sanction and investigate.

Committee of Financial System Stability

On 15 April 2016, the Government issued Law No. 9 of 2016 on Prevention and Management of the Financial System Crisis, as partially revoked by Perpu No. 1/2020 ("**Law No. 9/2016**"). Through Law No. 9/2016, the Government attempts to maintain the stability of the financial system. Resistance to external disruptions that may hit the financial system is one of the objectives of stability under this law. Law No. 9/2016 is an overarching law that encompasses the Government's major concerns in achieving the stability of the financial system, which are among others:

(a) Prevention of crisis of the financial system through a coordinated surveillance and maintenance of the stability of the financial system;

(b) Financial system crisis management; and

(c) Management for systematic banks (including, the domestic systematically important banks).

Under Law No. 9/2016, the Committee of Financial System Stability (*Komite Stabilitas Sistem Keuangan* or "**KSSK**") is established to enhance the coordination between the Government, Bank Indonesia, the OJK and the LPS.

Members of the KSSK comprise (i) the Ministry of Finance as the coordinator as well as a member with voting right, (ii) the Governor of Bank Indonesia as a member with voting right, (iii) the Head of Board of Commissioner of the OJK as a member with voting right, and (iv) the Head of Board of Commissioners of the LPS as a member without voting right. The KSSK is responsible for the prevention and the management of crisis suffered by the financial system. The KSSK is required to prepare a set of criteria and indicators to determine the stability level of the financial system. The president of Indonesia (the "**President**") would determine if a crisis has arisen based on the recommendation provided by the KSSK.

If the President determines that the financial system is in crisis, the KSSK must come up with recommendations to manage the crisis. One of the recommendations that can be proposed to the President is a banking restructuring program. The LPS would be the institution in charge of the banking restructuring program. Law No. 9/2016 further stipulates that funding for the banking restructuring program may originate from:

(a) The relevant bank's shareholders or other parties in the form of capital increase or conversion of certain debts into capital;

(b) The result of the relevant bank's assets and liabilities management;

(c) Contributions made by the banking industry; or

(d) Loans obtained by the LPS from other parties.

Foreign ownership

Historically, foreign banks were granted licenses only to operate as wholly-owned branches (with operating restrictions) and as joint venture banks or representative offices. In 1999, the Government pursuant to Government Regulation No. 29 of 1999 allowed banks with up to 99.0% foreign ownership to operate in Indonesia without any restrictions. As a result, ABN Amro Bank (now Royal Bank of Scotland Plc), American Express Bank Ltd (now closed), Bank of America, N.A., Bank of China Limited, Citibank N.A., Deutsche Bank AG, J.P. Morgan Chase Bank, N.A., Standard Chartered Bank, The Bangkok Bank Comp. Ltd., the Bank of Tokyo Mitsubishi UFJ Ltd and the Hongkong and Shanghai Banking Corporation have opened branches in Indonesia.

Since March 2002, foreign participation in the Indonesian banking sector has risen as major stakes in Indonesian banks have been sold to foreign investors. PT Bank Internasional Indonesia Tbk., PT Bank NISP Tbk., PT Bank Buana Tbk., PT Bank ICB Bumiputra Indonesia Tbk., PT Bank Permata Tbk., PT Bank Danamon Tbk. and PT Bank QNB Kesawan Tbk. are now majority owned by foreign investors. In addition, a number of other Indonesian banks are either majority or minority owned by foreign investors. Foreign banks have been granted licenses to operate wholly-owned branches (with operating restrictions) or representative offices and as joint venture banks in Indonesia.

On 9 December 2016, OJK issued Regulation No. 56/POJK.03/2016 on Share Ownership of Commercial Banks, which set out the following shareholding percentage requirements for Indonesian commercial banks:

- Financial institutions (including banks, finance companies, insurance companies and pension funds), either local or foreign, may own only up to 40.0% of an Indonesian bank;

- Non-financial institutions, special purpose vehicles and funds, either local or foreign, may own only up to 30.0% of an Indonesian bank; and

- Individuals may own only up to 20.0% of an Indonesian bank.

With special approval from the OJK, financial institutions in the form of banks may own more than 40.0% of an Indonesian bank. The approval may be granted upon satisfaction of certain criteria by the financial institution and its shareholders. However, within five years of the financial institution owning more than 40.0% of the Indonesian bank, public shareholders must own at least 20.0 per cent of that Indonesian bank's capital.

Single presence policy

In order to expedite the consolidation of the banking industry in Indonesia, in 2006 Bank Indonesia introduced a "single presence" policy, with the purpose of simplifying Bank Indonesia's control and risk assessment by allowing entities to be a controlling shareholder in only one Indonesian bank.

Under the banking regulation, a controlling shareholder is a shareholder that (i) owns 25.0% or more of the total issued shares of a bank or (ii) owns less than 25.0% of the total issued shares of a bank but has actual control (whether directly or indirectly) over the bank.

OJK's single presence policy is regulated by OJK Regulation No. 39/POJK.03/2017 on Sole Ownership in Indonesian Bank ("**OJK Regulation No. 39/2017**") as supplemented by OJK Circular Letter No. 44/SEOJK.03/2017 dated 19 July 2017.

OJK Regulation No. 39/2017 provides that an entity may become a controlling shareholder in only one bank, with an exemption for (i) a controlling shareholder who becomes the controlling shareholder of two banks having business activities based on differing principles, for example, conventional and Sharia banking or (ii) a controlling shareholder who becomes the controlling shareholder of two banks and one of the banks is a joint venture bank.

A party which already controls more than one bank, or which acquires a bank which will result in that party controlling more than one bank, must comply with the single presence policy by:

(a) Undertaking a merger or consolidation of the banks controlled by that party;

(b) Forming a bank holding company (for this purpose, a bank holding company is defined as a legal entity incorporated in Indonesia which is formed and/or owned by the controlling shareholder for the purpose of consolidating and directly controlling all the activities of the banks which are its subsidiaries); or

(c) Forming a holding function (for this purpose, holding function is defined as the function of a controlling shareholder (where the controlling shareholder in question is an Indonesian bank or the Government) of consolidating and directly controlling all the activities of the bank which are its subsidiaries).

The requirements for compliance with the single presence policy (including, requirement to undertake merger or consolidation, forming a bank holding company) must be carried out within one year of completion of a party's acquisition of shares in another bank, in the case where such acquisition results in such party becoming a controlling shareholder of more than one bank.

OJK Regulation No. 39/2017 describes exemptions for any controlling shareholder in two banks, as regards the implementation of the single presence policy. Specifically, shareholders are exempt from the policy under the following conditions: (i) if each controlled bank is being operated under different business principles (including conventional and Sharia banking); and (ii) if one of the controlled banks is a joint venture bank. The requirements for compliance with the single presence policy (including requirement to undertake merger or consolidation, forming a bank holding company) must be carried out within one year of completion of the acquisition of the shares in another bank, in the case where such acquisition results in a party becoming a controlling shareholder of more than one bank.

The requirement for compliance with the single presence policy (including requirement to forming a holding function) must be carried out within six months as at a party is already a controlling shareholder of more than one bank or such acquisition results in a party becoming a controlling shareholder of more than one bank (as the case may be).

The OJK may extend, in its discretion, the deadlines for compliance with the single presence policy as above, in circumstances where in the OJK's assessment the difficulties encountered by the controlling shareholder and/or the banks controlled by it are of such complexity that an extension is justified.

A controlling shareholder which fails to comply with the single presence policy is prohibited from controlling, and is prohibited from owning, more than 10.0% of voting shares in each of the relevant banks. Correspondingly, in a general meeting of shareholders, the banks in question can only register at most 10% of the total voting shares of the relevant bank as being held by the non-compliant controlling shareholder. Any shares above 10.0% held by the controlling shareholder will be treated as shares with no voting rights until such time as those shares are sold to another party. A bank which fails to comply with this requirement will be subject to a fine of Rp500.0 million, and/or sanctions in the assessment of aspects of governance in the assessment of bank health level.

A non-compliant controlling shareholder which fails to comply with the single presence policy, must sell shares held by it in the bank, which are in excess of the permitted 10%, to another party within one year of the deadline set out above. A non-compliant controlling shareholder which fails to do so, will be prohibited from becoming a controlling shareholder of any bank in Indonesia for 20 years.

To encourage banking sector consolidation, OJK offers certain incentives for bank mergers. A bank which undertakes a merger or consolidation will be provided various incentives in the form of:

(a) Time extension in relation to curing any legal lending limit requirement for banks which has been exceeded;

(b) Ease of opening branches;

(c) Temporary relaxation of application of corporate management of commercial banks; and/or

(d) Other incentives, in accordance with the provisions of the regulations legislation on incentives for banking consolidation.

The above incentives will be granted by OJK in accordance with the existing Bank Indonesia Regulation No. 8/17/PBI/2006, as amended by Bank Indonesia Regulation No. 9/12/PBI/2007 on Incentives for Banking Consolidation.

A bank which is planning to merge or consolidate must submit its merger plan to OJK prior to the merger or consolidation in order to utilise this incentive program. The application can be submitted by one of the participating banks in the merger or consolidation or jointly and must be signed by the president director of all participating banks. Furthermore, to implement the OJK Regulation No. 39/2017 and give clarification in connection with the fulfilment of the single presence policy as set out above. OJK, on 19 July 2017 issued OJK Circular Letter No. 44/SEOJK.03/2017 (the "**Circular Letter**"). The Circular Letter clarified that in order to carry out a transfer of shares, it is necessary to observe the requirements and procedures relating to the merger, consolidation and acquisition of a commercial bank or requirements and procedures relating to the purchase of shares of a commercial bank, whichever is relevant. In the event of acquisition of a bank by a party which already become a controlling shareholder of one bank, the application for such acquisition approval to OJK shall be accompanied by the completion plan with relates to the satisfaction of the single presence policy obligation (e.g., undertaking merger or consolidation). Such acquisition plan shall become an integrated process with the merger and consolidation. The Circular Letter clarifies the procedure for fulfilling the single presence policy obligation in a merger or consolidation of a bank holding company and sets out the holding structure.

Basel II and Basel III Implementation

In 2008, Bank Indonesia commenced the implementation of Basel II in phases in order to encourage the Indonesian banking industry to meet international standards. Basel II requires the incorporation of additional market risk and operational risk considerations into the calculation of capital adequacy. The new capital adequacy requirements under Basel II were introduced in Indonesia on I January 2009 for banks with assets of more than Rp1.0 trillion. For other banks, the new capital adequacy requirements under Basel II were introduced in June 2009. Currently, Indonesia is gradually implementing Basel III in its regulations. For example, the elucidation of OJK Regulation No. 11/POJK.03/2016 on Obligation to Provide Minimum Capital for Commercial Banks as partially amended by OJK Regulation No. 11/2016 and OJK Regulation No. 12/2019 briefly explains that the regulation was formulated in an attempt to, among other things, adopt the international standards being introduced in Basel III. Based on the official guideline on Indonesian Banks Overview that was published by OJK, Basel III has been implemented in the Indonesian banking sector since 2014, and is being phased in until its full implementation in 2019 for all commercial banks.

BANKING REGULATION AND SUPERVISION

The following information has been derived from various Indonesian laws and regulations, Government and other public sources and information provided by the Government and has not been independently verified by the Bank, the Dealers and the Arrangers or their respective legal, financial or other advisors.

Under Law No. 7 of 1992, dated 25 March 1992, as amended by Law No. 10 of 1998, dated 10 November 1998 on Banking ("the **Banking Law**") and Law No. 23 of 1999 on Bank Indonesia, dated 17 May 1999 as amended by Law No. 3 of 2004, dated 15 January 2004 (the "**BI Law**"), Bank Indonesia became the primary Government entity overseeing Indonesia's banking system. Prior to 1992, the Indonesian banking system was supervised both by Bank Indonesia and the Minister of Finance. In January 1998, in response to the economic crisis, the Government established IBRA in order to supervise banks in restructuring. The powers and authority given to IBRA as a temporary "**special Government agency**" are set out in Article 37A of the Banking Law, in conjunction with Government Regulation No. 17 of 1999 dated 27 February 1999 on IBRA and its amendments. On 27 February 2004, through the implementation of Presidential Decree No. 15 of 2004, the Government terminated IBRA. The Minister of Finance continues to play a role in Indonesia's banking system through the issuance of regulations relating to the administration of Government bonds issued under the Bank Recapitalisation Program, by virtue of its responsibility for restructuring Government-related banks.

Under the BI Law, Bank Indonesia is an independent state institution, free from Government interference. Its objectives are to achieve and maintain the stability of the Rupiah. Bank Indonesia's principal functions are to: (i) stipulate and implement monetary policy; (ii) regulate and maintain the soundness of the payment systems; and (iii) regulate and supervise banks. To support its basic functions, Bank Indonesia is granted the sole authority to issue and control the circulation of the Rupiah. Bank Indonesia also provides guidelines and makes determinations regarding the efficiency of payment system and conducts inter-bank clearing and settlement.

The Banking Law and BI Law are the principal statutes governing bank licensing and regulation. These laws grant extensive enforcement and other powers to Bank Indonesia. In addition, Indonesian banks are subject to various regulations, decrees and guidelines issued by Bank Indonesia and the Minister of Finance. Banks in the form of public companies are also required by the Bapepam-LK to comply with the Law 8/1995 and various regulations issued by Bapepam-LK, which require banks that are public companies to meet, among others, more extensive corporate and disclosure standards. Administrative sanctions may be imposed on the banks that are public companies that fail to comply with the prevailing capital market laws and regulations.

On 22 November 2011, the Government enacted the OJK Law, which created a new independent institution, the OJK. The OJK took over the supervision and regulation of capital markets, insurance, pension fund and multi-finance companies from Bapepam-LK since 31 December 2012, and took over the supervision and regulation of banks from Bank Indonesia since 31 December 2013. In the banking sector, the OJK took over the following micro prudential duties and authority previously held by Bank Indonesia:

(a) Issuing permits and approvals relating to, among others, (i) establishment of banks, (ii) opening of a bank's offices, (iii) articles of association and business plans of banks, (iv) ownership, management and human resources of banks, (v) mergers, consolidation and acquisition of banks, and (vi) revocation of banking business licenses;

(b) Regulating and supervising the business activities of banks;

(c) Regulating and supervising the soundness level of banks (including the liquidity, solvability, assets quality, CAR and legal lending limits of banks);

(d) Regulating and supervising the implementation of prudential principles by banks (including risk management, GCG and "**know-your-customer**" principles to prevent money laundering, funding for terrorism and banking crimes); and

(e) Conducting audits on banks.

Although in principle the OJK has the authority to conduct audits on banks, Bank Indonesia (with prior written notice to the OJK) will remain entitled to directly conduct special audits on certain systematically important banks, if such audits are required by Bank Indonesia in the context of its macro prudential function and duties. However, Bank Indonesia is no longer authorised to assess the soundness level of a bank, as this authority has been granted solely to the OJK. If audits by the OJK reveal that a bank is having liquidity problems or experiencing a decline in its soundness level, the OJK will inform Bank Indonesia to take necessary actions in its role as a lender of last resort. In this circumstance, Bank Indonesia may conduct its own audit on the bank with prior written notice to the OJK. Moreover, the OJK must coordinate with Bank Indonesia to formulate regulations pertaining to supervision of the banking sector.

Licensing and limitation of business activities of banks

Under the Banking Law and BI Law, any party engaged in banking activities, which include deposit taking and the use of such deposits for lending, must obtain a license for such purpose from the OJK. The OJK's approval is also required in order to open branch offices and overseas representative offices. Indonesian banks are subject to a number of restrictions on the operation of their business and the conduct of their corporate affairs. In particular, an Indonesian bank is prohibited from:

(a) Holding shares in other companies, with the following exceptions:

  (i) Share participation in banks or other companies involved in the area of finance (which includes leasing, venture capital, securities and insurance companies and companies that offer clearing, settlement and custodian services);

  (ii) Shares taken up by the bank temporarily in connection with permitted restructuring including non-performing loans or failure in relation to a financing arrangement provided by the bank on the basis of Sharia principles (as defined in the Banking Law);

(b) Engaging in the insurance business (except for share or capital participation or the offering of third-party products); and

(c) Engaging in any activity prohibited by the Banking Law, such as acting as an underwriter.

Bank ownership

General overview of share ownership in Indonesian banks

Under OJK Regulation No. 56/POJK.03/2016 ("**OJK Regulation No. 56/2016**") on Share Ownership in Commercial Banks, the limitation of share ownership in an Indonesian bank is based on the "category of shareholders" and "relationship between shareholders". Based on the category of the shareholders, the ownership limitations are as follows:

(a) Banks and non-bank financial institutions, be they foreign or local legal entities, can only own shares up to 40.0% of an Indonesian bank's paid-up capital. Share ownership exceeding the 40.0% limitation would be subject to certain requirements and approval from the OJK.

(b) Legal entities that are non-financial institutions (including foreign funds), be it a foreign or local legal entity, can only own shares up to 30.0% of the paid-up capital of an Indonesian bank.

(c) Individuals (natural persons) can only own up to 20.0% of shares of the paid-up capital of an Indonesian bank.

The ownership limitation based on "relationship between shareholders" is applicable if a shareholder has relationship with another shareholder in an Indonesian bank. If the relationship is established, these shareholders will be deemed as one party. Shareholders having any of the following relationships will be deemed as one party:

(a) Relationships based on ownership over the shareholders;

(b) Family relationship up to the second degree; and

(c) A cooperation or a mutual action to achieve a mutual goal when the shareholders control the bank (acting in concert) with or without a written agreement, for which they have an option or other rights to own the bank.

After being classified as one party, the above ownership limitation based on the "category of shareholders" will apply, both at the "party" level and at the individual shareholder level. The following mechanisms are applicable to determine the ownership limitation for a party:

(a) On the party level, the maximum ownership for a party is whichever is higher between the limitations applicable to each of the shareholders; and

(b) On the individual shareholder level, the maximum ownership for each shareholder refers to the limitation based on the "category of shareholder".

Financial institutions in the form of banks may own more than 40.0% of an Indonesian bank subject to approval from OJK and certain criteria which are applicable to the (bank) shareholder and the bank itself. The bank itself must go public with a minimum of 20.0% of its equity owned by public shareholders within five years of such OJK approval and must obtain the requisite approvals to issue debt securities which may be treated as equity. The Government is exempt from these requirements.

Fit and proper test for primary parties of Indonesian banks

A prospective controlling shareholder must pass a fit and proper test held by the OJK before it can become a controlling shareholder of an Indonesian bank. Under OJK Regulation No. 27/POJK.03/2016 on Fit and Proper Test for Primary Parties of Financial Service Institutions (the "**OJK FPT Regulation**") and OJK Circular No. 39/SEOJK.03/2016 of 2016 on Fit and Proper Test for Prospective Controlling Shareholders, Directors and Commissioners of Banks (the "**OJK FPT Circular**") as its implementing regulation, a controlling shareholder is defined as a party that has 25% or more shares in a bank or has less than 25% but it is proven that the shareholder is exercising actual control over the management and policy of the bank. The approval of the OJK under the fit and proper test is also required for any prospective controlling shareholder that purchases the bank's shares through the stock exchange.

Prior to the promulgation of the OJK FPT Regulation, the fit and proper test for primary parties of Indonesian banks (including, prospective controlling shareholders, directors and commissioners) was regulated by Bank Indonesia Regulation No. 12/23/PBI/2010 dated 29 December 2010 concerning the Fit and Proper Test (the "**Bank Indonesia FPT Regulation**"). However, according to the OJK FPT Regulation, any ongoing sectoral-specific fit and proper test that was subject to

Bank Indonesia FPT Regulation, was remains valid. Aside from such fit and proper tests, Bank Indonesia FPT Regulation has been revoked and replaced by OJK Regulation No. 34/POJK.03/2018 on Re-Assessment of Primary Parties in Financial Services Institution ("**POJK No. 34/2018**"). POJK 34/2018 sets out requirements for reassessment of primary parties in the case of there are indications of involvement and/or responsibility for issues of integrity, financial feasibility, financial reputation, and/or competence that occur within the institution with certain criteria as set out in this regulation. The OJK will access these criteria based on evidence, data, and/or information obtained from supervision or other information. According to OJK Circular No. 9/SEOJK.03/2019 of 2019 on Re-Assessment of Primary Parties in Banks ("**OJK Circular No. 9/2019**"), any ongoing fit and proper test subject to Bank Indonesia Circular No. 13/08/DNP on Fit and Proper Test as amended by Bank Indonesia Circular No. 13/26/DNP, Bank Indonesia Circular No. 14/25/DPBS on Fit and Proper Test for Syariah Banks and Business Units ("**Bank Indonesia FPT Circulars**") that are implementing regulations under Bank Indonesia FPT Regulation upon the implementation of OJK Circular No. 9/2019 remain applicable provided that they do not conflict with the provisions under OJK Circular No. 9/2019. Aside from such on-going fit and proper tests, Bank Indonesia FPT Circulars have been revoked.

The OJK FPT Circular regulates the consequences that will apply for any party who (i) has purchased shares of an Indonesian bank, and (ii) meets the criteria to become a controlling shareholder, but has not passed the fit and proper test:

(a) If due to the candidate's failure to meet integrity standards, such candidate:

  (i) Is not able to exercise its right as a controlling shareholder;

  (ii) Is not able to exercise its rights as a shareholder to attend, vote, have its shares to be calculated towards the quorum of the general meeting of shareholders of the bank, and rights relating to dividends; and

  (iii) Must transfer the shares to the bank. The transfer must be made within a year after the party is determined as "unfit" by the OJK, or

(b) If due to issues regarding financial feasibility, such candidate:

  (i) Is not able to exercise its right as a controlling shareholder;

  (ii) Is only allowed to exercise the following rights as a shareholder: to attend, vote, and have its shares to be calculated towards the quorum of the general meeting of shareholders of the bank;

  (iii) Will have limited rights to dividend being capped to the amount of shares owned prior to becoming a controlling shareholder; and

  (iv) Must transfer an amount of shares to the bank until it is no longer a controlling shareholder. The transfer must be made within a year after that party is determined as "unfit" by the OJK.

According to POJK 34/2018, a re-assessment can be held anytime based on discovery of information or data that indicates any integrity or financial feasibility issues in accordance with Article 4.

If a controlling shareholder of a bank who has passed the fit and proper test is later found to be unfit due to failure to meet integrity standards, the party is not able to act as (1) a controlling shareholder or own shares in any financial institution (including to act as controlling shareholder, exercise its rights as a shareholder and have its shares to be calculated towards the quorum of the general meeting of shareholders of the bank, and rights relating to dividends and must transfer the shares to the bank) and/or (2) a member of the Board of Directors or Board of Commissioners (defined below) in any financial institutions, executive officer of a bank, president of branch offices of a bank, vice president of an Indonesian branch of banks domiciled abroad, or head of representative office of banks domiciled abroad.

If found unfit due to financial feasibility issues, the controlling shareholder is not able to act as (1) a controlling shareholder or owns shares in the banking industry (including to act as controlling shareholder, exercise its rights as a shareholder and have its shares to be calculated towards the quorum of the general meeting of shareholders of the bank, and rights relating to dividends and must transfer the shares to the bank) and/or (2) a member of the Board of Directors or Board of Commissioners (defined below) in any financial institutions, executive officer of a bank, president of branch offices of a bank, vice president of an Indonesian branch of banks domiciled abroad, or head of representative office of banks domiciled abroad if failure to meet financial feasibility standards is due to the party's financial reputation.

The above sanctions may be imposed for a range between three (3) to twenty (20) years depending on the reasons for integrity or financial feasibility issues. Commercial banks must also provide an explanation of the status of the controlling shareholder in its shareholder registration.

Regulatory Matters of Shares Ownership in Publicly-Listed Banks

Under Government Regulation No. 29 of 1999 ("**GR No. 29/1999**") on Purchase of Shares of Commercial Banks, a bank can only list a maximum of 99.0% of its shares in the stock exchange and any of those shares may be purchased by foreign investors. The remaining 1.0% must be held by Indonesian investors and cannot be listed.

The concept of "**person**" under the Bank Indonesia FPT Regulation includes natural persons and legal entities. According to OJK Regulation No. 11/POJK.04/2017 on Reporting of Share Ownership or Change of Share Ownership in a Public Company ("**OJK Regulation No. 11/2017**"), where a person purchases, directly or through a stock exchange, 5.0% or more of the issued shares of a bank that is a public company, such person is required by the OJK to report the purchase to the OJK and the directors of the bank are required to report the purchase to Bank Indonesia within 10 days of the transaction.

In addition to the persons who are direct shareholders, indirect shareholders are now required to submit reports to the OJK when:

(a) They come to hold more than 5.0% of the paid-up capital of a bank that is a public company; and

(b) There is any change by at least 0.5% of the paid-up capital of the bank that is a public company of their share ownership, either in one or a series of transaction(s).

Bank management

Management of Indonesian Banks under Regulations in Banking Sector

In Indonesia, a commercial bank is managed by a board of directors under the supervision of a board of commissioners. Pursuant to OJK Regulation No. 55/2016, the management composition of a commercial bank must include a minimum of three directors and a minimum of three commissioners, with the number of commissioners not exceeding the number of directors. The OJK further elaborates in OJK Regulation No. 37/POJK.03/2017 on Utilisation of Foreign Labour and Transfer of Knowledge Program in the Banking Sector ("**OJK Regulation No. 37/2017**") that commercial banks with at least 25.0% of their shares owned by foreign investors can have foreign citizens on their board of directors and board of commissioners, provided that at least 50.0% of the members of the board of commissioners are Indonesian citizens and the majority of the members of the board of directors are Indonesian citizens. Under OJK Regulation No. 55/2016, at least 50.0% of the board of commissioners shall comprise independent commissioners.

In performing the good corporate governance principle, the board of directors must at least establish the following bodies:

(1) Internal audit workgroup

The responsibilities of the internal audit workgroup include:

(a) Assisting the president director and the board of commissioners in conducting supervision by describing the audit result; and

(b) Making analysis and evaluation in financial, operational, accounting and other activities through direct or indirect examination.

(2) Risk management workgroup and risk management committee

In implementing an effective risk management, the banks have the obligation to establish risk management committee and risk management workgroup.

The risk management committee consists of at least the majority of the board of directors. A bank's risk management committee must provide recommendations to the president director which include:

(a) Setting up policies, strategies and guidelines for the implementation of risk management;

(b) Improving the implementation of the risk management; and

(c) Justifying irregularities of certain business decisions.

(3) Compliance workgroup

The compliance workgroup is a workgroup that assists the compliance director in implementing its function.

In order to support the performance of its duties, the board of commissioners must at least establish the following committees:

(4) Audit committee

The audit committee must at least, consists of the following:

(a) An independent commissioner;

(b) An independent party having financial or accounting skills; and

(c) An independent party having legal or banking skills.

The number of independent commissioners or independent parties have to be more than 51.0% of all members of the audit committee. No members of the board of directors may become members of the audit committee.

The audit committee is responsible for the supervision and evaluation of plan and audit performance as well as the follow up of the audit result in order to assess the sufficiency of internal control including financial reporting process. In conducting its task, the audit committee must at least perform supervision and evaluation of:

(a) The work of the internal audit workgroup;

(b) The conformity of audits conducted by the public accountant firm with the prevailing standard of audit;

(c) The conformity of the financial report with the prevailing accounting standards; and

(d) The work of BOD over the results of internal audit workgroup, public accountant, and OJK supervision.

The audit committee will provide a recommendation to the board of commissioners by conducting follow-up over findings made by the internal audit workgroup, public accountants and the financial services authority supervision team.

(5) Risk monitoring committee

The risk monitoring committee must consist of at least the following:

(a) An independent commissioner;

(b) An independent party having financial skills; and

(c) An independent party having risk management skills.

The number of independent commissioners or independent parties has to be more than 51.0% of all members of the risk monitoring committee. No members of the board of directors may become members of the risk monitoring committee.

The risk monitoring committee is responsible for providing recommendations to the BOC on (i) the evaluation of the conformity between the risk management policy and its implementation; and (ii) the monitoring the conformity of the risk management committee and the risk management workgroup.

(6) Remuneration and nomination committee

Under OJK Regulation No. 34/POJK.04/2014 on the Nomination and Remuneration Committee of the Issuer or Public Company, dated December 8, 2014, for the purposes of implementing good corporate governance, an issuer or a public company is required to have the function of nomination and remuneration conducted by the Board of Commissioners. The Board of Commissioners may form a nomination and remuneration committee consisting of at least three members, with an independent commissioner acting as the head of the committee, while the other members may be: (i) members of the Board of Commissioners; (ii) persons from outside the relevant issuer or public company; or (iii) persons serving managerial positions under the Board of Directors in charge of human resources.

The remuneration and nomination committee is responsible for assisting the Board of Commissioners in (i) the performance evaluation, development and nomination of the members of the Board of Directors and the Board of Commissioners; and (ii) the remuneration policy for the members of the Board of Directors and the Board of Commissioners.

OJK Regulation No. 55/2016 further stipulates that the President Director must be independent from the controlling shareholders. The independence will be based on the relationship in the management, ownership, and/or financial relationship as well as family relationship with the controlling shareholder. With regards to the relationship between the president director and the controlling shareholder, the OJK elaborates that the president director is not allowed to:

(a) Receive remuneration, financial aid, or loan from the controlling shareholder;

(b) Have position as members of the Board of Directors, Board of Commissioners or as an executive officer of the controlling shareholder;

(c) Own shares of the controlling shareholders or together with the controlling shareholders, own shares of the bank (except for shares obtained from a management shares option program which shall not exceed 5.0% of the issued capital of the bank); and

(d) Have family relationship up to the second degree with the controlling shareholder. If the controlling shareholder is a legal entity, the family relationship between the President Director and the controlling shareholder will be imposed up to the ultimate shareholder of the controlling shareholder.

Members of the Board of Directors of an Indonesian bank may not hold a concurrent position as a member of the Board of Commissioners or the Board of Directors, or as an executive officer of other banks, companies or other institutions, except as a commissioner to perform supervisory function in the bank's non-bank subsidiary. The members of the Board of Directors may not hold shares in other companies with a value of more than 25.0% of the company's issued capital. This restriction is applicable regardless of:

- Whether the members of the board of directors are holding the shares individually, and

- Whether a member of the board of directors is holding the shares together with other members of the board of directors.

Additionally, the majority members of the board of directors may not have family relationship up to the second degree with other members of the board of directors or members of the board of commissioners.

Members of the board of commissioners are not permitted to hold a concurrent position as a member of the board of commissioners or the board of directors, or an executive officer of (i) a financial institution or company (whether bank or non-bank); or (ii) to more than one non-financial institution or company, in Indonesia or abroad, except as:

- A member of the board of commissioners or the board of directors, or an executive officer performing supervisory function in one non-bank subsidiary controlled by the bank;

- A non-independent commissioner performing functional duties of the bank's shareholder in the form of a legal entity within the bank's group; or

- A member of the board of commissioners of a non-profit organisation or institution.

The majority members of the board of commissioners must not have family relationships up to the second degree with the other members of the board of commissioners or board of directors.

Candidates for the board of commissioners and the board of directors must be approved by the OJK under the OJK FPT Regulation before their appointments.

Under OJK Regulation No. 46/POJK.03/2017 on Implementation of Commercial Banks' Compliance Functions in Commercial Banks ("**OJK Regulation No. 46/2017**"), each Indonesian bank must have a compliance director and form a compliance working unit. The compliance director is at least responsible for (i) formulating strategies to encourage the creation of a compliance culture, (ii) proposing compliance policies or principles of compliance to be determined by the Board of Directors, (iii) establishing compliance system and procedure used to set the bank's internal rules and guidelines, (iv) ensuring that all policies, procedures and business activity undertaken or implemented by the bank are in conformity with the provision set out by the OJK, as well as with the relevant prevailing laws and regulations, (v) minimising compliance risk, (vi) taking precautions so that policies taken by the Board of Directors of the bank or the heads of overseas branch offices are in conformity with the provision set out by the OJK, as well as with the relevant prevailing laws and regulations, and (vii) performing other tasks relevant to compliance functions.

Management of publicly-listed banks under regulations in the capital markets sector

The appointment of the members of the Board of Directors and the Board of Commissioners of a bank that is a public company must comply with the Law No. 40/2007, the provisions of legislative regulations in the field of capital markets, e.g., OJK Regulation No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies ("**OJK Regulation No. 33/2014**").

Under OJK Regulation No. 33/2014, the Board of Directors and the Board of Commissioners of a public company must have at least two members. One of the members of the Board of Directors is to be appointed as the President Director and one of the members of the Board of Commissioners is to be appointed as the president commissioner. The Board of Directors and the Board of Commissioners are prohibited from directly or indirectly falsely stating material information or failing to disclose material information so that statements are misleading with respect to the public company's conditions. Otherwise, the board of directors and the board of commissioners will be jointly and severally liable for losses resulting from this violation.

OJK Regulation No. 33/2014 allows members of the Board of Directors and the Board of Commissioners of a public company to hold dual positions under certain conditions. However, this is not applicable for the members of the Board of Directors and the Board of Commissioners of a bank as OJK Regulation No. 55/2016 specifically restricts or limits them to hold dual positions in other entities. Further, if the BOC consists of only two (2) commissioners, then one of them shall be an independent commissioner and if the BOC consist of more than two (2) commissioners, then the independent commissioners must make up at least 30% of the total number of commissioners.

OJK Regulation No. 33/2014 and OJK Regulation No. 55/POJK.04/2015 on the Formation and Guidance for Audit Committee also require a listed company to have an audit committee composed of three (3) members including at least one (1) independent commissioner and two (2) external independent members, with one (1) member having capabilities in the accounting or financial sector. The audit committee reports to the board of commissioners. In addition, pursuant to OJK Regulation No. 35/POJK.04/2014 on Publicly Listed Company Corporate Secretaries, each listed company is required to appoint a corporate secretary to monitor developments in capital market rules and regulations and serve as the principal contact for the OJK, the IDX and the public.

Capital adequacy requirements

Under OJK Regulation No. 11/2016 and OJK Regulation No. 12/2019, Indonesian banks are required to maintain minimum capital in accordance with their risk profile. The risk profile depends on the valuation of inherent risks and quality of the implementation of the risk management in the bank's operation. The valuation is done by every bank through the Internal Capital Adequacy Assessment Process (the "**ICAAP**") mechanism. Each bank must apply ICAAP in accordance with the scale, characteristics and complexity of its business. The valuation through ICAAP must assess the adequacy of, at least:

- The active monitoring by the board of directors and board of commissioners;
- The capital positions;
- Monitoring and reporting mechanisms; and
- The internal controls of the bank.

Upon completion of valuation, a bank will stipulate under which risk profile ranking it falls by taking into account (i) OJK Regulation No. 11/2016 and (ii) Circular Letter No. 26/SEOJK.03/2016 dated 14 July 2016. The OJK then will evaluate the ranking through the Supervisory Review and Evaluation Process (the "**SREP**"). In the event of any discrepancy between the ICAAP valuation and SREP result, the SREP result will apply.

Under OJK regulations, banks are required to maintain at the minimum a total capital level of at least:

- 8.0% of the risk-weighted assets for banks in the category of risk profile rank 1;
- 9.0% up to less than 10.0% of the risk-weighted assets for banks in the category of risk profile rank 2;
- 10.0% up to less than 11.0% of the risk-weighted assets for banks in the category of risk profile rank 3; and
- 11.0% up to 14.0% of the risk-weighted assets for banks in the category of risk profile rank 4 or 5.

The OJK is also authorised to stipulate higher minimum capital requirements if it is of the view that the relevant bank is facing a potential loss which thereby requires greater amount of capital.

For banks having their head offices in Indonesia, regulatory capital consists of core Tier I capital (divided into common equity Tier I capital, which consists of paid-up capital and disclosed reserves, and additional Tier I capital) and supplementary Tier II capital, and should be calculated net of any goodwill, other intangible assets, external equity participation of the bank, shortfall of the risk-based capital of insurance companies owned and controlled by the relevant bank and exposure from securitisation. OJK Regulation No. 11/2016 further stipulates that the disclosed reserves may include, among other things:

(a) Other comprehensive income in a form of (i) positive margin from the financial statement, (ii) potential profit from the increase of asset value (available to be sold), and (iii) surplus of fixed assets revaluation.

(b) Other disclosed reserve in a form of (i) paid-in capital of the common equity Tier I capital, (ii) general reserve, (iii) profit from previous years, (iv) profit from the current year, (v) capital reserve funds and (vi) other forms of reserve as approved by the OJK.

These disclosed reserves should be reduced by, among other things;

(a) Other comprehensive income in a form of (i) negative margin from the financial statement, and (ii) potential loss from the increase of asset value (available to be sold).

(b) Other disclosed reserve in a form of (i) disagio of the common equity Tier I, (ii) loss from previous years, (iii) loss from the current year, (iv) negative margin between asset deletion over productive assets and value decrease loss reserve over the productive assets, and (v) negative margin between the adjustment value over the valuation report from financial instrument in the trading book and adjustment value based on accounting principles standard, (vi) non-productive asset deletion, and (vii) other reduced factors as agreed by the OJK.

Additional Tier I capital consists of, among other things:

(a) Debt instruments that have capital characteristics, are subordinated and are perpetual non-cumulative subordinated debt,

(b) Perpetual non-cumulative preference shares, either with or without call option,

(c) Perpetual and non-cumulative hybrid instruments, and

(d) *Agio or disagio* capital instruments in the form of shares or other capital instruments that satisfy the requirements of additional Tier 1 capital.

To be considered as additional Tier I capital, the following requirements must be satisfied:

(a) The capital instrument must be issued and paid up entirely,

(b) The capital instrument has no term and there is no requirement that obliges the bank to repay in the future,

(c) The repurchase or payment of the instrument principal shall be subject to the consent of the supervisor,

(d) The capital instrument does not have a step-up feature,

(e) The capital instrument can be converted into ordinary shares or written down if the bank has reached a point of non-viability, and such loss absorption feature must be stipulated in the issuance documentation or agreements,

(f) The capital is subordinated at the time of liquidation and it is stipulated in the issuance documentation or agreements,

(g) The amount or time of the yields cannot be determined and cannot be accumulated between periods and the bank has full access to cancel the payment of yields at the time the obligation to pay such yields arises,

(h) The capital instrument is not secured or guaranteed by the bank or by its subsidiaries,

(i) There is no agreement that can legally or economically improve the seniority of an instrument,

(j) The capital instrument does not have a dividend or profit payment feature that is sensitive to credit risks,

(k) If it is attached with a call option feature, the call option feature may only be executed at least five (5) years after the capital instrument is issued and upon prior approval from the OJK, with the documentation for the issuance of the capital instrument clearly stating this requirement. The relevant bank should also not give any expectation on the repurchase or perform any activity which may give an expectation of repurchase of the capital instrument,

(l) The capital instrument cannot be purchased by the issuing bank and/or its subsidiaries,

(m) The source of funding for the purchase of the capital instrument is not the issuing bank, whether directly or indirectly,

(n) The capital instrument has no feature that may impede the process of instrument issuance in the future,

(o) In certain cases, if an additional capital instrument is needed by way of instrument issuance by other entity outside the consolidation coverage, then the funds derived from the issuance must be assigned to the bank immediately, and

(p) The issuance of the capital instrument must be approved by the OJK in order for its inclusion in the calculation of regulatory capital component.

Supplementary Tier II capital consists of, among other things:

(a) Capital instruments in the form of shares or other capital instruments that satisfy the requirements of supplementary Tier II capital,

(b) Agio or disagio which derived from the issuance of capital instruments categorised as a supplementary Tier II capital, and

(c) General reserve on loss of earning assets of a maximum 1.25% of the risk-weighted assets for credit risk.

To be considered as supplementary Tier II capital, the following requirements must be satisfied:

(a) The capital instrument must be issued and paid up entirely,

(b) The capital instrument has a tenor of five (5) years or more and only can be fully repaid after obtaining an approval from the OJK,

(c) The capital instrument can be converted into ordinary shares or written down if the bank has reached a point of non-viability, and such loss absorption feature must be stipulated in the issuance documentation or agreements,

(d) The capital is subordinated and it is stipulated in the issuance documentation or agreements,

(e) The payment of the capital instrument's principal or coupon(s) is deferred and accumulated cumulatively if such payment will cause the bank to breach its CAR requirement (on a bank only or consolidated basis),

(f) The capital instrument is not secured or guaranteed by the bank or by its subsidiaries,

(g) The capital instrument does not have a dividend or profit payment feature that is sensitive to credit risks,

(h) The capital instrument does not have a step-up feature,

(i) If it is attached with a call option feature, the call option feature may only be executed at least five (5) years after the capital instrument is issued and upon prior approval from the OJK, with the documentation for the issuance of the capital instrument clearly stating this requirement. The relevant bank should also not give any expectation on the repurchase or perform any activity which may give an expectation of repurchase of the capital instrument,

(j) The capital instrument does not have any requirements on the prepayment of interest or principal in the issuance documentation or agreements,

(k) The capital instrument cannot be purchased by the issuing bank and/or its subsidiaries, 254

(l) The source of funding for the purchase of the capital instrument is not the issuing bank, whether directly or indirectly,

(m) In certain cases, if an additional capital instrument is needed by way of instrument issuance by other entity outside the consolidation coverage, then the funds derived from the issuance must be assigned to the bank immediately, and

(n) The issuance of the capital instrument must be approved by the OJK in order for its inclusion in the calculation of regulatory capital component.

The amount of the capital instrument that may be calculated as supplementary Tier II capital is the amount of supplementary Tier II minus amortisation, calculated on a straight-line basis in the remaining five (5) year period of the instrument. Further, for the purpose of calculating capital adequacy requirements for supplementary Tier II capital, the amount of Tier II capital recognised in regulatory capital must not exceed 100.0% of Tier I capital.

All banks must include credit risk and operational risk in calculating their CAR and maintaining their capital adequacy requirement. However, certain banks meeting the criteria set out below must also include market risk in the calculation of CAR and maintenance of their capital adequacy requirement. The criteria are as follows:

(a) Banks that individually meet one of the following criteria:

    (i) Banks with total assets of Rp10.0 trillion or more, or

    (ii) Banks with foreign exchange licenses (the "**Foreign Exchange Banks**") that have trading positions in relation to commercial paper and derivative transactions of Rp20.0 billion or more, or

    (iii) Non-Foreign Exchange Banks that have trading positions in relation to commercial paper and interest derivative transactions of Rp25.0 billion or more,

and/or

(b) A bank which, when consolidated with its subsidiary, meets one of the following criteria:

   (i) It is a Foreign Exchange Bank that has trading positions in relation to commercial paper, including financial instruments which are being exposed to equity risk (*Risiko Ekuitas*), and/or through derivative transactions, and/or through financial instruments which are being exposed to commodity risk (*Risiko Komoditas*) in its trading book and/or banking book of Rp20.0 billion or more, or

   (ii) It is a non-Foreign Exchange Bank that has trading positions in relation to commercial paper, including financial instruments which are being exposed to equity risk (*Risiko Ekuitas*), and/or through derivative transactions, and/or financial instruments which are being exposed to commodity risk (*Risiko Komoditas*) in its trading book and/or banking book of Rp25.0 billion or more,

(c) It is a bank that has an office network and/or subsidiary in other countries or branch offices of banks domiciled outside Indonesia.

The Bank has a risk profile rank 1 and is thus subject to a minimum CAR requirement of 6.0% of its credit, market and operational risk-weighted assets.

Under Bank Indonesia Regulation No. 5/13/PBI/2003 on Net Open Position for Commercial Banks, as last amended by Bank Indonesia Regulation No. 17/5/PBI/2015 ("**Bank Indonesia Regulation No. 5/2003**"), banks, must maintain its Net Open Position (calculated under Bank Indonesia Regulation No. 512003 as the sum of the absolute values of (i) the net difference between the foreign exchange assets and the liabilities on its balance sheet and (ii) the total net difference between assets and liabilities which are commitment or contingent in an administrative account for each foreign exchange) at a maximum of 20.0% of the bank's capital.

Core capital and banking business activities

OJK Regulation No. 6/POJK.03/2016 on Business Activities and Branch Offices Based on Core Capital, as amended by OJK Regulation No. 17/POJK.03/2018 ("**OJK Regulation No. 6/2016**") and its implementing regulations, among others, (i) OJK Circular Letter No. 14/SEOJK.03/2016 on Opening of Office Network of Commercial Banks Based on Core Capital ("**OJK Circular Letter No. 14/2016**"), (ii) OJK Circular Letter No. 27/2016, and (iii) OJK Circular Letter No. 28/SEOJK.03/2016 on Opening of Office Network of Sharia Banks and Sharia Working Units Based on Core Capital specifically stipulate on type of business activities and office network based on the banks' core capital.

OJK Regulation No. 6/2016 is applicable not only to Indonesian commercial banks but also to Indonesian Sharia banks. OJK Regulation No. 6/2016 categorises banks into four (4) types by reference to the size of their core capital:

(a) Bank I is each bank whose core capital is less than Rp1.0 trillion.

(b) Bank II is each bank whose core capital is at least Rp1.0 trillion and less than Rp5.0 trillion.

(c) Bank III is each bank whose core capital is at least Rp5.0 trillion and less than Rp30.0 trillion.

(d) Bank IV is each bank whose core capital is at least Rp30.0 trillion.

Core capital is defined as (i) for banks which are established as Indonesian legal entities, core capital which consists of paid-in capital, disclosed reserves and innovative capital instrument; and (ii) for branch offices of offshore banks, business funds which have been allocated as Capital Equivalency Maintained Assets, both as further governed in the relevant capital adequacy ratio regulation.

The categorisation of banks for Sharia business units is based on the core capital of their parent commercial banks. OJK Regulation No. 6/2016 clearly points out the importance of core capital as it will determine what kind of banking business activities can be conducted by a bank and the restrictions on the opening of network offices.

The Bank is classified as under Bank IV category. Pursuant to OJK Regulation No. 6/2016, Bank IV category generally may perform the following business activities (both in Rupiah and in foreign currencies and capital participation in financial institutions in Indonesia and/or entire overseas territories with certain limitation):

(a) Fundraising;

(b) Distribution of funds;

(c) Trade finance;

(d) Treasury activities;

(e) Foreign exchange activities;

(f) Agency and cooperation activities;

(g) Payment system and electronic banking activities;

(h) Equity participation activities;

(i) Temporary investment activities in the context of credit recovery;

(j) Other services; and

(k) Other activities commonly performed by the Bank to the extent that they do not contradict with laws and provisions.

Conduct of business activities in foreign currencies

Banks under the Bank I category can only engage in business activities in Rupiah (business in foreign currencies is not allowed). Other banks are free to conduct business in both Rupiah and foreign currencies.

Capital participation and productive business

Capital participation made offshore can only be conducted by banks under the Bank III and Bank IV categories. Banks under Bank III category can only participate and invest in financial institutions in the Asia region, while banks under the Bank IV category have no regional restrictions at all (including they can participate and invest all over the world).

In addition, the core capital will also affect the banks' obligation to provide credit and financing to productive businesses (which include credit or financing for the purpose of investment or working capital either to micro and small-medium debtors or customers, or otherwise) (the "**Productive**

Business Obligation"). Banks under the Bank IV category are required to channel at least 70.0% of the total credit or financing for the Productive Business Obligation. This Productive Business Obligation does not apply to banks focusing on housing credit or financing if their total housing credit or financing is at least 75.0% of their total credit or financing.

Office network

In general, banks wishing to open offices must satisfy the bank soundness level requirement (including which must be 1, 2 or 3 for the prior year). Further, they are required to fulfil the core capital allocation requirements in line with their locations and the type of their offices (theoretical capital). The calculation of the theoretical capital is further governed in OJK Circular Letter No. 14/2016.

Only Banks under Bank III and Bank IV categories can open offices offshore. Similar to the capital participation restriction, Banks under Bank III category may only open their offices offshore in the Asia region, while for banks under Bank IV category, there are no regional restrictions at all.

Transitional period

OJK Regulation No. 6/2016 significantly changes the banking business, and transitional periods have been introduced which require, among other things:

1. By the end of June 2016, banks (except for government-owned banks) to have adjusted their banking business activities or increased their capital;

2. By the end of June 2016, banks (except for government-owned banks) to have fulfilled the productive business obligations; or

3. By the end of June 2018, government-owned banks to have (i) adjusted their banking business activity or increased their capital, and (ii) fulfilled the productive business obligations.

OJK Regulation No. 6/2016 also stipulates that branch offices, representative offices or other offices located outside of Asia, which are owned by the banks under the Bank III category before 27 December 2012, may continue to operate.

Legal lending limits

Legal lending limits are applicable to commercial banks pursuant to (i) Bank Indonesia Regulation No. 7/3/PBI/2005 on Maximum Limit of Credit Provision for Commercial Banks as amended by Bank Indonesia Regulation No. 8/13/PBI/2006 ("**Bank Indonesia Regulation No. 7/2005**"), (ii) Bank Indonesia Circular Letter No. 7/14/DPNP dated 18 April 2005 ("**BI Circular Letter No. 7/2005**") and (iii) OJK Regulation No. 32/POJK.03/2018 on Maximum Limit on Credit and Provisions of Large Funds as amended by OJK Regulation No. 38/POJK.03/2019 ("**OJK Regulation No. 32/2018**"). These regulations stipulate the ratio (being measured in percentage) of a bank's total capital that may be extended to affiliate or non-affiliate customers (including individual borrowers and groups of borrowers). The types of credit provision that these regulations specifically focus on are, among other things, (i) securities, (ii) derivative transaction, (iii) placements, (iv) reverse repurchase notes, (v) acceptance notes, (vi) credit, (vii) administrative account transactions, (viii) repo, (ix) equity participations, (x) temporary equity participation and (xi) other similar forms of funds allocation similar to those mentioned in (i) to (xi). The ratios of lending limitation range from 10.0% to 25.0% depending on the party that receives the credit extension.

In April 2005, Bank Indonesia issued BI Circular Letter No. 7/2005 clarifying that control of a bank for purposes of legal lending limits is determined by examining both direct and indirect control relationships through to a bank's ultimate controlling persons and ultimate subsidiaries. OJK Regulation No. 32/2018 states that control of a bank is also examined through the person or corporate body's ability to appoint or dismiss a Board of Commissioners or Board of Directors member in the bank or other companies. Where a controlling person is an individual rather than a corporate body, both vertical and horizontal family relationships are also considered.

Bank Indonesia regulations also provide for exemptions from legal lending limit requirements in the case of certain fund allocations, including the purchase of Government bonds or SBI, fund allocations unconditionally and irrevocably guaranteed by the Government, fund allocations fully secured by cash collateral, Government bonds or SBI, temporary capital participation (debt to equity swap), inter-bank placements in prime banks, placements guaranteed under the Government guarantee program and equity participations in another bank, as long as the financial report of the bank is consolidated with the investee.

Banks are required to submit periodic reports to the OJK, specifying any non-compliance with, or violations of, the legal lending limits and the amount of funds extended to affiliates and non-affiliates. Any exceeding of the legal lending limit arising from (i) a change in exchange rates, (ii) decrease in capital in the bank, (iii) changes in reasonable value, (iv) business merger, changes in ownership or management structure which cause change in the affiliates and/or the group structure of the borrower and (v) amendments to certain provisions including any changes to the parties categorised as affiliates or group of the borrower are not considered to be violations of the legal lending limits.

Statutory reserves and liquidity requirement

Bank Indonesia Regulation No. 20/3/PBI/2018 on Statutory Reserves in Rupiah and Foreign Exchange for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units was promulgated on 3 April 2018, later amended by BI Regulation No. 22/3/PBI/2020 ("**Bank Indonesia Regulation No. 20/2018**"). According to Bank Indonesia Regulation No. 20/2018, the regulation became effective on 16 July 2018. Additionally, the new threshold for statutory reserves in Rupiah and the nullity of reserves service had been implemented on 16 July 2018, while the new threshold for statutory reserves in Foreign Exchange had been implemented on 1 October 2018.

Under Bank Indonesia Regulation No. 20/3/PBI/2018, Indonesian banks are required to meet the requirements of daily and average statutory reserves in Rupiah and foreign currency, on a daily basis and average basis, in the form of non-interest bearing deposits with Bank Indonesia. The statutory reserve in Rupiah is determined in average amount of 6.5% of its deposits from customers in Rupiah in a certain period, which must be fulfilled as follows, being: (i) 4.5% on a daily basis, and (ii) 2.0% on an average basis. Bank Indonesia may grant exemptions from reserve requirements when justified by macroeconomic conditions, under PBI No. 22/3/2020. Moreover, Bank Indonesia may grant dispensation on daily basis statutory reserves in Rupiah on a daily basis due to macroprudential policies. The statutory reserve in foreign currency is determined in average amount of 8% of its deposits from customers in foreign currency in certain period, which must be fulfilled as follows: (i) 6.0% on a daily basis, and (ii) 2.0% on an average basis. Bank Indonesia in its discretion may grant concession for banks in meeting this requirement based on macroprudency principles.

The penalty for a shortfall in statutory reserves denominated in Rupiah is that the bank shall be liable to a financial penalty of 125.0% of the average overnight Jakarta Interbank Offer Rate on the day of the infringement, for each day of the infringement. The penalty for a shortfall in statutory reserves denominated in foreign currency is that the bank shall be liable to a penalty of 125.0% per of the average overnight Jakarta Interbank Offer Rate which during two report periods, for each day during two (2) report periods.

Liquidity coverage ratio and net stable funding ratio requirement

Requirements for Liquidity Coverage Ratio is regulated under OJK Regulation No. 42/POJK.03/2015 on Obligation of Liquidity Coverage Ratio for Commercial Banks ("**OJK Regulation No. 42/2015**") as partially revoked by OJK Regulation No. 12/2019**.** LCR is the ratio of "High Quality Liquid Assets" (cash or financial assets that can be easily converted into cash with minimal to no value depreciation to meet a bank's liquidity needs for a thirty (30) day liquidity stress scenario) to net cash outflows that must be fulfilled by the banks. Banks that fall into Bank III and IV categories and foreign banks must comply with this regulation.

The asset that can be regarded as HQLA is required to meet the following characteristics:

(a) Fundamental characteristics, namely:

(i) Low risk

(ii) Ease and certainty of valuation

(iii) Low correlation with risky assets

(iv) Listed on a recognised exchange

(b) Market-related characteristics, namely:

(i) Active and sizable market

(ii) Low volatility

(iii) Flight to quality

Additionally, assets that can be regarded as HQLA must also satisfy the operational and diversification requirements. The operational requirements are designed to ensure that HQLA is managed in a way that the bank can immediately use the stock of assets as a source of contingent funds that is available for the bank to convert into cash through outright sale or repo, to fill funding gaps between cash inflows and outflows at any time during the thirty (30) day stress period, with no restriction on the use of the liquidity generated. Further, HQLA must be well diversified within the asset classes themselves (except for cash, sovereign bonds, SBI and reserves in Bank Indonesia). Banks must have policies and limits in place to avoid concentration with respect to asset types, issuers and currencies.

Calculation of LCR must be made in Rupiah denomination. Banks must maintain on LCR of at least 100% However, the OJK is authorised to determine a higher threshold for the LCR if it deems that a certain bank so requires. Banks must calculate and report the LCR on daily, monthly and quarterly bases. The calculation and reporting obligations can be made either on an individual or a consolidated basis. The monthly report must be submitted to the OJK at the latest fifteen (15) days after the end of the reporting month for individual LCR report and thirty (30) days after the end of the reporting month for consolidated LCR report. Other than being calculated and reported, the quarterly report must also be published on the bank's website. Starting from March 2019, banks must start publishing the quarterly report online and on a widely circulated newspaper at the same time.

Banks must notify the OJK if it is unable or potentially unable to meet 100% LCR requirement. In this case, banks must analyse its liquidity condition and report it to the OJK. Further, banks must undertake necessary steps to recover its liquidity condition. OJK Regulation No. 42/2015 phases the LCR fulfilment steps. Banks in the Bank IV category must fulfil 70% LCR by 31 December 2015, 80% LCR by 31 December 2016, 90% LCR by 31 December 2017 and 100% LCR by 31 December 2018.

Requirements for Net Stable Funding Ratio are regulated by OJK Regulation No. 50/POJK.03/2017 on Obligation to Fulfil NSFR for Commercial Banks ("**OJK Regulation No. 50/2017**") as amended by OJK Regulation No. 12/2019. NSFR is defined as the amount of available stable funding relative (the "**ASF**") to the amount of required stable funding (the "**RSF**"). This ratio should be equal to at least 100% on an on-going basis. ASF is defined as the portion of capital and liabilities expected to be stable for one (1) year to fund banks' activities. However, the OJK is authorised to determine a higher threshold for the NSFR. Banks that fall into Bank III and IV categories and foreign banks must comply with this regulation.

Under OJK Regulation No. 50/2017, banks must supervise their NSFR fulfilments monthly and submit the NSFR calculation reports either on an individual or a consolidated basis. In supervising the NSFR, banks must make their NSFR working papers to be submitted on a quarterly basis to the OJK. Banks must also submit NSFR reports per end of month position. At the latest 15 days after the end of the reporting month, NSFR working paper and NSFR report must be submitted to the OJK on an individual basis for banks with NSFR that is less than 100%. At the latest 30 days after the end of the reporting month, i) an action plan to fulfil NSFR on an individual and consolidated basis for banks with NSFR that is less than 100% at the latest as well as NSFR working paper, ii) an NSFR working paper on a consolidated basis, and iii) NSFR report on a consolidated basis shall be submitted to the OJK.. The report must at least contain NSFR calculation and NSFR development analysis.

Banks must also publish their quarterly NSFR report through their websites and at least one widely circulated newspaper, as well as publishing their quarterly NSFR report online.

Commercial paper

Under Bank Indonesia Regulation No. 19/9/PBI/2017 on the Issuance and Transaction of Commercial Paper in Money Market, Bank Indonesia regulates the issuance and trading of commercial paper. Under this regulation, a bank is required to report its commercial paper transaction to Bank Indonesia.

A bank is allowed to act as supporting institution for commercial paper issuance and settlement provided that it has the function as an issuance arranger and custodian. In order to conduct such activities, such bank must be registered with Bank Indonesia. Bank Indonesia will grant its approval based on assessment on (i) validity of the institution aspect of the relevant bank; and (ii) capability of the relevant bank in performing its functions.

A bank is also allowed to provide guarantee to certain non-corporation bank for the purpose of commercial paper issuance by that non-bank corporation that fulfills certain requirements, among other things, non-listed company with equity at least Rp50.0 billion.

Bank Business Plan

On 27 January 2016, OJK issued OJK Regulation No. 5/POJK.03/2016 on Bank Business Plan ("**OJK RBB Regulation**"). The OJK RBB Regulation requires banks to annually prepare and submit to the OJK a written document that describes the plan for bank business activity in the short term (one year) and medium term (three years) (a "**Bank Business Plan**").

A Bank Business Plan must at least include the following:

(a) Executive summary;

(b) Management strategy policy;

(c) Application of risk management and bank's recent performance;

(d) Financial statement forecast and assumptions used;

(e) Ratio forecast and other certain posts;

(f) Funding plan;

(g) Fund investment plan;

(h) Capital participation plan;

(i) Capitalisation plan;

(j) Organisation improvement and human resources;

(k) Product issuance plan and/or office network changes; and

(l) Other information.

A Bank Business Plan must be prepared by the Board of Directors and approved by the Board of Commissioners of an Indonesian bank, and then submitted to the OJK at the latest at the end of November before the following Bank Business Plan year. A submitted RBB is subject to comments by OJK.

In preparing a Bank Business Plan, the bank must consider (a) external and internal factors which can affect the business of the bank, (b) prudential principles, (c) implementation of risk management, and (d) healthy banking principles.

A submitted Bank Business Plan can only be revised once. The bank can only submit revisions if one or both of the following situations occur:

(a) Any external and internal factors that significantly affects the bank's operation; and/or

(b) Any significant factors that affect the bank's performance, in accordance with OJK's consideration.

The bank must submit any revisions at the latest at the end of June of the same year.

Pursuant to the OJK RBB Regulation, any plan to issue securities during the next/following fiscal year (which includes convertible bonds, medium term notes, bonds and sukuk) must be stated in a Bank Business Plan to be submitted in the previous year.

Market Entry Approval

Bank Indonesia Regulation No. 21/1/PBI/2019 on Offshore Loans and Other Bank Obligations in Foreign Currencies ("**Bank Indonesia Regulation 21/2019**") went into effect on 1 March 2019. This regulation revoked and replaced the previous regulation, which is Bank Indonesia Regulation No. 7/1/PBI/2005 on Offshore Borrowings for Banks, dated 10 January 2005 (as amended from time to time). Bank Indonesia Regulation No. 21/2019 stipulates that the obligations of banks are divided into (i) short-term obligation, including offshore borrowings and other form of obligations of banks, with original maturity less than a year, and (ii) long-term obligation, including offshore borrowings and other form of obligations of banks, with original maturity more than one (1) year. An Indonesian bank that intends to enter into market to obtain a long-term offshore borrowing must obtain a market entry approval from Bank Indonesia. In addition, short-term obligation does not require obtain prior approval from Bank Indonesia, unless for short-term obligation that is extended to more than one (1) year. The issuance of long-term offshore borrowing must have been included in the bank's business plan. The bank is prohibited from accepting a long-term obligation in the amount more than what is stated in the plan.

Further, pursuant to Bank Indonesia Regulation No. 21/2019, the offshore borrowings for banks is divided into four (4) categories: (i) offshore borrowings based on loan agreement; (ii) offshore borrowings based on debt securities; (iii) offshore borrowings based on demand deposits, deposits, savings, and call money; and (iv) other forms of offshore borrowings.

Bank Indonesia will consider the completeness of the supporting documents, terms and conditions of the long-term obligation, macro and financial market economic conditions, financial system condition, the relevant bank's financial and other condition, and other items deemed necessary by Bank Indonesia to consider.

For long term offshore borrowing in the form of notes that are issued by way of a private placement, the market entry approval must be obtained at the date of issuance of the notes. After the issuance of the offshore borrowing, the issuing bank must submit periodic reports to Bank Indonesia on the realisation of market entry by no later than: (i) seven (7) business days after the date of market entry, for foreign loan in the form of loan agreement, debt securities issued through private placement, domestic foreign exchange bonds issued through private placement; and (ii) seven (7) business days after the date of transaction settlement, for offshore loan in the form of debt securities and domestic foreign exchange bonds issued through the exchange.

Limits on foreign exchange exposure

Bank Indonesia Regulation No. 5/2003 limits a commercial bank's net open position, both the total and the balance sheet position, to a maximum of 20.0% of its capital at the end of each working day. Each bank is responsible to manage the information to support the supervision of Net Open Position. For example, each bank must report to Bank Indonesia when that 20.0% threshold is crossed. Under Bank Indonesia Regulation No. 5/2003, net open position is defined as the sum of the absolute values of (i) the net differences between asset and liabilities balances for each foreign currency, and (ii) the net differences between claims and liabilities in the form of both commitments and contingencies in administrative accounts for each foreign currency, all of which are denominated in Rupiah.

Interest rate regulation

Bank Indonesia does not formally regulate the interest rates charged by banks on credits or paid on deposits. It does, however, indirectly monitor interest rates being charged and paid by Indonesian banks on an informal basis to help ensure that changes in rates offered by the banks are not likely to frustrate the Government's monetary policies and are consistent with an environment of healthy competition among banks.

Report to OJK on new products and activities of banks

Pursuant to OJK RBB Regulation, banks must include any plan for the issuance of new products and activities as well as the plan for implementation of the new product and activities in the RBB. OJK regulations, namely among others, OJK RBB Regulation, OJK Regulation No. 18/POJK.03/

2016 on Implementation of Risks Management of Conventional Banks and OJK Circular Letter No. 27//2016, requires banks to report to OJK on implementation of product and activity of the bank as stated in the RBB no later than sixty (60) days prior to the implementation of the plan.

OJK will consider the completeness of the application and supporting documents, which at least must include information and explanation on, among others, (i) general information on the product and/or new activity, including the name of the product and/or type of activity, the plan on the issuance and/or implementation of activities, target market and/or customers, target transaction value in the first year and information on the features of the product or an explanation on the activities, (ii) benefit and costs of the bank, (iii) benefit and risks of the customers, and (iv) the standard operating procedures, organisation and authority to issue the new product and/or implement the new activity.

The plan for the issuance of new products or implementation of new activities that has fulfilled the criteria under the regulation must be included in the Bank Business Plan.

Based on the evaluation results of the plan for the issuance of new products or implementation of new activities, the OJK has the authority to prohibit banks from issuing a new product or implement a new activity that has been planned. Further, if in the future based on the evaluation of the OJK, the product that has been issued or activity that has been implemented (i) is not in accordance with the plan for the issuance of the new product or activity that has been submitted to the OJK, (ii) has the potential to cause a significant loss to the financial condition of the bank, and/or (iii) is not in accordance with provisions, the OJK can order the bank to stop the issuance of the product or activity that is implemented.

Bank rating

OJK Regulation No. 4/POJK.03/2016 on Assessment of Soundness Level of Commercial Banks requires banks to conduct business on the basis of prudential principles with the objective of maintaining or improving their bank rating and to conduct a bank rating self-assessment on a semi-annual basis. A bank rating takes into account various aspects affecting the condition or performance of a bank by means of quantitative and/or qualitative ratings of the following factors:

(a) Risk profile;

(b) Good corporate governance;

(c) Earnings; and

(d) Capital.

The rating of the risk factors mentioned above constitutes the assessment to the inherent risks and the quality of the risk management implementation in a bank's operational activity. The assessment will be conducted against the following:

(e) Credit risk;

(f) Market risk;

(g) Liquidity risk;

(h) Operational risk;

(i) Legal risk;

(j) Strategy risk;

(k) Compliance risk; and

(l) Reputation risk.

The rating is also affected by the degree to which a bank complies with the various regulatory requirements. The composite rating is determined by rating each of the factors above. There are five (5) composite ratings:

(a) Composite rating 1, indicating that the bank is in excellent condition and able to withstand significant negative changes from business conditions and other external conditions;

(b) Composite rating 2, indicating that the bank is in sound condition and able to withstand significant negative changes from business conditions and other external factors;

(c) Composite rating 3, indicating that the bank is in fairly sound condition and able to withstand significant negative changes from business conditions and other external factors;

(d) Composite rating 4, indicating that the bank is in poor condition and not able to withstand significant negative changes from business conditions and other external factors; and

(e) Composite rating 5, indicating that the bank is in unsound condition and not able to withstand significant negative changes from business conditions and other external factors.

The result of the bank rating self-assessment conducted by a bank must be reported to the OJK.

For the purpose of bank supervision, the OJK is required to conduct a bank rating on a semi-annual basis. Similar to the bank rating self-assessment, the OJK will rate each Indonesian bank to assess whether a bank is being managed in line with prudent banking principles and in accordance with the regulations. The bank rating will be conducted by examining the periodic reports submitted by the bank and/or other information in the public domain. If the result of the bank rating conducted by the OJK differs from the result of the bank rating conducted by the bank, the result of the bank rating conducted by the OJK will prevail.

On the basis of the bank rating, the OJK may request the Board of Directors, Board of Commissioners and/or controlling shareholders to submit an action plan stating the corrective actions that must be implemented by the bank with regard to any significant problems, including timeframes for resolution over a specific period. If necessary, the OJK may request the bank to make adjustments to this action plan. Banks are required to submit an action plan implementation report no later than (i) 10 working days after the estimated completion date of the action plan's finalisation or (ii) 10 working days after the end of every month which is conducted on a monthly basis, should there be significant problems interrupting the completion of the action plan's finalisation. The OJK is also entitled to assess the implementation of the action plan.

Periodic reports

Reporting obligations under regulations in banking sector

OJK Regulation No. 37/POJK.03/2019 on Transparency and Publication of Bank Report ("**OJK Regulation No. 37/2019**") require Indonesian banks to file monthly, quarterly, and yearly financial statements and annual audited financial statements for its December position with the OJK and banks may publish their financial reports in a newspaper. Banks are also required to submit and financial position and weekly reports on their financial and liquidity positions.

Reporting obligations under regulations in capital markets sector

Publicly-listed companies are also required by OJK regulations to periodically submit financial reports. In addition, the IDX requires publicly-listed companies to submit quarterly financial statements. Under Law No. 40/2007, the board of directors must submit an annual report to a General Meeting of Shareholders. Publicly-listed companies are required to report to the OJK and the IDX and are required to announce any material public information or events that may affect the price of securities or investors' decisions to the public, no later than two (2) working days after the event has occurred. Such events include mergers and changes in control or a significant change in management.

Audits and inspections

The OJK conducts periodic audits of all Indonesian banks and is entitled to conduct inspections and investigations and to request additional information to ensure compliance with its regulations or obtain information it may need for enforcement purposes. Bank Indonesia may also direct special audits on certain systemically important banks and/or other banks (in the context of its macro prudential function and duties), by submitting prior notice to the OJK, and the result report of any inspections must be submitted to the OJK within one (1) month after the issuance of such report.

Deposit guarantee program

In 1998, the Government, in response to the economic crisis and to support the deteriorating Indonesian banking industry, established a Government guarantee program and an exchange offer program to provide guarantees to bank depositors and creditors.

On 22 September 2004, the Government issued Law No. 24 of 2004 on the Indonesia Deposit Insurance Corporation, which came into effect on 22 September 2005 and was amended by Government Regulation In Lieu of Law No. 3 of 2008, dated 22 October 2008, which was later enacted as Law No. 7 of 2009, dated 13 January 2009 as partially revoked by Perpu No. 1/2020 (the "**IDIC Law**"). The enactment of the IDIC Law terminated the Government guarantee program and replaced it with a deposit guarantee program.

Pursuant to the IDIC Law, the LPS manages and administers the Government guarantee program. This institution is a separate legal entity that is directly responsible to the President of the Republic of Indonesia. The deposit guarantee obligation is limited to the savings of customers in the form of current accounts, time deposits, deposits certificates, savings and/or other similar forms. The value of the guarantee per customer in one bank was previously limited to Rp100.0 million, but the value was then increased to Rp2.0 billion with the enactment of Government Regulation No. 66 of 2008, dated 13 October 2008, on the Value of Deposits Guaranteed by the LPS. The premium for the guarantee is to be paid by a bank twice each year (no later than 31 January for the first half of the year and no later than 31 July for the second half of the year) amounting to 0.1% of the average monthly balance of the total deposits of each preceding period. No later than ninety (90) days after the revocation of a bank's license, LPS is obliged to pay the claim of the guarantee to the depositing customers of such bank, after conducting reconciliation and verification of the data. The payment will be in Rupiah and may be made in cash and/or in another form equivalent to it. The claim under the guarantee will not be paid if, pursuant to reconciliation and verification, (i) the data on the customer's deposits is not recorded at the bank; (ii) the depositing customer is a party that gains an unfair benefit; or (iii) the depositing customer contributed to the insolvency of the bank.

All banks, including commercial banks and BPRs, are obliged to participate in the deposit guarantee program. Failure to comply with the provisions regulated under the IDIC Law will result in a bank being charged with administrative penalties and penal sanctions.

Trading of Government recapitalisation bonds

Pursuant to Bank Indonesia Regulation No. 1/10/PBI 1999 as amended by Bank Indonesia Regulation No. 2/10/PBI/2000 on Government Obligation Portfolio for Commercial Banks Member of Recapitalisation Program, banks holding Government recapitalisation bonds issued as part of the Bank Recapitalisation Program may trade up to 10.0% of their holding of such bonds in the secondary market. Only bonds which are eligible to be traded may be used as security. In accordance with these regulations, any such bond trade must be reported to the OJK.

Anti-money laundering legislation and "Know Your Customer" principles

In October 2010, Indonesia issued Law No. 8/2010 on Prevention and Eradication of Money Laundering Criminal Act which sets out several elements of money laundering, any of which may constitute money laundering. In short, any person (individual or corporation) who places, transfers, assigns, spends, pays with, grants, deposits, brings abroad, transforms, exchanges with foreign currency or negotiable paper, or conducts any act over certain assets which have been (or are suspected to have been) derived from a crime (e.g., terrorism, corruption, smuggling), in which the person intends to conceal the origin of the assets, may be considered to commit money laundering. Further, under the legislation, money laundering also encompasses any act of receiving, the placement of, transfer, payment, grant, contribution, exchange of, or benefiting from certain assets which have been (or are suspected to have been) derived from a crime. The legislation requires financial service providers, such as banks, to report any suspicious financial transactions to the Indonesian Financial Transaction Reports and Analysis Centre (Pusat Pelaporan dan Analisis Transaksi Keuangan, or "**PPATK**"). Suspicious financial transactions include:

(a) Those which deviate in profile, characteristics or usual transaction patterns of the customer concerned;

(b) Financial transactions by customers that can be reasonably suspected to be conducted in order to avoid transaction reporting by the financial services provider which would be required by law;

(c) Financial transactions, whether or not completed, using assets that are reasonably suspected to constitute the proceeds of crime; and

(d) Financial transactions which can be requested by PPATK to be reported based on suspicions that they derive from the proceeds of crime.

The legislation broadens the concept of money laundering by including any suspicious transactions from Indonesia sent abroad and requiring such transactions to be reported to PPATK. There are different reporting requirements set out for each type of suspicious financial transactions. The legislation requires any suspicious (conventional) financial transaction to be reported in no later than three (3) business days after the financial services provider knows that there is an element of suspicion. For cash financial transactions, the reporting requirement becomes applicable for any cash financial transaction with a cumulative value of at least Rp500 million, or its equivalent, which is conducted in one or several transactions within one working day. In the case of cash financial transaction, a report must be made in no later than fourteen (14) business days since a transaction is made. The reporting deadline is the same for financial transactions carried out on a cross-border basis. In fulfilling these anti-money laundering requirements, banks are exempted from any otherwise applicable rules providing for banking confidentiality.

Further, under OJK Regulation No. 12/POJK.01/2017 on Implementation of Anti Money Laundering Program and Prevention of Terrorism Funding in Financial Services Sector as amended by OJK Regulation No. 23/POJK.01/2019, banks are required to implement the anti-money laundering program and prevention of terrorism financing program (the "**AML and Counter-Terrorism Program**").

The implementation of the AML and Counter-Terrorism Program constitutes part of the Bank's risk management. The implementation of the AML and Counter-Terrorism Program consists, at a minimum, of the following measures:

(a) The compliance of the banks' Board of Directors and Board of Commissioners with prevailing regulations;

(b) Policies and procedures to mitigate the risks of money laundering and/or terrorism financing;

(c) Effective internal control systems;

(d) An information management system capable of identifying, analyzing, monitoring and producing reports on the characteristics of customers' transactions; and

(e) Human resources (pre-employment screening procedures) and training.

Customer relations

The OJK has issued OJK Regulation No. 18/POJK.03/2017 on Reporting and Requesting Borrowers' Information through the Service System Financial Information, regulating the central credit bureau which is intended to maintain comprehensive information on individual and corporate credit card holders and other borrowers. Under the regulation, banks and credit card providers are required to report regularly to the OJK information about borrowers, funds facility, collateral, guarantor, management and owners, and borrower's financial reports.

OJK regulations also require Indonesian banks to provide their customers with complete and accurate information on their product offerings. In addition, any publication of a customer's personal data must receive the prior approval of the customer concerned. Indonesian banks are also required to establish and maintain a system for monitoring and resolving customer complaints. Banks are required to resolve complaints addressed by the customers within twenty (20) working days of receipt. This period may be extended for an additional period of twenty (20) working days.

Further Supervision by OJK

A bank facing liquidity or other problems that jeopardises its business activities may face further supervision by the OJK. As one of the implementing regulation of Law No. 9/2016 (the "**KSSK Law**"), OJK Regulation No. 15/POJK.03/2017 on Determination of Status and Further Supervision for Banks ("**OJK Regulation No. 15/2017**") states that a systematic bank is defined as a bank that may cause partial or total failure of other banks or the financial services sector, either operationally or financially, if that bank experiences disruption or failure due to (i) the size of its assets, capital and liabilities, (ii) its network width or banking transaction complexity, and (iii) relations with other financial services sectors. Further, the OJK is responsible for determining the supervision status for banks, which comprises normal supervision, intensive supervision or special supervision. In relation to these levels of supervision, OJK Regulation No. 15/2017 authorises the OJK, among other things, to:

(a) Require the bank to change the composition of its board of directors or board of commissioners;

(b) Require the bank to write off its bad loans and absorb its losses with its capital;

(c) Require the merger or consolidation of the bank with another bank;

(d) Require that the bank be purchased by a third party that is willing to assume the bank's liabilities;

(e) Require the bank to hand over the management of all or part of the bank's activities to another party;

(f) Require the bank to sell part, or all, of its assets and/or liabilities to another bank or party;

(g) Prohibit the bank from distributing some funds;

(h) Prohibit the bank from engaging in certain transactions with related parties or other parties stipulated by OJK;

(i) Restrict the growth of the bank's assets, participation, new funds limitation;

(j) Restrict the payment of the salary, remuneration, or any similar form of payment to the members of the board of commissioners or board of directors of the bank, or compensation to the related parties, unless with prior consent from the OJK; and/or

(k) Restrict the bank from making distributions on subordinated loans or debts.

A bank will be put under intensive supervision if the bank has a potential problem that may endanger the continuation of its business, which includes, among others:

(a) Having its CAR below a percentage stipulated by the OJK;

(b) Having a high-risk rating pursuant to the result of the assessment of all risks;

(c) Having a composite rating 4 or 5; and/or

(d) Having non-performing loans/financing of more than 5.0% net of the total credit.

The OJK will require the bank to implement the recovery action plans that have been prepared by the relevant bank in such circumstances. Under the KSSK Law, the recovery plan prepared by a bank must at least include the obligation of the controlling shareholders and/or other parties to inject capital or convert any debt to equity. The level of supervision will further be elevated to "**special supervision**" if during the OJK's intensive supervision, any of the following events occur:

(i) The bank's CAR falls below 8.0%; or

(ii) The bank's statutory reserves ratio in Rupiah is less than the ratio stipulated by the OJK (and based on OJK's assessment, the bank has a principal liquidity problem or bad development in the short-term period); or

(iii) The intensive supervision period of the bank has lapsed.

A bank placed under special supervision is required to increase its capital to satisfy the CAR or statutory reserves requirement within three (3) months after the receipt of the OJK's notification. In relation to the special supervision, the OJK is entitled to, among other things:

(a) Prohibit the bank from selling or decreasing assets or increasing the commitment and contingencies except for SBI, GIRO, at Bank Indonesia, inter-bank collection and Government bonds;

(b) Instruct the bank to report any change of its shareholding composition which is less than 10.0%; and

(c) Prohibit any change of shareholding composition of the bank for its (i) shareholders having shares equal to or more than 10.0% of the issued capital, and/or (ii) controlling shareholders, including all related parties controlling the bank, unless with prior consent from the OJK.

Further, the OJK may suspend certain activities of a bank that is placed under special supervision for a maximum period of one (1) month during the special supervision period if (i) the OJK considers that the bank's financial condition does not improve, and (ii) there is a violation of banking provision performed by the bank's board of directors, board of commissioners or controlling shareholder. The OJK shall notify the LPS of its determination of a bank being under special supervision. At the latest three (3) days after being placed under special supervision, the bank must submit the following reports to the OJK:

(a) Its latest financial statements including the balance sheet, profit and loss statement and the administrative accounts;

(b) Its latest details of the productive assets, classified based on the quality;

(c) Its latest composite rating;

(d) Information and documentation on the (i) latest list of its aggregate customers savings, (ii) detailed list of its receivables and liabilities to related parties, and (iii) other information required by the OJK;

(e) Latest financial statement from its subsidiary companies (other than temporary capital participation in terms of debt restructuring);

(f) Its latest group structure, including its direct owner and ultimate shareholders; and

(g) A cash flow projection report for a period of the next one (1) month, broken down on a daily basis or based on the frequency and reporting period stipulated by the OJK.

If, under special supervision, the bank's (i) CAR falls below 4.0% and cannot be increased to 8.0% and/or, (ii) its statutory reserves in Rupiah are less than zero, or (iii) its special supervision period has lapsed, the OJK will declare that the bank cannot be restructured by a written notification. In light of this, the OJK will cooperate with Bank Indonesia to decide whether or not failure of the bank will be classified to have systemic impact. In case such failure is declared to have systemic impact, the OJK will ask the LPS to prepare for further steps that need to be taken by the bank for its restructuring. Otherwise, if failure of such bank is declared not to have a systemic impact, the OJK will notify and request that the LPS decide whether or not it will rescue the bank.

If LPS decides not to rescue the bank (which has been declared not capable of being restructured), the OJK may revoke the bank's license after having been informed by the LPS. Under IDIC Law, if a bank's license is revoked, and LPS Regulation No. 1/PLPS/2011 on Liquidation of Banks as amended, LPS shall establish a liquidation committee.

In the event that a bank fails to comply with regulations issued by the OJK, the OJK has the authority to (i) impose administrative sanctions on such bank and (ii) revoke the license of such bank. Sanctions against a bank may include (i) the imposition of monetary penalties, (ii) a decrease in the rating of the bank (which may prevent the bank from opening new branches), (iii) restrictions on participation in clearing activities, (iv) suspension of all or part of the activities of the bank, (v) dismissal of the bank's management or (vi) listing the members of management, employees of the bank and shareholders in the list of persons who are declared as not being fit and proper persons to act in the field of banking.

OJK Regulation 14/2017 requires systemically important banks to submit a recovery plan. The recovery plan must be approved by the shareholders in a general meeting and the Board of Commissioners of the relevant systemically important bank. Further, the President Director, the President Commissioner and the controlling shareholder of the relevant systemically important bank must sign the recovery plan. The recovery plan must contain a recovery option where the controlling shareholder or the ultimate shareholder is required to increase the capital and amend the type of loan of certain investment to a capital of the relevant systematic bank if the bank faces capitalisation problems, by conducting:

(a) Capital deposit;

(b) Postponement of dividend distribution;

(c) Distribution of stock dividend;

(d) Calculation of the accumulation of loss suffered by a shareholder in accordance to its responsibility based on type of owned shares;

(e) Conversion of loans or investment instruments which have a capital characteristic owned by the shareholders to an ordinary share; and/or

(f) Write-down of loans or investment instruments which have a capital characteristic owned by the shareholders.

After the systematic bank prioritises the recovery options to be done by the controlling shareholder, the bank may then involve third parties to, among others:

(a) Conduct a rights issue;

(b) Conduct a private placement (issuing of shares not through an initial public offering);

(c) Convert the debt instruments or investments with capital characteristics owned by third parties into ordinary shares; and/or

(d) Conduct a write-down of debt instruments or investments with capital characteristics owned by third parties.

The recovery plan must be submitted to the OJK for its review and approval. As of 29 December 2017, banks that have been determined as systemically important banks by the OJK must have submitted their recovery plans to OJK. After 7 April 2018, if a bank is determined as a systemically important bank by the OJK, that bank must submit its recovery plan to OJK at the latest six months after its determination date.

Systemically important banks must update their recovery plans annually. Along with the update, the said banks must also conduct stress testing to their recovery plans. An updated recovery plan must be submitted to the OJK annually before the end of November or one month since stress testing of recovery plan under some circumstances.

Capital Market Regulation

On 21 April 2020, OJK issued OJK Regulation No. 17/POJK.04/2020 on Material Transactions and Change of Business Activities, which is partially effective and revoked certain provisions in Bapepam-LK Regulation No. IX.E.2 on Material Transactions and Change of Main Business Activities as attached to Decree of Chairman of Bapepam-LK No. 614/BL/2011 ("**Bapepam-LK Regulation No. IX.E.2**") on 21 April 2020 and will revoke the remaining provisions in Bapepam-LK Regulation No. IX.E.2 in six (6) months from 21 April 2020 ("**Material Transaction Rules**"). As of the date of this Offering Circular, pursuant to the Material Transactions Regulation, each borrowing and lending in one transaction or a series of related transactions for a particular purpose or activity having a transaction value of 20% to 50% of the public company's equity, as determined by the latest audited annual financial statements, semi-annual limited reviewed financial statements or audited interim financial statements (if any), must be announced to the public and the listed company must also prepare an appraisal report, subject to certain exemptions available under the Material Transactions Regulation. The announcement relating to the material transaction must be made to the public in at least one Indonesian language daily newspaper having national circulation no later than the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction. The announcement is required to include a summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company's financial condition, a summary of the appraisal report (including its purpose, the object, the parties involved, the assumptions, qualifications and methodology used in the appraisal report, the conclusion on the value of the transaction, and the fairness opinion on the transaction), which must not be dated more than six (6) months prior to the date of the material transaction, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending. Publicly-listed companies must submit evidence of an announcement as referred to above, including the independent appraisal report to the OJK by the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction.

Subject to certain exceptions under the Material Transactions Regulation, a material transaction (in this case, borrowing and lending) with a value in excess of 50% of a company's equity must be approved by shareholders holding more than half of all shares with valid voting rights who are present or represented, and more than half of such shareholders present or represented approve the transaction, in addition to fulfilling the appraisal disclosure requirements.

Publicly-listed companies are required to submit periodic financial reports, including annual financial statements and semi-annual financial statements to the OJK in accordance with Bapepam-LK Regulation No. X.K.2 on Obligation to Submit Periodic Financial Statements. In addition, the IDX requires publicly-listed companies to submit annual and interim (quarterly) financial statements under IDX Regulation No. I-E on Obligations of Information Submission ("**IDX Regulation No. I-E**").

Under OJK Regulation No. 31/POJK.04/2015 on Disclosure on Material Information or Facts by Issuers or Public Companies ("**OJK Regulation No. 31 of 2015**") and IDX Regulation No. I-E, publicly-listed companies are required to report to the OJK and the IDX and are required to announce to the public any material public information or facts that may affect the price of securities or investors' decisions, no later than two (2) business days after the event has occurred.

In addition, under OJK Regulation No. 31 of 2015, the announcements must include:

(a) The date of the event;

(b) The types of material information;

(c) A description of the material information; and

(d) The impact caused by that material information.

Public companies are also required to submit an annual report to the OJK and the IDX consisting of a summary of material financial data, information on shares (if any), the reports of the Board of Directors and the Board of Commissioners, company profile, management analysis and discussion, corporate governance, corporate social and environmental responsibility, audited annual financial statements and statement letter on the responsibilities of the Board of Directors and the Board of Commissioners in relation to the content in the annual report pursuant to OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuers or Public Companies and IDX Regulation No. I-E. The annual report must be submitted to the OJK and the IDX within four (4) months of the end of the relevant financial year of that publicly-listed company.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Bank, the Trustee nor any Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Transfers of Notes represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bank, the Trustee, the Agents or any Dealer will be responsible for any performance by Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership and disposition of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences relating to ownership and disposition of the Notes in light of their particular situations. This description is based on laws, regulations and interpretations as now in effect and available as of the date of this Offering Circular. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Notes. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Each prospective purchaser is urged to consult its own tax adviser about the tax consequences under its circumstances of purchasing, holding and selling the Notes under the laws of Indonesia, its political subdivisions and any other jurisdictions where the prospective purchaser may be subject to tax.

Indonesian taxation

The following is a summary of certain Indonesian income tax consequences relevant to prospective Noteholders that are not tax residents in Indonesia and that have no permanent establishment ("**PE**") in Indonesia. The summary only covers taxes imposed by Indonesia under Indonesian tax laws and the implementing regulations. The summary does not address any laws other than the tax laws of the Republic of Indonesia in force and as they are applied in practice as at the date of this Offering Circular.

The summary represents a general guide only and should not be relied upon by individual or corporate holders of the Notes. It is recommended that holders of the Notes seek independent tax advice relevant to their facts and circumstances.

General

Resident taxpayers, individual or company, are subject to income tax in Indonesia. Generally, an individual is considered to be a non-resident of Indonesia if the individual does not reside in Indonesia or does not stay (or intend to stay) in Indonesia for more than 183 days within a twelve-month period. A company can be considered to be a non-resident of Indonesia if the company is not established or domiciled in Indonesia. A non-resident may also be subject to Indonesia taxation if the non-resident earns or received income (i) by conducting business or activities through a PE in Indonesia or (ii) sourced from Indonesia.

In determining the tax residency and allocation of taxing rights on income between two countries, of an individual or company, consideration will also be given to the provision of any applicable tax treaty which Indonesia has concluded with other countries. In this section, both a non-resident individual and a non-resident company will be referred to as "non-resident taxpayers" unless the context states otherwise.

Non-resident taxpayers, who derive Indonesian sourced income, including interest, are generally subject to a final withholding tax on that income at a rate of 20%, as long as the income is not effectively connected with a PE of the non-resident taxpayer in Indonesia. If the income is effectively connected with a PE in Indonesia, such income shall be regarded as income earned by the PE, and is taxable in the same manner as for resident taxpayers. This withholding tax may be reduced or exempted under the provisions of any applicable Tax Treaty.

Taxation on interest, including premium and discount, and other payments related to the Notes

Payments of principal under the Notes by the Bank are not subject to withholding tax in Indonesia, while the interest paid or due to be paid by the Bank to a non-resident taxpayer with no PE in Indonesia is subject to final withholding tax in Indonesia at the statutory rate of 20% or the relevant reduced rate under an applicable tax treaty between Indonesia and countries where the relevant Noteholders are tax residents. To use the reduced rate under an applicable tax treaty, a non-resident individual or company must satisfy the eligibility requirements under the applicable tax treaty and domestic tax regulations, including the requirement that the interest recipient be the beneficial owner of the income. See "Application of Tax Treaties under Indonesian Tax Regulations" below. However, as described under Condition 8, and subject to the limitations therein, Noteholders will generally be entitled to additional amounts to cover the Indonesian withholding tax irrespective of whether such Noteholders qualify for tax treaty relief.

Payment of principal under the Notes to an Indonesian (whether an individual or a corporation) who is a tax resident or a PE in Indonesia ("**Indonesian Tax Resident**") is not subject to tax. Whilst interest due (including premium or discount, and any other payments in the nature of interest in form of additional amount, applicable premium, etc.) to any Indonesian Tax Resident Noteholders (other than banks operating in Indonesia and government-approved pension funds which are exempt from withholding tax), under the Notes with more than a twelve-month maturity period, are subject to a final withholding tax rate of 15%. A special tax rate of 5% is available for interest received by a mutual fund registered with the OJK until year 2020 and 10% thereafter.

Interest (including premium and discount) paid or due to be paid by the Issuer under the Notes with maturity period of twelve-months or less, to Indonesian Tax Residents, will be subject to withholding tax in Indonesia at the statutory rate of 15%, except for banks and the Minister of Finance-approved financing companies. This withholding tax serves as tax prepayments of the Corporate Income Tax (generally at 22%, for the fiscal years 2020 and 2021, and 20% starting in the 2022 fiscal year, unless there is a reduction or facilities provided by the Government) or progressive Individual Income Tax (at maximum of 30%).

The use of tax treaty relief

Indonesia has signed tax treaties with a number of countries including Australia, Belgium, Canada, France, Germany, Japan, the Netherlands, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America.

Where a tax treaty exists, the eligibility requirements of that treaty are satisfied if there is no misuse of the tax treaty, fulfil the beneficial ownership test, and the administrative requirements under Indonesian tax regulations are met. Then a reduced rate of withholding tax based on the tax treaty may be applicable in the case of interest (or payments in the nature of interest such as premium and discount). In this regard, the term "interest" may be defined differently in various tax treaties to which Indonesia is a party.

To obtain the benefit of an applicable tax treaty, the non-resident taxpayer must be the actual owner of the economic benefits of the income (referred to as beneficial owner of the income) and comply with the eligibility requirements for application of the treaty in Indonesia. Please refer to "*– Application of Tax Treaties under Indonesian Tax Regulations*", "*– Beneficial Ownership Tests*", and "*– Certificate of Domicile*". However, as discussed in Condition 8 and subject to the limitations therein, holder of the Notes will generally be entitled to additional amounts to cover to the Indonesian withholding tax irrespective of whether such holder of the Notes qualify for and establish eligibility for a reduced rate of withholding under any tax treaty.

Application of tax treaties under Indonesian tax regulations

The Director General of Taxes (the "**DGT**") issued DGT Regulation No. PER-25/PJ/2018 ("**PER-25**") dated 21 November 2018, effective from 1 January 2019.

Based on PER-25, an Indonesian Tax Resident required to withhold taxes may apply the relevant tax treaty provisions if all of the following conditions are met:

a. The income recipient is not an Indonesian tax resident.

b. The income recipient is an individual or a corporate tax resident of a treaty country.

c. There is no misuse of tax treaty.

d. The income recipient is the beneficial owner of the income as required in the tax treaty.

PER-25 states that there is no misuse of tax treaty if:

i. Non-residents have the following:

    a. Economic substance in the establishment or in the execution of its transaction;

    b. The same legal form as the economic substance in the establishment or in the execution of its transaction;

    c. Business activities that are managed by its own management and the management has sufficient authority to carry out the transaction;

    d. Sufficient and adequate fixed assets and non-fixed assets to conduct business activities in the home country other than the assets generating income from Indonesia;

    e. Sufficient and qualified personnel with certain expertise and skill in accordance with the business run by the Company;

    f. Active business other than receiving dividends, interest, and/or royalties from Indonesia.

ii. There are no arrangements in the transaction, either directly or indirectly, which are intended to obtain benefits from the implementation of a double taxation convention, such as:

    a. reduction of tax; and/or

    b. becoming not subject to taxes in any country or jurisdiction (double non-taxation), which is contrary to the intent and purpose of concluding a double taxation convention.

Beneficial ownership tests

An individual taxpayer must fulfil beneficial ownership tests if required under the relevant tax treat by not acting as agent or nominee.

In addition, a non-individual taxpayer must fulfil beneficial ownership tests if required under the relevant tax treaty where they generate income in the form of dividends, interest, or royalties. The beneficial ownership tests consist of the following:

1. The entity is not acting as an agent, nominee, or conduit;

2. The entity has controlling rights or disposal rights on the income, or the assets or rights that generate the income;

3. No more than 50% of the entity's income is used to satisfy claims by other persons;

4. The entity bears the risk on its own assets, capital, or the liabilities;

5. The entity has no contract/s which obliges the entity to transfer the income received to residents of a third country.

Non-Indonesian tax residents must fulfil the above requirements as implemented by the DGT in order to apply tax treaty benefits in Indonesia. The relevant DGT tax residency form must be provided to the Indonesian party required to withhold taxes and submitted to the DGT system once for the period covered/stated in the DGT form. Failure to meet all the requirements and to provide the complete DGT form in a timely manner will preclude the non-Indonesian tax residents from applying tax treaty benefits.

Certificate of domicile

Effective from 1 January 2019, there is only one type of DGT form.

Part II of the DGT form needs to be signed off by the competent foreign tax authority. The sign-off of foreign residency by the foreign tax authority may be substituted with a standard Certificate of Residence ("**CoR**") issued by the competent foreign tax authority (in this case, the foreign tax authority does not need to sign off on Part II of the DGT form, although the rest of the form must still be completed by the non-Indonesian tax resident). To use the CoR issued by the foreign tax authority, such CoR must meet the following requirements:

a. It must be in the English language;

b. It must contain:

    1. the name of the non-resident taxpayer;

    2. the date of issuance;

    3. the applicable fiscal year of the CoR; and

    4. the signature of the authorised official of the foreign tax office, or mark equal to signature according to the common practice in the treaty partner country, and the name of such official.

Part II of the DGT form also requires the period covered to be stated, with maximum of 12 months.

The misuse of tax treaty and beneficial ownership tests are presented in Part V and VI (for non-individuals) of the DGT form for non-Indonesian tax residents. Furthermore, as the responsibility to withhold rests with Indonesian tax residents, the Indonesian withholding party must examine a DGT form provided by a non-Indonesian tax resident as follows:

(1) The withholding party must perform an examination of whether there is any misuse of tax treaty by ensuring whether any question in questions 5 to 10 in Part V of the DGT form is answered with a "no", in which case tax treaty benefits shall not be applied.

(2) The withholding party must perform an examination of whether the main objective of the transaction arrangement is to take advantage of a tax treaty in a manner contrary to its objective. The withholding party must ensure that if Part V, question 11 of the DGT form is answered with a "yes", and tax treaty benefits shall not be applied.

(3) The withholding party must perform an examination to identify whether the non-Indonesian tax resident constitutes a beneficial owner as prescribed in the tax treaty by confirming whether the DGT form contains any of the following answers:

a. "Yes" in Part IV, Point 3 (for individual);

b. "Yes" in Part VI, Point 1;

c. "No" for at least one of the questions in Part VI, Point 2 up to Point 4; or

d. "Yes" in Part VI, Item 5.

In such cases, tax treaty benefits cannot be applied.

Multilateral Instruments ("MLI") reservation

The President of Indonesia issued Regulation No. 77 of 2019 ("**PerPres No. 77/2019**") on November 12, 2019, which ratifies the multilateral convention implementing tax treaty-related measures to prevent base erosion and profit shifting ("**MLI**"). Pursuant to PerPres No. 77/2019, 47 tax treaties (also referred to as Covered Tax Agreements ("**CTAs**")) with Indonesia are nominated by Indonesia to become subject to the changes set out under the MLI, including CTAs with Australia, Canada, France, Hong Kong, India, Japan, Luxembourg, Malaysia, Netherlands, Singapore, Switzerland, the United Kingdom and the U.S.

The MLI will become effective and modify a relevant CTA at a point (determined in the MLI) after both relevant jurisdictions have deposited the instrument of ratification, acceptance or approval and the entry into force of the MLI. As of the date of this Offering Circular, Indonesia has not announced whether it has deposited the ratification of the MLI with the Organization for Economic Co-operation and Development ("**OECD**"). Out of the 47 treaty partner jurisdictions, some of treaty partner jurisdictions have already deposited the instrument of ratification with the OECD, while others have not.

The MLI will introduce several changes to a relevant CTA including, among others, the following:

(a) The addition of the following preamble to the purpose of a CTA:

"Intending to eliminate double taxation with respect to the taxes covered by this agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this agreement for the indirect benefit of residents of third jurisdictions)."

(b) The replacement of the existing provision relating to the prevention of treaty abuse with the below or the addition of the provision below relating to the prevention of treaty abuse:

"Notwithstanding any provisions of the CTA, a benefit under the CTA shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of the CTA."

Noteholders should monitor the timing of when the MLI comes into effect and understand how the corresponding modifications to the provisions of a CTA will impact the Noteholder in the Noteholder's resident jurisdiction To the extent the MLI comes into effect and operates to modify an applicable CTA with a Noteholder's resident jurisdiction, Noteholders should consider the potential implications, arising from the acquisition, sale and other dealings in respect of the Notes, of the principle purpose test and limitation of benefits ("**LOB**") under the MLI, which may operate to limit treaty benefits in certain circumstances. Only some of the nominated tax treaties will be modified to include an LOB.

Taxation of capital gains

Under Government Regulation No. 16/2009 effective 1 January 2009 ("**GR-16**") and most recently amended by Government Regulation No. 55/2019 which took effect on 12 August 2019 ("**GR-55**"), non-resident individuals and corporations without a PE in Indonesia may be subject to Indonesian withholding tax on any gain derived from the sale or other disposal of notes to an Indonesian resident individual or corporation. Under GR-16 and GR-55, a gain on such sales would be subject to Indonesian withholding tax as the DGT would treat the capital gain as interest. Therefore, any gain from the sale of Notes to an Indonesian tax resident by an investor that is not an Indonesian tax resident, where the transaction is conducted through a securities company, dealer or bank in Indonesia (either as intermediary or principal), will be subject to the 20% Indonesian withholding tax normally applicable to interest.

However, if the non-resident taxpayer with no PE in Indonesia, is a tax resident of a jurisdiction that has a tax treaty with Indonesia, for which the gains on disposal of the Notes are defined as interest under the tax treaty, the reduced withholding tax rate may be available. Some tax treaties may define the gains on disposal of the Notes not as interest, such as capital gains, which in this case exemption from withholding tax may be available depending on the relevant tax treaty provision. The reduced/exempted withholding tax applicable to a non-resident individual and corporation who resides in a treaty country is also subject to the satisfaction of eligibility by the Noteholders and reporting requirements by the withholding Indonesian party under the relevant tax treaty and domestic tax regulations (see "*– The use of tax treaty relief*" and "*– Certificate of domicile*".

Whilst for Indonesian Tax Resident, any gain derived from the sale or other disposal of notes with more than a twelve-month maturity period will be subject to final withholding tax in Indonesia at the statutory rate of 15%. This final withholding tax is not applicable if the recipient is a bank or a Minister of Finance-approved pension fund, which will be subject to annual Corporate Income Tax, generally at 22%, for the fiscal years 2020 and 2021, and 20% starting in fiscal year 2022. A special tax rate of 5% is available for gains received by a mutual fund, infrastructure investment funds, real estate investment funds, and asset-back securities registered with the OJK until year 2020 and 10% thereafter.

Any gain derived by an Indonesian Tax Resident from the sale or other disposal of notes with maturity period of twelve-months or less, will technically be subject to withholding tax in Indonesia at the statutory rate of 15%, except for banks and Minister of Finance-approved financing companies. However, as the Notes are issued and traded overseas, if there is no withholding tax mechanism in place overseas, gain from the sale of the Notes to a non-resident of Indonesia should be subject to Corporate Income Tax (generally at 22% for fiscal years 2020 and 2021, and 20% starting in fiscal year 22, unless there is a reduction or facilities provided by the Government) or progressive Individual Income Tax (at maximum of 30%).

Other Indonesian taxes

There should be no Indonesian estates, inheritance, succession or gift taxes generally applicable to the acquisition, ownership or disposition of the Notes.

Stamp duty

In Indonesia, nominal stamp duty of Rp6,000 (approximately US$0.42) is applied on agreements and transaction documents, and is unrelated to the value of the transaction documented. Stamp duty applies to certain documents made, executed or brought into Indonesia or intended to be used as evidence in civil proceedings. Documents subject to stamp duty include notarial deeds, documents evidencing or recording the receipt of money, and securities instruments. The nominal amount of Indonesian stamp duty applied to any kind of securities transaction with a value greater than Rp1,000,000 is Rp6,000. Generally, the stamp duty is due at the time the document is executed. Stamp duty is payable by the party who benefits from the executed document unless all parties involved decide otherwise.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the US Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Bank is a foreign financial institution for these purposes. A number of jurisdictions (including Indonesia) have entered into, or have agreed in substance to, IGAs which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the US Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for US federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the US Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Bank). However, if additional notes (as described under "*Terms and Conditions of the Notes – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transactions tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

General

The tax treatment of non-resident Noteholders in jurisdictions outside Indonesia may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Offering Circular does not discuss the tax implications for such non-resident holders under laws other than those of Indonesia.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated 29 March 2019, agreed with the Bank a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes". In the Programme Agreement, the Bank has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Bank may also from time to time agree with the relevant Dealer(s) that the Bank may pay certain third party commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Bank. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time.

If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Dealers or any affiliate of the Dealers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Bank in such jurisdiction.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Bank or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Bank or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act or pursuant to another exemption from the registration requirements of the Securities Act.

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note.

In addition, in respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement:

(a) except to the extent permitted under US Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor US Treasury Regulation Section including, without limitation, regulations issued in accordance with US Internal Revenue Service Notice 2012-20 or otherwise in connection with the US Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**"), each Dealer (i) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and that during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not delivered and that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has and that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, each Dealer has represented, and each further Dealer appointed under the Programme will be required to represent, that it is acquiring Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of US Treas. Reg. Section I.163-5(c)(2)(i)(D)(6) (or any successor US Treasury Regulation Section including, without limitation, regulations issued in accordance with US Internal Revenue Service Notice 2012-20 or otherwise in connection with the US Hiring Incentives to Restore Employment Act of 2010); and

(d) with respect to each affiliate that acquires Notes in bearer form from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in Subclauses (a), (b) and (c) on such affiliate's behalf.

Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder, including the D Rules.

In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement, such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its US office in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional US selling restrictions as the Bank and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional US selling restrictions.

Public Offer Selling Restriction under the Prospectus Regulation and Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Public Offer Selling Restrictions under the Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Bank;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued nor had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged that and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**") pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Indonesia

This offering does not constitute a public offering in Indonesia under Law 8/1995 and its implementing regulations. This Offering Circular may not be distributed in Indonesia and the Notes may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled or to Indonesian residents in a manner, which constitutes a public offering of the Notes under the laws and regulations of Indonesia.

PRC

Each Dealer has acknowledged that, according to relevant PRC laws and regulations, the Notes may not be offered or sold directly or indirectly in the PRC to any person other than certain qualified domestic institutional investors, which have acquired specific approval or permission to purchase overseas capital market products in accordance with PRC laws and regulations.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Bank, the Trustee nor any of the Agents or other Dealers shall have any responsibility therefor.

None of the Bank, the Trustee, the Agents and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Bank and the relevant Dealer and as shall be set out in the applicable Pricing Supplement.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the board of directors of the Bank dated 29 January 2019, and as updated 26 November 2019, as further implemented by Approval to the Proposal for Execution of US Dollar Bonds Issuance for Wholesale Funding on 26 February 2020.

Listing of Notes

Application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, any Notes to be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Bank, the Programme or the Notes. Unlisted Notes may be issued under the Programme. The relevant Pricing Supplement in respect of any Series will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed. There is no assurance that the application to the Official List of the SGX-ST for the listing of the Notes of any Series will be approved. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in other currencies).

Rating of the Notes

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the rating(s) assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Documents available

Copies of the following documents will, when published, be available for inspection at the Bank's registered office and at the specified office of the Trustee:

(a) the constitutional documents of the Bank;

(b) the Consolidated Financial Statements;

(c) the most recently published audited consolidated and unconsolidated annual financial statements of the Bank and the most recently published consolidated and unconsolidated interim financial statements (if any) of the Bank, in each case together with any audit or review reports prepared in connection therewith (where relevant);

(d) the Trust Deed, the Agency Agreement, and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(e) a copy of this Offering Circular; and

(f) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

Each series of Bearer Notes will be initially represented by either a Temporary Global Note or a Permanent Global Note that will be deposited on the issue date thereof with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg. Each series of Registered Notes will be initially represented by interests in a Registered Global Note and deposited on the issue date thereof with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, Luxembourg. The appropriate Common Code and the ISIN for each series of Bearer Notes or Registered Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Bank and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Bank since 31 December 2019 and there has been no material adverse change in the financial position or prospects of the Bank or the Bank since 31 December 2019.

Litigation

The Bank is currently involved in a number of legal proceedings in connection with its banking business. The management of the Bank does not currently believe that these proceedings, if determined adversely, would have a material adverse effect on its business, financial condition or results of operations.

As of 31 December 2019, the Bank had a total potential financial exposure arising from outstanding legal proceedings amounting to Rp849.42 billion (US$61.19 million), and had provided an outstanding provision of Rp169.41 billion (US$12.20 million) in respect of ongoing or pending litigation proceedings against it. The management of the Bank believes that the provision is adequate to cover possible losses arising from legal claims against the Bank.

Auditors

The Bank's consolidated financial statements as of and for the years ended 31 December 2017, 2018 and 2019, prepared in accordance with IFAS and included in this Offering Circular, have been audited by KAP Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the IICPA as stated in their reports appearing herein.

Dealers Transacting with the Bank

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Bank and its affiliates in the ordinary course of business.

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Audited consolidated financial statements as of and for the years ended 31 December 2019, 2018 and 2017

PT Bank Mandiri (Persero) Tbk.
and Subsidiaries

Consolidated financial statements
as of December 31, 2019, 2018 and 2017
and for the years then ended
with independent auditors' report

mandiri

BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2019, 2018 AND 2017
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
Fax. (62-21) 527 4477, 527 5577
www.bankmandiri.co.id

We, the undersigned:

1. Name : Royke Tumilaar
   Office address : Jl. Jend. Gatot Subroto Kav. 36-38
   Jakarta 12190
   Residential address as stated in ID : Komp. Billy & Moon Blok L5/10 RT 007/RW 010
   Kelurahan Pondok Kelapa, Kecamatan Duren Sawit,
   Kotamadya Jakarta Timur
   Phone number : 021 – 5245245
   Title : President Director

2. Name : Rico Usthavia Frans
   Office address : Jl. Jend. Gatot Subroto Kav. 36-38
   Jakarta 12190
   Residential address as stated in ID : Kembang Harum II Blok C.6 No. 6 RT 004/ RW 004
   Kelurahan Kembangan Selatan, Kecamatan Kembangan,
   Kotamadya Jakarta Barat
   Phone number : 021 – 5245355
   Title : Director

in the above positions acted as and on behalf of the Board of Directors of PT Bank Mandiri (Persero) Tbk. declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Mandiri (Persero) Tbk. ("Bank") and Subsidiaries;
2. The consolidated financial statements of the Bank and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standard;
3. a. All information in the consolidated financial statements of the Bank and Subsidiaries have been disclosed in a complete and truthful manner;
   b. The consolidated financial statements of the Bank and Subsidiaries do not contain any incorrect information or material facts, nor do they omit information or material fact;
4. We are responsible for the Bank and Subsidiaries' internal control system.

Thus this statement is made truthfully.

Jakarta, April 30, 2020

President Director	Director
METERAI TEMPEL A684DAHF256604294 6000 ENAM RIBU RUPIAH	
Royke Tumilaar	Rico Usthavia Frans

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019, 2018 AND 2017 AND
FOR THE YEARS THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT

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Building a better working world

Purwantono, Sungkoro & Surja

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This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. 00877/2.1032/AU.1/07/0685-2/1/IV/2020

The Shareholders, Boards of Commissioners and Directors
PT Bank Mandiri (Persero) Tbk.

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019, 2018, and 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audits in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Purwantono, Sungkoro & Surja
Registered Public Accountants KMK No. [illegible]/KM.1/2015
A member firm of Ernst & Young Global Limited

Building a better working world

This report is originally issued in the Indonesian language.

Independent Auditors' Report (continued)

Report No. 00877/2.1032/AU.1/07/0685-2/1/IV/2020 (continued)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2019, 2018, and 2017 and their consolidated financial performance and cash flows for the years then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audits of the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2019, 2018, and 2017 and for the years then ended, were performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of PT Bank Mandiri (Persero) Tbk. (parent entity), which comprises the statements of financial position as of December 31, 2019, 2018, and 2017, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of PT Bank Mandiri (Persero) Tbk. outside of the United States of America in reliance on Regulation S under the United States Securities Act of 1933, and is not intended to be, and should not be, used for any other purposes.

Purwantono, Sungkoro & Surja

Benyanto Suherman
Public Accountant Registration No. AP.0685

April 30, 2020

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018	December 31, 2017
ASSETS				
Cash	2c,2g,62.B.(viii)	28,094,267	27,348,914	24,268,563
Current accounts with Bank Indonesia	2c,2g,2h,4	46,490,930	59,852,761	50,188,118
Current accounts with other banks	2c,2f,2g,2h,5			
Related parties	56	4,493	8,476	27,533
Third parties		12,558,997	14,827,485	12,305,856
		12,563,490	14,835,961	12,333,389
Less: allowance for impairment losses		(5,193)	(5,189)	(3,442)
Net		12,558,297	14,830,772	12,329,947
Placements with Bank Indonesia and other banks	2c,2f,2i,6			
Related parties	56	1,499,924	1,162,378	3,152,167
Third parties		36,116,511	21,403,656	71,498,349
		37,616,435	22,566,034	74,650,516
Less: allowance for impairment losses		(47,675)	(50,338)	(49,713)
Net		37,568,760	22,515,696	74,600,803
Marketable securities	2c,2f,2j,7,66			
Related parties	56	27,377,257	21,562,800	20,775,463
Third parties		43,789,655	42,569,876	38,784,589
		71,166,912	64,132,676	59,560,052
Add/(less): unamortised discounts, unrealised gains/(losses) - net from increase/(decrease) in fair value and allowance for impairment losses		96,456	(296,776)	78,271
Net		71,263,368	63,835,900	59,638,323
Government bonds - net				
Related parties	2c,2f,2k,8,56	129,000,300	114,284,518	103,411,188
Other receivables - trade transactions	2c,2f,2l,9			
Related parties	56	14,186,619	10,724,084	10,517,587
Third parties		16,229,083	15,688,973	14,921,890
		30,415,702	26,413,057	25,439,477
Less: allowance for impairment losses		(1,311,591)	(1,603,598)	(1,349,349)
Net		29,104,111	24,809,459	24,090,128

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018	December 31, 2017
ASSETS (continued)				
Securities purchased under agreements to resell				
Third parties	2c,2m,10	1,955,363	2,097,629	2,629,315
Derivative receivables	2c,2f,2n,11			
Related parties	56	18,817	149,832	23,824
Third parties		1,598,659	1,648,725	793,468
		1,617,476	1,798,557	817,292
Loans and sharia loan/financing	2c,2f,2o,12			
Related parties	56	171,384,121	160,729,702	113,611,412
Third parties		714,451,116	638,827,486	598,426,453
		885,835,237	799,557,188	712,037,865
Less: allowance for impairment losses		(29,988,393)	(31,796,093)	(33,745,345)
Net		855,846,844	767,761,095	678,292,520
Consumer financing receivables	2c,2f,2p,13			
Related parties	56	6,758	8,278	7,957
Third parties		18,558,948	17,189,878	15,137,262
		18,565,706	17,198,156	15,145,219
Less: allowance for impairment losses		(354,618)	(371,291)	(362,887)
Net		18,211,088	16,826,865	14,782,332
Net investment finance leases	2c,2q,14			
Third parties		3,055,071	3,328,389	2,364,629
Less: allowance for impairment losses		(7,982)	(9,286)	(7,739)
Net		3,047,089	3,319,103	2,356,890
Acceptance receivables	2c,2f,2u,15			
Related parties	56	1,198,875	2,183,157	1,049,343
Third parties		9,080,964	11,705,705	11,495,151
		10,279,839	13,888,862	12,544,494
Less: allowance for impairment losses		(221,804)	(296,453)	(254,234)
Net		10,058,035	13,592,409	12,290,260

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018	December 31, 2017
ASSETS (continued)				
Investments in shares	2f,2s,16			
Related parties	56	112,298	322,617	297,420
Third parties		506,631	129,476	48,816
		618,929	452,093	346,236
Less: allowance for impairment losses		(12,919)	(30,589)	(12,924)
Net		606,010	421,504	333,312
Prepaid expenses	17	3,012,550	2,858,186	2,784,234
Prepaid taxes	2ad,33a	1,176,600	1,236,027	2,688,049
Fixed assets	2r.i,2r.ii,18	57,657,529	50,075,628	46,991,375
Less: accumulated depreciation		(13,045,330)	(11,632,932)	(10,372,622)
Net		44,612,199	38,442,696	36,618,753
Intangible assets	2r.iii,2s,19	7,114,887	5,963,706	5,102,247
Less: accumulated amortisation		(3,793,603)	(3,198,980)	(2,700,780)
Net		3,321,284	2,764,726	2,401,467
Other assets	2c,2t,2v,2af,20	17,373,411	19,256,317	15,232,824
Less: allowance for other impairment losses		(623,357)	(598,662)	(617,790)
Net		16,750,054	18,657,655	14,615,034
Deferred tax assets - net	2ad,33e	3,951,710	4,997,622	5,564,319
TOTAL ASSETS		**1,318,246,335**	**1,202,252,094**	**1,124,700,847**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018	December 31, 2017
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY				
LIABILITIES				
Obligations due immediately	2w	3,169,451	3,843,194	2,838,567
Deposits from customers				
Demand deposits and *wadiah* demand deposits	2c,2f,2x,21			
Related parties	56	60,118,497	51,161,488	46,108,385
Third parties		187,325,770	148,662,268	156,756,475
Total		247,444,267	199,823,756	202,864,860
Saving deposits and *wadiah* saving deposits	2c,2f,2x,22			
Related parties	56	3,307,760	3,537,033	3,548,205
Third parties		321,180,312	303,745,320	305,163,703
Total		324,488,072	307,282,353	308,711,908
Time deposits	2c,2f,2x,23			
Related parties	56	34,132,147	40,762,862	35,491,966
Third parties		244,043,859	218,139,922	202,515,248
Total		278,176,006	258,902,784	238,007,214
Total deposits from customers		850,108,345	766,008,893	749,583,982
Deposits from other banks				
Demand deposits, *wadiah* demand deposits and saving deposits	2c,2f,2y,24			
Related parties	56	148,557	787,013	252,785
Third parties		7,599,711	3,051,371	3,985,605
Total		7,748,268	3,838,384	4,238,390
Interbank call money - third parties	2c,2f,2y,25	219,360	8,472,197	1,007,655
Time deposits	2c,2f,2y,26			
Related parties	56	-	116,958	108,473
Third parties		5,430,238	4,066,276	2,994,989
Total		5,430,238	4,183,234	3,103,462
Total deposits from other banks		13,397,866	16,493,815	8,349,507
Liabilities to unit-linked policyholders	2z,27	24,037,658	22,357,802	23,254,035

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018	December 31, 2017
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)				
LIABILITIES (continued)				
Securities sold under agreements to repurchase	2c,2f,2m,28			
Related parties	56,65	-	102,234	-
Third parties		3,782,055	16,509,294	3,592,883
Total		3,782,055	16,611,528	3,592,883
Derivative payables	2c,2f,2n,11,			
Related parties	56	42,505	19,126	16,582
Third parties		1,152,517	1,098,551	628,383
Total		1,195,022	1,117,677	644,965
Acceptance payables	2c,2f,2u,29			
Related parties	56	2,076,355	4,688,800	602,894
Third parties		8,203,484	9,200,062	11,941,600
Total		10,279,839	13,888,862	12,544,494
Debt securities issued	2c,2f,2aa,30			
Related parties	56,65	10,696,100	10,071,700	8,546,200
Third parties		21,620,405	9,055,200	8,341,088
		32,316,505	19,126,900	16,887,288
Less: unamortised debt issuance cost		(71,235)	(37,977)	(43,693)
Net		32,245,270	19,088,923	16,843,595
Estimated losses on commitment and contingencies	2c,31c	386,039	125,729	381,771
Accrued expenses	2c,2af,32	6,215,561	4,835,467	3,938,471
Taxes payable	2ad,33b	1,286,973	1,087,949	1,009,832
Employee benefit liabilities	2ai,34,51	7,586,150	7,987,887	8,277,388
Provision	63b	405,312	370,525	375,770
Other liabilities	2c,35	16,861,260	15,795,137	20,496,377
Fund borrowings				
Related parties	2c,2f,2ab,36	984,974	423,686	-
Third parties	56,65	53,143,588	51,230,296	35,703,679
Net		54,128,562	51,653,982	35,703,679

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018	December 31, 2017
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)				
LIABILITIES (continued)				
Subordinated loans and marketable securities	2c,2f,2ac,37			
Related parties	56,65	127,750	136,750	-
Third parties		537,295	550,040	191,501
		665,045	686,790	191,501
Less: unamortised subordinated loans and marketable securities		(828)	(1,060)	-
Net		664,217	685,730	191,501
TOTAL LIABILITIES		**1,025,749,580**	**941,953,100**	**888,026,817**
TEMPORARY *SYIRKAH* FUNDS	2f,2ae,38			
Deposits from customers				
Related parties	56			
Saving deposits - restricted investment and *mudharabah* saving deposits - unrestricted investment	38a.2a	207,504	144,810	34,784
Mudharabah time deposits - unrestricted investment	38a.3	1,526,416	2,132,346	939,315
Total related parties		1,733,920	2,277,156	974,099
Third parties				
Demand deposits - restricted investments and *mudharabah musytarakah - musyarakah* demand deposits	38a.1	2,969,820	682,242	525,285
Saving deposits - restricted investment and *mudharabah* saving deposits - unrestricted investment	38a.2a	34,465,922	31,173,610	28,165,952
Mudharabah time deposits - unrestricted investment	38a.3	43,846,541	40,772,071	36,557,273
Total third parties		81,282,283	72,627,923	65,248,510
Total deposits from customers		83,016,203	74,905,079	66,222,609
Deposits from other Banks				
Third parties				
Mudharabah saving deposit - unrestricted investment	38b	343,098	277,312	316,574
Mudharabah time deposit - unrestricted investment	38b	102,929	156,298	128,715
Total deposits from other banks		446,027	433,610	445,289
TOTAL TEMPORARY *SYIRKAH* FUNDS		**83,462,230**	**75,338,689**	**66,667,898**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018	December 31, 2017
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)				
EQUITY				
Attributable equity of the Parent Entity				
Share capital - Rp250 (full amount) par value per share as of December 31, 2019, 2018 and 2017 Authorised Capital - 1 share Dwiwarna Series A and 63,999,999,999 common shares series B as of December 31, 2019, 2018 and 2017 Issued and fully paid-in capital - 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2019, 2018 and 2017	40a	11,666,667	11,666,667	11,666,667
Additional paid-in capital/agio	40b	17,316,192	17,316,192	17,316,192
Differences arising from translation of financial statements in foreign currencies	2e	13,388	112,171	168,412
Net unrealised gain/(losses) from increase/ (decrease) in fair value of available for sale marketable securities and government bonds - net of deferred tax	2j,2k	1,385,796	(1,638,088)	1,117,864
Effective portion of cash flow hedges	2n,11	(30,045)	(17,030)	(6,436)
Net differences in fixed assets revaluation	2r.i,18	30,306,255	26,435,307	25,666,631
Net actuarial gain (loss) from defined benefit program - net of deferred tax	2ai,34,51	653,489	348,613	(462,008)
Other comprehensive income		85,052	-	-
Difference in transactions with non controlling parties	1g	(106,001)	(106,001)	(106,001)

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018	December 31, 2017
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)				
EQUITY (continued)				
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation on April 30, 2003)				
Appropriated		5,380,268	5,380,268	5,380,268
Unappropriated		137,929,792	121,704,418	105,977,254
Total retained earnings		143,310,060	127,084,686	111,357,522
		204,600,853	181,202,517	166,718,843
Noncontrolling interests in net assets of consolidated subsidiaries	2d,39	4,433,672	3,757,788	3,287,289
Total Equity		**209,034,525**	**184,960,305**	**170,006,132**
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY		**1,318,246,335**	**1,202,252,094**	**1,124,700,847**

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Years ended December 31, 2019	2018	2017
INCOME AND EXPENSE FROM OPERATIONS				
Interest income and sharia income	2f,2af,41,56			
Interest income		84,431,175	74,454,382	71,055,102
Sharia income		7,093,915	6,538,188	6,229,546
Total interest income and sharia income		91,525,090	80,992,570	77,284,648
Interest expense and sharia expense	2f,2af,42,56			
Interest expense		(29,070,226)	(23,710,628)	(22,755,157)
Sharia expense		(3,014,676)	(2,659,310)	(2,541,130)
Total interest expense and sharia expense		(32,084,902)	(26,369,938)	(25,296,287)
NET INTEREST AND SHARIA INCOME		**59,440,188**	**54,622,632**	**51,988,361**
Premium income	2ag	11,113,650	10,342,487	10,325,187
Claim expense	2ag	(9,306,147)	(7,635,354)	(7,860,112)
NET PREMIUM INCOME		**1,807,503**	**2,707,133**	**2,465,075**
NET INTEREST, SHARIA AND PREMIUM INCOME		**61,247,691**	**57,329,765**	**54,453,436**
Other operating income				
Other fees and commissions	2ah	14,216,435	13,013,786	12,448,315
Trading income - net	2c,2e,2n,43	3,871,620	3,657,290	3,471,667
Others	44	8,402,343	11,000,989	6,910,425
Total other operating income		26,490,398	27,672,065	22,830,407
Allowance for impairment losses	2c,45	(11,742,986)	(14,394,973)	(15,646,385)
(Provision)/reversal for impairment losses on commitments and contingencies	2c,31c	(262,215)	270,973	(173,402)
Provision for other allowances	2t,46	(67,262)	(61,498)	(132,050)
Unrealised gain/(loss) from increase/ (decrease) in fair value of policyholders investment in unit-link contracts	2j,2k,2z,47	8,205	(18,483)	46,849
Gains on sale of marketable securities and government bonds	2j,2k,48	853,850	674,087	779,993

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Years ended December 31, 2019	2018	2017
Other operating expenses	2f,2ai,			
Salaries and benefits	49,51,56	(17,221,046)	(16,322,769)	(14,858,642)
General and administrative expenses	2r,50	(17,635,053)	(16,587,005)	(15,405,579)
Others - net	52	(5,220,068)	(4,656,365)	(4,724,876)
Total other operating expenses		(40,076,167)	(37,566,139)	(34,989,097)
INCOME FROM OPERATION		**36,451,514**	**33,905,797**	**27,169,751**
Non operating (expense)/income - net	53	(10,074)	37,572	(12,888)
INCOME BEFORE TAX EXPENSE AND NONCONTROLLING INTEREST		**36,441,440**	**33,943,369**	**27,156,863**
Tax expense				
Current	2ad,33c,33d			
Current year		(7,433,937)	(5,918,708)	(5,593,293)
Prior year	33f	(201,197)	(1,313,347)	-
Deferred	2ad,33c,33e	(350,714)	(859,377)	(120,528)
Total tax expense - net		(7,985,848)	(8,091,432)	(5,713,821)
NET INCOME FOR THE YEAR		**28,455,592**	**25,851,937**	**21,443,042**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Gains on fixed asset revaluation	2r.i	3,870,948	768,681	526,108
Actuarial gain from defined benefit program	2ai	368,663	1,023,174	(641,569)
Income tax related to items that will not be reclassified to profit or loss		(72,032)	(206,373)	125,139
Others		85,052	-	-
		4,252,631	1,585,482	9,678
Items that will be reclassified to profit or loss				
Difference arising from translation of financial statements in foreign currencies	2e	(100,228)	(55,547)	(32,750)
Changes in fair value of available for sale financial assets	2j,2k	3,819,305	(3,585,763)	2,364,089
Effective portion of cash flow hedge	2n	(34,028)	(27,695)	(16,826)
Income tax related to items that will be reclassified to profit or loss		(726,604)	766,774	(446,198)
		2,958,445	(2,902,231)	1,868,315
Other comprehensive income/(loss) for the year - net of income tax		**7,211,076**	**(1,316,749)**	**1,877,993**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**35,666,668**	**24,535,188**	**23,321,035**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Years ended December 31, 2019	2018	2017
OTHER COMPREHENSIVE INCOME (continued)				
Net income for the year attributable to:				
Parent Entity		27,482,133	25,015,021	20,639,683
Noncontrolling interest	2d	973,459	836,916	803,359
		28,455,592	**25,851,937**	**21,443,042**
Total comprehensive income for the year attributable to:				
Parent Entity		34,655,095	23,771,531	22,491,109
Noncontrolling interest	2d	1,011,573	763,657	829,926
		35,666,668	**24,535,188**	**23,321,035**
EARNINGS PER SHARE	2aj			
Basic (full amount of Rupiah)		588.90	536.04	442.28
Diluted (full amount of Rupiah)		588.90	536.04	442.28

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Difference arising from translation of financial statements in foreign currencies	Net unrealised gain/(loss) from increase/(decrease) in fair value on available for sale marketable securities and government bonds - net of deferred tax	Effective portion cash flow hedge	Net differences in fixed assets revaluation	Net actuarial gain from defined benefit program - net of deferred tax	Other comprehensive income	Difference in transaction with noncontrolling parties	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total Equity
											Appropriated	Unappropriated	Total		
Balance as of January 1, 2019		**11,666,667**	**17,316,192**	**112,171**	**(1,638,088)**	**(17,030)**	**26,435,307**	**348,613**	**-**	**(106,001)**	**5,380,268**	**121,704,418**	**127,084,686**	**3,757,788**	**184,960,305**
Dividend payment from 2018 net income	40c	-	-	-	-	-	-	-	-	-	-	(11,256,759)	(11,256,759)	-	(11,256,759)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	-	-	(335,689)	(335,689)
Income for the current year		-	-	-	-	-	-	-	-	-	-	27,482,133	27,482,133	973,459	28,455,592
Comprehensive income for the current year		-	-	(98,783)	3,023,884	(13,015)	3,870,948	304,876	85,052	-	-	-	-	38,114	7,211,076
Balance as of December 31, 2019		**11,666,667**	**17,316,192**	**13,388**	**1,385,796**	**(30,045)**	**30,306,255**	**653,489**	**85,052**	**(106,001)**	**5,380,268**	**137,929,792**	**143,310,060**	**4,433,672**	**209,034,525**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised (loss)/gain from increase in fair value on available for sale marketable securities and government bonds - net of deferred tax	Effective portion of cash flow hedge	Net differences in fixed assets revaluation	Net actuarial gain/(loss) from defined benefit program - net of deferred tax	Difference in transaction with noncontrolling parties	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total Equity
										Appropriated	Unappropriated	Total		
Balance as of January 1, 2018		**11,666,667**	**17,316,192**	**168,412**	**1,117,864**	**(6,436)**	**25,666,631**	**(462,008)**	**(106,001)**	**5,380,268**	**105,977,254**	**111,357,522**	**3,287,289**	**170,006,132**
Dividend payment from 2017 net income	40c	-	-	-	-	-	-	-	-	-	(9,287,857)	(9,287,857)	-	(9,287,857)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	-	(293,158)	(293,158)
Income for the current year		-	-	-	-	-	-	-	-	-	25,015,021	25,015,021	836,916	25,851,937
Comprehensive income for the current year		-	-	(56,241)	(2,755,952)	(10,594)	768,676	810,621	-	-	-	-	(73,259)	(1,316,749)
Balance as of December 31, 2018		**11,666,667**	**17,316,192**	**112,171**	**(1,638,088)**	**(17,030)**	**26,435,307**	**348,613**	**(106,001)**	**5,380,268**	**121,704,418**	**127,084,686**	**3,757,788**	**184,960,305**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised (loss)/gain from increase in fair value on available for sale marketable securities and government bonds - net of deferred tax	Effective portion of cash flow hedge	Net differences in fixed assets revaluation	Net actuarial gain/(loss) from defined benefit program - net of deferred tax	Difference in transaction with noncontrolling parties	Retained earnings - Appropriated	Retained earnings - Unappropriated	Retained earnings - Total	Noncontrolling interests in net assets of consolidated Subsidiaries	Total Equity
Balance as of January 1, 2017		**11,666,667**	**17,316,192**	**202,363**	**(759,364)**	**-**	**25,140,523**	**49,515**	**(92,751)**	**5,380,268**	**91,550,525**	**96,930,793**	**2,915,785**	**153,369,723**
Dividend payment from 2016 net income	40c	-	-	-	-	-	-	-	-	-	(6,212,954)	(6,212,954)	-	(6,212,954)
Difference arising from transaction with noncontrolling interest		-	-	-	-	-	-	-	(13,250)	-	-	-	-	(13,250)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	-	(458,422)	(458,422)
Income for the current year		-	-	-	-	-	-	-	-	-	20,639,683	20,639,683	803,359	21,443,042
Comprehensive income for the current year		-	-	(33,951)	1,877,228	(6,436)	526,108	(511,523)	-	-	-	-	26,567	1,877,993
Balance as of December 31, 2017		**11,666,667**	**17,316,192**	**168,412**	**1,117,864**	**(6,436)**	**25,666,631**	**(462,008)**	**(106,001)**	**5,380,268**	**105,977,254**	**111,357,522**	**3,287,289**	**170,006,132**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Years ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interest income		80,611,352	70,439,495	67,671,722
Receipts from sharia income		7,131,796	6,583,301	6,247,610
Receipts from provision, commissions and premium income - net		16,023,938	15,720,919	14,913,390
Payments of interest expense		(28,769,875)	(23,124,701)	(22,969,621)
Payments of sharia expense		(2,987,143)	(2,674,047)	(2,520,782)
Receipts from the sale of government bonds - fair value through profit or loss		127,549,079	56,455,307	53,544,382
Acquisition of government bonds - fair value through profit or loss		(128,375,141)	(56,865,888)	(53,824,395)
Foreign exchange gains - net		2,414,433	6,058,853	2,390,138
Trading income - net		779,664	547,986	462,542
Other operating income - others		3,529,280	4,307,755	2,417,018
Other operating expenses - others		(3,387,910)	(4,544,296)	(4,133,604)
Salaries and employee benefits		(17,317,907)	(15,801,649)	(13,855,845)
General and administrative expenses		(15,575,697)	(14,771,162)	(13,573,478)
Non-operating (expense)/income - net		(22,603)	15,682	(57,665)
Payment of corporate income tax		(7,551,004)	(7,200,860)	(5,968,499)
Cash flows from operating activities before changes in operating assets and liabilities		34,052,262	35,146,695	30,742,913
Decrease/(increase) in operating assets:				
Placements with Bank Indonesia and other banks		359,212	1,743,348	(624,042)
Marketable securities - fair value through profit or loss		(7,203,658)	1,823,982	(1,932,792)
Other receivables - trade transactions		(4,002,645)	(973,579)	(9,515,359)
Loans		(89,102,373)	(93,514,200)	(69,117,327)
Sharia financing/receivables		(9,764,609)	(9,187,208)	(7,521,377)
Securities purchased under agreements to resell		142,266	531,686	2,425,173
Consumer financing receivables		(2,088,779)	(2,834,995)	(3,961,788)
Net investment finance lease		249,143	(966,751)	(1,533,591)
Prepaid taxes		59,427	1,452,022	(59,783)
Prepaid expenses		(154,364)	(73,952)	(33,153)
Other assets		1,754,709	(3,296,918)	(2,841,128)
Recovery of written-off financial assets		5,018,924	6,845,434	4,565,412
Increase/(decrease) in operating liabilities and temporary *syirkah* funds:				
Conventional banking				
Demand deposits		46,976,850	(3,467,776)	15,766,883
Saving deposits		21,759,264	(1,402,889)	31,594,358
Time deposits		20,520,226	21,975,342	(553,881)
Interbank call money		(8,252,837)	7,464,542	(273,297)
Obligations due immediately		(673,743)	1,004,627	1,268,656

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Years ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES (continued)				
Increase/(decrease) in operating liabilities and temporary *syirkah* funds (continued):				
Liability to unit - linked policyholders	27	1,679,856	(896,233)	3,651,085
Other taxes payable		114,894	46,922	110,687
Other liabilities		4,400,324	(2,053,360)	6,931,895
Sharia banking - temporary *syirkah* funds				
- Demand deposit - restricted investment and demand deposit *mudharabah musytarakah - musyarakah*		2,287,578	156,957	456,360
- Saving deposit - restricted investment and *mudharabah* saving deposit - unrestricted investment		3,420,792	3,078,422	3,101,195
- *Mudharabah* time deposit - unrestricted investment		2,415,171	5,435,412	2,333,955
Net cash provided/(used in) by operating activities		**23,967,890**	**(31,962,470)**	**4,981,054**
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in marketable securities - other than fair value through profit or loss		(1,423,112)	(5,290,469)	(1,111,443)
Increase in government bonds - other than fair value through profit or loss		(10,011,890)	(12,544,614)	(1,540,676)
Proceeds from sale of fixed assets		17,710	87,908	51,269
Acquisition of fixed assets		(3,685,566)	(2,432,966)	(1,786,436)
Acquisition of intangible assets		(1,149,030)	(861,048)	(888,925)
Net cash used in investing activities		**(16,251,888)**	**(21,041,189)**	**(5,276,211)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase of investment in Subsidiaries		(514,742)	(474,552)	(497,153)
Increase in debt securities issued		13,379,710	2,170,723	7,827,253
Increase/(decrease) in fund borrowings		3,865,402	12,105,048	(630,913)
(Decrease)/increase in subordinated loans and marketable securities		(15,406)	484,358	(23,931)
(Decrease)/increase in securities sold under agreements to repurchase	28	(12,330,221)	12,153,318	239,841
Payments of dividends	40c	(11,256,759)	(9,287,857)	(6,212,954)
Net cash (used in)/provided by financing activities		**(6,872,016)**	**17,151,038**	**702,143**

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Years ended December 31, 2019	2018	2017
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**843,986**	**(35,852,621)**	**406,986**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(1,728,922)**	**1,754,511**	**808,703**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**124,677,686**	**158,775,796**	**157,560,107**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**123,792,750**	**124,677,686**	**158,775,796**
Cash and cash equivalents at end of year consists of:				
Cash	62.B.(viii)	28,094,267	27,348,914	24,268,563
Current accounts with Bank Indonesia	4	46,490,930	59,852,761	50,188,118
Current accounts with other banks	5	12,563,490	14,835,961	12,333,389
Liquid short-term investments are with maturity period of three months or less since the date of acquisition		36,644,063	22,640,050	71,985,726
Total cash and cash equivalents		**123,792,750**	**124,677,686**	**158,775,796**

1. GENERAL INFORMATION

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as "Bank Mandiri" or the "Bank") was established on October 2, 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated October 1, 1998. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-16561.HT.01.01.TH.98 dated October 2, 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated December 4, 1998.

Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) ("BBD"), PT Bank Dagang Negara (Persero) ("BDN"), PT Bank Ekspor Impor Indonesia (Persero) ("Bank Exim") and PT Bank Pembangunan Indonesia (Persero) ("Bapindo") (hereinafter collectively referred to as the "Merged Banks").

Based on Article 3 of the Bank's Articles of Association, Bank Mandiri is engaged in banking activities in accordance with prevailing laws and regulations. The Bank commenced its operations on August 1, 1999.

The Bank's Articles of Association of Bank Mandiri has been amended several times, the latest amendment under Deed of Annual General Meeting of Shareholders No. 21, dated April 11, 2018 stated under Notary Ashoya Ratam SH, Mkn, in South Jakarta, in regards to the Ministry of State Owned Enterprises's ("BUMN") Program to implement the standardisation of the BUMN's Articles of Association. This amendment has been approved by the Ministry of Laws and Human Rights of the Republic of Indonesia, in its Decision Letter No. AHU-AH.01.03-0172245 regarding the Acceptance on Notification of the changes of the Bank's Articles of Association of PT Bank Mandiri (Persero) Tbk dated April 30, 2018 and registered on No. AHU-0061310.AH.01.11 year 2018, dated April 30, 2018.

b. Merger

At the end of February 1998, the Government of the Republic of Indonesia (hereinafter referred to as "Government") announced its plan to restructure the Merged Banks. In connection with the restructuring plan, the Government established Bank Mandiri in October 1998 through the payment of cash and the acquisition of the Government's shares of stock of the Merged Banks (Notes 40a and 40b). The difference between the transfer price and the book value of the shares of stock at the time of the restructuring was not calculated as it was considered not practicable to do so. All losses incurred during the year of restructuring were taken into account in the Recapitalisation Program.

The above mentioned restructuring plan was designed for the merger of the Merged Banks into Bank Mandiri on July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks into Bank Mandiri also covered the following:

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

1. GENERAL INFORMATION (continued)

b. Merger (continued)

Based on the notarial deed of Sutjipto, S.H., No. 100 dated July 24, 1999, the Merged Banks were legally merged into Bank Mandiri. The Merger Deed was legalised by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C-13.781.HT.01.04.TH.99 dated July 29, 1999 and approved by the Governor of Bank Indonesia in its Decision Letter No. 1/9/KEP.GBI/1999 dated July 29, 1999. The merger was declared effective by the Chief of the South Jakarta Ministry of Industry and Trade Office in its Decision Letter No. 09031827089 dated July 31, 1999.

Effective from the date of the merger:

- All assets and liabilities of the Merged Banks were transferred to Bank Mandiri as the Surviving Bank;
- All operations and business activities of the Merged Banks were transferred and operated by Bank Mandiri;
- Bank Mandiri received additional paid-in capital amounted to Rp1,000,000 (one million Rupiah) (full amount) or equivalent to 1 (one) share representing the remaining shares owned by the Government in the Merged Banks (Notes 40a and 40b).

On the effective date, the Merged Banks were legally dissolved without liquidation process and Bank Mandiri, as the surviving bank, received all the rights and obligations from the Merged Banks.

c. Recapitalisation

In response to the effects of the adverse economic conditions on the banking sector in Indonesia, on December 31, 1998, the Government issued Regulation No. 84 of 1998 regarding Recapitalisation Program for Commercial Banks, which was designed to increase the paid-in capital of commercial banks to enable them to meet the minimum requirement of Capital Adequacy Ratio (“CAR”). The eligibility of commercial banks for inclusion in the Recapitalisation Program is based on requirements and procedures set forth in the Joint Decrees No. 53/KMK.017/1999 and No. 31/12/KEP/GBI dated February 8, 1999 of the Ministry of Finance and the Governor of Bank Indonesia. Under the Joint Decrees, the Government, among others, shall implement the Recapitalisation Program for Commercial Banks with respect to all State-Owned Banks, Regional Development Banks, and Commercial Banks, with the status of “Taken Over Bank”, by the Indonesian Bank Restructuring Agency (Badan Penyehatan Perbankan Nasional or “BPPN”).

On May 28, 1999, the Government issued Regulation No. 52 of 1999 (PP No. 52/1999) regarding additional capital investment by the Government of Republic of Indonesia in Bank Mandiri through issuance of Government Recapitalisation Bonds to be issued then by the Ministry of Finance with a value of up to Rp137,800,000. The implementation of PP No. 52/1999 was set forth in Joint Decrees - No. 389/KMK.017/1999 and No. 1/10/KEP/GBI dated July 29, 1999 of the Ministry of Finance and the Governor of Bank Indonesia.

While the Government Recapitalisation Bonds had not yet been issued, at the point in time, Bank Mandiri accounted the bonds as “Due from the Government” amounted to Rp137,800,000 in accordance with the Government’s Commitment through the Ministry of Finance’s letter No. S-360/MK.017/1999 dated September 29, 1999 and the approval of the Ministry of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated September 29, 1999.

1. GENERAL INFORMATION (continued)

c. Recapitalisation (continued)

Based on Bank Indonesia Letter No. 1/1/GBI/DPIP dated October 11, 1999, concerning the issuance of Government Bonds/Debentures in connection with the Government of Republic of Indonesia's investment in Bank Mandiri, Bank Indonesia agreed to include the above receivable as Bank Mandiri's core capital (Tier 1) for the purposes of calculating its Capital Adequacy Ratio (CAR) as of July 31, 1999 through September 30, 1999, with a condition that not later than October 15, 1999 the Government Bonds/Debentures should have been received by Bank Indonesia.

Based on Government Regulation No. 97 of 1999 dated December 24, 1999 concerning the increase in capital of the Government in Bank Mandiri in relation to the Recapitalisation Program, the Government increased its investment to a maximum of Rp42,200,000, so that the total maximum investment amounted to Rp180,000,000.

In relation to the implementation of the above Government Regulations No. 52 and No. 97 of 1999, in the Temporary Recapitalisation Agreement between the Government and Bank Mandiri and its amendment, the Government issued Government Recapitalisation Bonds in 2 (two) tranches of Rp103,000,000 on October 13, 1999 and Rp75,000,000 on December 28, 1999 so that as of December 31, 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounted to Rp178,000,000.

Based on the Management Contract dated April 8, 2000 between Bank Mandiri and the Government, the total amount of recapitalisation required by Bank Mandiri was Rp173,931,000, or less than the amount of the Government Recapitalisation Bonds. The excess of Rp1,412,000 was used as additional paid-in capital and the remaining balance of Rp2,657,000 was returned to the Government on July 7, 2000 in the form of Government Recapitalisation Bonds equivalent to 2,657,000 (two million six hundred and fifty seven thousand) units.

Based on the Letter of the Ministry of Finance of the Republic of Indonesia No. S-174/MK.01/2003 dated April 24, 2003 regarding the return of the excess Government Recapitalisation Bonds, which was previously used as additional paid-in capital, Government Recapitalisation Bonds amounted to Rp1,412,000 were returned to the Government on April 25, 2003 (Note 40b).

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

d. Initial public offering of Bank Mandiri and quasi-reorganisation

Initial public offering of Bank Mandiri

Bank Mandiri submitted its registration for an Initial Public Offering (IPO) to OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on June 2, 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated June 27, 2003.

The Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk. based on an amendment to the Articles of Association which has been held with notarial deed of Sutjipto, S.H., No. 2 dated June 1, 2003 and approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 that was published in the State Gazette No. 63 dated August 8, 2003, Supplement State Gazette No. 6590.

1. GENERAL INFORMATION (continued)

d. Initial public offering of Bank Mandiri and quasi-reorganisation (continued)

Initial public offering of Bank Mandiri (continued)

On July 14, 2003, Bank Mandiri sold its 4,000,000,000 Common Shares Series B through IPO, with a nominal value of Rp500 (full amount) per share with an initial selling price of Rp675 (full amount) per share. The IPO represents a divestment of 20.00% of the ownership of the Government in Bank Mandiri (Note 40a).

On July 14, 2003, 19,800,000,000 of Bank Mandiri's Common Shares Series B were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange based on Jakarta Stock Exchange's Approval Letter No. S-1187/BEJ.PSJ/07-2003 dated July 8, 2003 and Surabaya Stock Exchange's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated July 10, 2003.

Quasi-reorganisation

In order for Bank Mandiri to eliminate the negative consequences of being burdened by accumulated losses, the Bank undertook quasi-reorganisation as approved in the Extraordinary General Meeting of Shareholders ("RUPS-LB") on May 29, 2003.

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

Bank Mandiri's Articles of Association were amended due to the changes in additional paid-in capital as a result of quasi-reorganisation, based on Notarial Deed of Sutjipto, S.H., No. 130 dated September 29, 2003 which was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. C-25309.HT.01.04.TH.2003 dated October 23, 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated October 23, 2003.

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

e. Divestment of Government share ownership

On March 11, 2004, the Government divested another 10.00% of its ownership in Bank Mandiri which was equivalent to 2,000,000,000 Common Shares Series B through private placements (Note 40a).

f. Public offering of subordinated bonds, public offering of bonds and medium term notes, limited public offering of shares and changes in share capital of Bank Mandiri

Public offering of Bank Mandiri subordinated bonds

On December 3, 2009, Bank Mandiri received the effective approval from the Chairman of Capital Market Supervisory Board and Financial Institution through its letter No. S-10414/BL/2009 dated December 3, 2009 to conduct the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009 with a nominal value of Rp3,500,000. On December 14, 2009, the aforementioned Bond was listed on Indonesia Stock Exchange.

Public offering of Bank Mandiri bonds and medium term notes

On April 11, 2019, Bank Mandiri issued Euro Medium Term Notes (EMTN) with nominal value of USD750,000,000 (full amount) in Singapore Exchange (SGX).

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

f. Public offering of subordinated bonds, public offering of bonds and medium term notes, limited public offering of shares and changes in share capital of Bank Mandiri (continued)

On September 21, 2018, Bank Mandiri issued Bank Mandiri Sustainable Bonds I Phase III 2018 ("Sustainable Bonds I Phase III") with a nominal value of Rp3,000,000.

On September 30, 2016, Bank Mandiri issued Sustainable Bonds I Bank Mandiri Phase I 2016 (“Sustainable Bonds I Phase I”) with nominal amount of Rp5,000,000 and on June 15, 2017, Bank Mandiri issued Sustainable Bonds I Bank Mandiri Phase II 2017 (“Sustainable Bonds I Phase II”) with nominal amount of Rp6,000,000 (Note 30).

Limited public offering of Bank Mandiri shares

To strengthen the capital structure, the Bank increased its issued and paid up capital through the Limited Public Offering ("LPO") with Pre-emptive Rights ("Rights"). Bank Mandiri submitted the first and second registration statement of this LPO to OJK, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on December 26, 2010 and January 18, 2011 and received the effective notification from Capital Market Supervisory Board and Financial Institution on January 27, 2011 based on the Bapepam and LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General Meeting of Shareholder dated January 28, 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated February 25, 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated March 10, 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 year 2011 dated March 10, 2011.

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

The Government of the Republic of Indonesia as the controlling shareholder of Bank Mandiri, did not execute its right to acquire the pre-emptive rights, and transferred it to other shareholders. As a result of this, Government’s ownership in Bank Mandiri was reduced or diluted from 66.68%, prior to the execution of pre-emptive rights, to 60.00% after the execution of the pre-emptive rights.

Changes in share capital of Bank Mandiri

The details of changes in issued and paid-in-share capital (Note 40a) are as follows:

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

f. Public offering of subordinated bonds, public offering of bonds and medium term notes, limited public offering of shares and changes in share capital of Bank Mandiri (continued)

The details of changes in issued and paid-in-share capital (Note 40a) are as follows (continued):

	Number of shares
Shares from conversion of MSOP III in 2007	77,750,519
Shares from conversion of MSOP I in 2008	8,107,633
Shares from conversion of MSOP II in 2008	399,153
Shares from conversion of MSOP III in 2008	147,589,260
Shares from conversion of MSOP II in 2009	86,800
Shares from conversion of MSOP III in 2009	64,382,217
Shares from conversion of MSOP II in 2010	6,684,845
Shares from conversion of MSOP III in 2010	19,693,092
Increase of Capital through Limited Public Offering (LPO) with pre-emptive Rights in 2011	2,336,838,591
Decrease of par value of stock from Rp500 (full amount) to Rp250 (full amount) per stock through stock split in 2017	23,333,333,333
Total	**46,666,666,666**

Stock split of Bank Mandiri:

Based on the decision of the Extraordinary General Meeting of Shareholders (RUPS-LB) dated August 21, 2017 as in the notarial deed of Ashoya Ratam, SH, M.Kn. No. 36 dated August 24, 2017, the shareholders of Bank Mandiri, among others, approved the stock split of the Bank from Rp500 (full amount) per share to Rp250 (full amount) per share so that the capital was placed into 46,666,666,666 shares consisting of 1 (one) Dwiwarna share series A and 46,666,666,665 shares series B.

g. Subsidiaries

Subsidiaries included in the consolidated financial statements as of December 31, 2019, 2018 and 2017, are as follows:

			Percentage of Ownership		
Name of Subsidiaries	**Nature of Business**	**Domicile**	**2019**	**2018**	**2017**
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99	99.99
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	99.99	99.99	99.99
PT Bank Mandiri Taspen (formerly PT Bank Mandiri Taspen Pos)	Commercial Banking	Denpasar	51.08	51.08*)	59.44
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance Service	Kuala Lumpur	100.00	100.00	100.00
PT AXA Mandiri Financial Services	Life Insurance	Jakarta	51.00	51.00	51.00
PT Mandiri AXA General Insurance (MAGI)	General Insurance	Jakarta	20.00	20.00***)	60.00
PT Asuransi Jiwa InHealth Indonesia	Life Insurance	Jakarta	80.00	80.00	80.00
PT Mandiri Utama Finance (MUF)	Consumer Financing	Jakarta	51.00	51.00	51.00
PT Mandiri Capital Indonesia	Venture Capital	Jakarta	99.99**)	99.98	99.98

*) Since December 19, 2018, Bank Mandiri's ownership became 51.08%.
**) Since February 6, 2019, Bank Mandiri's ownership became 99.99%.
***) Since November 21, 2018, Bank Mandiri's ownership became 20.00%.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

The Subsidiaries' total assets as of December 31, 2019, 2018 and 2017 (before elimination) are as follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)		
		December 31, 2019	December 31, 2018	December 31, 2017
PT Bank Syariah Mandiri	1955	112,298,325	98,341,119	87,939,774
Bank Mandiri (Europe) Limited	1999	2,585,317	2,504,393	2,126,531
PT Mandiri Sekuritas	1992	2,074,075	1,877,046	3,284,779
PT Bank Mandiri Taspen (formerly PT Bank Mandiri Taspen Pos)	1970	26,948,295	20,943,935	13,687,703
PT Mandiri Tunas Finance	1989	18,336,516	17,481,843	14,739,458
Mandiri International Remittance Sendirian Berhad	2009	17,861	16,751	14,958
PT AXA Mandiri Financial Services	1991	32,753,110	29,576,153	30,228,537
PT Mandiri AXA General Insurance	1962	-	-	1,616,120
PT Asuransi Jiwa InHealth Indonesia	2008	2,216,667	2,146,355	2,224,965
PT Mandiri Utama Finance	2015	5,132,442	4,569,489	4,197,567
PT Mandiri Capital Indonesia	2015	1,461,885	406,047	490,038
Total		**203,824,493**	**177,863,131**	**160,550,430**

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities with sharia banking principles, was established under the name PT Bank Industri Nasional ("PT Bina") on June 15, 1955. On October 4, 1967, the subsidiary's name was changed from PT Bina to PT Bank Maritim Indonesia which subsequently changed to PT Bank Susila Bhakti on August 10, 1973 which is a subsidiary of BDN. The latest change of the subsidiary's name to PT Bank Syariah Mandiri (BSM) was based on Notarial Deed of Sutjipto, S.H, No. 23 dated September 8, 1999. BSM obtained an operating license based on the Decree of the Governor of Bank Indonesia No. 1/24/KEP.GBI/1999 dated October 25, 1999 as a commercial bank based on sharia principles and began operating on November 1, 1999.

On January 9, 2009, Bank Mandiri increased its capital in cash at the Subsidiary, amounted to Rp100,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On December 31, 2008, Bank Mandiri increased its capital of Rp199,871 at the Subsidiary, in the form of cash and inbreng (non-cash/exchange). Bank Mandiri has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On March 18, 2011, Bank Mandiri increased its capital in form of cash of Rp200,000 at the Subsidiary. Bank Mandiri has received approval from Bank Indonesia through letter dated January 31, 2011 and Circular Resolution of Shareholders dated February 28, 2011 with Notarial Deed No. 19 dated March 21, 2011 on the capital increase.

On December 29, 2011, Bank Mandiri increased its capital in form of at the Subsidiary for Rp300,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 27, 2011 and Circular Resolution of Shareholders dated December 29, 2011 with Notarial Deed No. 42 dated December 29, 2011 on the capital increase.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Syariah Mandiri (continued)

On December 21, 2012, Bank Mandiri increased its capital in form of cash at the Subsidiary for Rp300,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 21, 2012 and Circular Resolution of Shareholders dated December 21, 2012 with Notarial Deed No. 38 dated December 28, 2012 on the capital increase.

On December 30, 2013, Bank Mandiri increased its capital in form of non-cash "*inbreng*" of land and buildings at the Subsidiary for Rp30,778. Bank Mandiri has received approval from Bank Indonesia through letter dated December 19, 2013 and Circular Resolution of Shareholders dated December 27, 2013 with Notarial Deed No. 20 dated January 22, 2014 which was re-affirmed in Circular Resolution of Shareholders dated December 29, 2014 with Notarial Deed No. 22 dated January 23, 2015 on the capital increase.

On November 24, 2015, Bank Mandiri increased its capital in form of cash at the Subsidiary amounted to Rp500,000. Bank Mandiri has received approval from the Bank Indonesia through letter dated November 4, 2015 and Circular Resolution of Shareholder dated November 18, 2015 with Notarial Deed No. 33 dated November 25, 2015 on the capital increase.

On November 14, 2016, Bank Mandiri increased its capital in form of cash at the Subsidiary amounted to Rp500,000. Bank Mandiri has received approval from OJK through letter dated November 3, 2016 and Circular Resolution of Shareholders dated November 25, 2016, that has been notarised with Deed No. 09 dated December 7, 2016 on such additional capital investment. OJK approval related to the capital increase was received on January 24, 2017.

On December 11, 2017, Bank Mandiri increased its capital in form of cash at the Subsidiary amounted to Rp500,000. Bank Mandiri has received approval from Ministry of State-Owned Enterprises through letter No. S-536/MBU/09/2017 dated September 22, 2017, OJK through letter No. S-129/PB.31/2017 dated December 5, 2017, and Circular Resolution of Shareholder dated December 6, 2017 with Notarial Deed No. 22 dated December 12, 2017 on the capital increase. The capital increase will be effective after Bank Mandiri obtained OJK approval related changes in BSM's share capital. The Subsidiary received approval from OJK concerning the changes in BSM's share capital dated January 15, 2018.

Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited ("BMEL") was established in London, United Kingdom on June 22, 1999 under "The Companies Act 1985 of the United Kingdom". It was established from the conversion of Bank Exim London branch to a Subsidiary and operated effectively on July 31, 1999. BMEL, located in London, United Kingdom, is mandated to act as a commercial bank to represent the interests of Bank Mandiri.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Sekuritas

PT Mandiri Sekuritas ("Mandiri Securities"), formerly known as PT Merincorp Securities Indonesia ("MSI"), incorporated under Act No. 1 dated December 2, 1991 made before Sutjipto, S.H. Mandiri Sekuritas is the result of the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Securities ("ES") and PT Merincorp Securities Indonesia ("MSI") was accomplished by means of merging BDS and ES into the MSI. MSI obtained a license as a securities broker and underwriter of the securities portfolio of the Chairman of the Capital Market Supervisory Agency ("Bapepam") by decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and started operations on January 23, 1992. The merger was based on the Deed No. 116 dated July 31, 2000 the Notary Ny. Vita Buena, S.H., and approved by the Minister of Law and Legislation of the Republic of Indonesia on August 25, 2000 by Decree No. C-18762.HT.01.01-TH.2000 and business permits obtained previously by MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of total shares of PT Mandiri Manajemen Investasi, a Subsidiary that was established on October 26, 2004 and is engaged in investment management and advisory. Mandiri Sekuritas also owns 100% of the total shares of Mandiri Securities Pte. Ltd., a company engaged in securities business and Advising Corporate Finance and Monetary Authority of Singapore, which was established in 2016.

On December 28, 2012, Bank Mandiri increased its capital in form of cash at Mandiri Sekuritas, amounted to Rp29,512. Bank Mandiri obtained approval from Bank Indonesia through its letter dated October 31, 2012 and the circular resolution of shareholders dated December 27, 2012 on the capital increase. After the implementation of the additional capital investment, the Bank's ownership at Mandiri Sekuritas increased from 95.69% to 99.99% of the total shares issued by Mandiri Sekuritas.

PT Bank Mandiri Taspen

PT Bank Sinar Harapan Bali ("BSHB") was established as the Micro Banking on February 23, 1970 under the name MAI Bank Pasar Sinar Harapan Bali, then on November 3, 1992 the Bank transformed it into Limited Liability Company based on Deed No. 4 made by Ida Bagus Alit Sudiatmika, S.H., Notary in Denpasar and obtained a business license as a commercial bank under the decree of the Minister of Finance of the Republic of Indonesia No. 77/KMK.017/1994 dated March 10, 1994. On May 3, 2008, shareholders of BSHB and Bank Mandiri signed the acquisition deed as stated in the acquisition deed No. 4 dated May 3, 2008 made by I Wayan Sugitha, S.H., Notary in Denpasar. This signing showed Bank Mandiri ownership of 80.00% shares of BSHB. Furthermore, BSHB operated as stand-alone Bank which mainly focussed on Small and Micro Business Financing.

On October 22, 2009, the Bank increased its capital in BSHB amounted to 1.46% of the total shares issued and fully paid, or at Rp1,460,657,000 (full amount) by purchasing all shares of BSHB owned by the President Director for 2,921,314 shares, as stated in the Deed of Sale and Purchase of Shares No. 52 dated October 22, 2009 of Notary Ni Wayan Widastri, S.H., Notary in Denpasar, Bali.

Bank increased its capital at BSHB in order to comply with Bank Indonesia regulation on Good Corporate Governance which requires the President Director of Bank should come from an independent party. Capital increase of the Bank at BSHB approved by Bank Indonesia as stated in the letter No. 11/103/DPB1/TPB1-1 dated August 21, 2009.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Mandiri Taspen (continued)

After increase its capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total shares issued by BSHB with a total investment amounted to Rp81,461 from Rp80,000.

On May 28, 2013, the Bank increase its capital at BSHB amounted to 11.77% of the total shares issued and fully paid at Rp32,377,072,750 (full amount) by purchasing shares of BSHB owned by BSHB minority shareholders with a total of 23,546,962 shares (full amount). Capital increase of the Bank at BSHB has been approved by Bank Indonesia as stated in the letter of Bank Indonesia No. 15/33/DPB1/PB1-1 dated May 6, 2013.

On December 22, 2014, BSHB held an Extraordinary General Meeting of Shareholders approving the issuance of 800,000,000 (full amount) of new shares to be purchased by Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero). Changes in the composition of ownership has been effective on May 28, 2015 with the approval from OJK, with the composition of the final ownership is Bank Mandiri (58.25%), PT Taspen (20.2%), PT Pos (20.2%) and individual shareholders (1.35%). OJK also approved Taspen and PT Pos as new shareholders as well as the additional capital injection of the Bank in BSHB amounted to Rp198,000.

On July 24, 2015, the OJK has approved the name changes of PT Bank Sinar Harapan Bali to PT Bank Mandiri Taspen Pos and given permission to conduct business under the name of Bank Mantap. Name and logo changes are approved by OJK on July 31, 2015 and announced to public on August 7, 2015.

On November 24, 2016, the Bank get approval from the OJK related to capital injection plan at PT Bank Mandiri Taspen Pos amounted to Rp257,036 through letter No. S-125/PB.31/2016 regarding Approval for Bank Mandiri capital injection at Bank Mandiri Taspen Pos. This capital increase also increase the Bank's ownership in Bank Mandiri Taspen Pos from 58.25% to 59.44% of the total shares issued by Bank Mantap. The capital injection effective in 2017 based on approval from OJK Bali through letter No. S-07/KR.081/2017 and registered OJK. There are any differences on book value amounted to Rp13,250.

On October 9, 2017, Bank Mandiri Taspen Pos held an Extraordinary General Meeting of Shareholders which approved the changes in the composition of shareholders to Bank Mandiri (59.44%), PT Taspen (40.00%) and individual shareholders (0.56%). The Extraordinary General Meeting of Shareholders also approved the changes of company's name, formerly PT Bank Mandiri Taspen Pos to PT Bank Mandiri Taspen.

On December 6, 2017, the Bank has received approval from OJK related to the planned additional capital injection at PT Bank Mandiri Taspen Pos amounted to Rp210,000 through letter No. S-131/PB.31/2017 regarding Approval for capital injection to PT Bank Mandiri Taspen. The application has been approved by the Ministry of State-Owned Enterprises as stated in the letter No. S-504/MBU/09/2017 dated September 7, 2017. Approval from OJK Bali was obtained in January 2018.

The addition of capital investment does not change the percentage of ownership, the percentage of ownership of Bank Mandiri in Bank Mantap remains 59.44% of the total stock issued by Bank Mantap.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Mandiri Taspen (continued)

On November 30, 2018, PT Bank Mandiri Taspen held an Extraordinary General Meeting of Shareholders as stated in the Deed of Minutes of the Extraordinary General Meeting of Shareholders No. 112 dated November 30, 2018, as reaffirmed in the Deed of Resolutions Extraordinary General Meeting of Shareholders No.34 dated December 14, 2018 approved the transfer part of PT Bank Mandiri Taspen's shares portion owned by PT Bank Mandiri (Persero) Tbk to PT Taspen (Persero), therefore the ownership of PT Bank Mandiri (Persero) in PT Bank Mandiri Taspen, increase from 59.44% to 51.05%, PT Taspen 48.39% and individual ownership 0.56%. The changes of the percentage shareholders composition was approved by OJK on January 11, 2019.

On December 8, 2018, the Bank has received approval from OJK, concerning plan of divestment and additional share capital to PT Bank Mandiri Taspen through Decision Letter No. S-35/PB.3/2018 regarding the Divestment Initiative and the Bank's Additional Share Capital in PT Bank Mandiri Taspen. The Bank has obtained approval from the Ministry of State Owned Enterprises through Decision Letter No. S-772/MBU/11/2018 dated November 16, 2018.

Based on the Extraordinary General Meeting of Shareholders stated in the Deed of Minutes of the Extraordinary General Meeting of Shareholders No. 112 dated November 30, 2018, as reaffirmed in the Deed of Resolutions Extradiordinary General Meeting of Shareholders No. 42 dated December 19, 2018, also approved the issuance of 140,492,748 shares (full amount) which have been taken over by Bank Mandiri and PT Taspen, by changes the shares portion, the shareholders composition owned by Bank Mandiri 51.08%, PT Taspen 48.42% and individual ownership 0.50%.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri Taspen amounted to Rp19,219 was amortised using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortised but is tested for impairment on annually basis. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The outstanding goodwill on December 31, 2019, 2018 and 2017 each amounted to Rp21,043.

PT Mandiri Tunas Finance

PT Mandiri Tunas Finance ("MTF", formerly PT Tunas Financindo Sarana ("TFS")) is a company engaged in consumer financing activities. MTF was established based on notarial deed of Misahardi Wilamarta, S.H., No. 262 dated May 17, 1989 and approved by the Ministry of Justice through its Decision Letter No. C2-4868.HT.01.01.TH.89 dated June 1, 1989 and published in State Gazette No. 57, Supplement No. 1369 dated July 18, 1989. MTF commenced its commercial activities in 1989. MTF obtained a business license to operate in leasing, factoring and consumer financing from Minister of Finance in its Decision Letter No. 1021/KMK.13/1989 dated September 7, 1989, No. 54/KMK.013/1992 dated January 15, 1992 and No. 19/KMK.017/2001 dated January 19, 2001. Based on notarial deed of Dr. A. Partomuan Pohan, S.H., LLM, dated February 6, 2009, the Bank entered into a sales and purchase agreement with MTF's shareholders (PT Tunas Ridean Tbk. and PT Tunas Mobilindo Parama) to acquire 51.00% ownership of MTF through its purchase of 1,275,000,000 shares of MTF (the nominal value of Rp100 (full amount)) per share amounted to Rp290,000.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Tunas Finance (continued)

The acquisition of 51.00% of MTF shares ownership by Bank Mandiri was approved in the Extraordinary General Shareholders' Meeting of MTF as stated in the Minutes of Extraordinary General Shareholders' Meeting No. 8 dated February 6, 2009 and listed in Legal Administration Ministry of Law and Human Rights as affirmed by the Ministry of Law and Human Rights through its Letter No. AHU-AH.01.10-01575 dated March 11, 2009.

This acquisition had been approved by Bank Indonesia through the Decree of the Governor of Bank Indonesia No. 11/3/DPB1/TPB1-1 dated January 8, 2009.

The amendment of the TFS's name to become MTF was undertaken on June 26, 2009, in accordance with a resolution on notarial deed of PT Tunas Financindo Sarana No. 181 dated June 26, 2009, notarised by notarial Dr. Irawan Soerodjo, S.H., Msi. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its Decision Letter No. AHU-4056.AH.01.02.TH.09 dated August 26, 2009.

Prior to January 1, 2011, goodwill arising from the acquisitions of MTF amounted to Rp156,807 was amortised using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortised but tested for impairment annually. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2019, 2018 and 2017 amounted to Rp96,697.

Mandiri International Remittance Sendirian Berhad

Mandiri International Remittance Sendirian Berhad ("MIR"), a wholly owned Subsidiary of Bank Mandiri and became a Malaysian legal entity on March 17, 2009 based on registration No. 850077-P. MIR is engaged in money remittance service under the provisions of the Bank Negara Malaysia ("BNM"). MIR has obtained an approval from Bank Indonesia ("BI") through letter No. 10/548/DPB1 dated November 14, 2008 and from BNM to conduct operational activities through its letter No. KL.EC.150/1/8562 dated November 18, 2009. MIR officially commenced its operations on November 29, 2009 and is currently located in Kuala Lumpur, Malaysia. The services provided by MIR is currently limited to remittance service to Bank Mandiri's customer accounts.

PT AXA Mandiri Financial Services

PT AXA Mandiri Financial Services ("AXA Mandiri") is a joint venture company between PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") and National Mutual International Pty Ltd ("NMI") that is engaged in Life Insurance. AXA Mandiri was formerly established under the name of PT Asuransi Jiwa Staco Raharja on September 30, 1991 by notarial deed No. 179 of Muhani Salim, S.H. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia through its letter No. C2-6144.HT.01.01.TH.91 dated October 28, 1991. The Company obtained its life insurance license through General Directorate of Finance Institution Decision Letter No. KEP.605/KM.13/1991 and officially commenced its operations on December 4, 1991. The Company's name was then changed to PT Asuransi Jiwa Mandiri and subsequently changed to PT AXA Mandiri Financial Services. This change was approved by the Ministry of Justice and Human Rights in its Decision Letter No. C-28747.HT.01.04.TH.2003 dated December 10, 2003, and was published in State Gazette No. 64, Supplement No. 7728 dated August 10, 2004 with shareholders composed of NMI for 51.00% and Bank Mandiri for 49.00%.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT AXA Mandiri Financial Services (continued)

The shareholders of Bank Mandiri, at the Annual General Meeting held on May 17, 2010 (in article 7), had approved the acquisition of additional shares in AXA Mandiri through the purchase of 2.00% of the total shares issued and fully paid shares in AXA Mandiri directly from NMI.

On August 20, 2010, Bank Mandiri signed a Sale and Purchase Agreement (AJB) to acquire 2,027,844 (two million twenty seven thousand eight hundred forty four) shares (for an amount of Rp48,427) or 2.00% of issued and fully paid-in capital of AXA Mandiri from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LLM. The addition of shares in AXA Mandiri was approved by Bank Indonesia through it's letter No. 12/71/DPB1/TPB1-1 dated July 22, 2010. After this acquisition, the Bank's percentage of ownership in AXA Mandiri increased to become 51.00%.

Prior to January 1, 2011, goodwill arising from the acquisition of AXA Mandiri amounted to Rp40,128 was amortised using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortised but tested for impairment annually. Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2019, 2018 and 2017 amounted to Rp37,194.

PT Asuransi Jiwa InHealth Indonesia

PT Asuransi Jiwa Indonesia InHealth ("InHealth") was established on October 6, 2008 based on the notarial deed No. 2 of NM Dipo Nusantara Pua Upa, S.H. InHealth has obtained its license based on the Minister of Law and Human Rights of the Republic of Indonesia through its letter No. AHU-90399.AH.01.01 dated November 26, 2008. InHealth obtained its license to operate in life insurance based on the Decision Letter of the Minister of Finance of the Republic of Indonesia No. KEP-381KM.1012009 dated March 20, 2009.

On December 23, 2013, Bank Mandiri, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the buyers and the Social Security Agency of Health (BPJS Kesehatan; formerly PT Askes (Persero)) and the Cooperative Bhakti Askes as the sellers have signed a Conditional Share Purchase Agreement on PT Asuransi Jiwa InHealth Indonesia ("InHealth") where the execution of transactions will be conducted in two phases as follows:

1. Phase 1, namely the acquisition of 80% ownership in InHealth, whereas the ownership of the Bank is 60%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) are 10%, respectively, and BPJS Kesehatan still has 20%; and

2. Phase 2, namely the acquisition of 20% ownership of BPJS in InHealth by the Bank so that the total ownership of Bank Mandiri is 80%. The composition of shareholders after the transaction InHealth stage 2 resulted in the following percentage ownership Bank Mandiri, 80%; PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) have 10%, respectively, of the total shares issued and fully paid of InHealth.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

On February 27, 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition InHealth. Furthermore, Bank Mandiri also has received the approval of the proposed acquisition from OJK in accordance with Letter No. S-37/PB/31/2014 dated April 17, 2014 regarding the Application for Approval for Equity Investment of PT Bank Mandiri (Persero) Tbk. in PT Asuransi Jiwa InHealth Indonesia.

On May 2, 2014, Bank Mandiri with PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the buyers with BPJS Kesehatan (formerly PT Askes (Persero)) and Koperasi Bhakti Askes as the sellers have signed a Sale and Purchase agreement of InHealth's shares as recorded in Notarial deed of sale and purchase agreement No. 01 dated May 2, 2014 by Notary Mala Mukti S.H., LL.M.

With the signing of the Sale and Purchase Agreements, Bank Mandiri has effectively become the majority shareholder in InHealth with ownership of 60% (Rp990,000), PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) of 10% respectively (Rp165,000) and BPJS Kesehatan of 20% (Rp330,000). Change in share ownership has been approved by the General Meeting of Shareholders of InHealth by Notary Mala Mukti S.H., LL.M. No. 19 dated May 5, 2014 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and has been received through letter No. AHU-06507.40.22.2014 dated May 5, 2014 regarding the Company's Receipt of Notification of Data Change of PT Asuransi Jiwa InHealth Indonesia.

Articles of Association of InHealth has been changed in accordance with the Shareholders Agreement which was signed on December 23, 2013 and has been recorded in the Notarial Deed of Mala Mukti, S.H., LL.M No. 20 dated May 5, 2014. This change has been submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted through its letter No. AHU-01805.40.21.2014 dated May 6, 2014.

The signing of sale and purchase deed was the first phase of InHealth's acquisition in accordance with Conditional Share Purchase Agreement which was signed on December 23, 2013.

On March 30, 2015, the Bank carried out additional investment in InHealth shares by buying 200,000 shares owned by BPJS Kesehatan through the signing of the Deed of Sale and Purchase Agreement No. 108, dated March 30, 2015, made before Mala Mukti, S.H., LL.M., Notary in Jakarta, which is 20% of the total shares issued by InHealth. Total purchase price amounted to Rp330,000. The addition of these investments had been approved by the OJK as mentioned in its letter No. S-19/PB.31/2015 dated February 20, 2015. The difference in the balance of recorded non-controlling interest in the fair value of consideration paid for the additional shares of to 20% of InHealth shares amounted to Rp92,751 is recorded as "Difference in transactions with non-controlling interest".

Since the signing date of the Sale and Purchase Deed, Bank Mandiri has effectively become the majority shareholder of InHealth with ownership of 80%, which PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) each own 10%. It has been approved by the General Meeting of Shareholders in accordance with Notarial Deed of Mala Mukti S.H., LL.M. No. 109 dated March 30, 2015 and submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted by its letter No. AHU-AH.01.03-0020238 dated March 30, 2015 regarding Acceptance Notification of the Data Change of PT Asuransi Jiwa InHealth Indonesia.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

Bank Mandiri acquired 80% of total shares issued by Inhealth amounted to Rp1,320,000. As of December 31, 2019, 2018 and 2017 goodwill each amounted to Rp268,181, respectively. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (Note 2s).

PT Mandiri Utama Finance

On April 16, 2014, Bank Mandiri and PT Asco Investindo ("ASCO") and PT Tunas Ridean (Persero) Tbk. ("TURI"), signed an agreement of signing a preliminary agreement to set up a finance company to be able to accelerate Bank Mandiri finance portfolio, especially in the segment of vehicle financing.

On October 22, 2014, Bank Mandiri with ASCO and TURI signed a shareholders' agreement on the establishment of a finance company with an authorised capital of Rp100,000 and an ownership composition as follows: the Bank (51%); ASCO (37%); and TURI (12%). Subsequently, on December 23, 2014, in accordance with letter No. S-137/PB.31/2014 the Bank obtained a principle license of equity participation in the new company financing from Bank Supervision OJK.

On January 21, 2015, the deed of incorporation of a new subsidiary of Bank Mandiri named PT Mandiri Utama Finance ("MUF") has been signed as outlined in the notarial deed Ashoya Ratam, SH, M.Kn. No. 19 dated January 21, 2015 and was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in Decree No. AHU-0003452.AH.01.01. Year 2015 dated January 26, 2015. Concurrent with the signing of the deed of incorporation, the Bank also made capital injection amounted to Rp51,000 as stipulated in the Bank's shareholding in MUF. Based on notarial deed No. 66 of Ashoya Ratam dated May 29, 2015 on the Circular Letter of Shareholders' Meeting regarding the approval of change in composition of the Board of Commissioners, which such changes registered with the Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0936033 dated May 29, 2015.

After the signing of the deed, MUF submitted application of financing company business license to OJK - Non-Bank Financial Institutions ("OJK IKNB"). Upon request, the OJK IKNB has issued a decree of IKNB Board of Commissioners of the OJK No. KEP-81/D.05/2015 regarding the Granting Permit of Financing Company to PT Mandiri Utama Finance on June 25, 2015 through letter No. SR-3516 /NB.111/2015 dated June 26, 2015, regarding the Granting Permit of Financing Company PT Mandiri Utama Finance.

On August 24, 2015, MUF has carried out the initial operational activities through cooperation with primary dealers and the disbursement of credit to limited customers to meet the requirements of the OJK IKNB.

Based on the Letter of Approval from the OJK No. S-86/PB.31/2016 dated August 25, 2016, regarding the Application for Approval of the Increase in the Share Capital of PT Mandiri Utama Finance, the OJK expressed no objection to the Bank's plan of increasing its equity participation in MUF amounted to Rp102,000. The increase of capital in MUF will be done gradually with a nominal value of Rp51,000 for each stage. On August 29, 2016, the execution of the first stage in increasing the share capital of MUF, with a nominal value of Rp51,000, has been completed. The next stage of issuing additional share capital amounted to Rp51,000 has been carried out on December 16, 2016. The increase in capital did not change the percentage of ownership over MUF as follows Bank Mandiri, 51%; ASCO, 37%; and TURI, 12%.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Utama Finance (continued)

Based on the Letter of Approval from the OJK No. S-68/PB.31/2017 dated July 26, 2017, regarding the Application for Approval of the Increase in the Share Capital of the Bank to MUF, OJK expressed no objection to the Bank's plan of increasing its equity participation in MUF amounted to Rp102,000. The increase of capital in MUF will be done for two phases with nominal value Rp51,000 for each phase. On July 28, 2017, the execution of the first phase increasing the share capital of MUF with nominal value of Rp51,000 has been completed and documented on notarial deed of Ashoya Ratam S.H., M.Kn, No. 56 dated August 29, 2017 and approved by Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0169081 year 2017 dated September 6, 2017. On October 30, 2017, the execution of the second phase increasing the share capital of MUF with nominal value of Rp51,000 has been completed. The addition of capital investment does not change the percentage of ownership, the percentage of ownership of Bank Mandiri in MUF amounted to 51%, ASCO amounted to 37% and TURI amounted to 12%.

PT Mandiri Capital Indonesia

As of June 23, 2015, Bank Mandiri and PT Mandiri Sekuritas have established new subsidiary engaged in venture capital under the name of PT Mandiri Capital Indonesia ("MCI").

Establishment of the Company was marked by the signing of the deed of Bank Mandiri and PT Mandiri Sekuritas in which the Bank invested capital amounted Rp9,900, representing 99% share ownership in MCI and PT Mandiri Sekuritas injected capital amounted to Rp100 which represents a 1% share ownership in MCI, therefore the capital structure of MCI amounted Rp10,000.

Bank Mandiri's equity participation in the framework of establishment of MCI was approved by the OJK per its letter No. S-48/PB.31/2015 regarding Application for Approval of Equity Participation of PT Bank Mandiri (Persero) Tbk. for the establishment of Venture Capital Company on June 11, 2015.

As of June 26, 2015, the establishment of MCI was approved by the Minister of Law and Human Rights through letter No. AHU-2445684.AH.01.01 year 2015. MCI obtained a license to carry out business activities in the venture capital sector on November 10, 2015 through the OJK letter No. SR-6035/NB.111/ 2015 stating that MCI may carry out full operational activities.

Based on the Letter of Approval from the OJK No. S-1/PB.31/2016 dated January 7, 2016, regarding the Application for Approval of the Bank's investment in PT Mandiri Capital Indonesia (MCI), the OJK expressed no objection to Bank Mandiri's plan of additional equity investment to MCI.

On January 21, 2016, the transaction of additional equity investment to MCI amounted to Rp340,000 had been carried out and therefore MCI's authorised share capital became Rp350,000.

The additional equity investment to MCI was done through the issuance of 3,400 (full amount) new shares in MCI, each share has a nominal value of Rp100,000,000 (full amount) in which all such new and all shares were executed by Bank Mandiri (100%).

With the additional share capital issued amounted to Rp340,000 conducted entirely by Bank Mandiri, the percentage of equity ownership in MCI, each of which owned by Bank Mandiri amounted to 99.97% and Mandiri Sekuritas amounted to 0.03%.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Capital Indonesia (continued)

Based on the approval letter from OJK No. S-69/PB.31/2017 dated July 26, 2017 regarding the Application for Approval of the Bank's investment to PT Mandiri Capital Indonesia (MCI), the OJK expressed no objection to Bank Mandiri's plan of additional equity investment to MCI.

On July 28, 2017, the additional investment transaction executed by MCI amounted to Rp200,000 resulted the paid in capital of MCI increased to Rp550,000 which was documented on notarial deed from Muhammad Hanafi No. 8 dated September 7, 2017 and approved by Ministry of Justice and Human Rights of Republic Indonesia based on letter No. AHU-AH.01.03-0171170 year 2017 dated September 13, 2017. The additional equity investment is conducted by issuing 2,000 new shares with nominal value of Rp100,000,000 (full amount) and all the new shares were executed by Bank Mandiri (100%).

With this additional capital injection amounted to Rp200,000 which all excuted by Bank Mandiri resulted the percentage of ownership of Bank Mandiri in MCI became 99.98% and Mandiri Sekuritas became 0.02%.

Based on the approval letter from OJK No. S-14/PB.31/2019 dated January 31, 2019 regarding Bank's additional investment to PT Mandiri Capital Indonesia (MCI), OJK has recorded the Bank's plan to conduct the additional investment to MCI in OJK's administration.

On February 6, 2019, Bank's executed additional equity investment in MCI amounted to Rp547,000 therefore the capital of MCI became Rp1,097,000 which was documented in notarial deed from Muhammad Hanafi No. 6 dated February 7, 2019 and approved by Ministry of Justice and Human Rights of Republic Indonesia based on letter No. AHU-0006380.AH.01.02. This additional equity investment executed by issuing 5,470 new shares in which each share has nominal value of Rp100,000,000 (full amount) and fully executed by Bank Mandiri (100%).

With the additional equity investment of Rp547,000 conducted by Bank Mandiri, the Bank's and Mandiri Sekuritas percentage ownership became 99.99% and 0.01%, respectively.

On July 30, 2019, the Bank's executed additional equity investment to MCI amounted to Rp360,000, therefore the capital of MCI became Rp1,457,000 which was documented on Notarial Deed from Burhanuddin Husaini SH., MH No. 13 dated July 30, 2019 and approved by Ministry of Justice and Human Rights of Republic Indonesia based on letter No. AHU-0044080.AH.01.02 on July 30, 2019. This additional equity investment executed by issuing 14,570 new shares in which each share has nominal value of Rp100,000,000 (full amount) and fully executed by Bank Mandiri (100%).

With the additional equity investment of Rp360,000 which executed by Bank Mandiri, the Bank's and Mandiri Sekuritas percentage ownership became 99.99% and 0.01%, respectively.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri AXA General Insurance

PT Mandiri AXA General Insurance ("MAGI") is a joint venture between Bank Mandiri with AXA Société Anonyme engaged in general insurance. MAGI was formerly known as PT Maskapai Asuransi Dharma Bangsa (PT Insurance Society Dharma Bangsa Ltd) which was established based on Notarial Deed of Sie Khwan Djioe No. 109 dated July 28, 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated January 20, 1962. The name of the Company, PT Maskapai Asuransi Dharma Bangsa, was subsequently changed to PT Asuransi Dharma Bangsa as notarised by Imas Fatimah, S.H. No. 54 dated December 17, 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated March 26, 1998.

In Bank Mandiri's General Shareholder Meeting dated May 23, 2011, Bank Mandiri's shareholders approved the Bank's plans to acquire 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa. The Bank's investment in PT Asuransi Dharma Bangsa was approved by Bank Indonesia through its letter No. 13/59/DPB1/TPB1-1 dated July 28, 2011.

On October 11, 2011, Bank Mandiri acquired 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa with a total value of Rp60,000 as notarised by Notarial deed of Yualita Widyadhari, S.H. No. 23 dated October 11, 2011. After this acquisition, Bank Mandiri became the shareholder of PT Asuransi Dharma Bangsa with 60.00% ownership. This was ratified in the General Shareholders Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated October 11, 2011. The notarial deed had been received by the Ministry of Justice and Human Rights Republic of Indonesia as documented in its letter No. AHU-AH.01.10-10-33252 dated October 17, 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa's Article of Association.

Subsequently, the name of PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated October 18, 2011. The notarial deed had been received by the Ministry of Justice and Human Rights of the Republic of Indonesia as documented in its letter No. AHU-51976.AH.01.02 dated October 25, 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance's Article of Association.

In conducting its business, MAGI has been granted a license from the Insurance Bureau of Bapepam and LK Ministry of Finance of the Republic of Indonesia *(Biro Perasuransian Bapepam dan LK Kementerian Keuangan)* through letter No. S-12583/BL/2011 dated November 22, 2011 regarding the Activation of General Insurance Business License and Change of the Company's name from PT Asuransi Dharma Bangsa to PT Mandiri AXA General Insurance. The shares composition owned by PT Bank Mandiri (Persero) Tbk 120,000 shares amounted to Rp60,000,000,000 (full amount) and AXA S.A owned 80,000 shares amounted to Rp40,000,000,000 (full amount). In 2014, shares of AXA S.A were sold to AXA ASIA in accordance with the Notary Deed of Mala Mukti S.H., L.LM dated January 6, 2014 and submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and received by letter No. AHU-AH.01.10.01330 dated January 10, 2014.

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri AXA General Insurance (continued)

The OJK through its letter No. S-42/PB.31/2014 dated May 14, 2014 and letter No. 5-94/PB.31/2014 dated October 31, 2014 has approved the Additional Capital Investment of PT Bank Mandiri (Persero) Tbk in PT Mandiri AXA General Insurance amounted to Rp24,000 and Rp63,000. The additional capital investment has been approved by circularised decision of the General Meeting of Shareholders (RUPS). As documented in Notarial Wiwiek Widhi Astuti No. 20 dated June 6, 2014 and No. 27 dated November 21, 2014, has been approved by the Ministry of Justice and Human Rights through its letter No. AHU-03896.40.20.2014 dated June 12, 2014 and No. AHU-08879.40.21.2014 dated November 26, 2014. The addition of the equity investment did not change the percentage of share ownership whereas Bank Mandiri owned 60% and AXA S.A owned 40% MAGI.

Based on the letter of approval from the OJK No. S-52/PB.31/2015 dated June 25, 2015 regarding the Application for Approval of Increase in Investment of PT Mandiri AXA General Insurance, the OJK expressed no objection to the plan of the Bank to make additional capital investments in MAGI amounted to Rp30,000.

On July 9, 2015, the Bank carried out the execution of the additional investment to MAGI amounted to Rp30,000. The total increase in capital in PT MAGI amounted to Rp50,000 equal to the additional capital injection in proportion to its percentage shareholding in Bank Mandiri MAGI by 60% and AXA S.A by 40%, so the Bank increased its investment of Rp30,000 and AXA S.A of Rp20,000. The increase in capital did not change the percentage of share ownership in the overall MAGI-owned by Bank Mandiri of 60% and AXA S.A of 40%.

Based on the letter of approval from the OJK No. S-72/PB.31/2016 dated August 3, 2016 regarding the Application for Approval of Increase in Investment PT Mandiri AXA General Insurance, the OJK expressed no objection to the plan of the Bank to make additional capital investments to MAGI amounted to Rp30,000. On August 9, 2016, the Bank made the additional investment transaction execution to MAGI amounted to Rp30,000. The total additional investment to MAGI is Rp50,000 with the amount of additional capital injection in proportion to its percentage shareholding of the Bank in MAGI by 60% and AXA SA by 40%, therefore the Bank increased its investment of Rp30,000 and AXA SA by Rp20,000. The increase in capital did not change the percentage of ownership in the overall MAGI-owned by Bank Mandiri amounted to 60% and AXA S.A by 40%.

On October 31, 2018, the Bank obtained approval from OJK regarding to the divestment plan on PT Mandiri AXA General Insurance through Decision Letter No. S-122/PB.31/2018 regarding the Divestment Initiative of the Bank's Share Investment in PT Mandiri AXA General Insurance. The Bank obtained approval from the Ministry of State Owned Enterprises in its Decision Letter No. S-635/MBU/09/2018 dated September 26, 2018.

On November 21, 2018, AXA ASIA purchased 276,000 (two hundreds and seventy six thousands) shares owned by PT Bank Mandiri (Persero) Tbk which issued by PT Mandiri AXA General Insurance and registered in the Share Transfer Deed of Mala Mukti SH L.LM. No. 52 dated November 21, 2018. After shares purchasing, Bank Mandiri owned 20.00% shares of PT Mandiri AXA General Insurance which was ratified in General Shareholder's Meeting as covered in the Notarial Deed of Mala Mukti SH., L.LM No. 54 dated November 21, 2018 and was submitted to Ministry of Law and Human Rights of Republic Indonesia in its Decision Letter No. AHU-AH.01.03-10-0268916 dated November 28, 2018. PT Mandiri AXA General Insurance has submitted the changes of the shareholder's composition to OJK which had been approved on December 12, 2018. Since the change of ownership of Bank Mandiri in MAGI became 20%, MAGI's financial statement was no longer consolidated to Bank Mandiri.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

h. Structure and Management

Bank Mandiri’s head office is located on Jalan Jenderal Gatot Subroto Kavling 36-38, South Jakarta, Indonesia, As of December 31, 2019, 2018 and 2017, Bank Mandiri’s domestic and overseas offices are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Domestic regional offices	12	12	12
Domestic branches:			
Area	84	84	83
Community Branches	1,347	1,310	1,293
Mandiri Mitra Usaha offices	1,012	1,066	1,078
Cash Outlets	140	172	177
Total domestic branches	2,583	2,632	2,631
Overseas branches	6	6	6

As of December 31, 2019, 2018 and 2017 Bank Mandiri has 6 overseas branches located in Cayman Islands, Singapore, Hong Kong, Dili Timor Leste, Shanghai (People’s Republic of China) and Dili Timor Plaza, and 1 Remittance Office in Hong Kong.

To support Bank Mandiri’s vision “Indonesia’s Best, ASEAN’s Prominent”, Bank Mandiri divided its organisation structure into Strategic Business Units (SBU). In general, SBU consists of three major groups, which are:

1. Business Units, are responsible for the Bank’s main business development consists of 2 (two) segments namely Corporate Banking which consists of Corporate Banking and Commercial Banking, Government Institutional, Treasury & International Banking and Retail banking which consists of Credit Card, Small & Medium Enterprise, Micro Banking, Consumer Loans and Micro Development & Agent Banking.

2. Support Functions, are responsible for supporting units that provide overall support to Bank’s operations consisting of Special Asset Management, Risk Management which monitors Wholesale Risk and Retail Risk, Information Technology & Operation that supervises Operation, Compliance, Strategic and Finance, Internal Audit, Chief Digital Banking Officers and Chief Transformation Officer.

3. Small Business & Distribution that supervises consumer and transaction is responsible for selling products and goods unit to all segments of Bank’s customers, consisting of 12 (twelve) Regional Offices that are spread out across Indonesia and wealth management.

Bank Mandiri has made changes in its organizational structure which became effective on December 10, 2019, as stated in the Decree (SK) Board No. KEP.DIR/070/2019 dated December 12, 2019 on the Organizational Structure. Changes in the organizational structure of Bank Mandiri was done through rearranging the organization and forming a new structural and functional working unit to meet the needs and development of the Bank.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2019, 2018 and 2017, the members of Bank Mandiri's Boards of Commissioners are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Board of Commissioners			
President Commissioner/ Independent Commisioner	: -	Hartadi Agus Sarwono	Hartadi Agus Sarwono***)
President Commissioner	: Kartika Wirjoatmodjo*)	-	-
Deputy Chief Commissioner	: -	Imam Apriyanto Putro	Imam Apriyanto Putro
Deputy Chief Commissioner/ Independent Commissioner	: Muhamad Chatib Basri*)	-	-
Independent Commissioner	: Makmur Keliat	Goei Siauw Hong	Goei Siauw Hong
Independent Commissioner	: Mohamad Nasir*)	Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Independent Commissioner	: Robertus Bilitea*)	Makmur Keliat	Makmur Keliat****)
Commissioner	: Ardan Adiperdana	Ardan Adiperdana	Ardan Adiperdan
Commissioner	: R. Widyo Pramono	R. Widyo Pramono	R. Widyo Pramono*****)
Commissioner	: Rionald Silaban**)	Askolani	Askolani

*) Appointed in Annual General Meeting of Shareholders of Bank Mandiri dated December 9, 2019 and will be effective after obtaining fit and proper approval from Financial Services Authority ("OJK")
**) Appointed in Annual General Meeting of Shareholders of Bank Mandiri dated August 28, 2019 and will be effective after obtaining fit and proper approval from Financial Services Authority ("OJK")
***) The effective date was since November 15, 2017 upon approval from Financial Services Authority ("OJK") for the Fit and Proper Test.
****) The effective date was since September 25, 2017 upon approval from Financial Services Authority ("OJK") for the Fit & Proper Test.
*****) Appointed in Extraordinary Shareholders Meeting on August 21, 2017 and was effective since January 15, 2018 upon approval from Financial Services Authority ("OJK") for the Fit and Proper Test..

As of December 31, 2019, 2018 and 2017, the members of Bank Mandiri's Board of Directors are as follows:

	December 31, 2019
Board of Directors	
President Director	: Royke Tumilaar*)
Deputy of President Director	: Sulaiman Arif Arianto
Director of Consumer and Retail Transaction	: Hery Gunardi
Director of Risk Management	: Ahmad Siddik Badruddin
Director of Information Technology	: Rico Usthavia Frans
Director of Treasury, International Banking and Special Asset Management	: Darmawan Junaidi
Director of Corporate Banking	: Alexandra Askandar
Director of Compliance and Human Resources	: Agus Dwi Handaya
Director of Operation	: Panji Irawan
Director of Government Institutional	: Donsuwan Simatupang
Director of Commercial Banking	: Riduan
Director of Finance	: Silvano Winston Rumantir*)

*) Appointed in Annual General Meeting of Shareholders of Bank Mandiri dated December 9, 2019 and will be effective after obtaining fit and proper approval from Financial Services Authority ("OJK")

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2019, 2018 and 2017, the members of Bank Mandiri's Board of Directors are as follows (continued):

	December 31, 2018
Board of Directors	
President Director	: Kartika Wirjoatmodjo
Deputy of President Director	: Sulaiman Arif Arianto
Director of Corporate Banking	: Royke Tumilaar
Director of Micro Business and Networking	: Hery Gunardi
Director of Risk Management	: Ahmad Siddik Badruddin
Director of Information Technology and Operation	: Rico Usthavia Frans
Director of Treasury and International Banking	: Darmawan Junaidi
Director of Government Institutional	: Alexandra Askandar
Director of Compliance	: Agus Dwi Handaya
Director of Finance	: Panji Irawan
Director of Retail Banking	: Donsuwan Simatupang

	December 31, 2017
Board of Directors	
President Director	: Kartika Wirjoatmodjo
Deputy President Director	: Sulaiman Arif Arianto
Director of Operations	: Ogi Prastomiyono*)
Director of Wholesale Banking	: Royke Tumilaar
Director of Distributions	: Hery Gunardi
Director of Retail Banking	: Tardi*)
Director of Risk Management & Compliance	: Ahmad Siddik Badruddin
Director of Institutional	: Kartini Sally*)
Director of Digital Banking & Technology	: Rico Usthavia Frans
Director of Treasury	: Darmawan Junaidi**)

*) The working period was ended effectively on March 21, 2018 in accordance to the decision of the Annual General Meeting of Shareholders of Bank Mandiri for 2017 on March 21, 2018.
**) Based on the decision of the Extraordinary General Meeting held on August 21, 2017, he was appointed as Director of Treasury of Bank Mandiri which was effective since January 12, 2018 upon approval from FSA for the Fit and Proper Test.

As of December 31, 2019, 2018 and 2017, the members of Bank Mandiri's Audit Committee are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Chairman and member	: Ardan Adiperdana	Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Makmur Keliat	Hartadi Agus Sarwono	Hartadi Agus Sarwono***)
Member	: R. Widyo Pramono	Goei Siauw Hong	Goei Siauw Hong
Member	: Robertus Bilitea*)	Makmur Keliat	Makmur Keliat**)
Member	: Mohamad Nasir*)	-	-
Member	: Ridwan D. Ayub	Budi Sulistio	Budi Sulistio
Member	: Bambang Ratmanto	Bambang Ratmanto	Lista Irna

*) The effectivity of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner from OJK
**) Appointed as member of Audit Committee since his position as President Commissioner/Independent Commissioner of Bank Mandiri effectively started on November 15, 2017.
***) Appointed as member of Audit Committee effectively started on October 11, 2017.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2019, 2018 and 2017, Bank Mandiri's Remuneration and Nomination Committee consists of:

	December 31, 2019	December 31, 2018	December 31, 2017
Chairman and member	: R. Widyo Pramono	Hartadi Agus Sarwono	Hartadi Agus Sarwono**)
Member	: Kartika Wirjoatmodjo*)	Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Makmur Keliat	Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Ardan Adiperdana	Makmur Keliat	Makmur Keliat***)
Member	: Robertus Bilitea*)	-	-
Member	: Indri K. Hidayat	Askolani	Askolani
Member	: -	R. Widyo Pramono	R. Widyo Pramono****)
Member	: -	Goei Siauw Hong	Goei Siauw Hong
Member	: -	Ardan Adiperdana	Ardan Adiperdana
Secretary (ex-officio)	: Group Head or Executive Officer	Group Head Human Capital designated in Human Capital Services	SEVP Human Capital

*) The effective date of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner from OJK

**) Appointed as Chairman and Member of Remuneration and Nomination Committee since his position as President Commissioner/Independent Commissioner of Bank Mandiri effectively started on November 15, 2017.

***) Appointed as member of Remuneration and Nomination Committee effectively started on October 11, 2017.

****) Effective as Member of Remuneration and Nomination Committee since October 11, 2017.

As of December 31, 2019, 2018 and 2017, Bank Mandiri's Risk Oversight Committee consists of:

	December 31, 2019	December 31, 2018	December 31, 2017
Chairman and Member	: Makmur Keliat	Goei Siauw Hong	Goei Siauw Hong
Member	: Muhamad Chatib Basri*)	Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Ardan Adiperdana	Ardan Adiperdana	Ardan Adiperdana***)
Member	: R. Widyo Pramono	R. Widyo Pramono	R. Widyo Pramono**)
Member	: Rionald Silaban*)	-	-
Member	: Lista Irna	Lista Irna	Lista Irna
Member	: Chrisna Pranoto	Ridwan Darmawan Ayub	Ridwan Darmawan Ayub

*) The effective date of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner from OJK

***) Appointed as member of Risk Oversight Committee effectively started on October 11, 2017.

****) Effective as Member of Risk Oversight Committee after his position as Commissioner of Bank Mandiri became effective.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2019, 2018 and 2017, Bank Mandiri's Integrated Governance Committee consists of:

		December 31, 2019	December 31, 2018	December 31, 2017
Chairman and Member	:	Makmur Keliat	Goei Siauw Hong	Goei Siauw Hong
Member	:	Kartika Wirjoatmodjo*)	-	-
Member	:	Muhamad Chatib Basri*)	Imam Apriyanto Putro	Imam Apriyanto Putro
Member	:	Ardan Adiperdana	Makmur Keliat	Makmur Keliat***)
Member	:	R. Widyo Pramono	Askolani	Askolani***)
Member	:	Robertus Bilitea*)	-	-
Member	:	Rionald Silaban	Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	:	Ridwan Darmawan Ayub	Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	:	Chrisna Pranoto	Budi Sulistio	-
Member	:	Independent Commissioner Bank Mantap**)	Edhi Chrystanto (Bank Mandiri Taspen)	Edhi Chrystanto (Bank Mandiri Taspen)
Member	:	Independent Commissioner MAGI**)	Frans A. Wiyono (Mandiri AXA General Insurance)	Frans A. Wiyono (Mandiri AXA General Insurance)
Member	:	Independent Commissioner Mansek**)	D. Cyril Noerhadi (Mandiri Sekuritas)	D. Cyril Noerhadi (Mandiri Sekuritas)
Member	:	Independent Commissioner AMFS**)	Wihana Kirana Jaya (AXA Mandiri Financial Services)	Wihana Kirana Jaya (AXA Mandiri Financial Services)
Member	:	Independent Commissioner MTF**)	Ravik Karsidi (Mandiri Tunas Finance)	Ravik Karsidi (Mandiri Tunas Finance)
Member	:	Independent Commissioner Inhealth**)	Ali Ghufron Mukti (Asuransi Jiwa Inhealth Indonesia)	Ali Ghufron Mukti (Asuransi Jiwa Inhealth Indonesia)
Member	:	Independent Commissioner BSM**)	Mulya E. Siregar (Bank Syariah Mandiri)	Ramzi A. Zuhdi (Bank Syariah Mandiri)
Member	:	Sharia Supervisory Board from subsidiary**)	M. Syafii Antonio (Bank Syariah Mandiri)	M. Syafii Antonio (Bank Syariah Mandiri)

*) The effective date of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner from OJK
**) The subsidiaries excecutives
***) Appointed as member of Integrated Governance Committee started on October 11, 2017

As of December 31, 2019, 2018 and 2017, the Chairman of the Internal Audit of Bank Mandiri is Mustaslimah.

As of December 31, 2019, 2018 and 2017, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of Bank Mandiri on December 31, 2019, 2018 and 2017 is 39,065, 39,809 and 38,307 people, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Bank and Subsidiaries ("Group") were completed and authorised for issuance by the Board of Directors on April 30, 2020.

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards which comprised of the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and the Capital Market Supervisory Agency and Financial Institution ("Bapepam and LK") regulation No. VIII.G.7 Attachment of the Chairman of Bapepam and LK's decree No. KEP-347/BL/2012 dated June 25, 2012, regarding "Financial Statements Presentation and Disclosure for Issuer or Public Companies".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements

The principal accounting policies adopted in preparing the consolidated financial statements of the Bank and Subsidiaries are set out below:

The consolidated financial statements have been prepared under the historical cost, except for financial assets classified as available for sale, financial assets and liabilities held at fair value through profit or loss and all derivative instruments which have been measured at fair value and land assets measured at fair value since April 1, 2016. The consolidated financial statement is prepared under the accrual basis of accounting, except for the consolidated statement of cash flows.

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

Items within Other Comprehensive Income are classified separately, between accounts which will be reclassified to Profit or Loss and will not be reclassified to Profit or Loss.

The financial statements of a Subsidiary engaged in sharia banking have been prepared based on with the Statement of Financial Accounting Standards (SFAS) No. 101 (Revised 2016), "Presentation of Financial Statements for Sharia Banking", SFAS No. 102 (Amendments 2016) "Accounting for *Murabahah"*, SFAS No. 104 (Amendments 2016) "Accounting for *Istishna*", SFAS No. 105 "Accounting for *Mudharabah"*, SFAS No. 106 "Accounting for *Musyarakah*", SFAS No. 107 (Amandments 2016) "Accounting for *Ijarah*", SFAS No. 110 (Revised 2015) "Accounting for *Sukuk*", SFAS No. 111 "Accounting for *Wa'd*" and other prevailing Statements of Financial Accounting Standards, as long as it does not contradict with Sharia principle on Accounting Guidelines for Indonesian Sharia Banking (PAPSI) (Revised 2013).

The preparation of financial statements in accordance with Indonesian Financial Accounting Standards requires the use of estimates and assumptions. It also requires management to make judgments in the process of applying the accounting policies of the Group. The area that is complex or requires a higher level of consideration or areas where assumptions and estimates could have a significant impact on the consolidated financial statements is disclosed in Note 3.

All figures in the consolidated financial statements, are rounded and presented in million rupiah ("Rp") unless otherwise stated.

b. Changes in accounting policies

On January 1, 2019, the Group adopted new and revised or amendment of financial accounting standards that are relevant to the Group's and effective for application from that date:

- SFAS No. 22 (Improvement 2018) regarding "Business Combination"
- SFAS No. 24 (Amendment 2018) regarding "Employee Benefit"
- SFAS No. 26 (Improvement 2018) regarding "Borrowing Cost"
- SFAS No. 46 (Improvement 2018) regarding "Income Tax"
- SFAS No. 66 (Improvement 2018) regarding "Joint Arrangement"
- IFRIC No. 33 "Foreign exchange transactions and advanced benefit"
- IFRIC No. 34 "Uncertainty in income tax treatment"

The Group assesses that the adoption of these new and revised or amendment standards and interpretations which are effective since January 1, 2019 had no material impact to the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments

A. Financial assets

The Group classifies its financial assets in the following categories of (a) financial assets at fair value through profit or loss, (b) loans and receivables, (c) financial assets held-to-maturity, and (d) financial assets available for sale. The classification depends on the purpose for which the financials assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

This category comprises two sub-categories: financial assets classified as held for trading and financial assets designated by the Group as of fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

A financial asset designated as fair value through profit or loss at inception is held to reserve the insurance liabilities of Subsidiary measured at fair value of the underlying assets.

Financial instruments included in this category are recognised initially at fair value; transaction costs are charged directly to the consolidated statement of profit or loss and other comprehensive income. Gains and losses arising from changes in fair value, sales of financial instruments and interest income from financial instruments at fair value through profit or loss are recorded in the consolidated statement of profit or loss and other comprehensive income in trading income - net.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group upon initial recognition designates as available for sale; or
- those for which the Group may not recover substantially all of its initial investment, other than because of loans and receivables deterioration.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Income on financial assets classified as loans and receivables is included in the consolidated statement of profit or loss and other comprehensive income and reported as “Interest income”. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognised in the consolidated statement profit or loss and other comprehensive income as “Allowance for impairment losses”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(c) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to held to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

Interest income on financial assets held-to-maturity is included in the consolidated statement of profit or loss and other comprehensive income and reported as “Interest income”. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated financial statements as “Allowance for impairment losses”.

d) Available for sale financial assets

Available for sale financial assets are financial assets that are intended to be held for indefinite period of time, which may be sold in response the needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity or financial assets at fair value through profit or loss.

Available for sale financial assets are initially recognised at fair value, plus transaction costs, and measured subsequently at fair value with gains or losses arising from the changes in fair value are recognised as other comprehensive income, except for impairment losses and foreign exchange gains or losses for debt instrument. For equity instrument, foreign exchange gains or losses are recognised in the consolidated statement of profit or loss and other comprehensive income, until the financial assets is derecognised. If available for sale financial asset is determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised as other comprehensive income is recognised in the profit or loss. Interest income is calculated using the effective interest method.

Recognition

The Bank uses trade date accounting for recording marketable securities and government bonds transactions. Financial assets that are transferred to a third party but not qualify for derecognition are presented in the consolidated statement of financial position as “other assets - receivables from marketable securities and government bonds pledged as collateral”, if the transferee has the right to sell or repledged them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities

The Group classifies its financial liabilities into the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the consolidated statement of profit or loss and other comprehensive income as “Trading income - net”. Interest expense from financial liability classified as trading are recorded as “Trading income - net”.

If the Group designated certain debt securities upon initial recognition as at fair value through profit or loss (fair value option), then this designation cannot be changed subsequently. According to SFAS No. 55, debt securities which classified as fair value option consists of debt host and embedded derivatives that must be separated.

Changes of fair value related to financial liabilities designated at fair value through profit or loss are recognised in “Trading income - net”. Interest expense from financial liabilities designated at fair value through profit or loss are recorded as “Trading income - net”.

(b) Financial liabilities at amortised cost

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

After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest rate method. Effective interest rate amortisation is recognised as “Interest expense”.

C. Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have expired or matured the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Financial instruments (continued)

C. Derecognition (continued)

Collateral that is submitted by the Group under the agreement of securities sold under agreements to repurchase and securities lending and borrowing transactions is not derecognised because the Group substantially has all the risks and benefits of the collateral, based on the requirement that the repurchase price has been determined at the beginning, so that the criteria for derecognition are not met.

Write-offs

In the case of financial assets' write-off is a continuation of the financial assets' settlement by taking over collaterals, the written-off amount is approximately equal to the difference between the fair value of repossessed assets after taking into account the financial assets' cost of sales and carrying amount.

Financial assets can be written off when the allowance for impairment losses have been 100% established.

Full write-off is done to the financial assets' carrying amount by debiting the allowance for impairment losses.

D. Reclassification of financial assets

The Group shall not reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

The Group shall not classify any financial assets as held-to-maturity if the Group has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity financial assets before maturity (more than insignificant in relation to the total amount of held-to-maturity financial assets), other than sales or reclassifications that:

(a) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
(b) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
(c) are attributable to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group.

Reclassification of financial assets from held to maturity classification to available for sale are recorded at fair value. Unrealised gains or losses are recorded in other comprehensive income component and shall be recognised in the consolidated statement of profit or loss and other comprehensive income until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income shall be recognised in consolidated statement of profit or loss and other comprehensive income under gain/loss from sale of financial assets.

Reclassfication of financial assets available for sale to held to maturity recorded at book value. Unrealised gains or losses must be amortised using the effective interest rate until the maturity date of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments

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

<table>
<tr><th colspan="2">Category</th><th>Class</th><th>Sub-classes</th></tr>
<tr><td rowspan="25">Financial assets</td><td rowspan="3">At fair value through profit or loss financial assets</td><td rowspan="3">Financial assets held for trading</td><td>Marketable securities</td></tr>
<tr><td>Government bonds</td></tr>
<tr><td>Derivative receivables - non hedging related</td></tr>
<tr><td rowspan="16">Loans and receivables</td><td colspan="2">Current accounts with Bank Indonesia</td></tr>
<tr><td colspan="2">Current accounts with other banks</td></tr>
<tr><td colspan="2">Placements with Bank Indonesia and other banks</td></tr>
<tr><td colspan="2">Other receivables - trade transaction</td></tr>
<tr><td colspan="2">Securities purchased under agreements to resell</td></tr>
<tr><td colspan="2">Loans and sharia loan/financing</td></tr>
<tr><td colspan="2">Consumer financing receivables</td></tr>
<tr><td colspan="2">Investment in lease financing</td></tr>
<tr><td colspan="2">Acceptance receivables</td></tr>
<tr><td rowspan="7">Other assets</td><td>Accrued income</td></tr>
<tr><td>Receivables from customer transactions</td></tr>
<tr><td>Receivables from sale of marketable securities</td></tr>
<tr><td>Receivables from policyholders</td></tr>
<tr><td>Receivables from mutual funds</td></tr>
<tr><td>Receivables from transaction related to ATM and credit card</td></tr>
<tr><td>Receivables on government bonds pledged as collateral</td></tr>
<tr><td rowspan="2">Held-to-maturity financial assets</td><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Government bonds</td></tr>
<tr><td rowspan="3">Available for sale financial assets</td><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Government bonds</td></tr>
<tr><td colspan="2">Investments in shares - less than 20%</td></tr>
<tr><td>Hedge derivatives</td><td>Cash flow hedging</td><td>Derivative receivables - cash flow hedge related</td></tr>
</table>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments (continued)

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

<table>
<tr><th colspan="2">Category</th><th>Class</th><th>Sub-classes</th></tr>
<tr><td rowspan="20">Financial liabilities</td><td>At fair value through profit or loss financial liabilities</td><td>Financial liabilities held for trading</td><td>Derivative payables - non hedging related</td></tr>
<tr><td rowspan="18">At amortised cost financial liabilities</td><td rowspan="3">Deposits from customers</td><td>Demand deposits and wadiah demand deposits</td></tr>
<tr><td>Saving deposits and wadiah saving deposits</td></tr>
<tr><td>Time deposits</td></tr>
<tr><td rowspan="3">Deposits from other banks</td><td>Demand deposits, wadiah demand deposits and saving deposits</td></tr>
<tr><td>Interbank call money</td></tr>
<tr><td>Time deposits</td></tr>
<tr><td colspan="2">Securities sold under agreements to repurchase</td></tr>
<tr><td colspan="2">Acceptance payables</td></tr>
<tr><td colspan="2">Debt securities issued</td></tr>
<tr><td colspan="2">Accrued expenses</td></tr>
<tr><td colspan="2">Fund borrowings</td></tr>
<tr><td rowspan="6">Other liabilities</td><td>Payable to customers</td></tr>
<tr><td>Guarantee deposits</td></tr>
<tr><td>Payable from purchase of marketable securities</td></tr>
<tr><td>Liabilities related to ATM and credit card transaction</td></tr>
<tr><td>Customers transaction</td></tr>
<tr><td>Other liabilities for UPAS transaction</td></tr>
<tr><td colspan="2">Subordinated loans and marketable securities</td></tr>
<tr><td>Hedge derivatives</td><td>Cash flow hedging</td><td>Derivative payables - cash flow hedge related</td></tr>
<tr><td rowspan="4">Off-balance sheet accounts</td><td colspan="3">Committed unused loan facilities</td></tr>
<tr><td colspan="3">Outstanding irrevocable letters of credit</td></tr>
<tr><td colspan="3">Bank guarantees issued</td></tr>
<tr><td colspan="3">Standby letters of credit</td></tr>
</table>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

F. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and an intention to settle on a net basis or realised the asset and settle the liability simultaneously. This means that the right to offset:

a. Must not be contingent on a future event, and
b. Must be legally enforceable in all of the following circumstances:
   i. The normal course of business
   ii. The event of default
   iii. The event of insolvency or bankruptcy

G. Allowance for impairment losses of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of impairment loss include:

1. Significant financial difficulty of the issuer or obligor;
2. A breach of contract, such as a default or delinquency in interest or principal payments;
3. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
4. There is a probability that the borrower will enter bankruptcy or other financial reorganisation;
5. The disappearance of an active market for that financial asset because of financial difficulties; or
6. Observable data indicates that there is a measurable decrease in the estimation.

The Group has determined specific objective evidence of an impairment loss for loans including:

1. Loans classified as Substandard, Doubtful and Loss (non-performing loans) in accordance with Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks and Circular Letter of Bank Indonesia No. 15/28/DPNP dated July 31, 2013 regarding Asset Quality Rating for Commercial Banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

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

The Group has determined specific objective evidence of an impairment loss for loans including (continued):

2. All restructured loans.

   The Group initially assesses whether objective evidence of impairment for financial asset exists as described above. The individual assessment is performed for the individually significant impaired financial asset, using discounted cash flows method.

If the Group assesses that there is no objective evidence of impairment for financial asset assessed individually, both for significant and insignificant amount, the financial asset will be included in a group of financial asset with similar credit risk characteristics and collectively assessed them for impairment. Financial assets that are individually assessed but not impaired are still classified as financial assets that are assessed individually. However, the Group provides allowance for impairment losses based on probability of default generated for each segment by evaluating impairment of loans collectively.

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

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

The Bank determines loans to be evaluated for impairment through individual assessment if one of the following conditions is met:

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

The Bank determines loans to be evaluated for impairment through collective assessment if one of the following conditions is met:

1. Loans which individually has significant value and there are no objectives evidence of impairment; or
2. Loans which individually has insignificant value; or
3. Restructured loans which individually has insignificant value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

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

Individual impairment calculation

The amount of the impairment is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future impairment losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the allowance for impairment losses account and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income. If a loan or held-to-maturity financial assets has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The Bank uses a fair value of collateral method as a basis for future cash flow if, one of the following conditions is met:

1. Loans are collateral dependent, i.e. if source of loans repayment comes only from the collateral; or
2. Foreclosure of collateral is most likely to occur and supported with legal binding aspect.

Collective impairment calculation

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics such as by considering credit segmentation and past-due status. Those characteristics are relevant to the estimation of future cash flows for groups of such assets which indicate debtors or counterparties' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The Group uses statistical model analysis methods, consist of roll rates analysis method and migration analysis method for financial assets impairment which are collectively assessed using minimum of 3 (three) years historical data.

In migration analysis method, management determines 12 months as the estimated and identification period between a loss occurring for each identified portfolio, except for Micro banking segment in which the loss identification period used is 9 months.

When a loan is uncollectible, it is written off against the related allowance for loan impairment losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and marketable securities (in held-to-maturity and loans and receivables categories) are classified into "allowance for impairment losses".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

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

Collective impairment calculation (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the impairment reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

Allowance for possible losses on earning assets of Subsidiary based on sharia

1. Earning assets consist of current account and placements with Bank Indonesia in the form of Bank Indonesia Sharia Certificate (*Sertifikat Bank Indonesia Syariah* (SBIS)), Bank Indonesia Sharia Deposit Facility (*Fasilitas Bank Indonesia Syariah* (FASBIS)), Reverse Repo Receivables State Sharia Certificates (*Surat Berharga Syariah Negara* (SBSN)) BI, Term Deposit Foreign Currency Sharia BI, current accounts with other sharia banks, placement with other sharia banks, investment in marketable securities, *istishna* receivables, *ijarah* receivables, funds of *qardh*, *musyarakah* financing, *mudharabah* financing, *ijarah* assets, and commitments and contingencies with credit risk, such as bank guarantees, irrevocable letters of credit (LC) and standby letters of credit.

   Allowance for impairment losses of earning assets and non-earning assets for commercial bank conducting business based on sharia principles is based on Financial Services Authority Regulation ("POJK") No. 19/POJK.03/2018 dated September 20, 2018 on "Asset Quality Assessment for Sharia Commercial Banks and Business Units", and POJK No. 12/POJK.03/2015 dated August 21, 2015 on "Prudential Principle Provisions for Sharia Banks and Sharia Business Units to Stimulate the National Economy".

   The guidelines for the establishment of allowance for impairment losses on earning assets based on the aformentioned OJK's Regulation are as follows:

   a) General reserve, shall be no less than 1% of total earning assets classified as current, excluding Bank Indonesia Sharia Certificates and debt securities issued by the Government based on sharia principles, and part of earning assets guaranteed by government and cash collateral in the form of demand deposits, saving deposits, time deposits, guarantee deposits, and/or gold which are pledged and accompanied with the power of attorney to liquidate.

   b) Special reserve shall be at least:
      - 5% of earning assets classified as Special Mention after deducting collateral value;
      - 15% of earning assets classified as Substandard after deducting collateral value;
      - 50% of earning assets classified as Doubtful after deducting collateral value;
      - 100% of earning assets classified as Loss after deducting collateral value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

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

Allowance for possible losses on earning assets of Subsidiary based on sharia (continued)

The guidelines for the establishment of allowance for impairment losses on earning assets based on the aforementioned OJK's Regulation are as follows (continued):

c) The requirement to establish allowance for impairment losses shall not be applicable for earning assets under leasing transactions in the form of *ijarah* or *ijarah muntahiyah bittamlik*. The Subsidiary is required to depreciate/amortize the assets of *ijarah muntahiyah bittamlik*.

For marketable securities and placements to the bank, the quality rating is classified into 3 (three) classifications: current, substandard, and loss. Quality rating of equity investment is determined into 4 (four) categories: current, substandard, doubtful and loss.

2. For *murabahah*, the Subsidiary evaluates whether there is an objective evidence that the financial assets or group of financial assets are impaired at each statement of financial position date as a result of an event that occurred after initial recognition which impacts the estimated future cash flows that can be reliably estimated.

The allowance for impairment on *murabahah* is calculated using collective according to SFAS No. 55, "Financial Instruments: Recognition and Measurement".

(b) Financial assets classified as available for sale

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2c.(G).(a) for the criteria of objective evidence of impairment.

In the case of debt instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statement of profit or loss and other comprehensive income is removed from equity and recognised in the consolidated statement of profit or loss and other comprehensive income.

If, in a subsequent period, the fair value of a financial asset classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated statement of profit or loss and other comprehensive income, the impairment loss is reversed through the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(c) Financial guarantee contracts and commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher amount between the initial amount, less amortisation of fees recognised, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is amortised over the period of guarantees using the straight-line method.

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

H. Investment in sukuk

Before the initial recognition, the Group determines the classification of investment in sukuk based on the Group's investment objective. Investment in sukuk can be measured as follows:

- Acquisition cost
  If the investment is held within a business model that aims to collect contractual cash flows and there is a contractual requirement to determine the specific date of principal payments and/or the result. The acquisition cost for sukuk *ijarah* and sukuk *mudharabah* is included in the transaction cost. The difference between acquisition cost and nominal value is amortised using straight-line method during the period of the sukuk instrument.

- Measured at fair value through other comprehensive income
  If the investment is held within a business model which its primary purpose is to obtain contractual cash flows and sell off sukuk and the contractual requirements determined by specific date of payment of principal and/or results. The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* is included as transaction costs. The difference between the acquisition cost and nominal value is amortised on straight-line basis over the terms of sukuk. The changes in fair value are recognised in other comprehensive income. At the time of derecognition, the changes in fair value in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

- Measured at fair value through profit or loss
  The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* is measured at fair value through profit or loss excluding transaction costs. For investments in sukuk which are measured at fair value through profit or loss, the difference between the fair value and the carrying amount is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

I. Sukuk *mudharabah* issued

Sukuk *mudharabah* issued is recognised at nominal. Transaction costs are recognised as deferred expense and presented as “Other asset” and amortised using straight-line following the period of sukuk *mudharabah*.

J. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability should be measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial instruments traded in active markets, such as marketable securities and government bonds, is determined based on quoted market prices at the statement of financial position date from credible sources such as quoted market prices from Bloomberg, Reuters or broker’s quoted price. Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position date.

A financial instrument is regarded as quoted in an active market, if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm’s length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially has the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For government bond with no quoted market prices, a reasonable estimate of the fair value is determined using the internal model based on the present value of expected future cash flows using next-repricing method with deflator factor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries in which the majority shareholding are owned or controlled by the Bank.

Control is presumed to exist where the Bank is exposed, or has rights, to variable returns from its involvement with the Subsidiaries and has ability to use its power to affect its returns from its involvement with the Subsidiaries.

The Bank controls the Subsidiaries if and only if the Bank acquires these rights:
a) Power over the Subsidiaries (has existing rights that give it the current ability to direct the relevant activities, that significantly affect the Subsidiaries' returns);
b) Exposure, or rights, to variable returns from its involvement with the Subsidiaries;
c) The ability to use its power over the Subsidiaries to affect the amount of the Bank's returns

In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated. Non-controlling interest of Bank in net income of Subsidiaries is presented as a deduction of consolidated net income in order to present the Bank's income. Non-controlling interest in net assets is presented as part of equity in the consolidated statement of financial position, except for non-controlling interest from mutual fund consolidation is presented as part of liabilities in the consolidated statement of financial position.

The consolidated financial statements are prepared using a consistent accounting policy for transactions and events in similar circumstances. The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Subsidiaries, unless otherwise stated.

If the control on an entity is obtained or ends in the current year, the entity's net income is included in the consolidated statement of income from the date of acquisition of the control or until the date the control ceased.

Business combination transaction amongst entities under common control, in form of transfer of business conducted for the purpose of reorganisation of entities under common control, does not represent a change of ownership in terms of economic substance, therefore, there shall be no gain or loss recognised by the group as a whole and by individual entities within the group.

Since the business combination transaction amongst entities under common control does not cause any change in economic substance of ownership of the transferred business, therefore the transaction is recognised at book value using the pooling interest method.

Changes in the Bank's ownership interest in Subsidiaries that do not result in a loss of control are accounted for as an equity transaction, in this case a transaction with owners in their capacity as owners. Any difference between the amount by when the non-controlling interest are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the parent.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of consolidation (continued)

The entity that accepts/releases a business in a combination or separation of business amongst entities under common control, shall recognise the difference between benefits being transferred or received and the recorded amount of every business combination transaction as equity and present it under additional paid-in capital/share premium.

e. Foreign currency transactions and balances

Subsidiaries and overseas branches

Bank Mandiri maintains its accounting records in Indonesian Rupiah. For consolidation purposes, the financial statements of the overseas branches and overseas Subsidiaries of Bank Mandiri denominated in foreign currencies are translated into Rupiah based on the following bases:

(1) Assets and liabilities, commitments and contingencies - using the Reuters spot rates at the consolidated statement of financial position date.
(2) Revenues, expenses, income and losses - using the average middle rates during each month when the transaction occurs.
(3) Shareholders' equity accounts - using historical rates on the date of transaction.
(4) Statements of cash flows - using the Reuters spot rates at the reporting date, except for income and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The differences arising from the translation adjustment are presented as "Differences arising from translation of foreign currency financial statements" under the Shareholders' Equity section of the consolidated statement of financial position.

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position date, all foreign currencies monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on December 31, 2019, 2018 and 2017. The resulting gains or losses are credited or charged to the current year's consolidated statements of profit or loss and other comprehensive income.

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

	December 31, 2019	December 31, 2018	December 31, 2017
Great Britain Poundsterling 1/Rp	18,238.14	18,311.50	18,325.62
European Euro 1/Rp	15,570.61	16,440.66	16,236.23
United Stated Dollar 1/Rp	13,882.50	14,380.00	13,567.50
Japanese Yen 100/Rp	12,781.00	13,062.00	12,052.00

Other foreign currencies are not disclosed as above since it is considered not material in the translation of transaction in foreign currencies of the Bank and Subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with related parties

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with SFAS No. 7 regarding “Related Party Disclosures” and Regulation of Bapepam and LK No. KEP-347/BL/2012, dated June 25, 2012 regarding “Financial Statements Presentation and Disclosure of Issuers or Public Companies”.

A related party is a person or entity that is related to the entity that prepares its financial statements (reporting entity). The related parties are as follows:

1) A person who:
   a) has control or joint control over the reporting entity;
   b) has significant influence over the reporting entity; or
   c) the key management personnel of the reporting entity or the parent of the reporting entity.

2) An entity is related to a reporting entity if any of the following:
   a) The entity and the reporting entity are members of the same group;
   b) An entity is an associate or joint venture of the entity;
   c) Both entities are joint ventures from the same third party;
   d) An entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   e) The entity is a post-employment benefit plan for the benefits of employee either from the reporting entity or an entity related to the reporting entity;
   f) The entity is controlled or jointly controlled by a person identified as referred to in point 1); or
   g) A person identified as referred to point 1) letter a) has significant influence over the entity or the entity's key management personnel;
   h) The entity is controlled, jointly controlled or significantly influenced by the Government, namely the Minister of Finance or the local governments which are the shareholders of the entity.

3) Parties which are not related parties are as follows:
   a) Two entities simply because they have the same director or key management personnel or because the key management personnel of one entity has significant influence over the other entity;
   b) Two joint venturers simply because they share joint control of a joint venture;
   c) Fund provider, trade unions, public service, and ministry and agencies of government that does not control, jointly control or significantly influence the reporting entity, solely in the execution of normal dealings with the entity;
   d) Customers, suppliers, franchisor, distributor or general agent with whom an entity enter into transaction with significant volumes of business solely because economic dependence due to circumstances.

All significant transactions with related parties have been disclosed in Note 56.

g. Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current accounts with Bank Indonesia and other banks

Current accounts with Bank Indonesia and other banks are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

The Minimum Statutory Reserve

Based on Bank Indonesia Regulation (PBI) No. 20/3/PBI/2018 regarding Statutory Reserves in Rupiah and Foreign Currencies for Conventional Commercial Banks, Sharia Commercial Banks and Sharia Business Units, Banks and Subsidiaries under Sharia Principle are required to maintain Minimum Statutory Reserves (GWM) at Bank Indonesia in Rupiah and Foreign Exchange.

PBI No. 20/3/PBI/2018 described on *Anggota Dewan Gubernur* Regulation (PADG) No. 20/10/PADG/2018 over Minimum Statutory Reserve in Rupiah should be maintained of 6.50% of the Bank's Third Party Funds in Rupiah during certain period which should be maintained on daily of 4.5% and on average of 2%. The Subsidiaries's GWM in Rupiah under Sharia principle should be maintained of 5% of the Subsidiaries's Third Party Funds in Rupiah, during certain period should be maintained on daily of 3% and on average of 2%.

GWM in foreign currency should be maintained on average of 8% of the Bank's Third Party Funds in foreign currency, during a certain period which should be maintained on daily of 6% and on average of 2%. Subsidiaries's GWM in foreign currency under Sharia principle should be maintained 1% of the Subsidiaries's Third Party Funds in foreign currency.

Those regulations had been revised two times on PADG No. 20/30/PADG/2018 dated on November 30, 2018 and the latest PADG No. 21/14/PADG/2019 dated June 26, 2019 about second changes over *Anggota Dewan Gubernur* Regulation No. 20/10/PADG/2018 about Statutory Reserve in Rupiah and other currencies for conventional Banking, Sharia Commercial Banking, and Sharia Business Units.

In Accordance with PADG No.21/14/PADG/2019, Statutory reseved Conventional Banking should be maintain on average 6% from Third Party Funds in Rupiah during certain period which should be maintained on daily of 3% and on average of 3%. Meanwhile GWM in Rupiah for Commercial Sharia Banking and Sharia Business Units should be maintained of 4.5% of the Subsidiaries's Third Party Funds in Rupiah, during certain period should be maintained on daily of 1.5% and on average of 3%.

GWM in foreign currency is set at 8.00% of foreign currency third party fund during certain period which should be maintained on daily of 6% and on average of 2%.

Macroprudential Liquidity Buffer

Macroprudential Liquidity Ratio, will be mentioned as MLB (previously mentioned as secondary GWM) is a minimum statutory reserve which should be maintain in Rupiah by conventional bank in terms of Securities under certain requirements and the amount will be determined by Bank Indonesia in certain percentage of Conventional Bank Third Party Fund in Rupiah. For Sharia Conventional Banking Macroprudential Liquidity buffer (PLM Sharia) is minimum statutory reserve which should be maintain by sharia commercial banking in terms of sharia securities under certain requirements and the amount will be determined by Bank Indonesia in certain percentage of sharia commercial bank's Third Party Fund in Rupiah.

The requirement of latest MLB is stated on PBI No.21/12/PBI/2019 about the changes of PBI No. 20/4/PBI/2018 about *Rasio Intermediasi Makroprudensial dan Penyangga Likuiditas Makroprudensial bagi Bank Umum Konvensional, Bank Umum Syariah dan Unit Usaha Syariah* that being explained on *Anggota Dewan Gubernur* Regulations No.21/22/PADG/2019 about *Rasio Intermediasi Makroprudensial dan Penyangga Likuiditas Makroprudensial bagi Bank Umum Konvensional, Bank Umum Syariah, dan Unit Usaha Syariah.*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current accounts with Bank Indonesia and other banks (continued)

Based on that regulations, LMB should be maintained at average of 4% from Third Party Funds in Rupiah by conventional Bank and sharia bank during certain periods. The calculation of PLM refers to PBI No. 20/4/PBI/2018 article 20 (3).

<u>Macroprudential Intermediate Ratio</u>

Macroprudential Intermediate Ratio (MIR) replaces Loan to Funding Ratio (LFR). According to PBI No.20/4/PBI/2018 dated on March 29, 2018, the name of LFR will be replaced by Macroprudential Intermediate Ratio (MIR) in compliance with MIR fund will be applied on July 16, 2018. According to the regulations, MIR is ratio of comparison of:
a. Loan to third party fund in Rupiah and Other currencies
b. Corporate securities in Rupiah and other currencies which meet certain requirement
Over:
a. TPF bank in terms of current account, saving account, and deposits in rupiah and other currencies excluding interbank fund, and
b. Issued securities by the bank in rupiah and other currencies which meet certain requirement for funding.

MIR Current Account is statutory reserve that should be maintained by the bank as balance in Bank Indonesia Current Account in certain percentage from third party fund which composed from the spread between MIR of the bank and targetted MIR. MIR current Account will be applied when MIR Bank is under Bank Indonesia Minimum Target (80%) or above Bank Indonesia Maximum Target (92%) with Bank's CAR is lower that Bank Indonesia insentive CAR about 14%.

The requirement of MIR and compliance of MIR are re-refined by PBI No. 21/12/PBI/2019 about *Perubahan atas peraturan Bank Indonesia No.20/4/PBI/2018* about *Rasio Intermediasi Makroprudensial dan Penyangga Likuiditas Makroprudensial bagi Bank Umum Konvensional, Bank Umum Syariah, dan Unit Usaha Syariah* therefore, RIM is defined by the comparison of:
a. Loan to third party fund in Rupiah and other currencies
b. Corporate securities in Rupiah and other currencies which meet certain requirement
Over:
a. TPF bank in terms of current account, saving account, and deposits in rupiah and other currencies excluding interbank fund, and
b. Issued securities by the bank in rupiah and other currencies which meet certain requirement for funding.
c. Fund Borrowing in Rupiah and other currencies which met certain requirements that received by Bank for funding.

Meanwhile, MIR Current Account is statutory reserve that should be maintained by the bank as balance in Bank Indonesia Current Account in certain percentage from third party fund which composed from the spread between MIR of the bank and target MIR. MIR current Account will be applied when MIR Bank is under Bank Indonesia's Minimum Target (84%) or above Bank Indonesia Maximum Target (94%) with calculation of disincentive parameter with non-performing loan or non performing financing as well as CAR ratio and disincentive parameter above 0.2 if CAR Ratio is below CAR incentive (14%).

i. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility, sharia FASBI (*Fasilitas Simpanan Bank Indonesia Syariah* (FASBIS)), interbank call money, sharia interbank call money, time deposits and others.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Placements with Bank Indonesia and other banks (continued)

Placements with Bank Indonesia and other banks are stated at amortised cost using effective interest rate less any allowance for impairment losses.

Placements with Bank Indonesia and other banks is classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

j. Marketable securities

Marketable securities consist of securities traded in the money market such as Certificates of Bank Indonesia (*Sertifikat Bank Indonesia* (SBI)), Sharia Certificates of Bank Indonesia (*Sertifikat Bank Indonesia Syariah* (SBIS)), Government Treasury Bills (*Surat Perbendaharaan Negara* (SPN)), Negotiable Cerfiticates of Deposits, Medium Term Notes, Treasury Bills issued by government of other country and Government of Republic of Indonesia, export bills, securities traded on the capital market such as mutual fund units and securities traded on the stock exchanges such as shares of stocks and bonds including sharia corporate bonds and Interbank *Mudharabah* investment certificate (SIMA).

Marketable securities are classified as financial assets at fair value through profit or loss, available for sale, held to maturity, loan and receivables and at cost. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale, held to maturity, loan and receivables and at cost.

Investments in mutual funds units are stated at market value, in accordance with the net value of assets of the mutual funds as at the date of the consolidated statement of financial position.

Marketable securities which are traded in organised financial markets, fair value is generally determined by reference to quoted market prices by the stock exchanges at the close of business on the consolidated statement of financial position date. For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially has the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities. Any permanent impairment in the fair value of marketable securities classified as held to maturity and available for sale is charged to current year’s consolidated statement of profit or loss and other comprehensive income.

Reclassification of marketable securities from available for sale to held to maturity classification is recorded at fair value. Unrealised gains or losses are recorded in the equity section and will be amortised up to the maturity date of the marketable securities using the effective interest rate method to consolidated statement of profit or loss and other comprehensive income.

k. Government bonds

Government bonds represent bonds issued by the Government of the Republic of Indonesia. Government bonds consist of Government Bonds from the recapitalisation program and government bonds purchased from the market.

Government bonds are classified as financial assets at fair value through profit or loss, available for sale, held to maturity and at cost. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale, held to maturity and at cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Other receivables - trade transactions

Other receivables - trade transactions represent receivables resulting from contracts for trade-related facilities given to customers, which will be reimbursed on maturity.

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

m. Securities purchased/sold under resale/repurchase agreements

Securities purchased under agreements to resell are presented as assets in the consolidated statement of financial position at the agreed resale price less unamortised interest income and allowance for impairment losses. The difference between the purchase price and the agreed resale price is treated as deferred (unamortised) interest income and amortised as income over the period, commencing from the acquisition date to the resale date using the effective interest rate method.

Securities purchased under agreements to resell are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

Securities sold under agreements to repurchase are presented as liabilities in the consolidated statement of financial position at the agreed repurchase price net of the unamortised prepaid interest. The difference between the selling price and the agreed repurchase price is treated as prepaid interest and recognised as interest expense over the period, commencing from the selling date to the repurchase date using effective interest rate method.

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

On January 1, 2018, the Subsidiaries recognised the reverse repo sharia in accordance to SFAS No. 111 regarding to “Accounting Wa’d” which applied prospectively. At initial recognition, Subsidiaries classified sharia securities as measured at fair value through other comprehensive income. Gains or losses arising from changes in fair value are recognised in other comprehensive income.

n. Derivative receivables and derivative payables

All derivative instruments (including foreign currency transactions for funding and trading purposes) are recognised in the consolidated statement of financial position at their fair values. Fair value is determined based on market value using Reuters rate at reporting date or discounted cash flow method.

Derivative receivables are presented at the amount of unrealised gain from derivative contracts. Derivative payables are presented at the amount of unrealised loss from derivative contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative receivables and derivative payables (continued)

Gains or losses from derivative contracts are presented in the consolidated financial statements based on its purpose designated upon acquisition, as (1) fair value hedge, (2) cash flow hedge, (3) net investment in a foreign operation hedge, and (4) trading instruments as follows:

1. Gain or loss on a derivative contract designated and qualified as a fair value hedging instrument and the gain or loss arising from the changes in fair value of hedged assets and liabilities is recognised as gain or loss that can be set off one another during the same accounting period/year. Any difference representing hedge ineffectiveness is directly recognised as gain or loss in current year.

2. The effective portion arising from gain or loss of derivative contracts, designated as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffective portion is recognised as a gain or loss in the current year.

3. Gain or loss arising from derivative contract that is designated as a net investment hedge in a foreign operation is reported as other comprehensive income, as long as the transactions are effectively recognised as hedge transactions.

4. Gain or loss arising from derivative contract that is not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised as gain or loss in current year.

Derivative receivables are classified as financial assets at fair value through profit or loss, meanwhile derivative payables are classified as financial liabilities at fair value through profit or loss. Refer to Note 2c for the accounting policy of financial assets and liabilities at fair value through profit or loss.

o. Loans and sharia loan/financing

Loans represent agreement to provide cash or cash equivalent based on agreements with borrowers, whose borrowers are required to repay their debts with interest after a specified period, and matured trade finance facilities which have not been settled within 15 days.

Syndicated loans, direct financing and joint financing, and channeling loans are stated at their outstanding balances in proportion to the risks borne by the Bank and its Subsidiaries.

Included in loans are financing by PT Bank Syariah Mandiri (“BSM”), a Subsidiary, in the form of sharia receivables, sharia financing and funds of *Qardh*.

Brief explanation for each type of sharia financing is as follows:

Mudharabah financing is a co-operation for certain project between first party (*malik*, *shahibul mal* or Subsidiary) as owner of fund and second party (*amil*, *mudharib* or debtors) as fund manager and the profit sharing will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Subsidiary except if the second party does negligence, error or violate the agreement. *Mudharabah* financing is stated at the outstanding financing balance less allowance for possible losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia loan/financing (continued)

Musyarakah financing is a co-operation between two or more parties in a certain business wherein each party provides a portion of fund on condition that the profit shall be shared based on the agreement, whereas losses shall be borne in accordance with the portion of the fund of each party. Permanent *musyarakah* financing is *musyarakah* in which the fund portion of each partner is stated explicitly in the contract and remains the same until the contract expires. Declining *musyarakah* (*musyarakah mutanaqisha*) financing is *musyarakah* in which the fund portion of the one of the partner will be transferred in several stages to the other partner, resulting in the declining of fund portion of the one of the partner, and at the end of contract, the other partner will become the sole owner of the business. *Musyarakah* financing is stated at the outstanding financing balance less allowance for possible losses.

Ijarah receivables are the financing on the availability of fund in relation to transfer the right to use and benefit of a good and service based on rental transaction which is not followed by transfer of the goods ownership to the lessee. *Ijarah muntahiyah bittamlik* is an agreement on the availability of fund in relation to transfer the right of use and benefit of a good or service based on rental transaction with an option to transfer the ownership of goods to the lessee. *Ijarah* receivables are recognised at due date at the amount of lease income that is not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Murabahah contracts are the financing of goods by confirming purchase price to a buyer and the buyer pays it with a higher price as an agreed profit. *Murabahah* is the transaction of sales of goods by stating the cost and income (margin) that has been agreed by the seller and buyer.

Murabahah financing is classified as financial assets under loans and receivables according to SFAS No. 55 “Financial Instruments: Recognition and Measurements”.

Murabahah initially is stated at fair value plus transaction cost/directly attributable administration fee and additional acquisition cost to acquire those financial assets and after initial recognition, it is measured at amortised cost using the effective interest rate method less the allowance for impairment losses.

Murabahah is stated at the balance of the receivable less deferred margin and allowance for possible losses. The Subsidiary calculates the allowance for impairment loss according to the *murabahah* financing quality according to each of financing balance.

Istishna is the financing of goods in the form of manufacturing the ordered goods with the agreed criteria and specification by both of orderer or buyer (*Mustashni*) and manufacturer or seller (*Shani*). *Istishna* is presented based on the outstanding billings less allowance for possible losses.

Qardh is borrowings at the condition that the borrower should repay the loan at specified period of time. The Subsidiary will obtain a fee (*ujrah*) from this transaction, which is recognised upon receipt. *Qardh* included *Hawalah* and *Rahn* financing agreement. *Hawalah* is transfer of debts from debtors to other party (Subsidiary) which obligates to be borne or paid.

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

Loans and sharia loan/financing are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia loan/financing (continued)

Loan restructuring

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into share/stock or other financial instruments and/or a combination of both.

Losses on loan restructurings due to modification of the terms of the loans are recognised as part of allowance for impairment losses only if the present value of total future cash receipts specified by the new terms of the loans including receipts designated as interest and loan principal, are less than the carrying amount of loans before restructuring.

For loan restructurings which involve a conversion of loans into share/stock or other financial instruments, a loss on loan restructuring is recognised as part of allowance for impairment losses if the fair value of the share or financial instruments received, deducted by estimated expenses to sell the share or other financial instruments, is less than the carrying amount of loans.

The Bank formed internal regulation regarding the debtors that are eligible to be removed from the list of restructured loans, i.e. when the loan/debtor has met the following criterias:

i. Credit quality has been categorised Current (Collectibility 1) according to the review results by three (3) pillars of based on credit quality of Bank Indonesia;
ii. The interest rate charged on the current loan facility is the commercial interest rates to debtors in accordance with the relevant credit segments above the base lending rate;
iii. There are no Deferred Delinquency Interest (TBYD) and Deferred Interest (BYDT) which were not yet collected.

p. Consumer financing receivables

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

The Subsidiary’s consumer financing receivables are classified as loans and receivables. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

Early termination is treated as a cancellation of an existing contract and the resulting gain or loss is credited or charged to the current year’s consolidated statement of profit or loss and other comprehensive income at the transaction date.

Credit restructuring can be done by transfer of financing, continue to finance, repay back, change the due date, change the tenor and/or increase the down payment.

Subsidiary’s unearned consumer financing income is the difference between total installments to be received from customers and the total financing which is recognised as income over the term of the contract using effective interest rate.

Consumer financing receivables are stated net of joint financing receivables where joint financing providers bears credit risk in accordance with its portion (without recourse), unearned consumer financing income and allowance for impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Consumer financing receivables (continued)

Joint financing receivables that are jointly financed with other parties, bears credit risk in accordance with their financing portion (without recourse) and presented on a net basis in the consolidated statement of financial position. Consumer financing income and interest expense related to joint financing without recourse are also presented on a net basis in the consolidated statement of profit or loss and other comprehensive income.

For joint financing without recourse, the Subsidiary has the right to set higher interest rates to customers than those as stated in the joint financing agreements with joint financing providers. The difference is recognised as revenue and disclosed as “Consumer financing income”.

q. Net investment finance leases

Net investment finance leases represent lease receivable plus the residual value which is earned at the end of the lease period and net of unearned lease income, security deposits and the allowance for impairment losses. The difference between the gross lease receivable and the present value of the lease receivable is recognised as unearned lease income. Unearned lease income is allocated to current year consolidated statement profit or loss and other comprehensive income based on a constant rate of return on net investment using the effective interest rate.

The lessee has the option to purchase the leased asset at the end of the lease period at a price mutually agreed upon at the commencement of the agreement.

Early termination is treated as a cancellation of an existing contracts and the resulting gain or loss is recognised in the current year consolidated statement of profit or loss and other comprehensive income.

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

r. Fixed assets, leased assets and intangible assets

i. Fixed assets and software

On April 1, 2016, the Group changed their accounting policy relating to land from cost model into revaluation model. Subsequently, land is stated at fair value.

Appraisal of the land is carried out by a certified external independent appraiser. Assessment of these assets are conducted regularly to ensure that the fair value of the revaluated asset is not materially different from its carrying value.

If the fair value of the revalued asset change significantly, it is necessary to revalue on an annual basis, whereas if the fair value of the revalued asset does not change significantly, it is necessary to revalue at a minimum every 3 years.

The increase in the carrying value arising from the revaluation of land is recorded as "Difference arising from the revaluation of fixed assets" and is presented as "Other comprehensive income". Any impairment arising from the revaluation is recorded as expense of the current year. If the asset had a balance of "Difference arising from the revaluation of fixed assets" that is presented as "Other Comprehensive Income", then the impairment difference recorded is charged against "Difference arising from the revaluation of fixed assets" and the rest is recognised as expense of the current year.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed assets, leased assets and intangible assets (continued)

i. Fixed assets and software (continued)

Group conducted revaluation in year 2019, 2016 and 2015 for accounting and tax purposes where the Group obtained approval from the tax authorities. The amount of taxes paid is recognised in other comprehensive income and accumulated in equity offset with the difference arising from the revaluation of fixed assets.

Fixed assets except for land is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of profit or loss and other comprehensive incomes as incurred. Software is recognised as intangible assets.

Depreciation and amortisation is calculated using the straight-line method over the estimated useful lives of fixed assets and intangible assets. The estimated useful lives and percentage of depreciation and amortization per annum are as follows:

	Years	Percentage
Buildings	20	5%
Furniture and fixtures, office equipment, computer and vehicles	4-5	20%-25%
Software	5	20%

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

The asset’s residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

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

In accordance with SFAS No. 16 (Revised 2011) regarding "Fixed Assets" and ISAK No. 25 regarding "Land Rights". The cost of land rights in the form of right to cultivate, right to build and use rights are recognised as fixed assets. The acquisition cost is the cost that are directly attributable to obtain land rights, including the cost of legal rights to the land when the land was first acquired.

Land rights in the form of right to cultivate, right to build and use rights are not amortised, unless there is evidence to indicate that the extension or renewal of land rights is likely to or definitely not obtained.

SFAS No. 48 (Revised 2014) regarding “Impairment of Assets” states that the carrying amounts of fixed assets are reviewed at each consolidated statement of financial position date to assess whether they are recorded in excess of their recoverable amounts. If the carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed assets, leased assets and intangible assets (continued)

ii. Leased assets

Under SFAS No. 30 (Revised 2011) regarding “Lease”, the determination of whether an agreement is, or contains a lease is based on the substance of the agreement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. According to this revised SFAS, leases that transfer substantially all the risks and benefit related to ownership, are classified as finance leases. Further, a lease is classified as operating leases, if the lease does not transfer substantially all the risks and benefits related to ownership of assets.

Under finance leases, the Group recognises assets and liabilities in its consolidated statement of financial position as the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance expense is recorded in the consolidated statement of income. Leased assets (presented under fixed assets) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that Bank Mandiri will obtain ownership by the end of the lease term.

Under an operating lease, the Group recognises lease payments as an expense on a straight-line basis over the lease term.

If a rental agreement contains elements of land and buildings, the Group assesses the classification of each element as a finance lease or an operating lease separately.

iii. Intangible assets

Intangible assets are recognised if, and only if its cost can be measured reliably and it is probable that expected future benefits that are attributable to it will flow to the Bank and Subsidiaries. Intangible assets consist of goodwill and computer software that are purchased by the Bank and Subsidiaries.

Software purchased by the Bank and subsidiaries is recorded at cost less accumulated amortization and accumulated impairment losses. Amortization method, estimated useful life and residual value are reviewed at end of reporting period and adjusted if necessary.

Refer to Note 2s for the accounting treatment of goodwill.

s. Investments in shares

Investments in shares represent long-term investments in non-publicly-listed companies and temporary investments in debtor companies arising from conversion of loans to equity.

Investments in shares in associated company represent ownership interests of 20.00% to 50.00% are recorded using the equity method. Under this method, investments are recorded at cost and adjusted for the Bank’s proportionate share in the net equity of the investees and reduced by dividends earned starting from the acquisition date net of allowance for impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Investments in shares (continued)

Temporary investment is written-off from the consolidated statement of financial position if it is more than 5 years in accordance to the PBI No. 14/15/PBI/2012 dated October 24, 2012 regarding "Asset Quality Rating for Commercial Banks" and Circular Letter of Bank Indonesia No.15/28/DPNP dated July 31, 2013 regarding Asset Quality Ratings for Commercial Banks.

Investments in shares with ownership below 20.00% are classified as financial assets available for sale. Refer to Note 2c for the accounting policy of available for sale financial assets.

Goodwill is recognised when there is a difference between the acquisition cost and the Bank's portion of the fair value of identified assets and liabilities at the acquisition date. Goodwill is presented as other assets. The Bank conducts an assessment of goodwill impairment regularly.

t. Allowance for possible losses on non-earning assets

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

The Bank provides an allowance for impairment of repossessed assets and abandoned property equivalent to the difference between the carrying amount of the asset and the fair value less costs to sell. As for the inter-office account and suspense account, the allowance is equivalent to difference between the carrying value and the recovery value.

u. Acceptances receivables and payables

Acceptances receivables are classified as financial assets under loans and receivables category. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

Acceptance payables are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

v. Other assets

Other assets include accrued income for interest, provision and commissions, receivables, repossessed assets, abandoned properties, inter-office accounts and others.

Receivables consist of government bonds pledged by the Bank, mutual fund receivables from Subsidiaries and receivables from policy holders.

Repossessed assets represent assets acquired by Bank Mandiri and Subsidiaries, both from auction and non auction based on voluntary transfer by the debtor or based on debtor's approval to sell the collateral when the debtor could not fulfil their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral that were taken over as part of loans settlement and presented in "Other Assets".

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

Repossessed assets and abandoned properties are presented at their net realizable values. Net realizable value is the fair value of the repossessed assets less estimated costs to sale the repossessed assets. Differences between the net realizable value and the proceeds from disposal of the repossessed assets are recognised as current year's gain or loss at the year of disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other assets (continued)

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year's consolidated statement of profit or loss and other comprehensive income as incurred. Any permanent impairment loss that occurred will be charged to the current year's consolidated statement of profit or loss and other comprehensive income. Refer to Note 2t for changes in accounting policy to determine impairment losses on repossessed assets and abandoned properties.

w. Obligations due immediately

Obligations due immediately are recorded at the time the obligations occurred from customer or other banks. Obligations due immediately are classified as financial liabilities at amortised cost.

x. Deposits from customers

Deposits from customers are the funds placed by customers (excluding banks) with the Bank and Subsidiaries which operate in banking industry based on a fund deposit agreements. Included in this account are demand deposits, saving deposits, time deposits and other similar deposits.

Demand deposits represent deposits of customers that may be used as instruments of payment, and which may be withdrawn at any time by cheque, Automated Teller Machine card (ATM) or by overbooking through bilyet giro or other orders of payment or transfers.

Saving deposits represent deposits of customers that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking, Phone Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments.

Time deposits represent customers deposits that may only be withdrawn after a certain time based on the agreement between the depositor and the Bank. These are stated at amortised cost in the certificates between the Bank and the holders of time deposits.

Included in demand deposits are *wadiah* demand deposits and saving deposits. *Wadiah* demand deposits can be used as payment instruments and can be withdrawn any time using cheque and *bilyet giro*. *Wadiah* demand deposits and saving deposits earn bonus based on Subsidiary's policy. *Wadiah* saving and demand deposits are stated at the Subsidiary's liability amount.

Deposits from customers are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquistion of deposits from customers are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

y. Deposits from other banks

Deposits from other banks represent liabilities to local and overseas banks, in the form of demand deposits, saving deposits, interbank call money with original maturities of 90 days or less, time deposits and negotiable certificate of deposits. Deposits from other banks are recorded as liability to other banks.

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, and interbank Certificates *Mudharabah* Investment (Sertifikat Investasi *Mudharabah* Antarbank (SIMA)).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Deposits from other banks (continued)

Deposits from other banks are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition of deposits from other banks are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

z. Insurance contract

Insurance contracts is a contract under which the insurer accepts significant insurance risk from the policyholders. Significant insurance risk is defined as the possibility of paying significantly more benefit to the policyholder upon the occurrence of insured event compared to the minimum benefit payable in a scenario where the insured event does not occur. Scenarios considered are those with commercial substance.

The Subsidiaries issue insurance contracts that accepted siginificant insurance risk from the policyholders. The Subsidiary defines significant insurance risk as the possibility of having to pay benefits on the occurence of an insured event of at least 10% more than the benefits payable if the insured event did not occur. When an insurance contract does not have significant insurance risk, it is classified as investment contracts.

The Subsidiaries issues insurance contracts for traditional insurance product and investment-linked insurance product. Both of these products have significant insurance risk.

The Subsidiaries's products are divided into the following main categories:
- Traditional non-participating life insurance, provide protection to cover the risk of death, accident, critical illness, and health of the insured. The basic sum assured will be paid upon the occurrence of the risks covered.
- Unit-linked, is the insurance product with single and regular premium payment which is linked to investment products, and provides a combined benefit of protection and investment.

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended. All insurance products issued by the subsidiary has significant insurance risk.

The Subsidiary unbundles the deposit component of unit-linked contract as required by SFAS No. 62 when both the following conditions are met:
- The Subsidiary can measure separately the “deposit” component (including any embedded surrender option, i.e. without taking into account the “insurance” component);
- The Subsidiary’s accounting policies do not otherwise require to recognise all obligations and rights arising from the “deposit” component.

The Subsidiary does not separate the deposit component because only one of the above condition is met.

<u>Liability adequacy test</u>

Liability adequacy testing is performed at reporting date for contract individually or group of products determined in accordance with the Subsidiary’s method of acquiring, servicing and measuring the profitability of its insurance contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Liability adequacy test (continued)

For life insurance, the liabilities to policyholder in particular the liabilities for future claim is tested to determine whether they are sufficient to cover all related future cash out flow including all guaranteed benefit and guaranteed additional benefit, non-guaranteed participation benefit feature (if any), all expenses for policies issuance and maintainance, as well as reflecting the future cash inflow, i.e. future premium receipt. The liabilities are calculated based on discounted cash flow basis for all related cash flows i.e. both of cash outflows and cash inflows as mentioned above using a set of most recent best estimate assumptions set by the Subsidiary's appointed actuary, included discount rate assumptions, mortality/morbidity assumptions, lapsed assumptions, expense assumptions and inflation assumptions as well as margin for adverse deviation assumptions. Subsidiary operates in life insurance use Gross Premium Reserve with best estimate and margin for adverse deviation therefore liability adequacy test is not required.

Reinsurance

The Subsidiaries reinsure a portion of its risk with reinsurance companies. The amount of premium paid or portion of premium from prospective reinsurance transactions is recognised over the reinsurance contract in proportion with the protection received.

Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities and ceded unearned premiums. Recovery amount from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

Subsidiaries presents separately reinsurance asset of future policy benefit liabilities, unearned premium, and estimated claim liabilities.

If a reinsurance asset is impaired, the Subsidiaries deducted the carrying amount accordingly and recognises that impairment loss in the consolidated statement of profit or loss and other comprehensive income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Subsidiary may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Subsidiary will receive from the reinsurer can be reliably measured.

Liability for future policy benefits

The liabilities for future policy benefits represent the present value of estimated future policy benefits to be paid to policyholders or their heirs less present value of estimated future premiums to be received from the policyholders and recognised consistently with the recognition of premium income. The liabilities for future policy benefits are determined and computed based on certain formula by the Subsidiary's actuary.

The Subsidiaries calculate the liability for future policy benefits using Gross Premium Reserve method that reflect the present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt.

Increase/(decrease) in liabilities for future policy benefits is recognised in the current year's consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Liability for future policy benefits (continued)

The liability to unit-linked policyholders is recognised at the time the funds received are converted into units, net of related expenses and will increase or decrease in accordance with effective net asset value.

Funds received from customers for non-sharia unit-linked products are reported as gross premium income in the consolidated statements of profit or loss and other comprehensive income. Liabilities to unit-linked policyholders are recognised in the consolidated statement of financial position computed based on unearned premium reserves using daily method from insurance cost of mortality risk plus reserves for the accumulated invested fund of unit-linked policyholders.

Any interest, gain or loss due to increases or decreases in market value of investments are recorded as income or expense, with a corresponding recognition of increase or decrease in liability to unit-linked policyholders in the statements of profit or loss and other comprehensive income and liability to unit-linked policyholders in the consolidated statement of financial position.

Funds received from customers for sharia unit-linked products is recognised as liabilities to unit-linked policyholders in the consolidated statement of financial position for the amount received net of the portion representing the Subsidiary fees in managing the unit-linked product income.

Unexpired Risk Reserve (URR)

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the insurance contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expense and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

aa. Debt securities issued

Debt securities issued by the Bank and its Subsidiaries, including bonds, subordinated notes, medium term notes and travellers' cheques, are initially measured at fair value plus directly attributable transaction costs. Subsequently, transactions costs are amortised using the effective interest rate up to the maturity of debt securities issued.

Debt securities issued are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ab. Fund borrowings

Fund borrowings represent funds received from other banks, Bank Indonesia or other parties with the obligation of repayment in accordance with the requirements of the loan agreement.

Fund borrowings are initially measured at fair value minus directly attributable transaction costs. Fund borrowings are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ac. Subordinated loans and marketable securities

Subordinated loans and marketable securities are initially measured at fair value minus directly attributable transaction costs. Subsequently, transactions costs are amortised using the effective interest rate up to the maturity of subordinated loans and marketable securities.

Subordinated loans and marketable securities are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ad. Income tax

Bank Mandiri and Subsidiaries apply SFAS No. 46 (Revised 2014) regarding “Income Tax” which requires Bank Mandiri and Subsidiaries to account for the current and future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in the consolidated statement of financial position; and transactions and other events of the current period.

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group’s management periodically evaluates the implementation of prevailing tax regulations especially those that are subject to further interpretation on its implementation, including evaluation on tax assessment letters received from tax authorities. Where appropriate the Bank establishes provisions based on the amounts expected to be paid to the tax authorities.

Bank Mandiri and Subsidiaries applies the balance sheet liability method to determine income tax expense. Under the balance sheet liability method, deferred tax assets and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated statement of financial position at each reporting date. This method also requires the recognition of future tax benefits, to the extent that realisation of such benefits is probable.

Deferred tax assets are recognised only to the extent that is probable that future taxable income will be sufficient against which the temporary differences can be utilised.

Deferred tax is calculated using tax rates enacted or substantively applied to the period during which the asset is realised or the liability is settled. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to equity.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined. Management provides provision for future tax liability at the estimated amount that will be payable to the tax office if there is a probable tax exposure, based on management’s assessment as of the date of consolidated statement of financial position. Assumptions and estimation used in the calculation of provision may involve element of uncertainty.

The estimated corporate income tax of Bank Mandiri and Subsidiaries is calculated for each company as a separate legal entity. Current tax assets and current tax liabilities for different legal entities can not be set-off in the consolidated financial statements. Corporate tax payables and other tax payables of Bank Mandiri and Subsidiaries are presented as taxes payable in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

ae. Temporary s*yirkah* funds

Temporary *syirkah* funds represent investment received by a Subsidiary. The Subsidiary has the right to manage and invest funds in accordance with either the Subsidiary's policy or restriction set by the depositors with the agreed profit sharing.

Relationship between the Subsidiary and the owner of temporary *syirkah* funds are based on partnership *mudharabah muthlaqah, mudharabah muqayyadah* or *musyarakah*. The examples of temporary *syirkah* funds are investment funds received from *mudharabah muthlaqah, mudharabah muqayyadah* and other similar accounts.

1) *Mudharabah muthlaqah* represents *mudharabah* in which the fund owner (*shahibul maal*) entrusts to fund manager (*mudharib*/Subsidiary) in managing its investment.
2) *Mudharabah muqayyadah* represents *mudharabah* in which the fund owner sets restrictions against fund manager regarding, among others, the place, the means and/or the object of investment.

Temporary *syirkah* funds cannot be classified as liability because the Subsidiary does not have any liability to return the fund to the owners, except for losses due to the Subsidiary's management negligence or misrepresentation. On the other hand, temporary *syirkah* funds also cannot be classified as equity, because of the existence of maturity period and the depositors do not have the same rights as the shareholders, such as voting rights and the rights of realised gain from current asset and other non-investment accounts.

Temporary *syirkah* funds represent one of the consolidated statement of financial position accounts which is in accordance with sharia principle that provide right to the Subsidiary to manage fund, including to combine the funds with the other funds.

The owner of temporary *syirkah* funds receive parts of profit in accordance with the agreement and receive loss based on the proportion to the total funds. The profit distribution of temporary *syirkah* funds might be based on profit sharing or revenue sharing concept.

af. Interest and sharia income and expense

(i) Conventional

Interest income and expense for all interest-bearing financial instruments are recognised as "interest income" and "interest expense" in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and sharia income and expense (continued)

(i) Conventional (continued)

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all commissions, provision and other fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the non-impaired portion of the impaired financial assets using the rate of interest used to discount the future cash flows for measuring the impairment loss.

(ii) Sharia income

Included in interest income and expense are sharia income and expense with sharia principle. The Subsidiary's income as a fund manager (*mudharib*) consists of income from *murabahah* and *istishna* transactions, income from *ijarah* (leasing), income from profit sharing of *mudharabah* and *musyarakah* financing and other main operating income.

Murabahah income through deferred payment or installment is recognised during the period of the contract based on effective rate of return method (annuity).

According to SFAS No. 102 (Revised 2016), *murabahah* income which includes deferred margin and administrative income are recognised as income using the effective rate of return method, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial assets and includes any fees or incremental costs that are directly attributable to the assets and are an integral part of the effective financing rate.

Income from *istishna* is recognised using the percentage of completion or full completion method.

Income from *Ijarah* is recognised proportionally during the contract period.

Profit sharing for passive partner in *musyarakah* is recognised in the period when the right arise in accordance with the agreed sharing ratio.

Profit sharing income from *mudharabah* is recognised in the period when the right arise in accordance with agreed sharing ratio and the recognition based on projection of income is not allowed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and sharia income and expense (continued)

(ii) Sharia income (continued)

Any payment from non performing debtors recognised is recognised as the repayment cost or loan/financing. Excess payment over the cost or loan/financing recognised as income when cash received. Especially for *Ijarah* transactions, any payment from non performing debtors recognised as the settlement.

(iii) Third parties' share on return of temporary *syirkah* funds

Third parties' share on the return of temporary *syirkah* funds represent fund owners' share of the profit of Subsidiary derived from managing of such funds under *mudharabah mutlaqah*, *mudharabah muqayyadah* and *mudharabah musytarakah* principles. The profit sharing is determined on the earned income.

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

Total margin income and profit sharing on financing and other productive assets will be distributed to the fund owner and subsidiary, calculated proportionally according to the allocation of fund owner and subsidiary that were used in the financing and other productive assets.

Further, margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and depositor as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined profit sharing with *nisbah* portion. Margin income and profit sharing from financing facilities and other earning assets using the Subsidiary's funds, are entirely shared for the Subsidiary, including income from the Subsidiary's fee-based transactions.

ag. Premium income and claims expenses

Premium income received from short-term insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Premiums from long-term contracts are recognised as revenue when the policy is due.

Premiums received before the due date of the respective policies are reported as policyholders' deposits in the consolidated statement of financial position.

Claims and benefits consist of settled claims, claims that are still in process of completion and estimates of claims incurred but not yet reported (IBNR). Claims and benefits are recognised as expenses when the liabilities to cover claims are incurred. Claim recoveries from reinsurance companies are recognised and recorded as deduction from claims expenses consistent in the same period with the claim expenses recognition.

Total claims in process, including claims incurred but not yet reported, are stated at estimated amounts determined based on the actuarial technical insurance calculations. Changes in estimated claims liabilities as a result of further evaluation and the difference between estimated claims and paid claims are recognised as addition to or deduction from expenses in the period the changes occurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ah. Fees and commissions income

Fees and commissions income and transaction costs that are directly attributable to lending, consumer financing activities and investment in lease financing, are recognised as a part/(deduction) of outstanding loan and consumer financing receivables and will be recognised as interest income by amortisation using effective interest rate method.

The directly attributable unamortised fees and commissions balances relating to loans, consumer financing receivables and investment in lease financing which is settled prior to maturity are recognised upon settlement date of such loans, consumer financing and investment in lease financing.

Other fees and commissions income which are not directly related to lending activities or a specific period are recognised as revenue on the transaction date.

ai. Employee benefits

Pension liability

Bank Mandiri established a defined contribution pension plan covering substantially all of its eligible employees from August 1, 1999 and also defined benefit pension plans, which were derived from each of the Merged Banks' pension plan. This program is funded through payment to pension fund's management as defined in the regular actuarial calculation.

Bank Mandiri and Subsidiaries' pension liability has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plans with the benefit as stipulated under the Labor Law No. 13/2003 after deducting accumulated employee contributions and the results of its investments. If the pension benefit from the Pension Plans is less than the benefit as required by the Labor Law No. 13/2003, the Bank and Subsidiaries will have to pay such shortage.

The pension plan based on the labor law is a defined benefit plan because the labor law requires a certain formula to calculate the minimum pension benefit. A defined contribution plan is a pension plan that defines an amount of pension contribution based on pension Fund Regulation and all contribution including investment return are recorded in its account's member as pension benefit as stated in Pension Fund Law No. 11 year 1992 dated April 20, 1992 regarding Pension Fund.

The pension liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method on a regular basis for periods not exceed one year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discounting rate zero coupon bond that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The accumulated unrecognised actuarial gains or losses incurred are recognised as "Other Comprehensive Income" and is presented in the equity section. Past service cost is directly charged to profit or loss.

The post-employment benefits expense recognised during the current year consists of service cost in profit or loss, net interest on the net defined benefit liability in profit and loss or re-measurement of the net defined benefit liabilities in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee benefits (continued)

Pension liability (continued)

Net interest on the net defined benefit liabilities is the interest income component of plan assets, interest expense of defined benefit liabilities and interest on the effect of asset ceiling.

Remeasurements of the net defined benefit liability consists of:
- Actuarial gains and losses;
- Return on plan assets, excluding amount included in net interest on the net defined benefit liability; and
- Any change in effect of the asset ceiling, excluding amount including in net interest on the net defined benefit liability.

Actuarial gains and losses may arise from the adjustments made based on the experience and changes in actuarial assumption.

Other long-term employment benefit obligations

The entitlement of these benefits is provided to the employees until reaching the retirement age and the completion of a minimum service period. The costs estimation for these benefits are accrued over the period of employment calculated using similar methodology used for defined benefit pension plans but simplified. These obligations are calculated annually by independent qualified actuaries.

Tantiem distribution

Bank Mandiri records tantiem on an accrual basis and charges it to the consolidated statement of profit or loss and other comprehensive income during the year.

aj. Earnings per share

Earnings per share is calculated by dividing the consolidated net profit at end of year with the weighted average number of shares issued and fully paid-in during the year.

The weighted-average number of outstanding shares used in computing basic and diluted earnings per share as of December 31, 2019, 2018 and 2017 are 46,666,666,666 shares.

ak. Operating segment

An operating segment is a component of an entity:

(a) that is involved in business activities to generate income and expenses (include income and expenses relating to the transactions with other components from the same entity);
(b) whose operating results are reviewed regularly by chief decision maker for decision making on allocation of resources and performance evaluation on works; and
(c) for which separate financial information is available.

In accordance with SFAS No. 5 regarding “Operating Segment”, the Group presents operating segment based on internal reports that are presented to the decision-maker operational activities. The decision maker is the Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ak. Operating segment (continued)

Segment Information as of December 31, 2019 onwards presented in accordance with the Board of Directors Decree No. KEP.DIR/034/2019 dated May 24, 2019 on Organizational Structure, the operating segments are divided into the following business segments: Corporate Banking, Commercial Banking, Institutional, Retail Banking (including Wealth), Treasury & International Banking, Head Office, Sharia Subsidiary; Subsidiary - Insurance and Other Subsidiaries.

Segment Information as of December 31, 2018 onwards presented in accordance with the Board of Directors Decree No. KEP.DIR/22/2018 dated March 29, 2018 on Organizational Structure, the operating segments are divided into the following business segments: Corporate Banking (Large Corporate and Middle Corporate), Retail Banking (including Wealth), Treasury & International Banking, Head Office, Sharia Subsidiary; Subsidiary - Insurance and Other Subsidiaries.

Segment Information as of December 31, 2017 onwards presents in accordance with the Board of Directors Decree No. KEP.DIR/209/2017 dated September 13, 2017 effective September 4, 2017 on Organizational Structure operating segments are divided into the following business segments: Wholesale (Corporate and Commercial), Institutional, Retail (including Wealth), Treasury, Head Office, Subsidiary - Sharia, Subsidiary - Insurance and other Subsidiaries.

A geographical segments represents a component of the Bank and its Subsidiaries that provides services in different economic environment and has a different risk and reward compared to others operating in different economic environment. Geographical segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong, Timor Leste and Shanghai), Western Europe (England) and Cayman Islands.

al. Partnership program and community development program

Fund allocation for partnership program and community development program are no longer allocated from retained earning approved by General Shareholders Meeting instead, it is accrued and charged directly to the current year consolidated statement of profit or loss and other comprehensive income of respective year.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Several estimates and assumptions are required in the preparation of the consolidated financial statements in which management judgment is required in determining the methodology in the valuation of assets and liabilities.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with Statements of Financial Accounting Standard are the best estimates undertaken in accordance with the applicable standards. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Although these estimates and assumptions are based on management's best knowledge of current events and activities, actual results may differ from those estimates and assumptions.

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

Key sources of estimation uncertainty

a. Allowances for impairment losses of financial assets

Evaluation of impairment losses on financial assets carried at amortised cost and debt securities classified as available for sale are described in Note 2c.

Allowance for impairment losses related to a specific counterparty as part of the entire allowance for impairment losses are established for receivables that are individually evaluated for impairment based on Management's best estimate of the present value of cash flows expected to be received. In calculating the allowance for impairment losses, management considers of the financial condition of the counterparty and the net realizable value of the collateral received. Each impaired asset is evaluated, and its settlement strategy and estimation of cash flows considered recoverable are independently approved by the Credit Risk Management Unit.

Collectively assessed impairment allowances cover credit losses inherent in portfolios with similar economic characteristics when there is objective evidence to suggest the impairments are exist within the portfolio, but the individual impaired items cannot yet be identified. In determining the need to establish allowance for collective impairment, management considers factors such as credit quality, size of portfolio, credit concentrations, and economic factors. In estimating the required allowance, the assumptions made to determine default and loss model and to determine the required input parameters which are based on historical experience and current economic conditions. The accuracy of this allowance depends on how precise the estimated future cash flows to determine the individual allowance and the model assumptions and parameters used in determining collective allowance.

b. Determining fair values of financial instruments

In determining the fair value for financial assets and financial liabilities for which there is no observable market price, the Group uses the valuation techniques as described in Note 2c for financial instruments that are traded infrequently and limited quailable price, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks.

c. Pension programs

Pension programs are determined based on actuarial valuation. The actuarial valuation use assumptions such as discount rate, expected rate of return on investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 51). Any changes in those assumptions will impact the liability balance of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year including interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government Bonds denominated in similar currency with payments that will be made and have terms to maturity approximating the terms of the related employee benefit liability. Other key assumptions for pension obligations are determined based in part on current market conditions.

d. Insurance liabilities on insurance contracts

Technical reserves of Subsidiaries which recorded in the consolidated statement of financial position as part of "Other liabilities" are calculated based on actuarial calculation using certain actuarial assumptions which are the best estimate assumption and margin for any adverse deviations. Included in the technical reserves are liability for future policy benefits, estimated claim liabilities, unearned premium income, Unexpired Risk Reserve (URR) and liability to policyholders.

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

Key sources of estimation uncertainty (continued)

e. Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, as long as it is likely that taxable income will be available so that the temporary differences can be utilised. Significant estimates by management is required in determining the amount of deferred tax assets that can be recognised, based on utilisation and the level of taxable income and future tax planning strategies. The Bank does not take into account some of the benefits of deferred tax assets as management believes that deferred tax assets will not be recoverable in the future.

f. Depreciation and estimated useful life of fixed assets

Cost of acquisition of fixed assets are depreciated using the straight-line method based on their estimated economic useful life. Bank's management estimates the useful lives of the assets between 4 (four) to 20 (twenty) years.

Changes in the level of usage and technological developments could affect the economic useful lives and residual value of assets, and therefore future depreciation charges may be revised.

The carrying value of the Bank's fixed assets is disclosed in Note 18.

g. Impairment of non-financial assets

Bank Mandiri and its subsidiaries assess impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying value of non-financial assets cannot be recovered. Important factors that could cause impairment of non-financial assets are as follows:

a) Performance is not achieved significantly against expectations of historical or projected operating results in the future;
b) A significant change in the way the use of the asset or the overall business strategy; and
c) Industry or economic trends are significantly negative.

The Management of the Bank and its Subsidiaries recognize an impairment loss if the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is the higher value between the fair value minus costs of disposal and the value in use of the asset (or cash-generating unit). Recoverable amount is estimated for individual assets or, if not possible, for the cash-generating unit in which the asset forming part of the unit.

h. Revaluations of land

The Group engaged independent valuation specialists to assess fair value of revalued land. Lands were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as location and condition of land.

(Expressed in millions of Rupiah, unless otherwise stated)

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

Significant accounting judgements

Accounting judgements that are important in applying accounting policies of the Bank and its Subsidiaries include:

a. Going concern

The Management of the Bank and its Subsidiaries has assessed the ability of the Bank and its Subsidiaries to continue its business and believes that the Bank and Subsidiaries have the resources to continue their business in the future. In addition, management is not aware of any material uncertainties that may cause significant doubt on the ability of the Bank and Subsidiaries to maintain its viability. Therefore, the consolidated financial statements have been prepared on the basis of a going concern.

b. Classification of financial assets and liabilities

The Management of the Bank and its Subsidiaries determine the classification of certain assets and liabilities as financial assets and financial liabilities by considering whether the definitions set under SFAS No. 55 have been met. Accordingly, financial assets and financial liabilities are recognised in accordance with the accounting policy of the Bank and its Subsidiaries as disclosed in Note 2.c.E.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	33,083,619	41,937,965	39,951,760
United States Dollar (Note 62B.(iv))	13,407,311	17,914,796	10,236,358
	46,490,930	**59,852,761**	**50,188,118**

As of December 31, 2019, 2018 and 2017, the Bank's Minimum Statutory Reserve has complied with Bank Indonesia (BI) Regulation No. 15/15/PBI/2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and Foreign Currencies which has been amended several times with No. 18/3/PBI/2016 dated March 10, 2016 and No. 18/14/PBI/2016 dated August 18, 2016 and No. 19/6/PBI/2017 dated April 17, 2017, and PBI No. 20/3/PBI/2018 dated March 29, 2018 and PADG No. 20/30/PADG/2018 dated November 30, 2018 and PADG No. 21/14/PADG/2019 dated June 26, 2019 which are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
- Primary Minimum Statutory Reserve	6.00%	6.50%	6.50%
(i) Daily Minimum Statutory Reserve	3.00%	3.50%	5.00%
(ii) Average Minimum Statutory Reserve	3.00%	3.00%	1.50%
- PLM (formerly Secondary Minimum Statutory Reserve)	4.00%	4.00%	4.00%
Foreign currencies	8.00%	8.00%	8.00%
(i) Daily Minimum Statutory Reserve	6.00%	6.00%	-
(ii) Average Minimum Statutory Reserve	2.00%	2.00%	-

(Expressed in millions of Rupiah, unless otherwise stated)

4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

Macroprudential Intermediation Ratio (RIM) is the ratio of the results of the comparison between:

a. Loans given to third parties in Rupiah and foreign currencies, and
b. Corporate securities in Rupiah and foreign currencies owned by the Bank that meet certain requirement, to:
    a. TPF Banks in the form of demand deposits, savings deposits and time deposits/deposits in rupiah and foreign currencies, excluding interbank funds; and
    b. Marketable Securities in rupiah and foreign currencies that meet certain requirements, issued by the Bank for funding sources

As of December 31, 2019, 2018 and 2017, the Bank has fulfilled the ratio as mentioned above, the Statutory Reserves Ratio for Rupiah and foreign currencies accounts (Bank Mandiri only), are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
- Primary Minimum Statutory Reserve	6.21%	6.92%	6.78%
(i) Daily Minimum Statutory Reserve	3.00%	3.50%	5.00%
(ii) Average Minimum Statutory Reserve	3.21%	3.42%	1.78%
- PLM (formerly Secondary Minimum Statutory Reserve)	13.02%	10.14%	8.91%
Foreign currencies	8.10%	8.10%	8.10%
(i) Daily Minimum Statutory Reserve	6.00%	6.00%	-
(ii) Average Minimum Statutory Reserve	2.10%	2.10%	-

5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)	4,247	7,735	26,664
Third parties	486,671	258,361	1,608,469
Total	490,918	266,096	1,635,133
Foreign currencies			
Related parties (Note 56)	246	741	869
Third parties	12,072,326	14,569,124	10,697,387
Total (Note 62B.(iv))	12,072,572	14,569,865	10,698,256
Total	12,563,490	14,835,961	12,333,389
Less: allowance for impairment losses	(5,193)	(5,189)	(3,442)
Net	**12,558,297**	**14,830,772**	**12,329,947**

Included in foreign currencies are mainly Great Britain Poundsterling, European Euro, United States Dollar, Japanese Yen, Australian Dollar, Hong Kong Dollar, Chinese Yuan and Singapore Dollar.

(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b. By Bank Indonesia's collectibility:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Current	490,918	266,096	1,635,133
Foreign currencies			
Current	12,069,282	14,566,391	10,694,825
Loss	3,290	3,474	3,431
Total (Note 62B.(iv))	12,072,572	14,569,865	10,698,256
	12,563,490	14,835,961	12,333,389
Less: allowance for impairment losses	(5,193)	(5,189)	(3,442)
Net	**12,558,297**	**14,830,772**	**12,329,947**

c. The average interest rate (yield) per annum:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	0.01%	0.01%	0.01%
Foreign currencies	1.41%	1.04%	0.02%

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

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	5,189	3,442	3,049
Allowance during the year (Note 45)	248	1,703	(44)
Others*)	(244)	44	437
Ending balance	**5,193**	**5,189**	**3,442**

*) Including effect of foreign currency translation.

Management believes that the allowance for impairment losses on current accounts with other banks is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" are disclosed in Note 62A.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By type, currency, maturity and Bank Indonesia's collectibility:

	December 31, 2019			
	Maturity	**Current**	**Loss**	**Total**
Rupiah				
Bank Indonesia	< 1 month	12,380,226	-	12,380,226
Call money	< 1 month	4,020,000	-	4,020,000
Time Deposits	< 1 month	829,100	-	829,100
	≥ 1 month ≤ 3 months	311,800	-	311,800
	> 3 months ≤ 6 months	9,500	-	9,500
Total		17,550,626	-	17,550,626
Foreign currencies				
Bank Indonesia	< 1 month	8,468,325	-	8,468,325
Call money	< 1 month	8,090,026	-	8,090,026
	> 12 months ≤ 36 months	-	46,601	46,601
Fixed Term Placement	< 1 month	2,310,017	-	2,310,017
	≥ 1 month ≤ 3 months	235,617	-	235,617
	> 3 months ≤ 6 months	246,398	-	246,398
	> 12 months ≤ 36 months	-	1,074	1,074
Time Deposits	< 1 month	666,779	-	666,779
	> 36 months	972	-	972
Total (Note 62B.(iv))		20,018,134	47,675	20,065,809
				37,616,435
Less: allowance for impairment losses				(47,675)
Net				**37,568,760**

	December 31, 2018			
	Maturity	**Current**	**Loss**	**Total**
Rupiah				
Bank Indonesia	< 1 month	6,980,573	-	6,980,573
Call money	< 1 month	4,520,000	-	4,520,000
	≥ 1 month ≤ 3 months	20,000	-	20,000
Time Deposits	< 1 month	1,081,040	-	1,081,040
	≥ 1 month ≤ 3 months	166,300	-	166,300
	> 3 months ≤ 6 months	100,500	-	100,500
	> 6 months ≤ 12 months	12,500	-	12,500
Total		12,880,913	-	12,880,913
Foreign currencies				
Bank Indonesia	< 1 month	1,725,600	-	1,725,600
	≥ 1 month ≤ 3 months	2,157,000	-	2,157,000
Call money	< 1 month	2,486,302	-	2,486,302
	≥ 1 month ≤ 3 months	71,900	-	71,900
	> 12 months	-	49,204	49,204
Fixed Term Placement	< 1 month	2,133,436	-	2,133,436
	≥ 1 month ≤ 3 months	62,717	-	62,717
	> 3 months ≤ 6 months	203,189	-	203,189
	> 6 months ≤ 12 months	129,420	-	129,420
	> 12 months	-	1,134	1,134
Time Deposits	< 1 month	590,047	-	590,047
	> 12 months	75,172	-	75,172
Total (Note 62B.(iv))		9,634,783	50,338	9,685,121
				22,566,034
Less: allowance for impairment losses				(50,338)
Net				**22,515,696**

(Expressed in millions of Rupiah, unless otherwise stated)

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

a. By type, currency, maturity and Bank Indonesia's collectability (continued):

	December 31, 2017			
	Maturity	Current	Loss	Total
Rupiah				
Bank Indonesia	< 1 month	22,240,876	-	22,240,876
Call money	< 1 month	3,451,000	-	3,451,000
	≥ 1 month ≤ 3 months	295,000	-	295,000
	> 3 months ≤ 6 months	240,000	-	240,000
Time Deposits	< 1 month	1,495,840	-	1,495,840
	≥ 1 month ≤ 3 months	1,238,560	-	1,238,560
	> 3 months ≤ 6 months	611,600	-	611,600
	> 6 months ≤ 12 months	110,000	-	110,000
	> 12 months	124,890	-	124,890
Saving	No maturity	901	-	901
Total		29,808,667	-	29,808,667
Foreign currencies:				
Bank Indonesia	< 1 month	26,090,303	-	26,090,303
	≥ 1 month ≤ 3 months	6,105,375	-	6,105,375
Call money	< 1 month	7,707,458	-	7,707,458
	>3 months < 6 months	274,743	-	274,743
	> 12 months	-	48,593	48,593
Fixed-term placement	< 1 month	3,919,572	-	3,919,572
	≥ 1 month ≤ 3 months	198,184	-	198,184
	> 3 months ≤ 6 months	123,871	-	123,871
	> 12 months	-	1,120	1,120
Time deposits	< 1 month	255,440	-	255,440
	> 1 month < 3 months	117,190	-	117,190
Total (Note 62B.(v))		44,792,136	49,713	44,841,849
				74,650,516
Less: Allowance for impairment losses				(49,713)
Net				**74,600,803**

b. By related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)	368,500	255,000	751,020
Third parties	17,182,126	12,625,913	29,057,647
Total	17,550,626	12,880,913	29,808,667
Foreign currencies			
Related parties (Note 56)	1,131,424	907,378	2,401,147
Third Parties	18,934,385	8,777,743	42,440,702
Total (Notes 62B.(iv))	20,065,809	9,685,121	44,841,849
	37,616,435	22,566,034	74,650,516
Less: allowance for impairment losses	(47,675)	(50,338)	(49,713)
Net	**37,568,760**	**22,515,696**	**74,600,803**

(Expressed in millions of Rupiah, unless otherwise stated)

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

c. Average interest rate (yield) per annum:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	1.40%	1.83%	2.38%
Foreign currencies	2.06%	1.82%	1.09%

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

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	50,338	49,713	83,308
(Reversal)/allowance during the year (Note 45)	(51)	115	(53,290)
Others[*)]	(2,612)	510	19,695
Balance at end of year	**47,675**	**50,338**	**49,713**

[*)] Including effect of foreign currency translation.

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

e. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 62A.

f. Bank Mandiri has a placement with a financial institution (in liquidation), which has been classified as loss or “impaired”. Bank Mandiri’s claims that have been approved by the Trustee based on the creditors meeting on November 5, 2009 amounted to EUR16,395,092 (full amount) for the placement. On March 10, 2010, November 24, 2010, September 6, 2012 and January 23, 2014 the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a net-off with the balance of demand deposit, interbank call money and L/C UPAS payable of the Subsidiary to the financial institution, the balance of Bank Mandiri's placement with the financial institution (in liquidation) as of December 31, 2019, 2018 and 2017 were EUR3,061,829 (full amount), respectively. As of December 31, 2019, 2018 and 2017, Bank Mandiri has established full allowance for impairment losses on the remaining outstanding balance of placement with the financial institution.

g. As of December 31, 2019, placements with a balance of USD70,000 (full amount) (December 31, 2018: USD5,227,520.08 (full amount) and December 31, 2017: USDNil) were pledged for loan facilities received from other banks (Note 36e).

7. MARKETABLE SECURITIES

a. By purpose, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Marketable securities			
Related parties (Note 56):			
Fair value through profit or loss	2,834,117	119,807	1,834,067
Available for sale	8,626,405	8,422,061	8,221,431
Held to maturity	5,158,874	3,802,269	2,116,345
At cost[*)]	1,922,915	1,104,833	632,808
	18,542,311	13,448,970	12,804,651

[*)] Marketable securities owned by Subsidiary.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

a. By purpose, related parties and third parties (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Marketable securities (continued)			
Third parties:			
Fair value through profit or loss	4,637,866	3,627,578	1,674,105
Available for sale	11,140,087	21,616,313	17,335,737
Held to maturity	2,882,674	4,152,400	6,146,605
At cost*)	11,952,894	1,552,166	518,153
	30,613,521	30,948,457	25,674,600
Investments in unit-link contracts **)			
Related parties (Note 56):			
Fair value through profit or loss	8,834,946	8,113,830	7,970,812
Third parties:			
Fair value through profit or loss	13,176,134	11,621,419	13.109.989
Total	71,166,912	64,132,676	59,560,052
Less:			
Unamortised discounts	(5,654)	(3,653)	(9,305)
Unrealised gain/(loss) on increase/ (decrease) in fair value of marketable securities	171,648	(196,549)	169,310
Allowance for impairment losses	(69,538)	(96,574)	(81,734)
	96,456	(296,776)	78,271
Net	**71,263,368**	**63,835,900**	**59,638,323**

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

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility:

	December 31, 2019						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah							
Fair value through profit or loss							
Marketable securities							
Bonds	2,515,695	-	10,778	2,526,473	-	-	2,526,473
Investments in mutual fund units	241,995	-	-	241,995	-	-	241,995
Certificates of Bank Indonesia	365,117	-	8,015	373,132	-	-	373,132
Shares	342,011	-	-	342,011	-	-	342,011
Negotiable certificate of deposit	226,227	-	2,833	229,060	-	-	229,060
	3,691,045	-	21,626	3,712,671	-	-	3,712,671
Investments in unit-link contracts *)							
Shares	20,510,838	-	-	20,510,838	-	-	20,510,838
Investments in mutual fund units	1,493,474	-	-	1,493,474	-	-	1,493,474
Bonds	6,768	-	-	6,768	-	-	6,768
	22,011,080	-	-	22,011,080	-	-	22,011,080
	25,702,125	-	21,626	25,723,751	-	-	25,723,751
Available for sale							
Investments in mutual fund units	3,661,868	-	25,789	3,687,657	-	-	3,687,657
Bonds	5,760,130	-	(21,295)	5,738,835	-	-	5,738,835
Medium term notes	5,000	-	-	5,000	-	-	5,000
Share	11,103	-	-	11,103	-	-	11,103
	9,438,101	-	4,494	9,442,595	-	-	9,442,595
Held to maturity							
Bonds	5,549,008	(2,788)	-	5,546,220	-	-	5,546,220
Medium Term Notes	245,000	-	-	245,000	-	-	245,000
Export bills	738,858	-	-	738,858	-	-	738,858
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	6,777,866	(2,788)	-	6,775,078	-	-	6,775,078
At cost***)							
Sharia Corporate bonds	3,163,600	-	-	3,163,600	-	-	3,163,600
Certificate of Bank Indonesia sharia	850,000	-	-	850,000	-	-	850,000
Sukuk BI	9,431,729	-	-	9,431,729	-	-	9,431,729
Bond	299,514	-	-	299,514	-	-	299,514
Export bills	130,966	-	-	130,966	-	-	130,966
	13,875,809	-	-	13,875,809	-	-	13,875,809
Total	55,793,901	(2,788)	26,120	55,817,233	-		55,817,233
Foreign currencies							
Fair value through profit or loss							
Bonds	685,865	-	6,403	692,268	-	-	692,268
Treasury bills	1,845,228	-	5,288	1,850,516	-	-	1,850,516
Certificates of Bank Indonesia	1,249,845	-	3,647	1,253,492	-	-	1,253,492
	3,780,938	-	15,338	3,796,276	-	-	3,796,276
Available for sale							
Bonds	4,617,241	-	135,804	4,753,045	-	-	4,753,045
Treasury bills	1,601,717	-	14,169	1,615,886	-	-	1,615,886
Certificates of Bank Indonesia	896,163	-	100	896,263	-	-	896,263
Investment in the mutual fund units	3,213,270	-	(19,883)	3,193,387	-	-	3,193,387
	10,328,391	-	130,190	10,458,581	-	-	10,458,581
Held to maturity							
Bonds	238,978	(2,866)	-	236,112	-	-	236,112
Export bills	1,024,704	-	-	1,022,232	-	2,472	1,024,704
	1,263,682	(2,866)	-	1,258,344	-	2,472	1,260,816
Total (Note 62B.(iv))	15,373,011	(2,866)	145,528	15,513,201	-	2,472	15,515,673
	71,166,912	(5,654)	171,648	71,330,434	-	2,472	71,332,906
Less: allowance for impairment losses							(69,538)
Net							**71,263,368**

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.
**) Held to maturity securities are presented at amortised cost.
***) Marketable securities owned by Subsidiary

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility (continued):

	December 31, 2018						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah							
Fair value through profit or loss							
Marketable securities							
Bonds	245,745	-	518	241,305	4,958	-	246,263
Investments in mutual fund units	381,993	-	-	381,993	-	-	381,993
Certificates of Bank Indonesia	187,222	-	3,005	190,227	-	-	190,227
Shares	207,401	-	-	207,401	-	-	207,401
	1,022,361	-	3,523	1,020,926	4,958	-	1,025,884
Investments in unit-link contracts *)							
Shares	19,407,553	-	-	19,407,553	-	-	19,407,553
Investments in mutual fund units	317,811	-	-	317,811	-	-	317,811
Bonds	9,885	-	-	9,885	-	-	9,885
	19,735,249	-	-	19,735,249	-	-	19,735,249
	20,757,610	-	3,523	20,756,175	4,958	-	20,761,133
Available for sale							
Investments in mutual fund units	9,918,487	-	56,849	9,975,336	-	-	9,975,336
Bonds	6,459,498	-	(80,479)	6,379,019	-	-	6,379,019
Certificates of Bank Indonesia	719,537	-	(854)	718,683	-	-	718,683
Negotiable Certificate of Deposit	521,612	-	393	522,005	-	-	522,005
Medium term notes	45,000	-	(4)	44,996	-	-	44,996
	17,664,134	-	(24,095)	17,640,039	-	-	17,640,039
Held to maturity							
Bonds	4,528,115	(3)	-	4,528,112	-	-	4,528,112
Export bills	1,318,185	-	-	1,318,185	-	-	1,318,185
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	6,091,300	(3)	-	6,091,297	-	-	6,091,297
At cost***)							
Sharia Corporate bonds	2,528,000	-	-	2,528,000	-	-	2,528,000
Export bills	128,999	-	-	128,999	-	-	128,999
	2,656,999	-	-	2,656,999	-	-	2,656,999
Total	47,170,043	(3)	(20,572)	47,144,510	4,958	-	47,149,468
Foreign currencies							
Fair value through profit or loss							
Bonds	768,832	-	7,603	776,435	-	-	776,435
Treasury bills	594,836	-	2,856	597,692	-	-	597,692
Certificates of Bank Indonesia	1,361,356	-	7,438	1,368,794	-	-	1,368,794
	2,725,024	-	17,897	2,742,921	-	-	2,742,921
Available for sale							
Bonds	4,819,474	-	(173,006)	4,646,468	-	-	4,646,468
Treasury bills	2,370,483	-	(29,011)	2,341,472	-	-	2,341,472
Certificates of Bank Indonesia	1,855,861	-	(5,840)	1,850,021	-	-	1,850,021
Investment in the mutual fund units	3,328,422	-	13,983	3,342,405	-	-	3,342,405
	12,374,240	-	(193,874)	12,180,366	-	-	12,180,366
Held to maturity							
Bonds	301,980	(3,650)	-	298,330	-	-	298,330
Export bills	1,561,389	-	-	1,561,389	-	-	1,561,389
	1,863,369	(3,650)	-	1,859,719	-	-	1,859,719
Total (Note 62B.(iv))	16,962,633	(3,650)	(175,977)	16,783,006	-	-	16,783,006
	64,132,676	(3,653)	(196,549)	63,927,516	4,958	-	63,932,474
Less: allowance for impairment losses							(96,574)
Net							**63,835,900**

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.
**) Held to maturity securities are presented at amortised cost.
***) Marketable securities owned by Subsidiary.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility (continued):

	December 31, 2017						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Marketable securities							
Bonds	1,612,046	-	14,081	1,621,127	5,000	-	1,626,127
Investments in mutual fund units	526,680	-	1,106	527,786	-	-	527,786
Certificates of Bank Indonesia	291,304	-	3,351	294,655	-	-	294,655
Shares	215,580	-	(787)	214,793	-	-	214,793
Negotiable certificate of deposit	126,255	-	209	126,464	-	-	126,464
	2,771,865	-	17,960	2,784,825	5,000	-	2,789,825
Investments in unit-link contracts *)							
Shares	20,783,990	-	-	20,783,990	-	-	20,783,990
Investments in mutual fund units	262,331	-	-	262,331	-	-	262,331
Bonds	34,480	-	-	34,480	-	-	34,480
	21,080,801	-	-	21,080,801	-	-	21,080,801
	23,852,666	-	17,960	23,865,626	5,000	-	23,870,626
Available for sale							
Investments in mutual fund units	9,352,800	-	47,508	9,400,308	-	-	9,400,308
Bonds	4,108,430	-	54,775	4,163,205	-	-	4,163,205
Negotiable Certificate of Deposit	510,334	-	2,949	513,283	-	-	513,283
Medium term notes	195,000	-	(66)	194,934	-	-	194,934
Certificates of Bank Indonesia	123,356	-	-	123,356	-	-	123,356
Shares	19,573	-	-	19,573	-	-	19,573
	14,309,493	-	105,166	14,414,659	-	-	14,414,659
Held to maturity							
Bonds	2,349,201	-	-	2,349,201	-	-	2,349,201
Certificates of Bank Indonesia	2,830,000	(7,771)	-	2,822,229	-	-	2,822,229
Export bills	735,654	-	-	735,654	-	-	735,654
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	6,159,855	(7,771)	-	6,152,084	-	-	6,152,084
At cost***)							
Sharia Corporate bonds	1,121,000	-	-	1,121,000	-	-	1,121,000
Export bills	29,961	-	-	29,961	-	-	29,961
	1,150,961	-	-	1,150,961	-	-	1,150,961
Total	45,472,975	(7,771)	123,126	45,583,330	5,000	-	45,588,330
Foreign currencies:							
Fair value through profit or loss							
Bonds	135,537	-	135	135,672	-	-	135,672
Treasury bills	600,770	-	119	600,889	-	-	600,889
	736,307	-	254	736,561	-	-	736,561
Available for sale							
Bonds	4,434,647	-	57,984	4,492,631	-	-	4,492,631
Treasury bills	1,673,445	-	(11,848)	1,661,597	-	-	1,661,597
Certificates of Bank Indonesia	4,408,498	-	(2,515)	4,405,983	-	-	4,405,983
Investment in the mutual fund units	731,085	-	2,309	733,394	-	-	733,394
	11,247,675	-	45,930	11,293,605	-	-	11,293,605
Held to maturity							
Bonds	312,053	(1,534)	-	310,519	-	-	310,519
Export bills	1,791,042	-	-	1,791,042	-	-	1,791,042
	2,103,095	(1,534)	-	2,101,561	-	-	2,101,561
Total (Note 62B.(v))	14,087,077	(1,534)	46,184	14,131,727	-	-	14,131,727
	59,560,052	(9,305)	169,310	59,715,057	5,000	-	59,720,057
Less: Allowance for impairment losses							(81,734)
Net							**59,638,323**

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.
**) Held to maturity securities are presented at amortised cost.
***) Marketable securities owned by Subsidiary.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

c. By maturity:

	December 31, 2019	December 31, 2018	December 31, 2017
Marketable securities			
Rupiah			
No maturity date	605,819	729,742	1,576,834
< 1 year	18,580,784	13,612,063	8,127,491
> 1 < 5 years	10,930,189	10,245,088	13,583,882
> 5 <10 years	3,666,029	2,847,901	1,103,967
Total	33,782,821	27,434,794	24,392,174
Foreign currencies			
No maturity date	-	287,310	-
< 1 year	6,145,885	6,918,008	7,725,992
> 1 < 5 years	6,223,934	6,762,609	2,483,729
> 5 < 10 years	3,003,192	2,988,689	3,877,356
> 10 years	-	6,017	-
Total	15,373,011	16,962,633	14,087,077
Investments in unit-link *)			
Rupiah			
No maturity date	22,004,312	19,725,364	21,046,321
< 1 year	3,403	9,885	34,480
> 1 < 5 years	3,365	-	-
Total	22,011,080	19,735,249	21,080,801
	71,166,912	64,132,676	59,560,052
Less:			
Unamortised discounts	(5,654)	(3,653)	(9,305)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	171,648	(196,549)	169,310
Allowance for impairment losses	(69,538)	(96,574)	(81,734)
	96,456	(296,776)	78,271
Net	**71,263,368**	**63,835,900**	**59,638,323**

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

d. By issuer:

	December 31, 2019	December 31, 2018	December 31, 2017
Marketable securities			
Corporate	23,745,463	27,286,754	21,482,803
Banks	6,288,446	8,563,445	5,814,264
Central Bank	12,792,855	4,718,811	7,938,652
Government	6,329,068	3,828,417	3,243,532
	49,155,832	44,397,427	38,479,251

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

d. By issuer (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Investments in unit-link contracts *)			
Corporate	14,920,217	13,492,055	14,685,867
Bank	7,090,863	6,243,194	6,394,934
	22,011,080	19,735,249	21,080,801
Total	**71,166,912**	**64,132,676**	**59,560,052**
Less:			
Unamortised discounts	(5,654)	(3,653)	(9,305)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	171,648	(196,549)	169,310
Allowance for impairment losses	(69,538)	(96,574)	(81,734)
	96,456	(296,776)	78,271
Net	**71,263,368**	**63,835,900**	**59,638,323**

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

e. Details of bonds by rating:

	Rating*)				Fair value/at cost/amortised cost		
	Rating Agencies	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah							
Fair value through profit or loss							
Marketable securities							
Bonds							
Government Treasury Bills**)	-	-	-	-	2,469,184	216,760	1,258,471
PT Sarana Multigriya Infrastruktur	Pefindo	idAAA	-	idAAA	47,691	-	20,851
Lembaga Pembiayaan Ekspor Indonesia	Pefindo	-	-	idAAA	-	-	41,341
PT Federal International Finance	Pefindo	-	-	idAAA	-	-	25,661
PT Adira Dinamika Multifinance Tbk.	Pefindo	-	-	idAAA	-	-	7,209
PT Bank OCBC NISP Tbk.	Pefindo	-	-	idAAA	-	-	5,089
Others	Various	Various	Various	Various	9,598	29,503	267,505
					2,526,473	246,263	1,626,127

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.
**) No rating

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

		Rating*)			Fair value/at cost/amortised cost		
	Rating Agencies	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah (continued)							
Fair value through profit or loss (continued)							
Investments in unit-link***)							
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	-	-	3,403	-	-
PT Surya Artha Nusantara Finance	Pefindo	-	idAA-	-	-	4,623	-
Others	Various	Various	Various	Various	3,365	5,262	34,480
					6,768	9,885	34,480
					2,533,241	256,148	1,660,607
Available for sale							
Marketable securities							
Bonds							
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	-	-	1,092,709	-	-
PT Bank Rakyat Indonesia (Persero) Tbk.	Pefindo	idAAA	idAAA	idAAA	697,453	695,735	366,081
PT Hutama Karya (Persero)	Pefindo	idAAA	idAAA	idA-	308,756	308,756	326,844
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	idAAA	299,920	380,036	175,733
PT Telekomunikasi Indonesia Tbk.	Pefindo	idAAA	idAAA	idAAA	260,141	293,205	260,825
Perum Pegadaian	Pefindo	idAAA	idAAA	idAAA	233,321	233,941	264,917
PT Bank Tabungan Negara (Persero) Tbk.	Pefindo	idAA+	idAA+	idAA+	214,629	700,822	463,545
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	idAAA	107,614	216,133	213,642
PT Jasa Marga (Persero) Tbk.	Pefindo	-	idAA	idAA	-	155,802	158,882
PT Indofood Sukses Makmur Tbk.	Pefindo	-	-	idAA+	-	-	10,447
Others	Various	Various	Various	Various	2,524,292	3,394,589	1,922,289
					5,738,835	6,379,019	4,163,205
Held to maturity							
Marketable securities							
Bonds							
PT Hutama Karya (Persero)	Pefindo	idAAA	idAAA	idA-	650,000	650,000	650,000
Jakarta Lingkar Barat	Pefindo	idA+	idA+	-	460,000	460,000	-
PT Sarana Multi Infrastruktur (Persero)	Pefindo	idAAA	-	-	449,000	-	-
PT Tunas Baru Lampung Tbk.	Fitch	A+ (Idn)	A (Idn)	-	426,000	426,000	-
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	-	105,000	105,000	-
PT Mayora Indah Tbk.	Pefindo	-	idAA	idAA	-	74,000	74,000
PT Surya Artha Nusantara Finance	Pefinfo	-	-	idAA-	-	-	300,000
Others	Various	Various	Various	Various	3,456,220	2,813,112	1,325,201
					5,546,220	4,528,112	2,349,201
At cost**)							
Marketable securities							
Sharia Corporate Bonds							
PT Sarana Multi Infrastruktur (Persero)	Pefindo	idAAA$_{(sy)}$	idAAA$_{(sy)}$	idAAA$_{(sy)}$	300,000	300,000	300,000
PT Indosat Tbk.	Pefindo	idAAA$_{(sy)}$	idAAA$_{(sy)}$	idAAA$_{(sy)}$	185,000	185,000	185,000
Medco Power Indonesia	Pefindo	idA$_{(sy)}$	-	-	140,600	-	-
PT Perusahaan Listrik Negara (Persero)	Pefindo	-	-	idAAA	-	-	200,000
Others	Various	Various	Various	Various	2,538,000	2,043,000	436,000
					3,163,600	2,528,000	1,121,000
Total					**16,981,896**	**13,691,279**	**9,294,013**

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.
**) Marketable securities owned by Subsidiary.
***) Investments in unit-link contracts are investments owned by policyholder of Subsidiariy's unit link contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

		Rating[*)]			Fair value/at cost/amortised cost		
	Rating Agencies	**December 31, 2019**	**December 31, 2018**	**December 31, 2017**	**December 31, 2019**	**December 31, 2018**	**December 31, 2017**
Foreign currencies							
Fair value through profit and loss							
Marketable Securities							
Bonds							
Agricultural Bank of China, HK	Moody's	A1	A2	A2	277,192	143,128	135,672
Bank of East Asia Limited	Moody's	Ba2(hyb)	Ba2(hyb)	-	276,564	430,538	-
Others	Various	Various	Various	-	138,512	202,769	-
					692,268	776,435	135,672
Available for sale							
Marketable securities							
Bonds							
PT Pertamina (Persero)	Moody's	Baa2	Baa2	Baa3	3,771,293	3,671,069	3,678,954
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	idAAA	342,260	591,512	501,657
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa2	Baa2	Baa3	264,200	213,543	122,123
Bank of China	Fitch	-	A- (Idn)	A- (Idn)	-	42,643	135,088
Others	Various	Various	Various	Various	375,292	127,701	54,809
					4,753,045	4,646,468	4,492,631
Held to maturity							
Marketable securities							
Bonds							
PT Pelindo (Persero)	Moody's	Baa2	Baa2	Baa3	67,564	69,618	65,337
PT Pertamina (Persero)	Moody's	Baa2	Baa2	Baa3	42,203	43,944	41,668
PT Soechi Lines Tbk	Moody's	-	Baa3	Baa3	-	71,900	135,675
Others	Various	Various	Various	Various	126,345	112,868	67,839
					236,112	298,330	310,519
Total					**5,681,425**	**5,721,233**	**4,938,822**

[*)] Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

f. Average interest rate (yield) per annum:

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Rupiah	8.28%	7.34%	9.01%
Foreign currencies	6.44%	5.36%	3.47%

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

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Beginning balance	96,574	81,734	238,944
(Reversal)/allowance during the year (Note 45)	(11,701)	20,263	8,420
Write-off	-	-	(137,000)
Others[*)]	(15,335)	(5,423)	(28,630)
Balance at end of year	**69,538**	**96,574**	**81,734**

[*)] Including effect of foreign currency translation.

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

h. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

i. Investment in mutual fund of the Bank are classified as available for sale:

	December 31, 2019	December 31, 2018	December 31, 2017
Mutual Fund Syailendra USD 3	2,438,587	2,561,727	-
Mutual Fund Trimegah VI	787,550	786,565	-
Mutual Fund Syailendra USD 2	754,800	780,678	733,394
Protected Mutual Fund Schroder IDR Income Plan II	655,815	656,188	654,862
Protected Mutual Fund Trimegah I	651,837	656,657	655,022
Protected Fund BNP Paribas Selaras V	500,150	-	-
Protected Mutual Fund Emco XVI	485,068	484,772	-
Protected Mutual Fund Trimegah XI	460,162	456,894	-
Protected Mutual Fund SAM Sejahtera 3	136,365	136,099	-
Protected Mutual Fund BNP Paribas Selaras IV	-	2,512,978	2,510,237
Protected Mutual Fund Schroder IDR Income Plan I	-	1,005,116	1,004,018
Protected Mutual Fund Manulife Dana Utama	-	1,000,876	1,000,238
Protected Mutual Fund Emco VII	-	905,172	903,789
Protected Mutual Fund Emco VIII	-	603,493	602,719
Protected Mutual Fund Trimegah IV	-	227,131	225,990
Mutual Fund Indopremier XI	-	225,825	225,470
Protected Mutual Fund Trimegah II	-	197,040	196,475
Protected Mutual Fund Emco	-	-	412,161
Protected Mutual Fund Sucorinvest Protection 23	-	-	197,568
	6,870,334	**13,197,211**	**9,321,943**

j. As of December 31, 2019, marketable securities with total nominal amount of Rp444,242 (December 31, 2018: Rp359,500 and December 31, 2017: Rp420,591) were sold under repurchase agreements (Note 28).

k. As of December 31, 2019, marketable securities with total nominal amount of USD65,000,000 (full amount) (December 31, 2018 and 2017: USD65,000,000 (full amount)) are being pledged as collateral for fund borrowing from other banks (Note 36c).

8. GOVERNMENT BONDS

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as of December 31, 2019, 2018 and 2017, with details as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Related party (Note 56)			
Government bonds			
Fair value through profit or loss	5,040,996	3,372,637	2,183,356
Available for sale***)	96,664,454	78,265,244	89,073,724
Held to maturity	18,003,259	17,977,222	2,585,950
At cost*)	8,079,331	13,468,806	8,262,937
Investments in unit-link contracts **)			
Fair value through profit or loss	1,212,260	1,200,609	1,305,221
	129,000,300	**114,284,518**	**103,411,188**

*) Government bonds owned by Subsidiary are classified based on SFAS No. 110 “Accounting for Sukuk”
**) Investments in unit-link contracts are investments owned by policyholders of Subsidiary’s unit-link contracts which are presented at fair value.
***) Including sukuk, project-based sukuk and retail bonds which are classified as at fair value through other comprehensive income.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

a. By maturity

The government bonds, by remaining period of maturity, are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Fair value through profit or loss			
Government bonds			
Less than 1 year	157,424	527,768	52,129
1 - 5 years	1,612,886	483,099	380,830
5 - 10 years	2,116,432	1,730,859	930,280
Over 10 years	890,273	538,044	408,294
	4,777,015	3,279,770	1,771,533
Investments in unit-link**)			
Less than 1 year	111,877	486,722	162,620
1 - 5 years	407,500	137,027	139,777
5 - 10 years	435,944	416,132	427,886
Over 10 years	256,939	160,728	574,938
	1,212,260	1,200,609	1,305,221
	5,989,275	4,480,379	3,076,754
Available for sale***)**			
Less than 1 year	16,094,598	15,060,493	11,138,974
1 - 5 years	33,183,555	28,907,326	39,734,215
5 - 10 years	22,633,274	9,974,175	9,670,265
Over 10 years	2,857,390	2,912,801	5,460,700
	74,768,817	56,854,795	66,004,154
Held to maturity			
Less than 1 year	9,970	95,205	58,547
1 - 5 years	15,487,132	15,270,849	25,055
5 - 10 years	325,088	293,456	133,387
Over 10 years	84,614	124,003	256,911
	15,906,804	15,783,513	473,900
At cost*)			
Less than 1 year	4,123,431	7,198,947	3,868,179
1 - 5 years	3,955,900	6,125,245	4,254,474
	8,079,331	13,324,192	8,122,653
Total	104,744,227	90,442,879	77,677,461

*) Government bonds owned by Subsidiary are classified based on SFAS No. 110 "Accounting for Sukuk"
**) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.
***) Including sukuk, project-based sukuk and retail bonds which are classified as at fair value through other comprehensive income.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

a. By maturity (continued)

The government bonds, by remaining period of maturity, are as follows (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies			
Fair value through profit or loss			
Less than 1 year	1,138	-	-
1 - 5 years	154,134	15,398	34,953
5 - 10 years	73,808	39,563	303,591
Over 10 years	34,901	37,906	73,279
	263,981	92,867	411,823
Available for sale			
Less than 1 year	2,611,730	2,803,201	161,735
1 - 5 years	13,173,513	11,240,079	12,743,703
5 - 10 Years	6,110,394	7,338,016	9,346,317
Over 10 years	-	29,153	817,815
	21,895,637	21,410,449	23,069,570
Held to maturity			
Less than 1 year	778,531	-	-
1 - 5 years	651,387	1,382,155	977,963
5 - 10 years	666,537	811,554	1,134,087
	2,096,455	2,193,709	2,112,050
At cost*)			
Less than 1 year	-	144,614	-
1 - 5 years	-	-	140,284
	-	144,614	140,284
Total (Note 62B.(iv))	24,256,073	23,841,639	25,733,727
	129,000,300	**114,284,518**	**103,411,188**

*) Government bonds owned by Subsidiary are classified based on SFAS No. 110 "Accounting for Sukuk"

b. By type

	December 31, 2019				
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	**4,508,379**	5.45% - 12.9%	**4,777,015**	10/03/2020 - 15/05/2048	1 and 6 months
Investments in unit-link contracts **)					
Fixed rate bonds	**1,212,260**	5.45% - 11.00%	**1,212,260**	10/03/2020 - 15/4/2039	1 and 6 months

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

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By type (continued)

	December 31, 2019				
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah (continued)					
Available for sale[***]					
Fixed rate bonds	58,696,103	5.45% - 12.90%	60,900,409	15/03/2020 - 15/02/2044	1, 3 and 6 months
Variable rate bonds	13,922,008	SPN 3 months	13,868,408	25/07/2020	3 months
	72,618,111		**74,768,817**		

	December 31, 2019			
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Held to maturity				
Fixed rate bonds	**15.906.804**	5.45% - 11.75%	15/11/2020 - 15/05/2037	6 months
At cost[*]				
Fixed rate bonds	**8.079.331**	5.00% - 7.23%	15/03/2020 - 15/01/2022	6 months

	December 31, 2019				
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Foreign Currencies					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	**238,279**	3.30% - 5.88%	**263,981**	13/03/2020 - 30/10/2049	6 and 9 months
Available for sale					
Fixed rate bonds	**20,791,312**	0.65% - 5.88%	**21,895,637**	13/03/2020 - 18/09/2029	6 and 12 months

	December 31, 2019			
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Foreign Currencies				
Held to maturity				
Fixed rate bonds	**2,096,455**	0.90% - 5.88%	26/04/2020 - 08/01/2026	6 months

[*] Government bonds owned by Subsidiary are classified based on SFAS No. 110 “Accounting for Sukuk”
[***] Including sukuk, project-based sukuk and retail bonds which are classified as at fair value through other comprehensive income.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By type (continued)

	December 31, 2018				
	Nominal/ cost/ amortised cost	**Interest rates per annum**	**Fair value**	**Maturity dates**	**Frequency of interest payment**
Rupiah					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	**3,255,785**	5.45% - 12.90%	**3,279,770**	10/03/2019 - 15/05/2048	1 and 6 months
Investments in unit-link contracts [**)]					
Fixed rate bonds	**1,200,609**	5.45% - 11.00%	**1,200,609**	04/01/2019 - 15/05/2038	1 and 6 months
Available for sale[***)]					
Fixed rate bonds	33,886,453	5.45% - 12.90%	33,602,793	10/03/2019 - 15/02/2044	1 and 6 months
Variable rate bonds	23,427,461	SPN 3 months	23,252,002	25/08/2019 - 25/07/2020	3 months
	57,313,914		**56,854,795**		

	December 31, 2018			
	Nominal/ cost/ amortised cost	**Interest rates per annum**	**Maturity dates**	**Frequency of interest payment**
Held to maturity				
Fixed rate bonds	**15,783,513**	5.45% - 11.75%	15/04/2019 - 15/05/2037	6 months
At cost[*)]				
Fixed rate bonds	**13,324,192**	5.45% - 8.63%	04/01/2019 - 15/1/2022	1 and 6 months

*) Government bonds owned by Subsidiary are classified based on SFAS No. 110 “Accounting for Sukuk”
**) Investments in unit-link contracts are investments owned by policyholders of Subsidiary’s unit-link contracts which are presented at fair value.
***) Including sukuk, project-based sukuk and retail bonds which are classified as at fair value through other comprehensive income.

	December 31, 2018				
	Nominal/ cost/ amortised cost	**Interest rates per annum**	**Fair value**	**Maturity dates**	**Frequency of interest payment**
Foreign Currencies					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	**94,836**	3.38% - 6.75%	**92,867**	29/03/2021 - 11/02/2049	6 months
Available for sale					
Fixed rate bonds	**21,423,890**	0.65% - 11.63%	**21,410,449**	04/03/2019 - 24/04/2028	6, 8 and 12 months

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By type (continued)

	December 31, 2018			
	Nominal/ cost/ amortised cost	**Interest rates per annum**	**Maturity dates**	**Frequency of interest payment**
Foreign Currencies				
Held to maturity				
Fixed rate bonds	**2,193,709**	0.90% - 5.88%	26/04/2020 - 08/01/2026	6 months
At cost*)				
Fixed rate bonds	**144,614**	6.13%	15/03/2019	6 months

*) Government bonds owned by Subsidiary are classified based on SFAS No. 110 "Accounting for Sukuk"

	December 31, 2017				
	Nominal/ cost/ amortized cost	**Interest rates per annum**	**Fair value**	**Maturity dates**	**Frequency of interest payment**
Rupiah					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	**1,605,714**	5.25%- 12.90%	**1,771,533**	25/01/2018 - 15/05/2048	1 and 6 months
Investments in unit-link contracts**)					
Fixed rate bonds	**1,305,221**	5.25% - 11.00%	**1,305,221**	04/01/2018 - 15/05/2038	1 and 6 months
Available for sale*)**					
Fixed rate bonds	32,930,013	5.25% - 12.90%	35,438,787	25/01/2018 - 15/02/2044	1 and 6 months
Variable rate bonds	30,796,790	SPN 3 months	30,565,367	25/08/2018 - 25/07/2020	3 months
	63,726,803		**66,004,154**		

	December 31, 2017			
	Nominal/ cost/ amortized cost	**Interest rates per annum**	**Maturity dates**	**Frequency of interest payment**
Rupiah				
Held to maturity				
Fixed rate bonds	**473,900**	5.63% - 11.75%	15/09/2018 - 15/05/2037	6 months
At cost*)				
Fixed rate bonds	**8,122,653**	6.25% - 8.63%	05/01/2018 - 15/09/2020	1 month and 6 months

*) Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"
**) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.
***) Including sukuk, project-based sukuk and retail bonds that are classified as at fair value through other comprehensive income.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By type (continued)

	December 31, 2017				
	Nominal/ cost/ amortized cost	**Interest rates per annum**	**Fair value**	**Maturity dates**	**Frequency of interest payment**
Foreign Currencies					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	**408,533**	2.25% - 7.75%	**411,823**	15/03/2019 - 11/01/2048	6 months
Available for sale					
Fixed rate bonds	**21,824,443**	0.65% - 11.63%	**23,069,570**	17/01/2018 - 11/01/2028	6 months

	December 31, 2017			
	Nominal/ cost/ amortised cost	**Interest rates per annum**	**Maturity dates**	**Frequency of interest payment**
Foreign Currencies				
Held to maturity				
Fixed rate bonds	**2,112,050**	0.90% - 5.88%	26/04/2020 - 08/01/2026	6 months
At cost*)				
Fixed rate bonds	**140,284**	6.13%	15/03/2019	6 months

*) Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

c. Other information

As of December 31, 2019, Government Bonds with total nominal amount of Rp3,563,112 were sold under repurchase agreements (December 31, 2018: Rp17,593,546 and December 31, 2017: Rp3,742,551) (Note 28).

As of December 31, 2019, Government Bonds with total nominal amount of Rp944,322 and USD410,910,000 (full amount) (December 31, 2018: Rp944,322 and USD356,795,000 (full amount) and December 31, 2017: Rp944,322 and USD356,795,000 (full amount)) are being pledged as collateral for fund borrowings from other banks (Note 36c).

As of December 31, 2019, 2018 and 2017 Bank Indonesia's collectibility for government bonds is current.

9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By type, currency, related parties and third parties:

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Rupiah			
Related parties (Note 56)			
Usance L/C payable at sight	195,177	319,854	1,276,347
Others	13,646,693	9,928,956	8,255,790
	13,841,870	10,248,810	9,532,137

(Expressed in millions of Rupiah, unless otherwise stated)

9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

a. By type, currency, related parties and third parties (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah (continued)			
Third parties			
Usance L/C payable at sight	850,175	1,251,371	926,575
Others	7,012,889	5,373,616	5,456,673
	7,863,064	6,624,987	6,383,248
Total	21,704,934	16,873,797	15,915,385
Foreign currencies			
Related parties (Note 56)			
Usance L/C payable at sight	177,840	468,622	534,782
Others	166,909	6,652	450,668
	344,749	475,274	985,450
Third parties			
Usance L/C payable at sight	1,350,469	2,678,664	2,720,441
Others	7,015,550	6,385,322	5,818,201
	8,366,019	9,063,986	8,538,642
Total (Note 62B.(iv))	8,710,768	9,539,260	9,524,092
	30,415,702	26,413,057	25,439,477
Less: allowance for impairment losses	(1,311,591)	(1,603,598)	(1,349,349)
Net	**29,104,111**	**24,809,459**	**24,090,128**

b. By Bank Indonesia’s collectibility:

	December 31, 2019	December 31, 2018	December 31, 2017
Current	29,058,282	25,086,403	24,062,284
Special mention	90,149	137,627	241,666
Substandard	26,063	-	2,322
Doubtful	86,743	-	-
Loss	1,154,465	1,189,027	1,133,205
Total	30,415,702	26,413,057	25,439,477
Less: allowance for impairment losses	(1,311,591)	(1,603,598)	(1,349,349)
Net	**29,104,111**	**24,809,459**	**24,090,128**

(Expressed in millions of Rupiah, unless otherwise stated)

9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

c. By maturity:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Less than 1 month	5,575,977	3,994,285	6,068,662
1 - 3 months	10,012,245	5,904,816	6,148,258
3 - 6 months	5,872,356	5,205,590	3,308,151
6 - 12 months	51,053	1,495,306	244,370
Over 12 months	193,303	273,800	145,944
Total	21,704,934	16,873,797	15,915,385
Foreign currencies			
Less than 1 month	1,518,923	1,679,594	1,900,057
1 - 3 months	3,613,952	4,005,307	3,351,420
3 - 6 months	2,612,806	2,855,355	2,812,789
6 - 12 months	645	-	517,268
Over 12 months	964,442	999,004	942,558
Total (Note 62B.(iv))	8,710,768	9,539,260	9,524,092
	30,415,702	26,413,057	25,439,477
Less: allowance for impairment losses	(1,311,591)	(1,603,598)	(1,349,349)
Net	**29,104,111**	**24,809,459**	**24,090,128**

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

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	1,603,598	1,349,349	1,756,847
(Reversal)/allowance during the year (Note 45)	(262,928)	178,324	(425,563)
Others*)	(29,079)	75,925	18,065
Balance at end of year	**1,311,591**	**1,603,598**	**1,349,349**

*) Including effect of foreign currency translation.

Management believes that the allowance for impairment losses on other receivables - trade transactions is adequate.

e. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 62A.

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

a. Securities purchased under agreements to resell

	December 31, 2019				
Type of securities	**Starting date**	**Maturity date**	**Resale amount**	**Unamortised interest**	**Carrying amount**
Third parties					
Rupiah					
Bond FR0078	09/12/2019	06/01/2020	310,973	217	310,756
Bond FR0061	31/12/2019	28/01/2020	245,590	924	244,666
Bond FR0061	11/12/2019	08/01/2020	244,472	239	244,233
Bond FR0077	23/12/2019	20/01/2020	204,085	540	203,545
Bond FR0059	06/12/2019	03/01/2020	191,411	54	191,357
Bond FR0064	26/12/2019	09/01/2020	169,051	200	168,851
Bond FR0063	10/12/2019	07/01/2020	140,383	117	140,266
Bond FR0063	13/12/2019	10/01/2020	140,351	177	140,174
Bond FR0063	17/12/2019	14/01/2020	116,729	212	116,517
Share	30/12/2019	21/01/2020	70,078	39	70,039
Share	19/11/2019	15/05/2020	45,699	32	45,667
Bond FR0068	13/09/2019	12/06/2020	26,252	647	25,605
Bond FR0068	13/09/2019	12/06/2020	15,757	392	15,365
Bond FR0068	25/10/2019	24/04/2020	13,810	218	13,592
Bond FR0052	01/11/2019	03/08/2020	10,516	312	10,204
Bond FR0063	18/10/2019	17/07/2020	9,845	282	9,563
Bond FR0072	01/11/2019	30/10/2020	5,180	217	4,963
Total			**1,960,182**	**4,819**	**1,955,363**

	December 31, 2018				
Type of securities	**Starting date**	**Maturity date**	**Resale amount**	**Unamortised interest**	**Carrying Amount**
Third parties					
Rupiah					
Bond FR0075	21/12/2018	04/01/2019	505,245	295	504,950
Bond FR0064	26/12/2018	09/01/2019	502,119	779	501,340
Bond FR0070	20/12/2018	03/01/2019	458,372	184	458,188
Bond FR0040	19/12/2018	02/01/2019	168,370	29	168,341
Bond FR0047	21/12/2018	04/01/2019	164,722	85	164,637
Bond IDSD280619361S	05/12/2018	07/01/2019	87,608	105	87,503
Bond FR0064	27/07/2018	25/01/2019	87,807	340	87,467
Shares	31/08/2018	27/02/2019	52,050	36	52,014
Bond FR0071	19/12/2018	16/01/2019	51,155	135	51,020
Shares	19/02/2018	19/02/2019	22,194	25	22,169
Total			**2,099,642**	**2,013**	**2,097,629**

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (continued)

a. Securities purchased under agreements to resell (continued)

December 31, 2017					
Type of securities	**Starting date**	**Maturity date**	**Resale amount**	**Unamortised interest**	**Carrying amount**
Third parties					
Rupiah					
Bond FR0071	14/12/2017	04/01/2018	527,249	221	527,028
Bond FR0068	06/12/2017	03/01/2018	482,532	122	482,410
Bond FR0066	13/12/2017	15/01/2018	453,140	895	452,245
Bond FR0054	20/12/2017	17/01/2018	298,656	608	298,048
Bond FR0061	08/12/2017	08/01/2018	187,671	183	187,488
Bond FR0069	20/12/2017	03/01/2018	139,739	41	139,698
Bond FR0054	22/12/2017	05/01/2018	108,409	66	108,343
SPN03180215	27/12/2017	03/01/2018	94,412	22	94,390
Bond IDSD080618182S	27/12/2017	04/01/2018	88,007	33	87,974
Shares	28/07/2017	24/01/2018	53,250	446	52,804
Bond FR0065	06/12/2017	03/01/2018	45,894	12	45,882
Bond FR0070	08/12/2017	09/03/2018	43,301	386	42,915
Shares	25/01/2017	25/01/2018	34,563	334	34,229
Shares	12/05/2017	03/05/2018	26,125	805	25,320
Shares	12/07/2017	03/07/2018	26,125	830	25,295
Shares	12/11/2017	03/12/2018	26,138	892	25,246
Total			**2,635,211**	**5,896**	**2,629,315**

b. By Bank Indonesia's collectibility:

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Current	1,955,363	2,097,629	2,629,315

As of December 31, 2019, 2018 and 2017, there was no impairment therefore the allowance for impairment losses on securities purchased under agreements to resell was not provided.

c. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

11. DERIVATIVE RECEIVABLES AND PAYABLES

As of December 31, 2019, the summary of derivative transactions is as follows:

		Fair value	
Transactions	**Notional amount (absolute Rupiah equivalent)**	**Derivative receivables**	**Derivative payables**
Related parties (Note 56)			
<u>Foreign currencies related</u>			
1. Forward - buy			
United States Dollar	28,390	-	565
2. Forward - sell			
United States Dollar	689,399	6,004	-
3. Swap - buy			
United States Dollar	1,003,247	-	2,315
4. Swap - sell			
United States Dollar	851,002	3,879	-
5. Option - sell			
United States Dollar	694,125	-	-
Others	1,041,188	-	10

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2019, the summary of derivative transactions is as follows (continued):

Transactions	Notional amount (absolute Rupiah equivalent)	Fair value - Derivative receivables	Fair value - Derivative payables
Interest rate related			
1. Swap - interest rate			
United States Dollar	-	8,934	39,615
Total related parties		18,817	42,505
Third parties			
Foreign currencies related			
1. Forward - buy			
United States Dollar	6,042,889	-	86,753
Others	1,471,997	9,674	3,372
2. Forward - sell			
United States Dollar	4,570,919	28,623	4,703
Others	323,991	299	175
3. Swap - buy			
United States Dollar	17,283,615	1,283	321,964
Others	187,935	1,577	-
4. Swap - sell			
United States Dollar	52,549,644	841,657	960
Others	1,699,928	33	18,321
5. Option - buy			
United States Dollar	-	7,405	-
Others	-	44,675	15,703
6. Option - sell			
United States Dollar	-	18,645	-
Others	-	58,324	-
Interest rate related			
1. Swap - interest rate			
United States Dollar	-	559,360	525,557
Others	-	27,104	175,009
Total third parties		1,598,659	1,152,517
Total		**1,617,476**	**1,195,022**

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2018, the summary of derivative transactions is as follows:

Transactions	Notional amount (absolute Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Related parties (Note 56)			
Foreign currencies related			
1. Forward - sell			
United States Dollar	5,279,020	78,593	-
2. Swap - buy			
United States Dollar	307,460	-	19,126
3. Swap - sell			
United States Dollar	3,347,330	38,521	-
Interest rate related			
1. Swap - interest rate			
United States Dollar	-	32,718	-
Total related parties		149,832	19,126
Third parties			
Foreign currencies related			
1. Forward - buy			
United States Dollar	8,629,804	224	110,197
Others	1,441,671	5,550	7,450
2. Forward - sell			
United States Dollar	6,857,148	116,081	1,926
Others	36,885	527	25
3. Swap - buy			
United States Dollar	10,126,846	2,008	150,581
Others	413,134	1,487	151
4. Swap - sell			
United States Dollar	58,581,199	780,903	86,955
Others	5,256,413	2,133	6,696
5. Option - buy			
United States Dollar	-	61,176	52,033
6. Option - sell	-		
United States Dollar		7,752	-
Others	-	64,768	-
Interest rate related			
1. Swap - interest rate			
United States Dollar	-	421,324	181,154
Others	-	184,792	501,383
Total third parties		1,648,725	1,098,551
Total		**1,798,557**	**1,117,677**

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2017, the summary of derivative transactions is as follows:

Transactions	Notional amount (absolute Rupiah equivalent)	Fair value - Derivative receivables	Fair value - Derivative payables
Related parties (Note 56)			
Foreign currencies related			
1. Forward - buy			
United States Dollar	393,506	3,256	-
2. Forward - sell			
United States Dollar	5,639,641	3,515	2,364
3. Swap - buy			
United States Dollar	747,940	526	688
4. Swap - sell			
United States Dollar	4,428,368	13,314	1,307
5. Option - buy			
United States Dollar	-	3,213	-
Others	-	-	6,216
Interest rate related			
1. Swap - interest rate			
Others	-	-	6,007
Total related parties		23,824	16,582
Third parties			
Foreign currencies related			
1. Forward - buy			
United States Dollar	2,725,088	11,995	2,712
Others	6,307,773	59,527	26,133
2. Forward - sell			
United States Dollar	6,857,671	8,550	27,817
Others	77,022	295	142
3. Swap - buy			
United States Dollar	10,858,769	8,720	13,648
Other	206,027	1,205	-
4. Swap - sell			
United States Dollar	67,896,411	189,057	31,576
Others	4,611,905	-	82,652
5. Option - buy			
United States Dollar	-	10,197	-
Others	-	26,710	18,205
6. Option - sell			
United States Dollar	-	-	1
Others	-	-	13
Interest rate related			
1. Swap - interest rate			
Others	-	477,212	425,484
Total third parties		793,468	628,383
Total		**817,292**	**644,965**

As of December 31, 2019, 2018 and 2017, the Subsidiary has cross currency and interest rate swap contract which meet the criteria and effectively applied as cashflow hedge. The losses from fair value changes related to effective portion of cashflow hedge are recognised as other comprehensive income.

As of December 31, 2019, 2018 and 2017, Bank Indonesia's collectibility for derivative receivables is current.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING

A. Details of loans and sharia loan/financing:

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)	138,616,038	114,429,946	90,072,204
Third parties	606,188,301	549,997,225	512,095,941
Total	744,804,339	664,427,171	602,168,145
Foreign currencies			
Related parties (Note 56)	32,768,083	46,299,756	23,539,208
Third parties	108,262,815	88,830,261	86,330,512
Total (Note 62B.(iv))	141,030,898	135,130,017	109,869,720
	885,835,237	799,557,188	712,037,865
Less: allowance for impairment losses	(29,988,393)	(31,796,093)	(33,745,345)
Net	**855,846,844**	**767,761,095**	**678,292,520**

b.1 By type:

	December 31, 2019		
	Non-impaired**)	Impaired*) **)	Total
Rupiah			
Working capital	235,036,504	31,978,346	267,014,850
Consumer	196,473,705	4,392,393	200,866,098
Invesment	161,835,888	22,395,794	184,231,682
Syndicated	37,152,938	818,667	37,971,605
Government Program	33,230,266	172,178	33,402,444
Employees	15,148,158	143,696	15,291,854
Export	5,787,926	237,880	6,025,806
Total	684,665,385	60,138,954	744,804,339
Foreign currencies			
Investment	52,496,133	10,144,085	62,640,218
Syndicated	39,512,395	1,626,646	41,139,041
Working capital	20,326,628	6,273,769	26,600,397
Export	9,293,815	440,778	9,734,593
Consumer	916,203	-	916,203
Government Program	446	-	446
Total (Catatan 62B.(iv))	122,545,620	18,485,278	141,030,898
	807,211,005	78,624,232 1)	885,835,237
Less: allowance for impairment losses	(6,600,528)	(23,387,865) 2)	(29,988,393)
Net	**800,610,477**	**55,236,367** 3)	**855,846,844**

*) Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).
1) Loans evaluated by using individual and collective assessment are amounted to Rp64,045,105 and Rp14,579,127, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounted to Rp20,382,564 and Rp3,005,301, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounted to Rp43,662,541 and Rp11,573,826, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan financing:

b.1 By type (continued):

	December 31, 2018		
	Non-impaired)**	**Impaired*) **)**	**Total**
Rupiah			
Working capital	233,360,288	31,657,758	265,018,046
Consumer	177,409,563	3,790,506	181,200,069
Invesment	131,313,323	18,155,276	149,468,599
Syndicated	25,307,327	1,476,315	26,783,642
Government Program	23,066,410	207,169	23,273,579
Employees	11,712,249	147,632	11,859,881
Export	6,093,271	730,084	6,823,355
Total	608,262,431	56,164,740	664,427,171
Foreign currencies			
Investment	41,413,074	5,996,633	47,409,707
Working capital	32,111,701	5,960,198	38,071,899
Syndicated	19,856,732	4,796,171	24,652,903
Export	23,159,700	1,214,746	24,374,446
Consumer	620,379	-	620,379
Government Program	683	-	683
Total (Catatan 62B.(iv))	117,162,269	17,967,748	135,130,017
	725,424,700	74,132,488[1)]	799,557,188
Less: allowance for impairment losses	(6,371,943)	(25,424,150)[2)]	(31,796,093)
Net	**719,052,757**	**48,708,338**[3)]	**767,761,095**

*) Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).
1) Loans evaluated by using individual and collective assessment are amounted to Rp58,027,272 and Rp16,105,216, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounted to Rp22,645,180 and Rp2,778,970, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounted to Rp35,382,092 and Rp13,326,246, respectively.

	December 31, 2017		
	Non-impaired)**	**Impaired*)**)**	**Total**
Rupiah:			
Working capital	230,474,941	31,140,291	261,615,232
Consumer	150,442,096	3,723,343	154,165,439
Invesment	124,912,378	16,875,090	141,787,468
Syndicated	20,427,339	1,858,879	22,286,218
Employees	8,764,182	59,078	8,823,260
Government Program	7,164,506	56,305	7,220,811
Export	6,194,715	75,002	6,269,717
Total	548,380,157	53,787,988	602,168,145

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan financing:

b.1 By type (continued):

	December 31, 2017		
	Non-impaired**)	Impaired*) **)	Total
Foreign currencies:			
Investment	42,036,195	6,314,678	48,350,873
Working capital	21,584,261	6,246,397	27,830,658
Syndicated	21,930,718	4,859,111	26,789,829
Export	4,606,960	1,893,195	6,500,155
Consumer	397,904	-	397,904
Employees	301	-	301
Total (Note 62B.(v))	90,556,339	19,313,381	109,869,720
	638,936,496	73,101,369[1]	712,037,865
Less: allowance for impairment losses	(6,062,489)	(27,682,856)[2]	(33,745,345)
Net	**632,874,007**	**45,418,513[3]**	**678,292,520**

*) Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).
1) Loans evaluated by using individual and collective assessment are amounted to Rp54,797,863 and Rp18,303,506, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounted to Rp24,084,237 and Rp3,598,619, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounted to Rp30,713,626 and Rp14,704,887, respectively.

b.2 By type and Bank Indonesia's collectibility:

	December 31, 2019					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah						
Working capital	239,512,972	15,254,329	2,947,221	1,718,558	7,581,770	267,014,850
Consumer	189,420,026	8,378,886	612,574	726,277	1,728,335	200,866,098
Investment	172,986,123	7,973,807	496,631	825,845	1,949,276	184,231,682
Syndicated	37,971,605	-	-	-	-	37,971,605
Goverment program	32,639,987	610,530	41,034	62,084	48,809	33,402,444
Employees	15,190,501	92,345	114	352	8,542	15,291,854
Export	5,770,213	128,187	-	7,467	119,939	6,025,806
Total	693,491,427	32,438,084	4,097,574	3,340,583	11,436,671	744,804,339
Foreign currencies						
Investment	55,768,911	6,175,397	45,528	-	650,382	62,640,218
Syndicated	40,672,957	-	164,585	-	301,499	41,139,041
Working capital	24,804,085	1,358,287	148,827	-	289,198	26,600,397
Export	9,353,706	47,341	18,402	314,911	233	9,734,593
Consumer	915,937	266	-	-	-	916,203
Government program	446	-	-	-	-	446
Total (Notes 62B.(iv))	131,516,042	7,581,291	377,342	314,911	1,241,312	141,030,898
	825,007,469	40,019,375	4,474,916	3,655,494	12,677,983	885,835,237
Less: allowance for impairment losses	(8,369,625)	(8,162,433)	(1,733,492)	(1,297,759)	(10,425,084)	(29,988,393)
Net	**816,637,844**	**31,856,942**	**2,741,424**	**2,357,735**	**2,252,899**	**855,846,844**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan financing (continued) :

b.2 By type and Bank Indonesia's collectibility (continued):

	December 31, 2018					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah						
Working capital	238,146,500	13,044,574	2,707,959	1,169,522	9,949,491	265,018,046
Consumer	170,373,712	8,113,075	568,210	620,413	1,524,659	181,200,069
Investment	140,632,728	4,888,739	850,925	253,477	2,842,730	149,468,599
Syndicated	26,713,803	69,839	-	-	-	26,783,642
Goverment program	22,538,372	550,225	38,778	51,271	94,933	23,273,579
Employees	11,692,194	154,407	2,838	923	9,519	11,859,881
Export	6,494,631	262,886	6,380	480	58,978	6,823,355
Total	616,591,940	27,083,745	4,175,090	2,096,086	14,480,310	664,427,171
Foreign currencies						
Investment	44,866,921	1,899,148	38,260	224,623	380,755	47,409,707
Working capital	35,497,934	2,156,743	-	-	417,222	38,071,899
Syndicated	24,157,854	-	176,353	-	318,696	24,652,903
Export	24,359,860	12,920	-	-	1,666	24,374,446
Consumer	620,379	-	-	-	-	620,379
Government program	683	-	-	-	-	683
Total (Notes 62B.(iv))	129,503,631	4,068,811	214,613	224,623	1,118,339	135,130,017
	746,095,571	31,152,556	4,389,703	2,320,709	15,598,649	799,557,188
Less: allowance for impairment losses	(9,411,102)	(5,880,775)	(1,971,463)	(1,259,469)	(13,273,284)	(31,796,093)
Net	**736,684,469**	**25,271,781**	**2,418,240**	**1,061,240**	**2,325,365**	**767,761,095**

	December 31, 2017					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	234,186,202	11,530,753	4,724,581	2,876,390	8,297,306	261,615,232
Consumer	143,815,793	7,786,979	592,463	690,773	1,279,431	154,165,439
Investment	132,825,660	4,504,165	1,792,686	666,804	1,998,153	141,787,468
Syndicated	21,841,708	-	326,386	-	118,124	22,286,218
Employees	8,622,457	188,593	1,945	969	9,296	8,823,260
Government program	7,172,501	31,050	1,522	1,367	14,371	7,220,811
Export	6,023,571	171,149	19,460	21,299	34,238	6,269,717
Total	554,487,892	24,212,689	7,459,043	4,257,602	11,750,919	602,168,145
Foreign currencies:						
Investment	45,981,474	1,916,704	-	-	452,695	48,350,873
Working capital	25,122,098	2,066,624	63,155	26,849	551,932	27,830,658
Syndicated	26,332,091	-	71	-	457,667	26,789,829
Export	6,428,391	50,913	9,715	-	11,136	6,500,155
Consumer	397,746	158	-	-	-	397,904
Employees	301	-	-	-	-	301
Total (Note 62B.(v))	104,262,101	4,034,399	72,941	26,849	1,473,430	109,869,720
	658,749,993	28,247,088	7,531,984	4,284,451	13,224,349	712,037,865
Less: allowance for Impairment losses	(12,359,473)	(4,806,349)	(2,652,218)	(2,043,939)	(11,883,366)	(33,745,345)
Net	**646,390,520**	**23,440,739**	**4,879,766**	**2,240,512**	**1,340,983**	**678,292,520**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

c.1 By economic sector:

	December 31, 2019		
	Non-impaired)**	**Impaired*)**)**	**Total**
Rupiah			
Manufacturing	87,717,052	21,604,273	109,321,325
Trading, restaurant & hotel	95,334,533	9,240,397	104,574,930
Agriculture	65,028,294	13,805,373	78,833,667
Business services	75,269,739	2,929,403	78,199,142
Construction	51,390,959	2,525,236	53,916,195
Transportation, warehouse & communication	40,168,975	3,877,269	44,046,244
Electricity, gas and water	25,954,835	380,107	26,334,942
Social services	20,977,417	520,188	21,497,605
Mining	4,121,571	642,852	4,764,423
Others	218,702,010	4,613,856	223,315,866
Total	684,665,385	60,138,954	744,804,339
Foreign currencies			
Mining	39,792,830	4,263,662	44,056,492
Manufacturing	21,685,056	11,647,252	33,332,308
Electricity, gas and water	15,993,066	847,207	16,840,273
Trading, restaurant & hotel	14,366,413	71,383	14,437,796
Social services	9,734,687	-	9,734,687
Agriculture	8,588,655	429	8,589,084
Business services	5,799,921	479,975	6,279,896
Transportation, warehouse & communication	4,995,523	1,175,288	6,170,811
Construction	103,871	-	103,871
Others	1,485,598	82	1,485,680
Total (Notes 62B.(iv))	122,545,620	18,485,278	141,030,898
	807,211,005	78,624,232[1)]	885,835,237
Less: allowance for impairment losses	(6,600,528)	(23,387,865)[2)]	(29,988,393)
Net	**800,610,477**	**55,236,367[3)]**	**855,846,844**

*) Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).
1) Loans evaluated by using individual and collective assessment are amounted to Rp64,045,105 and Rp14,579,127, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounted to Rp20,382,564 and Rp3,005,301, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounted to Rp43,662,541 and Rp11,573,826, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

c.1 By economic sector (continued):

	December 31, 2018		
	Non-impaired)**	**Impaired*)**)**	**Total**
Rupiah			
Manufacturing	91,100,136	19,803,807	110,903,943
Trading, restaurant & hotel	90,829,947	10,317,079	101,147,026
Agriculture	65,507,696	9,407,745	74,915,441
Business services	52,592,217	3,232,859	55,825,076
Construction	42,699,251	2,916,697	45,615,948
Transportation, warehouse & communication	24,833,658	4,558,017	29,391,675
Electricity, gas and water	24,548,168	645,136	25,193,304
Social services	18,388,029	379,064	18,767,093
Mining	3,512,658	802,826	4,315,484
Others	194,250,671	4,101,510	198,352,181
Total	608,262,431	56,164,740	664,427,171
Foreign currencies			
Mining	52,992,036	1,114,183	54,106,219
Manufacturing	16,064,714	11,376,829	27,441,543
Trading, restaurant & hotel	12,548,464	1,970,608	14,519,072
Electricity, gas and water	9,335,844	683,300	10,019,144
Social services	9,085,276	71,897	9,157,173
Agriculture	8,178,120	49,191	8,227,311
Transportation, warehouse & communication	4,110,145	2,119,334	6,229,479
Business services	3,464,213	565,345	4,029,558
Construction	129,286	16,976	146,262
Others	1,254,171	85	1,254,256
Total (Notes 62B.(iv))	117,162,269	17,967,748	135,130,017
	725,424,700	74,132,488 1)	799,557,188
Less: allowance for impairment losses	(6,371,943)	(25,424,150) 2)	(31,796,093)
Net	**719,052,757**	**48,708,338** 3)	**767,761,095**

*) Included in “impaired portfolio” are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).
1) Loans evaluated by using individual and collective assessment are amounted to Rp58,027,272 and Rp16,105,216, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounted to Rp22,645,180 and Rp2,778,970, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounted to Rp35,382,092 and Rp13,326,246, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

c.1 By economic sector (continued):

	December 31, 2017		
	Non-impaired)**	**Impaired*)**)**	**Total**
Rupiah:			
Manufacturing	98,526,920	17,344,207	115,871,127
Trading, restaurant and hotel	85,142,761	13,218,809	98,361,570
Agriculture	61,432,699	7,350,245	68,782,944
Business services	47,357,939	3,472,851	50,830,790
Construction	28,081,708	2,406,928	30,488,636
Electricity, gas and water	25,192,462	784,760	25,977,222
Transportation, warehousing and communications	20,587,393	3,272,299	23,859,692
Social services	12,497,952	384,696	12,882,648
Mining	4,923,734	1,656,365	6,580,099
Others	164,636,589	3,896,828	168,533,417
Total	548,380,157	53,787,988	602,168,145
Foreign currencies:			
Manufacturing	24,092,591	12,007,564	36,100,155
Mining	30,594,613	1,455,530	32,050,143
Trading, restaurant and hotel	7,011,450	2,076,382	9,087,832
Agriculture	8,744,158	118,516	8,862,674
Social services	8,178,234	123,335	8,301,569
Electricity, gas and water	5,665,988	808,332	6,474,320
Transportation, warehousing and communications	3,070,827	2,339,367	5,410,194
Business services	1,876,998	376,506	2,253,504
Construction	339,651	2,714	342,365
Others	981,829	5,135	986,964
Total (Note 62B.(v))	90,556,339	19,313,381	109,869,720
	638,936,496	73,101,369 1)	712,037,865
Less: allowance for impairment losses	(6,062,489)	(27,682,856) 2)	(33,745,345)
Net	**632,874,007**	**45,418,513 3)**	**678,292,520**

*) Included in "impaired portfolio" are (i) loans classified as substandard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (Note 2c.G.(a)).

**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation and SFAS No. 102 (Revised 2016).

1) Loans evaluated by using individual and collective assessment are amounted to Rp54,797,863 and Rp18,303,506, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounted to Rp24,084,237 and Rp3,598,619, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounted to Rp30,713,626 and Rp14,704,887, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

c.2 By economic sector and Bank Indonesia's collectibility:

	December 31, 2019					
	Current	**Special mention**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Rupiah						
Manufacturing	89,006,885	12,438,344	1,343,385	1,683,263	4,849,448	109,321,325
Trading, restaurant, and hotel	95,857,038	4,884,607	1,210,021	487,843	2,135,421	104,574,930
Agriculture	77,269,793	1,276,996	105,421	42,705	138,752	78,833,667
Business service	76,355,681	1,151,095	77,276	47,541	567,549	78,199,142
Construction	51,690,347	1,258,163	39,388	33,578	894,719	53,916,195
Transportation, warehousing and communications	40,457,314	2,479,609	547,106	296,421	265,794	44,046,244
Electricity, gas and water	25,952,365	103,564	119,215	714	159,084	26,334,942
Social service	21,038,634	196,133	20,710	19,911	222,217	21,497,605
Mining	4,151,997	144,969	10,707	1,516	455,234	4,764,423
Others	211,711,373	8,504,604	624,345	727,091	1,748,453	223,315,866
Total	693,491,427	32,438,084	4,097,574	3,340,583	11,436,671	744,804,339
Foreign currencies						
Mining	43,289,060	323,943	-	-	443,489	44,056,492
Manufacturing	25,809,039	6,586,281	138,449	314,911	483,628	33,332,308
Electricity, gas and water	15,993,065	434,418	164,585	-	248,205	16,840,273
Trading, restaurant, and hotel	14,405,675	3,108	28,780	-	233	14,437,796
Social service	9,734,687	-	-	-	-	9,734,687
Agriculture	8,588,655	429	-	-	-	8,589,084
Business service	6,151,615	75,060	-	-	53,221	6,279,896
Transportation, warehousing and communications	5,955,043	157,786	45,528	-	12,454	6,170,811
Construction	103,871	-	-	-	-	103,871
Others	1,485,332	266	-	-	82	1,485,680
Total (Noted 62B.(iv))	131,516,042	7,581,291	377,342	314,911	1,241,312	141,030,898
	825,007,469	40,019,375	4,474,916	3,655,494	12,677,983	885,835,237
Less: allowance for impairment losses	(8,369,625)	(8,162,433)	(1,733,492)	(1,297,759)	(10,425,084)	(29,988,393)
Net	**816,637,844**	**31,856,942**	**2,741,424**	**2,357,735**	**2,252,899**	**855,846,844**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING(continued)

A. Details of loans and sharia loan/financing (continued):

c.2 By economic sector and Bank Indonesia's collectibility (continued):

	December 31, 2018					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah						
Manufacturing	96,180,356	7,428,554	1,539,259	176,351	5,579,423	110,903,943
Trading, restaurant, and hotel	91,290,111	4,550,181	1,309,211	856,715	3,140,808	101,147,026
Agriculture	73,693,294	944,488	36,055	27,950	213,654	74,915,441
Business service	52,841,271	1,040,246	72,989	50,032	1,820,538	55,825,076
Construction	43,361,518	1,184,873	52,356	50,540	966,661	45,615,948
Transportation, warehousing and communications	25,549,420	3,058,286	281,207	89,447	413,315	29,391,675
Electricity, gas and water	24,571,444	302,672	204,275	1,128	113,785	25,193,304
Social service	18,309,019	192,109	14,994	16,880	234,091	18,767,093
Mining	3,561,131	117,861	17	191,107	445,368	4,315,484
Others	187,234,376	8,264,475	664,727	635,936	1,552,667	198,352,181
Total	616,591,940	27,083,745	4,175,090	2,096,086	14,480,310	664,427,171
Foreign currencies						
Mining	53,336,837	310,000	-	-	459,382	54,106,219
Manufacturing	24,802,972	2,354,958	-	18,360	265,253	27,441,543
Trading, restaurant, and hotel	14,510,270	8,802	-	-	-	14,519,072
Electricity, gas and water	8,886,881	448,962	214,538	206,263	262,500	10,019,144
Social service	9,085,276	-	-	-	71,897	9,157,173
Agriculture	8,227,311	-	-	-	-	8,227,311
Transportation, warehousing and communications	5,417,429	811,975	75	-	-	6,229,479
Business service	3,839,248	134,114	-	-	56,196	4,029,558
Construction	143,236	-	-	-	3,026	146,262
Others	1,254,171	-	-	-	85	1,254,256
Total (Noted 62B.(iv))	129,503,631	4,068,811	214,613	224,623	1,118,339	135,130,017
	746,095,571	31,152,556	4,389,703	2,320,709	15,598,649	799,557,188
Less: allowance for impairment losses	(9,411,102)	(5,880,775)	(1,971,463)	(1,259,469)	(13,273,284)	(31,796,093)
Net	**736,684,469**	**25,271,781**	**2,418,240**	**1,061,240**	**2,325,365**	**767,761,095**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING(continued)

A. Details of loans and sharia loan/financing (continued):

c.2 By economic sector and Bank Indonesia's collectibility (continued):

	December 31, 2017					
	Current	**Special mention**	**Sub-standard**	**Doubtful**	**Loss**	**Total**
Rupiah:						
Manufacturing	101,199,412	6,733,871	3,265,980	956,798	3,715,066	115,871,127
Trading, restaurant and hotel	85,508,876	4,515,525	2,176,081	1,493,189	4,667,899	98,361,570
Agriculture	67,103,494	1,087,041	139,948	32,608	419,853	68,782,944
Business services	49,506,841	805,632	176,547	63,725	278,045	50,830,790
Construction	29,238,274	399,264	344,776	264,207	242,115	30,488,636
Electricity, gas and water	25,475,475	377,364	90,682	28,461	5,240	25,977,222
Transportation, warehousing and communications	20,874,469	1,769,104	452,928	213,722	549,469	23,859,692
Social services	12,407,591	168,594	23,913	161,130	121,420	12,882,648
Mining	5,361,585	259,986	152,692	345,023	460,813	6,580,099
Others	157,811,875	8,096,308	635,496	698,739	1,290,999	168,533,417
Total	554,487,892	24,212,689	7,459,043	4,257,602	11,750,919	602,168,145
Foreign currencies:						
Manufacturing	33,363,964	2,542,405	2,367	-	191,419	36,100,155
Mining	31,169,876	229,602	58,099	-	592,566	32,050,143
Trading, restaurant and hotel	8,805,759	141,005	7,348	-	133,720	9,087,832
Agriculture	8,792,353	-	-	-	70,321	8,862,674
Social services	8,178,234	-	-	-	123,335	8,301,569
Electricity, gas and water	5,924,439	281,342	-	-	268,539	6,474,320
Transportation, warehousing and communications	4,488,577	804,032	-	24,135	93,450	5,410,194
Business services	2,217,578	35,855	71	-	-	2,253,504
Construction	339,651	-	-	2,714	-	342,365
Others	981,670	158	5,056	-	80	986,964
Total (Note 62B.(v))	104,262,101	4,034,399	72,941	26,849	1,473,430	109,869,720
	658,749,993	28,247,088	7,531,984	4,284,451	13,224,349	712,037,865
Less: allowance for impairment losses	(12,359,473)	(4,806,349)	(2,652,218)	(2,043,939)	(11,883,366)	(33,745,345)
Net	**646,390,520**	**23,440,739**	**4,879,766**	**2,240,512**	**1,340,983**	**678,292,520**

d. By period:

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Rupiah			
Less than 1 year	81,061,277	117,486,386	85,387,279
1 - 2 years	94,575,022	77,603,964	29,276,098
2 - 5 years	147,361,102	124,183,732	134,148,240
Over 5 years	421,806,938	345,153,089	353,356,528
Total	744,804,339	664,427,171	602,168,145

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

A. Details of loans and sharia loan/financing (continued):

d. By period (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies			
Less than 1 year	19,008,784	41,717,911	18,728,551
1 - 2 years	13,082,022	4,837,152	2,857,838
2 - 5 years	36,914,214	21,940,923	23,417,112
Over 5 years	72,025,878	66,634,031	64,866,219
Total (Note 62B.(iv))	141,030,898	135,130,017	109,869,720
	885,835,237	799,557,188	712,037,865
Less: allowance for impairment losses	(29,988,393)	(31,796,093)	(33,745,345)
Net	**855,846,844**	**767,761,095**	**678,292,520**

The ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as of December 31, 2019, 2018 and 2017, were 2.33%, 2.75% and 3.46%, respectively (the ratios for Bank Mandiri only were 2.39%, 2.79% and 3.45% as of December 31, 2019, 2018 and 2017, respectively), while the ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a net basis as of December 31, 2019, 2018 and 2017 were 0.84%, 0.73% and 1.18%, respectively (the ratios for Bank Mandiri only were 0.84%, 0.67% and 1.06% as of December 31, 2019, 2018 and 2017, respectively). The balance of non-performing loans of Bank Mandiri and its Subsidiaries include consumer financing receivables and net investment finance leases of the Subsidiary.

The calculation of non-performing loans ratio for Bank Mandiri and its Subsidiaries as of December 31, 2019, 2018 and 2017 are in accordance with Financial Services Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016 with regards to Transparancy and Published Report for Commercial Banks, is calculated from the loan amount, excluding loan to other banks amounted to Rp7,014,512, Rp3,762,120 and Rp1,469,906 as of December 31, 2019, 2018 and 2017, respectively.

B. Other significant information related to loans and sharia loan/financing:

a. Included in loans are sharia receivables/financing granted by Subsidiaries amounted to Rp75,173,775, Rp67,144,435 and Rp59,893,437 as of December 31, 2019, 2018 and 2017, respectively which consist of:

	December 31, 2019	December 31, 2018	December 31, 2017
Receivables from *murabahah* and *istishna*	40,170,541	38,355,494	36,236,881
Musyarakah financing	26,772,424	21,449,077	17,640,213
Other sharia financing	8,230,810	7,339,864	6,016,343
Total	75,173,775	67,144,435	59,893,437
Less: allowance for impairment losses	(1,967,351)	(2,243,878)	(1,928,733)
Net	**73,206,424**	**64,900,557**	**57,964,704**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing:

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

	December 31, 2019	December 31, 2018	December 31, 2017
Average interest rates (yield) per annum:			
Rupiah	10.06%	10.02%	10.55%
Foreign currencies	5.00%	4.29%	4.23%
Range of profit sharing per annum:			
Receivables from *murabahah* and *istishna*	0.25% - 13.43%	0.27% - 13.28%	0.47% - 13.53%
Musyarakah financing	1.87% - 12.03%	3.15% - 10.06%	5.22% - 11.73%
Other sharia financing	7.60% - 18.75%	9.08% - 11.27%	6.81% - 13.72%

c. Loan collaterals

Loans are generally secured by pledged collateral, bond with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable by Bank Mandiri and its Subsidiaries. Deposits from customers and deposits from other banks that were pledged as cash collateral for loans and blocked for other purposes as of December 31, 2019, 2018 and 2017 amounted to Rp49,377,572, Rp39,274,366 and Rp54,913,925, respectively (Notes 21c, 22c, 23e, 24c and 26d).

d. Government program loans

Government program loans consist of investment loans, permanent working capital loans, working capital loans and KPR Sejahtera FLPP (*Liquidity Facility of House Financing*) which can be partially and/or fully funded by the Government.

e. Syndicated loans

Syndicated loans represent loans granted to debtors through joint financing agreements with other banks. The total percentage share of Bank Mandiri as lead arranger in syndicated loans as of December 31, 2019, 2018 and 2017 are ranging from 2.48% to 96.08%, 3.71% to 88.61% and 13.80% to 88.61% (unaudited) respectively, of the total syndicated loans. While the percentage of Bank Mandiri's share if only as a syndicated member as of December 31, 2019, 2018 and 2017 are ranging from 3.40% to 97.50%, 0.32% to 93.75% and 6.67% to 98.67% (unaudited) respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2019, 2018 and 2017:

	December 31, 2019	December 31, 2018	December 31, 2017
Extension of loan maturity dates	54,956,852	48,165,419	49,605,548
Extension of loan maturity dates and reduction of interest rates	1,956,338	2,751,544	2,223,460
Extension of loan maturity dates and other restructuring schemes*)	3,292,303	3,896,067	5,806,788
Total	**60,205,493**	**54,813,030**	**57,635,796**

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

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

f. Restructured loans (continued)

Below are the amount of restructured loans based on collectibility:

	December 31, 2019	December 31, 2018	December 31, 2017
Current	19,920,911	21,759,122	24,853,561
Special mention	27,723,917	18,581,507	16,435,496
Substandard	3,083,568	3,141,824	5,772,873
Doubtful	502,977	1,197,101	2,128,789
Loss	8,974,120	10,133,476	8,445,077
Total	**60,205,493**	**54,813,030**	**57,635,796**

Total restructured loans under non-performing loans (NPL) category as of December 31, 2019, 2018 and 2017 are amounted to Rp12,560,665, Rp14,472,401 and Rp16,346,739, respectively.

g. Loans to related parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Note 56.

Loans to related parties include loans to Bank Mandiri key employees. The loans to Bank Mandiri key employees consist of interest-bearing amounted to 4.30% per annum which are intended for the acquisition of vehicles and/or houses, and are repayable within 1 (one) to 15 (fifteen) years through monthly payroll deductions.

h. Legal Lending Limit (LLL)

As of December 31, 2019, 2018 and 2017, there are no breach or violation of Legal Lending Limit (LLL) to third parties and related parties as required by Bank Indonesia regulations.

i. Bank Mandiri has several channeling loan agreements with several international financial institutions (Note 61).

j. Movements of allowance for impairment losses on loans and sharia loan/financing:

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance[1)]	31,796,093	33,745,345	32,616,760
Allowance during the year (Note 45)	11,468,133	13,481,957	15,458,493
Write-offs[2)]	(12,588,933)	(15,182,085)	(13,885,013)
Others[*)]	(686,900)	(249,124)	(444,895)
Ending balance[3)]	**29,988,393**	**31,796,093**	**33,745,345**

*) Including written back and conversion of written-off loans, effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 41).

1) Beginning balance as of December 31, 2019, 2018 and 2017 is amounted to Rp22,645,180, Rp24,084,237 and Rp23,054,786, respectively, which were calculated using individual assessment and Rp9,150,913, Rp9,661,108 and Rp9,561,974, respectively, which were calculated using collective assessment.

2) Write-off as of December 31, 2019, 2018 and 2017 is amounted to Rp5,360,177, Rp6,546,341 and Rp4,478,412, respectively, which are calculated using individual assessment and Rp7,228,756, Rp8,635,744 and Rp9,406,601, respectively, which are calculated using collective assessment.

3) Ending balance as of December 31, 2019, 2018 and 2017 is amounted to Rp20,382,564, Rp22,645,180 and Rp24,084,237, respectively, which were calculated using individual assessment and Rp9,605,829, Rp9,150,913 and Rp9,661,108, respectively, which were calculated using collective assessment.

Management believes that the allowance for impairment losses on loans and sharia loan/financing is adequate.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

k. Summary of non-performing loans based on economic sector and the minimum allowance for impairment losses are as follows:

	Non-performing loans (based on Bank Indonesia regulation)		
	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Rupiah			
Manufacturing	7,876,096	7,295,033	7,937,844
Trading, restaurant and hotel	3,833,285	5,306,734	8,337,169
Transportation, warehousing and Communications	1,109,321	783,969	1,216,119
Construction	967,685	1,069,557	851,098
Business services	692,366	1,943,559	518,317
Mining	467,457	636,492	958,528
Agriculture	286,878	277,659	592,409
Electricity, gas and water	279,013	319,188	124,383
Social services	262,838	265,965	306,463
Others	3,099,889	2,853,330	2,625,234
	18,874,828	20,751,486	23,467,564
Foreign currencies			
Manufacturing	936,988	283,613	193,786
Mining	443,489	459,382	650,665
Electricity, gas and water	412,790	683,301	268,539
Transportation, warehousing and communications	57,982	75	117,585
Business services	53,221	56,196	71
Trading, restaurant and hotel	29,013	-	141,068
Construction	-	3,026	2,714
Social services	-	71,897	123,335
Agriculture	-	-	70,321
Others	82	85	5,136
	1,933,565	1,557,575	1,573,220
Total	**20,808,393**	**22,309,061**	**25,040,784**

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

	Minimum allowance for impairment losses		
	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Rupiah			
Manufacturing	5,892,587	5,898,487	4,683,362
Trading, restaurant and hotel	2,560,846	3,765,547	5,740,906
Constructions	917,416	999,784	425,935
Business services	602,911	1,856,502	336,390
Transportation, warehousing and communication	496,070	500,220	724,269
Mining	457,598	540,924	656,228
Social services	235,279	244,780	205,572
Electricity, gas and water	177,323	144,990	33,073
Agriculture	175,918	233,037	457,149
Others	2,205,650	1,970,344	1,735,693
	13,721,598	16,154,615	14,998,577

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

k. Summary of non-performing loans based on economic sector and the minimum allowance for impairment losses are as follows (continued):

	Minimum allowance for impairment losses		
	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Foreign currencies			
Manufacturing	661,851	274,433	191,774
Mining	443,489	459,382	601,281
Electricity, gas and water	272,893	397,813	268,539
Business services	53,221	56,196	11
Transportation, warehousing and communications	19,283	11	105,518
Trading, restaurant and hotel	4,550	-	134,822
Social services	-	71,897	123,335
Construction	-	3,026	1,357
Agriculture	-	-	70,321
Others	82	85	838
	1,455,369	1,262,843	1,497,796
Total	**15,176,967**	**17,417,458**	**16,496,373**

l. Write-off of "Loss" category loans

For the years ended December 31, 2019, 2018 and 2017, Bank Mandiri written-off loans in the "loss" category amounted to Rp10,841,455, Rp13,230,972 and Rp11,586,223 (Bank Mandiri only), respectively, The criteria for loan write-offs are as follows:

a. Loan facility has been classified as loss;
b. Loan facility has been provided with 100.00% (one hundred percent) provision from the loan principal;
c. Collection and recovery efforts have been performed, but the result is unsuccessful;
d. The debtors' business has no prospect or performance is bad or they do not have the loan repayment ability; and
e. The write-offs are performed for all loan obligations, including non-cash loan facilities, and the write-offs shall not be written-off partially.

m. Written-off loans are recorded in extra-comptable, The Bank continues pursuing for collection of the written-off loans, These loans are not reflected in the consolidated statement of financial position, A summary of movements of extra-comptable loans for the years ended December 31, 2019, 2018 and 2017 are as follows (Bank Mandiri only):

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Beginning balance	66,804,961	57,444,008	48,807,587
Write-offs	10,841,455	13,230,972	11,586,223
Cash recoveries from write-off loans	(4,747,232)	(5,070,394)	(3,737,599)
Others*)	(938,394)	1,200,375	787,797
Ending balance	**71,960,790**	**66,804,961**	**57,444,008**

*) Represents effect of foreign currency translation, writeback of assets and others

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS AND SHARIA LOAN/FINANCING (continued)

B. Other significant information related to loans and sharia loan/financing (continued):

n. Loans channelled by Bank Mandiri through direct financing (executing) to multifinance company and joint financing mechanism as of December 31, 2019, 2018 and 2017 amounted to Rp7,339,386, Rp6,493,534 and Rp8,436,672 respectively,

o. The carrying amount of loans and sharia loan/receivables at amortised cost are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Loans (Note 12A)	885,835,237	799,557,188	712,037,865
Accrued interest receivables	3,238,168	3,135,393	2,675,342
Deferred income (directly attributable) (Note 35)	(832,551)	(748,908)	(726,669)
Allowance for impairment losses (Note 12A and 12B.j)	(29,988,393)	(31,796,093)	(33,745,345)
Total	**858,252,461**	**770,147,580**	**680,241,193**

13. CONSUMER FINANCING RECEIVABLES

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

	December 31, 2019	December 31, 2018	December 31, 2017
Consumer financing receivables - gross			
Direct financing - Rupiah	65,682,192	59,794,999	51,924,674
Less:			
Joint financing (without recourse)			
Rupiah			
Related parties	(40,006,072)	(36,408,208)	(31,075,505)
Total consumer financing receivables - gross	25,676,120	23,386,791	20,849,169
Less:			
Unearned income on consumer financing			
Direct financing			
Rupiah			
Third parties	(11,495,741)	(10,296,967)	(9,423,320)
Less:			
Joint financing (without recourse) - gross			
Rupiah			
Related parties	4,385,327	4,108,332	3,719,370
Unearned income on consumer financing	(7,110,414)	(6,188,635)	(5,703,950)
Total	18,565,706	17,198,156	15,145,219
Less: allowance for impairment losses	(354,618)	(371,291)	(362,887)
Net	**18,211,088**	**16,826,865**	**14,782,332**

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

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

Installments of consumer financing receivables - gross as of December 31, 2019, 2018 and 2017 which will be received from customers based on the maturity dates are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Year			
2018	-	-	21,193,501
2019	-	24,876,743	15,740,084
2020	26,730,207	17,989,307	9,570,393
2021	18,529,759	10,635,860	4,186,541
2022 and later	20,422,226	6,293,089	1,234,155
Total	**65,682,192**	**59,794,999**	**51,924,674**

On February 6, 2009, Subsidiary and PT Bank Mandiri (Persero) Tbk. signed a Vehichle Joint Financing Agreement with total facility amounted to Rp2,000,000, which the Subsidiary bears the credit risk in accordance to its financing portion (without recourse).

The agreement was amended several times, the latest amendment dated May 7, 2019, which increases of facility amounted to Rp31,000,000 with the portion of joint financing facility at minimum of 1.00% from the Subsidiary and a maximum of 99.00% from Bank Mandiri. This agreement has been extended to February 28, 2020.

On August 29, 2013, Bank Mandiri and Subsidiary signed a Consumer Financing Asset Takeover Agreement with a total facility amounted to Rp1,100,000, which Subsidiary bears the credit risk in accordance with its financing portion (without recourse).

On April 13, 2016, Subsidiary and the Bank signed a Vehicle Joint Financing Agreement with a total facility amounted to Rp1,630,000, in which Subsidiary bears credit risk in accordance with its financing portion (without recourse). The latest amendment of the Agreement between Subsidiary and the Bank dated June 7, 2017, which increased the facility to Rp5,530,000 with joint financing facilities share at least 1.00% from the Company and a maximum of 99.00% from joint financing providers.

On November 4, 2016, Subsidiary and the Bank entered into a Consumer Financing Asset Purchase Agreement with a total financing facility of Rp1,630,000 in accordance with the Joint Financing Agreement, which the Subsidiary bears credit risk in accordance with its financing portion (without recourse), this Agreement has been extended to March 31, 2020, with total facility amounted to Rp8,400,000.

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges from 12 - 96 months.

Included in consumer financing receivables transactions are related parties transactions amounted to Rp6,758, Rp8,278 and Rp7,957 as of December 31, 2019, 2018 and 2017, respectively (refer to Note 56).

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

b. Details of consumer financing receivables by Bank Indonesia's collectibility as of December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Current	16,993,116	15,469,432	13,551,826
Special mention	1,362,531	1,511,464	1,375,809
Substandard	94,179	89,415	88,702
Doubtful	103,316	120,444	116,457
Loss	12,564	7,401	12,425
Total	18,565,706	17,198,156	15,145,219
Less: allowance for impairment losses	(354,618)	(371,291)	(362,887)
Net	**18,211,088**	**16,826,865**	**14,782,332**

c. Average of effective interest rate charged to consumer for the years ended December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Car	15.71%	15.16%	14.10%
Motorcycle	24.83%	24.70%	21.88%

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

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	371,291	362,887	323,378
Allowance during the year (Note 45)	564,224	638,849	640,151
Cash recoveries from write-offs	140,332	151,613	71,142
Write-offs	(721,229)	(782,058)	(671,784)
Ending balance	**354,618**	**371,291**	**362,887**

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

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 62A.

f. Consumer financing receivables pledged as collateral for debt securities issued as of December 31, 2019, 2018 and 2017 are Rp2,410,460, Rp1,643,197 and Rp2,003,301 respectively (Note 30).

g. Consumer financing receivables pledged as collateral for fund borrowing as of December 31, 2019, 2018 and 2017 are Rp9,556,239, Rp10,284,416 and Rp8,016,751, respectively (Note 36f).

h. As a collateral to the customer financing receivables, the Subsidiaries received Vehicles Ownership Certificate (*Bukti Kepemilikan Kendaraan Bermotor* or "BPKB") from its customer for every leased vehicle.

(Expressed in millions of Rupiah, unless otherwise stated)

14. NET INVESTMENT FINANCE LEASES

a. Details of Subsidiary's net investment finance leases are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Net investment finance leases			
Rupiah			
Gross lease financing receivables	5,928,487	5,160,930	2,756,597
Finance lease receivables jointly funded other parties without recourse - gross	(2,314,193)	(1,243,484)	-
Guaranteed residual value	2,289,322	1,631,185	796,442
Deferred lease income	(559,223)	(589,057)	(391,968)
Security deposit	(2,289,322)	(1,631,185)	(796,442)
Total net investment finance leases	3,055,071	3,328,389	2,364,629
Less: allowance for impairment losses	(7,982)	(9,286)	(7,739)
Net	**3,047,089**	**3,319,103**	**2,356,890**

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

Based on maturity date, details of finance leases receivables are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Year			
2018	-	-	1,224,643
2019	-	2,473,702	949,452
2020	3,154,820	1,824,280	582,502
2021	1,926,895	727,172	-
2022	719,781	119,225	-
2023 and later	126,991	16,551	-
	5,928,487	5,160,930	2,756,597
Finance lease receivables jointly funded by other parties without recourse - gross	(2,314,193)	(1,243,484)	-
Guaranteed residual value, deferred lease income and security deposit	(559,223)	(589,057)	(391,968)
Finance leases receivable	**3,055,071**	**3,328,389**	**2,364,629**

b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Current	2,845,500	3,136,371	2,315,141
Special mention	182,377	167,720	38,815
Substandard	7,855	6,077	5,676
Doubtful	9,297	9,840	4,317
Loss	10,042	8,381	680
Total	3,055,071	3,328,389	2,364,629
Less: allowance for impairment losses	(7,982)	(9,286)	(7,739)
Net	**3,047,089**	**3,319,103**	**2,356,890**

(Expressed in millions of Rupiah, unless otherwise stated)

14. NET INVESTMENT FINANCE LEASES (continued)

c. Average of effective interest rate charged to consumer for the years ended December 31, 2019, 2018 and 2017, are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Car	12.60%	12.40%	11.98%
Heavy equipment	12.56%	12.53%	12.10%
Machine	12.43%	11.25%	14.65%

d. Movements of allowance for impairment losses on net investment finance leases are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	9,286	7,739	4,538
Allowance during the year (Note 45)	17,342	3,950	5,784
Cash recoveries from write-offs finance leases	5,529	588	862
Write-offs	(24,175)	(2,991)	(3,445)
Ending balance	**7,982**	**9,286**	**7,739**

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

e. Information in respect of classification of “not impaired” and “impaired” is disclosed in Note 62A.

f. Net investment finance leases pledged as collateral for debt securities issued as of December 31, 2019, 2018 and 2017 amounted to Rp427,540, Rp66,803 and Rp201,699 respectively (Note 30).

g. Net investment finance lease pledged as collateral for fund borrowings as of December 31, 2019, 2018 and 2017 amounted to Rp368,957, Rp468,553 and Rp1,126,406, respectively (Note 36f).

15. ACCEPTANCE RECEIVABLES

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Receivables from other banks			
Related parties (Note 56)	258,928	363,414	163,142
Third parties	521,369	737,239	218,183
	780,297	1,100,653	381,325
Receivables from debtors			
Related parties (Note 56)	425,231	1,336,016	258,003
Third parties	4,063,655	6,261,338	5,917,973
	4,488,886	7,597,354	6,175,976
Total	5,269,183	8,698,007	6,557,301

(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCE RECEIVABLES (continued)

a. By currency, related parties and third parties (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies			
Receivables from other banks			
Related parties (Note 56)	-	335	-
Third parties	114,908	308,165	204,377
	114,908	308,500	204,377
Receivables from debtors			
Related parties (Note 56)	514,716	483,392	628,198
Third parties	4,381,032	4,398,963	5,154,618
	4,895,748	4,882,355	5,782,816
Total (Note 62B.(iv))	5,010,656	5,190,855	5,987,193
	10,279,839	13,888,862	12,544,494
Less: allowance for impairment losses	(221,804)	(296,453)	(254,234)
Net	**10,058,035**	**13,592,409**	**12,290,260**

b. By maturity:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Less than 1 month	1,344,635	1,872,875	1,639,619
1 - 3 months	2,039,197	3,798,051	3,411,192
3 - 6 months	1,865,678	3,026,255	1,506,490
6 - 12 months	19,673	826	-
Total	5,269,183	8,698,007	6,557,301
Foreign currencies			
Less than 1 month	1,543,956	1,308,948	1,420,703
1 - 3 months	2,035,902	2,263,324	2,511,765
3 - 6 months	1,386,521	1,606,715	1,846,407
6 - 12 months	44,277	11,868	167,809
More than 12 months	-	-	40,509
Total (Note 62B.(iv))	5,010,656	5,190,855	5,987,193
	10,279,839	13,888,862	12,544,494
Less: allowance for impairment losses	(221,804)	(296,453)	(254,234)
Net	**10,058,035**	**13,592,409**	**12,290,260**

c. By Bank Indonesia's collectibility:

	December 31, 2019	December 31, 2018	December 31, 2017
Current	10,160,309	13,844,220	12,524,856
Special mention	18,052	44,642	18,378
Substandard	27,629	-	1,260
Doubtful	73,849	-	-
	10,279,839	13,888,862	12,544,494
Less: allowance for impairment losses	(221,804)	(296,453)	(254,234)
Net	**10,058,035**	**13,592,409**	**12,290,260**

(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCE RECEIVABLES (continued)

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

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	296,453	254,234	241,041
(Reversal)/allowance during the year (Note 45)	(65,114)	49,878	9,783
Others*)	(9,535)	(7,659)	3,410
Ending balance	**221,804**	**296,453**	**254,234**

*) Including effect of foreign currency translation.

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

f. Information in respect to classification of "non-impaired" and "impaired" is disclosed in Note 62A.

16. INVESTMENTS IN SHARES

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

	December 31, 2019	December 31, 2018	December 31, 2017
Investments in shares			
Related Parties (Note 56)	112,298	322,617	297,420
Third Parties	506,631	129,476	48,816
Total	618,929	452,093	346,236
Less: allowance for impairment losses	(12,919)	(30,589)	(12,924)
Net	**606,010**	**421,504**	**333,312**

The detail of investments in shares as of December 31, 2019 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	146
PT Fintek Karya Nusantara	Fintech Lending	17.03%	311,000
PT Amartha Mikro Fintek	Fintech Lending	9.45%	55,391
Sleekr	HR and Accounting Platform	5.00%	36,515
Moka	Fintech point of sale	3.18%	25,930
Others (each less than Rp20,000)	Various	2.23% - 17.50%	72,476
Cost and equity method:			
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	35,796
PT Mandiri AXA General Insurance (MAGI)	General Insurance	20.00%	73,502

(Expressed in millions of Rupiah, unless otherwise stated)

16. INVESTMENTS IN SHARES (continued)

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

The detail of investments in shares as of December 31, 2019 are as follows (continued):

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Cost and equity method (continued):			
Others (each less than Rp20,000)	Various	0.00015% - 10%	8,173
			618,929
Less: allowance for impairment losses			(12,919)
Net			**606,010**

The detail of investments in shares as of December 31, 2018 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	149
Cost and equity method:			
PT Mitra Transaksi Indonesia*)	Acquiring Aggregator	51.00%	152,642
PT Istaka Karya (Persero)	Construction Service	9.30%	50,331
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	38,779
PT Amartha Mikro Fintek	Fintech Lending	9.45%	31,437
PT Mandiri AXA General Insurance (MAGI)	General Insurance	20.00%	77,865
Sleekr	HR and Accounting Platform	5.11%	20,299
Others (each less than Rp20,000)	Various	0.00015% - 17.50%	80,591
			452,093
Less: allowance for impairment losses			(30,589)
Net			**421,504**

*) The Bank has significant influence, but does not exercise controls, therefore the entity is not consolidated.

The detail of investments in shares as of December 31, 2017 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	216
Cost and equity method:			
PT Mitra Transaksi Indonesia*)	Acquiring Aggregator	51.00%	205,310
PT Istaka Karya (Persero)	Construction Service	9.30%	50,331
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	38,779
Others (each less than Rp20,000)	Various	0.00015% - 34.00%	51,600
			346,236
Less: allowance for impairment losses			(12,924)
Net			**333,312**

*) The Bank has significant influence, but does not exercise controls, therefore the entity is not consolidated.

(Expressed in millions of Rupiah, unless otherwise stated)

16. INVESTMENTS IN SHARES (continued)

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

	December 31, 2019	December 31, 2018	December 31, 2017
Current	573,334	399,658	293,734
Substandard	35,796	50,331	50,331
Loss	9,799	2,104	2,171
	618,929	452,093	346,236
Less: allowance for impairment losses	(12,919)	(30,589)	(12,924)
Net	**606,010**	**421,504**	**333,312**

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

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	30,589	12,924	10,273
Allowance during the year (Note 45)	32,833	19,934	2,651
Write Off	(50,331)	(2,278)	-
Others[*)]	(172)	9	-
Ending balance	**12,919**	**30,589**	**12,924**

[*)] Including effect of foreign currency translation

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

17. PREPAID EXPENSES

	December 31, 2019	December 31, 2018	December 31, 2017
Prepaid rent	1,708,858	1,662,531	1,616,410
Building maintenance	416,581	556,571	611,027
Others	887,111	639,084	556,797
Total	**3,012,550**	**2,858,186**	**2,784,234**

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

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS

The details of fixed assets were as follows:

	December 31, 2019				
	Beginning Balance	Additions*)	Deductions	Reclassifications	Ending Balance**)
At cost/revaluation value					
Direct ownership					
Land	30,340,902	3,974,318	-	188,922	34,504,142
Building	5,973,183	190,600	(9,335)	1,115,022	7,269,470
Furniture and fixtures, office equipment and computer	11,254,122	693,637	(22,991)	811,075	12,735,843
Vehicles	213,867	4,380	(23,314)	412	195,345
Construction in progress	2,281,059	2,778,631	(4,025)	(2,115,431)	2,940,234
	50,063,133	7,641,566	(59,665)	-	57,645,034
Leased assets	12,495	-	-	-	12,495
	50,075,628	7,641,566	(59,665)	-	57,657,529
Accumulated depreciation (Note 50)					
Direct ownership					
Building	2,383,994	316,108	(9,279)	-	2,690,823
Furniture and fixtures, office equipment and computer	9,094,141	1,134,284	(19,905)	-	10,208,520
Vehicles	150,162	13,779	(23,214)	-	140,727
	11,628,297	1,464,171	(52,398)	-	13,040,070
Leased assets	4,635	625	-	-	5,260
	11,632,932	1,464,796	(52,398)	-	13,045,330
Net book value					
Direct ownership					
Land					34,504,142
Building					4,578,647
Furniture and fixtures, office equipment and computer					2,527,323
Vehicles					54,618
Construction in progress					2,940,234
					44,604,964
Leased assets					7,235
					44,612,199

*) Including revaluation of fixed assets and reclassification of abandoned properties.
**) As of December 31, 2019 there was a revaluation of fixed assets of amounted to Rp31,107,770 which from the Bank amounted to Rp30,703,036 and Subsidiaries amounted to Rp404,734.

	December 31, 2018				
	Beginning Balance	Additions*)	Deductions	Reclassifications	Ending Balance**)
At cost/revaluation value					
Direct ownership					
Land	29,518,735	831,546	(30,440)	21,061	30,340,902
Building	5,226,222	134,224	(7,434)	620,171	5,973,183
Furniture and fixtures, office equipment and computer	10,564,407	287,844	(33,133)	435,004	11,254,122
Vehicles	234,181	15,816	(36,199)	69	213,867
Construction in progress	1,435,335	1,932,212	(10,183)	(1,076,305)	2,281,059
	46,978,880	3,201,642	(117,389)	-	50,063,133
Leased assets	12,495	-	-	-	12,495
	46,991,375	3,201,642	(117,389)	-	50,075,628

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

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

	December 31, 2018				
	Beginning Balance	Additions*)	Deductions	Reclassifications	Ending Balance**)
Accumulated depreciation (Note 50)					
Direct ownership					
Building	2,100,675	288,410	(5,091)	-	2,383,994
Furniture and fixtures, office equipment and computer	8,099,984	1,004,417	(10,260)	-	9,094,141
Vehicles	167,953	18,229	(36,020)	-	150,162
	10,368,612	1,311,056	(51,371)	-	11,628,297
Leased assets	4,010	625	-	-	4,635
	10,372,622	1,311,681	(51,371)	-	11,632,932
Net book value					
Direct ownership					
Land					30,340,902
Building					3,589,189
Furniture and fixtures, office equipment and computer					2,159,981
Vehicles					63,705
Construction in progress					2,281,059
					38,434,836
Leased assets					7,860
					38,442,696

*) Including revaluation of fixed assets and reclassification of abandoned properties.
**) As of December 31, 2018 there was a revaluation of fixed assets of amounted to Rp27,236,822 which from the Bank amounted to Rp26,832,088 and subsidiary amounted to Rp404,734.

	December 31, 2017				
	Beginning Balance	Additions*)	Deductions	Reclassifications	Ending Balance**)
At cost/revaluation value					
Direct ownership					
Land	28,823,175	566,305	-	129,255	29,518,735
Building	4,653,532	217,433	(2)	355,259	5,226,222
Furniture and fixtures, office equipment and computer	9,578,648	220,980	(8,184)	772,963	10,564,407
Vehicles	300,298	7,320	(88,043)	14,606	234,181
Construction in progress	1,368,772	1,339,064	(418)	(1,272,083)	1,435,335
	44,724,425	2,351,102	(96,647)	-	46,978,880
Leased assets	12,495	-	-	-	12,495
	44,736,920	2,351,102	(96,647)	-	46,991,375
Accumulated depreciation (Note 50)					
Direct ownership					
Building	1,828,825	271,852	(2)	-	2,100,675
Furniture and fixtures, office equipment and computer	7,012,151	1,095,338	(7,505)	-	8,099,984
Vehicles	229,269	21,332	(82,648)	-	167,953
	9,070,245	1,388,522	(90,155)	-	10,368,612
Leased assets	3,385	625	-	-	4,010
	9,073,630	1,389,147	(90,155)	-	10,372,622

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

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

	December 31, 2017				
	Beginning Balance	Additions*)	Deductions	Reclassifications	Ending Balance**)
Net book value					
Direct ownership					
Land					29,518,735
Building					3,125,547
Furniture and fixtures, office equipment and computer					2,464,423
Vehicles					66,228
Construction in progress					1,435,335
					36,610,268
Leased assets					8,485
					36,618,753

*) Including reclassification from abandoned property.
**) As of December 31, 2017 included in the addition is the revaluation of fixed assets amounted to Rp26,468,142, consists of Bank amounted to Rp26,115,095 and BSM amounted to Rp353,047.

Construction in progress as of December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Buildings	1,667,638	1,232,826	778,290
Computers and other hardware that have not been installed	697,206	687,815	459,656
Land	510,478	245,506	84,894
Office equipment and inventory	56,034	106,412	110,306
Vehicles	1,521	381	449
Others	7,357	8,119	1,740
	2,940,234	**2,281,059**	**1,435,335**

The estimated percentage of completion of construction in progress for computers and other hardwares that have not been installed was ranging between 5.00% - 95.00% as of December 31, 2019 and 10.00% - 90.00% as of December 31, 2018 and 2017, respectively.

Others

a. On December 28, 2018, the Bank and PT Wijaya Karya Bangunan Gedung, Tbk has signed the agreement in relation to Build, Operate and Transfer for asset on Jl Proklamasi No. 31 Jakarta for 30 years period in order to optimize the strategic assets of Bank Mandiri by prioritizing the cooperation through BUMN synergy.

   Bank Mandiri had an Agreement on Build, Operate and Transfer ("BOT Agreement") with PT Duta Anggada Realty Tbk. ("Duta Anggada") based on the Deed No. 105 regarding BOT Agreement dated May 24, 1991, as amended by the Deed No. 70 Addendum I on BOT Agreement dated June 14, 1991 and No. 65 Addendum II on BOT agreement dated December 21, 2011. The agreement, among others, managed the development of two tower of 27 floors of offices by Duta Anggada, which the land is owned by Bank Mandiri. The term of the management of Tower 1 and Tower 2 by Duta Anggada ended on May 15, 2014 and May 15, 2016, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

Others (continued)

On May 19, 2014, the Bank and Duta Anggada has signed the agreement to transfer Tower 1 building to Bank Mandiri in Deed No. 43 dated May 19, 2014 regarding Temporary Utilization Agreement, in which Duta Anggada is entitled to operate the Tower 1 building up to May 15, 2016, along with the right and obligation of each party.

On May 11, 2016, the Bank has signed transfer agreement of Menara Mandiri 2 and its management of Menara Mandiri 1 from PT Duta Anggada Realty Tbk. to PT Bank Mandiri (Persero) Tbk. Currently, building management of Menara Mandiri 1 and Menara Mandiri 2 is performed by PT Bumi Daya Plaza in the form of Temporary Utilization Agreement from 2016 until 2021.

b. Revaluation year 2015 - 2016

Based on Minister of Finance of the Republic of Indonesia Regulation (Peraturan Menteri Keuangan (PMK)) No. PMK/191 dated October 15, 2015, with the first amendment through the Minister of Finance Regulation No. 233/PMK.03/2015 dated December 21, 2015 and the second amendment of the Minister of Finance Regulation No. 29/PMK.03/2016 February 19, 2016. The Group has assigned registered independent appraisers to assess (revaluate) its fixed asset (land).

The valuations of land are performed by the external independent appraisers, Public Appraiser Company (Kantor Jasa Penilai Publik (KJPP)) Amin, Nirwan, Alfiantori and Partners (ANA) and KJPP Muttaqin, Bambang, Purwanto, Rozak, Uswatun and Partners (MBPRU). Appraisals are performed based on the Concept and General Principles of Appraisers article 17 in Indonesian Appraisal Standards year 2015.

In the fair value measurement of the land, the KJPP takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation method used by the KJPP are market approach and cost approach.

Based on the Assessment Report of the KJPP MBPRU dated December 21, 2015 (Subsidiaries) and April 11, 2016 (Bank) and KJPP ANA dated April 13, 2016 (Bank), the value of fixed assets and its increase are as follows:

Fixed assets	Fair value	Book value	Increase in value (before tax)
Land	28,822,150	2,880,116	25,942,034

To determine the fair value, KJPP ANA and KJPP MBPRU use the assessment methodology from Market Approach SPI 2015-KPUP 17 with direct comparison methodology.

The results of revaluation of fixed assets of the Bank was approved by the Directorate General of Taxes (DGT) through the Head of Regional Office Large Tax payer through Decree No. KEP-418/WPJ.19/2016 dated May 25, 2016. The results of revaluation of fixed assets of subsidiary was approved by the DGT on January 8, 2016.

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

Others (continued)

b. Revaluation year 2015 - 2016 (continued)

Revaluation year 2019

In 2019, Bank has performed land revaluation. The valuation of land was performed by external independent appraisers of the Office of Public Appraisal Services (KJPP) Yanuar Bey and Partners and KJPP Iwan Bachron and Partners. The assessment was performed in accordance with and subject to the provisions of the General Assessment Concepts and principles point 17 in the Indonesian Apraisal Standard (SPI) of year 2018.

In the fair value measurement of the land, the KJPP takes into account the market participants' ability to generate economic benefits to the highest and best use of the assets or by selling assets to other market participants would use the asset on the highest and best use condition. The valuation methods used by KJPP are the market approach, income approach and cost approach.

Based on the Appraisal Report of KJPP Yanuar Bey on July 8, 2019 and KJPP Iwan Bachron on August 9, 2019, the value of fixed assets and its value increase are as follows:

Fixed assets	Fair value	Book value	Increase in value (before tax)
Land	33,596,578	29,725,630	3,870,948

To determine the fair value, KJPP Yanuar Bey and KJPP Iwan Bachron used the market approach methodology SPI 2018-KPUP 15.2 using direct comparison method.

c. Assessment in the fair value of assets owned by the Bank on December 31, 2019, 2018 and 2017 uses revaluation method for lands and sales value of taxable object for buildings. As of December 31, 2019, the revaluation value of land and sales value of taxable object of buildings owned by the Bank was Rp34,443,470 and Rp4,860,975, respectively. As of December 31, 2018, the revaluation value of land and sales value of taxable object of buildings owned by the Bank was Rp30,299,138 and Rp4,839,211, respectively. As of December 31, 2017 the revaluation value of land and sales value of taxable object of buildings owned by the Bank was Rp29,515,573 and Rp4,850,331, respectively.

d. The value of land based on cost model amounted to Rp3,335,700 as of December 31, 2019 and Rp3,047,431 as of December 31, 2018 and 2017, respectively.

The table below presents non-financial instruments recognised at fair value based on the hierarchy used by the Bank to determine and disclose the fair value of non-financial instruments:

(i) Level 1: Quoted prices on active markets for identical assets or liabilities;
(ii) Level 2: Valuation technique in which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
(iii) Level 3: Valuation techniques in which all inputs which have a significant effect on the recorded fair value that can not be observed from market data.

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

Others (continued)

b. Revaluation year 2015 - 2016 (continued)

Revaluation year 2019 (continued)

	December 31, 2019			
	Level 1	Level 2	Level 3	Fair Value
Land	-	34,443,470	-	34,443,470

	December 31, 2018			
	Level 1	Level 2	Level 3	Fair Value
Land	-	30,299,138	-	30,299,138

	December 31, 2017			
	Level 1	Level 2	Level 3	Fair Value
Land	-	29,515,573	-	29,515,573

The fair value of Land for level 2 is calculated using the comparison of market price approach and estimation of income and expenses generated by the asset. The market price of the land that most closely adjusted for differences in the primary attributes such as asset size, location and usage of assets. The most significant input in this assessment approach is the assumption of the price per meter.

e. Land rights acquired through Leasehold Certificate (“HGB”) that can be renewed will expire between 2020 until 2042. Based on past experience, the Group believes that they can extend the HGB.

f. As of December 31, 2019, the Bank has insured its fixed assets (excluding land rights, construction in progress and the leased property) to cover potential losses against fire, theft and natural disaster to PT Asuransi Adira Dinamika, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Krida Upaya Tunggal and PT Asuransi Bina Dana Artha, entirety are third parties, and PT Asuransi Jasa Indonesia (Persero), PT Mandiri AXA General Insurance, PT Asuransi Staco Mandiri and PT Asuransi Jasaraharja Putera, PT Asuransi Tugu Pratama Indonesia and PT Asuransi Kredit Indonesia, all of these insurance companies are related parties, with total insured amount approximately Rp16,596,036 (December 31, 2018: Rp16,425,126 and December 31, 2017: Rp12,732,909). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

g. The fixed assets that have been fully depreciated but still in use by the Bank consist of several things such as office machine, printing office equipment and housing.

h. Management believes that there is no impairment on fixed assets as of December 31, 2019, 2018 and 2017.

(Expressed in millions of Rupiah, unless otherwise stated)

19. INTANGIBLE ASSETS

	December 31, 2019	December 31, 2018	December 31, 2017
Software	2,898,169*)	2,341,611*)	1,978,352*)
Goodwill	423,115	423,115	423,115
	3,321,284	**2,764,726**	**2,401,467**

*) Net of amortisation of Rp3,793,603, Rp3,189,980 and Rp2,700,780, respectively as of December 31, 2019, 2018 and 2017.

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

As of December 31, 2019, 2018 and 2017, included in the software balance are construction in progress for software amounted to Rp1,037,146, Rp956,490 and Rp858,663, respectively. The estimated percentage of completion of software as of December 31, 2019 was ranging between 5.00% - 95.00% (December 31, 2018 dan 2017: 5.00% - 95.00%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiaries's assets acquired. Goodwill is assessed regularly for impairment. As of December 31, 2019, 2018 and 2017, there are no impairment of goodwill.

20. OTHER ASSETS

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Accrued income	4,544,578	4,300,584	3,390,044
Receivables from government bonds pledged as collateral	1,645,380	1,659,116	594,534
Receivables from customer transactions	1,283,244	1,017,064	2,181,205
Receivables from sales of marketable securities	75,789	677,840	120,019
Receivables from transactions related to ATM and credit card	594,136	573,310	699,709
Ijarah assets	296,407	498,709	621,697
Receivables from policyholders	147,437	475,184	709,789
Receivables from mutual fund	369,622	306,986	221,639
Repossessed assets - net of accumulated losses amounted Rp9,847 as of December 31, 2019 and Rp9,850 as of December 2018 and 2017	297,048	295,237	292,530
Abandoned properties - net of allowance for decrease in net realizable value amounted RpNil as of December 31, 2019 and Rp615 as of December 31, 2018 and 2017 respectively	87,202	90,679	108,366
Others	3,452,274	5,009,235	3,639,772
Total	12,793,117	14,903,944	12,579,304
Foreign currencies			
Receivables from government bonds pledged as collateral (Note 62B.(iv))	1,909,265	1,840,188	-
Accrued income (Note 62B.(iv))	848,545	950,739	935,204
Receivables from sale of marketable securities (Note 62B.(iv))	-	153,497	81,339
Ijarah assets	71,110	108,391	166,072
Receivables from customer transactions (Note 62B.(iv))	32,244	8,110	9,535

(Expressed in millions of Rupiah, unless otherwise stated)

20. OTHER ASSETS (continued)

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies (continued):			
Receivables from policyholder (Note 62B.(iv))	127	1,857	3,260
Receivables from transactions related to ATM and credit card (Note 62B.(iv))	1,561	628	116
Others	1,717,442	1,288,963	1,457,994
Total	4,580,294	4,352,373	2,653,520
	17,373,411	19,256,317	15,232,824
Less: allowance for possible losses	(623,357)	(598,662)	(617,790)
Net	**16,750,054**	**18,657,655**	**14,615,034**

Accrued income consist of interest accrued from the placement, marketable securities, government bonds, loans and fees and commissions.

Receivables from customer transactions mainly consist of receivables arising from securities transactions of its Subsidiary. As of December 31, 2019, 2018 and 2017, included in receivables from customer transactions is an impaired portfolio amounted to Rp10,611, Rp12,602 and Rp110,614, respectively.

Receivables from mutual fund is related to receivable from securities portfolio transactions of unit-link contracts in Subsidiary's mutual fund.

Receivables related to ATM and credit card transactions consist of receivable arising from ATM transactions within ATM Bersama, Prima and Link network as well as receivables from Visa, Master Card and JCB as a result of credit card transactions.

Receivables from of government bonds pledged as collateral represent repo to maturity transactions with third parties, where Bank Mandiri has transferred VR0031 with total value Rp600,000, FR0031 with total value Rp1,000,000, ROI 23NN with nominal value of USD37,000,000, ROI 24 with nominal value of USD40,940,000 and ROI 25 with nominal value of USD50,000,000 and recorded receivables equivalent to the cash value of VR0031, ROI 23NN, ROI 24 and ROI 25 (Note 36e). The receivables will be settled at net basis with settlement of Bank's liabilities to the counterparty amounted to Rp600,000 at due date on July 25, 2020, USD58,810,428 due date on November 15, 2020, USD24,926,000 at due date on January 11, 2023, USD31,270,000 due date on January 15, 2024 and USD34,782,000 at due date on January 15, 2025.

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

Receivables from sales of marketable securities are receivables from sale of marketable securities with maturity date on January 2, 2020, January 4, 2019 and January 3, 2018.

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

(Expressed in millions of Rupiah, unless otherwise stated)

20. OTHER ASSETS (continued)

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

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	598,662	617,790	514,446
Allowance during the year (Note 46)	4,544	56,222	98,739
Others*)	20,151	(75,350)	4,605
Ending balance	**623,357**	**598,662**	**617,790**

*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS AND *WADIAH* DEMAND DEPOSITS

a. By currencies, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)	44,306,890	37,761,744	34,072,028
Third parties	132,036,012	109,703,494	106,915,524
Total	176,342,902	147,465,238	140,987,552
Foreign currencies			
Related parties (Note 56)	15,811,607	13,399,744	12,036,357
Third parties	55,289,758	38,958,774	49,840,951
Total (Note 62B.(iv))	71,101,365	52,358,518	61,877,308
	247,444,267	**199,823,756**	**202,864,860**

Included in demand deposits were *wadiah* deposits amounted to Rp11,510,301, Rp8,704,173 and Rp8,435,776 as of December 31, 2019, 2018 and 2017, respectively.

b. Average interest rates (cost of funds) and range of profit sharing per annum:

Average interest rates (cost of funds) per annum:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	2.51%	2.13%	2.18%
Foreign currencies	0.76%	0.40%	0.42%

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

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	0.37% - 0.79%	0.36% - 0.79%	0.70% - 0.83%
Foreign currencies	0.09% - 0.79%	0.09% - 0.79%	0.10% - 0.83%

(Expressed in millions of Rupiah, unless otherwise stated)

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS AND *WADIAH* DEMAND DEPOSITS (continued)

c. As of December 31, 2019, 2018 and 2017, demand deposits pledged as collateral and blocked for bank guarantees, loans and trade finance facilities (irrevocable letters of credits) and other purposes were amounted to Rp8,943,540, Rp6,201,073 and Rp5,987,012, respectively (Notes 12B.c and 31e).

22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS AND *WADIAH* SAVING DEPOSITS

a. By currencies, type, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)			
Mandiri Saving Deposits	2,159,305	2,521,396	2,345,204
Third parties			
Mandiri Saving Deposits	294,789,160	277,179,232	278,234,808
Hajj Mandiri Saving Deposits	298,882	361,914	439,227
Total	297,247,347	280,062,542	281,019,239
Foreign currencies			
Related parties (Note 56)			
Mandiri Saving Deposits	1,148,455	1,015,637	1,203,001
Third parties			
Mandiri Saving Deposits	26,092,270	26,204,174	26,489,668
Total (Note 62B.(iv))	27,240,725	27,219,811	27,692,669
	324,488,072	**307,282,353**	**308,711,908**

Included in saving deposits were *wadiah* deposits amounted to Rp5,126,726, Rp3,751,591 and Rp Rp3,193,558 as of December 31, 2019, 2018 and 2017, respectively.

b. Average interest rates *(cost of funds)* per annum:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	1.04%	1.13%	1.11%
Foreign currencies	0.40%	0.33%	0.20%

c. As of December 31, 2019, 2018 and 2017, total saving deposits pledged as collateral and blocked for loans and other purposes were amounted to Rp11,493,253, Rp6,153,268 and Rp18,568,122 respectively (Note 12B.c).

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By currencies, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)	30,081,000	33,786,152	34,240,765
Third parties	212,034,840	188,213,027	181,973,864
Total	242,115,840	221,999,179	216,214,629

(Expressed in millions of Rupiah, unless otherwise stated)

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

a. By currencies, related parties and third parties (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies			
Related parties (Note 56)	4,051,147	6,976,710	1,251,201
Third parties	32,009,019	29,926,895	20,541,384
Total (Note 62B.(iv))	36,060,166	36,903,605	21,792,585
	278,176,006	**258,902,784**	**238,007,214**

Include in deposits from customers - time deposits are negotiable certificate of deposit amounted to RpNil, Rp336,838 and Rp409,134, as of December 31, 2019,2018 and 2017, respectively.

Total of unamortised interest expense on the certificate of time deposits as of December 31, 2019, 2018 and 2017 amounted to RpNil, Rp23,162 and Rp50,866, respectively.

b. By maturity date:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
1 month	80,114,735	83,035,879	69,666,250
3 months	122,716,579	128,897,885	118,909,758
6 months	15,640,679	5,805,798	18,664,039
12 months	22,228,549	3,196,865	4,345,784
Over 12 months	1,415,298	1,062,752	4,628,798
Total	242,115,840	221,999,179	216,214,629
Foreign currencies			
1 month	18,925,610	17,757,452	13,175,307
3 months	11,731,579	9,283,648	3,973,470
6 months	3,064,699	7,625,821	3,417,081
12 months	2,126,744	1,931,902	981,445
Over 12 months	211,534	304,782	245,282
Total (Note 62B.(iv))	36,060,166	36,903,605	21,792,585
	278,176,006	**258,902,784**	**238,007,214**

c. By remaining period to maturity date:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Less than 1 month	124,945,068	114,738,061	104,901,708
1 - 3 months	88,117,526	97,681,724	97,075,006
3 - 6 months	10,463,449	4,716,025	8,432,108
6 - 12 months	17,159,139	4,112,310	3,373,897
Over 12 months	1,430,658	751,059	2,431,910
Total	242,115,840	221,999,179	216,214,629

(Expressed in millions of Rupiah, unless otherwise stated)

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

c. By remaining period to maturity date (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies			
Less than 1 month	22,346,185	22,398,379	15,142,207
1 - 3 months	10,606,003	9,087,378	4,624,224
3 - 6 months	1,578,258	3,982,255	1,494,313
6 - 12 months	1,499,032	1,081,019	514,632
Over 12 months	30,688	354,574	17,209
Total (Note 62B.(iv))	36,060,166	36,903,605	21,792,585
	278,176,006	**258,902,784**	**238,007,214**

d. Average interest rates (cost of funds) per annum:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	5.97%	5.49%	5.87%
Foreign currencies	2.23%	1.38%	0.70%

e. As of December 31, 2019, 2018 and 2017, total time deposits pledged as collateral and blocked for loans and other purposes were amounted to Rp34,689,121, Rp30,367,572 and Rp33,139,017, respectively (Note 12B.c).

24. DEPOSITS FROM OTHER BANKS - DEMAND DEPOSITS, *WADIAH* DEMAND DEPOSITS AND SAVING DEPOSITS

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Demand deposits and *wadiah* demand deposits			
Related parties (Note 56)			
Rupiah	40,077	7,074	2,742
Foreign currencies (Note 62B.(iv))	108,480	779,939	250,043
	148,557	787,013	252,785
Third parties			
Rupiah	898,647	1,238,888	1,855,631
Foreign currencies (Note 62B.(iv))	1,114,593	779,557	1,123,714
	2,013,240	2,018,445	2,979,345
Total	2,161,797	2,805,458	3,232,130
Saving deposits			
Third parties			
Rupiah	5,586,458	1,032,913	1,006,247
Foreign currencies (Note 62B.(iv))	13	13	13
Total	5,586,471	1,032,926	1,006,260
	7,748,268	**3,838,384**	**4,238,390**

Included in deposits from other banks - demand deposits are *wadiah* deposits amounted to Rp67,135, Rp78,245 and Rp69,383, as of December 31, 2019, 2018 and 2017, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

24. DEPOSITS FROM OTHER BANKS - demand deposits, *WADIAH* DEMAND deposits and Saving deposits

b. Average interest rates (cost of funds) and profit sharing per annum:

	December 31, 2019	December 31, 2018	December 31, 2017
Average interest rates (cost of funds) per annum:			
Demand deposits and *wadiah* demand deposits			
Rupiah	2.51%	2.13%	2.18%
Foreign currencies	0.76%	0.40%	0.42%
Saving deposits			
Rupiah	1.04%	1.13%	1.11%
Foreign currencies	0.40%	0.33%	0.20%
Range of profit sharing per annum on *wadiah* demand deposits:			
Rupiah	0.73% - 0.79%	0.69% - 0.79%	0.70% - 0.79%

c. As of December 31, 2019, 2018 and 2017, total demand deposits, *wadiah* demand deposits and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounted to Rp4,429, Rp5,083 and Rp7,275, respectively (Notes 12B.c and 31e).

25. DEPOSITS FROM OTHER BANKS - INTERBANK CALL MONEY

a. By currencies:

	December 31, 2019	December 31, 2018	December 31, 2017
Third Parties:			
Rupiah	-	2,300,000	-
Foreign currencies (Notes 62B.(iv))	219,360	6,172,197	1,007,655
Total	**219,360**	**8,472,197**	**1,007,655**

b. By remaining period to maturity date:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Less than 1 month	-	2,300,000	-
Total	-	2,300,000	-
Foreign currencies			
Less than 1 month	159,534	5,388,030	198,184
More than 1 month	59,826	784,167	809,471
Total (Note 62B.(iv))	219,360	6,172,197	1,007,655
	219,360	**8,472,197**	**1,007,655**

c. Average interest rates (cost of funds) per annum:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	5.70%	5.12%	5.15%
Foreign currencies	2.36%	1.87%	0.97%

(Expressed in millions of Rupiah, unless otherwise stated)

26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By currency:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)	-	116,958	108,473
Third parties	3,386,121	2,946,642	2,580,856
Total	3,386,121	3,063,600	2,689,329
Foreign currencies			
Third parties (Note 62B.(iv))	2,044,117	1,119,634	414,133
	5,430,238	**4,183,234**	**3,103,462**

Included in deposits from other banks - time deposits are negotiable certificate of deposit amounted to RpNil, Rp491,222 and Rp1,168,780, as of December 31, 2019, 2018 and 2017, respectively.

Total of unamortised interest expenses on certificates of deposits for the years ended December 31, 2019, 2018 and 2017 amounted to RpNil, Rp33,779 and Rp106,220, respectively.

b. By period:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
1 month	2,464,644	1,913,526	884,287
3 months	210,624	634,891	614,281
6 months	970	8,935	5,781
12 months	709,883	15,025	16,200
More than 12 months	-	491,223	1,168,780
Total	3,386,121	3,063,600	2,689,329
Foreign currencies			
1 month	-	832,033	7,108
3 months	1,558,230	287,601	-
6 months	-	-	-
12 months	69,413	-	-
More than 12 months	416,474	-	407,025
Total (Note 62B.(iv))	2,044,117	1,119,634	414,133
	5,430,238	**4,183,234**	**3,103,462**

c. Average interest rates (cost of funds) per annum:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	5.97%	5.49%	5.87%
Foreign currencies	2.23%	1.38%	0.70%

d. As of December 31, 2019, 2018 and 2017, time deposits from other banks pledged as collateral on loans amounted Rp69,892, Rp332,516 and Rp281,948, respectively (Note 12B.c).

(Expressed in millions of Rupiah, unless otherwise stated)

27. LIABILITY TO UNIT-LINK HOLDERS

This account represents Subsidiary's liabilities to unit-link holders placed in unit-link investment, with details as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Non-Sharia	22,955,397	21,250,821	22,105,476
Sharia	1,082,261	1,106,981	1,148,559
	24,037,658	**22,357,802**	**23,254,035**

Underlying assets of the above policyholders' investment in unit-link contracts are financial assets mainly consist of cash, marketable securities and goverment bonds. As of December 31, 2019, 2018 and 2017, the investment of policyholders were recorded based on each type of the underlying financial assets in the consolidated statement of financial position.

Included in the unit-link policyholders' investments in are policyholders' fund in foreign currency as of December 31, 2019, 2018 and 2017, amounted to USD81,484,916 (full amount), USD11,065,072 (full amount) and USD2,731,085 (full amount), respectively.

The details of non-sharia unit-link investments based on the type of contracts are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Dynamic Money	14,081,103	12,615,791	11,811,629
Attractive Money	4,539,564	5,148,311	6,214,079
Progressive Money	1,928,159	1,997,742	2,305,255
Excellent Equity	690,323	740,172	937,799
Equity Fund Offshore	583,457	82,300	-
Mandiri Golden Offshore	277,735	-	-
Protected Money	216,654	273,944	327,661
Balance Fund Offshore	161,853	38,301	-
Active Money	151,214	158,092	186,368
Secure Money	80,385	82,901	90,286
Fixed Money	67,979	62,814	71,719
Money Market	63,615	42,392	110,662
Mandiri Flexible Equity Offshore	45,694	-	-
Mandiri Equity Money	27,869	838	-
Mandiri Multi Asset Balanced Offshore	20,336	-	-
Mandiri Global Offshore	7,919	-	-
Money Market CS	6,181	2,721	47,082
Prime Equity	5,357	4,502	2,936
	22,955,397	**21,250,821**	**22,105,476**

<u>Dynamic money</u>
This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder *Dana Prestasi Dinamis*.

<u>Attractive money</u>
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund *Mandiri Saham Atraktif*.

<u>Progressive money</u>
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder *Dana Campuran Progresif*.

27. LIABILITY TO UNIT-LINK HOLDERS (continued)

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

Equity Fund Offshore
Equity-based mutual funds from foreign markets managed by Subsidiary.

Mandiri Golden Offshore
This is an equity fund with underlying exposures of equity traded in offshore market.

Protected money
This is a placement of funds based on combination with investments in stocks and bonds traded on the Indonesia Stock Exchange and money market instruments with maturities less than 1 year.

Balance Fund Offshore
Mutual funds whose composition is a mixture of equity and bonds from foreign markets managed by Subsidiary.

Active money
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund *Mandiri Aktif*.

Secure money
Secure Money Rupiah is a fixed income fund with underlying exposures in fixed income securities listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder *Dana Obligasi Mantap*. Funding in USD has underlying exposures in fixed income securities listed in Indonesia Stock Exchange as well as foreign stock exchanges and money market instruments through mutual fund *Investa Dana Dollar Mandiri*.

Fixed money
This is a fixed income fund with underlying exposures in Indonesian Government Bonds and money market instruments through mutual fund Mandiri *Investa Dana Obligasi II*.

Money Market
This is money market fund with underlying exposures in money market instrument including term deposits and fixed income securities listed in Indonesia Stock Exchange through mutual fund Mandiri *Investa Pasar Uang*.

Mandiri Flexible Equity Offshore
Balanced fund with underlying exposures in Equity and Money Market in foreign markets.

Mandiri Equity Money
Fund placements with LQ45 domestic equity investment instruments through the LQ45 Mandiri Index mutual fund managed by Mandiri Investment Management.

Mandiri Multi Asset Balanced Offshore
Balanced fund with underlying exposure in Equity, Fixed Income and Money Market listed in Foreign Markets.

Mandiri Global Offshore
Balanced fund with underlying exposures in Equity and Money Market listed in Foreign Markets.

(Expressed in millions of Rupiah, unless otherwise stated)

27. LIABILITY TO UNIT-LINK HOLDERS (continued)

Money Market CS
This is a fixed income fund with underlying exposures in money market instrument, especially for term deposits based on sharia principles.

Prime Equity
Placement of funds based on combination with the investment in stocks traded in Indonesia Stock Exchange and money market instruments through mutual fund AXA *Maestro Saham*.

The details of sharia unit-link investments based on the type of contracts are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Attractive Money Sharia	852,174	918,212	970,630
Active Money Sharia	151,515	120,446	112,389
Amanah Equity Sharia	53,630	43,444	38,858
Advanced Commodity Sharia	24,509	24,879	26,682
Amanah Fixed Income	358	-	-
Amanah Money Market Sharia	75	-	-
Total	**1,082,261**	**1,106,981**	**1,148,559**

The policyholders' funds - sharia placed in statutory deposits as of December 31, 2019, 2018 and 2017 amounted to RpNil, Rp20,000 and RpNil, respectively.

Attractive Money Sharia
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri *Saham Syariah Atraktif*.

Active Money Sharia
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri *Berimbang Syariah Aktif*.

Amanah Equity Sharia
This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund *BNP Paribas Pesona Amanah*.

Advanced Commodity Sharia
This is an equity fund with underlying exposures mainly in commodity and commodity - related stocks that listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund *Mandiri Komoditas Syariah* Plus.

Amanah Money Market Sharia
A Fixed Income Mutual Fund with underlying exposures of Sharia Money Market and Sharia Fixed Income Marketable Securities.

Amanah Fixed Income
Sharia mutual fund with underlying exposures of Sukuk and Sharia Government Bonds.

(Expressed in millions of Rupiah, unless otherwise stated)

28. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	December 31, 2019					
Securities	**Nominal value**	**Start date**	**Maturity date**	**Buy back value**	**Unamortised interest expense**	**Net value**
Rupiah						
Third Parties						
FR0078	362,000	26/12/2019	09/01/2020	351,634	410	351,224
FR0064	240,000	02/12/2019	02/01/2020	203,182	30	203,152
FR0053	215,000	26/12/2019	09/01/2020	200,678	233	200,445
FR0070	156,000	27/12/2019	10/01/2020	150,319	196	150,123
FR0078	124,000	26/12/2019	09/01/2020	120,449	140	120,309
PBS019	100,000	16/12/2019	13/01/2020	101,474	178	101,296
PBS019	100,000	17/12/2019	14/01/2020	101,238	192	101,046
PBS019	50,000	17/12/2019	17/03/2020	51,087	564	50,523
PBS011	15,000	16/10/2019	15/01/2020	15,334	33	15,301
PBS014	10,000	10/12/2019	07/01/2020	9,502	8	9,494
Total Rupiah	1,372,000			1,304,897	1,984	1,302,913
Foreign currencies						
Third Parties						
FR0063	636,268	13/02/2019	14/02/2022	427,897	10.912	416,985
Bond INDON-171023	277,650	03/12/2019	03/03/2020	301,247	700	300,547
Bond INDON-080126	201,296	03/12/2019	03/03/2020	220,858	513	220,345
Bond ADGB-030521	208,238	16/12/2019	16/03/2020	201,296	478	200,818
Bond INDON-080126	138,825	23/12/2019	08/01/2020	152,335	73	152,262
Bond INDON-150125	118,001	26/09/2019	15/01/2020	124,440	402	124,038
Bond KUWIB-200322	111,060	16/12/2019	16/03/2020	109,106	258	108,848
Bond INDOIS-280525	97,178	08/07/2019	08/01/2020	101,767	552	101,215
Bond INDON-250422	97,178	26/09/2019	15/01/2020	99,536	322	99,214
Bond INDOIS-290322	83,295	10/07/2019	10/01/2020	84,421	463	83,958
Bond INDON-171023	69,413	23/12/2019	08/01/2020	75,157	36	75,121
Bond ADGB-111022	69,413	23/12/2019	16/09/2020	71,274	508	70,766
Bond INDON-130320	69,413	10/07/2019	10/01/2020	71,133	390	70,743
Bond INDON-150124	55,530	23/12/2019	10/01/2020	62,184	34	62,150
Bond INDON-080126	41,648	23/12/2019	08/01/2020	45,701	22	45,679
Bond INDOIS-200229	41,648	23/12/2019	08/01/2020	45,296	21	45,275
Bond INDON-050521	41,648	10/07/2019	10/01/2020	43,285	237	43,048
Bond KUWIB-200322	41,648	23/12/2019	16/03/2020	41,570	91	41,479
Bond ROI-100924	55,530	06/03/2019	07/03/2022	40,333	-	40,333
Bond INDON-080126	27,765	23/12/2019	08/01/2020	30,467	15	30,452
Bond INDON-171023	27,765	10/07/2019	10/01/2020	30,593	168	30,425
Bond ROI-290326	41,648	06/03/2019	07/03/2022	30,281	-	30,281
Bond INDOIS-100924	27,765	23/12/2019	10/01/2020	29,393	16	29,377
Bond INDOIS-290327	27,765	23/12/2019	10/01/2020	29,150	15	29,135
Bond INDON-171023	13,883	23/12/2019	10/01/2020	15,034	9	15,025
Bond PERTM-030522	13,883	06/03/2019	07/03/2022	11,623	-	11,623
Total foreign currencies (Note 62B.(iv))	2,635,354			2,495,377	16,235	2,479,142
Total	**4,007,354**			**3,800,274**	**18,219**	**3,782,055**

(Expressed in millions of Rupiah, unless otherwise stated)

28. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (continued)

	December 31, 2018					
Securities	Nominal value	Start date	Maturity date	Buy back value	Unamortised interest expense	Net value
Rupiah						
Related Parties						
FR0061	115,000	03/10/2018	03/01/2019	102,275	41	102,234
Third Parties						
VR0030	1,700,000	07/12/2018	04/01/2019	1,635,388	947	1,634,441
VR0031	1,700,000	19/12/2018	03/01/2019	1,612,657	586	1,612,071
VR0031	1,500,000	07/12/2018	04/01/2019	1,423,890	825	1,423,065
VR0030	1,300,000	07/12/2018	04/01/2019	1,250,591	725	1,249,866
VR0031	1,300,000	19/12/2018	03/01/2019	1,233,208	448	1,232,760
VR0031	1,250,000	19/12/2018	03/01/2019	1,185,777	431	1,185,346
FR0059	1,300,000	31/12/2018	07/01/2019	1,159,918	1,214	1,158,704
FR0063	1,200,000	31/12/2018	07/01/2019	1,053,684	1,103	1,052,581
FR0061	1,000,000	21/12/2018	18/01/2019	935,861	3,072	932,789
FR0063	1,000,000	26/12/2018	02/01/2019	876,442	153	876,289
FR0070	500,000	31/12/2018	07/01/2019	494,281	517	493,764
FR0061	500,000	31/12/2018	07/01/2019	466,933	489	466,444
FR0053	250,000	12/12/2018	09/01/2019	249,318	386	248,932
FR0061	150,000	26/12/2018	02/01/2019	140,188	24	140,164
	14,650,000			13,718,136	10,920	13,707,216
Total Rupiah	14,765,000			13,820,411	10,961	13,809,450
Foreign currencies						
Third Parties						
Obligasi ROI 20	1,619,188	31/12/2018	29/03/2019	1,449,495	11,122	1,438,373
Obligasi SIGB-010619	359,500	01/10/2018	02/01/2019	268,788	20	268,768
Obligasi INDOIS 25	129,420	09/10/2018	09/01/2019	127,791	75	127,716
Obligasi INDON-110224	143,800	26/12/2018	26/03/2019	124,184	947	123,237
Obligasi INDOIS 24	125,106	09/10/2018	09/01/2019	123,132	72	123,060
Obligasi INDOIS-100924	129,420	28/12/2018	28/03/2019	111,331	836	110,495
Obligasi INDOIS 26	100,660	09/10/2018	09/01/2019	98,055	58	97,997
Obligasi ROI 23 NEW	71,900	09/10/2018	09/01/2019	76,099	45	76,054
Obligasi INDOIS-290322	86,280	28/12/2018	28/03/2019	72,875	547	72,328
Obligasi INDON-130320	71,900	26/12/2018	26/03/2019	64,415	491	63,924
Obligasi INDOIS-211122	71,900	26/12/2018	26/03/2019	60,022	458	59,564
Obligasi INDON-150125	57,520	28/12/2018	28/03/2019	49,332	370	48,962
Obligasi INDOIS-280525	57,520	28/12/2018	28/03/2019	48,738	366	48,372
Obligasi INDOIS-290327	43,140	28/12/2018	28/03/2019	35,853	269	35,584
Obligasi INDOIS 27	28,760	09/10/2018	09/01/2019	27,275	16	27,259
Obligasi INDON-171023	28,760	28/12/2018	28/03/2019	25,972	195	25,777
Obligasi INDON-110229	28,760	26/12/2018	26/03/2019	25,056	191	24,865
Obligasi INDON-250422	28,760	28/12/2018	28/03/2019	24,518	184	24,334
Obligasi ROI 27	5,752	09/10/2018	09/01/2019	5,412	3	5,409
Total foreign currencies (Notes 62B.(iv))	3,188,046			2,818,343	16,265	2,802,078
Total	**17,953,046**			**16,638,754**	**27,226**	**16,611,528**

(Expressed in millions of Rupiah, unless otherwise stated)

28. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (continued)

	December 31, 2017					
Securities	Nominal value	Start date	Maturity date	Buy back value	Unamortised interest expense	Net value
Rupiah						
Related Parties						
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	284,134	742,642
Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	284,134	742,642
Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	205,955	535,605
Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,555	501,333
Bonds FR0059	5,000	28/12/2017	02/01/2018	4,714	-	4,714
Total Rupiah	3,077,742			3,502,714	975,778	2,526,936
Foreign currencies						
Third Parties						
Bonds KSA-261021	149,242	18/12/2017	05/01/2018	138,819	51	138,768
Bonds ADGB-030521	135,675	18/12/2017	05/01/2018	127,103	47	127,056
Bonds INDOIS-100924	94,973	07/11/2017	07/02/2018	95,934	167	95,767
Bonds INDOIS-290322	81,405	07/11/2017	07/02/2018	79,394	139	79,255
Bonds INDON-130320	67,837	07/11/2017	07/02/2018	70,693	123	70,570
Bonds INDOIS-211122	67,838	07/11/2017	07/02/2018	66,615	116	66,499
Bonds ADGB-030526	67,837	18/12/2017	05/01/2018	63,938	23	63,915
Bonds KSA-261026	67,837	18/12/2017	05/01/2018	63,680	23	63,657
Bonds INDON-171023	54,270	07/11/2017	07/02/2018	58,419	102	58,317
Bonds INDOIS-280525	54,270	07/11/2017	07/02/2018	55,104	96	55,008
Bonds INDON-150125	54,270	07/11/2017	07/02/2018	54,845	96	54,749
Bonds INDON-050521	40,703	07/11/2017	07/02/2018	41,717	73	41,644
Bonds INDOIS-290327	40,703	07/11/2017	07/02/2018	40,008	70	39,938
Bonds INDON-171023	27,135	07/11/2017	07/02/2018	29,209	51	29,158
Bonds INDOIS-290326	27,135	07/11/2017	07/02/2018	27,461	48	27,413
Bonds INDOIS-100924	27,135	07/11/2017	07/02/2018	27,410	48	27,362
Bonds INDON-250422	27,135	07/11/2017	07/02/2018	26,918	47	26,871
Total foreign currencies (Note 62B.(v))	1,085,400			1,067,267	1,320	1,065,947
Total	**4,163,142**			**4,569,981**	**977,098**	**3,592,883**

29. ACCEPTANCE PAYABLES

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Payables to other banks			
Related parties (Note 56)	1,849,182	4,205,778	352,826
Third parties	2,627,960	3,380,566	5,751,664
Payables to debtors			
Related parties (Note 56)	223,444	475,412	79,599
Third parties	568,597	636,251	373,212
Total	5,269,183	8,698,007	6,557,301

(Expressed in millions of Rupiah, unless otherwise stated)

29. ACCEPTANCE PAYABLES (continued)

a. By currency, related parties and third parties:

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies			
Payables to other banks			
Related parties (Note 56)	217	-	160,786
Third parties	4,895,531	4,882,355	5,622,030
Payables to debtors			
Related parties (Note 56)	3,512	7,610	9,683
Third parties	111,396	300,890	194,694
Total (Note 62B.(iv))	5,010,656	5,190,855	5,987,193
	10,279,839	**13,888,862**	**12,544,494**

b. By maturity:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Less than 1 month	1,344,635	1,872,875	1,639,619
1 - 3 months	2,039,197	3,798,051	3,411,192
3 - 6 months	1,865,678	3,026,255	1,506,490
6 - 12 months	19,673	826	-
Total	5,269,183	8,698,007	6,557,301
Foreign currencies			
Less than 1 month	1,543,956	1,308,948	1,420,703
1 - 3 months	2,035,902	2,263,324	2,511,765
3 - 6 months	1,386,521	1,606,715	1,846,407
6 - 12 months	44,277	11,868	167,809
More than 12 months	-	-	40,509
Total (Note 62B.(iv))	5,010,656	5,190,855	5,987,193
	10,279,839	**13,888,862**	**12,544,494**

30. DEBT SECURITIES ISSUED

By type and currencies:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)			
Bonds	10,638,100	10,013,700	8,488,200
Subordinated notes sharia *mudharabah*	58,000	58,000	58,000
Total	10,696,100	10,071,700	8,546,200
Third parties			
Bonds	10,916,570	8,672,082	7,956,693
Subordinated notes sharia *mudharabah*	317,000	317,000	317,000
Mandiri travelers' cheques	65,417	66,118	67,395
Total	11,298,987	9,055,200	8,341,088
	21,995,087	19,126,900	16,887,288

(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

By type and currencies (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies (Note 62B.(iv))			
Third parties			
Bonds	10,321,418	-	-
	32,316,505	19,126,900	16,887,288
Less: unamortised debt issuance cost	(71,235)	(37,977)	(43,693)
Net	**32,245,270**	**19,088,923**	**16,843,595**

Bonds

Rupiah

On September 21, 2018, Bank Mandiri issued Sustainable Bond I Bank Mandiri Phase III 2018 ("Sustainable Bond I Phase III") with total nominal value Rp3,000,000 as below:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Sustainable Bond I Phase III	3,000,000	8.50%	September 21, 2023

Sustainable bond I phase III is offered at 100% (one hundred percent) of the principal amount of bonds. The Interest is paid on quarterly basis with the first interest payment was made on December 21, 2018, while the last interest payment and due date of the bonds principal on September 21, 2023 which is also the due date of the principal amount of bonds. The trustee of the bond issuance is PT Bank Permata Tbk.

On June 15, 2017, Bank Mandiri issued Sustainable Bond I Bank Mandiri Phase II 2017 ("Sustainable Bond I Phase II") with total nominal value of Rp6,000,000, which consist of 4 (four) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,000,000	8.00%	June 15, 2022
Series B	3,000,000	8.50%	June 15, 2024
Series C	1,000,000	8.65%	June 15, 2027
Series D	1,000,000	7.80%	June 15, 2020

Sustainable Bond I Phase II Series A, Series B and Series C are offered at 100% (one hundred percent) of the principal amount of the bonds. The interest of the bond is paid on quarterly basis, with the first payment made on September 15, 2017 while the last interest payment date of the interest and due date of the bonds principal on June 15, 2022 for Series A, June 15, 2024 for Series B, and June 15, 2027 for Series C which falls due at the maturity of each series of the bond. Sustainable Bond I Phase II Series D are offered without interest at a bid price of 79.3146% (seventy nine point three one four six percent) of the bonds, which due on June 15, 2020. The payments of the bonds will fully paid by the due date. The trustee of the Sustainable Bonds I Phase II issuance is PT Bank Tabungan Negara (Persero) Tbk.

(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Rupiah (continued)

On September 30, 2016, Bank Mandiri issued Sustainable Bonds I Bank Mandiri Phase I 2016 ("Sustainable Bonds I Phase I") with total nominal value of Rp5,000,000 which consist of 3 (three) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,100,000	7.95%	September 30, 2021
Series B	1,500,000	8.50%	September 30, 2023
Series C	2,400,000	8.65%	September 30, 2026

The interest of Sustainable Bonds I Phase I is paid on quarterly basis, with the first interest payment was made on December 30, 2016 while the last interest payment and due date of the bonds' principal will fall on September 30, 2021 for series A; September 30, 2023 for series B; and September 30, 2026 for series C. The Trustee for Sustainable Bonds I Phase I is PT Bank Tabungan Negara (Persero) Tbk.

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri has to comply to: (i) keep maintain the overall Bank's soundness level as regulated by OJK; (ii) maintain the Bank's soundness level at a minimum in the composite level 3 (three) which is categorised as "Fair", according to internal assessment based upon on Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure the Bank conformity to Indonesia's rules and regulations.

Bank Mandiri, without a written approval from the Trustee will not: (i) reducing the Bank's issued and fully paid up capital except such a reduction is conducted based on regulations from the Government of Indonesia or Bank Indonesia; (ii) changing in its main business; (iii) conducting merger, consolidation, or acquisitions which led to the dissolution of Bank Mandiri.

The bonds are not guaranteed by special collateral, not guaranteed referred and in accordance with to Article 1131 and Article 1132 of the Indonesian Civil Law, all the assets of the Bank, either moving objects and objects that are not moving, present or future, shall be regarded as securities for the Bank's agreements including those bonds.

As of December 31, 2019, 2018 and 2017, the Pefindo's rating of Sustainable Bonds I Phase III, II and Phase I is idAAA (triple A).

On November 18, 2019, The Subsidiary (Bank Mandiri Taspen) issued and registered the Sustainable Bond I Phase I 2019 to Indonesia Stock Exchange with total nominal value of Rp1,000,000 in which comprised of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	700,000	7.90%	November 26, 2022
Series B	300,000	8.20%	November 26, 2024

(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Rupiah (continued)

Bonds interest were paid on quarterly basis, with the first interest payment was made on February 26, 2020, while the last interest payment and maturity of the bonds on November 26, 2022 for Series A and November 26, 2024 for Series B which also the due date for principal repayment of each bonds.

Trustee for Sustainable Bond I Phase I Bank Mantap on 2019 is PT Bank Permata Tbk., as of December 31, 2019, Sustainable Bond I Phase I Bank Mantap is rated AA (idn) by PT Fitch Rating Indonesia.

On July 11, 2017, The Subsidiary (Bank Mandiri Taspen) issued and registered the Sustainable Bond I Bank Mantap year 2017 to Indonesia Stock Exchange with total nominal value of Rp2,000,000 in which comprised of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,500,000	8.50%	July 11, 2020
Series B	500,000	8.75%	July 11, 2022

Bonds interest were paid on quarterly basis, with the first interest payment was made on October 11, 2017, while the last interest payment and maturity of the bonds on July 11, 2020 for Series A and July 11, 2022 for Series B that also the due date for principal repayment for each bonds.

Trustee for Bond I Bank Mantap on 2017 is PT Bank Tabungan Negara (Persero) Tbk. on December 31, 2019, 2018 and 2017, rank of Bond I Bank Mantap on 2017 according to PT Fitch Rating Indonesia is AA (idn).

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri has to comply to: (i) keep maintain the overall Bank's soundness level as regulated by OJK; (ii) maintain the Bank's soundness level at a minimum in the composite level 3 (three) which is categorised as "Fair", according to internal assessment based upon on Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure the Bank conformity to Indonesia's rules and regulations.

On July 26, 2019 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds IV Mandiri Tunas Finance Phase II Year 2019 ("Sustainable Bonds IV Phase II") to the Indonesia Stock Exchange with total nominal value of Rp2,000,000 which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,342,000	8.90%	July 26, 2022
Series B	658,000	9.50%	July 26, 2024

The trustee for Sustainable Bonds IV Phase II is PT Bank Rakyat Indonesia (Persero) Tbk.

(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Rupiah (continued)

On January 8, 2019 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds IV Mandiri Tunas Finance Phase I Year 2019 ("Sustainable Bonds IV Phase I") to the Indonesia Stock Exchange with total nominal value of Rp1,000,000 which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	800,000	9.40%	January 8, 2022
Series B	200,000	9.75%	January 8, 2024

The trustee for Sustainable Bonds IV Phase I is PT Bank Rakyat Indonesia (Persero) Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

As of December 31, 2019 based on Pefindo's rating, the Sustainable Bonds IV Phase II and I was rated idAA+ (double A plus).

On June 6, 2017 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds III Mandiri Tunas Finance Phase II 2017 ("Sustainable Bonds III Phase II") to the Indonesia Stock Exchange with total nominal value of Rp850,000 which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	610,000	8.50%	June 6, 2020
Series B	240,000	8.85%	June 6, 2022

The trustee for Sustainable Bonds III Phase II issuance is PT Bank Mega Tbk.

On October 7, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds III Mandiri Tunas Finance Phase I 2016 ("Sustainable Bonds III Phase I") to the Indonesia Stock Exchange with total nominal value of Rp500,000 which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	400,000	8.20%	October 7, 2019
Series B	100,000	8.55%	October 7, 2021

The trustee for Sustainable Bonds III Phase I is PT Bank Mega Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

As of December 31, 2019, 2018 and 2017, based on Pefindo's rating, the Sustainable Bonds III Phase II and I was rated idAA+ (double A plus).

(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Rupiah (continued)

On June 1, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds II Mandiri Tunas Finance Phase II 2016 ("Sustainable Bonds II Phase II") to the Indonesia Stock Exchange with total nominal value of Rp1,400,000, which comprise of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	720,000	8.95%	June 1, 2019
Series B	680,000	9.25%	June 1, 2021

The trustee for Sustainable Bonds II Phase II issuance is PT Bank Mega Tbk.

On December 18, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Sustainable Bonds II Phase I 2015 ("Sustainable Bonds II Phase I") to the Indonesia Stock Exchange with total nominal value of Rp600,000, which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	500,000	10.20%	December 18, 2018
Series B	100,000	10.80%	December 18, 2020

The trustee for Sustainable Bonds II Phase I issuance is PT Bank Mega Tbk.

The trustee agreement provide several negative covenants to the Subsidiary, including, collateral with fiduciary transfer of consumer financing receivables and debt to equity ratio at the maximum of 10:1. Moreover, during the validity period of the bonds, the Subsidiary shall not conducting merger unless under similar business, selling or transferring assets to other parties, either all or most, over 50%, except for Subsidiary's normal course of business.

The Sustainable Bonds II Phase II and I Series B based on Pefindo's rating as of December 31, 2019, 2018 and 2017 are rated idAA+ (double A plus).

Sustainable Bond III Phase I Series A at principal value amounted to at Rp400,000, Sustainable Bond II Phase II Series A at principal value amounted to Rp720,000 and Sustainable Bond II Phase I Series A at principal value amounted to Rp500,000 was fully paid on due date.

On December 31, 2019, all debt securities issued by PT Mandiri Tunas Finance are secured by consumer financing receivables amounted to Rp2,410,460 (December 31, 2018: Rp1,643,197 and December 31, 2017: Rp2,003,301) (Note 13f) and net investment finance leases amounted to Rp427,540 (December 31, 2018: Rp66,803 and December 31, 2017: Rp201,699) (Note 14f).

Foreign Currency

On April 11, 2019 Bank Mandiri issued Euro Medium Term Notes (EMTN) with total nominal value of USD750,000,000 (full amount) as follow:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Euro Medium Term Notes	750,000,000	3.75%	April 11, 2024

30. DEBT SECURITIES ISSUED (continued)

Bonds (continued)

Foreign Currency (continued)

Euro Medium Term Notes is offered at 99% (ninety nine percent) of the principal amount of bonds. The Interest is paid on semi-annual basis with the first interest payment was made on October 11, 2019, while the last interest payment and due date of the bonds principal on April 11, 2024 which is also the due date of the principal amount of bonds. The trustee of the bond issuance is Bank of New York Mellon.

As of December 31, 2019, EMTN is rated Baa2 by Moody's and BBB- (Fitch).

Subordinated notes sharia *mudharabah*

On December 22, 2016, the Subsidiary, PT Bank Syariah Mandiri has issued subordinated sukuk *mudharabah* ("sukuk *mudharabah*") BSM 2016 with total nominal value of Rp375,000. Sukuk *Mudharabah* are long term securities debt tenor 7 years with the following terms and conditions as follow:

- Profit sharing is calculated by multiplying at the revenue-sharing portion of the *mudharabah* sukuk holders and revenue which can be shared and based on the available last-quarter unaudited financial statements and approved by BSM's Directors not later than 10 (ten) days before the due date of the profit sharing.

- The profit sharing was generated from the revenue of BSM's portfolio in Rupiah (blended) amounted to 7 (seven) times of sukuk *mudharabah* Funds denominated in rupiah which held by the issuer, which generated from one (1) quarter as stated in BSM's unaudited financial statements.

- The *Nisbah* of the sukuk *mudharabah* holders' is 27.07% per annum of the profit sharing which is paid on quarterly basis.

Sukuk *mudharabah* is not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and is not included in the Bank guarantee program implemented by Bank Indonesia or other guarantee institution in accordance to the prevailing law and regulation article 17 paragraph (1) letter f of OJK's Regulation No. 21/POJK.03/2014 dated November 18, 2014 concerning the Minimum Capital Requirement for Sharia Banks. Sukuk *mudharabah* are subordinated Subsidiary's liability.

During the validity period of sukuk *mudharabah* and before the redemption of all of principal and profit sharing, BSM is obliged to: (i) maintain the CAR (Capital Adequacy Ratio) at minimum 12% (twelve percent); (ii) ensure sukuk mudharabah holders at maximum 50 (fifty) investors; (iii) submit to the trustee as follows: the financial statements (audited) at maximum the 4th month after the date of financial statements, quarterly financial statements (unaudited) at maximum the 1st month after the date of financial statements, the financial statements which used to calculate the profit sharing and BSM's soundness rating report and self-assessment of Good Corporate Governance implementation to the OJK.

BSM without written approval from the monitoring agent will not do the following: (i) reduce the issued and paid-in capital; (ii) undergo a change in its main business; (iii) undergo a merger, consolidation, reorganization, except such changes are in accordance with regulations from the Government of Indonesia or Bank Indonesia; (iv) conduct a merger, consolidation, acquisition with another entity that will result in the dissolution of BSM.

(Expressed in millions of Rupiah, unless otherwise stated)

30. DEBT SECURITIES ISSUED (continued)

Subordinated notes sharia *mudharabah* (continued)

Acting as the trustee of subnotes mudharabah is PT Bank Mandiri (Persero) Tbk. The rating of subordinated notes as of December 31, 2019, 2018 and 2017, based on Pefindo's rating is idAA-$_{(sy)}$ (double A minus sharia).

Bank Mandiri and the subsidiaries have paid the interest of debt securities issued in accordance to schedule interest payment during the years ended December 31, 2019, 2018 and 2017.

During the years ended December 31, 2019, 2018 and 2017, Bank Mandiri and the subsidiaries have fulfilled the requirements as set out in the agreement of issued debt securities issued.

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

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

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Bank guarantees issued (Note 54)	55,897,947	51,577,755	49,154,361
Committed unused loan facilities	17,215,992	21,557,890	20,185,442
Outstanding irrevocable letters of credit (Note 54)	4,552,680	8,262,298	4,727,760
Standby letters of credit (Note 54)	2,724,906	1,772,782	1,447,980
Total	80,391,525	83,170,725	75,515,543
Foreign currencies			
Bank guarantees issued (Note 54)	40,565,449	30,536,330	30,533,617
Committed unused loan facilities	21,944,810	15,370,389	15,427,279
Outstanding irrevocable letters of credit (Note 54)	13,012,673	11,483,630	11,094,762
Standby letters of credit (Note 54)	11,073,182	11,358,907	10,830,638
Total	86,596,114	68,749,256	67,886,296
	166,987,639	**151,919,981**	**143,401,839**

b. By Bank Indonesia's collectibility:

	December 31, 2019	December 31, 2018	December 31, 2017
Current	165,471,035	151,436,895	142,507,867
Special mention	1,468,886	433,564	639,362
Substandard	15,731	23,487	207,574
Doubtful	15,788	5,204	3,127
Loss	16,199	20,831	43,909
Total	166,987,639	151,919,981	143,401,839
Less: allowance for impairment losses	(386,039)	(125,729)	(381,771)
Commitments and contingencies - net	**166,601,600**	**151,794,252**	**143,020,068**

(Expressed in millions of Rupiah, unless otherwise stated)

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

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

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance	125,729	381,771	207,401
Allowance/(reversal) during the year	262,215	(270,973)	173,402
Others*)	(1,905)	14,931	968
Ending balance	**386,039**	**125,729**	**381,771**

*) Including the effect of foreign currencies translation.

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

d. Information in respect of classification of “non-impaired” and“impaired” is disclosed in Note 62A.

e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as of December 31, 2019, 2018 and 2017 were amounted to Rp5,822,663, Rp3,785,146 and Rp3,069,449, respectively (Notes 21c and 24c).

32. ACCRUED EXPENSES

	December 31, 2019	December 31, 2018	December 31, 2017
Interest expense	1,747,159	1,555,932	1,419,253
Fixed asset and software procurement	2,360,967	1,700,712	1,267,246
Outsourcing expenses	361,851	401,594	359,249
Promotions	236,507	352,394	295,548
Employee related costs: training, uniform, recreation and others	99,725	43,718	60,842
Professional service costs	49,719	37,756	50,984
Others	1,359,633	743,361	485,349
Total	**6,215,561**	**4,835,467**	**3,938,471**

Included in the fixed asset and software procurement are payables to vendors related with operational and maintenance activities for buildings, equipments, software, ATM machines and Group IT System.

Others consists of accrued expenses related to fees to be paid to OJK and Bank’s operational activities, such as data communication costs and costs of electricity, water and gas.

33. TAXATION

a. Prepaid taxes

	December 31, 2019	December 31, 2018	December 31, 2017
Bank Mandiri	974,947	1,091,292	2,403,973
Subsidiaries	201,653	144,735	284,076
Total	**1,176,600**	**1,236,027**	**2,688,049**

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

b. Taxes payable

	December 31, 2019	December 31, 2018	December 31, 2017
Current income taxes payable			
Bank Mandiri			
Corporate Income Tax - Article 29	68,316	183,320	114,149
Subsidiaries			
Corporate Income Tax - Article 29	194,454	149,175	187,151
	262,770	332,495	301,300
Others income taxes payable			
Bank Mandiri			
Income Tax			
Article 25	153,855	-	-
Article 21	165,989	161,721	159,344
Article 4 (2)	317,389	297,794	263,387
Others	141,018	131,796	129,662
	778,251	591,311	552,393
Subsidiaries	245,952	164,143	156,139
	1,024,203	755,454	708,532
Total	**1,286,973**	**1,087,949**	**1,009,832**

c. Tax expense/(benefit)

	Years ended December 31,		
	2019	2018	2017
Tax expense - current:			
Bank Mandiri			
Current year	6,317,547	5,022,275	4,903,592
Prior year	201,197	1,313,347	-
Subsidiaries	1,116,390	896,433	689,701
	7,635,134	7,232,055	5,593,293
Tax expense/(benefit) - deferred:			
Bank Mandiri	462,046	905,622	183,757
Subsidiaries	(111,332)	(46,245)	(63,229)
	350,714	859,377	120,528
Total	**7,985,848**	**8,091,432**	**5,713,821**

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

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax expense - current

The reconciliation between income before tax as shown in the consolidated statements of comprehensive income and income tax calculation and the related estimate of the current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	Years ended December 31,		
	2019	**2018**	**2017**
Consolidated income before tax expense and non-controlling interests	36,441,440	33,943,369	27,156,863
Less:			
Income before tax expense of Subsidiaries - after elimination	(6,042,823)	(3,559,469)	(2,687,765)
Impact of changes in recording investment from equity method to cost method	2,032,153	936,182	628,967
Income before tax expense and non-controlling interests - Bank Mandiri only	32,430,770	31,320,082	25,098,065
Add/(deduct) permanent differences:			
Non-deductible expenses (non-taxable income)	839,557	(2,290,412)	328,999
Others	58,709	9,817	9,682
Add/(deduct) temporary differences:			
Allowance for impairment losses on loans and write-offs	(1,355,733)	(4,453,592)	(1,230,105)
Allowance for impairment losses on financial assets other than loans	(396,531)	405,181	(409,240)
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	(231,318)	361,542	732,945
Allowance for estimated losses arising from legal cases	(1,056)	(6,789)	(78,150)
Provision for estimated losses on commitments and contingencies	249,448	(236,168)	156,265
Allowance for possible losses of repossessed assets	-	42,087	-
Depreciation of fixed assets	77,192	(40,307)	(41,970)
Unrealised losses/gains on decrease/increase in fair value of marketable securities and government bonds - fair value through profit or loss	(79,213)	17,629	(10,780)
Allowance for possible losses of abandoned properties	(4,092)	(17,693)	(37,750)
Estimated taxable income	31,587,733	25,111,377	24,517,961
Estimated tax expense - current			
Bank Mandiri only			
Tax expense - current: current year	6,317,547	5,022,275	4,903,592
Tax expense - current: prior year	201,197	1,313,347	-
Subsidiaries	1,116,390	896,433	689,701
Total	**7,635,134**	**7,232,055**	**5,593,293**

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax expense - current (continued)

Tax on Bank Mandiri and Subsidiaries (Group)'s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits on the consolidated entities are follows:

	Years ended December 31,		
	2019	**2018**	**2017**
Consolidated income before tax expense and noncontrolling interest	36,441,440	33,943,369	27,156,863
Tax calculated at applicable tax rates	7,996,860	7,153,884	5,691,555
Income tax effect of:			
Bank Mandiri			
- Income not subject to tax and final tax	(199,622)	(263,599)	(246,346)
- Expenses not deductible for tax purposes	407,773	68,187	312,146
- Prior year tax audit result	201,197	1,313,347	-
Estimated taxable income	409,348	1,117,935	65,800
Subsidiaries	(420,360)	(180,387)	(43,534)
Total tax effect	(11,012)	937,548	22,266
Income tax expense	**7,985,848**	**8,091,432**	**5,713,821**

According to the taxation laws of Indonesia, Bank Mandiri and Subsidiaries submit the Annual Corporate Income Tax Returns to the tax office on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within 5 (five) years from time when the tax becomes due.

Starting from 2009, Bank Mandiri has recognised written-off loans as deduction of gross profit by fullfiling the three requirements stipulated in UU No. 36 Year 2008 and Regulation of the Minister of Finance No. 105/PMK.03/2009 dated June 10, 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated March 9, 2010 and Regulation of the Minister of Finance No. 207/PMK.010/2015 dated November 20, 2015.

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated December 28, 2007 which was subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated November 21, 2013 and GR No. 56 Year 2015 dated August 3, 2015 regarding Reduction of Income Tax Rate for Listed Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated December 30, 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of Income Tax Rate for Listed Resident Corporate Tax payers, a public listed company can obtain a reduction of income tax rate by 5% lower from the highest income tax rate by fulfilling several requirements which are at least 40% of the total paid-up shares are listed and traded in the Indonesia Stock Exchange, the shares are owned by at least 300 parties and each party can only own less than 5% of the total paid up shares. The above requirements must be fulfilled by the tax payer at the minimum 183 (one hundred and eighty three) calendar days in a period of 1 (one) fiscal year.

Tax payer should include the certificate from Securities Administration Agency in the Annual Corporate Income Tax return by attaching form X.H.1-6 as regulated in Bapepam-LK Regulation No. X.H.1 for each respective fiscal year.

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax expense - current (continued)

Based on Certificate No. DE/I/2020-0152 dated January 6, 2020 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated January 3, 2020 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fullfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 Year 2013 and GR No. 56 Year 2015. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, OJK (formerly "Bapepam-LK") will then later submit the information regarding the fulfillment by the Bank to the Tax office. Therefore the Bank's corporate income tax for the year ended December 31, 2019 are calculated using the tax rate of 20%.

The Bank believes that they can fulfill the requirements to obtain the reduction in income tax rate for the year ended December 31, 2019.

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax are as follows:

	December 31, 2019			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Allowance for impairment loan losses	1,249,755	(245,096)	-	1,004,659
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,409,438	(46,263)	(80,536)	1,282,639
Loans write-off until 2008	961,145	(139,836)	-	821,309
Allowance for impairment losses on financial assets other than loans	443,795	(79,306)	-	364,489
Estimated losses on commitments and contingencies	22,648	49,890	-	72,538
Allowance for estimated losses arising from legal cases	34,093	(211)	-	33,882
Allowance for possible losses on abandoned properties	18,089	(695)	-	17,394
Allowance for possible losses on repossessed assets	1,968	-	-	1,968
Accumulated losses arising from difference in net realisable value of repossessed assets	10,412	-	-	10,412
Accumulated losses arising from difference in net realisable value of abandoned properties	123	(123)	-	-
Deferred tax assets	**4,151,466**	**(461,640)**	**(80,536)**	**3,609,290**
Deferred tax liabilities:				
Unrealised gain/(loss) from increase/(decrease) in fair value of marketable securities and government bonds - available to sale	556,627	-	(682,813)	(126,186)
Unrealised gains from increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	4,874	(15,843)	-	(10,969)
Net book value of fixed assets	(136,941)	15,438	-	(121,503)
Deferred tax assets - Bank Mandiri only	4,576,026	(462,045)	(763,349)	3,350,632
Deferred tax assets - Subsidiaries	421,596			601,078
Total consolidated deferred tax assets - net	**4,997,622**			**3,951,710**

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	December 31, 2018			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Allowance for impairment loan losses	2,061,470	(811,715)	-	1,249,755
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,534,811	72,308	(197,681)	1,409,438
Loans write-off until 2008	1,160,148	(199,003)	-	961,145
Unrealised gain/(loss) from increase/(decrease) in fair value of marketable securities and government bonds - available to sale	(152,976)	-	709,603	556,627
Allowance for impairment losses on financial assets other than loans	362,759	81,036	-	443,795
Estimated losses on commitments and contingencies	69,882	(47,234)	-	22,648
Allowance for estimated losses arising from legal cases	35,450	(1,357)	-	34,093
Allowance for possible losses on abandoned properties	21,628	(3,539)	-	18,089
Unrealised gains from increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	1,348	3,526	-	4,874
Allowance for possible losses on repossessed assets	1,994	8,418	-	10,412
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	(1)	-	1,968
Accumulated losses arising from difference in net realisable value of abandoned properties	123	-	-	123
Deferred tax assets	**5,098,606**	**(897,561)**	**511,922**	**4,712,967**
Deferred tax liabilities:				
Net book value of fixed assets	(128,880)	(8,061)	-	(136,941)
Deferred tax assets net - Bank Mandiri only	4,969,726	(905,622)	511,922	4,576,026
Deferred tax assets - Subsidiaries	594,593			421,596
Total consolidated deferred tax assets - net	**5,564,319**			**4,997,622**

	December 31, 2017			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Allowance for impairment loan losses	2,261,427	(199,957)	-	2,061,470
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,247,207	146,589	141,015	1,534,811
Loans write-off until 2008	1,206,212	(46,064)	-	1,160,148
Allowance for impairment losses on financial assets other than loans	444,607	(81,848)	-	362,759
Estimated losses on commitments and contingencies	38,629	31,253	-	69,882
Allowance for estimated losses arising from legal cases	51,080	(15,630)	-	35,450
Allowance for possible losses on abandoned properties	29,127	(7,499)	-	21,628
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealized gains on increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	3,504	(2,156)	-	1,348
Accumulated losses arising from difference in net realisable value of abandoned properties	174	(51)	-	123

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	December 31, 2017			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Deferred tax assets	**5,285,930**	**(175,363)**	**141,015**	**5,251,582**
Deferred tax liabilities:				
Net book value of fixed assets	(120,486)	(8,394)	-	(128,880)
Unrealized losses on increase/decrease in fair value of marketable securities and Government Bonds - available for sale	270,145	-	(423,121)	(152,976)
Deferred tax assets - Bank Mandiri only	**5,435,589**	**(183,757)**	**(282,106)**	**4,969,726**
Net deferred tax assets - Subsidiaries	554,512			594,593
Total consolidated deferred tax assets - net	**5,990,101**			**5,564,319**

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at consolidated statement of financial position dates.

Management believes that it is possible that future taxable income will be available to be utilised against the temporary difference, which results in deferred tax assets.

f. Tax assessment letter

Fiscal year 2010

According to the tax audit result by Tax Office on December 6, 2012, the Bank received Underpayment Tax Assessment Letters (SKPKB) which stated underpayment of corporate income tax related to loan written-offs and Value Added Tax (VAT) including Tax Collection Letter (STP) for fiscal year 2010 totalled to Rp1,108,071.

Management disagree with the Underpayment Tax Assessment letter result and has submitted an objection letter to Tax Office dated March 4, 2013. The Bank has paid all the underpayment tax amount and recorded it as prepaid tax.

In December 2013, the Tax Office has issued a decision letter to the Bank's objection letters on VAT and partially accepted the Bank's objection, therefore the Tax office refunded a portion of prepaid tax related to VAT. The Bank disagreed with the above decision letter and has submitted an appeal on the above decision letter to the Tax Court in March 2014.

33. TAXATION (continued)

f. Tax assessment letter (continued)

Fiscal year 2010 (continued)

On February 21, 2014, Tax Office has issued a decision letter to the Bank's objection letters on underpayment tax on corporate income tax and Tax Office rejected the objection. The Bank has filed an appeal against the objection decision letter to the Tax Court on May 19, 2014.

In April and May 2016, the Tax Court has uttered their decision to approve majority of the appeal submitted on the letter of objection on VAT and reject the appeal submitted for the letter of objection on income tax. The Bank disagrees with the decision and has requested for a judicial review from the Supreme Court of the Republic of Indonesia on August 15, 2016. On May 17, 2018 Supreme Court of Republic of Indonesia accepted the judicial review's request on the Tax Court's decision on the income tax.

The Tax Office has submitted an appeal to the Supreme Court on Tax Court's decision to approve majority of Bank's appeal on VAT objection result. Until the date of this consolidated financial statements, the result has not been known yet.

On November 15, 2018, Bank has sumitted a letter No.KEU/1328/2018 to the Tax Office to request for compensating the tax payment of Rp1,080,790 with installment of tax payment for month March, April and May 2019. On February 8, 2019, Tax Office has approved the compensation request.

Fiscal year 2013

According to the tax audit result by Tax Office, on December 16, 2014, Tax Office has issued Underpayment Tax Assessment Letter (SKPKB) which stated underpayment of corporate tax expense in relation to the use of tax rate for 2013 fiscal year of Rp1,313,347 (including penalties).

Management disagreed with the Underpayment Tax Assessment Letter and has submitted an objection letter to Tax Office dated March 10, 2015. Bank has paid all the underpayment tax amount and recorded it as prepaid tax.

On March 7, 2016 the Tax Office has issued an objection letter rejecting the Bank's objection. The Bank has submitted an appeal over the objection letter issued to Tax Court on June 2, 2016.

On October 30, 2017, the Tax Court has uttered their decision to reject the Bank's objection. The Bank disagreed and has submitted a request for judicial review on the Tax Court's decision to the Supreme Court of the Republic of Indonesia on February 7, 2018. On July 31, 2018, the Supreme Court rejected the Bank's judicial review request on the Tax Court's decision.

According to the result on December 31, 2018, Bank has charged the tax payment which was previously recorded as prepaid tax to current tax expense - prior year in the 2018 consolidated statement of profit or loss amounted to Rp1,313,347.

Fiscal year 2015

According to the tax audit result by Tax office, on November 26, 2019, Bank received Underpayment Tax Assessment Letter (SKPKB) of Corporate Income Tax for fiscal year 2015 amounted to Rp918,160 (including penalties) which accepted by Bank only amounted to Rp201,197 and recorded as current tax expense - prior year in the current year consolidated statement of profit or loss. On December 5, 2019, the Bank has paid all of the underpayment and will submit an objection letter on the SKPKB of Corporate Tax Expense amounted to Rp716,962 to the Tax Office.

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

f. Tax assessment letter (continued)

Fiscal year 2015 (continued)

On November 26, 2019, Bank also obtained Underpayment Tax Assessment Letter (SKPKB) for income tax article 21, 23, and 4(2) amounted to Rp28,255 (including penalties) and value added tax (STP) amounted to Rp247,544 (including penalties) for the 2015 fiscal year. On December 5, 2019, the Bank has paid underpayment of tax article 21, 23, and 4(2) amounted to Rp28,255, and will submit an objection on the disagreed decision on SKPKB of Value Added Tax (PPN) amounted to Rp247,544 to the Tax Office.

The payment for the disagreed underpayment (SKPKB) amounted to Rp964.506 million, where the Bank will submit an objection are recorded as prepaid tax as of December 31, 2019.

Fiscal year 2016

As of the date of this consolidated financial statements, the Bank is in the process of being audited for all types of taxes by the tax office and the result has not been known yet.

34. EMPLOYEE BENEFIT LIABILITIES

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Provision for post-employment benefit (Note 51)	3,748,969	3,563,484	4,030,761
Provisions for bonuses, leave and holiday entitlements	3,837,181	4,424,403	4,246,627
Total	**7,586,150**	**7,987,887**	**8,277,388**

Provision for post-employment benefit such as pension fund and other long term remuneration are in accordance with the Bank and Subsidiaries' policy which are calculated using actuarial calculation.

35. OTHER LIABILITIES

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Liability to policy holders	5,016,841	4,162,783	4,752,207
Liability related to ATM and credit card transactions	1,397,689	980,463	2,215,373
Payable to customers	948,741	1,081,030	2,285,484
Deferred income (directly attributable)	816,397	743,065	693,670
Guarantee deposits	715,114	879,759	909,499
Deferred income (not directly attributable)	675,251	638,105	494,919
Liabilities related to unit-link	331,941	273,546	281,493
Customers transfer transaction	71,853	228,339	103,155
Payable from purchase of marketable securities	-	395,957	120,724
Others	4,490,137	3,094,329	4,681,004
Total	14,463,964	12,477,376	16,537,528

(Expressed in millions of Rupiah, unless otherwise stated)

35. OTHER LIABILITIES (continued)

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies			
Deferred income (not directly attributable)	509,620	238,156	259,811
Customers transfer transactions	434,361	1,249,349	1,379,912
Guarantee deposits	254,227	515,537	598,017
Other liabilities related to UPAS transactions	175,153	632,896	586,311
Payable from purchase of marketable securities	72,145	92,413	88,154
Deferred income (directly attributable)	16,154	5,843	32,999
Others	935,636	583,567	1,013,645
Total (Note 62B.(iv))	2,397,296	3,317,761	3,958,849
	16,861,260	**15,795,137**	**20,496,377**

Liabilities to policyholders consist of liabilities of the Subsidiaries (PT AXA Mandiri Financial Services and PT Asuransi Jiwa Indonesia InHealth) as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Future policy benefits from non unit-link products	4,033,612	3,380,188	3,062,182
Unearned premiums	492,884	438,967	1,202,818
Estimated claim liabilities	351,775	234,369	375,892
Claim payables	138,570	109,259	111,315
Total	**5,016,841**	**4,162,783**	**4,752,207**

Payable to costumers mostly consist of debts arising from securities transactions of PT Mandiri Sekuritas (Subsidiary).

Liability related to ATM and credit card transactions consist of liabilities from ATM transactions within ATM *Bersama*, ATM Link and ATM Prima and liabilities to Visa and Master Card and JCB for credit card transactions.

Liabilities related to unit-link represents unit-link liabilities to third parties and liabilities to unit-link policyholders' of subsidiary (AXA Mandiri Financial Services).

Customers transfer transactions represent transfer funds in various currencies that need to be settled from or to customers accounts.

The guarantee deposit is a guarantee of cash deposited by customers from export, import transaction and issuance of bank guarantees.

Other liabilities related to UPAS transaction is a liability to the issuing bank in foreign currency in relation to UPAS receivable to importers.

Directly attributed unearned income consists of income from provisions/commissions of loans which directly attributable to unamortised loan granted.

Payable from purchase of marketable securities represent payable arising from securities's purchase transaction which have been paid respectively on January 2, 2020, January 4, 2019 and January 3, 2018 for December 31, 2019, 2018 and 2017.

(Expressed in millions of Rupiah, unless otherwise stated)

35. OTHER LIABILITIES (continued)

Non directly attributed unearned income consists of deferred fees/commissions that are not directly related to the unamortised loan granted.

Others mainly consist of interoffice accounts and liabilities related to trade transactions, deposit and transaction remains to be settled in the form of transfer payment transactions of customers.

36. FUND BORROWINGS

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related Party			
(f) Others (Note 56)	221,436	423,686	-
Third parties			
(e) Repo to maturity	494,301	494,301	494,301
(a) Ministry of Public Work and Housing (Kemenpupera)	377,742	218,192	135,401
(f) Others	8,151,704	7,530,934	6,106,886
Total	9,245,183	8,667,113	6,736,588
Foreign currencies			
Related party			
(b) Direct off-shore loans (Notes 56)	763,538	-	-
Third parties			
(b) Direct off-shore loans	17,102,600	17,505,088	13,602,722
(d) Trade financing facilities	15,592,079	12,868,015	7,318,310
(c) Bilateral loans	6,107,673	5,750,503	5,424,830
(e) Repo to Maturity	2,079,438	2,153,958	-
(f) Others	3,238,051	4,709,305	2,621,229
Total (Note 62B.(iv))	44,883,379	42,986,869	28,967,091
	54,128,562	**51,653,982**	**35,703,679**

(a) Ministry of Public Work and Housing (Kemenpupera)

This account represents Liquidity Facility of Housing Financing (*Fasilitas Likuiditas Pembiayaan Perumahan*) (FLPP) with financing sharing of 70.00% from *Kementerian Pekerjaan Umum dan Perumahan Rakyat* and 30.00% from Bank Mandiri in accordance to mutual agreement with *Kementerian Perumahan Rakyat* No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 on February 15, 2012 about amendment of mutual agreement between *Kementerian Perumahan Rakyat* No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 about distribution of Liquidity Facility of Housing Financing (FLPP) for the provision of housing through Home Ownership Financing. The Mutual Agreement was followed up by Operational Mutual Agreement between *Badan Layanan Umum Pusat Pembiayaan Perumahan Kementerian Perumahan Rakyat* Republic of Indonesia year 2012, that has been renewed in 2017 with Operational Mutual Agreement No.HK.02.03-Sg.DL/67/2017 and No. DIR.PKS/119/2017 on December 21, 2017 about funding FLPP Funds for home ownership for Low-Income Communities (MBR) and there is a change in composition of the financing to become 90% funds from kemenpupera and 10% funds from PT Bank Mandiri (Persero) Tbk.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(a) Ministry of Public Work and Housing (Kemenpupera)

In 2018 there was a change of funding sharing composition to become 75% from PPDPP Kemenpupera and 25% from PT Bank Mandiri (Persero) Tbk. based on Operational Mutual Agreement No. 51/PKS/Sg/2018 and DIR.PKS/45/2018 about distribution of Liquidity Facility of House Financing (FLPP) funds through home credit for Low-income Community on August 14, 2018, updated with the Operational Cooperation Agreement No. 118/PKS/Sg/2018 and No. DIR.PKS/60/2018 date December 21, 2018 concerning the Distribution of FLPP Funds for home ownership for Low-Income Communities (MBR).

In 2019 the Agreement has been renewed between PPDPP Kemenpupera and PT Bank Mandiri (Persero) Tbk through operational agreement No. 59/PKS/Sg/2019 and DIR.PKS/55/2019 about FLPP through Loan/House Financing/Sharia House Financing for Low-Income Communities dated December 19, 2019.

Outstanding balance as of December 31, 2019, 2018 and 2017 were Rp377,742, Rp218,192 and Rp135,401, respectively. These facilities are subject to a certain rate by the Government. The period of loan and repayment schedule are maximum of 240 months (20 years) with the first installment starting in the next month (for disbursement date 1st to 10th) and starting the next two months for disbursement starting 11th until the end of the month), repayment of principal and interest to Kemenpupera should be done no later than the 10th of each month.

(b) Direct off-shore loans

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

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Foreign currencies			
Related party:			
Bank Rakyat Indonesia, New York	763,538	-	-
Third Parties			
China Development Bank, China			
- Tranche A	7,754,208	9,366,975	9,464,055
- Tranche B	3,036,141	3,711,915	3,961,828
United Overseas Bank Limited, Singapore	2,776,500	2,876,000	-
Oversea-Chinese Banking Corporation Limited, Singapore	1,388,250	1,438,000	-
Sumitomo Mitsui Banking Corporation, Singapore	1,379,547	-	-
DZ Bank AG, Singapore	689,781	-	-
Agence Française de Développement, France	78,173	112,198	176,839
Total	**17,866,138**	**17,505,088**	**13,602,722**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Bank Rakyat Indonesia, New York

December 31, 2019

Type	Arranger	Maturity date	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Bank Rakyat Indonesia, New York	June 29, 2020	LIBOR (3 months) + certain margin	55,000,000	763,538
				55,000,000	**763,538**

On April 2, 2019, and the latest on October 2, 2019 Bank Mandiri obtained loan facility without collateral from Bank Rakyat Indonesia, New York amounted to USD45,000,000 (full amount) and USD55,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

The loan facilities have a tenor less than 1 (one year) and will be due on October 2, 2019 and June 29, 2020. Bank Mandiri made withdrawal from these loan facilities amounted to USD45,000,000 (full amount) on April 2, 2019 and was already fully paid on the maturity date, then Bank Mandiri made withdrawal from these loan facilities amounted to USD55,000,000 (full amount) on October 2, 2019.

China Development Bank, China

December 31, 2019

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 16, 2025	120	LIBOR (6 months) + certain margin	560,000,000	7,774,200
Less: Unamortised issuance costs					(1,440,053)	(19,992)
					558,559,947	**7,754,208**
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,526,736,000	3,044,586
Less: Unamortised issuance costs					(4,235,152)	(8,445)
					1,522,500,848	3,036,141

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

China Development Bank, China (continued)

December 31, 2018

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount Foreign currency (full amount)	Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	653,333,333	9,394,933
Less: Unamortised issuance costs					(1,944,200)	(27,958)
					651,389,133	**9,366,975**
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,781,192,000	3,723,707
Less: Unamortised issuance costs					(5,640,699)	(11,792)
					1,775,551,301	**3,711,915**

December 31, 2017

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount Foreign currency (full amount)	Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	700,000,000	9,497,250
Less: Unamortized issuance costs					(2,446,686)	(33,195)
					697,553,314	**9,464,055**
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,908,420,000	3,976,460
Less: Unamortized issuance costs					(7,022,446)	(14,632)
					1,901,397,554	**3,961,828**

On September 16, 2015, Bank Mandiri signed a long-term loan facility without collateral loan agreement with China Development Bank (CDB).

The loan consists of 2 (two) facilities, which Tranche A Facility is a direct loan from CDB denominated in USD with a total facility of USD700,000,000 (full amount) which will mature in 10 (ten) years since the agreement date with an interest rate of LIBOR 6 (six) months plus a certain margin and Tranche B is a direct loans denominated in CNY with a total facility of CNY1,908,420,000 (full amount) maturing in 10 (ten) years since the agreement date with SHIBOR interest rate of 6 (six) months plus a certain margin. The loan was disbursed on November 13, 2015, December 3, 2015, December 11, 2015, December 18, 2015, December 23, 2015 and December 28, 2015. Until December 31, 2019 the Bank has already paid for this loan amounted to USD140,000,000 (full amount) and CNY381,684,000 (full amount).

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

United Overseas Bank Limited, Singapore

December 31, 2019

Type	Arranger	Maturity date	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	United Overseas Bank Limited, Singapore	February 4, 2020	LIBOR (3 months) + certain margin	100,000,000	1,388,250
Bilateral loan	United Overseas Bank Limited, Singapore	April 6, 2020	LIBOR (3 months) + certain margin	100,000,000	1,388,250
				200,000,000	**2,776,500**

December 31, 2018

Type	Arranger	Maturity date	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	United Overseas Bank Limited, Singapore	January 9, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
Bilateral loan	United Overseas Bank Limited, Singapore	February 19, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
				200,000,000	**2,876,000**

On January 19, 2018, February 28, 2018, February 14, 2019, and April 15, 2019, Bank Mandiri obtained a loan facility without collateral from United Overseas Bank Limited, Singapore each amounted to USD100,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

This loan facilities have a tenor less than 1 (one) year and have been or will be due on January 9, 2019 and February 19, 2019, February 4, 2020, and April 6, 2020. Bank Mandiri made withdrawal from each of these loan facilities amounted to USD100,000,000 (full amount) on January 19, 2018, February 28, 2018, February 14, 2019, and April 15, 2019. Loan facilities obtained on January 19, 2018 and February 28, 2018 amounted to USD100,000,000 (full amount). This borrowing have already fully paid on the maturity date.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Oversea-Chinese Banking Corporation Limited, Singapore

December 31, 2019

Type	Arranger	Maturity date	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	Oversea-Chinese Banking Corporation Limited, Singapura	November 6, 2020	LIBOR (3 months) + certain margin	100,000,000	1,388,250
				100,000,000	**1,388,250**

December 31, 2018

Type	Arranger	Maturity date	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	Oversea-Chinese Banking Corporation Limited, Singapore	August 7, 2019	LIBOR (3 months) + certain margin	100,000,000	1,438,000
				100,000,000	**1,438,000**

On November 13, 2019, Bank Mandiri obtained a loan facility without collateral from Oversea-Chinese Banking Corporation Limited, Singapore amounted to USD100,000,000 (full amount) with tenor less than 1 (one) year. Bank Mandiri made withdrawal from this loan facility amounted to USD100,000,000 on November 13, 2019. These loan facility will mature on November 6, 2020.

On August 13, 2018, Bank Mandiri obtained a loan facility without collateral from Oversea-Chinese Banking Corporation Limited, Singapore amounted to USD100,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

This loan facility have a tenor less than 1 (one) year and Bank Mandiri made withdrawal from this loan facility amounted to USD100,000,000 (full amount) on August 20, 2018. This loan facility was due on August 7, 2019.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Sumitomo Mitsui Banking Corporation, Singapore

December 31, 2019						
					Nominal amount	
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	Sumitomo Mitsui Banking Corporation, Singapore	March 11, 2022	36	LIBOR (3 months) + certain margin	100,000,000	1,388,250
Less:						
Unamortised issuance costs					(626,888)	(8,703)
					99,373,112	**1,379,547**

On March 5, 2019, Bank Mandiri obtained loan facility from Sumitomo Mitsui Banking Corporation, Singapore (SMBC) amounted to USD150,000,000 (full amount) with the interest rate of LIBOR 3 (three) months plus certain margin.

This loan facility have a tenor of 3 (three) years maturing on March 11, 2022. Bank Mandiri made withdrawal from these loan facilities amounted to USD150,000,000 (full amount) on March 12, 2019.

On June 10, 2019, SMBC as a facility agent have sent a form of transfer certificate which stated SMBC have transferred loan of Bank Mandiri to DZ Bank AG, Singapore branch. This transferred loan is effective per June 12, 2019.

DZ Bank AG, Singapore

December 31, 2019						
					Nominal amount	
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	DZ Bank AG, Singapore	March 11, 2022	33	LIBOR (3 months) + certain margin	50,000,000	694,125
Less:						
Unamortised issuance costs					(312,884)	(4,344)
					49,687,116	**689,781**

Effective per June 12, 2019, Bank Mandiri has outstanding of loan facility from DZ Bank AG, Singapore Branch amounted to USD50,000,000 which transferred from some portion of Sumitomo Mitsui Banking Corporation, Singapore (SMBC) of its facility. This loan facility will mature on March 11, 2022.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France

December 31, 2019

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	Agence Française de Développement, France	September 30, 2023	114	LIBOR (6 months) + certain margin	5,714,286	79,329
Less:						
Unamortised issuance costs					(83,280)	(1,156)
					5,631,006	**78,173**

December 31, 2018

Type	Arranger	Maturity date	Tenor (months)	rate per annum	Nominal amount Interest currency (full amount)	Nominal amount Foreign Rupiah equivalent
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	785,714	11,298
Less:						
Unamortised issuance costs					(239)	(3)
					785,475	**11,295**
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	7,142,857	102,715
Less:`						
Unamortised issuance costs					(125,997)	(1,812)
					7,016,860	100,903
					7,802,335	**112,198**

December 31, 2017

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	Agence Française de Développement	September 30, 2018	80	LIBOR (6 months) + certain margin	2,285,714	31,012
Less:						
Unamortised issuance costs					(1,374)	(19)
					2,284,340	**30,993**
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	2,357,143	31,980
Less:`						
Unamortised issuance costs					(2,150)	(29)
					2,354,993	**31,951**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France (continued)

December 31, 2017 (continued)

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	8,571,429	116,293
Less:						
Unamortised issuance costs					(176,728)	(2,398)
					8,394,701	**113,895**
					13,034,034	**176,839**

On June 17, 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) amounted to USD100,000,000 (full amount) in order to financing the projects related to climate change and energy efficiency.

This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6 (six) months LIBOR plus a certain margin and will be used to finance the projects related to the carbon emission reduction.

As part of the above loan agreement, Bank Mandiri and AFD will finance the training programs aimed to develop the Bank Mandiri's capacity, especially in relation to climate change and energy efficiency.

On December 15, 2010, the Bank drawdown the borrowing from AFD amounted to USD30,000,000 (full amount), which have been matured on March 31, 2016. This borrowing was already fully paid on the maturity date.

On February 16, 2012, May 30, 2012 and May 31, 2012, the Bank has drawdown the loan facilities amounted to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which have been matured on September 30, 2018, September 30, 2017 and March 31, 2019, respectively. The borrowing from AFD amounted to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount) was already paid on the maturity date.

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

On November 8, 2013, Bank Mandiri signed a new second loan facility agreement or second line of credit with AFD amounted to USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency. This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate at 6-months LIBOR plus a certain margin. On March 25, 2014, the Bank drawdown the loan amounted to USD10,000,000 (full amount), which will mature on September 30, 2023.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Bilateral loans

The details of bilateral loans are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Foreign currencies			
JP Morgan Chase Bank, N.A., - Jakarta Branch	5,552,373	5,750,503	5,424,830
Citibank, N.A., - Indonesia Branch	555,300	-	-
	6,107,673	**5,750,503**	**5,424,830**

JP Morgan Chase Bank, N.A. - Jakarta Branch

December 31, 2019

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	JP Morgan Chase Bank, N.A. - Jakarta Branch	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,082,375
Less:						
Unamortised issuance costs					(19,387)	(269)
					149,980,613	2,082,106
Bilateral loan	JP Morgan Chase Bank, Jakarta Branch	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,470,625
Less:						
Unamortised issuance costs					(25,760)	(358)
					249,974,240	3,470,267
					399,954,853	**5,552,373**

December 31, 2018

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount Foreign currency (full amount)	Nominal amount Rupiah equivalent
Bilateral loan	JP Morgan Chase Bank, Jakarta Branch	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,157,000
Less:						
Unamortised issuance costs					(40,599)	(584)
					149,959,401	2,156,416
Bilateral loan	JP Morgan Chase Bank, Jakarta Branch	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,595,000
Less:						
Unamortised issuance costs					(63,509)	(913)
					249,936,491	3,594,087
					399,895,892	**5,750,503**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan Chase Bank, N.A. - Jakarta Branch (continued)

December 31, 2017						
					Nominal amount	
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan Chase Bank, Jakarta Branch	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,035,125
Less:						
Unamortised issuance costs					(60,417)	(820)
					149,939,583	**2,034,305**
Bilateral loan	JP Morgan Chase Bank, Jakarta Branch	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,391,875
Less:						
Unamortised issuance costs					(99,553)	(1,350)
					249,900,447	**3,390,525**
					399,840,030	**5,424,830**

On November 15, 2013, the Bank obtained a loan facility from JP Morgan Chase Bank, N.A., - Jakarta Branch amounted to USD150,000,000 (full amount) with an interest rate at 3 (three) months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and matured on November 21, 2016. Bank Mandiri has drawdown this credit facility amounted to USD150,000,000 (full amount) on November 21, 2013. This loan facility has been extended on October 5, 2016 and will mature on November 21, 2020.

This loan was secured by (Note 8c):

	Nominal amount		
	December 31, 2019	December 31, 2018	December 31, 2017
FR0053*)	284,375	284,375	284,375
INDOIS 22**)	60,000,000	60,000,000	60,000,000
ROI 21**)	36,500,000	36,500,000	36,500,000
ROI 24**)	30,000,000	30,000,000	30,000,000
ROI 22**)	18,000,000	18,000,000	18,000,000
ROI 23**)	17,500,000	17,500,000	17,500,000

*) In million rupiah
**) In USD (full amount)

On August 20, 2014, Bank Mandiri obtained a loan facility from JP Morgan Chase Bank, N.A., - Jakarta Branch amounted to USD250,000,000 (full amount) with interest rate at LIBOR 3 (three) months plus a certain margin.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan Chase Bank, N.A. - Jakarta Branch (continued)

The loan facility has a tenor of 3 (three) years and have been matured on September 5, 2017. Bank Mandiri has drawdown on the loan facility amounted to USD250,000,000 (full amount) on September 2, 2014. This loan facility has been extended on October 5, 2016 and will mature on September 5, 2020.

This loan was secured by (Notes 7k and 8c):

	Nominal amount		
	December 31, 2019	December 31, 2018	December 31, 2017
FR0053*)	659,947	659,947	659,947
INDOIS 22**)	98,500,000	98,500,000	98,500,000
PERTAMINA 23**)	65,000,000	65,000,000	65,000,000
ROI 23**)	37,000,000	37,000,000	37,000,000
ROI 21**)	32,000,000	32,000,000	32,000,000
INDOIS 25**)	28,410,000	-	-
ROI 19**)	-	27,295,000	27,295,000

*) In million rupiah
**) In USD (full amount)

Citibank N.A., Indonesia Branch

December 31, 2019						
					Nominal amount	
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Foreign currency (full amount)	Rupiah equivalent
Bilateral loan	Citibank, N.A., Indonesia Branch	January 3, 2022	36	LIBOR (3 months) + certain margin	40,000,000	555,300

On January 2, 2019, Bank Mandiri obtained loan facility from Citibank, N.A., Indonesia Branch amounted to USD40,000,000 (full amount) with interest rate of LIBOR 3 (three) months plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on January 3, 2022. Bank Mandiri had withdrawn on the loan facility amounted to USD40,000,000 (full amount) on January 3, 2019.

This loan was secured by (Note 8c):

	Nominal amount		
	December 31, 2019	December 31, 2018	December 31, 2017
ROI 28*)	28,000,000	-	-
ROI 27*)	25,000,000	-	-

*) In USD (full amount)

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(d) Trade financing facilities (bankers' acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 30 days to 365 days and bears interest at LIBOR or SIBOR plus a certain margin. The balance as of December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
CO Bank US, United States	2,637,675	3,120,460	1,356,750
Sumitomo Mitsui Banking Corporation, Singapore	1,634,932	1,721,286	1,212,935
Bank of America, Hong Kong	1,388,250	-	-
Citibank NA, Hong Kong	1,335,497	532,060	1,017,563
The Bank of New York Mellon, Singapore	944,010	-	-
United Overseas Bank Limited, Singapore	873,695	3,147,782	1,356,750
Landesbank Baden-Wuerttemberg, Singapore	416,475	431,400	-
Bank of Montreal, Canada	-	2,631,540	1,831,612
Wells Fargo Bank, Singapore	2,498,850	-	-
DBS Bank, Singapore	2,330,594	-	-
Bank Permata	694,125	-	-
The Korea Development Bank, Singapore	340,121	-	-
Standard Chartered Bank, Hong Kong	497,855	1,283,487	-
Bank of Tokyo Mitshubisi UFJ, Singapore	-	-	542,700
Total	**15,592,079**	**12,868,015**	**7,318,310**

(e) Repo to Maturity

Rupiah

On October 31, 2014, Bank Mandiri signed a loan agreement amounted to Rp600,000 with the scheme of repo to maturity with Bank of America, Singapore Limited (BOA). In this transaction, Bank Mandiri transfered Government Bonds VR0031 to BOA. The amount received by Bank Mandiri related to the repo transaction represents the present value of the loan after taking into account the interest expense of the loan and interest income of the VR0031 during repo period, which amounted to Rp494,301. For the transfer of Government Bonds VR0031, Bank Mandiri recognised receivables amounted to cash value of VR0031 to BOA. The loan facility has a tenor of 6 (six) years and will mature on July 25, 2020, which match with the maturity date of VR0031. On the maturity date, the settlement will be made at net of loan and receivable between Bank Mandiri and BOA.

On November 19, 2014, BOA sent transfer notice which stated that BOA had transferred all its rights and obligations related to loan facility under the scheme of repo to maturity to PT Asuransi Jiwa Adisarana Wanaartha.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(e) Repo to Maturity (continued)

Foreign Currency

On May 25, 2018, Bank Mandiri entered into borrowing transaction amounted to USD24,926,000, USD31,270,000 and USD34,782,000 through repo to maturity scheme with Nomura Singapore Limited (NSL). In this repo to maturity transactions, Bank Mandiri transferred government bonds ROI 23NN, ROI 24 and ROI 25 to NSL. Upon the transfer of government bonds ROI 23NN, ROI 24 and ROI 25, Bank Mandiri recognised receivables at the amount of cash value of ROI 23NN, ROI 24, and ROI 25 to NSL. This loan facilities have 5 (five), 6 (six) and 7 (seven) years tenor and will be due in at the same date of the maturity date of ROI23 NN, ROI 24 and ROI 25 on January 11, 2023, January 15, 2024 and January 15, 2025. On the maturity date, the settlement of the transaction will be at net basis between borrowing and receivables of Bank Mandiri and NSL.

On November 15, 2018, Bank Mandiri entered into borrowing transaction of USD58,810,427.91 (full amount) through the cross currency repo to maturity scheme with JP Morgan Chase Bank N.A. - Jakarta Branch. Bank Mandiri transferred FR0031 government bonds to JPM. For the transfer of Rupiah denominated FR0031 government bonds, Bank Mandiri recognised receivables at cash value of FR0031 to JPM. This loan facility has a tenor of 2 (two) years which will mature at the same date of to maturity of FR0031 at November 15, 2020. On the maturity date, JPM submit cash value (IDR) to Bank Mandiri at the amount of underlying face value plus the last underlying coupon, and Bank Mandiri will send the cash value (USD) to JPM at the borrowing amount plus the last borrowing interest payment.

As of December 31, 2019, this loan facilities from NSL have guaranteed by placement amounted to USD70,000, respectively (full amount) (December 31, 2018: USD5,227,520.08 (full amount) and December 31, 2017: USDNil) (Notes 6g).

(f) Others

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties			
PT Bank Negara Indonesia (Persero) Tbk.	172,236	224,486	-
PT Bank Rakyat Indonesia (Persero) Tbk.	49,200	199,200	-
	221,436	423,686	-
Third parties			
PT Bank Pan Indonesia Tbk.	3,019,902	2,632,355	2,540,738
PT Bank Central Asia Tbk.	1,393,740	1,184,063	626,268
PT Bank DKI	577,364	643,550	546,015
PT Bank Maybank Indonesia Tbk.	556,627	374,308	-
PT Bank KEB Hana Indonesia	492,757	311,809	378,863
PT Bank OCBC NISP Tbk	462,824	-	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.	406,546	334,526	685,138
PT Bank Permata Tbk.	343,332	395,109	50,000
MUFG Bank Ltd., Jakarta Branch	300,000	700,000	-
PT Bank UOB Indonesia	124,863	223,144	-
PT Bank HSBC Indonesia	100,000	150,000	-
PT Bank Resona Perdania	92,837	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

	December 31, 2019	December 31, 2018	December 31, 2017
PT Bank BPD DIY	87,311	23,564	40,275
PT Bank CIMB Niaga Tbk.	79,659	146,183	25,000
PT Bank BCA Syariah	48,704	-	-
PT Bank Ina Perdana Tbk.	46,604	99,926	148,675
PT Bank Danamon Indonesia Tbk.	18,634	162,397	117,617
PT Bank Tabungan Pensiunan Nasional Tbk.	-	150,000	-
PT Bank Mega Tbk	-	-	798,297
PT Bank Sumut	-	-	100,000
PT Bank MNC Internasional Tbk	-	-	50,000
	8,151,704	7,530,934	6,106,886
Total	8,373,140	7,954,620	6,106,886
Foreign currencies			
Third parties			
MUFG Bank Ltd., Jakarta Branch	2,273,159	4,116,308	2,586,004
PT Bank Mizuho Indonesia	518,407	-	-
Bank of China Limited, Jakarta Branch	370,013	579,240	-
DBS Bank Ltd.	69,521	-	-
PT Bank UOB Indonesia	6,951	13,757	-
PT Bank ANZ Indonesia	-	-	35,225
Total	3,238,051	4,709,305	2,621,229
	11,611,191	**12,663,925**	**8,728,115**

Rupiah

PT Bank Negara Indonesia (Persero) Tbk.

On October 9, 2018, the Subsidiary (PT Mandiri Utama Finance) obtained a working capital loan facility from PT Bank Negara Indonesia (Persero) Tbk ("BNI") with a maximum loan limit of Rp250,000, which bears interest rate of 8.75% - 9.50%. The facility is a revolving working capital loan. The period of withdrawal of loan facilities is up to October 9, 2019 and has been extended in October 4, 2019, therefore the maturity date will be October 8, 2020.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from BNI amounted to Rp172,236, Rp224,486 and RpNil, respectively.

PT Bank Rakyat Indonesia (Persero) Tbk.

On November 9, 2018, the Subsidiary (PT Mandiri Utama Finance) obtained a working capital loan facility from PT Bank Rakyat Indonesia (Persero) Tbk ("BRI") with a maximum loan limit of Rp300,000. The facility is a revolving working capital loan, and mature in 12 months after the contract is signed and have extended up to November 9, 2020 with interest rates according to the bank's treasury recommendation and ranging between 7.75% - 9.50%.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank BRI amounted to Rp49,200, Rp199,200 and RpNil, respectively.

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Pan Indonesia Tbk.

On November 12, 2012 and the latest amendment on July 10, 2019, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement which Panin provide several non revolving term loan facilities with a total limit of Rp4,200,000 and bears a fixed interest rate. These facilities have various maturity dates ranging from January 2020 until September 2022.

On May 26, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement which Panin provides non revolving working capital facilities with total limit of Rp400,000 and non revolving money market line facility with a limit of Rp100,000. These facilities bears an 9.00% - 9.75% of interest rate of the drawdown for the working capital facility and market interest rates of the drawdown for the money market line facility. The working capital facility mature on December 31, 2021 and money market line facility was matured on May 26, 2018. The money market line facility was matured on May 26, 2018 was extended up to June 25, 2018, therefore this facility was matured on May 26, 2019. This facilities was already fully paid on the maturity date.

On March 21, 2018, the Subsidiary (PT Mandiri Utama Finance) obtained an extra non revolving working capital loan facility amounted to Rp1,000,000, this facility is subject to interest rate of 8.5% - 9% at the time of withdrawal, the facility is due on August 21, 2022.

On April 15, 2019, the Subsidiary (PT Mandiri Utama Finance) obtained additional of non revolving working capital loan facility amounted to Rp500,000 and bears at 9.00% - 9.75% interest rate at drawdown, additional of money market line facility amounted to Rp200,000 and revolving current account facility amounted to Rp50,000. Money market line facility and current account facility bear interest rate ranging of 9%-10%. This facility will mature on April 15, 2020.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Panin was amounted to Rp3,019,902, Rp2,632,355 and Rp2,540,738, respectively.

PT Bank Central Asia Tbk.

On March 7, 2001, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Central Asia Tbk. (BCA) signed a loan agreement which BCA provides a revolving overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on March 24, 2011 with additional facility up to Rp55,000 and latest amendment of this facility was on March 8, 2016. This facility will mature on March 12, 2020.

On March 8, 2016 and the latest on February 26, 2019, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed loan agreement that BCA provides several non revolving term loan facilities with total limit up to Rp2,500,000 and bears at 8.75% - 10.25% of various fixed interest rate. This facility will mature ranging from February 2020 to May 2022.

On June 11, 2013 and the latest on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed a loan agreement which BCA provides revolving money market facility with a limit of Rp300,000 and bears a floating interest rate. This agreement has been amended by signing the agreement on March 24, 2017 which the money market facility has been switched to non revolving term loan facilities and bears a 9.50% of fixed interest rate. The facility has various maturity dates which ranging between July 2020 until August 2020.

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Central Asia Tbk. (continued)

As of December 31, 2019, 2018 and 2017, outstanding borrowings from BCA amounted to Rp1,393,740, Rp1,184,063 and Rp626,268, respectively.

PT Bank DKI

On September 17, 2013 and the latest updated on May 3, 2019, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank DKI (Bank DKI) signed a loan agreement and Bank DKI provides several non revolving term loan with total facility amounted to Rp700,000 and subject to a various fixed rate of interest and ranging between 8.50% - 9.15%. These facilities have various maturity dates which ranging between January 2020 until August 2022.

On March 24, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank DKI (Bank DKI) signed a loan agreement which Bank DKI provides revolving money market line facility with a total maximum limit of Rp300,000 and bears market interest rate. The facility was matured on March 23, 2018. On March 22, 2018, the facility was extended up to June 23, 2018. This facility has been repaid on maturity date.

On June 8, 2018, the Subsidiary (PT Mandiri Utama Finance) and Bank DKI signed a revolving loan agreement of money market line amounted to of Rp100,000 which bears to market interest rate at the time of withdrawal, and non revolving executing working capital amounted to Rp300,000 and bears interest rate of 8.75%. The money market line facility will mature on June 8, 2019 and the executing working capital will mature on December 8, 2021.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank DKI was amounted to Rp577,364, Rp643,550 and Rp546,015, respectively.

PT Bank Maybank Indonesia Tbk.

On December 21, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Maybank Indonesia Tbk. (Maybank) signed a non revolving loan agreement with total term loan facility up to Rp500,000 and bears 8.50% of fixed interest rate. This facility will mature on March 12, 2021.

On May 10, 2019, the Subsidiary (PT Mandiri Utama Finance) obtained money market line loan facility and term loan facility from PT Bank Maybank Indonesia Tbk (Maybank) with total maximum limit up to Rp100,000 and bears interest rate on withdrawal date, and money market line facility amounted to Rp600,000 and bears 9.50% of fixed interest rate. This is a revolving loan facility and will mature on May 10, 2020.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Maybank was amounted to Rp556,627, Rp374,308 and RpNil, respectively.

PT Bank KEB Hana Indonesia

On March 19, 2015 and the latest updated on September 3, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank KEB Indonesia Hana (KEB Hana) signed a loan agreement where KEB Hana provides several non revolving term loan facilities with a total facility up to Rp400,000 and bears 9.50% of fixed interest rate. These facilities have maturity dated on February 19, 2022.

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank KEB Hana Indonesia (continued)

On July 13, 2017 the Subsidiary (PT Mandiri Utama Finance) and PT Bank KEB Hana Indonesia (Bank Hana) signed a loan agreement where Bank Hana provides non revolving working capital facility with a total limit of Rp200,000 and bears 9.00% of fixed interest rate. The facility will mature on September 7, 2020.

On February 8, 2018, the Subsidiary (PT Mandiri Utama Finance) and Bank Hana signed a loan agreement that Bank Hana provides additional non revolving working capital loan facility up to Rp200,000 with 9.00% of interest rate. This facility will mature on July 8, 2021.

On August 21, 2019, the Subsidiary (PT Mandiri Utama Finance) and Bank Hana signed a loan agreement that Bank Hana provides additional of non revolving working capital facility with maximum limit up to Rp100,000 and bears 9.50% of interest rate. This facility will mature on February 21, 2020.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank Hana amounted to Rp492,757, Rp311,809 and Rp378,863, respectively.

PT Bank OCBC NISP

On March 29, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank OCBC NISP (OCBC) signed a loan agreement that OCBC provides revolving demand loan/market money line with total limit up to Rp200,000 and bears floating interest rate and non revolving term loan with total limit up to Rp575,000 and bears 9.75% of fixed interest rate. This facility have a various maturity and ranging from November 2020 to May 2022.

On December 31, 2019, 2018 and 2017, outstanding borrowings from PT Bank OCBC NISP amounted to Rp462,824, RpNil and RpNil, respectively.

PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.

On April 22, 2014 and the latest updated on February 14, 2019, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk. (BJB) signed a loan agreement which BJB provides several non revolving term loan facilities with total limit amounted to Rp1,000,000 and subject to a various fixed rate of interest and ranging between 8.75% - 9.50%. This facility has a various maturity and ranging from March 2020 to March 2022.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from BJB amounted to Rp406,546, Rp334,526 and Rp685,138, respectively.

PT Bank Permata Tbk.

On November 15, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Permata Tbk. (Bank Permata) signed a loan agreement where Bank Permata provides a non revolving working capital facility with total limit amounted to Rp200,000 bears 9.00% of interest rate at drawdown, and revolving money market line facility with total limit Rp100,000 which bears an interest rate ranging between 7.00% - 7.25%. These facilities matured on November 14, 2018.

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Permata Tbk. (continued)

On December 13, 2018, the Subsidiary (PT Mandiri Utama Finance) and Bank Permata signed a loan agreement that Bank Permata provides non revolving working capital facility with maximum limit up to Rp300,000 and bears 9.00% of interest rate and extend money market line loan facility. Those facility matured on November 15, 2019 and has been extended to February 13, 2020.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank Permata amounted to Rp343,332, Rp395,109 and Rp50,000, respectively.

MUFG Ltd., Jakarta Branch

On February 11, 2016, the Subsidiary (PT Mandiri Tunas Finance) and Bank of Tokyo Mitsubishi UFJ (BTMU) signed a loan agreement that BTMU provides revolving uncommitted short-term loan/money market line facility with total limit up to Rp695,050 and bears 6.21% of floating interest rate at drawdown. This facility have will mature on February 11, 2020.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank of Tokyo Mitsubishi UFJ amounted to Rp300,000, Rp700,000 and RpNil, respectively.

PT Bank UOB Indonesia

On November 21, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank UOB Indonesia (Bank UOB) signed a loan agreement which Bank UOB provides non revolving term loan facility with total facility up to Rp300,000 and bears 8.40% of fixed interest fixed rate and revolving loan facility with total facility up to Rp300,000 and bears 6.40% of floating interest rate at drawdown. These facilities have various maturity date a ranging from November 2020 to March 2021.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank UOB amounted to Rp124,863, Rp223,144 and RpNil, respectively.

PT Bank HSBC Indonesia

On October 23, 2000 and the latest updated on July 31, 2019, The Subsidiary (PT Mandiri Tunas Finance) and PT Bank HSBC Indonesia (Bank HSBC) signed a loan agreement that Bank HSBC provides revolving working capital loan facility with total facility up to Rp250,000 and bears 6.25% of floating interest rate at drawdown. These facilities have various maturity date a ranging from January 2020 to July 2020 and already paid fully at the maturity date.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank HSBC Indonesia amounted to Rp100,000, Rp150,000 and RpNil, respectively.

PT Bank Resona Perdania

On September 3, 2019, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Resona Perdania (Bank Resona) signed a loan agreement that Bank Resona provides working capital facility amounted to Rp100,000 and bears 8.83% of interest rate.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from PT Bank Resona amounted to Rp92,837, RpNil and RpNil, respectively.

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank BPD DIY

On May 18, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank BPD DIY (BPD DIY) signed a loan agreement where BPD DIY provides non revolving working capital loan facility with maximum limit up to Rp50,000 and bears 9.00% of interest rate at drawdown. This loan facility will be matured on November, 2020.

On April 30, 2019, the Subsidiary (PT Mandiri Utama Finance) and BPD DIY signed a loan agreement that Bank BPD DIY provides additional non revolving working capital loan facility with maximum limit up to Rp100,000 and bears 9.50% of interest rate at drawdown. This loan facility will be matured on October 2022.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from BDP DIY amounted to Rp87,311, Rp23,564 and Rp40,275, respectively.

PT Bank CIMB Niaga Tbk.

On November 21, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank CIMB Niaga Tbk. (Bank CIMB Niaga) signed a loan agreement that Bank CIMB Niaga provides non revolving working capital loan facility with total limit up to Rp200,000 with 9% of interest rate at drawdown. This facility will mature in 2021.

As of December 31, 2019, 2018 and 2017, loans from Bank CIMB Niaga amounted to Rp79,659, Rp146,183 and Rp25,000, respectively.

PT Bank BCA Syariah

On May 20, 2019, the Subsidiary (PT Mandiri Utama Finance) obtained non revolving Working Capital Loan facility to Syariah financing from PT Bank BCA Syariah (BCAS) with total limit up to Rp100,000 and bears 9.50% of interest rate. This facility will mature on May 2020.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from PT Bank BCA Syariah amounted to Rp48,704, RpNil and RpNil, respectively.

PT Bank Ina Perdana Tbk.

On December 28, 2016, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Ina Perdana Tbk. (Bank Ina) signed a loan agreement that Bank Ina provides non revolving working capital loan facility amounted to Rp85,000 and bears 9.00% of interest rate.

On December 19, 2017, the Subsidiary (PT Mandiri Utama Finance) and Bank Ina Perdana signed an agreement of additional of non revolving working capital facility amounted to Rp85,000 and bears at 8.50% of interest rate. These facility will mature on December 20, 2020.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank Ina amounted to Rp46,604, Rp99,926 and Rp148,675, respectively.

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Danamon Indonesia Tbk.

On May 20, 2010, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Danamon Indonesia Tbk. (Danamon) signed a loan agreement which Danamon provides revolving term loan facility up to Rp852,000 which bears 8.75% - 9.00% of fixed interest rate and working capital loan facility up to Rp150,000 bears and bears 6.70% of floating interest rate at drawdown. These facilities have various maturity dates which are ranging from June 2020 to September 2020.

On October 22, 2018, the Subsidiary (PT Mandiri Sekuritas) signed a loan agreement that Danamon provides loan facility amounted to Rp200,000. Based on the agreement, the interest rate of this facility will be adjusted a 7.90% of interest rate at withdrawal on July 2019. This facility matured on October 22, 2019 and has been paid fully at the maturity date.

On December 30, 2019, the Subsidiary (PT Mandiri Utama Finance) and Bank Danamon signed a loan agreement that Danamon provides non revolving term loan facility and revolving working capital facility with each maximum limit up to Rp350,000 and Rp100,000 and bear 9.00% of interest rate of term loan facility and 8.00% of interest rate of working capital facility.

The term of withdrawal of Term Loan facility and working capital are 12 months since the facility have been signed.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Danamon Indonesia amounted to Rp18,634, Rp162,397 and Rp117,617, respectively.

PT Bank Tabungan Pensiunan Nasional Tbk.

On June 25, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) signed a loan agreement revolving money market line facility amounted to Rp150,000 and bears floating interest rates. The facility will mature on April 16, 2019. This facility has been fully paid at the maturity date.

On January 30, 2019, the Subsidiary (PT Mandiri Sekuritas) and BTPN signed a loan agreement that BTPN provides money market line loan facility amounted to Rp225,000 and bears interest rate per year from BTPN. At withdrawal, this loan facility bears at 8.00% of interest rate. This facility withdrew on June 2019 and already fully paid on July 2019. This Facility has been fully paid at the maturity date.

As of December 31, 2019, 2018 and 2017, loans from Bank Tabungan Pensiunan Nasional amounted to RpNil, Rp150,000 and RpNil, respectively.

PT Bank Mega Tbk

On May 4, 2017, the subsidiary (PT Mandiri Utama Finance) and PT Bank Mega Tbk. (Bank Mega) signed a loan agreement that Bank Mega provides non revolving working capital loan facility up to Rp125,000 and bears to 9% - 10% interest rate, this facility was matured on May 4, 2018 and fully paid.

36. FUND BORROWINGS (continued)

(f) Others (continued)

Rupiah (continued)

PT Bank Mega Tbk (continued)

On July 21, 2017, the subsidiary (PT Mandiri Utama Finance) and Bank Mega signed a loan agreement that Bank Mega provides additional non revolving working capital loan facility up to Rp875,000 and bears to 9% - 10% interest rate. With this facility, the total of facilities provided up to Rp1,000,000. This facility was matured on December 8, 2018.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank Mega amounted to RpNil, RpNil and Rp798.297, respectively.

PT Bank Sumut

The Subsidiary (PT Mandiri Sekuritas) granted loan facilities from PT Bank Sumut (Bank Sumut) amounted to Rp100,000 with tenor 3 (three) months. Floating interest rate will be effective at the withdrawal date. This loan facilities is granted for the Subsidiary's working capital purposes. This facility was matured on January 3, 2018. These loan facilities was fully paid.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank Sumut amounted to RpNil, RpNil and Rp100,000, respectively.

PT Bank MNC Internasional Tbk

On March 22, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank MNC International Tbk. (Bank MNC) signed a loan agreement which Bank MNC provides revolving money market line facility amounted to Rp120,000 and bears a market interest rate at the withdrawal date. This facility was matured on March 22, 2018 and on April 11, 2018 was extended to February 20, 2019 and increase its plafond up to Rp150,000.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank MNC amounted to RpNil, RpNil and Rp50,000 , respectively.

Foreign currencies

MUFG Bank Ltd., Jakarta Branch

On July 19, 2017 and the latest updated on April 26, 2018, the Subsidiary (PT Mandiri Tunas Finance) and MUFG Bank Ltd (MUFG) signed a loan agreement which MUFG provides several non revolving syndication loan facilities in USD and JPY with total limit of Rp5,122,908 and bears fixed interest rate ranging 7.23% - 9.85%. These facilities have various maturity date from September 2020 to October 2021.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from MUFG amounted to equivalent Rp2,273,159, Rp4,116,308 and Rp2,586,004, respectively.

36. FUND BORROWINGS (continued)

(f) Others (continued)

Foreign currencies (continued)

PT Bank Mizuho Indonesia

On June 29, 2018, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Mizuho Indonesia (Mizuho) signed a loan agreement that Mizuho provides non revolving term loan facility with total limit up to Rp697,750 which withdrawn on February 7, 2019 and bears to 8.60% of interest rate. Those facility will mature on February 7, 2022.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Mizuho amounted to Rp518,407, RpNil and RpNil, respectively.

Bank of China Limited, Jakarta Branch

On March 29, 2018 the Subsidiary (PT Mandiri Tunas Finance) and PT Bank of China (BOC) signed a loan agreement where BOC provide a term loan facility with a total limit equivalent to Rp575,000 at drawdown which is non-revolving and bears interest rate of 9.25%. The facility will mature on December 24, 2021.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from PT Bank of China amounted to Rp370,013, Rp579,240 and RpNil, respectively.

DBS Bank Ltd.

On March 6, 2019, the Subsidiary (PT Mandiri Sekuritas) and DBS Bank Ltd. (DBS) signed a working capital loan facility agreement amounted to USD5,000,000 (full amount) and bears fixed interest rate of 3.24% and 3.14% at withdrawals. This facility has withdrawn on December 2019 and have no maturity date. The facility will mature when the Subsidiary or DBS decided to terminate the agreement.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from DBS amounted to Rp69,521, RpNil and RpNil, respectively.

PT Bank UOB Indonesia

On September 29, 2011, the Subsidiary (PT Mandiri Sekuritas) and PT Bank UOB Indonesia ("UOB") entered into a revolving loan facility at the maximum of Rp200,000, the sub limit facility as uncommitted bank guarantee at the maximum of Rp200,000 and foreign exchange line facility up to USD5,000,000 (full amount). The maximum validity period up to September 29, 2012 and continuously extended up to February 1, 2020. According to the loan agreement, interest rate is determined by the bank. The interest rate at withdrawal bears at 3.45%.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from Bank UOB amounted to Rp6,951, Rp13,757 and RpNil, respectively.

PT Bank ANZ Indonesia

On April 13, 2010, the Subsidiary (PT Mandiri Sekuritas) and PT Bank ANZ Indonesia (ANZ) signed a loan agreement which the ANZ provides a working capital facility equivalent up to Rp130,000 and the Bank Guarantee facility equivalent up to Rp50,000 for Indonesia Clearing and Guarantee Institution ("KPEI") as transaction limit indicator for Subsidiary or for OJK purposes to guarantee the underwriting process.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(f) Others (continued)

Foreign currencies (continued)

PT Bank ANZ Indonesia (continued)

Working capital facility is provided in Rupiah ("Original Currency") it can be provided in USD ("Foreign Currency") which equivalent once it is required by the Subsidiary with equivalent in original currency from the working capital loan. The working capital loan interest rate as agreed on the agreement date. The facility was re-reviewed on January 31, 2018. This loan has fully paid by the subsidiary.

As of December 31, 2019, 2018 and 2017, outstanding borrowings from ANZ amounted to equivalent RpNil, RpNil and Rp35,225, respectively.

Loans received by PT Mandiri Tunas Finance and PT Mandiri Utama Finance are secured by consumer financing receivables amounted to Rp9,556,239 as of December 31, 2019 (December 31, 2018: Rp10,284,416 and December 31, 2017: Rp8,016,751) (Note 13g) and net investment finance leases amounted to Rp368,957 as of December 31, 2019 (December 31, 2018: Rp468,553 and December 31, 2017: Rp1,126,406) (Note 14g).

Bank Mandiri and its Subsidiaries have paid all interest for fund borrowings in accordance with the schedule of interest payments during the years ended December 31, 2019, 2018 and 2017.

During the years ended December 31, 2019, 2018 and 2017, Bank Mandiri and its Subsidiaries have fulfilled the condition and requirements set forth in the fund borrowing agreements.

37. SUBORDINATED LOANS AND MARKETABLE SECURITIES

By type and currency:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Medium Term Notes Subordinated I			
Bank Mandiri			
Related parties (Note 56)	127,750	136,750	-
Third parties	372,250	363,250	-
Total	500,000	500,000	-
Foreign currencies			
Two-Step Loans (TSL)			
Third parties			
Asian Development Bank (ADB) (Note 62B.(iv))	165,045	186,790	191,501
	665,045	686,790	191,501
Less: unamortised issuance cost	(828)	(1,060)	-
Net	**664,217**	**685,730**	**191,501**

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)

Medium Term Notes Subordination I Bank Mandiri

In order to strengthen the capital structure and long-term funding structure, as well as support the credit expansion, on July 31, 2018, Bank Mandiri issued Subordinated Medium Term Notes I Bank Mandiri 2018 (the "Subordinated MTN I") amounted to Rp500,000. On December 31, 2019, the unamortised issuance cost of Subordinated MTN I amounted to Rp828.

Subordinated MTN I for a period of 5 (five) years that will mature on July 31, 2023, issued scriptless with a fixed rate of 8.50% per annum. The Trustee of the Subordinated MTN I issuance is PT Bank Permata Tbk.

Interest of Subordinated MTN I is paid on quarterly basis, starting from October 31, 2018, while the last interest payments which is also the maturity date and settlement date of subordinated MTN I is on July 31, 2023. The principal of MTN I will be fully repaid on the maturity date.

Subordinated MTN I can be treated as supplementary capital components (Tier 2) according to approval from financial services authority through letter No. S-109/PB.31/2018 dated September 20, 2018.

Prior to fully repayment of the MTN, Bank Mandiri is obliged to: (i) maintain at all times soundness financial condition in accordance to OJK regulation; (ii) maintain a minimum level of soundness composite rating of 3 (three) which is categorised as "fair", according to internal assessment based on OJK regulation and/or Bank Indonesia; (iii) obtain to comply with all requirements and exercise all necessary things to keep the authority, license and approval (from government or other authorities) comply with requirement in accordance to Republic of Indonesia's law.

Bank Mandiri without written permission from Trustee shall not: (i) reduce authorised, issued and paid in capital, except required by government, authorised by the Authorities or Bank Indonesia; (ii) change the core business; (iii) perform merger, either take over by other entity which lead to dissolution of Bank Mandiri.

Subordinated MTN I is not guaranteed by a special collateral, except guarantee which refer to Article 1131 and 1132 of Indonesian civil law (UU *Hukum Perdata*) which is cover all the Bank's either moving objects and objects that are not moving, present or future.

There was no breach of the Trustee restrictions agreement on Subordinated MTN I during the year ended on December 31, 2019.

As of December 31, 2019, rating of MTN Subordinated I based on Pefindo was idAA (double A).

Two-step loans - Asian Development Bank

This account represents a credit facility from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are relent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
ADB 1327 - INO (SF)	Funding Micro Credit Project (PKM).	January 15, 2005 - July 15, 2029 with 1st installment on January 15, 2005.

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)

Two-step loans - Asian Development Bank (continued)

The details of credit facilities from ADB are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
ADB Loan 1327 - INO (SF)	**165,045**	**186,790**	**191,501**

The Minister of Finance through its letter No. S-596/MK.6/2004 dated July 12, 2004, has been approved the transfer of management of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated April 27, 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated April 22, 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated July 16, 2004.

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every January 15 and July 15, with the first installment paid on January 15, 2005 and will end on July 15, 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every January 15 and July 15, every year starting from its drawdown.

38. TEMPORARY *SYIRKAH* FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Third parties			
Demand deposits - restricted Investment	2,963,613	674,923	518,963
Demand deposits - *Mudharabah Musytarakah*	6,207	7,319	6,322
	2,969,820	**682,242**	**525,285**

The demand deposits - restricted investment are deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY *SYIRKAH* FUNDS (continued)

Temporary *Syirkah* funds consists of (continued):

a. Deposits from Customers (continued)

2) Saving Deposits

a. Based on type:

	December 31, 2019	December 31, 2018	December 31, 2017
Related parties (Note 56)			
Mudharabah saving deposits - unrestricted investment			
BSM saving deposits	206,964	144,132	34,012
Berencana BSM saving deposits	309	457	482
Mabrur saving deposits	52	158	104
Investa Cendekia saving Deposits	179	63	186
	207,504	144,810	34,784
Third parties			
Saving deposits - restricted investment	787,424	908,012	1,331,247
Mudharabah saving deposits - unrestricted investment			
BSM saving deposits	27,587,172	24,651,395	21,847,528
Mabrur saving deposits	4,954,428	4,531,105	4,063,954
Retirement saving deposits	583,159	547,837	404,566
Investa Cendekia saving deposits	405,563	387,273	369,442
Berencana BSM saving deposits	147,921	147,704	148,896
Qurban saving deposits	255	284	319
	34,465,922	31,173,610	28,165,952
Total	**34,673,426**	**31,318,420**	**28,200,736**

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY *SYIRKAH* FUNDS (continued)

Temporary *Syirkah* funds consists of (continued):

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

b. Ranging of the annual profit sharing ratio (*nisbah)* for *Mudharabah* saving deposits - unrestricted investment:

	December 31, 2019	December 31, 2018	December 31, 2017
Profit sharing ratio (*nisbah*)	0.47% - 4.72%	0.86% - 4.71%	0.61% - 4.97%

3) *Mudharabah* Time Deposit - unrestricted investment

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Related parties (Note 56)	1,510,315	2,127,451	931,490
Third parties	41,404,074	36,969,676	33,172,990
Total	42,914,389	39,097,127	34,104,480
Foreign currency			
Related parties (Note 56)	16,101	4,895	7,825
Third parties	2,442,467	3,802,395	3,384,283
Total	2,458,568	3,807,290	3,392,108
	45,372,957	**42,904,417**	**37,496,588**

b. Deposits from Other Banks

	December 31, 2019	December 31, 2018	December 31, 2017
Third parties			
Mudharabah saving deposits - unrestricted investment	343,098	277,312	316,574
Mudharabah time deposits - unrestricted investment	102,929	156,298	128,715
Total	**446,027**	**433,610**	**445,289**

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY *SYIRKAH* FUNDS (continued)

Temporary *Syirkah* funds consists of (continued):

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

1) By contract period:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
1 month	30,575,948	30,129,639	27,430,422
3 months	6,962,624	4,618,576	2,819,012
6 months	1,875,956	1,646,362	1,390,061
12 months	3,602,790	2,858,848	2,593,700
Total	43,017,318	39,253,425	34,233,195
Foreign currency			
1 month	1,623,141	3,402,932	2,912,949
3 months	390,890	195,471	182,305
6 months	67,116	47,537	43,257
12 months	377,421	161,350	253,597
Total	2,458,568	3,807,290	3,392,108
	45,475,886	**43,060,715**	**37,625,303**

2) By remaining period until maturity date:

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah			
Less than 1 month	31,615,397	31,127,591	28,666,786
1 - 3 months	7,447,123	4,901,920	2,709,869
3 - 6 months	1,954,776	1,531,852	1,345,104
6 - 12 months	2,000,022	1,692,062	1,511,436
Total	43,017,318	39,253,425	34,233,195
Foreign currency			
Less than 1 month	1,786,146	3,522,633	2,923,800
1 - 3 months	286,742	131,423	332,626
3 - 6 months	65,946	39,054	35,438
6 - 12 months	319,734	114,180	100,244
Total	2,458,568	3,807,290	3,392,108
	45,475,886	**43,060,715**	**37,625,303**

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY *SYIRKAH* FUNDS (continued)

Temporary *Syirkah* funds consists of (continued):

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

2) By remaining period until maturity date (continued):

Mudharabah time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilisation of its fund based on an agreed profit sharing ratio (*nisbah*) arranged in *Mudharabah Muthlaqah* agreement.

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

	December 31, 2019	December 31, 2018	December 31, 2017
Rupiah	4.11% - 5.90%	3.98% - 5.89%	4.00% - 6.21%
Foreign currency	0.64% - 1.57%	0.62% - 1.57%	0.61% - 1.66%

4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp6,190,705, Rp5,403,875 and Rp8,442,310 as of December 31, 2019, 2018 and 2017, respectively.

39. NONCONTROLLING INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents noncontrolling interests in net assets of consolidated Subsidiaries are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
PT AXA Mandiri Financial Services	1,423,616	1,116,480	1,063,407
PT Bank Mandiri Taspen	1,258,073	1,088,584	617,375
PT Mandiri Tunas Finance	1,219,224	1,047,216	866,487
PT Asuransi Jiwa InHealth Indonesia	261,336	257,883	285,625
PT Mandiri Utama Finance	271,061	247,318	242,438
PT Mandiri Sekuritas	290	239	195
PT Mandiri Capital Indonesia	72	68	84
PT Mandiri AXA General Insurance*)	-	-	211,678
Total	**4,433,672**	**3,757,788**	**3,287,289**

*) PT Mandiri AXA General Insurance was no longer Subsidiary since November 21, 2018 (see Note 1.g)

(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank's authorised, issued and fully paid capital as of December 31, 2019, 2018 and 2017, respectively, are as follows:

	December 31, 2019			
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
Authorised Capital				
Share series A Dwiwarna	1	250	250	0.00%
Common shares series B	63,999,999,999	250	15,999,999,999,750	100.00%
Total Authorised Capital	**64,000,000,000**		**16,000,000,000,000**	**100.00%**
Issued and Fully Paid Capital				
Share series A Dwiwarna				
Republic of Indonesia	1	250	250	0.00%
Common Shares Series B				
Republic of Indonesia	27,999,999,999	250	6,999,999,999,750	60.00%
Board of Comissioners:				
Kartika Wirjoatmodjo	789,000	250	197,250,000	0.00%
Ardan Adiperdana	319,500	250	79,875,000	0.00%
R. Widyo Pramono	249,900	250	62,475,000	0.00%
Direksi:				
Royke Tumilaar	786,100	250	196,525,000	0.00%
Sulaiman Arif Arianto	1,103,558	250	275,889,500	0.00%
Hery Gunardi	1,102,100	250	275,525,000	0.00%
Rico Usthavia Frans	684,100	250	171,025,000	0.00%
Darmawan Junaidi	529,500	250	132,375,000	0.00%
Ahmad Siddik Badruddin	1,680,700	250	420,175,000	0.00%
Alexandra Askandar	753,600	250	188,400,000	0.00%
Agus Dwi Handaya	415,100	250	103,775,000	0.00%
Panji Irawan	345,100	250	86,275,000	0.00%
Donsuwan Simatupang	345,100	250	86,275,000	0.00%
Riduan	158,400	250	39,600,000	0.00%
Public (less than 5% each)	18,657,404,908	250	4,664,351,227,000	40.00%
	46,666,666,666		**11,666,666,666,500**	**100.00%**

	December 31, 2018			
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
Authorised Capital				
Share series A Dwiwarna	1	250	250	0.00%
Common shares series B	63,999,999,999	250	15,999,999,999,750	100.00%
Total Authorised Capital	**64,000,000,000**		**16,000,000,000,000**	**100.00%**
Issued and Fully Paid Capital				
Share series A Dwiwarna				
Republic of Indonesia	1	250	250	0.00%
Common Shares Series B				
Republic of Indonesia	27,999,999,999	250	6,999,999,999,750	60.00%
Board of Comissioners:				
Imam Apriyanto Putro	114,300	250	28,575,000	0.00%
Askolani	109,000	250	27,250,000	0.00%
Ardan Adiperdana	109,000	250	27,250,000	0.00%
R. Widyo Pramono	39,400	250	9,850,000	0.00%
Directors:				
Kartika Wirjoatmodjo	269,100	250	67,275,000	0.00%
Sulaiman Arif Arianto	635,658	250	158,914,500	0.00%
Royke Tumilaar	344,200	250	86,050,000	0.00%
Hery Gunardi	660,200	250	165,050,000	0.00%
Darmawan Junaidi	87,600	250	21,900,000	0.00%
Rico Usthavia Frans	242,200	250	60,550,000	0.00%
Ahmad Siddik Badruddin	1,238,800	250	309,700,000	0.00%
Agus Dwi Handaya	70,000	250	17,500,000	0.00%
Alexandra Askandar	408,500	250	102,125,000	0.00%
Public (less than 5% each)	18,662,338,708	250	4,665,584,677,000	40.00%
	46,666,666,666		**11,666,666,666,500**	**100.00%**

(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

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

The Bank's authorised, issued and fully paid capital as of December 31, 2019, 2018 and 2017, respectively, are as follows (continued) :

	December 31, 2017			
	Number of shares	Nominal value per share (full amount)	Share value (full amount)	Percentage of ownership
Authorized Capital				
Share series A Dwiwarna	1	250	250	0.00%
Common shares series B	63,999,999,999	250	15,999,999,999,750	100.00%
Total Authorized Capital	**64,000,000,000**		**16,000,000,000,000**	**100.00%**
Issued and Fully Paid Capital				
Share series A Dwiwarna				
Republic of Indonesia	1	250	250	0.00%
Common Shares Series B				
Republic of Indonesia	27,999,999,999	250	6,999,999,999,750	60.00%
Directors:				
Sulaiman Arif Arianto	380,058	250	95,014,500	0.00%
Ogi Prastomiyono	971,000	250	242,750,000	0.00%
Hery Gunardi	418,000	250	104,500,000	0.00%
Tardi	925,000	250	231,250,000	0.00%
Ahmad Siddik Badrudin	996,600	250	249,150,000	0.00%
Kartini Sally	360,000	250	90,000,000	0.00%
Royke Tumilaar	102,000	250	25,500,000	0.00%
Public (less than 5% each)	18,662,514,008	250	4,665,628,502,000	40.00%
	46,666,666,666		**11,666,666,666,500**	**100.00%**

As of December 31, 2018, there was a change of ownership of the stock owned by the Board of Commissioners of Bank Mandiri, where the ownership of shares in the prior year was nil. The share ownership was related to the implementation of OJK regulation No. 45/POJK.03/2015, about the application of corporate governance in granting of remuneration for commercial banks, where as member of Directors and Non Independent Board of Commissioners of are entitled to variable remuneration in form of Bank's share for 2017 financial performance.

Shares owned by the Board of Commissioners and Board of Directors for the years ended December 31, 2019, 2018 and 2017 amounted to 9,261,758 shares, 4,327,958 shares and 4,152,658 shares, or 0.01%, 0.01% and 0.01% of the total number of authorised shares, respectively.

The determination of issued and fully paid capital amounted to Rp4,000,000 by the Government of the Republic of Indonesia at the date of establishment of Bank Mandiri was carried out as follows:

1. Cash payment through Bank Indonesia amounted to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounted to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated October 2, 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares as payment for new shares to be issued by Bank Mandiri.

40. SHARE CAPITAL (continued)

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

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated July 24, 1999, the shareholders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result of an excess from recapitalisation bonds issued under the First Recapitalisation Program as per Government Regulation No. 52 year 1999.

Based on the Extraordinary General Meeting of Shareholders resolution dated May 29, 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated May 29, 2003, the shareholders approved these following matters:

(i) Execution of Initial Public Offering.
(ii) Changes in capital structure of Bank Mandiri.
(iii) Changes in articles of association of Bank Mandiri.

In relation to the shareholders decision to change the capital structure, Bank Mandiri increased its issued and fully paid capital to Rp10,000,000 and split the share price (stock split) from Rp1,000,000 (full amount) per share to Rp500 (full amount) per share. Accordingly, the number of authorised shares increased from 16,000,000 shares to 32,000,000,000 shares, and the number of issued and fully paid shares increased from 10,000,000 shares with a nominal value of Rp1,000,000 (full amount) to 20,000,000,000 shares with a nominal value of Rp500 (full amount) which consists of 1 Dwiwarna share Series A and 19,999,999,999 Common shares Series B which owned by the Republic of Indonesia.

In relation to the change in capital structure of Bank Mandiri, the Extraordinary General Meeting of Shareholders also approved the allocation on part of recapitalisation fund amounted to Rp168,801,315 as share premium.

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

The Dwiwarna share Series A represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Meeting of Shareholders can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

The agenda of General Meeting of Shareholders where the shareholder of Dwiwarna Series A are mandatory to attend and approve are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment of the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Sutjipto, S.H. No. 2 dated June 1, 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through Decision Letter No. C-12783.HT.01.04.TH.2003 dated June 6, 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated August 8, 2003.

40. SHARE CAPITAL (continued)

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

The increase in issued and fully paid capital of Bank Mandiri from Rp4,251,000 to Rp10,000,000 was made through the following:

1. Partial return of fully paid capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounted to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation No. 26 year 2003 dated May 29, 2003, regarding the Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero), and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated October 29, 2002.

2. Increase in fully paid capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia ("KMK RI") No. 227/202.02/2003 dated May 23, 2003 regarding "The Final Amount and Implementation of the Government's Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program".

Management Stock Option Plan

Based on the Extraordinary General Meeting of Shareholders held on May 29, 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated May 29, 2003, the shareholders' agreed on employee stock ownership plan through an Employee Stock Allocation ("ESA") Program (ESA) and a Management Stock Option Plan ("MSOP"). The ESA program consists of a Share Plan and a Share Purchase at Discount program. MSOP is designated for Directors and Senior Management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs are performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On July 14, 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated June 2, 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated January 19, 2004, the Government of the Republic of Indonesia divested an additional 10.00% of ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on March 11, 2004 through private placement.

On July 14, 2003, the date of the IPO, through MSOP Stage 1, the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounted to Rp69.71 (full amount) per share options. MSOP Stage 1 has been exercised in total 375,365,957 shares, thereby increasing the total issued and fully paid capital by Rp187,683, share premium by Rp117,193. MSOP stage 1 could be exercised until July 13, 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated July 14, 2004.

40. SHARE CAPITAL (continued)

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

Management Stock Option Plan (continued)

The Annual General Meeting of Shareholders on May 16, 2005 approved MSOP Stage 2 amounted to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounted to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised in total 311,713,697 shares thereby increasing the total issued and fully paid capital by Rp155,857 and share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from May 4, 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated February 2, 2007. The un-exercised MSOP Stage 2 stock option was 286,303 shares or amounted to Rp184 that has expired and recorded as additional paid-in capital/share premium.

The Annual General Meeting of Shareholders on May 22, 2006 approved MSOP Stage 3 amounted to 309,416,215 share options. The General Shareholders Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounted to Rp593.89 (full amount) per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid capital by Rp154,707 and share premium by Rp491,651. The execution period of MSOP Stage 3 ended in February 2011, before the commencement Bank Mandiri pre-emptive rights trading dated February 14, 2011 until February 21, 2011. The un-exercised MSOP Stage 3 stock option was 1,127 shares or amounted to Rp4 that has expired and recorded as additional paid-in capital/share premium.

On December 27, 2010, Bank Mandiri submitted a first registration to OJK (formerly Capital Market Supervisory Board and Financial Institution (Bapepam and LK)) in relation to the Limited Public Offering (LPO) to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 shares series B. The Limited Public Offering has been approved by the Board of Commissioners through its letter dated April 29, 2010. The Bank has submitted the notification letter regarding the Limited Public Offering to Bank Indonesia through its letter dated September 17, 2010. The Limited Public Offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated November 20, 2010.

LPO has been approved by Bapepam and LK through its letter No. S-807/BL/2011 dated January 27, 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on January 28, 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of February 14 - 21, 2011 with an exercise price of Rp5,000 (full amount) per share which resulted in an additional of issued and paid-up capital amounted to Rp1,168,420.

40. SHARE CAPITAL (continued)

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

Management Stock Option Plan (continued)

Based on the Extraordinary Annual Meeting held on August 21, 2017, shareholders of Bank Mandiri approved to split Bank Mandiri's stock from Rp500 (full amount) per share to Rp250 (full amount) per share which made Bank Mandiri's equity amounted to 46,666,666,666 shares consist of 1 share series A Dwiwarna and 46,666,666,665 common share series B. There are no changes for Bank Mandiri's authorised, issued and fully paid capital which caused by the stock split. The stock split effective started from September 13, 2017.

b. Additional Paid-In Capital/Share Premium

The additional paid-in capital/share premium as of December 31, 2019, 2018 and 2017 amounted to Rp17,316,192 is derived from LPO and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in UGM and BDP. The share premium amount of Rp17,316,192 already includes the share premium from LPO (Note 40a) amounted to Rp10,515,774 before deducted by expenditures related to the LPO amounted to Rp274,078. The additional share premium in 2013 amounted Rp113,817 in the consolidated financial statements (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to controlling entity, which represents the difference between selling price and book value of shares in consolidated financial statements.

The difference between selling price and book value of shares recorded as share premium in Parent Entity and consolidated financial statements are amounted to Rp273,932 and Rp113,817, respectively.

Based on the results of a due diligence review conducted on behalf of the Government dated December 31, 1999 and Management Contract (IMPA) dated April 8, 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on July 7, 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on April 25, 2003 based on approval from the shareholders during its meeting on October 29, 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated October 29, 2002.

The refund for above excess of recapitalisation amounted to Rp1,412,000 includes a portion of issued and fully paid capital of Rp251,000.

On May 23, 2003, the Minister of Finance of the Republic of Indonesia issued Decree (KMK-RI) No. 227/KMK.02/2003 dated May 23, 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated September 30, 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri’s capital.

(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

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

The following are the matters decided under the KMK-RI:

a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as share premium within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as of April 30, 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

c. Distribution of net income

Based on the Annual General Shareholders' Meeting held on May 16, 2019, March 21, 2018 and March 14, 2017, the shareholders approved the distribution of the 2018, 2017 and 2016 net income as follows:

	2018	2017	2016
Dividends	11,256,759	9,287,857	6,212,954
Retained Earnings Unappropriated	13,758,262	11,351,826	7,593,611
	25,015,021	20,639,683	13,806,565
Dividend per share (full amount)	241.216272	199.025516	266.26947

Dividends from 2018 net income amounted to Rp11,256,759 were paid on June 19, 2019, dividends from 2017 net income amounted to Rp9,287,857 were paid on April 20, 2018 and dividends form 2016 net income amounted to Rp6,212,954 were paid on April 13, 2017. Payment of dividends were recorded in the consolidated statement of changes in equity at the year the payment was made.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	Years ended December 31,		
	2019	2018	2017
Interest income			
Loans	69,228,698	61,997,206	59,116,422
Government bonds	6,951,891	5,109,443	5,176,335
Marketable securities	2,694,677	2,003,041	2,636,441
Consumer financing income	3,670,767	3,339,294	1,962,392
Placements with Bank Indonesia and other banks	1,248,275	1,273,910	1,570,139
Others	636,867	731,488	593,373
	84,431,175	**74,454,382**	**71,055,102**

(Expressed in millions of Rupiah, unless otherwise stated)

41. INTEREST INCOME AND SHARIA INCOME (continued)

Interest income and sharia income are as follow (continued):

	Years ended December 31,		
	2019	**2018**	**2017**
Sharia income			
Murabahah and *Istishna* income - net	4,776,750	4,565,821	4,336,028
Musyarakah income	2,015,342	1,616,886	1,384,132
Mudharabah income	248,319	330,120	363,818
Ijarah income - net	53,504	25,361	145,568
	7,093,915	**6,538,188**	**6,229,546**
Total	**91,525,090**	**80,992,570**	**77,284,648**

Included in interest income from loans is interest income recognised on the non-impaired portion of the impaired loans (time value unwinding) for the years ended December 31, 2019, 2018 and 2017 amounted to Rp511,176, Rp589,769 and Rp761,192 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the years ended December 31, 2019, 2018 and 2017 amounted to Rp3,334,201, Rp2,647,879 and Rp2,245,554, respectively.

Included in interest income is interest income from financial asset that measures in fair values through profit and loss amounted to Rp131,181, Rp438,709 and Rp476,064 for the years ended on December 31, 2019, 2018 and 2017, respectively.

As of December 31, 2019, 2018 and 2017 included in interest income and sharia income was income from transaction with related parties on government bonds and treasury bills amounted to Rp6,951,891, Rp5,109,695 andr Rp5,300,754, respectively (refer to Note 56).

42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	Years ended December 31,		
	2019	**2018**	**2017**
Interest expense			
Time deposits	14,826,827	12,993,991	13,701,237
Demand deposits	4,984,326	2,969,636	2,885,522
Fund borrowings	3,525,738	2,998,149	1,902,168
Saving deposits	3,416,706	3,283,606	2,839,300
Debt securities issued	2,282,866	1,415,414	1,316,516
Subordinated loans and marketable securities	1,205	2,931	2,775
Others	32,558	46,901	107,639
	29,070,226	**23,710,628**	**22,755,157**

(Expressed in millions of Rupiah, unless otherwise stated)

42. INTEREST EXPENSE AND SHARIA EXPENSE (continued)

Interest expense and sharia expense are incurred on the following (continued):

	Years ended December 31,		
	2019	**2018**	**2017**
Sharia expense			
Mudharabah deposits	2,402,722	2,079,279	1,989,111
Mudharabah saving deposits	532,066	505,173	453,491
Restricted Investments	68,446	74,779	98,476
Musytarakah - mudharabah musytarakah	23	35	51
Certificate of interbank *mudharabah* investment	11,419	44	1
	3,014,676	**2,659,310**	2,541,130
	32,084,902	**26,369,938**	**25,296,287**

Included in interest expense and sharia expense are interest expense from related parties transactions related to interest expense of fund borrowing for the years ended December 31, 2019, 2018 and 2017 amounted to Rp51,349, RpNil and Rp971(Note 56).

43. TRADING INCOME - NET

	Years ended December 31,		
	2019	**2018**	**2017**
Interest income	323,608	377,916	285,921
Unrealised gain/(loss) from increase/(decrease) in fair value - net	160,682	(241,168)	121,043
Gain from derivatives transactions - net	2,915,844	3,397,330	2,951,126
Gain from sales - net	471,486	123,212	113,577
Total	**3,871,620**	**3,657,290**	**3,471,667**

44. OTHER OPERATING INCOME - OTHERS

	Years ended December 31,		
	2019	**2018**	**2017**
Recoveries from write-offs loans and sharia loan/financing	4,672,320	5,485,853	4,206,354
Income from mutual fund dividend	575,790	477,303	414,699
Income from penalty	337,755	313,651	219,224
Income from loan written off	200,744	202,829	211,062
Safety deposit box	41,667	41,764	42,037
Stamp duty income	34,613	37,969	41,750
Others	2,539,454	4,441,620	1,775,299
Total	**8,402,343**	**11,000,989**	**6,910,425**

(Expressed in millions of Rupiah, unless otherwise stated)

45. ALLOWANCE FOR IMPAIRMENT LOSSES

	Years ended December 31,		
	2019	**2018**	**2017**
(Allowance)/reversal for provision of impairment losses on:			
Current accounts with other banks (Note 5d)	(248)	(1,703)	44
Placements with other banks (Note 6d)	51	(115)	53,290
Marketable securities (Note 7g)	11,701	(20,263)	(8,420)
Other receivables - trade transactions (Note 9d)	262,928	(178,324)	425,563
Loans (Note 12B.j)	(11,468,133)	(13,481,957)	(15,458,493)
Consumer financing receivables (Note 13d)	(564,224)	(638,849)	(640,151)
Net investment finance leases (Note 14d)	(17,342)	(3,950)	(5,784)
Acceptance receivables (Note 15d)	65,114	(49,878)	(9,783)
Investments in shares (Note16c)	(32,833)	(19,934)	(2,651)
Total	**(11,742,986)**	**(14,394,973)**	**(15,646,385)**

46. (PROVISION FOR)/REVERSAL OF OTHER ALLOWANCES

	Years ended December 31,		
	2019	**2018**	**2017**
(Allowance)/reversal provision for:			
Estimated losses arising from legal cases	810	7,568	33,099
Losses from operational risk - internal fraud	(28,339)	-	
Losses from operational risk - external fraud	(22,768)	(5,580)	(7,625)
Fines/penalty	(9,722)	-	-
Losses from operational risk - business activity disruption and system failure	(1,455)	-	-
Losses from operational risk - management execution, delivering and processing	(1,227)	-	-
Estimated losses arising from fraud cases	(17)	18	(58,785)
Losses from other operational	-	(7,282)	-
Other assets (Note 20)	(4,544)	(56,222)	(98,739)
Total	**(67,262)**	**(61,498)**	**(132,050)**

47. UNREALISED (LOSSES)/GAINS FROM (DECREASE)/INCREASE IN FAIR VALUE OF POLICYHOLDERS INVESTMENT IN UNIT-LINK CONTRACTS

	Years ended December 31,		
	2019	**2018**	**2017**
Changes in fair value of policyholders' investment and increase/(decrease) in liability in unit-link contracts			
- Change in fair value of policyholders' investment	1,759	1,802,602	3,311,638
- Increase in liability in unit-link contracts	(1,759)	(1,802,602)	(3,311,638)
Others	8,205	(18,483)	46,849
Total	**8,205**	**(18,483)**	**46,849**

(Expressed in millions of Rupiah, unless otherwise stated)

48. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	Years ended December 31,		
	2019	**2018**	**2017**
Marketable securities	352,269	229,509	35,471
Government bonds	501,581	444,578	744,522
Total	**853,850**	**674,087**	**779,993**

49. SALARIES AND EMPLOYEE BENEFITS

	Years ended December 31,		
	2019	**2018**	**2017**
Salaries, wages, pension and tax allowances	10,401,672	9,518,261	8,634,555
Religious holidays allowance, leave and related entitlements	1,792,326	1,700,249	1,497,603
Employee benefits in kind	1,282,235	1,245,430	1,029,001
Training and education	708,207	708,193	650,741
Provision for post-employment benefit expenses	621,878	608,573	466,422
Provision of tantiem	307,435	222,595	198,282
Bonuses and others	2,107,293	2,319,468	2,382,038
Total	**17,221,046**	**16,322,769**	**14,858,642**

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President (Bank and Subsidiaries) are amounted to Rp1,380,804, Rp1,295,170 and Rp1,153,809 (Note 56) for the years ended December 31, 2019, 2018 and 2017, respectively, as follows:

	Years ended December 31, 2019			
	Salaries and allowance	**Bonus and tantiem**	**Long-term employment benefits**	**Total**
The Board of Commissioners	48,341	109,503	5,457	163,301
Directors	177,649	334,623	18,914	531,186
Audit Committee and Risk Monitoring Committee	6,555	206	34	6,795
Sharia Supervisory Board	2,073	602	300	2,975
Senior Executive Vice Presidents and Senior Vice President	410,517	242,509	23,521	676,547
Total	**645,135**	**687,443**	**48,226**	**1,380,804**

(Expressed in millions of Rupiah, unless otherwise stated)

49. SALARIES AND EMPLOYEE BENEFITS (CONTINUED)

	Years ended December 31, 2018			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	49,776	89,171	6,128	145,075
Directors	175,845	272,537	27,169	475,551
Audit Committee and Risk Monitoring Committee	5,824	129	18	5,971
Sharia Supervisory Board	2,266	496	-	2,762
Senior Executive Vice Presidents and Senior Vice President	417,077	228,414	20,320	665,811
Total	**650,788**	**590,747**	**53,635**	**1,295,170**

	Years ended December 31, 2017			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	50,089	71,983	5,049	127,121
Directors	151,721	196,428	18,394	366,543
Audit Committee and Risk Monitoring Committee	4,744	-	-	4,744
Sharia Supervisory Board	1,669	253	300	2,222
Senior Executive Vice Presidents and Senior Vice Presidents	439,683	184,027	29,469	653,179
Total	**647,906**	**452,691**	**53,212**	**1,153,809**

50. GENERAL AND ADMINISTRATIVE EXPENSES

	Years ended December 31,		
	2019	2018	2017
Professional fees	4,220,894	4,123,776	3,728,299
Rent	2,217,764	2,132,616	2,043,611
Goods/services provided by third parties	2,111,231	1,728,393	1,544,818
Repairs and maintenance	1,490,891	1,483,710	1,401,012
Depreciation of fixed assets (Note 18)	1,464,796	1,311,681	1,389,147
Communication	1,277,576	1,191,526	1,092,507
Promotion	1,135,295	1,055,052	1,092,363
Office supplies	624,990	576,906	535,331
Amortisation of intangible assets	594,624	505,608	442,954
Electricity, water and gas	562,274	537,431	530,165
Transportations	499,671	441,454	409,895
Traveling expenses	234,038	208,139	189,770
Insurance expenses	78,461	79,224	73,725
Others	1,122,548	1,211,489	931,982
	17,635,053	**16,587,005**	**15,405,579**

For the years ended December 31, 2019, 2018 and 2017, promotions expenses include the reward/prize expenses of third party funds amounted to Rp60,886, Rp63,868 and Rp59,486, respectively.

51. PENSION PLAN AND SEVERANCE PAY

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as religious holiday allowance, medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance and post-employment benefits in accordance with prevailing Labor Law.

Pension Plan

Bank Mandiri has five pension plans in the form of Employer Pension Plans (DPPK) as follows:

a. One defined contribution pension fund, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PPIP) or Bank Mandiri Pension Fund (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on August 1, 1999 based on Board of Directors's resolution No. 004/KEP.DIR/1999 dated April 26, 1999 regarding Pension Plan of Bank Mandiri's pension fund. Regulation established by Bank Mandiri pension fund were approved by the Minister of Finance of the Republic of Indonesia through its Decision Letter No. KEP/300/KM.017/1999 dated July 14, 1999 and was published in Supplement of the State Gazette of the Republic of Indonesia No. 62 dated August 3, 1999.

   The Pension Plan of Bank Mandiri's pension fund has been amended several times to comply with prevailing law, as follow:

   1. Based on the resolution of Board of Directors of Bank Mandiri No. 068/KEP.DIR/2005 dated June 28, 2005, the Pension Plan of Bank Mandiri's Pension Fund was amended to increase the pension benefits for the members who already deceased, disable and changed in retirement age of the members. The amended pension plan has been approved by Ministry of Finance through its letter No. KEP-213/KM.5/2005 dated July 22, 2005 and published in supplement of the State Gazette of Republic Indonesia No. 77 dated September 27, 2005.

   2. Based on the resolution of Board of Directors of Bank Mandiri No. KEP.DIR/415A/2016 dated December 7, 2016, the Pension Plan of Bank Mandiri's Pension Fund was amended to adjust the retirement age of the employees based on amendment of Collective Labor Agreement for period 2015 - 2017 and prevailing policy in PT Bank Mandiri (Persero) Tbk. The amended pension plan has been approved by Otoritas Jasa Keuangan (OJK) No. KEP-24/NB.1/2017 dated May 17, 2017 and published in Supplement of the State Gazzate of Republic of Indonesia No. 60 dated July 28, 2017.

   3. Based on the Resolution Board of Directors No. KEP.DIR/005/2018 dated February 28, 2018, the Pension Plan of Bank Mandiri's Pension Fund was amended to comply with OJK Regulation No. 5/POJK.05/2017 regarding Contribution, Pension Benefits and Other Benefits provided by the Pension Fund. The amended Pension Plan has been approved by OJK through its Decision Letter No. KEP-125/NB.11/2018 dated March 12, 2018.

   The pension contribution is recorded for each members, which jointly borneby the employer and the members:

   1. The member is obliged to contribute 5% (five per hundred) of basic pension income.
   2. The employer is obliged to contribute 10% (ten per hundred) of basic pension income.

   The Bank Mandiri's pension funds invest their financial resources in time deposits and deposits on call at Bank Mandiri. Balance on time deposits and deposit on call as of December 31, 2019, 2018 and 2017 amounted to Rp11,250, Rp37,000 and RpNil, respectively. The interest rate of the deposits are the same with interest rate for third party time deposits.

   For the years ended December 31, 2019, 2018 and 2017, Bank has paid pension contribution of Rp456,717, Rp431,438 and Rp405,245, respectively.

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

b. Four employer's pension funds provide defined benefits program (DPPK-PPMP), which from the merger of four (4) legacy banks, namely:
   1. Dana Pensiun Bank Mandiri One (Bank Bumi Daya),
   2. Dana Pensiun Bank Mandiri Two (Bank Dagang Negara),
   3. Dana Pensiun Bank Mandiri Three (Bank Exim) and
   4. Dana Pensiun Bank Mandiri Four (Bank Pembangunan Indonesia),

The members of the pension funds are employees from legacy bank with working period of 3 years or more at the merger date which were active employees, ex employees (resigned but did not transfer his/her right to other pension fund) and retired members.

The pension plans for each pension funds have been approved by Minister of Finance of the Republic of Indonesia through letter No. KEP-394/KM.017/1999, No. KEP-395/KM.017/1999, No. KEP-396/KM.017/1999 and No. KEP-397/KM.017/1999 all dated November 15, 1999. Based on shareholder's approval No. S-923/M-MBU/2003 dated March 6, 2003, Bank Mandiri has adjusted the pension benefits of each of the Pension Fund One to Pension Fund Four. The plan decision has been stated in the Pension Fund Plan (PDP) and have been approved by the Minister of Finance through letter No. KEP/115/KM.6/2003 for PDP Pension Fund Bank Mandiri One, No. KEP/116/KM.6/2003 for Bank Mandiri Pension Fund Two, No. KEP/117/KM.6/2003 for Bank Mandiri Pension Fund Three and No. KEP/118/KM.6/2003 for Bank Mandiri Pension Fund Four, all dated March 31, 2003.

The pension plan of Pension Fund Bank Mandiri One, Pension Fund Bank Mandiri Two, Pension Fund Bank Mandiri Three and Pension Fund Bank Mandiri Four have been amended several times to follow the prevailing law, which were:

1. Based on resolution of General Meeting of Shareholders (GMS) on May 28, 2007, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-144/KM.10/2007 (Pension Fund One); No. KEP-145/KM.10/2007 (Pension Fund Two); No. KEP-146/KM.10/2007 (Pension Fund Three) and No. KEP-147/KM.10/2007 (Pension Fund Four), all dated July 20, 2007.

2. Based on resolution of General Meeting of Shareholders (GMS) on May 17, 2010, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-441/KM.10/2010 (Pension Fund One); No. KEP-442/KM.10/2010 (Pension Fund Two); No. KEP-443/KM.10/2010 (Pension Fund Three) and No. KEP-444/KM.10/2010 (Pension Fund Four), all dated August 10, 2010.

3. Based on resolution of General Meeting of Shareholders (GMS) on May 23, 2011, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Ministry of Finance through letter No. KEP-588/KM.10/2011 (Pension Fund One); No. KEP-589/KM.10/2011 (Pension Fund Two); No. KEP-590/KM.10/2011 (Pension Fund Three) and No. KEP-591/KM.10/2011 (Pension Fund Four), all dated July 20, 2011.

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

4. Based on resolution of General Meeting of Shareholders (GMS) on April 2, 2013, Bank Mandiri increase the pension benefits of each Pension Funds. The increase in pension benefits were included in each pension benefits plan of the Pension Funds and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-349/NB.1/2013 (Pension Fund One); No. KEP-350/NB.1/2013 (Pension Fund Two); No. KEP-351/NB.1/2013 (Pension Fund Three) and No. KEP-352/NB.1/2013 (Pension Fund Four), all dated June 14, 2013.

   The GMS also approved additional other benefit and delegate an authority to Board of Commisioners to decide the increase of pension benefit and other benefits as long as it was in line with prevailing regulation which were after the increase of benefits or other benefit, the Adequacy of Funds Ratio (RKD) of Pension Funds One to Four were minimum at 115%.

5. Based on resolution of Board of Commisioners (BoC) of Bank Mandiri's meeting on July 2, 2014, Bank Mandiri provided other benefit for all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-1773/NB.1/2014 (Pension Fund One), No. KEP-1774/NB.1/2014 (Pension Fund Two), No. KEP-1775/NB.1/2014 (Pension Fund Three) and No. KEP-1776/NB.1/2014 (Pension Fund Four), all dated July 17, 2014.

6. Based on resolution of Board of Commisioners (BOC) of Bank Mandiri's meeting on June 3, 2015, Bank Mandiri provided other benefit for all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-525/NB.1/2015 (Pension Fund One), No. KEP-526/NB.1/2015 (Pension Fund Two), No. KEP-527/NB.1/2015 (Pension Fund Three) and No. KEP-528/NB.1/2015 (Pension Fund Four), all dated June 29, 2015.

7. Based on resolution of General Meeting of Shareholders (GMS) dated March 21, 2016, it was approved to change the minimum Ratio of Adequacy of Funds (RKD) for all Pension Fund One to Pension Fund Four, from intial of 115% to become 105%, and delegation authority to Board of Commisioners (BoC) to take decision on increase of pension benefits or other benefits as long as in accordance with prevailing regulation therefore after increase of pension benefits of other benefits, it should comply with minimum requirements:

   a. The ratio of Adequacy of Funds (RKD) after increase in pension benefit and or other benefits minimum at 105% based on mortality table set by the Founder.
   b. Still in surplus and would not trigger obligation for additional contribution or accounting obligation under SFAS 24.

8. Based on resolution of Board of Commisioners (BOC) of Bank Mandiri's meeting on June 22, 2016, Bank Mandiri provided increase in Pension Fund Three and provided other benefits to all pension funds and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-40/NB.1/2016 (Pension Fund One), No. KEP-41/NB.1/2016 (Pension Fund Two), No. KEP-42/NB.1/2016 (Pension Fund Three) and No. KEP-43/NB.1/2016 (Pension Fund Four), all dated June 29, 2016.

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

9. Based on resolution of Board of Directors No. KEP.DIR/415B/2016 (Pension Fund One), No. KEP.DIR/415C/2016 (Pension Fund Two), No. KEP.DIR/415D/2016 (Pension Fund Three) and No. KEP.DIR/415E/2016 (Pension Fund Four), all dated December 7, 2016 there were additional of clauses to the Pension Fund Plan of Pension Fund One to Pension Fund Four, as approved by Annual General Shareholders Meeting of Founder on April 2, 2013 and on March 21, 2016 regarding change of RKD to become 105%. The Pension Fund Plans have been approved by Board of Commisioners of OJK through letters No. KEP-81/NB.1/2016 (Pension Fund One), No. KEP-80/NB.1/2016 (Pension Fund Two), No. KEP-79/NB.1/2016 (Pension Fund Three) and No. KEP-78/NB.1/2016 (Pension Fund Four), all dated December 23, 2016.

10. Based on resolution of Board of Commisioners (BoC) of Bank Mandiri's meeting on May 3, 2017, Bank Mandiri increase the Pension Benefit and provided other benefit in form of additional benefits to all pension fund and have been approved by Board of Commisioners of Otoritas Jasa Keuangan ("OJK") through letter No. KEP-30/NB.1/2017 (Pension Fund One), No. KEP-31/NB.1/2017 (Pension Fund Two), No. KEP-32/NB.1/2017 (Pension Fund Three) and No. KEP-33/NB.1/2017 (Pension Fund Four), all dated June 9, 2017.

    With respect to the adjustment to the Pension Fund's Plan in form of increasement of Pension Benefit and Provision of other benefit to each Pension Fund, this also to align the Pension Fund's Plan with OJK regulation No. 5/POJK.05/2017 dated March 1, 2017, regarding Contribution, Pension Benefits and Other Benefits provided by the Pension Funds.

11. Based on resolution of Board of Commisioner (BoC) of Bank Mandiri's meeting on March 28, 2018, BoC approved provision of other benefit in form of additional benefit to all Pension Funds. This decision to provide other benefit in form of additional benefit were included in each Pension Funds Plan and have been approved by OJK through letter No. KEP-22/NB.1/2018 (Pension Fund One), No. KEP-23/NB.1/2018 (Pension Fund Two), No. KEP-24/NB.1/2018 (Pension Fund Three), No. KEP-25/NB.1/2018 (Pension Fund One), all dated April 16, 2018.

12. Based on resolution of Board of Commisioner (BoC) of Bank Mandiri's meeting on March 20, 2019, BoC approved provision of other benefit in form of additional benefit to all Pension Funds. This decision to provide other benefit in form of additional benefit were included in each Pension Funds Plan and have been approved by OJK through letter No. KEP-10/NB.1/2019 (Pension Fund One), No. KEP-11/NB.1/2019 (Pension Fund Two), No. KEP-12/NB.1/2019 (Pension Fund Three), No. KEP-13/NB.1/2019 (Pension Fund Four), all dated April 16, 2019.

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The actuarial calculation on pension benefits liability for Bank only as of December 31, 2019, 2018 and 2017 were based on estimated actuarial calculation for the years ended December 31, 2019, 2018 and 2017 as stated in report of PT Bestama Aktuaria dated January 2, 2020, January 7, 2019 and January 12, 2018 with method of "Projected Unit Credit".

The assumptions used for the years ended December 31, 2019, 2018 and 2017 are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	7.50% per annum (2018: 8.30% per annum) (2017: 7.40% per annum)	7.50% per annum (2018: 8.30% per annum) (2017: 7.40% per annum)	7.50% per annum (2018: 8.30% per annum) (2017: 7.40% per annum)	7.50% per annum (2018: 8.30% per annum) (2017: 7.40% per annum)
Expected rate of return on pension plan assets	9.50% per annum	9.50% per annum	9.50% per annum	9.50% per annum
Working period used	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999
Pensionable salary (PhDP) used	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	80% UN 2010 Male	80% UN 2010 Male	80% UN 2010 Male	80% UN 2010 Male
Turnover rate	5.00% for employees' at the age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' at the age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' at the age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' at the age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55
Disability rate	10.00% of mortality rate	10.00% of mortality rate	10.00% of mortality rate	10.00% of mortality rate
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Normal retirement age	48 years to 56 years depending on the grades	56 years for all grades	56 years for all grades	56 years for all grades
Expected rate of pension benefit increase	Nil	Nil	Nil	2.00% per year
Tax rates - average	3.00% of benefit	3.00% of benefit	3.00% of benefit	3.00% of benefit

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as of December 31, 2019, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,369,078)	(1,618,288)	(695,760)	(475,040)
Fair value of plan assets (unaudited)	1,606,734	1,675,488	751,528	533,980
Funded Status	237,656	57,200	55,768	58,940
Asset ceiling*)	(237,656)	(57,200)	(55,768)	(58,940)
Pension Plan Program Assets recognised in consolidated statement of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.
**) There are no plan assets recognised in the consolidated statements of financial position because the requirements under SFAS No. 24 regarding “Employee Benefits” are not fulfilled.

The projected benefit obligations and fair value of plan assets as of December 31, 2018 based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,436,183)	(1,672,113)	(726,850)	(495,946)
Fair value of plan assets (unaudited)	1,570,732	1,691,473	734,258	540,969
Funded Status	134,549	19,360	7,408	45,023
Asset ceiling*)	(134,549)	(19,360)	(7,408)	(45,023)
Pension Plan Program Assets recognised in consolidated statement of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.
**) There are no plan assets recognised in the consolidated statements of financial position because the requirements under SFAS No. 24 regarding “Employee Benefits” are not fulfilled.

The projected benefit obligations and fair value of plan assets as of December 31, 2017 based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,441,936)	(1,748,902)	(759,429)	(510,283)
Fair value of plan assets (unaudited)	1,606,801	1,826,762	803,529	566,038
Funded Status	164,865	77,860	44,100	55,755
Asset ceiling*)	(164,865)	(77,860)	(44,100)	(55,755)
Pension Plan Program Assets recognized in consolidated statement of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.
**) There are no plan assets recognised in the consolidated statements of financial position because the requirements under SFAS No. 24 regarding “Employee Benefits” are not fulfilled.

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The composition of plan assets from Pension Fund for the years ended December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019 (unaudited)			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	6%	8%	3%	12%
Bonds	39%	44%	22%	41%
Direct placement	7%	18%	28%	18%
Land and building	23%	3%	26%	5%
Shares	5%	3%	1%	1%
Treasury Bills	19%	20%	16%	10%
Others	1%	4%	4%	13%
Total	**100%**	**100%**	**100%**	**100%**

	December 31, 2018 (unaudited)			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	5%	7%	4%	15%
Bonds	36%	46%	21%	40%
Direct placement	7%	18%	29%	18%
Land and building	29%	3%	21%	5%
Shares	4%	3%	1%	1%
Treasury Bills	18%	20%	20%	6%
Others	1%	3%	4%	15%
Total	**100%**	**100%**	**100%**	**100%**

	December 31, 2017 (unaudited)			
	DPBMS	DPBMD	DPBMT	DPBME
Deposits	3%	5%	8%	12%
Bonds	32%	47%	20%	40%
Direct placements	6%	16%	26%	15%
Land and buildings	24%	4%	21%	10%
Shares	6%	3%	0%	1%
Treasury Bills	23%	21%	20%	6%
Others	6%	4%	5%	16%
Total	**100%**	**100%**	**100%**	**100%**

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 to recognise provision for employee service entitlements. As of December 31, 2019, 2018 and 2017, Bank Mandiri recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounted to Rp3,689,782, Rp3,563,484 and Rp4,030,761 (including compensation benefits of Rp8,240 for resigned employees which have not yet been paid and excluded from actuarial calculation) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Labor Law No. 13/2003 (continued)

Provision for employee service entitlements as of December 31, 2019, 2018 and 2017 are estimated using the employees service entitlements calculation for the years ended December 31, 2019, 2018 and 2017 as included in the independent actuarial report of PT Bestama Aktuaria dated January 2, 2020, January 7, 2019 and January 12, 2018, respectively. The assumptions used by the actuary for the years ended December 31, 2019, 2018 and 2017 are as follows:

a. Discount rate is 8.1% per annum (2018: 8.0% and 2017: 7.0%)
b. Expected rate of annual salary increase is 9.50% per annum
c. Mortality rate table used is Indonesia Mortality Table IV or or TMI IV (2018 and 2017: Indonesia Mortality Table 2011 or TMI III).
d. Turnover rate is 5% for employee's age of 25 and decreasing linearly up to 0% at age 55.
e. Actuarial method is projected unit credit method.
f. Normal retirement age between 36 to 56 years according to the grades.
g. Disability rate is 10% of TMI III.

The amounts recognised in the statement of financial position are determined based on independent actuarial report as follows (Bank Mandiri only):

	December 31, 2019	December 31, 2018	December 31, 2017
Provision for post employment benefits presented in statement of financial position	**2,984,609**	**2,988,260**	**3,512,601**

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	December 31, 2019	December 31, 2018	December 31, 2017
Beginning balance of present value of obligation	2,988,260	3,512,601	2,434,892
Current service cost	314,392	301,428	266,966
Interest cost	244,908	253,260	206,474
Benefit paid	(168,213)	(90,625)	(100,808)
Actuarial (gain)/losses	(394,738)	(988,404)	705,077
Ending balance of present value of Obligation	**2,984,609**	**2,988,260**	**3,512,601**

The amounts recognised in the statement of profit or loss and other comprehensive income based on independent actuarial report are as follows (Bank Mandiri only):

	Years ended December 31,		
	2019	2018	2017
Current service cost	314,392	301,428	266,966
Interest cost	244,908	253,260	206,474
Cost of pension benefits	**559,300**	**554,688**	**473,440**

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

Labor Law No. 13/2003 (continued)

Reconciliations of provision for post employment benefits are as follows:

	Years ended December 31,		
	2019	**2018**	**2017**
Bank Mandiri			
Beginning balance of provision for post employment benefits	2,988,260	3,512,601	2,434,892
Expenses during the year	559,300	554,688	473,440
Payments of benefits	(168,213)	(90,625)	(100,808)
Recognition of actuarial (gains)/losses in other comprehensive income	(394,738)	(988,404)	705,077
Provision for post employment benefits (Bank Mandiri only)	**2,984,609**	**2,988,260**	**3,512,601**
Subsidiaries			
Provision for post employment benefits	**696,933**	**566,984**	**509,920**
Total provision for post employment benefits	**3,681,542*)**	**3,555,244***	**4,022,521*)**

*) As of December 31, 2019, 2018 and 2017, the amount does not include unpaid severance for resigned employees amounted to Rp8,240, which was excluded from actuarial computation.

The present value of funded benefit obligations, fair value of plan assets and the surplus on the program for the last five years, which are (Bank Mandiri only):

	December 31'				
	2019	**2018**	**2017**	**2016**	**2015**
Present value of defined benefit obligations	2,984,609	2,988,260	3,512,601	2,434,892	1,976,724
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	2,984,609	2,988,260	3,512,601	2,434,892	1,976,724
Experience adjustments on plan liabilities	330,750	389,056	(89,944)	152,490	62,579
Experience adjustments on asset program	-	-	-	-	-

Pension Appreciation

Bank Mandiri provides pension appreciation programs to employees who enter normal retirement age (age 56). This program is valid for employees who have entered their ten years of working service. The present value for provision of pension appreciation program as of December 31, 2019, 2018 and 2017 based on an actuarial calculation amounted Rp59,187, RpNil and RpNil (Notes 34).

The assumptions used for the period ending December 31, 2019 are as follows:
a. Discount rate : 7.60%
b. Gold price : Rp697,583 (full amount)
c. Increment rate of gold price : 8.00%
d. Mortality rate table used is Indonesia Mortality Table IV or TMI IV.
e. Disability rate 10% from TMI IV
f. Turnover rate is 5% for employee's age of 25 and decreasing linearly up to 0% at age 55.
g. Normal retirement age between 36 to 56 years according to the grades.
h. Actuarial method used is projected unit credit method

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Appreciation (continued)

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	December 31, 2019
Beginning balance of present value of obligation	-
Expenses during the year	71,747
Payments of benefits	(4,620)
Actuarial gain	(7,940)
Ending balance of present value of obligation	**59,187**

The amounts recognised in the statement of profit or loss and other comprehensive income based on independent actuarial report are as follows (Bank Mandiri only):

	December 31, 2019
Current service cost	9,521
Interest cost	8,055
Past service cost	54,171
Cost of pension appreciation	**71,747**

Reconciliation of PVDBO:

	December 31, 2019					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
Beginning balances of PVDBO	1,436,183	1,672,113	726,850	495,946	2,988,260	-
Current service cost	-	-	-	-	314,392	9,521
Interest cost of PVDBO	112,214	130,822	56,926	38,936	244,908	8,055
Past service cost	-	-	-	-	-	54,171
Benefit payments from plan assets	(168,406)	(191,885)	(81,982)	(53,678)	(168,213)	(4,620)
Actuarial (gain)/losses from PVDBO:						
Losses on change of assumption in economic	43,858	80,870	35,336	18,942	(63,987)	(3,785)
(Gain)/losses on experience adjustment	(54,771)	(73,632)	(41,370)	(25,106)	(330,751)	(4,155)
Ending balances of PVDBO	**1,369,078**	**1,618,288**	**695,760**	**475,040**	**2,984,609**	**59,187**

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Reconciliation of PVDBO (continued):

	December 31, 2018					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
Beginning balances of PVDBO	1,441,936	1,748,902	759,429	510,283	3,512,601	-
Current service cost	-	-	-	-	301,428	-
Interest cost of PVDBO	100,310	122,296	53,018	35,838	253,260	-
Benefit payments from plan assets	(172,779)	(192,513)	(85,926)	(51,982)	(90,625)	-
Actuarial losses from PVDBO:						
Losses on change of assumption in economic	(3,391)	(6,480)	(3,775)	(3,546)	(599,348)	-
Losses on experience adjustment	70,107	(92)	4,104	5,353	(389,056)	-
Ending balances of PVDBO	**1,436,183**	**1,672,113**	**726,850**	**495,946**	**2,988,260**	**-**

	December 31, 2017					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
Beginning balances of PVDBO	1,393,976	1,673,195	717,416	479,583	2,434,892	-
Current service cost	-	-	-	-	266,966	-
Interest cost of PVDBO	110,960	134,577	57,256	38,715	206,474	-
Benefit payments from plan assets	(177,136)	(179,866)	(87,639)	(48,220)	(100,808)	-
Actuarial losses from PVDBO:						
Losses on change of assumption in economic	-	-	-	-	615,133	-
Losses on experience adjustment	114,136	120,996	72,396	40,205	89,944	-
Ending balances of PVDBO	**1,441,936**	**1,748,902**	**759,429**	**510,283**	**3,512,601**	**-**

Reconciliation of plan assets:

	December 31, 2019			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,570,732	1,691,473	734,258	540,969
Benefit payments from plan assets	(168,406)	(191,885)	(81,981)	(53,678)
Interest Income in plan assets	123,382	132,429	57,541	42,673
Result of plan assets (exclude interest income)	81,026	43,471	41,710	4,016
Ending fair value plan assets	**1,606,734**	**1,675,488**	**751,528**	**533,980**

	December 31, 2018			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,606,801	1,826,762	803,529	566,038
Benefit payments from plan assets	(172,779)	(192,513)	(85,926)	(51,982)
Interest Income in plan assets	112,510	128,057	56,281	39,963
Result of plan assets (exclude interest income)	24,200	(70,833)	(39,626)	(13,050)
Ending fair value plan assets	**1,570,732**	**1,691,473**	**734,258**	**540,969**

	December 31, 2017			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,620,439	1,810,473	827,718	575,742
Benefit payments from plan assets	(177,136)	(179,866)	(87,639)	(48,220)
Interest Income in plan assets	130,209	146,246	66,631	46,888
Result of plan assets (exclude interest income)	33,289	49,909	(3,181)	(8,372)
Ending fair value plan assets	**1,606,801**	**1,826,762**	**803,529**	**566,038**

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Movements in other comprehensive income:

Movements in other comprehensive income for the Bank only for the years ended December 31, 2019, 2018 and 2017 as follows:

	December 31, 2019					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	373,653	-
Actuarial loses of the current year	-	-	-	-	394,738	7,940
Accumulated of actuarial gains on ending year	**-**	**-**	**-**	**-**	**768,391**	**7,940**

	December 31, 2018					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	(614,751)	-
Actuarial loses of the current year	-	-	-	-	988,404	-
Accumulated of actuarial gains on ending year	**-**	**-**	**-**	**-**	**373,653**	**-**

	December 31, 2017					
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003	Pension Appreciation
Accumulated of actuarial gains/(losses) on beginning year	-	-	-	-	90,326	-
Actuarial loses of the current year	-	-	-	-	(705,077)	-
Accumulated of actuarial losses on ending year	**-**	**-**	**-**	**-**	**(614,751)**	**-**

Employee benefits liabilities maturing on December 31, 2019, 2018 and 2017 related to UUK No. 13/2003 are as follows:

	2019	2018	2017
Year 1	225,908	321,803	123,992
Year 2	256,052	368,388	192,717
Year 3	261,381	431,517	296,357
Year 4	335,819	448,975	402,733
Year 5	427,208	607,729	505,457
Year 6 and others	15,469,465	53,441,408	39,225,590
Total	**16,975,833**	**55,619,820**	**40,746,846**

The average duration of the defined benefit obligation is 11.15 years, 10.42 years and 10.83 years and the defined contribution obligation is 17.49 years, 15.08 years and 15.09 years as of December 31, 2019, 2018 and 2017, respectively.

Provision for actuarial calculation on employee pension benefits for Subsidiaries as of December 31, 2019, 2018 and 2017 were based on estimated actuarial calculation for the years ended December 31, 2019, 2018 and 2017, respectively.

Provision for employee service entitlements of Subsidiaries as of December 31, 2019, 2018 and 2017 were calculated by an independent actuary as included in the independent actuarial report as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

51. PENSION PLAN AND SEVERANCE PAY (continued)

Movements in other comprehensive income (continued):

Movements in other comprehensive income for the Bank only for the years ended December 31, 2019, 2018 and 2017 as follows (continued):

Subsidiaries	Independent Actuary	2019	2018	2017
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	November 29, 2019	November 30, 2018	November 28, 2017
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	January 2, 2020	December 27, 2018	December 28, 2017
PT Bank Mandiri Taspen	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 15, 2020	January 7, 2019	January 4, 2018
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo	January 3, 2020	January 2, 2019	January 2, 2018
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 8, 2020	January 14, 2019	January 12, 2018
PT Mandiri AXA General Insurance*)	PT Dayamandiri Dharmakonsilindo	-	January 3, 2019	January 11, 2018
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	January 3, 2020	January 5, 2019	January 5, 2018
PT Mandiri Utama Finance	PT Kompujasa Aktuaria Indonesia	December 31, 2019	January 3, 2019	January 5, 2018

*) PT Mandiri AXA General Insurance was no longer subsidiary since November 21, 2018 (see Note 1.g)

The sensitivity of the defined benefit obligation to changes in actuarial assumptions are as follows (Bank Mandiri only) (unaudited):

	Years ended December 31,		
	2019	2018	2017
Changes of assumptions:			
1% increase in discount rate	(2,532,019)	(2,532,393)	(2,987,626)
1% decrease in discount rate	3,589,252	3,587,607	4,146,100

52. OTHER OPERATING EXPENSES - OTHERS - NET

	Years ended December 31,		
	2019	2018	2017
Insurance premiums on third party funds guarantee program	1,703,810	1,626,089	1,526,574
Fees and commissions expenses	655,171	666,452	627,445
Fees related to credit card and ATM transaction	636,865	539,556	536,160
Insurance sales force compensation	279,832	565,274	486,710
Bancassurance fee	331,043	316,511	512,496
Fees from RTGS, remittance and clearing transactions	83,305	78,709	70,952
Group insurance commisions	143,500	149,176	4,381
Others	1,386,542	714,598	960,158
	5,220,068	**4,656,365**	**4,724,876**

(Expressed in millions of Rupiah, unless otherwise stated)

53. NON-OPERATING INCOME/(EXPENSE) - NET

	Years ended December 31,		
	2019	**2018**	**2017**
Gain on sale of fixed assets	12,529	21,890	44,777
Others - net	(22,603)	15,682	(57,665)
Net	**(10,074)**	**37,572**	**(12,888)**

54. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	December 31, 2019	**December 31 2018**	**December 31 2017**
COMMITMENTS			
Commitment payables:			
Unused loan facilities[*)]			
Related parties (Note 56)	(67,895,741)	(55,668,817)	(50,456,815)
Third parties	(116,865,692)	(103,488,612)	(92,747,364)
	(184,761,433)	(159,157,429)	(143,204,179)
Outstanding irrevocable letters of credit (Note 31):			
Related parties (Note 56)	(7,689,574)	(11,195,881)	(5,904,249)
Third parties	(9,875,779)	(8,550,047)	(9,918,273)
	(17,565,353)	(19,745,928)	(15,822,522)
Commitment payables - net	**(202,326,786)**	**(178,903,357)**	**(159,026,701)**
CONTINGENCIES			
Contingent receivables:			
Guarantees received from other banks	21,693,786	15,016,138	16,223,496
Interest receivable on non-performing assets	7,897,176	8,811,005	8,088,139
Others	32,729	32,729	32,729
	29,623,691	23,859,872	24,344,364
Contingent payables:			
Guarantees issued in the form of:			
Bank guarantees (Note 31):			
Related parties (Note 56)	(18,426,336)	(26,849,223)	(25,912,130)
Third parties	(78,037,060)	(55,264,862)	(53,775,848)
	(96,463,396)	(82,114,085)	(79,687,978)
Standby letters of credit (Note 31)			
Related parties (Note 56)	(9,253,918)	(7,673,903)	(6,171,176)
Third parties	(4,544,170)	(5,457,786)	(6,107,442)
	(13,798,088)	(13,131,689)	(12,278,618)
Others	(1,206,502)	(816,766)	(603,302)
Total	(111,467,986)	(96,062,540)	(92,569,898)
Contingent payables - net	**(81,844,295)**	**(72,202,668)**	**(68,225,534)**
	(284,171,081)	**(251,106,025)**	**(227,252,235)**

[*)] Including committed and uncommitted unused loan facilities.

(Expressed in millions of Rupiah, unless otherwise stated)

55. FOREIGN CURRENCY TRANSACTIONS

The fair value of forward and cross currency swap transactions are presented as derivative receivables/payables in the consolidated statement of financial position (Note 11).

Details of outstanding buy and sell foreign currency spot transactions (Bank Mandiri only) as of December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019			
	Spot - Buy		Spot - Sell	
Original Currency	**Original currency (full amount)**	**Rupiah equivalent**	**Original currency (full amount)**	**Rupiah equivalent**
United States Dollar	235,020,000	3,262,665	288,858,500	4,010,078
Others*)		240,114		331,053
		3,502,779		**4,341,131**

	December 31, 2018			
	Spot - Buy		Spot - Sell	
Original Currency	**Original currency (full amount)**	**Rupiah equivalent**	**Original currency (full amount)**	**Rupiah equivalent**
United States Dollar	242,520,000	3,487,438	287,258,500	4,130,777
Others*)		272,720		612,119
		3,760,158		**4,742,896**

	December 31, 2017			
	Spot - Buy		Spot - Sell	
Original Currency	**Original currency (full amount)**	**Rupiah equivalent**	**Original currency (full amount)**	**Rupiah equivalent**
United States Dollar	147,761,000	2,004,748	125,485,000	1,702,518
Others*)		135,469		349,675
		2,140,217		**2,052,193**

*) Consist of various currencies.

56. RELATED PARTY TRANSACTIONS

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following related parties:

- **Related party relationship as the controlling shareholder:**

  The Government of the Republic of Indonesia through Ministry of Finance.

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following related parties (continued):

- **Related parties relationship by ownership and/or management:**

No.	Related parties	Nature of relationship
1.	PT Kustodian Sentral Efek Indonesia	Associate Company
2.	PT Mandiri AXA General Insurance	Associate Company
3.	Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
4.	Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
5.	Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
6.	Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
7.	Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
8.	PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
9.	PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
10.	PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
11.	PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
12.	PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
13.	PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
14.	PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
15.	PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
16.	Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri

The nature of transactions with related parties include investments in shares, debt securities issued, subordinated loans and marketable securities, loans, customer deposits and bank guarantees.

- **Related parties relationship with government related entities**

No.	Related parties	Nature of relationship
1.	PT Abipraya Nusantara Energi	Subsidiary of State Owned Enterprise
2.	PT Abuki Jaya Stainless	Subsidiary of State Owned Enterprise
3.	PT Adhi Commuter Properti	Subsidiary of State Owned Enterprise
4.	PT Adhi Persada Beton	Subsidiary of State Owned Enterprise
5.	PT Adhi Persada Gedung	Subsidiary of State Owned Enterprise
6.	PT Adhi Persada Properti	Subsidiary of State Owned Enterprise
7.	PT Administrasi Medika	Subsidiary of State Owned Enterprise
8.	PT Aero Globe Indonesia	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
9.	PT Aero Systems Indonesia	Subsidiary of State Owned Enterprise
10.	PT Aero Wisata	Subsidiary of State Owned Enterprise
11.	PT Aerofood Indonesia	Subsidiary of State Owned Enterprise
12.	PT Aerojasa Cargo	Subsidiary of State Owned Enterprise
13.	PT Aerojasa Perkasa	Subsidiary of State Owned Enterprise
14.	PT Aerotrans Service Indonesia	Subsidiary of State Owned Enterprise
15.	PT Agro Sinergi Nusantara	Subsidiary of State Owned Enterprise
16.	PT Akses Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
17.	PT Alam Lestari Nusantara	Subsidiary of State Owned Enterprise
18.	PT Alur Pelayaran Barat Surabaya	Subsidiary of State Owned Enterprise
19.	PT Aneka Jasa Grhadika	Subsidiary of State Owned Enterprise
20.	PT Aneka Tambang	Subsidiary of State Owned Enterprise
21.	PT Angkasa Pura Aviasi	Subsidiary of State Owned Enterprise
22.	PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
23.	PT Angkasa Pura Kargo	Subsidiary of State Owned Enterprise
24.	PT Angkasa Pura Logistik	Subsidiary of State Owned Enterprise
25.	PT Angkasa Pura Propertindo	Subsidiary of State Owned Enterprise
26.	PT Angkasa Pura Property	Subsidiary of State Owned Enterprise
27.	PT Angkasa Pura Retail	Subsidiary of State Owned Enterprise
28.	PT Angkasa Pura Solusi	Subsidiary of State Owned Enterprise
29.	PT Angkasa Pura Supports	Subsidiary of State Owned Enterprise
30.	PT Anpa International Ltd (Qq PT Akuel Asia Pulse Pte Ltd)	Subsidiary of State Owned Enterprise
31.	PT Antam Energi Indonesia	Subsidiary of State Owned Enterprise
32.	PT Antam Resourcindo	Subsidiary of State Owned Enterprise
33.	PT Artha Daya Coalindo	Subsidiary of State Owned Enterprise
34.	PT Arthindokarya Sejahtera	Subsidiary of State Owned Enterprise
35.	PT Askrindo Mitra Utama (formerly PT Usayasa Utama)	Subsidiary of State Owned Enterprise
36.	PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
37.	PT Asuransi BRI Life	Subsidiary of State Owned Enterprise
38.	PT Asuransi Jasa Raharja Putera	Subsidiary of State Owned Enterprise
39.	PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
40.	PT Asuransi Jiwa Tugu Mandiri (AJTM)	Subsidiary of State Owned Enterprise
41.	PT Asuransi Samsung Tugu	Subsidiary of State Owned Enterprise
42.	PT Asuransi Tokio Marine Indonesia	Subsidiary of State Owned Enterprise
43.	PT Badak Arun Solusi (formerly PT Patra Teknik)	Subsidiary of State Owned Enterprise
44.	PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
45.	PT Bahana Securities	Subsidiary of State Owned Enterprise
46.	PT Bahana TCW Investment Management	Subsidiary of State Owned Enterprise
47.	PT Bakti Timah Solusi Medika	Subsidiary of State Owned Enterprise
48.	PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
49.	PT Bali Griya Shanti	Subsidiary of State Owned Enterprise
50.	PT Bank BNI Syariah	Subsidiary of State Owned Enterprise
51.	PT Bank BRI Syariah Tbk	Subsidiary of State Owned Enterprise
52.	PT Batubara Bukit Kendi	Subsidiary of State Owned Enterprise
53.	PT Baturaja Multi Usaha	Subsidiary of State Owned Enterprise
54.	PT Belitung Intipermai	Subsidiary of State Owned Enterprise
55.	PT Berdikari Logistik Indonesia	Subsidiary of State Owned Enterprise
56.	PT Berkah Kawasan Manyar Sejahtera	Subsidiary of State Owned Enterprise
57.	PT Berkah Multi Cargo	Subsidiary of State Owned Enterprise
58.	PT Berlian Jasa Terminal Indonesia	Subsidiary of State Owned Enterprise
59.	PT Berlian Manyar Sejahtera	Subsidiary of State Owned Enterprise
60.	PT Bhakti Wasantara Net	Subsidiary of State Owned Enterprise
61.	PT Bhineka Wana	Subsidiary of State Owned Enterprise
62.	PT Bhumi Visatanda Tour & Travel	Subsidiary of State Owned Enterprise
63.	PT Bima Sepaja Abadi	Subsidiary of State Owned Enterprise
64.	PT BNI Asset Management	Subsidiary of State Owned Enterprise
65.	PT BNI Life Insurance	Subsidiary of State Owned Enterprise
66.	PT BNI Sekurities	Subsidiary of State Owned Enterprise
67.	PT Borneo Alumina Indonesia	Subsidiary of State Owned Enterprise
68.	PT Borneo Edo International	Subsidiary of State Owned Enterprise
69.	PT BPR Rizky Barokah	Subsidiary of State Owned Enterprise
70.	PT Brantas Adya Surya Energi	Subsidiary of State Owned Enterprise
71.	PT Brantas Cakrawala Energi	Subsidiary of State Owned Enterprise
72.	PT Brantas Energi	Subsidiary of State Owned Enterprise
73.	PT Brantas Energi Mandiri	Subsidiary of State Owned Enterprise
74.	PT Brantas Hidro Energi	Subsidiary of State Owned Enterprise
75.	PT Brantas Mahalona Energi	Subsidiary of State Owned Enterprise
76.	PT Brantas Nipajaya Energi	Subsidiary of State Owned Enterprise
77.	PT Brantas Prospek Energi	Subsidiary of State Owned Enterprise
78.	PT Brantas Prospek Enjineering	Subsidiary of State Owned Enterprise
79.	PT Brantas Prospek Mandiri	Subsidiary of State Owned Enterprise
80.	PT BRI Multifinance Indonesia	Subsidiary of State Owned Enterprise
81.	PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
82.	PT Bukit Asam	Subsidiary of State Owned Enterprise
83.	PT Bukit Asam Banko	Subsidiary of State Owned Enterprise
84.	PT Bukit Asam Medika	Subsidiary of State Owned Enterprise
85.	PT Bukit Asam Prima	Subsidiary of State Owned Enterprise
86.	PT Bukit Energi Investama	Subsidiary of State Owned Enterprise
87.	PT Bukit Energi Service Terpadu	Subsidiary of State Owned Enterprise
88.	PT Bukit Multi Investama	Subsidiary of State Owned Enterprise
89.	PT Bumi Sawindo Permai	Subsidiary of State Owned Enterprise
90.	PT Cibaliung Sumber Daya	Subsidiary of State Owned Enterprise
91.	PT Cibitung Tanjung Priok Port Tollways	Subsidiary of State Owned Enterprise
92.	PT Cinere Serpong Jaya	Subsidiary of State Owned Enterprise
93.	PT Citilink Indonesia	Subsidiary of State Owned Enterprise
94.	PT Citra Bhakti Margatama Persada	Subsidiary of State Owned Enterprise
95.	PT Citra Lautan Teduh	Subsidiary of State Owned Enterprise
96.	PT Citra Lintas Angkasa	Subsidiary of State Owned Enterprise
97.	PT Citra Sari Makmur	Subsidiary of State Owned Enterprise
98.	PT Citra Tobindo Sukses Perkasa	Subsidiary of State Owned Enterprise
99.	PT Clariant Kujang Catalysts	Subsidiary of State Owned Enterprise
100.	PT Cogindo Dayabersama	Subsidiary of State Owned Enterprise
101.	PT Crompton Prima Switchgear Indonesia	Subsidiary of State Owned Enterprise
102.	PT Cut Meutia Medika Nusantara	Subsidiary of State Owned Enterprise
103.	PT Dalle Energy Batam (DEB)	Subsidiary of State Owned Enterprise
104.	PT Danareksa Capital	Subsidiary of State Owned Enterprise
105.	PT Danareksa Finance	Subsidiary of State Owned Enterprise
106.	PT Danareksa Investment Management	Subsidiary of State Owned Enterprise
107.	PT Danareksa Sekuritas	Subsidiary of State Owned Enterprise
108.	PT Dasaplast Nusantara	Subsidiary of State Owned Enterprise
109.	PT Dayamitra Telekomunikasi	Subsidiary of State Owned Enterprise
110.	PT Dok & Perkapalan Air Kantung	Subsidiary of State Owned Enterprise
111.	PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
112.	PT Donggi Senoro LNG	Subsidiary of State Owned Enterprise
113.	PT Dwimitra Enggang Khatulistiwa	Subsidiary of State Owned Enterprise
114.	PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
115.	PT Elnusa Fabrikasi Konstruksi	Subsidiary of State Owned Enterprise
116.	PT Elnusa Geosains Indonesia	Subsidiary of State Owned Enterprise
117.	PT Elnusa Oilfield Service	Subsidiary of State Owned Enterprise
118.	PT Elnusa Petrofin	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
119.	PT Elnusa Tbk	Subsidiary of State Owned Enterprise
120.	PT Elnusa Trans Samudera	Subsidiary of State Owned Enterprise
121.	PT Eltran Indonesia	Subsidiary of State Owned Enterprise
122.	PT Energi Agro Nusantara	Subsidiary of State Owned Enterprise
123.	PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
124.	PT Equiport Inti Indonesia	Subsidiary of State Owned Enterprise
125.	PT Farmalab Indoutama	Subsidiary of State Owned Enterprise
126.	PT Feni Haltim	Subsidiary of State Owned Enterprise
127.	PT Finnet Indonesia	Subsidiary of State Owned Enterprise
128.	PT Fintek Karya Nusantara	Subsidiary of State Owned Enterprise
129.	PT Freeport Indonesia	Subsidiary of State Owned Enterprise
130.	PT Gadang Hidro Energi	Subsidiary of State Owned Enterprise
131.	PT GAG Nikel	Subsidiary of State Owned Enterprise
132.	PT Gagas Energi Indonesia	Subsidiary of State Owned Enterprise
133.	PT Gapura Angkasa	Subsidiary of State Owned Enterprise
134.	PT Garuda Maintenance Facility Aero Asia	Subsidiary of State Owned Enterprise
135.	PT Gema Hutani Lestari	Subsidiary of State Owned Enterprise
136.	PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
137.	PT GIEB Indonesia	Subsidiary of State Owned Enterprise
138.	PT GIH Indonesia	Subsidiary of State Owned Enterprise
139.	PT Gitanusa Sarana Niaga	Subsidiary of State Owned Enterprise
140.	PT Graha Investama Bersama	Subsidiary of State Owned Enterprise
141.	PT Graha Niaga Tata Utama	Subsidiary of State Owned Enterprise
142.	PT Graha Sarana Duta	Subsidiary of State Owned Enterprise
143.	PT Graha Yasa Selaras	Subsidiary of State Owned Enterprise
144.	PT Gresik Cipta Sejahtera	Subsidiary of State Owned Enterprise
145.	PT Griyaton Indonesia	Subsidiary of State Owned Enterprise
146.	PT Gunung Gajah Abadi	Subsidiary of State Owned Enterprise
147.	PT Gunung Kendaik	Subsidiary of State Owned Enterprise
148.	PT Hakaaston	Subsidiary of State Owned Enterprise
149.	PT Haleyora Power	Subsidiary of State Owned Enterprise
150.	PT Haleyora Powerindo	Subsidiary of State Owned Enterprise
151.	PT Hasta Kreasi Mandiri	Subsidiary of State Owned Enterprise
152.	PT HK Infrastruktur	Subsidiary of State Owned Enterprise
153.	PT HK Realtindo	Subsidiary of State Owned Enterprise
154.	PT Hutama Prima	Subsidiary of State Owned Enterprise
155.	PT Hutansanggaran Labanan Lestari	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
156.	PT Igasar	Subsidiary of State Owned Enterprise
157.	PT Indo Japan Steel Center	Subsidiary of State Owned Enterprise
158.	PT Indo Ridlatama Power	Subsidiary of State Owned Enterprise
159.	PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
160.	PT Indometal London Ltd	Subsidiary of State Owned Enterprise
161.	PT Indonesia Air & Marine Supply	Subsidiary of State Owned Enterprise
162.	PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
163.	PT Indonesia Coal Resources	Subsidiary of State Owned Enterprise
164.	PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
165.	PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
166.	PT Indonesia Power	Subsidiary of State Owned Enterprise
167.	PT Indonusa Telemedia	Subsidiary of State Owned Enterprise
168.	PT Indopelita Aircraft Service	Subsidiary of State Owned Enterprise
169.	PT Industri Karet Nusantara	Subsidiary of State Owned Enterprise
170.	PT Industri Kemasan Semen Gresik	Subsidiary of State Owned Enterprise
171.	PT Industri Nabati Lestari (PT Sinar Oleo Nusantara)	Subsidiary of State Owned Enterprise
172.	PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
173.	PT Infomedia Solusi Humanika	Subsidiary of State Owned Enterprise
174.	PT Infrastruktur Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
175.	PT Inhutani I	Subsidiary of State Owned Enterprise
176.	PT Inhutani II	Subsidiary of State Owned Enterprise
177.	PT Inhutani III	Subsidiary of State Owned Enterprise
178.	PT Inhutani IV	Subsidiary of State Owned Enterprise
179.	PT Inhutani V	Subsidiary of State Owned Enterprise
180.	PT INKA Multi Solusi	Subsidiary of State Owned Enterprise
181.	PT Integrasi Logistik Cipta Solusi	Subsidiary of State Owned Enterprise
182.	PT International Mineral Capital	Subsidiary of State Owned Enterprise
183.	PT Inti Bagas Perkasa	Subsidiary of State Owned Enterprise
184.	PT Inti Global Optical Comm	Subsidiary of State Owned Enterprise
185.	PT IPC Terminal Petikemas	Subsidiary of State Owned Enterprise
186.	PT ITCI Kayan Hutani	Subsidiary of State Owned Enterprise
187.	PT Jababeka PP Properti	Subsidiary of State Owned Enterprise
188.	PT Jakarta Industrial Estate Pulogadung	Subsidiary of State Owned Enterprise
189.	PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
190.	PT Jakarta Trans Metropolitan	Subsidiary of State Owned Enterprise
191.	PT Jalantol Lingkarluar Jakarta	Subsidiary of State Owned Enterprise
192.	PT Jalin Pembayaran Nusantara	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
193.	PT Jambi Prima Coal	Subsidiary of State Owned Enterprise
194.	PT Jasa Armada Indonesia	Subsidiary of State Owned Enterprise
195.	PT Jasa Marga Bali Tol	Subsidiary of State Owned Enterprise
196.	PT Jasa Marga Balikpapan Samarinda	Subsidiary of State Owned Enterprise
197.	PT Jasa Marga Gempol Pasuruan	Subsidiary of State Owned Enterprise
198.	PT Jasa Marga Jalanlayang Cikampek	Subsidiary of State Owned Enterprise
199.	PT Jasa Marga Japek Selatan (JJS)	Subsidiary of State Owned Enterprise
200.	PT Jasa Marga Kualanamu Tol	Subsidiary of State Owned Enterprise
201.	PT Jasa Marga Kunciran Cengkareng	Subsidiary of State Owned Enterprise
202.	PT Jasa Marga Manado Bitung	Subsidiary of State Owned Enterprise
203.	PT Jasa Marga Pandaan Malang	Subsidiary of State Owned Enterprise
204.	PT Jasa Marga Pandaan Tol	Subsidiary of State Owned Enterprise
205.	PT Jasa Marga Probolinggo Banyuwangi	Subsidiary of State Owned Enterprise
206.	PT Jasa Marga Properti	Subsidiary of State Owned Enterprise
207.	PT Jasa Marga Semarang Batang	Subsidiary of State Owned Enterprise
208.	PT Jasa Marga Surabaya Mojokerto	Subsidiary of State Owned Enterprise
209.	PT Jasa Marga Tollroad Maintenance	Subsidiary of State Owned Enterprise
210.	PT Jasa Marga Tollroad Operator (JMTO)	Subsidiary of State Owned Enterprise
211.	PT Jasa Marga Transjawa Tol (JTT)	Subsidiary of State Owned Enterprise
212.	PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
213.	PT Jasa Prima Logistik Bulog	Subsidiary of State Owned Enterprise
214.	PT KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise
215.	PT Kalimantan Jawa Gas	Subsidiary of State Owned Enterprise
216.	PT Kalimantan Medika Nusantara	Subsidiary of State Owned Enterprise
217.	PT Kaltim Daya Mandiri	Subsidiary of State Owned Enterprise
218.	PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
219.	PT Kaltim Jasa Sekuriti	Subsidiary of State Owned Enterprise
220.	PT Kaltim Jordan Abadi	Subsidiary of State Owned Enterprise
221.	PT Kaltim Kariangau Terminal	Subsidiary of State Owned Enterprise
222.	PT Karya Citra Nusantara	Subsidiary of State Owned Enterprise
223.	PT Kawasan Industri Gresik	Subsidiary of State Owned Enterprise
224.	PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
225.	PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
226.	PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
227.	PT Kerismas Witikco Makmur (PT Kerismas)	Subsidiary of State Owned Enterprise
228.	PT Kertas Padalarang	Subsidiary of State Owned Enterprise
229.	PT Kharisma Pemasaran Bersama Logistik	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
230.	PT Kharisma Pemasaran Bersama Nusantara	Subsidiary of State Owned Enterprise
231.	PT KHI Pipe Industries	Subsidiary of State Owned Enterprise
232.	PT Kimia Farma Apotek	Subsidiary of State Owned Enterprise
233.	PT Kimia Farma Diagnostika	Subsidiary of State Owned Enterprise
234.	PT Kimia Farma Sungwun Pharmacopia	Subsidiary of State Owned Enterprise
235.	PT Kimia Farma Trading & Distribution	Subsidiary of State Owned Enterprise
236.	PT Kliring Perdagangan Berjangka Indonesia	Subsidiary of State Owned Enterprise
237.	PT Koba Tin	Subsidiary of State Owned Enterprise
238.	PT Kodja Terramarin	Subsidiary of State Owned Enterprise
239.	PT Komipo Pembangkitan Jawa Bali	Subsidiary of State Owned Enterprise
240.	PT Krakatau Argo Logistics	Subsidiary of State Owned Enterprise
241.	PT Krakatau Bandar Samudra	Subsidiary of State Owned Enterprise
242.	PT Krakatau Blue Water	Subsidiary of State Owned Enterprise
243.	PT Krakatau Daedong Machinery	Subsidiary of State Owned Enterprise
244.	PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
245.	PT Krakatau Engineering	Subsidiary of State Owned Enterprise
246.	PT Krakatau Golden Lime	Subsidiary of State Owned Enterprise
247.	PT Krakatau Industrial Estate Cilegon	Subsidiary of State Owned Enterprise
248.	PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
249.	PT Krakatau Medika	Subsidiary of State Owned Enterprise
250.	PT Krakatau Nasional Resources	Subsidiary of State Owned Enterprise
251.	PT Krakatau Nippon Steel Sumikin	Subsidiary of State Owned Enterprise
252.	PT Krakatau Osaka Steel	Subsidiary of State Owned Enterprise
253.	PT Krakatau Posco	Subsidiary of State Owned Enterprise
254.	PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
255.	PT Krakatau Samator	Subsidiary of State Owned Enterprise
256.	PT Krakatau Semen Indonesia	Subsidiary of State Owned Enterprise
257.	PT Krakatau Tirta Industri	Subsidiary of State Owned Enterprise
258.	PT Krakatau Wajatama	Subsidiary of State Owned Enterprise
259.	PT Krakatau Wajatama Osaka Steel Marketing	Subsidiary of State Owned Enterprise
260.	PT Kresna Kusuma Dyandra Marga	Subsidiary of State Owned Enterprise
261.	PT Kujang Tatar Persada	Subsidiary of State Owned Enterprise
262.	PT Kujang Tirta Sarana	Subsidiary of State Owned Enterprise
263.	PT Lamong Energi Indonesia	Subsidiary of State Owned Enterprise
264.	PT Laras Astra Kartika	Subsidiary of State Owned Enterprise
265.	PT LEN Railway Systems	Subsidiary of State Owned Enterprise
266.	PT LEN Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
267.	PT Limbong Hidro Energi	Subsidiary of State Owned Enterprise
268.	PT Madu Baru	Subsidiary of State Owned Enterprise
269.	PT Mardec Nusa Riau	Subsidiary of State Owned Enterprise
270.	PT Marga Lingkar Jakarta	Subsidiary of State Owned Enterprise
271.	PT Marga Sarana Jabar	Subsidiary of State Owned Enterprise
272.	PT Marga Trans Nusantara	Subsidiary of State Owned Enterprise
273.	PT Mega Citra Utama	Subsidiary of State Owned Enterprise
274.	PT Mega Eltra	Subsidiary of State Owned Enterprise
275.	PT Melon Indonesia	Subsidiary of State Owned Enterprise
276.	PT Menara Antam Sejahtera (MAS)	Subsidiary of State Owned Enterprise
277.	PT Meratus Jaya Iron & Steel	Subsidiary of State Owned Enterprise
278.	PT Merpati Training Center	Subsidiary of State Owned Enterprise
279.	PT Metra Digital Media	Subsidiary of State Owned Enterprise
280.	PT Metra Plasa	Subsidiary of State Owned Enterprise
281.	PT MetraNet	Subsidiary of State Owned Enterprise
282.	PT Minahasa Brantas Energi	Subsidiary of State Owned Enterprise
283.	PT Mirtasari Hotel Development	Subsidiary of State Owned Enterprise
284.	PT Mitra Cipta Polasarana	Subsidiary of State Owned Enterprise
285.	PT Mitra Dagang Madani	Subsidiary of State Owned Enterprise
286.	PT Mitra Energi Batam (MEB)	Subsidiary of State Owned Enterprise
287.	PT Mitra Hasrat Bersama (MHB)	Subsidiary of State Owned Enterprise
288.	PT Mitra Karya Prima	Subsidiary of State Owned Enterprise
289.	PT Mitra Kerinci	Subsidiary of State Owned Enterprise
290.	PT Mitra Proteksi Madani	Subsidiary of State Owned Enterprise
291.	PT Mitra Rajawali Banjaran	Subsidiary of State Owned Enterprise
292.	PT Mitra Tekno Madani	Subsidiary of State Owned Enterprise
293.	PT Mitra Tour & Travel	Subsidiary of State Owned Enterprise
294.	PT Mitrasraya Adhijasa	Subsidiary of State Owned Enterprise
295.	PT Mitratani Dua Tujuh	Subsidiary of State Owned Enterprise
296.	PT Muba Daya Pratama	Subsidiary of State Owned Enterprise
297.	PT Multi Nitrotama Kimia (MNK)	Subsidiary of State Owned Enterprise
298.	PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
299.	PT Multimedia Nusantara	Subsidiary of State Owned Enterprise
300.	PT New Priok Container Terminal One	Subsidiary of State Owned Enterprise
301.	PT Nikel Halmahera Timur (NHT)	Subsidiary of State Owned Enterprise
302.	PT Nindya Beton	Subsidiary of State Owned Enterprise
303.	PT Nindya Karya	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
304.	PT Nusa Karya Arindo	Subsidiary of State Owned Enterprise
305.	PT Nusantara Batulicin	Subsidiary of State Owned Enterprise
306.	PT Nusantara Medika Utama	Subsidiary of State Owned Enterprise
307.	PT Nusantara Regas	Subsidiary of State Owned Enterprise
308.	PT Nusantara Sukses Investasi	Subsidiary of State Owned Enterprise
309.	PT Nusantara Terminal Services	Subsidiary of State Owned Enterprise
310.	PT Nusantara Turbin dan Propulsi	Subsidiary of State Owned Enterprise
311.	PT Nutech Integrasi	Subsidiary of State Owned Enterprise
312.	PT Optima Nusa Tujuh	Subsidiary of State Owned Enterprise
313.	PT Pal Marine Service	Subsidiary of State Owned Enterprise
314.	PT Palawi Risorsis	Subsidiary of State Owned Enterprise
315.	PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
316.	PT Patra Drilling Contractor	Subsidiary of State Owned Enterprise
317.	PT Patra Jasa	Subsidiary of State Owned Enterprise
318.	PT Patra Logistik	Subsidiary of State Owned Enterprise
319.	PT Patra Nusa Data	Subsidiary of State Owned Enterprise
320.	PT Patra Trading	Subsidiary of State Owned Enterprise
321.	PT PBM Adhiguna Putera	Subsidiary of State Owned Enterprise
322.	PT Pefindo Biro Kredit	Subsidiary of State Owned Enterprise
323.	PT Pegadaian Galeri Dua Empat	Subsidiary of State Owned Enterprise
324.	PT Pekanbaru Permai Propertindo	Subsidiary of State Owned Enterprise
325.	PT Pelabuhan Bukit Prima	Subsidiary of State Owned Enterprise
326.	PT Pelabuhan Tanjung Priok	Subsidiary of State Owned Enterprise
327.	PT Pelat Timah Nusantara Tbk (PT Latinusa)	Subsidiary of State Owned Enterprise
328.	PT Pelayanan Energi Batam	Subsidiary of State Owned Enterprise
329.	PT Pelayaran Bahtera Adiguna	Subsidiary of State Owned Enterprise
330.	PT Pelindo Husada Citra (PT Rumah Sakit Primasatya Husada Citra)	Subsidiary of State Owned Enterprise
331.	PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
332.	PT Pelindo Properti Indonesia	Subsidiary of State Owned Enterprise
333.	PT Pelita Air Service	Subsidiary of State Owned Enterprise
334.	PT Pelita Indonesia Djaya Corporation	Subsidiary of State Owned Enterprise
335.	PT Pemalang Batang Toll Road	Subsidiary of State Owned Enterprise
336.	PT Pembangkitan Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
337.	PT Pendawa Lestari Perkasa	Subsidiary of State Owned Enterprise
338.	PT Pendidikan Maritim dan Logistik Indonesia	Subsidiary of State Owned Enterprise
339.	PT Pengembang Pelabuhan Indonesia	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
340.	PT Pengerukan Indonesia (Rukindo)	Subsidiary of State Owned Enterprise
341.	PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
342.	PT Perjaya Bravo Energi	Subsidiary of State Owned Enterprise
343.	PT Perkebunan Agrintara (PA)	Subsidiary of State Owned Enterprise
344.	PT Perkebunan Mitra Ogan	Subsidiary of State Owned Enterprise
345.	PT Perkebunan Nusantara I	Subsidiary of State Owned Enterprise
346.	PT Perkebunan Nusantara II	Subsidiary of State Owned Enterprise
347.	PT Perkebunan Nusantara IV	Subsidiary of State Owned Enterprise
348.	PT Perkebunan Nusantara IX	Subsidiary of State Owned Enterprise
349.	PT Perkebunan Nusantara V	Subsidiary of State Owned Enterprise
350.	PT Perkebunan Nusantara VI	Subsidiary of State Owned Enterprise
351.	PT Perkebunan Nusantara VII	Subsidiary of State Owned Enterprise
352.	PT Perkebunan Nusantara VIII	Subsidiary of State Owned Enterprise
353.	PT Perkebunan Nusantara X	Subsidiary of State Owned Enterprise
354.	PT Perkebunan Nusantara XI	Subsidiary of State Owned Enterprise
355.	PT Perkebunan Nusantara XII	Subsidiary of State Owned Enterprise
356.	PT Perkebunan Nusantara XIII	Subsidiary of State Owned Enterprise
357.	PT Perkebunan Nusantara XIV	Subsidiary of State Owned Enterprise
358.	PT Permata Graha Nusantara	Subsidiary of State Owned Enterprise
359.	PT Permata Karya Jasa	Subsidiary of State Owned Enterprise
360.	PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
361.	PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise
362.	PT Perta Arun Gas	Subsidiary of State Owned Enterprise
363.	PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise
364.	PT Pertamina Dana Ventura	Subsidiary of State Owned Enterprise
365.	PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
366.	PT Pertamina EP	Subsidiary of State Owned Enterprise
367.	PT Pertamina Gas	Subsidiary of State Owned Enterprise
368.	PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
369.	PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
370.	PT Pertamina Hulu Indonesia	Subsidiary of State Owned Enterprise
371.	PT Pertamina Hulu Mahakam	Subsidiary of State Owned Enterprise
372.	PT Pertamina Hulu Sanga Sanga	Subsidiary of State Owned Enterprise
373.	PT Pertamina Internasional Eksplorasi dan Produksi	Subsidiary of State Owned Enterprise
374.	PT Pertamina International Shipping	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
375.	PT Pertamina International Timor SA	Subsidiary of State Owned Enterprise
376.	PT Pertamina Lubricants	Subsidiary of State Owned Enterprise
377.	PT Pertamina Patra Niaga	Subsidiary of State Owned Enterprise
378.	PT Pertamina Power Indonesia	Subsidiary of State Owned Enterprise
379.	PT Pertamina Retail	Subsidiary of State Owned Enterprise
380.	PT Pertamina Training & Consulting	Subsidiary of State Owned Enterprise
381.	PT Pertamina Trans Kontinental	Subsidiary of State Owned Enterprise
382.	PT Peruri Digital Security	Subsidiary of State Owned Enterprise
383.	PT Peruri Properti	Subsidiary of State Owned Enterprise
384.	PT Perusahaan Gas Negara	Subsidiary of State Owned Enterprise
385.	PT Pesonna Indonesia Jaya	Subsidiary of State Owned Enterprise
386.	PT Pesonna Optima Jasa	Subsidiary of State Owned Enterprise
387.	PT Peteka Karya Gapura	Subsidiary of State Owned Enterprise
388.	PT Peteka Karya Jala	Subsidiary of State Owned Enterprise
389.	PT Peteka Karya Samudera	Subsidiary of State Owned Enterprise
390.	PT Peteka Karya Tirta	Subsidiary of State Owned Enterprise
391.	PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
392.	PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
393.	PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
394.	PT Petrokopindo Cipta Selaras	Subsidiary of State Owned Enterprise
395.	PT Petronika	Subsidiary of State Owned Enterprise
396.	PT Petrosida Gresik	Subsidiary of State Owned Enterprise
397.	PT PG Rajawali I	Subsidiary of State Owned Enterprise
398.	PT PG Rajawali II	Subsidiary of State Owned Enterprise
399.	PT PGAS Solution	Subsidiary of State Owned Enterprise
400.	PT PGAS Telekomunikasi Nusantara	Subsidiary of State Owned Enterprise
401.	PT PGN LNG Indonesia	Subsidiary of State Owned Enterprise
402.	PT Phapros Tbk	Subsidiary of State Owned Enterprise
403.	PT PHE Abar	Subsidiary of State Owned Enterprise
404.	PT PHE Metana Kalimantan B	Subsidiary of State Owned Enterprise
405.	PT PHE Metana Sumatera 5	Subsidiary of State Owned Enterprise
406.	PT PHE ONWJ	Subsidiary of State Owned Enterprise
407.	PT PHE OSES Ltd	Subsidiary of State Owned Enterprise
408.	PT PHE Semai II	Subsidiary of State Owned Enterprise
409.	PT PHE West Madura Offshore	Subsidiary of State Owned Enterprise
410.	PT PINS Indonesia	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
411.	PT PJB Investasi	Subsidiary of State Owned Enterprise
412.	PT PJB Services	Subsidiary of State Owned Enterprise
413.	PT PLN Batam	Subsidiary of State Owned Enterprise
414.	PT PLN Batubara	Subsidiary of State Owned Enterprise
415.	PT PLN Enjinering	Subsidiary of State Owned Enterprise
416.	PT PLN Tarakan	Subsidiary of State Owned Enterprise
417.	PT PNM Investment Management	Subsidiary of State Owned Enterprise
418.	PT Portek Indonesia	Subsidiary of State Owned Enterprise
419.	PT Pos Logistik Indonesia	Subsidiary of State Owned Enterprise
420.	PT Pos Properti Indonesia	Subsidiary of State Owned Enterprise
421.	PT PP Energi	Subsidiary of State Owned Enterprise
422.	PT PP Infrastruktur	Subsidiary of State Owned Enterprise
423.	PT PP Presisi (formerly PT PP Peralatan)	Subsidiary of State Owned Enterprise
424.	PT PP Properti	Subsidiary of State Owned Enterprise
425.	PT PP Properti Jababeka Residen	Subsidiary of State Owned Enterprise
426.	PT PP Urban (formerly PT PP Pracetak)	Subsidiary of State Owned Enterprise
427.	PT PPA Finance	Subsidiary of State Owned Enterprise
428.	PT PPA Kapital	Subsidiary of State Owned Enterprise
429.	PT Pratama Mitra Sejati	Subsidiary of State Owned Enterprise
430.	PT Pratama Persada Airbone	Subsidiary of State Owned Enterprise
431.	PT Prima Citra Nutrindo	Subsidiary of State Owned Enterprise
432.	PT Prima Husada Cipta Medan	Subsidiary of State Owned Enterprise
433.	PT Prima Indonesia Logistik	Subsidiary of State Owned Enterprise
434.	PT Prima Medica Nusantara	Subsidiary of State Owned Enterprise
435.	PT Prima Multi Terminal	Subsidiary of State Owned Enterprise
436.	PT Prima Pengembangan Kawasan	Subsidiary of State Owned Enterprise
437.	PT Prima Power Nusantara	Subsidiary of State Owned Enterprise
438.	PT Prima Terminal Peti Kemas	Subsidiary of State Owned Enterprise
439.	PT Propernas Griya Utama	Subsidiary of State Owned Enterprise
440.	PT Pupuk Indonesia Energi	Subsidiary of State Owned Enterprise
441.	PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
442.	PT Pupuk Indonesia Pangan	Subsidiary of State Owned Enterprise
443.	PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
444.	PT Pupuk Kalimantan Timur	Subsidiary of State Owned Enterprise
445.	PT Pupuk Kujang	Subsidiary of State Owned Enterprise
446.	PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
447.	PT Purantara Mitra Angkasa Dua	Subsidiary of State Owned Enterprise
448.	PT Puspetindo	Subsidiary of State Owned Enterprise
449.	PT Pusri Agro Lestari	Subsidiary of State Owned Enterprise
450.	PT Putra Indo Tenaga	Subsidiary of State Owned Enterprise
451.	PT Railink	Subsidiary of State Owned Enterprise
452.	PT Rajawali Citramass	Subsidiary of State Owned Enterprise
453.	PT Rajawali Nusindo	Subsidiary of State Owned Enterprise
454.	PT Rajawali Tanjungsari Enjiniring	Subsidiary of State Owned Enterprise
455.	PT Rantepao Hidro Energi	Subsidiary of State Owned Enterprise
456.	PT Ratah Timber	Subsidiary of State Owned Enterprise
457.	PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
458.	PT Recon Sarana Utama	Subsidiary of State Owned Enterprise
459.	PT Rekadaya Elektrika	Subsidiary of State Owned Enterprise
460.	PT Rekadaya Elektrika Consult	Subsidiary of State Owned Enterprise
461.	PT Rekaindo Global Jasa	Subsidiary of State Owned Enterprise
462.	PT Rekayasa Cakrawala Resources	Subsidiary of State Owned Enterprise
463.	PT Rekayasa Engineering	Subsidiary of State Owned Enterprise
464.	PT Rekayasa Industri (PT Rekind)	Subsidiary of State Owned Enterprise
465.	PT Rekind Daya Mamuju	Subsidiary of State Owned Enterprise
466.	PT Reska Multi Usaha	Subsidiary of State Owned Enterprise
467.	PT Riset Perkebunan Nusantara	Subsidiary of State Owned Enterprise
468.	PT Rolas Nusantara Mandiri	Subsidiary of State Owned Enterprise
469.	PT Rolas Nusantara Medika	Subsidiary of State Owned Enterprise
470.	PT Rolas Nusantara Tambang	Subsidiary of State Owned Enterprise
471.	PT Rumah Sakit Bhakti Timah	Subsidiary of State Owned Enterprise
472.	PT Rumah Sakit Pelabuhan	Subsidiary of State Owned Enterprise
473.	PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
474.	PT Sabre Travel Network Indonesia (formerly ADSI)	Subsidiary of State Owned Enterprise
475.	PT Sahung Brantas Energi	Subsidiary of State Owned Enterprise
476.	PT Saka Energi Bangkanai Barat	Subsidiary of State Owned Enterprise
477.	PT Saka Energi Indonesia	Subsidiary of State Owned Enterprise
478.	PT Sarana Aceh Ventura	Subsidiary of State Owned Enterprise
479.	PT Sarana Agro Nusantara	Subsidiary of State Owned Enterprise
480.	PT Sarana Bandar Logistik	Subsidiary of State Owned Enterprise
481.	PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
482.	PT Sarana Bengkulu Ventura	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
483.	PT Sarana Jabar Ventura	Subsidiary of State Owned Enterprise
484.	PT Sarana Jakarta Ventura	Subsidiary of State Owned Enterprise
485.	PT Sarana Jambi Ventura	Subsidiary of State Owned Enterprise
486.	PT Sarana Jateng Ventura	Subsidiary of State Owned Enterprise
487.	PT Sarana Jatim Ventura	Subsidiary of State Owned Enterprise
488.	PT Sarana Kalbar Ventura	Subsidiary of State Owned Enterprise
489.	PT Sarana Kalsel Ventura	Subsidiary of State Owned Enterprise
490.	PT Sarana Kaltim Ventura	Subsidiary of State Owned Enterprise
491.	PT Sarana Papua Ventura	Subsidiary of State Owned Enterprise
492.	PT Sarana Riau Ventura	Subsidiary of State Owned Enterprise
493.	PT Sarana Sulsel Ventura	Subsidiary of State Owned Enterprise
494.	PT Sarana Sulut Ventura	Subsidiary of State Owned Enterprise
495.	PT Sarana Surakarta Ventura	Subsidiary of State Owned Enterprise
496.	PT Sari Arthamas (Sari Pacific Hotel)	Subsidiary of State Owned Enterprise
497.	PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
498.	PT Satria Bahana Sarana	Subsidiary of State Owned Enterprise
499.	PT Segara Indochen	Subsidiary of State Owned Enterprise
500.	PT Semen Gresik	Subsidiary of State Owned Enterprise
501.	PT Semen Indonesia Aceh	Subsidiary of State Owned Enterprise
502.	PT Semen Indonesia Beton (formerly PT SGG Prima Beton)	Subsidiary of State Owned Enterprise
503.	PT Semen Indonesia Distributor (formerly PT Waru Abadi)	Subsidiary of State Owned Enterprise
504.	PT Semen Indonesia International	Subsidiary of State Owned Enterprise
505.	PT Semen Indonesia Logistik (formerly PT Varia Usaha)	Subsidiary of State Owned Enterprise
506.	PT Semen Kupang Indonesia	Subsidiary of State Owned Enterprise
507.	PT Semen Padang	Subsidiary of State Owned Enterprise
508.	PT Semen Tonasa	Subsidiary of State Owned Enterprise
509.	PT Senggigi Pratama Internasional	Subsidiary of State Owned Enterprise
510.	PT Sentul PP Properti	Subsidiary of State Owned Enterprise
511.	PT Sepatim Batamtama	Subsidiary of State Owned Enterprise
512.	PT Sepoetih Daya Prima	Subsidiary of State Owned Enterprise
513.	PT SGG Energi Prima	Subsidiary of State Owned Enterprise
514.	PT Sigma Cipta Caraka	Subsidiary of State Owned Enterprise
515.	PT Sigma Cipta Utama	Subsidiary of State Owned Enterprise
516.	PT Sigma Utama	Subsidiary of State Owned Enterprise
517.	PT Sinergi Informatika Semen Indonesia	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
518.	PT Sinergi Investasi Properti	Subsidiary of State Owned Enterprise
519.	PT Sinergi Perkebunan Nusantara (SPN)	Subsidiary of State Owned Enterprise
520.	PT Sinkona Indonesia Lestari	Subsidiary of State Owned Enterprise
521.	PT Solusi Bangun Andalas	Subsidiary of State Owned Enterprise
522.	PT Solusi Bangun Beton	Subsidiary of State Owned Enterprise
523.	PT Solusi Bangun Indonesia	Subsidiary of State Owned Enterprise
524.	PT Solusi Energy Nusantara	Subsidiary of State Owned Enterprise
525.	PT Sri Pamela Medika Nusantara	Subsidiary of State Owned Enterprise
526.	PT Sriwijaya Markmore Persada	Subsidiary of State Owned Enterprise
527.	PT Sucofindo Advisory Utama	Subsidiary of State Owned Enterprise
528.	PT Sucofindo Episi	Subsidiary of State Owned Enterprise
529.	PT Sumber Segara Primadaya (S2P)	Subsidiary of State Owned Enterprise
530.	PT Sumberdaya Arindo	Subsidiary of State Owned Enterprise
531.	PT Surabaya Industrial Estate Rungkut (SIER)	Subsidiary of State Owned Enterprise
532.	PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
533.	PT Surya Energi Indotama	Subsidiary of State Owned Enterprise
534.	PT Swadaya Graha	Subsidiary of State Owned Enterprise
535.	PT Tanjung Alam Jaya	Subsidiary of State Owned Enterprise
536.	PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
537.	PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
538.	PT Telemedia Dinamika Sarana	Subsidiary of State Owned Enterprise
539.	PT Telkom Akses	Subsidiary of State Owned Enterprise
540.	PT Telkom Landmark Tower	Subsidiary of State Owned Enterprise
541.	PT Telkom Satelit Indonesia (formerly PT Patra Telekomunikasi Indonesia)	Subsidiary of State Owned Enterprise
542.	PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
543.	PT Terminal Teluk Lamong	Subsidiary of State Owned Enterprise
544.	PT Tiar Daya Hidro	Subsidiary of State Owned Enterprise
545.	PT Tiga Mutiara Nusantara (TMN)	Subsidiary of State Owned Enterprise
546.	PT Timah	Subsidiary of State Owned Enterprise
547.	PT Timah Agro Manunggal	Subsidiary of State Owned Enterprise
548.	PT Timah Industri	Subsidiary of State Owned Enterprise
549.	PT Timah Investasi Mineral	Subsidiary of State Owned Enterprise
550.	PT Timah Karya Persada Properti (formerly PT Timah Adhi Wijaya)	Subsidiary of State Owned Enterprise
551.	PT Tiphone Mobile Indonesia Tbk	Subsidiary of State Owned Enterprise
552.	PT Tracon Industri	Subsidiary of State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
553.	PT Trans Jabar Tol	Subsidiary of State Owned Enterprise
554.	PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
555.	PT Transportasi Gas Indonesia	Subsidiary of State Owned Enterprise
556.	PT Tri Sari Veem	Subsidiary of State Owned Enterprise
557.	PT Truba Bara Banyu Enim	Subsidiary of State Owned Enterprise
558.	PT Tugu Insurance Company Ltd Hongkong	Subsidiary of State Owned Enterprise
559.	PT Tugu Pratama Indonesia	Subsidiary of State Owned Enterprise
560.	PT Tugu Pratama Interindo	Subsidiary of State Owned Enterprise
561.	PT Tugu Reasuransi Indonesia	Subsidiary of State Owned Enterprise
562.	PT United Tractors Semen Gresik	Subsidiary of State Owned Enterprise
563.	PT Varia Usaha Bahari	Subsidiary of State Owned Enterprise
564.	PT Varia Usaha Beton	Subsidiary of State Owned Enterprise
565.	PT Varia Usaha Dharma Segara	Subsidiary of State Owned Enterprise
566.	PT Varia Usaha Lintas Segara	Subsidiary of State Owned Enterprise
567.	PT Waskita Beton Precast Tbk	Subsidiary of State Owned Enterprise
568.	PT Waskita Bumi Wira	Subsidiary of State Owned Enterprise
569.	PT Waskita Fim Perkasa Realti	Subsidiary of State Owned Enterprise
570.	PT Waskita Karya Energi	Subsidiary of State Owned Enterprise
571.	PT Waskita Karya Realty	Subsidiary of State Owned Enterprise
572.	PT Waskita Toll Road	Subsidiary of State Owned Enterprise
573.	PT Widar Mandripa Nusantara	Subsidiary of State Owned Enterprise
574.	PT Wijaya Karya Bangunan Gedung	Subsidiary of State Owned Enterprise
575.	PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
576.	PT Wijaya Karya Bitumen	Subsidiary of State Owned Enterprise
577.	PT Wijaya Karya Industri dan Energi	Subsidiary of State Owned Enterprise
578.	PT Wijaya Karya Industri dan Konstruksi	Subsidiary of State Owned Enterprise
579.	PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
580.	PT Wijaya Karya Komponen Beton	Subsidiary of State Owned Enterprise
581.	PT Wijaya Karya Krakatau Beton	Subsidiary of State Owned Enterprise
582.	PT Wijaya Karya Pracetak Gedung	Subsidiary of State Owned Enterprise
583.	PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
584.	PT Wijaya Karya Realty Minor Development	Subsidiary of State Owned Enterprise
585.	PT Wisma Seratus Sejahtera	Subsidiary of State Owned Enterprise
586.	PT Yasa Industri Nusantara	Subsidiary of State Owned Enterprise
587.	Saka Indonesia Pangkah BV	Subsidiary of State Owned Enterprise
588.	Timah International Investment Pte Ltd	Subsidiary of State Owned Enterprise
589.	Perum BULOG	State Owned Enterprise
590.	Perum DAMRI	State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
591.	Perum Jaminan Kredit Indonesia (Jamkrindo)	State Owned Enterprise
592.	Perum Jasa Tirta I	State Owned Enterprise
593.	Perum Jasa Tirta II	State Owned Enterprise
594.	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (Perum LPPNPI)	State Owned Enterprise
595.	Perum LKBN Antara	State Owned Enterprise
596.	Perum Pegadaian	State Owned Enterprise
597.	Perum Pengangkutan Djakarta (PPD)	State Owned Enterprise
598.	Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
599.	Perum Percetakan Uang Republik Indonesia (Perum PERURI)	State Owned Enterprise
600.	Perum Perhutani	State Owned Enterprise
601.	Perum Perikanan Indonesia (Perum PERINDO)	State Owned Enterprise
602.	Perum Perumnas	State Owned Enterprise
603.	Perum Produksi Film Negara	State Owned Enterprise
604.	PT Adhi Karya (Persero) Tbk	State Owned Enterprise
605.	PT Amarta Karya	State Owned Enterprise
606.	PT Angkasa Pura I (Persero)	State Owned Enterprise
607.	PT Angkasa Pura II (Persero)	State Owned Enterprise
608.	PT ASABRI	State Owned Enterprise
609.	PT ASDP Indonesia Ferry	State Owned Enterprise
610.	PT Asuransi Jasa Indonesia	State Owned Enterprise
611.	PT Asuransi Jiwasraya	State Owned Enterprise
612.	PT Asuransi Kredit Indonesia (PT Askrindo)	State Owned Enterprise
613.	PT Bahana Pembinaan Usaha Indonesia	State Owned Enterprise
614.	PT Balai Pustaka	State Owned Enterprise
615.	PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
616.	PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
617.	PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
618.	PT Barata Indonesia	State Owned Enterprise
619.	PT Berdikari	State Owned Enterprise
620.	PT Bhanda Ghara Reksa	State Owned Enterprise
621.	PT Bina Karya	State Owned Enterprise
622.	PT Bio Farma	State Owned Enterprise
623.	PT Biro Klasifikasi Indonesia	State Owned Enterprise
624.	PT Boma Bisma Indra	State Owned Enterprise
625.	PT Brantas Abipraya	State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
626.	PT Dahana	State Owned Enterprise
627.	PT Danareksa	State Owned Enterprise
628.	PT Dirgantara Indonesia	State Owned Enterprise
629.	PT Djakarta Lloyd	State Owned Enterprise
630.	PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
631.	PT Dok & Perkapalan Surabaya	State Owned Enterprise
632.	PT Energy Management Indonesia	State Owned Enterprise
633.	PT Garam	State Owned Enterprise
634.	PT Garuda Indonesia	State Owned Enterprise
635.	PT Hotel Indonesia Natour	State Owned Enterprise
636.	PT Hutama Karya	State Owned Enterprise
637.	PT Iglas	State Owned Enterprise
638.	PT Indah Karya	State Owned Enterprise
639.	PT Indofarma	State Owned Enterprise
640.	PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
641.	PT Indra Karya	State Owned Enterprise
642.	PT Industri Kapal Indonesia	State Owned Enterprise
643.	PT Industri Kereta Api (INKA)	State Owned Enterprise
644.	PT Industri Nuklir Indonesia	State Owned Enterprise
645.	PT Industri Sandang Nusantara	State Owned Enterprise
646.	PT Industri Telekomunikasi Indonesia (INTI)	State Owned Enterprise
647.	PT Istaka Karya	State Owned Enterprise
648.	PT Jasa Marga Tbk	State Owned Enterprise
649.	PT Kawasan Berikat Nusantara	State Owned Enterprise
650.	PT Kawasan Industri Makasar	State Owned Enterprise
651.	PT Kawasan Industri Medan	State Owned Enterprise
652.	PT Kawasan Industri Wijayakusuma	State Owned Enterprise
653.	PT Kereta Api Indonesia	State Owned Enterprise
654.	PT Kertas Kraft Aceh	State Owned Enterprise
655.	PT Kertas Leces	State Owned Enterprise
656.	PT Kimia Farma Tbk	State Owned Enterprise
657.	PT Kliring Berjangka Indonesia	State Owned Enterprise
658.	PT Krakatau Steel Tbk	State Owned Enterprise
659.	PT Len Industri	State Owned Enterprise
660.	PT Merpati Nusantara Airlines	State Owned Enterprise
661.	PT PAL Indonesia	State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
662.	PT Pann Multi Finance	State Owned Enterprise
663.	PT Pelabuhan Indonesia I	State Owned Enterprise
664.	PT Pelabuhan Indonesia II	State Owned Enterprise
665.	PT Pelabuhan Indonesia III	State Owned Enterprise
666.	PT Pelabuhan Indonesia IV	State Owned Enterprise
667.	PT Pelayaran Nasional Indonesia (PT PELNI)	State Owned Enterprise
668.	PT Pembangunan Perumahan	State Owned Enterprise
669.	PT Pengembangan Pariwisata Indonesia	State Owned Enterprise
670.	PT Pengusahaan Daerah Industri Pulau Batam	State Owned Enterprise
671.	PT Perikanan Nusantara	State Owned Enterprise
672.	PT Perkebunan Nusantara III	State Owned Enterprise
673.	PT Permodalan Nasional Madani	State Owned Enterprise
674.	PT Pertamina	State Owned Enterprise
675.	PT Pertani	State Owned Enterprise
676.	PT Perusahaan Listrik Negara	State Owned Enterprise
677.	PT Perusahaan Pengelola Aset	State Owned Enterprise
678.	PT Perusahaan Perdagangan Indonesia	State Owned Enterprise
679.	PT Pindad	State Owned Enterprise
680.	PT Pos Indonesia	State Owned Enterprise
681.	PT Primissima	State Owned Enterprise
682.	PT Pupuk Indonesia Holding Company	State Owned Enterprise
683.	PT Rajawali Nusantara Indonesia	State Owned Enterprise
684.	PT Reasuransi Indonesia Utama	State Owned Enterprise
685.	PT Sang Hyang Seri	State Owned Enterprise
686.	PT Sarinah	State Owned Enterprise
687.	PT Semen Baturaja	State Owned Enterprise
688.	PT Semen Indonesia	State Owned Enterprise
689.	PT Semen Kupang	State Owned Enterprise
690.	PT Sucofindo	State Owned Enterprise
691.	PT Survai Udara Penas	State Owned Enterprise
692.	PT Surveyor Indonesia	State Owned Enterprise
693.	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
694.	PT Taspen	State Owned Enterprise
695.	PT Telekomunikasi Indonesia (PT Telkom)	State Owned Enterprise
696.	PT Varuna Tirta Prakasya	State Owned Enterprise
697.	PT Virama Karya	State Owned Enterprise

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

- **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
698.	PT Waskita Karya	State Owned Enterprise
699.	PT Wijaya Karya	State Owned Enterprise
700.	PT Yodya Karya	State Owned Enterprise
701.	BPJS Kesehatan	State Owned Enterprise
702.	BPJS Ketenagakerjaan	State Owned Enterprise
703.	PT Indonesia Infrastruktur Finance	Financial Institution
704.	PT Penjaminan Infrastruktur Indonesia	Financial Institution
705.	PT Sarana Multi Infrastruktur	Financial Institution
706.	PT Sarana Multigriya Finansial	Financial Institution
707.	Lembaga Pembiayaan Ekspor Indonesia	Financial Institution

- **Transactions with government related entities**

  Nature of transactions with government related entities are current accounts with other bank, placements with other banks, marketable securities, government bonds, other receivables - trade transaction, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, acceptance payables, liabilities on securities sold under agreements to repurchase, debt securities issued, fund borrowings, subordinated loans and subordinated debt, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

  In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to government related entities.

- **Transactions with management and key personnel of Bank Mandiri**

  Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President (Note 49) for the years ended December 31, 2019, 2018 and 2017 amounted to Rp1,380,804, Rp1,295,170 and Rp1,153,809 or 3.45%, 3.44% and 3.30% of total consolidated operating expenses - others, respectively.

Details of significant transactions with related parties as of December 31, 2019, 2018 and 2017, are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Assets			
Current accounts with other banks (Note 5a)	4,493	8,476	27,533
Placements with Bank Indonesia and other banks (Note 6b)	1,499,924	1,162,378	3,152,167
Marketable securities (Note 7a)*)	27,377,257	21,562,800	20,775,463
Government bonds (Note 8)	129,000,300	114,284,518	103,411,188
Other receivables - trade transactions (Note 9a)	14,186,619	10,724,084	10,517,587
Derivative receivables (Note 11)	18,817	149,832	23,824
Loans (Note 12A.a)	171,384,121	160,729,702	113,611,412
Consumer financing receivables (Note 13a)	6,758	8,278	7,957

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2019, 2018 and 2017, are as follows (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Acceptance receivables (Note 15a)	1,198,875	2,183,157	1,049,343
Investments in shares (Note 16a)	112,298	322,617	297,420
Total assets with related parties	344,789,462	311,135,842	252,873,894
Total consolidated assets	**1,318,246,335**	**1,202,252,094**	**1,124,700,847**
Percentage of total assets with related parties to total consolidated assets	**26.16%**	**25.88%**	**22.48%**

* Stated at gross before unamortised discount and unrealised (losses)/gains from (decrease)/increase in securities.

	December 31, 2019	December 31, 2018	December 31, 2017
Liabilities			
Deposits from customers			
Demand deposits and *wadiah* demand deposits (Note 21a)	60,118,497	51,161,488	46,108,385
Saving deposits and *wadiah* saving deposit (Note 22a)	3,307,760	3,537,033	3,548,205
Time deposits (Note 23a)	34,132,147	40,762,862	35,491,966
Deposits from other banks			
Demand deposits, *wadiah* demand deposit and saving deposits (Note 24a)	148,557	787,013	252,785
Time deposits (Note 26a)	-	116,958	108,473
Liabilities for securities sold under agreements to repurchase (Note 28)	-	102,234	-
Derivative payables (Note 11)	42,505	19,126	16,582
Acceptance payables (Note 29a)	2,076,355	4,688,800	602,894
Debt securities issued (Note 30)	10,696,100	10,071,700	8,546,200
Fund borrowings (Note 36)	984,974	423,686	-
Subordinated loans and marketable securities (Note 37)	127,750	136,750	-
Total liabilities with related parties	111,634,645	111,807,650	94,675,490
Total consolidated liabilities	**1,025,749,580**	**941,953,100**	**888,026,817**
Percentage of total liabilities with related parties to total consolidated liabilities	**10.88%**	**11.87%**	**10.66%**
Temporary *syirkah* funds (Note 38)	**1,733,920**	**2,277,156**	**974,099**
Percentage to total temporary *syirkah* funds	**2.08%**	**3.02%**	**1.46%**

(Expressed in millions of Rupiah, unless otherwise stated)

56. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2019, 2018 and 2017, are as follows (continued):

	Years ended December 31,		
	2019	**2018**	**2017**
Statements of profit or loss and other comprehensive income			
Interest income from government bonds and treasury bills (Note 41)	6,951,891	5,109,695	5,300,754
Percentage to interest income and sharia Income	**7.60%**	**6.31%**	**6.70%**
Interest expense from fund borrowings	51,349	-	-
Percentage to interest expense and sharia expense	**0.16%**	**-**	**-**

	December 31, 2019	December 31, 2018	December 31, 2017
Commitments and contingencies (Note 54)			
Unused loan facilities	67,895,741	55,668,817	50,456,815
Outstanding irrevocable letters of credit	7,689,574	11,195,881	5,904,249
Guarantees issued in the form of bank guarantee	18,426,336	26,849,223	25,912,130
Guarantees issued in the form of Standby letters of credit	9,253,918	7,673,903	6,171,176
Total commitments and contingencies for related parties	103,265,569	101,387,824	88,444,370
Total consolidated commitments and contingencies	**284,171,081**	**251,106,025**	**227,252,235**
Percentages of total commitments and contingencies with related parties to consolidated assets	**36.34%**	**40.38%**	**38.92%**

57. SEGMENT INFORMATION

The Group has presented its operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2ak).

The following describes the operations in each reportable segments as of December 31, 2019:

- Corporate Banking : including loans, customer deposits and other transactions belong to corporate customers, including state-owned and private enterprises.

- Commercial Banking : including loans to medium scale and automotive sector, customer deposits and other transactions belong to commercial customers.

57. SEGMENT INFORMATION (continued)

The following describes the operations in each reportable segments as of December 31, 2019 (continued):

- Government Institutional : including loans, costumer deposits and other transactions belong to government entities and pension plan of state-owned enterprises.

- Retail Banking (consists of consumer/individual segment and micro & business and wealth segment) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belong to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belong to individual customers.

- Treasury & International Banking : treasury segment associated with treasury activities of the Bank include foreign exchange, money market, fixed income, international banking business, capital markets and supervision of the Overseas Branches.

- Head Office : mainly managing the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.

- Subsidiary - Sharia : including all transactions conducted by a Subsidiary engaged in sharia banking.

- Subsidiaries - Insurance : including all transactions conducted by Subsidiaries engaged in life insurance, health insurance and general insurance.

- Subsidiary - other than sharia and insurance : including all transactions of Subsidiaries engaged in consumer finance, remittance services, securities and banking.

The following describes the operations in each reportable segments as of December 31, 2018:

- Corporate Banking consists of
  - Large Corporate : including loans, customer deposits and other transactions belong to corporate customers, including state-owned and private enterprises.
  - Middle Corporate : including loans to medium scale and automotive sector, customer deposits and other transactions belong to middle corporate customers (commercial).

57. SEGMENT INFORMATION (continued)

The following describes the operations in each reportable segments as of December 31, 2018 (continued):

- Government Institutional : including loans, costumer deposits and other transactions belong to government entities and pension plan of state-owned enterprises.

- Retail Banking (consists of consumer/individual segment and micro & business and wealth segment) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belong to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belong to individual customers.

- Treasury & International Banking : treasury segment associated with treasury activities of the Bank include foreign exchange, money market, fixed income, international banking business, capital markets and supervision of the Overseas Branches.

- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.

- Subsidiary - Sharia : including all transactions conducted by a Subsidiary engaged in sharia banking.

- Subsidiaries - Insurance : including all transactions conducted by Subsidiaries engaged in life insurance, health insurance and general insurance.

- Subsidiary - other than sharia and insurance : including all transactions of Subsidiaries engaged in consumer finance, remittance services, securities and banking.

The following describes the operations in each reportable segments as of December 31, 2017:

- Wholesale consists of:
  - Corporate : including loans, customer deposits and other transactions belong to corporate customers, including state-owned and private enterprises.

  - Commercial : including loans to medium scale and automotive sector, customer deposits and other transactions belong to commercial customers.

- Government & Institutional : including loans, costumer deposit and other transactions belong to government entity and pension plan from state-owned enterprises.

57. SEGMENT INFORMATION (continued)

The following describes the operations in each reportable segments as of December 31, 2017 (continued):

- Retail (in 2017 consists of consumer/individual segment and micro & business and wealth segment) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belong to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belong to individual customers, including priority customers.

- Treasury & Markets : treasury segment associated with treasury activities of the Bank include foreign exchange, money market, fixed income, international banking business, capital markets and supervision of the Overseas Branches.

- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.

- Subsidiary - sharia : including all transactions conducted by a Subsidiary engaged in sharia banking.

- Subsidiaries - insurance : including all transactions conducted by Subsidiaries engaged in life insurance, health insurance and general insurance.

- Subsidiary - other than sharia and insurance : including all transactions of Subsidiaries engaged in consumer finance, remittance services, securities and banking.

(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

	December 31, 2019*)										
Description	Corporate Banking	Commercial Banking	Government Institutional	Retail Banking	Treasury & International Banking	Head Office	Subsidiary - sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination***)	Total
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income**)	31,508,487	15,792,654	6,138,427	67,377,512	10,437,527	156,478	8,417,748	397,436	6,717,915	(55,419,094)	91,525,090
Interest and sharia expense**)	(22,974,579)	(11,210,249)	(4,693,246)	(31,674,017)	(5,531,012)	(211,111)	(3,014,676)	-	(3,399,793)	50,623,781	(32,084,902)
Net interest and sharia income	8,533,908	4,582,405	1,445,181	35,703,495	4,906,515	(54,633)	5,403,072	397,436	3,318,122	(4,795,313)	59,440,188
Net premium income	-	-	-	-	-	-	-	2,118,647	-	(311,144)	1,807,503
Net interest and sharia and premium income	8,533,908	4,582,405	1,445,181	35,703,495	4,906,515	(54,633)	5,403,072	2,516,083	3,318,122	(5,106,457)	61,247,691
Other operating income:											
Other fees and commission	1,967,111	693,043	379,279	6,265,331	339,521	2,427,708	1,783,982	-	838,445	(477,985)	14,216,435
Other	291,177	111,156	11,010	3,916,018	4,004,581	1,409,145	201,389	1,103,063	1,682,249	(455,825)	12,273,963
Total	2,258,288	804,199	390,289	10,181,349	4,344,102	3,836,853	1,985,371	1,103,063	2,520,694	(933,810)	26,490,398
Reversal of/(allowance for) impairment losses on financial assets and others	(1,214,279)	(3,739,769)	(3,998)	(5,622,102)	(1,635)	716,455	(1,530,499)	-	(674,616)	(2,020)	(12,072,463)
Unrealised gains/(losses) from increase/(decrease) in fair value of policy holders' investment in unit-link contracts	-	-	-	-	-	-	-	5,726	2,479	-	8,205
Gain on sale of marketable securities and government bonds	-	-	-	-	-	793,519	-	23,991	36,340	-	853,850
Other operating expenses:											
Salaries and employee benefit	(168,222)	(278,299)	(186,223)	(2,503,962)	(132,064)	(9,634,860)	(2,084,091)	(455,351)	(2,089,118)	311,144	(17,221,046)
General and administrative expense	(121,537)	(101,670)	(533,124)	(2,762,435)	(126,655)	(10,085,379)	(1,687,202)	(805,174)	(1,411,877)	-	(17,635,053)
Other	(256,227)	(123,402)	(151,221)	(1,332,411)	(301,907)	(1,892,054)	(321,362)	(1,093,382)	(247,956)	499,854	(5,220,068)
Total	(545,986)	(503,371)	(870,568)	(6,598,808)	(560,626)	(21,612,293)	(4,092,655)	(2,353,907)	(3,748,951)	810,998	(40,076,167)
Non-operating income/(expense) - net	-	-	-	-	-	57,594	(50,285)	-	(17,383)	-	(10,074)
Tax expense	-	-	-	-	-	(6,980,790)	(439,972)	(178,279)	(386,807)	-	(7,985,848)
Net income	**9,031,931**	**1,143,464**	**960,904**	**33,663,934**	**8,688,356**	**(23,243,295)**	**1,275,032**	**1,116,677**	**1,049,878**	**(5,231,289)**	**28,455,592**
Net income attributable to:											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	973,459
Parent Entity	-	-	-	-	-	-	-	-	-	-	27,482,133
Consolidated statement of financial position											
Loans - gross	329,763,941	151,424,144	27,027,984	275,953,020	6,820,070	1,361,958	75,173,775	-	20,852,431	(2,542,086)	885,835,237
Total assets	354,295,785	143,398,957	27,651,440	277,201,816	149,188,110	176,947,767	112,298,325	34,969,777	56,556,392	(14,262,034)	1,318,246,335
Demand deposits and *wadiah* demand deposits	(100,667,400)	(41,898,718)	(25,459,231)	(60,358,283)	(8,013,579)	-	(11,510,301)	-	(376,625)	839,870	(247,444,267)
Saving deposits and *wadiah* saving deposits	(7,451,380)	(10,698,060)	(1,072,276)	(296,554,444)	(77,073)	-	(5,126,726)	-	(3,508,113)	-	(324,488,072)
Time deposits	(38,735,792)	(23,067,620)	(45,243,111)	(150,470,646)	(5,337,928)	-	-	-	(16,259,914)	939,005	(278,176,006)
Total deposit from customers	(146,854,572)	(75,664,398)	(71,774,618)	(507,383,373)	(13,428,580)	-	(16,637,027)	-	(20,144,652)	1,778,875	(850,108,345)
Total liabilities	(152,499,274)	(78,851,135)	(72,022,009)	(509,673,421)	(20,104,685)	(101,072,006)	(19,433,761)	(30,741,502)	(47,595,584)	6,243,797	(1,025,749,580)

*) In accordance with operating segments of Bank Mandiri (Note 2ak).
**) Include component of internal transfer pricing among operating segments.
***) Include elimination of internal transfer pricing or reclassification among operating segments and elimination for Subsidiaries.

(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

	December 31, 2018*)										
	Corporate Banking										
Description	Large Corporate	Middle Corporate	Government Institutional	Retail Banking	Treasury & International Banking	Head Office	Subsidiary - sharia	Subsi-diaries - insurance	Subsi-diaries - other than insurance and sharia	Adjustment and Elimi-nation***)	Total
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income**)	26,862,763	16,533,360	4,566,025	62,185,942	7,500,469	995,335	7,688,793	319,644	5,599,161	(51,258,922)	80,992,570
Interest and sharia expense**)	(18,808,096)	(10,703,047)	(2,929,697)	(27,912,560)	(2,027,738)	(2,796,865)	(2,659,310)	-	(2,620,048)	44,087,423	(26,369,938)
Net interest and sharia income	8,054,667	5,830,313	1,636,328	34,273,382	5,472,731	(1,801,530)	5,029,483	319,644	2,979,113	(7,171,499)	54,622,632
Net premium income	-	-	-	-	-	-	-	3,002,535	-	(295,402)	2,707,133
Net interest and sharia and premium income	8,054,667	5,830,313	1,636,328	34,273,382	5,472,731	(1,801,530)	5,029,483	3,322,179	2,979,113	(7,466,901)	57,329,765
Other operating income:											
Other fees and commission	1,997,226	884,780	250,044	5,714,177	396,190	2,532,931	1,068,768	-	824,525	(654,855)	13,013,786
Other	520,110	136,217	11,874	3,446,308	3,879,281	4,606,577	672,979	666,376	1,308,902	(590,345)	14,658,279
Total	2,517,336	1,020,997	261,918	9,160,485	4,275,471	7,139,508	1,741,747	666,376	2,133,427	(1,245,200)	27,672,065
Reversal of/(allowance for) impairment losses on financial assets and others	1,079,449	(6,863,828)	(6,977)	(6,718,458)	(304)	1,174,311	(2,300,574)	-	(650,977)	101,860	(14,185,498)
Unrealised gains/(losses) from increase/(decrease) in fair value of policy holders' investment in unit-link contracts	-	-	-	-	-	31,187	-	(87,363)	595	37,098	(18,483)
Gain on sale of marketable securities and government bonds	-	-	-	-	-	962,444	-	(7,004)	16,002	(297,355)	674,087
Other operating expenses:											
Salaries and employee benefit	(166,345)	(287,663)	(89,051)	(2,298,746)	(137,841)	(9,411,630)	(1,805,975)	(522,730)	(1,898,190)	295,402	(16,322,769)
General and administrative expense	(115,844)	(103,426)	(169,598)	(2,660,865)	(126,972)	(9,888,450)	(1,541,306)	(875,050)	(1,105,494)	-	(16,587,005)
Other	(250,861)	(117,771)	(116,408)	(1,273,128)	(285,557)	(1,550,601)	(304,302)	(1,056,527)	(367,905)	666,695	(4,656,365)
Total	(533,050)	(508,860)	(375,057)	(6,232,739)	(550,370)	(20,850,681)	(3,651,583)	(2,454,307)	(3,371,589)	962,097	(37,566,139)
Non-operating income/(expense) - net	-	-	-	-	-	43,205	(3,341)	(10,779)	8,487	-	37,572
Tax expense	-	-	-	-	-	(7,241,244)	(210,520)	(327,951)	(311,717)	-	(8,091,432)
Net income	**11,118,402**	**(521,378)**	**1,516,212**	**30,482,670**	**9,197,528**	**(20,542,800)**	**605,212**	**1,101,151**	**803,341**	**(7,908,401)**	**25,851,937**
Net income attributable to:											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	836,916
Parent Entity	-	-	-	-	-	-	-	-	-	-	25,015,021
Consolidated statement of financial position**)**											
Loans - gross	302,625,449	142,581,578	21,864,053	246,570,935	3,998,638	1,326,193	67,144,434	-	15,903,575	(2,457,667)	799,557,188
Total assets	329,959,329	134,408,647	22,025,637	245,746,843	135,834,856	169,102,494	98,341,119	33,178,563	47,799,504	(14,144,898)	1,202,252,094
Demand deposits and *wadiah* demand deposits	(79,923,964)	(33,262,301)	(20,358,667)	(55,389,473)	(2,477,319)	-	(8,704,173)	-	(115,135)	407,276	(199,823,756)
Saving deposits and *wadiah* saving deposits	(6,533,237)	(9,324,378)	(965,360)	(283,926,092)	(39,079)	-	(3,751,592)	-	(2,742,615)	-	(307,282,353)
Time deposits	(41,192,536)	(17,188,326)	(42,831,341)	(141,195,569)	(4,878,892)	-	-	-	(12,320,962)	704,842	(258,902,784)
Total deposit from customers	(127,649,737)	(59,775,005)	(64,155,368)	(480,511,134)	(7,395,290)	-	(12,455,765)	-	(15,178,712)	1,112,118	(766,008,893)
Total liabilities	(136,545,244)	(64,018,485)	(64,008,099)	(482,438,146)	(32,166,632)	(84,790,075)	(14,852,265)	(29,125,723)	(40,665,368)	6,656,937	(941,953,100)

*) In accordance with operating segments of Bank Mandiri (Note 2ak).
**) Including component of internal transfer pricing among operating segments.
***) Including elimination of internal transfer pricing or reclassification among operating segments and elimination for Subsidiaries.
****) For the year ended December 31, 2018.

(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

	December 31, 2017*)										
	Corporate Banking										
Description	Large Corporate	Middle Corporate	Government Institutional	Retail Banking	Treasury & International Banking	Head Office	Subsidiary - sharia	Subsi-diaries - insurance	Subsi-diaries - other than insurance and sharia	Adjustment and Elimi-nation***)	Total
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income**)	25,259,738	18,615,438	4,076,031	57,901,200	8,790,678	1,169,202	7,286,674	538,264	4,115,123	(50,467,700)	77,284,648
Interest and sharia expense**)	(17,391,803)	(12,067,382)	(2,567,155)	(26,048,171)	(4,746,879)	(956,168)	(2,541,130)	-	(1,963,422)	42,985,823	(25,296,287)
Net interest and sharia income	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	213,034	4,745,544	538,264	2,151,701	(7,481,877)	51,988,361
Net premium income	-	-	-	-	-	-	-	2,737,654	-	(272,579)	2,465,075
Net interest and sharia and premium income	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	213,034	4,745,544	3,275,918	2,151,701	(7,754,456)	54,453,436
Other operating income:											
Other fees and commission	1,890,196	1,005,460	257,721	5,579,995	279,082	2,412,928	907,763	-	719,675	(604,505)	12,448,315
Other	387,453	123,825	11,460	2,731,572	3,449,100	1,623,389	714,521	525,588	1,200,376	(385,192)	10,382,092
Total	2,277,649	1,129,285	269,181	8,311,567	3,728,182	4,036,317	1,622,284	525,588	1,920,051	(989,697)	22,830,407
Reversal of/(allowance for) impairment losses on financial assets and others	(650,578)	(6,243,098)	902	(7,593,814)	(94,360)	1,768,041****)	(2,516,484)	-	(646,282)	23,836	(15,951,837)
Unrealized gains/(losses) from increase/(decrease) in fair value of policyholders' investment in unit-link contracts	-	-	-	-	-	2,489	-	164,568	836	(121,044)	46,849
Gain on sale of marketable securities and government bonds	-	-	-	-	-	850,383	-	12,544	30,643	(113,577)	779,993
Other operating expenses:											
Salaries and employee benefit	(157,934)	(293,655)	(61,803)	(2,221,145)	(272,334)	(8,628,262)	(1,599,262)	(485,449)	(1,411,379)	272,581	(14,858,642)
General and administrative expense	(112,155)	(109,011)	(78,894)	(2,644,541)	(212,014)	(8,894,393)	(1,488,944)	(947,562)	(918,065)	-	(15,405,579)
Other	(232,570)	(118,511)	(110,097)	(1,161,628)	(160,071)	(2,118,947)	(305,420)	(1,039,960)	(212,448)	734,776	(4,724,876)
Total	(502,659)	(521,177)	(250,794)	(6,027,314)	(644,419)	(19,641,602)	(3,393,626)	(2,472,971)	(2,541,892)	1,007,357	(34,989,097)
Non-operating income/(expense) - net	-	-	-	-	411	1,826	29,343	(14,583)	(29,885)	-	(12,888)
Tax expense	-	-	-	-	-	(5,087,348)	(121,892)	(261,976)	(242,605)	-	(5,713,821)
Net income	8,992,347	913,066	1,528,165	26,543,468	7,033,613	(17,856,860)	365,169	1,229,088	642,567	(7,947,581)	21,443,042
Net income attributable to:											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	803,359
Parent Entity	-	-	-	-	-	-	-	-	-	-	20,639,683
Consolidated statement of financial position *****)											
Loans - gross	248,745,671	155,820,017	13,862,546	223,098,142	1,173,623	1,557,410	59,893,437	-	10,943,441	(3,056,422)	712,037,865
Total assets	258,019,391	144,012,206	13,886,210	220,719,085	123,690,331	218,050,209	87,939,774	34,066,912	38,541,034	(14,224,305)	1,124,700,847
Demand deposits and *wadiah* demand deposits	(83,354,774)	(37,174,479)	(20,964,557)	(51,006,025)	(2,748,140)	-	(8,435,776)	-	(63,129)	882,020	(202,864,860)
Saving deposits and *wadiah* saving deposits	(7,003,356)	(11,731,448)	(1,174,738)	(283,736,956)	(22,325)	-	(3,193,558)	-	(1,849,527)	-	(308,711,908)
Time deposits	(36,653,700)	(19,239,640)	(28,537,041)	(141,628,906)	(4,801,444)	-	-	-	(7,845,403)	698,920	(238,007,214)
Total deposit from customers	(127,011,830)	(68,145,567)	(50,676,336)	(476,371,887)	(7,571,909)	-	(11,629,334)	-	(9,758,059)	1,580,940	(749,583,982)
Total liabilities	(135,647,500)	(72,024,722)	(50,604,259)	(477,958,928)	(13,933,756)	(68,587,174)	(13,906,435)	(30,029,680)	(32,394,653)	7,060,290	(888,026,817)

*) In accordance with operating segments of Bank Mandiri (Note 2ak).
**) Including component of internal transfer pricing among operating segments.
***) Including elimination of internal transfer pricing or reclassification among operating segments and elimination for Subsidiaries.
****) Foreign exchange effeck not allocated each segment
*****) For the year ended December 31, 2017.

(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

Geographical segment

The principal operations of the Group is managed in Indonesia, Asia (Singapore, Hong Kong, Timor Leste, Shanghai, Malaysia), Western Europe (England) and Cayman Islands. Information concerning the geographical segments of the Group is set out in the table below:

Information on geographical segment for the year ended December 31, 2019:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	89,829,280	1,192,514	92,331	410,965	91,525,090
Interest and sharia expense	(31,302,122)	(644,100)	(41,572)	(97,108)	(32,084,902)
Net interest and sharia income	58,527,158	548,414	50,759	313,857	59,440,188
Net premium income	1,807,503	-	-	-	1,807,503
Net interest and sharia and premium income	60,334,661	548,414	50,759	313,857	61,247,691
Other operating income:					
Others fees and commisions	13,891,091	280,996	-	44,348	14,216,435
Others	11,989,798	168,859	5,671	109,635	12,273,963
Total	25,880,889	449,855	5,671	153,983	26,490,398
(Allowance for)/reversal of impairment losses on financial assets and others	(12,277,257)	91,045	-	113,749	(12,072,463)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	8,205	-	-	-	8,205
Gain on sale of marketable securities and government bonds	704,066	149,784	-	-	853,850
Other operating expenses:					
Salaries and employee benefit	(17,010,452)	(173,854)	(23,597)	(13,143)	(17,221,046)
General, administrative expenses and others	(22,674,170)	(132,100)	(20,779)	(28,072)	(22,855,121)
Total	**(39,684,622)**	**(305,954)**	**(44,376)**	**(41,215)**	**(40,076,167)**
Non operating income/ (expense) - net	(82,988)	99,027	-	(26,113)	(10,074)
Tax expense	(7,846,179)	(137,519)	(2,150)	-	(7,985,848)
Net income	**27,036,775**	**894,652**	**9,904**	**514,261**	**28,455,592**
Net income attributable to:					
Noncontrolling interest	-	-	-	-	973,459
Parent Entity	-	-	-	-	27,482,133
Consolidated statement of financial position					
Loans	850,428,612	28,276,194	536,120	6,594,311	885,835,237
Total assets	1,260,518,160	41,619,677	2,585,317	13,523,181	1,318,246,335
Demand deposits and *wadiah* demand deposits	(241,672,996)	(5,490,921)	(280,350)	-	(247,444,267)
Saving deposits and *wadiah* saving deposits	(322,075,799)	(2,412,273)	-	-	(324,488,072)
Time deposits	(274,576,454)	(3,599,552)	-	-	(278,176,006)
Total deposit from customers	(838,325,249)	(11,502,746)	(280,350)	-	(850,108,345)
Total liabilities	(968,855,444)	(41,562,216)	(1,861,378)	(13,470,542)	(1,025,749,580)

(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

Geographical segment (continued)

Information on geographical segment for the year ended December 31, 2018:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	79,214,322	1,241,290	83,478	453,480	80,992,570
Interest and sharia expense	(25,785,645)	(468,004)	(38,625)	(77,664)	(26,369,938)
Net interest and sharia income	53,428,677	773,286	44,853	375,816	54,622,632
Net premium income	2,707,133	-	-	-	2,707,133
Net interest and sharia and premium income	56,135,810	773,286	44,853	375,816	57,329,765
Other operating income:					
Others fees and commisions	12,729,924	268,379	-	15,483	13,013,786
Others	14,511,948	91,014	3,212	52,105	14,658,279
Total	27,241,872	359,393	3,212	67,588	27,672,065
(Allowance for)/reversal of impairment losses on financial assets and others	(14,360,828)	73,068	-	102,262	(14,185,498)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	(38,084)	16,634	-	2,967	(18,483)
Gain on sale of marketable securities and government bonds	652,465	21,622	-	-	674,087
Other operating expenses:					
Salaries and employee benefit	(16,123,887)	(162,803)	(23,563)	(12,516)	(16,322,769)
General, administrative expenses and others	(21,076,461)	(125,510)	(16,532)	(24,867)	(21,243,370)
Total	(37,200,348)	(288,313)	(40,095)	(37,383)	(37,566,139)
Non operating income/(expense) - net	137,547	(74,294)	-	(25,681)	37,572
Tax expense	(7,990,983)	(100,449)	-	-	(8,091,432)
Net income	**24,577,451**	**780,947**	**7,970**	**485,569**	**25,851,937**
Net income attributable to:					
Noncontrolling interest	-	-	-	-	836,916
Parent Entity	-	-	-	-	25,015,021
Consolidated statement of financial position					
Loans	773,786,108	18,214,990	377,607	7,178,483	799,557,188
Total assets	1,146,220,500	38,255,104	2,504,393	15,272,097	1,202,252,094
Demand deposits and *wadiah* demand deposits	(195,023,476)	(4,732,582)	(67,698)	-	(199,823,756)
Saving deposits and *wadiah* saving deposits	(305,138,353)	(2,144,000)	-	-	(307,282,353)
Time deposits	(257,673,582)	(1,229,202)	-	-	(258,902,784)
Total deposit from customers	(757,835,411)	(8,105,784)	(67,698)	-	(766,008,893)
Total liabilities	(887,836,702)	(37,474,157)	(1,796,022)	(14,846,219)	(941,953,100)

(Expressed in millions of Rupiah, unless otherwise stated)

57. SEGMENT INFORMATION (continued)

Geographical segment (continued)

Information on geographical segment for the year ended December 31, 2017:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	75,911,639	915,243	64,473	393,293	77,284,648
Interest and sharia expense	(25,082,825)	(171,728)	(19,206)	(22,528)	(25,296,287)
Net interest and sharia income	50,828,814	743,515	45,267	370,765	51,988,361
Net premium income	2,465,075	-	-	-	2,465,075
Net interest and sharia and premium income	53,293,889	743,515	45,267	370,765	54,453,436
Other operating income:					
Others fees and commisions	12,023,544	373,393	-	51,378	12,448,315
Others	10,301,925	57,022	3,317	19,828	10,382,092
Total	22,325,469	430,415	3,317	71,206	22,830,407
(Allowance for)/reversal of impairment losses on financial assets and others	(15,935,336)	(107,026)	-	90,525	(15,951,837)
Unrealized gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	47,057	(217)	-	9	46,849
Gain on sale of marketable securities and government bonds	731,586	23,953	-	24,454	779,993
Other operating expenses:					
Salaries and employee benefit	(14,671,562)	(157,649)	(18,585)	(10,846)	(14,858,642)
General, administrative expenses and others	(19,975,024)	(113,494)	(19,152)	(22,785)	(20,130,455)
Total	(34,646,586)	(271,143)	(37,737)	(33,631)	(34,989,097)
Non operating income/(expense) - net	102,555	(86,166)	-	(29,277)	(12,888)
Tax expense	(5,621,953)	(89,082)	(2,786)	-	(5,713,821)
Net income	**20,296,681**	**644,249**	**8,061**	**494,051**	**21,443,042**
Net income attributable to:					
Noncontrolling interest	-	-	-	-	803,359
Parent Entity	-	-	-	-	20,639,683
Consolidated statement of financial position					
Loans	684,723,748	19,987,985	436,955	6,889,177	712,037,865
Total assets	1,075,709,168	35,479,228	2,126,531	11,385,920	1,124,700,847
Demand deposits and *wadiah* demand deposits	(196,514,998)	(6,324,178)	(25,684)	-	(202,864,860)
Saving deposits and *wadiah* saving deposits	(306,726,716)	(1,985,192)	-	-	(308,711,908)
Time deposits	(235,026,952)	(2,980,262)	-	-	(238,007,214)
Total deposit from customers	(738,268,666)	(11,289,632)	(25,684)	-	(749,583,982)
Total liabilities	(839,728,197)	(35,475,463)	(1,441,985)	(11,381,172)	(888,026,817)

(Expressed in millions of Rupiah, unless otherwise stated)

58. CAPITAL ADEQUACY RATIO

Capital risk management

Bank Mandiri's capital policy is prudently complied with the regulatory capital requirement, diversifying its capital resources to anticipate long-term strategic plans and efficiently allocate capital to business segments that have the potential to provide an optimal risk-return profile, including placement and investment in Subsidiaries in order to meet stakeholder's expectations including investors and regulators.

Bank Mandiri ensures it has sufficient capital to meet credit risk, market risk and operational risk, both in supporting business growth in normal conditions and anticipating stress conditions.

The Capital Adequacy Ratio (CAR) calculated in accordance with OJK's Regulation No. 34/POJK.03/2016 dated September 22, 2016 on Amendments to the OJK's Regulation No. 11/POJK.03/2016 regarding the Minimum Capital Requirement for Commercial Banks.

For Risk Weighted Assets, Bank uses Basel II Standardised Approach [1] for credit risk and has included external rating component. In addition, the Bank has gradually carried out a simulation using Internal Ratings-Based Approach. For Market Risk, the Bank uses Basel II Standardised Measurement Method[2] and internally uses Value at Risk. For Operational Risk, the Bank refers to Basel II Basic Indicator Approach[3].

The calculation of Risk Weighted Assets (Credit, Operational and Market) and Capital Adequancy Ratio (CAR) (Bank Mandiri only) as of December 31, 2019, 2018 and 2017 are as follows:

	December 31,		
	2019	**2018**	**2017**
Capital:			
Core capital	179,161,161	158,442,446	145,616,420
Supplementary capital	9,667,098	9,115,536	7,561,895
Total capital for credit risk, operational risk and market risk	**188,828,259**	**167,557,982**	**153,178,315**
Risk-Weighted Assets for credit	731,563,854	677,717,804	589,631,509
Risk-Weighted Assets for operational	123,291,988	115,067,839	104,792,639
Risk-Weighted Assets for market	28,049,779	6,449,454	13,367,349
Total Risk-Weighted Assets for credit, operational and market risk	**882,905,621**	**799,235,097**	**707,791,497**

1 Referring to SE OJK No.42/SEOJK.03/2016 regarding Guidelines for Calculation of Risk-Weighted Assets ("RWA") for Credit Risk by Using a Standard Approach, SE OJK No.48/SEOJK.03/2017 regarding Guidelines for Calculation of net receivables for derivative transactions in Calculating Risk Weighted Assets for Credit Risk by Using a Standard Approach and SE OJK Approach No.11/SEOJK.03/2018 regarding Amendments to SEOJK No.42/SEOJK.03/2016 regarding Guidelines for Calculation of RWA for Credit Risk by Using a Standard Approach.
2 Referring to SE OJK No.38/SEOJK.03/2016 regarding Guidelines for Using Standard Methods in Calculating Minimum Capital Requirements for Commercial Banks to calculate market risk.
3 Referring to SE OJK No.24/SEOJK.03/2016 regarding Risk-Weighted Assets Calculation for Operational Risk by Using a Basic Indicator Approach.

(Expressed in millions of Rupiah, unless otherwise stated)

58. CAPITAL ADEQUACY RATIO (continued)

Capital risk management (continued)

	December 31,		
	2019	2018	2017
CAR for core capital	20.29%	19.82%	20.57%
CAR for credit risk	25.81%	24.72%	25.98%
CAR for credit risk and operational risk	22.09%	21.14%	22.06%
CAR for credit risk and market risk	24.86%	24.49%	25.40%
CAR for credit risk, operational risk and market risk	21.39%	20.96%	21.64%
Minimum CAR core capital	6.00%	6.00%	6.00%
Minimum CAR based on risk profile[4]	9.59%	9.56%	9.5%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2019, 2018 and 2017 including credit, operational and market risk are 20.90%, 20.46% and 21.03%, respectively, taking into account credit and operational risk are 21.53%, 20.62% and 21.39%, respectively.

59. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS FULFILLMENT RATIO, SMALL-SCALE AND MICRO LOANS RATIO AND LEGAL LENDING LIMIT

Non-performing earning assets to total earning assets ratio (including off-balance sheet) as of December 31, 2019, 2018 and 2017 (Bank Mandiri only) are 1.65%, 1.88% and 2.14%, respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as of December 31, 2019, 2018 and 2017 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2019, 2018 and 2017 are 107.56%, 115.23% and 130.82%, respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as of December 31, 2019, 2018 and 2017 are 6.23%, 6.04% and 6.14%, respectively.

The Legal Lending Limit (LLL) as of December 31, 2019, 2018 and 2017 did not exceed the LLL regulation for related parties and third parties. LLL is calculated in accordance with Bank Indonesia's Regulation No. 7/3/PBI/2005 dated January 20, 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated October 5, 2006.

[4] The minimum CAR for the main risks of tier 1 and additional risks of tier 2 (capital add-on) is based on the Internal Capital Adequacy Assessment Process (ICAAP) method.

60. CUSTODIAN SERVICES AND TRUST OPERATIONS

Custodian services

Bank Mandiri started providing custodian services since 1995. The operating license for custodian services was renewed based on Decree of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated October 4, 1999. Bank Mandiri's Custodian, which is the part of International Banking and Financial Institution Group, provides a full range of custodian services as follows:

a. Settlement and handling services for script and scripless trading transactions;
b. Safekeeping and administration of marketable securities and other valuable assets;
c. Corporate action services which starting from administrating the safe keeping of customer's ownership right on marketable securities until that right become effective in the customer's account;
d. Proxy services for its customers' in General Meeting of Shareholders and General Meeting of bond holders;
e. Reporting and information submission related to the customers' marketable securities and/or other valuable assets which is kept and administred by Bank Mandiri's custodian.

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodian facilitate it through provisions of various services as follow:

a. General custodian which provide services for investors who are investing in capital market or money market in Indonesia;
b. Local custodian for American Depository Receipts (ADR) and Global Depository Receipts (GDR) which is needed by the investors to convert the companies' shares which are listed in local and overseas stock exchange (dual/multi listing);
c. Sub-registry which provide services for investors that conduct transaction and investment in Government Bonds (either in form of Bonds or Treasury Bills) and Bank Indonesia Certificates (Sertifikat Bank Indonesia (SBI));
d. Custodian for mutual funds and discretionary fund issued and managed by investment manager;
e. Custodian of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels. Bank Mandiri's Custodian is a direct member of Euroclear;
f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
g. Custodian for Exchange Traded Fund (ETF) which issued and managed by an investment manager where the unit of participation will be traded on stock exchange;
h. Custodian for Asset Backed Securities (*Efek Beragun Aset* (EBA)) in the form of collective investment contract (*Kontrak Investasi Kolektif* (KIK)) which was issued by the investment manager and custodian bank in relation to asset securitization transactions owned by banks or other financial institutions.

As of December 31, 2019, 2018 and 2017, Bank Mandiri's Custodian Operations has 4,916, 3,279 and 1,822 customers, respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio by currencies as of December 31, 2019 are amounted to Rp525,576,046, USD2,136,759,816 (full amount), and EUR141,100 (full amount), as of December 31, 2018 are amounted to Rp476,857,329, USD2,218,416,860 (full amount), and EUR141,336 (full amount) (unaudited) and as of December 31, 2017 are amounted to Rp445,624,581, USD1,754,110,142 (full amount), and EUR106,333 (full amount) (unaudited). Assets kept in custodian services activities are not included in the consolidated financial statements of Bank Mandiri and its Subsidiaries.

Bank Mandiri has insured the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the OJK's regulation.

60. CUSTODIAN SERVICES AND TRUST OPERATIONS (continued)

Trustee Agent Operations

Bank Mandiri rendered Trustee Agent Operations Services since 1983. The operating license for trust services was renewed and re-registered in Decree of Capital Market and Financial Institutions Supervisory Board based on Decision Letter No. 17/STTD-WA/PM/1999 dated October 27, 1999. The type of services are as follows:

a. Trustee agent for bonds and MTN
b. Escrow agent
c. Paying agent
d. Initial Public Offering/IPO Receiving Bank
e. Security agent

As of December 31, 2019, Bank Mandiri manage 117 customers with the total value of bonds and MTN issued amounted to Rp115,589,750, as of December 31, 2018 manage 116 customers with the total value of bonds and MTN issued amounted to Rp111,941,100 and USD5,000,000 (full amount) (unaudited) and as of December 31, 2017 manage 115 customers with the total value of bonds and MTN issued amounted to Rp95,077,750 and USD105,300,000 (full amount) (unaudited).

Both Bank Mandiri's Trustee operations and Custodian Services have received Quality Certification ISO 9001:2015.

Trust services

Bank's trust service is the custodian services of customer's assets portfolio (the settlor) based on a written agreement between the Bank as the Trustee and customer's for the benefits of beneficiary.

Bank Mandiri has obtained the license principle and confirmation letter for the Trustee services based on Bank Indonesia's Letter No. 15/30/DPB1/PB1-1 dated April 26, 2013 and No. 15/32/DPB1/PB1-1 dated August 28, 2013.

Functions of Mandiri trust service are:
a. "Paying Agent" which receives and transfers money and/or funds, and record cash in and cash out for and on behalf of the clients (the settlor).
b. "Investment Agent" involves in placing, converting, and administering the placement of funds for and on behalf of the clients (the settlor).

Bank's trust service include managing customers from various segments, including oil & gas company, corporate and commercial, non-profit organisation customers for activities among others, distribution of gas sales results, sale and purchase/acquisition of companies, and pooling of funds for foreign aid and others.

(Expressed in millions of Rupiah, unless otherwise stated)

61. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Government:			
Agriculture	259,660	261,272	286,949
Manufacturing	953	14,543	14,543
	260,613	**275,815**	**301,492**

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia through several existing schemes as follows:

1. Channeling loans from the Ministry of Finance in various currencies from several bilateral and multilateral financial institutions to finance Government projects through State Owned Enterprises, Region Owned Enterprises and Regional Government, such as: Asian Development Bank, Banque Français & Credit National, Barclays, BNP Paribas, BNP Paribas & CAI Belgium, Calyon & BNP Paribas, CDC NES, Export Finance and Insurance Corporation (EFIC) Australia, IDA, International Bank for Reconstruction and Development, Japan Bank for International Cooperation, Kreditanstalt Fur Wiederaufbau, Netherlands Urban Sector Loan & De Nederlanse Inveseringsbank voor Ontwikkelingslanden NV, Swiss Government, RDI - KI, Spain, UB Denmark, US Export Import Bank and Overseas Economic Cooperation Fund. However, based on the Regulation of the Minister of Finance No.40/PMK.05/2015 dated March 6, 2015, stated starting from October 1, 2015 the administration of overseas loans are managed by the Ministry of Finance, except loans in the form of BI Project Aid.
2. Channeling loans from former of PIR Plantations to farmers for community plantation development which includes the Nucleus Estate Smallholder (NES) ADB project, Special PIR and Local PIR. Bank Mandiri as the administrator for the repayment of receivables to PIR Plantation Farmers, whereas the Ministry of Finance is managing the repayment of receivables to farmers and the Ministry of Agriculture is managing the technical execution of the PIR Plantation Project. The distribution of PIRBUN loans has stopped.
3. Channeling loans of Industrial Plantation Forest Reforestation (DR HTI) from the Ministry of Environment and Forestry (KLHK). Since 1999, the Ministry of Environment and Forestry has stopped distributing the Reforestation Loans for Industrial Plantation Forests, therefore the DRHTI loans which currently managed by PT Bank Mandiri (Persero) Tbk are existing DRHTI Loans which were inherited from ex legacy Bank.

Channeling loans are not presented in the consolidated statement of financial position since the credit risk are not borne by the Bank and its Subsidiaries. In accordance to the agreement mentioned above, Bank Mandiri is responsible to collect from the debtors and made payments to the Government not only the principal, but also the interest and other charges including manage loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.50% - 2.00%.

62. RISK MANAGEMENT

Bank Mandiri implements independent risk management and according to OJK's and Bank Indonesia's regulation and international banking best practices. Bank Mandiri adopts the Entreprise Risk Management (ERM) concept as comprehensive and integrated risk management strategy which is customised with the Bank's business and operational needs. ERM implementation provides value added benefits to the Bank's and its stakeholders.

ERM is a risk management process embedded in business strategies and operations that are integrated in the Bank's daily business decision making processes. With ERM, the Bank establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes with the risks in holistic approach. In addition, ERM also applies integrated risk management for the Subsidiaries, to maximise the effectiveness of supervision and value creation to the Bank based on OJK's Regulation No. 17/POJK.03/2014 regarding implementation of integrated risk management for financial conglomerates which are appropriate for the whole financial industries.

The Bank's risk management framework is based on OJK's Regulation No. 18/POJK.03/2016 regarding Risk Management Implementation for Commercial Banks. The Bank's risk management framework is included in Risk Management Policy (KMNR), which consists of various policies to support risk management function as a business enabler for business growth within the corridor of prudential principle by adopting the ideal risk management processes (identification - measurement - monitoring - risk control) at all organisation levels.

As part of the ERM process, Bank Mandiri applies a Risk Appetite Statement (RAS). RAS represents, type and level of risk that the Bank is able to take/face in order to achieve business objectives. The application of RAS is also synchronised with monitoring of Bank Mandiri's Recovery Plan indicators (refer to POJK No. 14/POJK.03/2017 regarding Bank Systemic Recovery Plans).

All risks that faced by the Bank are measured and monitored on regular basis through internal measurement method quarterly risk profile report and semiannually Bank's soundness report in order to describe all the embedded risks in the Bank's business activities, including consolidated Subsidiaries risks.

Active supervision by the Board of Directors and the Board of Commissioners on risk management activities, directly and indirectly, is implemented through the establishment of committees at the level of the Board of Commissioners which are Risk Monitoring Committee, Integrated Governance Committee, Renumeration and Nomination Committee and Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Asset & Liability Committee (ALCO), Risk Management & Credit Policy Committee (RMPC), Integrated Risk Management Committee (IRC), Capital & Subsidiaries Committee (CSC), Business Committee, Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), Policy & Procedure Committee (PPC) and Credit Committee.

From 9 Executive Committees supervised under Board of Directors, 4 committees directly involved with risk management, i.e RMPC, IRC, ALCO and PPC. All functions and key responsibilities are as follows:

1. Risk Management & Credit Policy Committee (RMPC)
   Discuss and recommends loan regulation as well as monitoring risk profile and all risks related to the Bank
2. Integrated Risk Committee (IRC)
   Provide recommendation to the Board of Directors in order to develop integrated risk management regulations and revised or refined the standards for integrated risk management based on the results of evaluation process.
   Bank Mandiri as parent entity has formed IRC committee as an application of POJK No.17/POJK.03/2014 about integrated risk management for financial Group. Member of IRC includes Board of Directors of parent entity and Subsidiaries.

62. RISK MANAGEMENT (continued)

All functions and key responsibilities are as follows (continued):

3. Asset & Liabilities Committee (ALCO)
   Manages Bank's strategic management of asset and liabilities, interest rate, liquidity and other areas related to the asset and liability management of the Bank. Furthermore, ALCO has function and responsibility to monitor risk indicator and financial Bank which state the recovery plan and also recommend recovery plan activation in which this indicator has crossed the line.
4. Policy & Procedure Committee (PPC)
   Manages syncronitation regulation and operational procedures to be in line with the Bank's regulation.

Committees formed under Board of Commissioners including Risk Monitoring Committee, Integrated Governance Committee and Audit Committee, which have task and responsibility to review and evaluate the policy and implementation of Bank's risk management, as well as providing inputs and recommendations to the Board of Commissioners for their monitoring of rules.

At operational level, the Directorate of risk management together with business units are responsible to manage 10 risks faced by the Bank and Subsidiaries, also discuss and propose a guidance for risk management. The organization structure of risk management consist of Risk Taking Unit and Independent Risk Management Unit. Risk Taking Unit who run the four eye principles which are Wholesale Risk and Retail Risk Independent Risk Management Unit who responsible directly to Risk Management Director, which are Credit Portfolio Risk Group, Market Risk Group, Operational Risk Group, Credit Control & Supervision Group and Policy & Procedure Group.

A. Credit risk

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and prudent loan management to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation by identifying business unit, segment, product, region which contributes to value added for the Bank.

The process of managing Bank Mandiri's kredit for the wholesale segment begins with setting targets the market through the Portfolio Guidelines which establish Industry Classification (attractive, neutral, selective) and the appropriate industry limits, and select and filter target customers through Industry Acceptance Criteria and Name Clearance, to produce quality debtor pipelines. The next process is to conduct a credit risk assessment using a series of credit risk tools (credit risk rating, spreadsheets, CPA, NAK, etc.) which are then decided by the Authorized Person to Approve Credit (through Credit Committee Meetings) with the four-eyes principle which involve the Business Unit and Credit Risk Management Unit independently.

After the credit disbursement process, credit risk and the potential for debtor failure must always be monitored and detected early (Early Warning Signals), among others by using ALERT (watchlist) tools and if a debtor becomes problematic then an account strategy is needed which includes collection, recovery and restructuring activities.

For the retail segment, because it is a mass market, the credit process is carried out more automatically by using a credit risk scorecard, with reference to each Risk Acceptance Criteria products, as well as processing through an automated work flow (loan factory).

The monitoring process is carried out in a portfolio manner through the Portfolio Quality Review, which can be continued with the collection and recovery process for the problematic portion of the portfolio.

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

To anticipate the deterioration of macroeconomic conditions, a what-if analysis is conducted wholesale and retail portfolios through stress testing using certain several macroeconomics scenarios.

In distributing the credit, Bank Mandiri always focus on prudent principal using credit policy which managing end to end credit risks. Operationally, the policy is formalised in Credit Procedures (SPK) and products manual.

To manage concentration risk on debtor level, Bank Mandiri consistently monitor Legal Lending Limit (BMPK). In general, loan processing and credit risk management in Bank Mandiri had been integrated with Business Unit, Credit Operation Unit and Credit Risk Management Unit.

The Bank periodically reviews and updates its policies and procedures for credit in general, by business segment and tools risk management. These policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan acceptance process, from market target, loan analysis, approval, documentation, disbursement, monitoring and settlement process for non-performing/restructuring loans.

To improve the Bank's social role and care for the environmental risk and as an implementation of Good Corporate Governance (GCG), the Bank has set up a Guideline for Technical Analysis of Environmental and Social in Lending granting which is used as a reference in analysing environmental risk in a credit analysis. This Guideline is in line with Bank Indonesia Regulation regarding the Quality of Asset Assessment on Commercial Bank regulating that the assessment prospect link with debtor in taking care the environment. Moreover, in order to environment preservation, Bank has already established sustainable financial action plan which stated in OJK's regulation regarding sustainable financial implementation for financial services institution, Issuers, and Public Companies.

In principle, credit risk management is implemented at transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principles concept, which each loan approval involves Business Unit and Credit Risk Management Unit which work independently to achieve objective credit decision. The four-eye principles are executed by Credit Committee according to the authority limit and the loan approval process conducted through Credit Committee Meeting mechanism. Executive Business Officer and Executive Credit Officer as the Credit Committee member, must be highly competent as well as has strong capacity and high integrity so the loan granting process can be performed objectively, comprehensively and prudently. To monitor the performance of the credit authorization holders in approving the loans, the Bank has developed a monitoring database system for the credit authorization holder. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authorization holders, so the performance of the Executive Business Officer and Executive Credit Officer can be monitored from time to time.

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

To mitigate credit risk, Credit Committee sets loan structure for every debtor including appropriate covenants, which align with debtor's needs and conditions, to ensure loan granting is effective and meet the interest of the Bank and debtor. Guidelines for determining the structure of collateral regarding to credit risk mitigation policy has been regulated in detail according to the SPK (Credit Standard Procedures) for each segment.

Collateral type that can be accepted by the Bank includes moving objects (including cash, receivables, inventories, and marketable securities), objects that are not moving (including land, building, and machine), and personal/corporate guarantee. The criteria of collateral adequancy coverage (unaudited) for each segment are divided as follows:

Segment	Collateral	Minimum Coverage Amount*)
Wholesale	Funded project	100% - 150% of credit limit
	Inventory	
	Receivable	
	Fixed Asset	
	Land or land and property	
	Other collateral accepted by the Bank	
Retail	Fixed asset	100% - 200% of credit limit
	Inventory	
	Receivable	
	Land or land and property	
	Other collateral accepted by the Bank	

*) Collateral coverage amount is determined by type and limit of credit facility, type and value of collateral and evaluation of debtor.

To guarantee the credit facility, fixed assets such as land and building are preferable than other types of collateral. Bank uses value of collateral based on appraisal value by internal appraiser (Credit Operation Unit) and external appraiser who are business partner of the Bank or non business partner but approved by authorised person in business unit or Recovery Unit.

Collateral can be replaced as long as the new collateral fulfills marketability aspect and collateral value adequacy criteria. If debtors failed to pay off their loan, the collateral will be liquidated as a second way out to ensure credit recovery.

To identify and measure risk at transactional level as part of implementation of prudential banking, the Bank utilises Credit Risk Tools, which includes Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum. At portfolio level, control is performed throught master limit, ICLS (Integrated Credit Liabilities System) and name cleareance.

The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-attrition).

BMRS that has been developed by the Bank consists of Rating System for Corporate Banking, Rating System for Wholesale SME, Rating System for Project Finance, Rating System for Financial Institution - Bank, Rating System for Financial Institution - Non Bank (Multifinance), and Rating System for *Bank Perkreditan Rakyat* (BPR).

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

With the use of Rating System for Financial Institutions/Banks, Bank can identify and measure risk level of Bank's Counterpart which can be tolerated in granting Credit Line facilities.

To improve the measurement of transactional risk for the Overseas Offices, currently BMRS has been implemented in Overseas Office. To support the development of Rating and Scoring model, the Bank has a guideline for the development of Credit Rating and Credit Scoring model, which is a complete guidance for the Bank in developing credit rating and credit scoring model. In addition, to monitor the performance of credit rating and credit scoring model, the Bank conducts a review on the scoring and rating results performed by Business Units. In addition, the Bank already has a guidance to form probability of default (PD) model to support implementation of internal rating based approach. In order to monitor the performance of rating and scoring managed in the database, report of credit scoring review and rating review outlook are prepared periodically.

Currently the Bank is in the process of developing and enhancing further the internal rating and internal scoring to be in line with Advanced Internal Rating Based Approach (A-IRB Approach), which with development of Basel II Risk Parametas model Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for wholesale, retail and consumer segment. This also serves as preparation of model of components for Expected Credit Loss for implementation of IFRS 9 (SFAS 71) for impairment calculation.

The models that have been developed by the Bank are validated internally by Risk Model Validator, which is an independent and separate unit from the model development unit. This is performed to minimize error in assessing credit risk, in particular in assessing rating and scoring of debtor and PD score. Moreover, Risk Model Validator has a role to managing risk model through inventarisation, determining model rating by using risk index model and independent monitoring through on-going validation.

Aside from Credit Rating and Scoring, another tools used by the Bank is the loan monitoring system, which uses to identify debtors who potentially experience difficulty in repaying their loan. The Bank conducts early warning analysis called Watch List analysis (Early Warning Analysis) for all large and middle corporate loans with collectibility 1 and 2 on quarterly basis. Based on the analysis, the Bank determines account strategy and action plan to prevent NPL.

In assessing and monitoring credit quality, Bank Mandiri always refers to Bank Indonesia regulation by prioritizing prudential principles by reviewing business prospects, as well as assessing the debtors performance and repayment ability. Credit monitoring on large corporate and middle corporate segments are performed at debtor level through Loan Monitoring System (ALERT System) that has been integrated into the IPS system. Loan monitoring system includes two functions, namely as an early detection tool through analysis of Watch List (Early Warning Analysis) and collectibility review based on 3 pillars. Loan Monitoring System is a standardised, structured and comprehensive method of debtor's performance monitoring, therefore action plan can be done immediately to prevent the deterioration of debtor credit quality.

Monitoring is performed at the minimum on quarterly basis to identify any debtor who potentially experiencing difficulties to meet their obligations. Meanwhile, monitoring on retail segments (SME, micro and consumer segment) is performed at portfolio level through portfolio analysis from various aspects as outlined in credit risk report.

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

As prevention (early warning signal), Bank Mandiri also performs simulation and stress testing on portfolio on regular basis to identify changing of portfolio quality by segment or industry, whereas the result will become a guidance for Bank Mandiri in monitoring the specific sector or debtor that potentially experiencing deterioration of quality more closely to prevent unexpected events.

At portfolio level, risk management uses the active portfolio management approach which proactively maintain the portfolio diversification at optimum level with risk exposure at risk appetite determined by the Bank. In practice, the Bank uses Portfolio Guideline (PG) tools. PG consists of three parts, industry classification, industry acceptance criteria and industry limit.

Industry Classification (IC) classifies industrial sectors into 4 categories based on the prospects and the corresponding risks. The Bank uses IC in determining the industry market target. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative), as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which determines maximum exposure limit for a particular industrial sector.

PG harmonizes the credit concept whereas the Bank now proactively prioritize to industries with economic value added and select the best companies and individuals within those industries (winner players) as targeted customers. With this proactive approach, the Bank has successfully attracted profitable companies and prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry limit and debtor limit). The Bank has been implementing an integrated Limit Management System Solution to monitor and manage limit and exposures, for both individual and portfolio level.

PG is periodically reviewed and subject to back testing to ensure its always relevant and up-to-date and has predictive value at an acceptable level. Currently, the Bank has already reviewed Industry Classification to ensure the appropriateness of industry classification with the recent developments. To support the use of Industry Classification, the Bank set up Industry Portfolio Analysis to identify the performance of the Bank's portfolio in a specific industry sector.

The Bank also issues Portfolio Outlook at ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is preventive as an early warning before changes in economic condition as mentioned above can affect the loan portfolio performance.

As part of its active portfolio management, the Bank always monitors the development of credit risk portfolio by calculating the Bank's credit risk profile which reflects the inherent risk and the effectiveness of the risk control system. The Bank also monitors the development and the quality of the portfolio based on concentration e.g. per business segment, industrial sector, regions, product type, currency type and risk class. Therefore, the Bank can take preventive action and risk mitigation in both individual and portfolio level.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

To monitor quality and test the elasticity of portfolio quality (NPL and yield) to changes in economic variables which can affect the Bank's capital adequacy, the Bank regularly and at ad hoc basis conducts a stress test on the credit portfolio by large debtors group, business segment, industry and products based on various scenarios.

With this stress test, Bank will be able to understand the possibility of negative impact to the business performance of Bank Mandiri, as well as earlier anticipate and take actions to manage the portfolio and identify the most optimal solution for short-term and long-term strategies therefore quality of the Bank's portfolio and capital adequacy can be well maintained.

To comply with OJK Regulation 14/POJK.03/2017 regarding Recovery Plans for Systemic Banks, Article 31 of POJK, Bank Mandiri as a Systemic Bank (Domestic Systemically Important Bank) is required to update its Recovery Plans to overcome possible financial stress and report to OJK no later than the end of November each year. In 2019, Bank Mandiri has updated the Recovery Plan which has been approved at the Board of Directors Meeting dated November 20, 2019.

In order to continuously develop the quality of human resources in risk management, the Bank has risk management academy which issued several risk management modules, both tailored to improve knowledge and skills as well as to generally increase employee risk awareness.

(i) Maximum exposure to credit risk before considering collateral held and other credit supports

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit supports as of December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Current accounts with Bank Indonesia	46,490,930	59,852,761	50,188,118
Current accounts with other banks	12,558,297	14,830,772	12,329,947
Placement with Bank Indonesia and other banks	37,568,760	22,515,696	74,600,803
Marketable securities**)			
Government			
Fair value through profit or loss	4,319,700	216,760	1,644,649
Available for sale	1,615,886	3,583,165	1,590,710
Held to maturity	16,726	-	-
At cost	405,881	-	-
Non-government			
Fair value through profit or loss	3,189,247	3,547,087	1,876,737
Available for sale	18,285,290	26,236,035	24,109,437
Held to maturity	7,982,683	7,887,279	8,196,823
At cost	13,436,875	2,630,325	1,139,166
Government bonds***)			
Fair value through profit or loss	5,040,996	3,372,637	2,183,356
Available for sale	96,664,454	78,265,244	89,073,724
Held to maturity	18,003,259	17,977,222	2,585,950
At cost	8,079,331	13,468,806	8,262,937
Other receivables - trade transactions	29,104,111	24,809,459	24,090,128
Securities purchased under agreements to resell	1,955,363	2,097,629	2,629,315
Derivatives receivables	1,617,476	1,798,557	817,292

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.
***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit supports as of December 31, 2019, 2018 and 2017 are as follows (continued):

	December 31, 2019	December 31, 2018	December 31, 2017
Loans and sharia loan/financing*)			
Corporate	360,345,989	325,034,885	258,204,300
Commercial	132,412,926	122,341,005	135,630,079
Retail	289,881,505	255,484,648	226,493,437
Sharia	73,206,424	64,900,557	57,964,704
Consumer financing receivables	18,211,088	16,826,865	14,782,332
Net investment finance leases	3,047,089	3,319,103	2,356,890
Acceptance receivables	10,058,035	13,592,409	12,290,260
Other assets			
Accrued income	5,393,123	5,251,323	4,325,248
Receivables from customer transactions	1,304,879	1,012,574	2,095,568
Receivables from transactions related to ATM and credit card	595,697	573,938	699,825
Receivables from policyholders	147,564	477,041	713,049
Receivables from sale of marketable securities	75,789	831,337	201,358
Receivables from government bonds pledged as collateral	3,554,645	3,499,304	594,534
	1,204,570,018	**1,096,234,423**	**1,021,670,676**

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.

Credit risk exposures relating to administrative accounts net after allowance for impairment losses as of December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Bank guarantees issued	96,343,574	82,023,611	79,485,919
Committed unused loan facilities	39,132,832	36,911,030	35,534,577
Outstanding irrevocable letters of credit	17,552,391	19,734,769	15,729,990
Standby letter of credit	13,572,803	13,124,842	12,269,582
	166,601,600	**151,794,252**	**143,020,068**

The above table represents the maximum financial assets exposure on credit risk for Bank Mandiri and Subsidiaries as of December 31, 2019, 2018 and 2017, without taking into account any collateral held or other credit support. For financial assets in the consolidated statement of financial position, the exposures set out above are based on carrying amounts as reported in the consolidated financial statements.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of December 31, 2019, 2018 and 2017. In the following table, Bank Mandiri and Subsidiaries have allocated exposures based on the geographical area where the transactions are recorded.

	December 31, 2019					
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Current accounts with Bank Indonesia	46,490,930	-	-	-	-	46,490,930
Current accounts with other banks	10,224,194	10	572	-	2,338,714	12,563,490
Placement with Bank Indonesia and other banks	26,491,374	-	-	-	11,125,061	37,616,435
Marketable securities**)						
Government						
Fair value through profit or loss	2,469,184	-	-	-	1,850,516	4,319,700
Available for sale	-	-	-	-	1,615,886	1,615,886
Held to maturity	16,726	-	-	-	-	16,726
At cost	405,881	-	-	-	-	405,881
Non Government						
Fair value through profit or loss	2,496,979	-	-	-	692,268	3,189,247
Available for sale	17,725,826	-	-	-	559,464	18,285,290
Held to maturity	7,799,914	-	-	-	219,254	8,019,168
At cost	13,469,928	-	-	-	-	13,469,928
Government Bonds ***)						
Fair value through profit or loss	5,040,996	-	-	-	-	5,040,996
Available for sale	92,152,640	-	-	-	4,511,814	96,664,454
Held to maturity	16,685,335	-	-	-	1,317,924	18,003,259
At cost	8,079,331	-	-	-	-	8,079,331
Other receivables-trade transactions	30,202,607	-	-	-	213,095	30,415,702
Securities purchased under agreements to resell	1,955,363	-	-	-	-	1,955,363
Derivatives receivables	1,601,140	-	-	-	16,336	1,617,476
Loans *)						
Corporate	276,267,516	45,645,011	5,619,170	3,352,500	34,485,748	365,369,945
Commercial	107,231,695	27,635,833	9,632,986	3,558,414	963,009	149,021,937
Retail	196,531,462	52,278,744	19,661,042	21,848,099	5,950,233	296,269,580
Sharia	49,384,727	14,170,018	5,964,659	3,598,998	2,055,373	75,173,775
Consumer financing receivables	12,453,126	2,676,510	1,520,180	1,857,925	57,965	18,565,706
Net investment finance leases	2,968,215	42,243	32,107	11,404	1,102	3,055,071
Acceptance receivables	9,377,389	-	-	-	902,450	10,279,839
Other assets						
Accrued Income	4,422,687	436,656	126,126	129,827	277,827	5,393,123
Receivables from customer transactions	1,173,575	89,774	21,756	28,236	2,147	1,315,488
Receivables from transactions related to ATM and credit card	595,697	-	-	-	-	595,697
Receivables to policyholders	147,564	-	-	-	-	147,564
Receivables from sale of marketable securities	75,789	-	-	-	-	75,789
Receivables from Government Bonds pledged as collateral	3,554,645	-	-	-	-	3,554,645
	947,492,435	142,974,799	42,578,598	34,385,403	69,156,186	1,236,587,421

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding securities which are the investment of the Subsidiary's unit-link policyholders with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.
****) Others include portfolios in Papua and overseas branches.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

<u>Concentration of risks of financial assets with credit risk exposure (continued)</u>

a) Geographical sectors (continued)

	December 31, 2018					
	Jawa and Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others****)**	**Total**
Current accounts with Bank Indonesia	59,852,761	-	-	-	-	59,852,761
Current accounts with other banks	11,366,295	10	591	-	3,469,065	14,835,961
Placement with Bank						
Indonesia and other banks	19,978,618	-	-	-	2,587,416	22,566,034
Marketable securities**)						
Government						
Fair value through profit or loss	216,760	-	-	-	-	216,760
Available for sale	1,241,693	-	-	-	2,341,472	3,583,165
Non Government						
Fair value through profit or loss	809,125	-	-	-	2,742,920	3,552,045
Available for sale	25,896,647	-	-	-	340,593	26,237,240
Held to maturity	6,986,043	-	-	-	964,973	7,951,016
At cost	2,656,999	-	-	-	-	2,656,999
Government Bonds ***)						
Fair value through profit or loss	3,372,637	-	-	-	-	3,372,637
Available for sale	78,265,244	-	-	-	-	78,265,244
Held to maturity	17,977,222	-	-	-	-	17,977,222
At cost	13,468,806	-	-	-	-	13,468,806
Other receivables-trade transactions	25,773,022	-	-	-	640,035	26,413,057
Securities purchased under agreements						
to resell	2,097,629	-	-	-	-	2,097,629
Derivatives receivables	1,792,260	-	-	-	6,297	1,798,557
Loans *)						
Corporate	254,594,975	42,244,420	5,301,452	2,805,441	25,195,404	330,141,692
Commercial	100,893,567	25,651,946	9,126,898	3,762,200	739,299	140,173,910
Retail	173,384,331	45,512,289	18,863,253	19,201,965	5,135,313	262,097,151
Sharia	43,693,479	12,673,157	5,777,586	3,168,728	1,831,485	67,144,435
Consumer financing receivables	11,662,094	2,531,303	1,237,901	1,723,855	43,003	17,198,156
Net investment						
finance leases	3,258,110	43,280	18,419	6,883	1,697	3,328,389
Acceptance receivables	13,647,115	-	-	-	241,747	13,888,862
Other assets						
Accrued income	4,343,110	396,961	121,243	132,900	257,109	5,251,323
Receivables from customer						
transactions	936,139	46,633	19,880	20,260	2,262	1,025,174
Receivables from transactions						
related to ATM and credit card	573,938	-	-	-	-	573,938
Receivables to policyholders	477,041	-	-	-	-	477,041
Receivables from sale of marketable						
securities	807,245	-	-	-	24,092	831,337
Receivables from Government						
Bonds pledged as collateral	3,499,304	-	-	-	-	3,499,304
	883,522,209	**129,099,999**	**40,467,223**	**30,822,232**	**46,564,182**	**1,130,475,845**

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding securities which are the investment of the Subsidiary's unit-link policyholders with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.
****) Others include portfolios in Papua and overseas branches.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	December 31, 2017					
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Current accounts with Bank Indonesia	50,188,118	-	-	-	-	50,188,118
Current accounts with other banks	9,558,317	10	619	-	2,774,443	12,333,389
Placement with Bank Indonesia and other banks	70,689,182	-	-	-	3,961,334	74,650,516
Marketable securities**)						
Government						
Fair value through profit or loss	1,258,471	-	-	-	386,178	1,644,649
Available for sale	-	-	-	-	1,590,710	1,590,710
Non Government						
Fair value through profit or loss	1,531,355	-	-	-	350,382	1,881,737
Available for sale	23,767,343	-	-	-	350,211	24,117,554
Held to maturity	7,276,144	-	-	-	977,501	8,253,645
At cost	1,150,961	-	-	-	-	1,150,961
Government Bonds***)						
Fair value through profit or loss	2,183,356	-	-	-	-	2,183,356
Available for sale	89,073,724	-	-	-	-	89,073,724
Held to maturity	2,585,950	-	-	-	-	2,585,950
At cost	8,262,937	-	-	-	-	8,262,937
Other receivables-trade transactions	23,549,287	-	-	-	1,890,190	25,439,477
Securities purchased under agreements to resell	2,629,315	-	-	-	-	2,629,315
Derivatives receivables	816,968	-	-	-	324	817,292
Loans *)						
Corporate	184,556,500	42,362,161	8,685,445	2,902,157	27,269,691	265,775,954
Commercial	107,414,648	29,484,409	10,489,104	4,846,050	529,385	152,763,596
Retail	151,567,405	40,189,567	18,489,800	18,148,092	5,210,014	233,604,878
Sharia	38,237,293	11,123,873	6,131,260	2,845,779	1,555,232	59,893,437
Consumer financing receivables	10,846,826	2,152,598	876,636	1,243,655	25,504	15,145,219
Net investment finance leases	2,332,438	4,116	2,146	25,929	-	2,364,629
Acceptance receivables	12,052,865	-	-	-	491,629	12,544,494
Other assets						
Accrued income	3,482,692	371,061	127,934	118,272	225,289	4,325,248
Receivables from customer transactions	2,019,368	27,786	12,953	12,343	118,290	2,190,740
Receivables from transactions related to ATM and credit card	699,825	-	-	-	-	699,825
Receivable to policyholders	699,816	6,782	3,093	3,358	-	713,049
Receivable from sale of marketable securities	174,243	-	-	-	27,115	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	-	-	-	594,534
	809,199,881	125,722,363	44,818,990	30,145,635	47,733,422	1,057,620,291

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding securities which are the investment of the Subsidiary's unit-link policyholders with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.
****) Others include portfolios in Papua and overseas branches.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

<u>Concentration of risks of financial assets with credit risk exposure (continued)</u>

a) Geographical sectors (continued)

Credit risk exposure relating to administrative accounts are as follows:

	December 31, 2019					
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Administrative accounts						
Bank guarantees issued	93,586,431	94,720	24,259	82,437	2,675,549	96,463,396
Committed unused loan facilities	12,769,401	4,872,577	772,094	415,516	20,331,214	39,160,802
Outstanding irrevocable letters of credit	16,173,203	5,275	-	-	1,386,875	17,565,353
Standby letter of credit	12,925,660	-	-	-	872,428	13,798,088
	135,454,695	**4,972,572**	**796,353**	**497,953**	**25,266,066**	**166,987,639**

	December 31, 2018					
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Administrative accounts						
Bank guarantees issued	79,965,400	42,005	19,056	27,885	2,059,739	82,114,085
Committed unused loan facilities	16,605,448	5,344,977	807,442	564,991	13,605,421	36,928,279
Outstanding irrevocable letters of credit	18,827,004	5,464	-	-	913,460	19,745,928
Standby letter of credit	12,354,127	-	-	-	777,562	13,131,689
	127,751,979	**5,392,446**	**826,498**	**592,876**	**17,356,182**	**151,919,981**

	December 31, 2017					
	Jawa and Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Administrative accounts						
Bank guarantees issued	77,843,320	-	-	-	1,844,658	79,687,978
Committed unused loan facilities	19,450,470	5,653,897	606,480	335,162	9,566,712	35,612,721
Outstanding irrevocable letters of credit	14,806,837	-	-	-	1,015,685	15,822,522
Standby letter of credit	12,102,240	-	-	-	176,378	12,278,618
	124,202,867	**5,653,897**	**606,480**	**335,162**	**12,603,433**	**143,401,839**

****) Others included portfolio of Papua and overseas branches

b) Industry sectors

The following table describe Bank's credit exposure at gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by industry sectors as of December 31, 2019, 2018 and 2017.

	December 31, 2019						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Current accounts with Bank Indonesia	-	46,490,930	-	-	-	-	46,490,930
Current accounts with other banks	-	12,563,490	-	-	-	-	12,563,490
Placement with Bank Indonesia and other banks	-	37,616,435	-	-	-	-	37,616,435
Marketable securities**)							
Government							
Fair value through profit or loss	4,319,700	-	-	-	-	-	4,319,700
Available for sale	1,615,886	-	-	-	-	-	1,615,886
Held to maturity	16,726	-	-	-	-	-	16,726
At cost	405,881	-	-	-	-	-	405,881
Non Government							
Fair value through profit or loss	-	3,016,983	92,548	88	53,029	26,599	3,189,247
Available for sale	-	11,020,052	318,793	154,072	2,450,311	4,342,062	18,285,290
Held to maturity	-	3,345,297	621,516	466,075	2,564,872	1,021,408	8,019,168
At cost	-	11,795,328	400,000	85,000	385,000	804,600	13,469,928

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

The following table describe Bank's credit exposure at gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by industry sectors as of December 31, 2019, 2018 and 2017.

	December 31, 2019						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Government Bonds***)							
Fair value through profit or loss	5,040,996	-	-	-	-	-	5,040,996
Available for sale	96,664,454	-	-	-	-	-	96,664,454
Held to maturity	18,003,259	-	-	-	-	-	18,003,259
At cost	8,079,331	-	-	-	-	-	8,079,331
Other receivables- trade transactions	-	5,988,403	9,778,576	1,897,493	205,518	12,545,712	30,415,702
Securities purchased under resale agreements	-	1,839,657	-	-	-	115,706	1,955,363
Derivatives receivables	-	1,165,889	-	-	-	451,587	1,617,476
Loans *)							
Corporate	13,567,951	6,114,177	85,521,532	39,480,182	45,702,704	174,983,399	365,369,945
Commercial	-	701,949	46,513,622	27,236,270	19,589,813	54,980,283	149,021,937
Retail	-	47,219	5,916,721	16,770,264	16,482,885	257,052,491	296,269,580
Sharia	17,276	5,871,056	3,708,803	3,936,036	3,801,803	57,838,801	75,173,775
Consumer financing receivables	153,821	25,052	555,174	35,211	167,630	17,628,818	18,565,706
Net investment finance leases	76,113	2,586	77,363	40,146	563,260	2,295,603	3,055,071
Acceptance receivables	1,469	981,419	872,765	-	5,245	8,418,941	10,279,839
Other assets							
Accrued income	666,736	1,468,736	312,435	109,486	339,177	2,496,553	5,393,123
Receivables from customer transactions	-	475,802	-	-	-	839,686	1,315,488
Receivables from transactions related to ATM and credit card	-	-	-	-	-	595,697	595,697
Receivables to policyholders	-	147,564	-	-	-	-	147,564
Receivables from sale of marketable securities	-	75,789	-	-	-	-	75,789
Receivables from Government Bonds pledged as collateral	-	3,554,645	-	-	-	-	3,554,645
	148,629,599	**154,308,458**	**154,689,848**	**90,210,323**	**92,311,247**	**596,437,946**	**1,236,587,421**

**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.
****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

	December 31, 2018						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Current accounts with Bank Indonesia	-	59,852,761	-	-	-	-	59,852,761
Current accounts with other banks	-	14,835,961	-	-	-	-	14,835,961
Placement with Bank Indonesia and other banks	-	22,566,034	-	-	-	-	22,566,034
Marketable securities**)							
Government							
Fair value through profit or loss	216,760	-	-	-	-	-	216,760
Available for sale	3,583,165	-	-	-	-	-	3,583,165
Non Government							
Fair value through profit or loss	-	3,424,494	73,558	16	42,051	11,926	3,552,045
Available for sale	-	20,121,852	269,696	85,897	2,020,685	3,739,110	26,237,240
Held to maturity	-	3,699,419	684,000	466,968	2,676,418	424,211	7,951,016
At cost	-	1,957,999	200,000	-	485,000	14,000	2,656,999
Government Bonds***)							
Fair value through profit or loss	3,372,637	-	-	-	-	-	3,372,637
Available for sale	78,265,244	-	-	-	-	-	78,265,244
Held to maturity	17,977,222	-	-	-	-	-	17,977,222
At cost	13,468,806	-	-	-	-	-	13,468,806
Other receivables- trade transactions	-	4,931,505	9,028,789	1,072,811	140,776	11,239,176	26,413,057

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	December 31, 2018						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Securities purchased under resale agreements	-	2,045,615	-	-	-	52,014	2,097,629
Derivatives receivables	-	1,289,346	-	-	-	509,211	1,798,557
Loans *)							
Corporate	10,854,590	3,458,808	81,004,446	42,762,353	31,237,637	160,823,858	330,141,692
Commercial	-	47,780	47,607,621	23,232,449	15,268,593	54,017,467	140,173,910
Retail	-	78,423	6,327,728	13,619,769	10,287,144	231,784,087	262,097,151
Sharia	35,446	6,320,254	3,389,077	3,528,178	4,253,634	49,617,846	67,144,435
Consumer financing receivables	182,554	424	319,164	9,511	137,648	16,548,855	17,198,156
Net investment finance leases	160,985	107	93,318	10,010	388,841	2,675,128	3,328,389
Acceptance receivables	-	1,513,403	1,835,153	-	1,277	10,539,029	13,888,862
Other assets							
Accrued income	502,266	1,266,925	609,384	132,343	300,492	2,439,913	5,251,323
Receivables from customer transactions	-	298,767	-	-	-	726,407	1,025,174
Receivables from transactions related to ATM and credit card	-	-	-	-	-	573,938	573,938
Receivables to policyholders	-	477,041	-	-	-	-	477,041
Receivables from sale of marketable securities	-	831,337	-	-	-	-	831,337
Receivables from Government Bonds pledged as collateral	-	3,499,304	-	-	-	-	3,499,304
	128,619,675	**152,517,559**	**151,441,934**	**84,920,305**	**67,240,196**	**545,736,176**	**1,130,475,845**

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.
****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

	December 31, 2017						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Current accounts with Bank Indonesia	-	50,188,118	-	-	-	-	50,188,118
Current accounts with other banks	-	12,333,389	-	-	-	-	12,333,389
Placement with Bank Indonesia and other banks	-	74,650,516	-	-	-	-	74,650,516
Marketable securities**)							
Government							
Fair value through profit or loss	1,644,649	-	-	-	-	-	1,644,649
Available for sale	1,590,710	-	-	-	-	-	1,590,710
Non Government							
Fair value through profit or loss	-	1,632,483	122,520	16	56,912	69,806	1,881,737
Available for sale	-	18,189,194	241,209	149,948	1,721,951	3,815,252	24,117,554
Held to maturity	-	6,136,187	684,000	-	1,101,850	331,608	8,253,645
At cost	-	746,961	-	-	390,000	14,000	1,150,961
Government Bonds***)							
Fair value through profit or loss	2,183,356	-	-	-	-	-	2,183,356
Available for sale	89,073,724	-	-	-	-	-	89,073,724
Held to maturity	2,585,950	-	-	-	-	-	2,585,950
At cost	8,262,937	-	-	-	-	-	8,262,937
Other receivables-trade transactions	-	4,730,694	6,191,365	507,731	2,318,433	11,691,254	25,439,477
Securities purchased under resale agreements	-	2,466,421	-	-	-	162,894	2,629,315
Derivatives receivables	-	488,062	-	-	-	329,230	817,292

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	December 31, 2017						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Loans*)							
Corporate	9,884,329	1,077,407	88,799,814	40,394,180	25,317,921	100,302,303	265,775,954
Commercial	-	145,230	53,840,563	22,104,144	16,517,447	60,156,212	152,763,596
Retail	-	55,327	5,843,514	10,997,009	6,675,902	210,033,126	233,604,878
Sharia	81,879	5,619,988	3,463,745	4,107,529	5,226,525	41,393,771	59,893,437
Consumer financing receivables	42,306	-	3,175	1,787	133,351	14,964,600	15,145,219
Net investment finance leases	15,407	-	861	13,718	392,662	1,941,981	2,364,629
Acceptance receivables	-	636,774	738,790	-	15,548	11,153,382	12,544,494
Other assets							
Accrued income	766,003	975,884	333,533	109,994	238,837	1,900,997	4,325,248
Receivables from customer transactions	-	112,051	-	-	-	2,078,689	2,190,740
Receivables from transactions related to ATM and credit card	-	-	-	-	-	699,825	699,825
Receivable to policyholders	-	713,049	-	-	-	-	713,049
Receivable from sale of marketable securities	-	201,358	-	-	-	-	201,358
Receivables from Government Bonds pledged as collateral	-	594,534	-	-	-	-	594,534
	116,131,250	181,693,627	160,263,089	78,386,056	60,107,339	461,038,930	1,057,620,291

Credit risk exposure relating to administrative accounts items are as follows:

	December 31, 2019						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others*)	Net
Administrative accounts							
Bank guarantees issued	25,582	27,584,799	21,890,489	221,225	425,821	46,315,480	96,463,396
Committed unused loan facilities	16,684,136	2,794,599	6,616,123	1,322,600	-	11,743,344	39,160,802
Outstanding irrevocable letters of credit	63,944	10,168	2,168,351	334,116	1,921,081	13,067,693	17,565,353
Standby letter of credit	-	-	2,224,023	-	3,832,186	7,741,879	13,798,088
	16,773,662	30,389,566	32,898,986	1,877,941	6,179,088	78,868,396	166,987,639

	December 31, 2018						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others*)	Net
Administrative accounts							
Bank guarantees issued	25,500	18,702,787	21,450,815	123,509	640,740	41,170,734	82,114,085
Committed unused loan facilities	11,524,977	4,414,458	6,722,183	1,321,292	-	12,945,369	36,928,279
Outstanding irrevocable letters of credit	58,320	2,489	3,193,793	203,825	5,176,380	11,111,121	19,745,928
Standby letter of credit	-	-	1,064,217	-	1,979,523	10,087,949	13,131,689
	11,608,797	23,119,734	32,431,008	1,648,626	7,796,643	75,315,173	151,919,981

	December 31, 2017						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others*)	Net
Administrative accounts							
Bank guarantees issued	59,163	22,324,226	19,212,425	130,307	642,744	37,319,113	79,687,978
Committed unused loan facilities	9,366,349	5,800	9,404,247	1,443,187	2,226,114	13,167,024	35,612,721
Outstanding irrevocable letters of credit	55,024	5,757	2,624,525	32,512	1,067,974	12,036,730	15,822,522
Standby letter of credit	-	-	197,475	-	802,118	11,279,025	12,278,618
	9,480,536	22,335,783	31,438,672	1,606,006	4,738,950	73,801,892	143,401,839

*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets

As of December 31, 2019, 2018 and 2017, exposure to credit risk on financial assets are as follows:

	December 31, 2019					
	Neither past due nor impaired	**Past due but not impaired**	**Impaired**	**Total**	**Impairment provision**	**Net**
Current account with Bank Indonesia	46,490,930	-	-	46,490,930	-	46,490,930
Current account with other bank	12,560,200	-	3,290	12,563,490	(5,193)	12,558,297
Placement with Bank Indonesia and others bank	37,568,760	-	47,675	37,616,435	(47,675)	37,568,760
Marketable securities **)						
Government						
Fair value through profit or loss	4,319,700	-	-	4,319,700	-	4,319,700
Available for sale	1,615,886	-	-	1,615,886	-	1,615,886
Held to maturity	16,726	-	-	16,726	-	16,726
At cost	405,881	-	-	405,881	-	405,881
Non-government						
Fair value through profit or loss	3,189,247	-	-	3,189,247	-	3,189,247
Available for sale	18,285,290	-	-	18,285,290	-	18,285,290
Held to maturity	7,949,850	-	69,318	8,019,168	(36,485)	7,982,683
At cost	13,469,928	-	-	13,469,928	(33,053)	13,436,875
Government Bonds ***)						
Fair value through profit or loss	5,040,996	-	-	5,040,996	-	5,040,996
Available for sale	96,664,454	-	-	96,664,454	-	96,664,454
Held to maturity	18,003,259	-	-	18,003,259	-	18,003,259
At cost	8,079,331	-	-	8,079,331	-	8,079,331
Other receivables trade transactions	22,418,217	6,502,375	1,495,110	30,415,702	(1,311,591)	29,104,111
Securities purchased under resale agreements	1,955,363	-	-	1,955,363	-	1,955,363
Derivatives receivables	1,617,476	-	-	1,617,476	-	1,617,476
Loans*)						
Corporate	334,409,001	21,838	30,939,106	365,369,945	(5,023,956)	360,345,989
Commercial	110,759,311	871,124	37,391,502	149,021,937	(16,609,011)	132,412,926
Retail	279,674,630	9,720,049	6,874,901	296,269,580	(6,388,075)	289,881,505
Sharia	71,119,651	635,401	3,418,723	75,173,775	(1,967,351)	73,206,424
Consumer financing receivables	16,993,116	1,362,530	210,060	18,565,706	(354,618)	18,211,088
Net Investment finance leases	2,845,500	182,377	27,194	3,055,071	(7,982)	3,047,089
Acceptance receivables	9,720,487	-	559,352	10,279,839	(221,804)	10,058,035
Other assets						
Accrued income	5,393,123	-	-	5,393,123	-	5,393,123
Receivables from customer transactions	1,304,877	-	10,611	1,315,488	(10,609)	1,304,879
Receivables from transactions related to ATM and credit card	595,697	-	-	595,697	-	595,697
Receivable to policyholders	147,564	-	-	147,564	-	147,564
Receivables from sale of marketable Securities	75,789	-	-	75,789	-	75,789
Receivables from Government Bonds pledged as collateral	3,554,645	-	-	3,554,645	-	3,554,645
	1,136,244,885	**19,295,694**	**81,046,842**	**1,236,587,421**	**(32,017,403)**	**1,204,570,018**

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2019, 2018 and 2017, exposure to credit risk on financial assets are as follows (continued):

	December 31, 2018					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	59,852,761	-	-	59,852,761	-	59,852,761
Current account with other bank	14,832,487		3,474	14,835,961	(5,189)	14,830,772
Placement with Bank Indonesia and others bank	22,515,696	-	50,338	22,566,034	(50,338)	22,515,696
Marketable securities **)						
Government						
Fair value through profit or loss	216,760	-	-	216,760	-	216,760
Available for sale	3,583,165	-	-	3,583,165	-	3,583,165
Non-government						
Fair value through profit or loss	3,547,087	-	4,958	3,552,045	(4,958)	3,547,087
Available for sale	26,237,240	-	-	26,237,240	(1,205)	26,236,035
Held to maturity	7,774,351	-	176,665	7,951,016	(63,737)	7,887,279
At cost	2,656,999	-	-	2,656,999	(26,674)	2,630,325
Government Bonds ***)						
Fair value through profit or loss	3,372,637	-	-	3,372,637	-	3,372,637
Available for sale	78,265,244	-	-	78,265,244	-	78,265,244
Held to maturity	17,977,222	-	-	17,977,222	-	17,977,222
At cost	13,468,806	-	-	13,468,806	-	13,468,806
Other receivables trade transactions	19,013,796	5,237,222	2,162,039	26,413,057	(1,603,598)	24,809,459
Securities purchased under resale agreements	2,097,629	-	-	2,097,629	-	2,097,629
Derivatives receivables	1,798,557	-	-	1,798,557	-	1,798,557
Loans *)						
Corporate	306,084,556	129,220	23,927,916	330,141,692	(5,106,807)	325,034,885
Commercial	100,155,689	1,398,272	38,619,949	140,173,910	(17,832,905)	122,341,005
Retail	245,233,861	9,503,653	7,359,637	262,097,151	(6,612,503)	255,484,648
Sharia	61,983,723	935,726	4,224,986	67,144,435	(2,243,878)	64,900,557
Consumer financing receivables	15,469,441	1,511,455	217,260	17,198,156	(371,291)	16,826,865
Net Investment finance leases	3,136,371	167,720	24,298	3,328,389	(9,286)	3,319,103
Acceptance receivables	12,521,588	-	1,367,274	13,888,862	(296,453)	13,592,409
Other assets						
Accrued income	5,251,323	-	-	5,251,323	-	5,251,323
Receivables from customer transactions	1,025,174	-	-	1,025,174	(12,600)	1,012,574
Receivables from transactions related to ATM and credit card	573,938	-	-	573,938	-	573,938
Receivable to policyholders	477,041	-	-	477,041	-	477,041
Receivables from sale of marketable securities	831,337	-	-	831,337	-	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	-	3,499,304	-	3,499,304
	1,033,453,783	**18,883,268**	**78,138,794**	**1,130,475,845**	**(34,241,422)**	**1,096,234,423**

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2019, 2018 and 2017, exposure to credit risk on financial assets are as follows (continued):

	December 31, 2017					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	50,188,118	-	-	50,188,118	-	50,188,118
Current account with other bank	12,329,958	-	3,431	12,333,389	(3,442)	12,329,947
Placement with Bank Indonesia and others bank	74,600,803	-	49,713	74,650,516	(49,713)	74,600,803
Marketable securities **)						
Government						
Fair value through profit or loss	1,644,649	-	-	1,644,649	-	1,644,649
Available for sale	1,590,710	-	-	1,590,710	-	1,590,710
Non-government						
Fair value through profit or loss	1,876,737	-	5,000	1,881,737	(5,000)	1,876,737
Available for sale	24,117,554	-	-	24,117,554	(8,117)	24,109,437
Held to maturity	8,152,337	-	101,308	8,253,645	(56,822)	8,196,823
At cost	1,150,961	-	-	1,150,961	(11,795)	1,139,166
Government Bonds ***)						
Fair value through profit or loss	2,183,356	-	-	2,183,356	-	2,183,356
Available for sale	89,073,724	-	-	89,073,724	-	89,073,724
Held to maturity	2,585,950	-	-	2,585,950	-	2,585,950
At cost	8,262,937	-	-	8,262,937	-	8,262,937
Other receivables trade transactions	19,880,909	4,005,148	1,553,420	25,439,477	(1,349,349)	24,090,128
Securities purchased under resale agreements	2,629,315	-	-	2,629,315	-	2,629,315
Derivatives receivables	817,292	-	-	817,292	-	817,292
Loans*)						
Corporate	244,461,233	333,342	20,981,379	265,775,954	(7,571,654)	258,204,300
Commercial	115,351,282	999,423	36,412,891	152,763,596	(17,133,517)	135,630,079
Retail	214,723,748	9,241,165	9,639,965	233,604,878	(7,111,441)	226,493,437
Sharia	52,427,492	1,398,811	6,067,134	59,893,437	(1,928,733)	57,964,704
Consumer financing receivables	13,551,826	1,375,809	217,584	15,145,219	(362,887)	14,782,332
Net Investment finance leases	2,315,141	38,815	10,673	2,364,629	(7,739)	2,356,890
Acceptance receivables	11,837,972	-	706,522	12,544,494	(254,234)	12,290,260
Other assets						
Accrued income	4,325,248	-	-	4,325,248	-	4,325,248
Receivables from customer transactions	2,080,126	-	110,614	2,190,740	(95,172)	2,095,568
Receivables from transactions related to ATM and credit card	699,825	-	-	699,825	-	699,825
Receivable to policyholders	713,049	-	-	713,049	-	713,049
Receivables from sale of marketable securities	201,358	-	-	201,358	-	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	-	594,534	-	594,534
	964,368,144	**17,392,513**	**75,859,634**	**1,057,620,291**	**(35,949,615)**	**1,021,670,676**

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2019, 2018 and 2017, exposure to credit risk on administrative accounts are as follows:

	December 31, 2019					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	95,547,794	-	915,602	96,463,396	(119,822)	96,343,574
Committed unused loan facilities	38,732,357	4,389	424,056	39,160,802	(27,970)	39,132,832
Outstanding irrevocable letters of credit	16,813,849	-	751,504	17,565,353	(12,962)	17,552,391
Standby letter of credit	12,906,578	-	891,510	13,798,088	(225,285)	13,572,803
	164,000,578	**4,389**	**2,982,672**	**166,987,639**	**(386,039)**	**166,601,600**

	December 31, 2018					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	81,358,345	-	755,740	82,114,085	(90,474)	82,023,611
Committed unused loan facilities	36,780,386	12,002	135,891	36,928,279	(17,249)	36,911,030
Outstanding irrevocable letters of credit	18,811,111	-	934,817	19,745,928	(11,159)	19,734,769
Standby letter of credit	13,063,421	-	68,268	13,131,689	(6,847)	13,124,842
	150,013,263	**12,002**	**1,894,716**	**151,919,981**	**(125,729)**	**151,794,252**

	December 31, 2017					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	78,728,032	-	959,946	79,687,978	(202,059)	79,485,919
Committed unused loan facilities	35,420,546	6,102	186,073	35,612,721	(78,144)	35,534,577
Outstanding irrevocable letters of credit	15,084,319	-	738,203	15,822,522	(92,532)	15,729,990
Standby letter of credit	12,260,646	-	17,972	12,278,618	(9,036)	12,269,582
	141,493,543	**6,102**	**1,902,194**	**143,401,839**	**(381,771)**	**143,020,068**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2019, 2018 and 2017, details of the quality of financial assets that are neither past due or nor impaired based on internal ratings are as follows:

	December 31, 2019		
	Not under Monitoring[1)]	Under monitoring[2)]	Total
Assets			
Current accounts with Bank Indonesia	46,490,930	-	46,490,930
Current accounts with other banks	12,560,200	-	12,560,200
Placement with Bank Indonesia and other banks	37,568,760	-	37,568,760
Marketable securities **)			
Government			
Fair value through profit or loss	4,319,700	-	4,319,700
Available for sale	1,615,886	-	1,615,886
At cost	405,881	-	405,881
Held to maturity	16,726	-	16,726
Non Government			
Fair value through profit or loss	3,189,247	-	3,189,247
Available for sale	18,285,290	-	18,285,290
Held to maturity	7,693,805	256,045	7,949,850
At cost	13,469,928	-	13,469,928
Government Bonds ***)			
Fair value through profit or loss	5,040,996	-	5,040,996
Available for sale	96,664,454	-	96,664,454
Held to maturity	18,003,259	-	18,003,259
At cost	8,079,331	-	8,079,331
Other receivables-trade transactions	18,236,810	4,181,407	22,418,217
Securities purchased under agreements to resell	1,955,363	-	1,955,363
Derivatives receivables	1,617,476	-	1,617,476
Loans*)			
Corporate	248,865,875	85,543,126	334,409,001
Commercial	97,676,865	13,082,446	110,759,311
Retail	277,420,366	2,254,264	279,674,630
Sharia	71,119,651	-	71,119,651
Consumer financing receivables	16,993,116	-	16,993,116
Net Investment finance leases	2,845,500	-	2,845,500
Acceptance receivables	9,310,881	409,606	9,720,487
Other assets			
Accrued income	5,393,123	-	5,393,123
Receivables from customer transactions	1,304,877	-	1,304,877
Receivables from transactions related to ATM and credit card	595,697	-	595,697
Receivables to policyholders	147,564	-	147,564
Receivables from sale of marketable securities	75,789	-	75,789
Receivables from Government Bonds pledged as collateral	3,554,645	-	3,554,645
Total	**1,030,517,991**	**105,726,894**	**1,136,244,885**

*) Segments of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2019, 2018 and 2017, details of the quality of financial assets that are neither past due or nor impaired based on internal ratings are as follows (continued):

	December 31, 2018		
	Not under Monitoring[1)]	Under monitoring[2)]	Total
Assets			
Current accounts with Bank Indonesia	59,852,761	-	59,852,761
Current accounts with other banks	14,832,487	-	14,832,487
Placement with Bank Indonesia and other banks	22,515,696	-	22,515,696
Marketable securities [**)]			
Government			
Fair value through profit or loss	216,760	-	216,760
Available for sale	3,583,165	-	3,583,165
Non Government			
Fair value through profit or loss	3,542,129	4,958	3,547,087
Available for sale	26,237,240	-	26,237,240
Held to maturity	7,587,328	187,023	7,774,351
At cost	2,656,999	-	2,656,999
Government Bonds [***)]			
Fair value through profit or loss	3,372,637	-	3,372,637
Available for sale	78,265,245	-	78,265,245
Held to maturity	17,977,222	-	17,977,222
At cost	13,468,806	-	13,468,806
Other receivables-trade transactions	16,613,237	2,400,559	19,013,796
Securities purchased under agreements to resell	2,097,629	-	2,097,629
Derivatives receivables	1,798,557	-	1,798,557
Loans[*)]			
Corporate	247,760,241	58,324,315	306,084,556
Commercial	57,815,167	42,340,522	100,155,689
Retail	244,400,684	833,177	245,233,861
Sharia	61,983,723	-	61,983,723
Consumer financing receivables	15,469,441	-	15,469,441
Net Investment finance leases	3,136,371	-	3,136,371
Acceptance receivables	10,919,922	1,601,666	12,521,588
Other assets			
Accrued income	5,251,323	-	5,251,323
Receivables from customer transactions	1,025,174	-	1,025,174
Receivables from transactions related to ATM and credit card	573,938	-	573,938
Receivables to policyholders	477,041	-	477,041
Receivables from sale of marketable securities	831,337	-	831,337
Receivables from Government Bonds pledged as collateral	3,499,304	-	3,499,304
Total	**927,761,564**	**105,692,220**	**1,033,453,784**

*) Segment of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholder's with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2019, 2018 and 2017, details of the quality of financial assets that are neither past due or nor impaired based on internal ratings are as follows (continued):

	December 31, 2017		
	Not under Monitoring[1)]	**Under monitoring[2)]**	**Total**
Assets			
Current accounts with Bank Indonesia	50,188,118	-	50,188,118
Current accounts with other banks	12,329,958	-	12,329,958
Placement with Bank Indonesia and other banks	74,600,803	-	74,600,803
Marketable securities **)			
Government			
Fair value through profit or loss	1,644,649	-	1,644,649
Available for sale	1,590,710	-	1,590,710
Non Government			
Fair value through profit or loss	1,876,737	-	1,876,737
Available for sale	24,117,554	-	24,117,554
Held to maturity	7,891,566	260,771	8,152,337
At cost	1,150,961	-	1,150,961
Government Bonds ***)			
Fair value through profit or loss	2,183,356	-	2,183,356
Available for sale	89,073,724	-	89,073,724
Held to maturity	2,585,950	-	2,585,950
At cost	8,262,937	-	8,262,937
Other receivables-trade transactions	15,203,691	4,677,218	19,880,909
Securities purchased under agreements to resell	2,629,315	-	2,629,315
Derivatives receivables	817,292	-	817,292
Loans*)			
Corporate	219,050,214	25,411,019	244,461,233
Commercial	66,543,639	48,807,643	115,351,282
Retail	214,310,003	413,745	214,723,748
Sharia	52,427,492	-	52,427,492
Consumer financing receivables	13,551,826	-	13,551,826
Net Investment finance leases	2,315,141	-	2,315,141
Acceptance receivables	7,144,747	4,693,225	11,837,972
Other assets			
Accrued income	4,325,248	-	4,325,248
Receivables from customer transactions	2,080,126	-	2,080,126
Receivables from transactions related to ATM and credit card	699,825	-	699,825
Receivable to policyholders	713,049	-	713,049
Receivable from sale of marketable securities	201,358	-	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	594,534
Total	**880,104,523**	**84,263,621**	**964,368,144**

*) Segment of risk management are classified into Corporate, Commercial, Retail and Sharia.
**) Excluding marketable securities from investment from the Subsidiary's unit-link policyholders with no credit risk.
***) Excluding government bonds from investments from Subsidiary's unit-link policyholders with no credit risk.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As of December 31, 2019, 2018 and 2017, details of the credit quality of administrative accounts that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2019		
	Not under monitoring[1]	Under monitoring[2]	Total
Administrative accounts			
Bank guarantees issued	77,740,283	17,807,511	95,547,794
Committed unused loan facilities	35,361,189	3,371,168	38,732,357
Outstanding irrevocable letters of credit	13,628,050	3,185,799	16,813,849
Standby letters of credit	10,396,314	2,510,264	12,906,578
	137,125,836	**26,874,742**	**164,000,578**

	December 31, 2018		
	Not under monitoring[1]	Under monitoring[2]	Total
Administrative accounts			
Bank guarantees issued	72,689,053	8,669,292	81,358,345
Committed unused loan facilities	34,011,530	2,768,856	36,780,386
Outstanding irrevocable letters of credit	15,305,430	3,505,681	18,811,111
Standby letters of credit	12,242,298	821,123	13,063,421
	134,248,311	**15,764,952**	**150,013,263**

	December 31, 2017		
	Not under monitoring[1]	Under monitoring[2]	Total
Administrative accounts			
Bank guarantees issued	67,080,816	11,647,216	78,728,032
Committed unused loan facilities	31,248,455	4,172,091	35,420,546
Outstanding irrevocable letters of credit	11,085,608	3,998,711	15,084,319
Standby letters of credit	10,957,352	1,303,294	12,260,646
	120,372,231	**21,121,312**	**141,493,543**

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

1) Not under monitoring, there is no doubt on the recovery of the financial assets;
2) Under monitoring.

Bank Mandiri:
There are certain considerations in relation to the debtor's ability in repaying the loan at maturity date. However, up to December 31, 2019, 2018 and 2017, there was no late payment in terms of principal installment as well as interest at maturity date. This amount includes credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptance receivables with Bank Indonesia's collectibility at two (special mention) but with no overdue as of December 31, 2019, 2018 and 2017.

Subsidiaries:
Financial assets which have experienced past due in the past but no overdue as of December 31, 2019, 2018 and 2017.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(i) Maximum exposure to credit risk before considering collateral held and other credit supports (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

Aging analysis of financial assets that were past due, but not impaired as of December 31, 2019, 2018 and 2017 are as follows:

	December 31, 2019			
	1 - 30 days	**31 - 60 days**	**61 - 90 days**	**Total**
Assets				
Other receivables -				
trade transactions	6,502,375	-	-	6,502,375
Loans				
Corporate	21,838	-	-	21,838
Commercial	511,024	69,720	290,380	871,124
Retail	6,663,463	1,739,707	1,316,879	9,720,049
Sharia	248,880	170,162	216,359	635,401
Consumer financing receivables	963,669	228,614	170,247	1,362,530
Net investment finance leases	74,146	43,160	65,071	182,377
	14,985,395	**2,251,363**	**2,058,936**	**19,295,694**

	December 31, 2018			
	1 - 30 days	**31 - 60 days**	**61 - 90 days**	**Total**
Assets				
Other receivables -				
trade transactions	5,237,222	-	-	5,237,222
Loans				
Corporate	129,220	-	-	129,220
Commercial	1,290,131	108,141	-	1,398,272
Retail	6,552,704	1,640,165	1,310,784	9,503,653
Sharia	305,966	223,199	406,561	935,726
Consumer financing receivables	1,130,254	231,125	150,076	1,511,455
Net investment finance leases	71,190	28,355	68,175	167,720
	14,716,687	**2,230,985**	**1,935,596**	**18,883,268**

	December 31, 2017			
	1 - 30 days	**31 - 60 days**	**61 - 90 days**	**Total**
Assets				
Other receivables -				
trade transactions	4,005,148	-	-	4,005,148
Loans				
Corporate	85,282	118,056	130,004	333,342
Commercial	627,019	91,373	281,031	999,423
Retail	6,213,163	1,641,966	1,386,036	9,241,165
Sharia	483,574	361,171	554,066	1,398,811
Consumer financing receivables	1,019,068	213,049	143,692	1,375,809
Net investment finance leases	19,148	6,300	13,367	38,815
	12,452,402	**2,431,915**	**2,508,196**	**17,392,513**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset as of December 31, 2019, 2018 and 2017, are summarised in the tables below:

	December 31, 2019*)				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed individually)					
Gross amount	29,668,029	32,418,201	1,144,055	814,820	64,045,105
Allowance for impairment losses	(4,663,478)	(14,663,017)	(451,096)	(604,973)	(20,382,564)
Carrying amount	25,004,551	17,755,184	692,959	209,847	43,662,541
Impaired (assessed collectively)					
Gross amount	1,271,077**)	4,973,301**)	5,730,846	2,603,903	14,579,127
Allowance for impairment losses	(2,300)	(622,990)	(1,769,668)	(610,343)	(3,005,301)
Carrying amount	1,268,777	4,350,311	3,961,178	1,993,560	11,573,826
Total gross amount	30,939,106	37,391,502	6,874,901	3,418,723	78,624,232
Allowance for impairment losses	(4,665,778)	(15,286,007)	(2,220,764)	(1,215,316)	(23,387,865)
Total carrying amount	**26,273,328**	**22,105,495**	**4,654,137**	**2,203,407**	**55,236,367**

*) Segment of Risk Management are classified into Corporate, Commercial, Retail and Sharia.
**) Represents restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

	December 31, 2018*)				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed individually)					
Gross amount	22,272,850	32,789,762	1,155,771	1,808,889	58,027,272
Allowance for impairment losses	(4,740,890)	(16,136,681)	(743,484)	(1,024,125)	(22,645,180)
Carrying amount	17,531,960	16,653,081	412,287	784,764	35,382,092
Impaired (assessed collectively)					
Gross amount	1,655,066**)	5,830,187**)	6,203,866	2,416,097	16,105,216
Allowance for impairment losses	(4,634)	(443,222)	(1,911,912)	(419,202)	(2,778,970)
Carrying amount	1,650,432	5,386,965	4,291,954	1,996,895	13,326,246
Total gross amount	23,927,916	38,619,949	7,359,637	4,224,986	74,132,488
Allowance for impairment losses	(4,745,524)	(16,579,903)	(2,655,396)	(1,443,327)	(25,424,150)
Total carrying amount	**19,182,392**	**22,040,046**	**4,704,241**	**2,781,659**	**48,708,338**

*) Segment in Risk Management classified into Corporate, Commercial, Retail and Sharia.
**) Represents restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

	December 31, 2017*)				
	Corporate	Commercial	Retail	Sharia	Total
Impaired (assessed individually)					
Gross amount	19,595,272	31,492,507	1,051,194	2,658,890	54,797,863
Allowance for impairment losses	(7,241,600)	(15,541,992)	(541,246)	(759,399)	(24,084,237)
Carrying amount	12,353,672	15,950,515	509,948	1,899,491	30,713,626
Impaired (assessed collectively)					
Gross amount	1,386,107**)	4,920,384**)	8,588,771	3,408,244	18,303,506
Allowance for impairment losses	(1,847)	(379,854)	(2,675,751)	(541,167)	(3,598,619)
Carrying amount	1,384,260	4,540,530	5,913,020	2,867,077	14,704,887

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(ii) Loans (continued)

	December 31, 2017*)				
	Corporate	Commercial	Retail	Sharia	Total
Total gross amount	20,981,379	36,412,891	9,639,965	6,067,134	73,101,369
Allowance for impairment losses	(7,243,447)	(15,921,846)	(3,216,997)	(1,300,566)	(27,682,856)
Total carrying amount	**13,737,932**	**20,491,045**	**6,422,968**	**4,766,568**	**45,418,513**

*) Segment in Risk Management classified into Corporate, Commercial, Retail and Sharia.
**) Represents restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

(iii) Current accounts with other banks

	December 31, 2019		
	Non-impaired*)	Impaired	Total
Rupiah	490,918	-	490,918
Foreign currencies	12,069,282	3,290	12,072,572
Total	12,560,200	3,290	12,563,490
Less: allowance for impairment losses	(1,903)	(3,290)	(5,193)
Net	**12,558,297**	**-**	**12,558,297**

	December 31, 2018		
	Non-impaired*)	Impaired	Total
Rupiah	266,096	-	266,096
Foreign currencies	14,566,391	3,474	14,569,865
Total	14,832,487	3,474	14,835,961
Less: allowance for impairment losses	(1,715)	(3,474)	(5,189)
Net	**14,830,772**	**-**	**14,830,772**

	December 31, 2017		
	Non-impaired*)	Impaired	Total
Rupiah	1,635,133	-	1,635,133
Foreign currencies	10,694,825	3,431	10,698,256
Total	12,329,958	3,431	12,333,389
Less: Allowance for impairment losses	(11)	(3,431)	(3,442)
Net	**12,329,947**	**-**	**12,329,947**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(iv) Placement with Bank Indonesia and other banks

	December 31, 2019		
	Non-impaired*)	Impaired	Total
Rupiah			
Bank Indonesia	12,380,226	-	12,380,226
Call money	4,020,000	-	4,020,000
Time deposits	1,150,400	-	1,150,400
	17,550,626	-	17,550,626
Foreign currencies			
Bank Indonesia	8,468,325	-	8,468,325

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(iv) Placement with Bank Indonesia and other banks (continued)

	December 31, 2019		
	Non-impaired*)	**Impaired**	**Total**
Call money	8,090,026	46,601	8,136,627
Placement "Fixed Term"	2,792,032	1,074	2,793,106
Time deposits	667,751	-	667,751
	20,018,134	47,675	20,065,809
Total	37,568,760	47,675	37,616,435
Less: allowance for impairment losses	-	(47,675)	(47,675)
Net	**37,568,760**	**-**	**37,568,760**

	December 31, 2018		
	Non-impaired*)	**Impaired**	**Total**
Rupiah			
Bank Indonesia	6,980,573	-	6,980,573
Call money	4,540,000	-	4,540,000
Time deposits	1,360,340	-	1,360,340
	12,880,913	-	12,880,913
Foreign currencies			
Bank Indonesia	3,882,600	-	3,882,600
Call money	2,558,202	49,204	2,607,406
Placement "Fixed Term"	2,528,762	1,134	2,529,896
Time deposits	665,219	-	665,219
	9,634,783	50,338	9,685,121
Total	22,515,696	50,338	22,566,034
Less: allowance for impairment losses	-	(50,338)	(50,338)
Net	**22,515,696**	**-**	**22,515,696**

	December 31, 2017		
	Non-impaired*)	**Impaired**	**Total**
Rupiah			
Bank Indonesia	22,240,876	-	22,240,876
Call money	3,986,000	-	3,986,000
Time deposits	3,580,890	-	3,580,890
Saving deposits	901	-	901
	29,808,667	-	29,808,667
Foreign currencies			
Bank Indonesia	32,195,678	-	32,195,678
Call money	7,982,201	48,593	8,030,794
Placement "Fixed Term"	4,241,627	1,120	4,242,747
Time deposits	372,630	-	372,630
	44,792,136	49,713	44,841,849
Total	74,600,803	49,713	74,650,516
Less: allowance for impairment losses	-	(49,713)	(49,713)
Net	**74,600,803**	-	**74,600,803**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(v) Marketable securities

	December 31, 2019		
	Non-impaired*)	**Impaired**)**	**Total**
Government			
Rupiah			
Bonds	2,768,698	-	2,768,698
Export bills	123,093	-	123,093
	2,891,791	-	2,891,791
Foreign currencies			
Treasury bills	3,466,402	-	3,466,402
Total	6,358,193	-	6,358,193
Non-government			
Rupiah			
Investments in mutual fund	4,174,652	-	4,174,652
Certificates of Bank Indonesia and Sharia	1,223,132	-	1,223,132
Sukuk Bank Indonesia	9,431,729	-	9,431,729
Bonds	11,342,344	-	11,342,344
Medium term notes	250,000	-	250,000
Sharia corporation bonds	3,163,600	-	3,163,600
Negotiable certificate of deposit	229,060		229,060
Shares	353,114	-	353,114
Export bills	717,386	29,345	746,731
Total	30,885,017	29,345	30,914,362
Foreign currencies			
Certificates of Bank Indonesia	2,149,755	-	2,149,755
Investments in mutual fund	3,193,387	-	3,193,387
Bonds	5,681,425	-	5,681,425
Export bills	984,731	39,973	1,024,704
Total	12,009,298	39,973	12,049,271
Total	42,894,315	69,318	42,963,633
	49,252,508	69,318	49,321,826
Less: allowance for impairment losses	(51,100)	(18,438)	(69,538)
Net	**49,201,408**	**50,880**	**49,252,288**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(v) Marketable securities (continued)

	December 31, 2018		
	Non-impaired*)	**Impaired**)**	**Total**
Government			
Rupiah			
Bonds	1,458,453	-	1,458,453
Foreign currencies			
Treasury bills	2,341,472	-	2,341,472
Total	3,799,925	-	3,799,925
Non-government			
Rupiah			
Investments in mutual fund	10,602,330	-	10,602,330
Bonds	9,689,983	4,958	9,694,941
Sharia corporation bonds	2,528,000	-	2,528,000
Export bills	1,299,709	147,474	1,447,183
Certificates of Bank Indonesia	908,910	-	908,910
Negotiable certificate of deposit	522,005	-	522,005
Shares	207,401	-	207,401
Medium term notes	44,996	-	44,996
Total	25,803,334	152,432	25,955,766
Foreign currencies			
Certificates of Bank Indonesia	5,721,233	-	5,721,233
Investing in mutual fund	3,342,405	-	3,342,405
Bonds	3,218,815	-	3,218,815
Export bills	1,532,198	29,191	1,561,389
Treasury bills	597,692	-	597,692
Total	14,412,343	29,191	14,441,534
Total	40,215,677	181,623	40,397,300
	44,015,602	181,623	44,197,225
Less: allowance for impairment losses	(91,616)	(4,958)	(96,574)
Net	**43,923,986**	**176,665**	**44,100,651**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(v) Marketable securities (continued)

	December 31, 2017		
	Non-impaired*)	**Impaired**)**	**Total**
Government			
Rupiah:			
Bonds	1,258,471	-	1,258,471
Foreign currencies:			
Treasury bills	1,976,888	-	1,976,888
Total	3,235,359	-	3,235,359
Non-government			
Rupiah:			
Investments in mutual fund	10,173,094	-	10,173,094
Bonds	6,875,062	5,000	6,880,062
Certificates of Bank Indonesia	3,240,240	-	3,240,240
Sharia corporation bonds	1,121,000	-	1,121,000
Export bills	706,952	58,663	765,615
Negotiable certificate of deposit	639,747	-	639,747
Shares	234,366	-	234,366
Medium term notes	194,934	-	194,934
Total	23,185,395	63,663	23,249,058
Foreign currencies:			
Bonds	4,938,822	-	4,938,822
Certificates of Bank Indonesia	4,405,983	-	4,405,983
Export bills	1,748,397	42,645	1,791,042
Investments in mutual fund	733,394	-	733,394
Treasury bills	285,598	-	285,598
Total	12,112,194	42,645	12,154,839
Total	35,297,589	106,308	35,403,897
	38,532,948	106,308	38,639,256
Less: Allowance for impairment losses	(37,594)	(44,140)	(81,734)
Net	**38,495,354**	**62,168**	**38,557,522**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Excluding marketable securities which are the investment from the Subsidiary's unit-link policyholders with no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vi) Other receivables - trade transactions

	December 31, 2019		
	Non-impaired *)	**Impaired**	**Total**
Rupiah			
Usance L/C payable at sight	901,013	144,339	1,045,352
Others	20,381,696	277,886	20,659,582
Total	21,282,709	422,225	21,704,934
Foreign currencies			
Usance L/C payable at sight	1,426,827	101,482	1,528,309
Others	6,211,056	971,403	7,182,459
Total	7,637,883	1,072,885	8,710,768
	28,920,592	1,495,110	30,415,702
Less: allowance for impairment losses	(85,249)	(1,226,342)	(1,311,591)
Net	**28,835,343**	**268,768**	**29,104,111**

	December 31, 2018		
	Non-impaired *)	**Impaired**	**Total**
Rupiah			
Usance L/C payable at sight	1,108,810	462,415	1,571,225
Others	14,935,753	366,819	15,302,572
Total	16,044,563	829,234	16,873,797
Foreign currencies			
Usance L/C payable at sight	2,825,668	321,618	3,147,286
Others	5,380,787	1,011,187	6,391,974
Total	8,206,455	1,332,805	9,539,260
	24,251,018	2,162,039	26,413,057
Less: allowance for impairment losses	(83,914)	(1,519,684)	(1,603,598)
Net	**24,167,104**	**642,355**	**24,809,459**

	December 31, 2017		
	Non-impaired *)	**Impaired**	**Total**
Rupiah:			
Usance L/C payable at sight	2,135,011	67,911	2,202,922
Others	13,413,545	298,918	13,712,463
Total	15,548,556	366,829	15,915,385
Foreign currencies:			
Usance L/C payable at sight	3,020,456	234,767	3,255,223
Others	5,317,045	951,824	6,268,869
Total	8,337,501	1,186,591	9,524,092
	23,886,057	1,553,420	25,439,477
Less: Allowance for impairment losses	(139,706)	(1,209,643)	(1,349,349)
Net	**23,746,351**	**343,777**	**24,090,128**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vii) Acceptance receivables

	December 31, 2019		
	Non-impaired	**Impaired**	**Total**
Rupiah	4,948,214	320,969	5,269,183
Foreign currencies	4,772,273	238,383	5,010,656
	9,720,487	**559,352**	**10,279,839**
Less: allowance for impairment losses	(58,919)	(162,885)	(221,804)
Net	**9,661,568**	**396,467**	**10,058,035**

	December 31, 2018		
	Non-impaired	**Impaired**	**Total**
Rupiah	7,447,222	1,250,785	8,698,007
Foreign currencies	5,074,366	116,489	5,190,855
	12,521,588	**1,367,274**	**13,888,862**
Less: allowance for impairment losses	(52,506)	(243,947)	(296,453)
Net	**12,469,082**	**1,123,327**	**13,592,409**

	December 31, 2017		
	Non-impaired	**Impaired**	**Total**
Rupiah	6,040,869	516,432	6,557,301
Foreign currencies	5,797,103	190,090	5,987,193
	11,837,972	**706,522**	**12,544,494**
Less: allowance for impairment losses	(62,894)	(191,340)	(254,234)
Net	**11,775,078**	**515,182**	**12,290,260**

(viii) Consumer financing receivables

	December 31, 2019		
	Non-impaired	**Impaired**	**Total**
Rupiah	18,355,646	210,060	18,565,706
Less: allowance for impairment losses	(290,767)	(63,851)	(354,618)
Net	**18,064,879**	**146,209**	**18,211,088**

	December 31, 2018		
	Non-impaired	**Impaired**	**Total**
Rupiah	16,980,896	217,260	17,198,156
Less: allowance for impairment losses	(305,615)	(65,676)	(371,291)
Net	**16,675,281**	**151,584**	**16,826,865**

	December 31, 2017		
	Non-impaired	**Impaired**	**Total**
Rupiah	14,927,635	217,584	15,145,219
Less: Allowance for impairment losses	(277,121)	(85,766)	(362,887)
Net	**14,650,514**	**131,818**	**14,782,332**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(ix) Securities purchased under agreements to resell

	December 31, 2019		
	Non-impaired	**Impaired**	**Total**
Rupiah			
Securities purchased under agreements to resell	**1,955,363**	**-**	**1,955,363**

	December 31, 2018		
	Non-impaired	**Impaired**	**Total**
Rupiah			
Securities purchased under agreements to resell	**2,097,629**	-	**2,097,629**

	December 31, 2017		
	Non-impaired	**Impaired**	**Total**
Rupiah			
Securities purchased under agreements to resell	**2,629,315**	**-**	**2,629,315**

(x) Net investment finance leases

	December 31, 2019		
	Non-impaired	**Impaired**	**Total**
Rupiah	3,027,877	27,194	3,055,071
Less: allowance for impairment losses	(7,474)	(508)	(7,982)
Net	**3,020,403**	**26,686**	**3,047,089**

	December 31, 2018		
	Non-impaired	**Impaired**	**Total**
Rupiah	3,304,091	24,298	3,328,389
Less: allowance for impairment losses	(7,938)	(1,348)	(9,286)
Net	**3,296,153**	**22,950**	**3,319,103**

	December 31, 2017		
	Non-impaired	**Impaired**	**Total**
Rupiah	2,353,956	10,673	2,364,629
Less: Allowance for impairment losses	(6,948)	(791)	(7,739)
Net	**2,347,008**	**9,882**	**2,356,890**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(xi) Estimated losses on commitments and contingencies

	December 31, 2019		
	Non-impaired *))**	**Impaired**	**Total**
Rupiah			
Bank guarantees issued	55,142,427	755,520	55,897,947
Committed unused loan facilities			
Outstanding irrevocable	16,794,262	421,730	17,215,992
letters of credit	3,988,133	564,547	4,552,680
Standby letters of credit	1,995,405	729,501	2,724,906
Total	77,920,227	2,471,298	80,391,525
Foreign currencies			
Bank guarantees issued	40,405,367	160,082	40,565,449
Committed unused loan facilities			
Outstanding irrevocable	21,942,484	2,326	21,944,810
letters of credit	12,825,716	186,957	13,012,673
Standby letters of credit	10,911,173	162,009	11,073,182
Total	86,084,740	511,374	86,596,114
	164,004,967	2,982,672	166,987,639
Less: allowance for impairment losses	(33,890)	(352,149)	(386,039)
Net	**163,971,077**	**2,630,523**	**166,601,600**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Including balance amounted to Rp70,589 which is classified as “special mention” and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounted to Rp33,890.

	December 31, 2018		
	Non-impaired *))**	**Impaired**	**Total**
Rupiah			
Bank guarantees issued	50,996,868	580,887	51,577,755
Committed unused loan facilities	21,434,102	123,788	21,557,890
Outstanding irrevocable letters of credit	7,919,714	342,584	8,262,298
Standby letters of credit	1,756,282	16,500	1,772,782
Total	82,106,966	1,063,759	83,170,725
Foreign currencies			
Bank guarantees issued	30,361,477	174,853	30,536,330
Committed unused loan facilities	15,358,286	12,103	15,370,389
Outstanding irrevocable letters of credit	10,891,397	592,233	11,483,630
Standby letters of credit	11,307,139	51,768	11,358,907
Total	67,918,299	830,957	68,749,256
	150,025,265	1,894,716	151,919,981
Less: allowance for impairment losses	(19,928)	(105,801)	(125,729)
Net	**150,005,337**	**1,788,915**	**151,794,252**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Including balance amounted to Rp60,693 which is classified as “special mention” and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounted to Rp19,928.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	December 31, 2017		
	Non-impaired *))**	**Impaired**	**Total**
Rupiah:			
Bank guarantees issued	48,668,927	485,434	49,154,361
Committed unused loan facilities	20,003,256	182,186	20,185,442
Outstanding irrevocable letters of credit	4,248,004	479,756	4,727,760
Standby letters of credit	1,430,008	17,972	1,447,980
Total	74,350,195	1,165,348	75,515,543
Foreign currencies:			
Bank guarantees issued	30,059,105	474,512	30,533,617
Committed unused loan facilities	15,423,392	3,887	15,427,279
Outstanding irrevocable letters of credit	10,836,315	258,447	11,094,762
Standby letters of credit	10,830,638	-	10,830,638
Total	67,149,450	736,846	67,886,296
	141,499,645	1,902,194	143,401,839
Less: Allowance for impairment losses	(12,794)	(368,977)	(381,771)
Net	**141,486,851**	**1,533,217**	**143,020,068**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Including balance amounting to Rp39,050 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp12,794.

B. Market risk and liquidity risk

(i) Liquidity risk management

Liquidity risk represents the Bank's inability to fulfill all financial liabilities when they become due from its financing cash flows and/or high quality liquid assets that can be pledged, without negatively impacting the Bank's activities and financial condition.

The Bank's liquidity risk is measured through several indicators, which include primary statutory reserve ratio in Bank Indonesia (GWM ratio) and cash, Macroprudential Liquidity Reserve (PLM), liquidity reserve, Macroprudential Intermediation Ratio (RIM), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and dependency on large customer deposits.

GWM is a minimum deposits required to be maintained by the Bank in the form of current accounts with Bank Indonesia or marketable securities in which the amount is determined by Bank Indonesia based on certain percentage from total deposits from customers. Macroprudential Liquidity Reserve (PLM) is an ownership percentage in Rupiah marketable securities which can be used in open market operations i.e. SBI, SDBI and SBN.

As of December 31, 2019, the Bank maintained Rupiah primary statutory reserve of 6.21% from total outstanding deposit from customers denominated in Rupiah in accordance with the regulated limit, while for RIM ratio is 0.00% and PLM ratio of 13.02% from the outstanding deposit from customer denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained average foreign exchange statutory deposits at 8.10% from the outstanding deposits from customer denominated in foreign exchange in accordance with the regulated limit.

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

Liquidity reserve is the Bank’s liquidity on top of primary reserve as liquidity statutory reserve to anticipate unscheduled liquidity needs. In managing the liquidity reserve, Bank has liquidity reserve limit in the form of safety level limit, which represents the Bank’s liquidity reserve projection for one following month. As of December 31, 2019, the liquidity reserve balance is above the safety level.

RIM is a ratio of loans and qualified marketable securities owned by the Bank to the customer deposits, qualified debt securities issued by the Bank and qualified borrowing received by the Bank. As of December 31, 2019, the Bank’s RIM is 93.93%.

Liquidity Coverage Ratio (LCR) is a ratio between High Quality Liquid Assets (HQLA) with the estimation of total net cash outflow for the next 30 (thirty) days under a crisis scenario. LCR is used to improve the short-term liquidity of the Bank under a crisis conditions. As of December 31, 2019, the Bank’s LCR is 184.13%.

Net Stable Funding Ratio (NSFR) is a ratio of the available stable funding to required stable funding. As of December 31, 2019, the Bank’s NSFR is 116.56%.

The Bank uses liquidity gap methodology to project its liquidity conditions for the future. Liquidity gap is basically a maturity mismatch between components of assets and liabilities (including off-balance sheet), which are classified into time bucket based on their contractual maturity or behavioral maturity. As of December 31, 2019, the Bank's liquidity forecast up to next 12 months is at a surplus position. Even in the surplus position for the next 12 months, the Bank always prepares for alternative funding to anticipate tight liquidity in the market or the liquidity is not as expected.

To determine the impact of changes in market factors and internal factors under extreme conditions (crisis) to the liquidity, the Bank conducts stress testing of liquidity risk on a regular basis. The results of stress-testing performed was presented to the Management. The stress-testing result showed that the Bank will be able to survive under liquidity crisis conditions.

Even the stress testing result showed liquidity risk is well managed, Bank has Liquidity Contingency Plan (LCP) which cover funding strategy and pricing strategy including money market borrowing, repo, bilateral borrowing, FX swap and wholesale funding. In LCP, determination of liquidity situations and funding strategies have consider external and internal conditions.

To anticipate liquidity risks due to volatility of global economic condition, Bank Mandiri monitors external indicators, including 1-week JIBOR, BI 7-days RR, 10-years SUN Yield, Outstanding Bank Rupiah Liquidity, Composite Stock Price Index (IHSG), Rate Interbank Call Money, 10-years UST Yield, USD/IDR Exchange Rate, Indonesia’s 5-years Credit Deafault Swap (CDS), and the current market informations.

The maturity profile as of December 31, 2019, 2018 and 2017 are based on the remaining period from these dates. Historically, there were a large portion of deposits to be renewed upon maturity. In addition, if there is a need for liquidity, Government Bonds (at fair value through profit or loss and available for sale) can be exercised by utilise as collateral in interbank market.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The maturity profile of financial assets and liabilities presented using discounted cash flows method are as follows:

	December 31, 2019							
Description	**Total**	**No Maturity Contract**	**≤ 1 month**	**> 1 month - ≤ 3 months**	**> 3 months - ≤ 6 months**	**> 6 months - ≤ 12 months**	**> 1year - ≤ 3 years**	**> 3 years**
Assets								
Current accounts with Bank Indonesia	46,490,930	-	46,490,930	-	-	-	-	-
Current accounts with other banks - gross	12,563,490	-	12,560,200	-	-	-	-	3,290
Placement with Bank Indonesia and other banks	37,616,435	-	36,764,473	547,417	255,898	-	47,675	972
Marketable securities - gross	71,332,906	22,610,132	12,104,435	3,960,743	4,291,788	4,424,596	9,555,722	14,385,490
Government bonds	129,000,300	-	-	6,555,758	1,251,428	16,081,510	30,613,260	74,498,344
Other receivables-trade transactions - gross	30,415,702	-	7,094,900	13,626,197	8,485,162	51,698	47,359	1,110,386
Securities purchased under resale agreements - gross	1,955,363	-	1,830,404	-	100,229	24,730	-	-
Derivative receivables - gross	1,617,476	-	447,026	280,155	72,690	196,035	130,477	491,093
Loans - gross	885,835,237	-	84,495,249	40,565,045	55,064,536	69,544,986	148,025,156	488,140,265
Consumer financing receivables-gross	18,565,706	-	884,262	1,268,471	1,324,345	2,562,052	6,497,141	6,029,435
Net Investment finance leases - gross	3,055,071	-	151,564	300,764	427,000	746,415	1,363,886	65,442
Acceptance receivables - gross	10,279,839	-	2,888,591	4,075,099	3,252,199	63,950	-	-
Other asset - gross*)	11,082,306	147,564	4,247,866	156,113	183,734	243,576	832,507	5,270,946
	1,259,810,761	**22,757,696**	**209,959,900**	**71,335,762**	**74,709,009**	**93,939,548**	**197,113,183**	**589,995,663**
Allowance for impairment losses	(32,017,403)							
Total	**1,227,793,358**							
Liabillities								
Deposits from customers								
Demand deposits	247,444,267	-	247,444,267	-	-	-	-	-
Savings deposits	324,488,072	-	324,488,072	-	-	-	-	-
Time deposits	278,176,006	-	147,291,253	98,723,529	12,041,707	18,658,171	1,461,346	-
Deposits from other banks								
Demand and saving deposits	7,748,268	-	7,748,268	-	-	-	-	-
Interbank call money	219,360	-	159,534	59,826	-	-	-	-
Time deposits	5,430,238	-	2,742,501	2,267,137	1,700	418,300	600	-
Securities sold under agreements to repurchase	3,782,055	-	2,289,507	922,560	-	70,766	499,222	-
Derivatives liabillities	1,195,022	-	166,391	116,724	58,629	113,751	336,400	403,127
Acceptance liabilities	10,279,839	-	2,888,591	4,075,099	3,252,199	63,950	-	-
Debt securities issued	32,245,270	-	65,417	-	1,817,657	1,595,488	6,117,276	22,649,432
Accrued expenses	6,215,561	529,317	5,686,244	-	-	-	-	-
Other liabilities**)	3,701,639	138,569	2,418,575	969,342	175,153	-	-	-
Fund borrowings	54,128,562	-	3,453,146	5,621,115	4,606,585	14,664,213	12,839,027	12,944,476
Subordinates loans and marketable securities	664,217	-	8,252	-	-	8,252	24,755	622,958
	975,718,376	**667,886**	**746,850,018**	**112,755,332**	**21,953,630**	**35,592,891**	**21,278,626**	**36,619,993**
Maturity gap	**284,092,385**	**22,089,810**	**(536,890,118)**	**(41,419,570)**	**52,755,379**	**58,346,657**	**175,834,557**	**553,375,670**
Net positions, net of allowance for impairment losses	**252,074,982**							

*) Other assets consists of accrued income, receivables from government bonds pledged as collateral, receivables from customer transactions, receivables from sale marketable securities, receivables from transaction related to ATM and credit card, and receivables from policyholder.

**) Other liabilities consists of customers transfer transaction, liabilities related to ATM and credit card transactions, guarantee deposits, payable from purchase of marketable securities, other liabilities related to UPAS transactions and claim payables.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The maturity profile of financial assets and liabilities presented using discounted cash flows method are as follows:

December 31, 2018								
Description	**Total**	**No Maturity Contract**	**≤ 1 month**	**> 1 month - ≤ 3 months**	**> 3 months - ≤ 6 months**	**> 6 months - ≤ 12 months**	**> 1year - ≤ 3 years**	**> 3 years**
Assets								
Current accounts with Bank Indonesia	59,852,761	-	59,852,761	-	-	-	-	-
Current accounts with other banks - gross	14,835,961	-	14,832,487	-	-	3,474	-	-
Placement with Bank Indonesia and other banks	22,566,034	-	19,516,998	2,477,917	303,689	141,920	125,510	-
Marketable securities - gross	63,932,474	20,743,705	4,930,267	2,175,045	3,431,226	10,050,925	6,898,444	15,702,862
Government bonds	114,284,518	-	3,275,004	6,207,923	6,623,600	10,210,423	33,979,797	53,987,771
Other receivables-trade transactions - gross	26,413,057	-	5,673,879	9,910,123	8,060,945	1,495,306	127,856	1,144,948
Securities purchased under resale agreements - gross	2,097,629	-	2,023,446	74,183	-	-	-	-
Derivative receivables - gross	1,798,557	-	803,183	179,571	65,573	147,793	312,614	289,823
Loans - gross	799,557,188	-	116,295,211	46,124,233	57,487,407	60,338,649	179,958,570	339,353,118
Consumer financing receivables-gross	17,198,156	-	539,577	1,238,912	1,436,438	2,769,661	8,575,109	2,638,459
Net Investment finance leases - gross	3,328,389	-	129,212	259,022	384,824	746,673	1,713,863	94,795
Acceptance receivables - gross	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Other asset - gross*)	11,658,117	477,041	4,603,182	270,992	326,564	256,548	756,430	4,967,360
	1,151,411,703	**21,220,746**	**235,657,030**	**74,979,296**	**82,753,236**	**86,174,066**	**232,448,193**	**418,179,136**
Allowance for impairment losses	(34,241,422)							
Total	**1,117,170,281**							
Liabillities								
Deposits from customers								
Demand deposits	199,823,756	-	199,823,756	-	-	-	-	-
Savings deposits	307,282,353	-	307,282,353	-	-	-	-	-
Time deposits	258,902,784	-	137,136,440	106,769,102	8,698,280	5,193,329	1,105,633	-
Deposits from other banks								
Demand and saving deposits	3,838,384	-	3,838,384	-	-	-	-	-
Interbank call money	8,472,197	-	7,688,030	404,562	145,132	234,473	-	-
Time deposits	4,183,234	-	2,557,333	394,832	728,972	501,497	600	-
Securities sold under agreements to repurchase	16,611,528	-	14,535,713	2,075,815	-	-	-	-
Derivatives liabillities	1,117,677	-	271,390	79,371	17,590	191,684	242,840	314,802
Acceptance liabilities	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Debt securities issued	19,088,923	-	66,118	-	719,469	498,916	5,093,646	12,710,774
Accrued expenses	4,835,467	396,974	4,438,493	-	-	-	-	-
Other liabilities**)	6,165,002	109,259	4,027,551	1,395,296	632,896	-	-	-
Fund borrowings	51,653,982	-	3,703,336	7,205,627	3,859,642	3,910,870	16,754,202	16,220,305
Subordinates loans and marketable securities	685,730	-	8,490	-	-	8,490	33,960	634,790
	896,549,879	**506,233**	**688,559,210**	**124,385,980**	**19,434,951**	**10,551,953**	**23,230,881**	**29,880,671**
Maturity gap	**254,861,824**	**20,714,513**	**(452,902,180)**	**(49,406,684)**	**63,318,285**	**75,622,113**	**209,217,312**	**388,298,465**
Net positions, net of allowance for impairment losses	**220,620,402**							

*) Other assets consists of accrued income, receivables from government bonds pledged as collateral, receivables from customer transactions, receivables from sale marketable securities, receivables from transaction related to ATM and credit card, and receivables from policyholder.

**) Other liabilities consists of customers transfer transaction, liabilities related to ATM and credit card transactions, guarantee deposits, payable from purchase of marketable securities, other liabilities related to UPAS transactions and claim payables.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The maturity profile of financial assets and liabilities presented using discounted cash flows method are as follows:

	December 31, 2017							
Description	**Total**	**No Maturity Contract**	**≤ 1 month**	**> 1 month - ≤ 3 months**	**> 3 months - ≤ 6 months**	**> 6 months - ≤ 12 months**	**> 1year - ≤ 3 years**	**> 3 years**
Assets								
Current accounts with Bank Indonesia	50,188,118	-	50,188,118	-	-	-	-	-
Current accounts with other banks - gross	12,333,389	-	12,333,389	-	-	-	-	-
Placement with Bank Indonesia and other banks - gross	74,650,516	901	65,160,489	7,954,309	1,250,215	110,000	174,602	-
Marketable securities - gross	59,720,057	22,625,233	4,233,943	3,894,115	4,989,625	2,788,654	11,468,889	9,719,598
Government bonds	103,411,188	-	4,401,266	1,696,651	3,145,453	6,198,815	42,576,019	45,392,984
Other receivables-trade transactions - gross	25,439,477	-	7,968,719	9,499,678	6,120,940	761,638	-	1,088,502
Securities purchased under resale agreements - gross	2,629,315	-	2,510,539	42,915	25,320	50,541	-	-
Derivative receivables - gross	817,292	-	548,538	96,147	31,067	43,980	61,298	36,262
Loans - gross	712,037,865	-	66,240,201	49,035,087	53,562,174	82,243,812	106,984,540	353,972,051
Consumer financing receivables - gross	15,145,219	-	325,321	644,317	902,687	1,861,412	8,354,425	3,057,057
Net Investment finance leases - gross	2,364,629	-	84,708	170,599	248,690	487,033	1,305,560	68,039
Acceptance receivables - gross	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Other asset - gross	8,724,754	713,050	4,915,351	223,332	181,710	256,985	743,333	1,690,993
	1,080,006,313	**23,339,184**	**221,970,904**	**79,180,107**	**73,810,778**	**94,970,679**	**171,709,175**	**415,025,486**
Allowance for impairment losses	(35,949,615)							
Total	**1,044,056,698**							
Liabillities								
Deposits from customers								
Demand deposits	202,864,860	-	202,864,860	-	-	-	-	-
Savings deposits	308,711,908	-	308,711,908	-	-	-	-	-
Time deposits	238,007,214	-	120,043,915	101,699,230	9,926,421	3,888,529	2,449,119	-
Deposits from other banks								
Demand and saving deposits	4,238,390	-	4,238,390	-	-	-	-	-
Interbank call money	1,007,655	-	198,184	140,765	261,681	407,025	-	-
Time deposits	3,103,462	-	1,129,421	448,162	650,381	400,238	475,260	-
Securities sold under agreements to repurchase	3,592,883	-	398,110	672,551	2,522,222	-	-	-
Derivatives liabillities	644,965	-	499,534	50,812	17,793	7,173	58,830	10,823
Acceptance liabilities	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Debt securities issued	16,843,595	-	67,395	-	324,837	496,543	4,135,656	11,819,164
Accrued expenses	3,938,471	389,003	3,549,468	-	-	-	-	-
Other liabilities	6,914,877	111,315	4,709,735	1,507,516	586,311	-	-	-
Fund borrowings	35,703,679	-	678,644	2,199,599	5,140,350	1,341,155	12,623,293	13,720,638
Subordinates loans and marketable securities	191,501	-	7,979	-	-	7,979	31,915	143,628
	838,307,954	**500,318**	**650,157,865**	**112,641,592**	**22,782,893**	**6,716,451**	**19,814,582**	**25,694,253**
Maturity gap	**241,698,359**	**22,838,866**	**(428,186,961)**	**(33,461,485)**	**51,027,885**	**88,254,228**	**151,894,593**	**389,331,233**
Net positions, net of allowance for impairment losses	**205,748,744**							

*) Other assets consists of accrued income, receivables from government bonds pledged as collateral, receivables from customer transactions, receivables from sale marketable securities, receivables from transaction related to ATM and credit card, and receivables from policyholder.

**) Other liabilities consists of customers transfer transaction, liabilities related to ATM and credit card transactions, guarantee deposits, payable from purchase of marketable securities, other liabilities related to UPAS transactions and claim payables.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows as of December 31, 2019, 2018 and 2017 as follows:

December 31, 2019								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤3 years	> 3 years
Liabilities								
Deposit from customers								
Demand deposits	247,804,330	-	247,804,330	-	-	-	-	-
Saving deposits	324,761,507	-	324,739,543	2,182	3,158	8,603	5,073	2,948
Time deposits	281,097,825	-	148,500,361	99,585,281	12,458,704	19,078,217	1,475,262	-
Deposits from other banks								
Demand and saving deposits	7,759,275	-	7,759,275	-	-	-	-	-
Interbank call money	220,204	-	160,078	60,126	-	-	-	-
Time deposits	5,477,376	-	2,772,044	2,272,405	1,735	430,590	602	-
Securities sold under agreements to repurchase	3,800,274	-	2,293,702	925,164	-	71,274	510,134	-
Derivative payables	1,275,014	-	163,976	138,561	98,945	192,115	566,500	114,917
Acceptance payables	10,279,839	-	2,888,591	4,075,099	3,252,199	63,950	-	-
Debt securities issued	38,557,565	-	65,417	213,981	2,261,310	2,253,788	8,735,865	25,027,204
Accrued expenses	6,215,561	529,317	5,686,244	-	-	-	-	-
Other liabilities	3,701,639	138,569	2,418,575	969,342	175,153	-	-	-
Fund borrowings	56,949,984	-	3,552,661	5,751,039	4,771,677	14,933,191	14,327,028	13,614,388
Subordinated loans and marketable securities	837,824	-	20,271	-	10,479	30,941	122,147	653,986
Total	**988,738,217**	**667,886**	**748,825,068**	**113,993,180**	**23,033,360**	**37,062,669**	**25,742,611**	**39,413,443**

December 31, 2018								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤3 years	> 3 years
Liabilities								
Deposit from customers								
Demand deposits	200,068,620	-	200,068,620	-	-	-	-	-
Saving deposits	307,568,602	-	307,568,602	-	-	-	-	-
Time deposits	261,050,071	-	95,303,421	142,461,661	14,977,589	7,238,831	1,068,569	-
Deposits from other banks								
Demand and saving deposits	3,841,388	-	3,841,388	-	-	-	-	-
Interbank call money	8,497,205	-	7,421,078	480,444	595,683	-	-	-
Time deposits	4,203,651	-	2,195,786	1,053,945	292,744	512,417	148,759	-
Securities sold under agreements to repurchase	16,638,754	-	14,546,963	2,091,791	-	-	-	-
Derivative payables	985,603	-	298,640	102,778	42,816	202,472	266,062	72,835
Acceptance payables	13,888,862	-	3,181,823	6,061,375	4,632,970	12,694	-	-
Debt securities issued	26,734,754	-	66,118	303,662	995,148	1,176,042	7,612,566	16,581,218
Accrued expenses	4,835,467	396,974	4,438,493	-	-	-	-	-
Other liabilities	6,165,002	109,259	4,027,551	1,395,296	632,896	-	-	-
Fund borrowings	55,102,628	-	4,042,668	7,407,155	4,045,327	3,585,184	17,954,201	18,068,093
Subordinated loans and marketable securities	905,358	-	20,675	-	21,075	20,634	123,980	718,994
Total	**910,485,965**	**506,233**	**647,021,826**	**161,358,107**	**26,236,248**	**12,748,274**	**27,174,137**	**35,441,140**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows as of December 31, 2019, 2018 and 2017 as follows (continued):

December 31, 2017								
Description	**Total**	**No Maturity Contract**	**≤ 1 month**	**> 1 month - ≤ 3 months**	**> 3 months - ≤ 6 months**	**> 6 months - ≤ 12 months**	**> 1 year - ≤3 years**	**> 3 years**
Liabilities								
Deposit from customers								
Demand deposits	203,082,083	-	203,082,083	-	-	-	-	-
Saving deposits	309,013,156	-	308,999,277	1,572	2,534	2,859	4,204	2,710
Time deposits	240,049,076	-	120,907,072	102,538,661	10,060,693	3,986,582	2,556,068	-
Deposits from other banks								
Demand and saving deposits	4,241,508	-	4,241,508	-	-	-	-	-
Interbank call money	1,019,328	-	200,675	144,218	265,524	408,911	-	-
Time deposits	3,125,803	-	1,138,563	452,095	657,863	402,022	475,260	-
Securities sold under agreements to repurchase	4,569,981	-	398,254	673,727	3,498,000	-	-	-
Derivative payables	1,071,346	-	498,507	77,383	56,376	98,102	333,737	7,241
Acceptance payables	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Debt securities issued	23,025,755	-	172,569	248,022	461,497	954,003	6,209,468	14,980,196
Accrued expenses	3,938,471	389,003	3,549,468	-	-	-	-	-
Other liabilities	6,914,877	111,315	4,709,735	1,507,516	586,311	-	-	-
Fund borrowings	38,657,524	-	742,478	2,980,353	5,346,395	1,366,732	12,539,711	15,681,855
Subordinated loans and marketable securities	225,253	-	8,218	479	718	9,415	37,660	168,763
Total	**851,478,655**	**500,318**	**651,708,729**	**114,546,983**	**24,288,808**	**7,396,435**	**22,196,617**	**30,840,765**

The following maturity table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows as of December 31, 2019, 2018 and 2017 as follows:

December 31, 2019								
Description	**Total**	**No Maturity Contract**	**≤1 month**	**>1 month - ≤3 months**	**>3 months - ≤6 months**	**>6 months - ≤12 months**	**> 1 year - ≤3 years**	**>3 years**
Administrative accounts								
Bank guarantees issued	96,463,396	-	96,463,396	-	-	-	-	-
Committed unused loan facilities	39,160,802	-	39,160,802	-	-	-	-	-
Outstanding irrevocable letters of credit	17,565,353	-	3,464,223	7,375,340	2,922,103	2,145,340	1,658,347	-
Standby letter of credit	13,798,088	-	13,798,088	-	-	-	-	-
	166,987,639	**-**	**152,886,509**	**7,375,340**	**2,922,103**	**2,145,340**	**1,658,347**	**-**

December 31, 2018								
Description	**Total**	**No Maturity Contract**	**≤1 month**	**>1 month - ≤3 months**	**>3 months - ≤6 months**	**>6 months - ≤12 months**	**> 1 year - ≤3 years**	**>3 years**
Administrative accounts								
Bank guarantees issued	82,114,085	-	82,114,085	-	-	-	-	-
Committed unused loan facilities	36,928,279	-	36,928,279	-	-	-	-	-
Outstanding irrevocable letters of credit	19,745,928	-	3,811,624	5,620,647	3,616,076	4,903,922	1,793,659	-
Standby letter of credit	13,131,689	-	13,131,689	-	-	-	-	-
	151,919,981	**-**	**135,985,677**	**5,620,647**	**3,616,076**	**4,903,922**	**1,793,659**	**-**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows as of December 31, 2019, 2018 and 2017 as follows (continued):

	December 31, 2017							
Description	**Total**	**No Maturity Contract**	**≤1 month**	**>1 month - ≤3 months**	**>3 months - ≤6 months**	**>6 months - ≤12 months**	**> 1 year - ≤3 years**	**>3 years**
Administrative accounts								
Bank guarantees issued	79,687,978	-	79,687,978	-	-	-	-	-
Committed unused loan facilities	35,612,721	-	35,612,721	-	-	-	-	-
Outstanding irrevocable letters of credit	15,822,522	-	3,334,244	7,609,931	993,418	2,610,135	1,274,794	-
Standby letter of credit	12,278,618	-	12,278,618	-	-	-	-	-
	143,401,839	**-**	**130,913,561**	**7,609,931**	**993,418**	**2,610,135**	**1,274,794**	**-**

(ii) Interest rate risk management on banking book portfolio

Market risk is the risk of balance sheet position and administrative accounts, including derivative transactions, resulted from changes in market conditions, including changes in option price risk.

Managing market risk on banking book is performed by optimising the structure of the Bank's statement of financial position to obtain maximum yield of return at acceptable risk level to the Bank. The monitoring of market risk on banking book is performed by setting a limit which is refer to the regulator requirements and the internal policies, which are monitored on a weekly and monthly basis by the Market Risk Management Unit.

The sources of banking book's interest rate risk are repricing risk (repricing mismatch between asset and liability components), basis risk (usage of different interest rate reference), yield curve risk (changes in shape and slope of the yield curve) and the option risk (loan repayment or redeem of deposit before maturity). The Bank uses the repricing gap and performs sensitivity analysis to obtain the projected Net Interest Income (NII).

a. Sensitivity of net interest income

The table below shows the sensitivity of net income for the next 1 year to interest rate movement of interest bearing assets and liabilities of Bank Mandiri as of December 31, 2019, 2018 and 2017 (Bank Mandiri only) as follows:

	Increased by 400 bps	**Decreased by 400 bps**
December 31, 2019 *)		
Increase/(decrease) net interest income (Rp billion)	3,627.54	(3,625.31)
	Increased by 100 bps	**Decreased by 100 bps**
December 31, 2018		
Increase/(decrease) net interest income (Rp billion)	1,999.35	(1,653.54)

*) There was a change in the calculation following OJK circular letter No.12/SEOJK.03/2018 regarding implementation of Risk Management and Standard Approach of Risk Measurement for interest rate risk in banking book for commercial bank, started from June 2019

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

a. Sensitivity of net interest income (continued)

The table below shows the sensitivity of net income for the next 1 year to interest rate movement of interest bearing assets and liabilities of Bank Mandiri as of December 31, 2019, 2018 and 2017 (Bank Mandiri only) as follows (continued):

	Increased by 100 bps	Decreased by 100 bps
December 31, 2017		
Increase/(decrease) net interest income (Rp billion)	1,459.86	(224.33)

The above projections assumed that all other variables are held constant at reporting date.

b. Sensitivity of interest income from available for sale marketable securities

The table below shows the sensitivity of Bank Mandiri's interest income from available for sale marketable securities to movement of interest rates as of December 31, 2019, 2018 and 2017 (Bank Mandiri only) as follows:

	Increased by 400 bps	Decreased by 400 bps
December 31, 2019 *)		
Increase/(decrease) interest income (Rp billion)	650.41	(646.72)

	Increased by 100 bps	Decreased by 100 bps
December 31, 2018		
Increase/(decrease) interest income (Rp billion)	184.32	(184.32)

	Increased by 100 bps	Decreased by 100 bps
December 31, 2017		
Increase/(decrease) interest income (Rp billion)	243.57	(243.58)

*) There was a change in the calculation following OJK circular letter No.12/SEOJK.03/2018 regarding implementation of Risk Management and Standard Approach of Risk Measurement for interest rate risk in banking book for commercial bank, started from June 2019

The above projections assumed that all other variables are held constant at reporting date.

The sensitivities of interest income from available for sale marketable securities do not incorporate hedging and actions that Bank Mandiri would take to mitigate the impact of this interest rate risk. In practice, Bank Mandiri proactively seeks to mitigate the effect of prospective interest movements.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

c. Bank Mandiri's exposure to interest rate risk (repricing gap)

The tables below summarise Bank Mandiri's financial asset and liabilities at carrying amounts categorised by earlier of contractual repricing date or maturity dates:

	December 31, 2019*)									
	Interest bearing									
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	46,490,930	46,490,930
Current accounts with other banks	10,736,242	-	-	-	-	-	-	-	1,827,248	12,563,490
Placements with Bank Indonesia and other banks	30,941,392	414,008	300,535	-	-	-	-	-	5,960,500	37,616,435
Marketable securities	12,359,572	3,960,743	8,716,384	3,711,250	5,844,472	6,592,370	1,146,942	6,646,178	22,354,995	71,332,906
Government bonds	13,868,407	6,555,759	3,464,529	14,943,947	15,669,315	21,417,387	16,595,360	36,485,596	-	129,000,300
Other receivables - trade transactions	7,050,821	13,626,197	8,536,860	47,359	-	-	-	1,110,386	44,079	30,415,702
Securities purchased under resale agreements	1,831,089	-	124,274	-	-	-	-	-	-	1,955,363
Derivative receivables	3,111	37,575	26,751	93,401	9,825	442,890	23,794	-	980,129	1,617,476
Loans	146,698,796	350,698,252	165,646,704	37,825,603	27,977,678	14,270,948	6,969,935	60,573,533	75,173,788**)	885,835,237
Consumer financing receivables	1,052,807	1,565,876	4,819,409	5,144,520	3,528,383	1,855,938	598,304	469	-	18,565,706
Net investment finance leases	151,566	300,764	1,173,415	992,968	370,918	58,622	6,818	-	-	3,055,071
Acceptance receivables	-	-	-	-	-	-	-	-	10,279,839	10,279,839
Other assets	-	-	-	-	-	-	-	11,082,306	-	11,082,306
	224,693,803	377,159,174	192,808,861	62,759,048	53,400,591	44,638,155	25,341,153	115,898,468	163,111,508	1,259,810,761
Deposits from customers										
Demand deposits and *wadiah* demand deposits	58,778,705	4,990,289	22,456,301	29,941,734	29,941,734	29,941,734	29,941,734	29,941,734	11,510,302	247,444,267
Saving deposits and *wadiah* saving deposits	79,782,298	6,750,269	30,378,153	40,492,172	40,489,943	40,489,217	40,489,269	40,490,025	5,126,726	324,488,072
Time deposits	151,633,441	95,178,850	30,203,318	1,160,397	-	-	-	-	-	278,176,006
Deposits from other banks										
Demand and saving deposits	1,502,683	174,041	783,184	1,044,245	1,044,245	1,044,245	1,044,245	1,044,245	67,135	7,748,268
Interbank call money	159,535	59,825	-	-	-	-	-	-	-	219,360
Time deposits	2,724,641	2,425,351	280,246	-	- -	-	-	-	-	5,430,238
Securities sold under agreements to repurchase	2,287,749	921,852	70,712	-	501,742	-	-	-	-	3,782,055
Derivative payables	-	2,923	10,404	254,835	68,867	399,504	17,589	-	440,900	1,195,022
Acceptance payables	-	-	-	-	-	-	-	-	10,279,839	10,279,839
Debt securities issued	-	-	3,177,225	1,847,281	4,475,816	4,477,050	14,497,762	3,395,136	375,000	32,245,270
Accrued expenses	-	-	-	-	-	-	-	-	6,215,561	6,215,561
Other liabilities	-	-	-	-	-	-	-	3,701,639	-	3,701,639
Fund borrowings	4,436,438	16,893,818	27,138,964	3,232,326	1,847,610	520,727	58,679	-	-	54,128,562
Subordinated loans and marketable securitites	-	-	-	-	499,171	-	-	165,046	-	664,217
	301,305,490	127,397,218	114,498,507	77,972,990	78,869,128	76,872,477	86,049,278	78,737,825	34,015,463	975,718,376
Total interest repricing gap	**(76,611,687)**	**249,761,956**	**78,310,354**	**(15,213,942)**	**(25,468,537)**	**(32,234,322)**	**(60,708,125)**	**37,160,643**	**129,096,045**	**284,092,385**

*) There was a change in the calculation following SEOJK regarding Interest Rate Risk in Banking Book (IRRBB) No. 12/SEOJK.03/2018 dated August 21, 2018.
**) Represent receivables/and financing from subsidiary engaged in sharia business which earn margin and profit sharing.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

c. Bank Mandiri's exposure to interest rate risk (repricing gap) (continued)

	December 31, 2018*)									
	Interest bearing									
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	59,852,761	59,852,761
Current accounts with other banks	13,382,143	-	-	-	-	-	-	-	1,453,818	14,835,961
Placements with Bank Indonesia and other banks	14,030,626	2,669,008	74,000	-	-	-	-	-	5,792,400	22,566,034
Marketable securities	1,417,392	1,877,849	3,666,559	1,524,613	3,128,378	3,142,836	5,337,893	2,473,272	41,363,682	63,932,474
Government bonds	3,147,144	6,207,923	16,834,024	23,446,731	10,533,066	13,910,745	15,670,638	24,406,387	127,860	114,284,518
Other receivables - trade transactions	5,570,479	9,857,974	9,436,079	127,856	-	-	-	1,144,948	275,721	26,413,057
Securities purchased under resale agreements	2,023,446	74,183	-	-	-	-	-	-	-	2,097,629
Derivative receivables	216,276	260,227	154,441	153,333	8,549	40,629	83,229	-	881,873	1,798,557
Loans	211,342,725	231,759,031	165,267,151	36,691,388	19,273,035	8,120,750	6,014,832	53,943,842	67,144,434**)	799,557,188
Consumer financing receivables	539,577	1,238,912	4,206,099	4,972,715	3,602,395	1,973,982	640,007	24,469	-	17,198,156
Net investment finance leases	129,339	257,641	1,130,974	1,211,075	504,473	86,024	8,863	-	-	3,328,389
Acceptance receivables	-	-	-	-	-	-	-	-	13,888,862	13,888,862
Other assets	-	-	-	-	-	-	-	11,658,117	-	11,658,117
	251,799,147	254,202,748	200,769,327	68,127,711	37,049,896	27,274,966	27,755,462	93,651,035	190,781,411	1,151,411,703
Deposits from customers										
Demand deposits and *wadiah* demand deposits	25,776,740	10,094,457	26,488,985	28,085,097	20,608,153	15,628,331	11,893,465	52,544,355	8,704,173	199,823,756
Saving deposits and *wadiah* saving deposits	30,072,126	12,503,394	32,050,698	36,037,765	28,397,490	23,304,007	19,913,884	121,251,397	3,751,592	307,282,353
Time deposits	140,865,039	102,649,136	14,467,322	921,287	-	-	-	-	-	258,902,784
Deposits from other banks										
Demand and saving deposits	412,891	332,147	927,847	834,314	502,517	281,318	115,419	353,685	78,246	3,838,384
Interbank call money	6,797,758	1,674,439	-	-	-	-	-	-	-	8,472,197
Time deposits	2,885,437	707,500	295,564	294,733	-	-	-	-	-	4,183,234
Securities sold under agreements to repurchase	14,535,713	2,075,815	-	-	-	-	-	-	-	16,611,528
Derivative payables	97,294	103,170	189,385	10,202	97,915	23,764	51,654	-	544,293	1,117,677
Acceptance payables	-	-	-	-	-	-	-	-	13,888,862	13,888,862
Debt securities issued	-	-	699,470	3,401,352	1,852,703	1,825,959	4,514,221	6,420,218	375,000	19,088,923
Accrued expenses	-	-	-	-	-	-	-	-	4,835,467	4,835,467
Other liabilities	-	-	-	-	-	-	-	6,165,002	-	6,165,002
Fund borrowings	7,503,617	12,217,357	24,841,584	4,693,299	648,840	1,559,438	-	189,847	-	51,653,982
Subordinated loans and marketable securitites	-	-	-	-	-	-	498,939	186,791	-	685,730
	228,946,615	142,357,415	99,960,855	74,278,049	52,107,618	42,622,817	36,987,582	187,111,295	32,177,633	896,549,879
Total interest repricing gap	**22,852,532**	**111,845,333**	**100,808,472**	**(6,150,338)**	**(15,057,722)**	**(15,347,851)**	**(9,232,120)**	**(93,460,260)**	**158,603,778**	**254,861,824**

*) There was a change in the calculation following SEOJK regarding Interest Rate Risk in Banking Book (IRRBB) No. 12/SEOJK.03/2018 dated August 21, 2018.
**) Represent receivables/and financing from subsidiary engaged in sharia business which earn margin and profit sharing.

	December 31, 2017*)									
	Interest bearing									
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	50,188,118	50,188,118
Current accounts with other banks	11,697,430	88,245	47,744	-	-	-	-	-	499,970	12,333,389
Placements with Bank Indonesia and other banks	65,512,388	1,236,990	703,100	40,000	-	-	-	-	7,158,038	74,650,516
Marketable securities	1,106,762	641,960	6,906,412	8,372,723	3,803,432	1,126,646	5,640,330	6,000,606	26,121,186	59,720,057
Government bonds	8,617,446	30,762,971	4,303,940	8,991,611	5,434,025	9,203,482	3,841,202	23,775,308	8,481,203	103,411,188
Other receivables - trade transactions	1,050,327	1,993,457	1,831,394	-	-	-	-	-	20,564,299	25,439,477
Securities purchased under resale agreements	181,423	2,372,031	25,320	50,541	-	-	-	-	-	2,629,315
Derivative receivables	523,323	92,784	74,407	55,875	57,776	2,927	10,200	-	-	817,292
Loans	53,977,645	445,400,966	56,557,393	21,858,452	12,365,791	2,815,222	6,842,430	52,326,511	59,893,455**)	712,037,865
Consumer financing receivables	441,255	891,982	3,635,966	4,541,004	3,355,200	1,711,662	567,984	166	-	15,145,219
Net investment finance leases	84,708	170,599	735,722	829,833	475,727	61,286	6,754	-	-	2,364,629
Acceptance receivables	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494
Other assets	-	-	-	-	-	-	-	8,724,754	-	8,724,754
	143,192,707	484,252,110	86,684,514	44,740,039	25,491,951	14,921,225	16,908,900	90,827,345	172,987,522	1,080,006,313

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

c. Bank Mandiri's exposure to interest rate risk (repricing gap) (continued)

	December 31, 2017*)									
	Interest bearing									
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	Non interest bearing	Total
Deposits from customers										
Demand deposits and *wadiah* demand deposits	24,333,668	10,032,793	26,265,172	27,900,210	20,605,365	15,747,704	12,104,458	57,439,714	8,435,776	202,864,860
Saving deposits and *wadiah* saving deposits	29,452,728	12,758,657	32,810,802	36,762,123	28,889,203	23,640,760	20,146,360	121,057,718	3,193,557	308,711,908
Time deposits	128,420,994	92,667,736	14,866,618	2,051,866	-	-	-	-	-	238,007,214
Deposits from other banks										
Demand and saving deposits	464,661	350,924	999,954	886,924	540,522	309,588	136,387	480,047	69,383	4,238,390
Interbank call money	383,144	89,216	535,295	-	-	-	-	-	-	1,007,655
Time deposits	1,736,571	45,890	839,739	481,262	-	-	-	-	-	3,103,462
Securities sold under agreements to repurchase	-	-	3,592,883	-	-	-	-	-	-	3,592,883
Derivative payables	462,712	41,202	62,837	33,033	40,722	1,233	3,226	-	-	644,965
Acceptance payables	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494
Debt securities issued	-	10,871,270	821,374	1,117,149	2,187,618	748,638	722,546	-	375,000	16,843,595
Accrued expenses	41,327	146,377	5,927	6,127	-	-	-	-	3,738,713	3,938,471
Other liabilities	-	-	-	-	-	-	-	6,914,877	-	6,914,877
Fund borrowings	1,104,791	1,263,274	9,111,526	3,375,494	1,658,119	25,000	50,000	19,115,475	-	35,703,679
Subordinated loans and marketable securitites	-	-	-	-	-	-	-	191,501	-	191,501
	186,400,596	128,867,464	101,775,243	72,614,188	53,921,549	40,472,923	33,162,977	205,199,332	15,893,682	838,307,954
Total interest repricing gap	**(43,207,889)**	**355,384,646**	**(15,090,729)**	**(27,874,149)**	**(28,429,598)**	**(25,551,698)**	**(16,254,077)**	**(114,371,987)**	**157,093,840**	**241,698,359**

*) Modelling assumption in accordance with Consultative Paper IRRBB issued by OJK.
**) Represent receivables/and financing from subsidiary engaged in sharia business which earn margin and profit sharing.

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conducts stress testing on the market risk of banking book regularly.

(iii) Pricing management

The Bank implements pricing policy for loans or deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and to support the Bank to dominate the market share by considering the competition condition.

The Bank consistently manages to apply the strategy as market leader in terms of fund pricing. However, considering the liquidity conditions and funding needs, the Bank may implement an aggressive strategy (greater than major competitors) or defensive (equal to or smaller than major competitors).

In determine interest rates, the Bank implements risk-based pricing by providing a range of interest rate of loan to customers based on credit risk level. In order to minimize interest rate risk, the loan interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, loan interest rates are determined with consideration to overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Interest rates for loan can be either a floating or a fixed rate for certain tenors.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management

Exchange rate risk represents potential loss arising from unfavourable exchange rate movements in the market when the Bank has an open position. The Bank applies a proper foreign exchange risk management to avoid loss arising from exchange rate changes or volatility. Exchange rate risk arises from foreign exchange currency transactions with customer or counterparty which leads to an open position in foreign currency or structural positions in foreign currencies due to capital investment. The Bank manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and the regulation of Bank Indonesia.

The calculation of the net open position as of December 31, 2019, 2018 and 2017 is based on Bank Indonesia's Regulation No. 12/10/PBI/2010 dated July 1, 2010 which amended by Bank Indonesia's Regulation No. 17/5/PBI/2015 dated on May 29, 2015 regarding removal implementation NOP 30 minutes. In accordance with Bank Indonesia Regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on statement of financial position which presented in Rupiah add with the net difference between receivables and payables of commitments and contingencies for each foreign currency recorded in administrative which presented stated in Rupiah. The net open position for the statement of financial position is the net difference between total assets and liabilities for each foreign currency which presented in Rupiah.

a. Net open position

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2019 as follows:

Currency	Assets	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)*)**			
United States Dollar	274,368,735	275,943,615	1,574,880
European Euro	9,031,438	8,976,453	54,985
Singapore Dollar	2,524,459	2,688,245	163,786
Japanese Yen	1,345,872	1,460,013	114,141
Australian Dollar	488,982	511,324	22,342
Great Britain Poundsterling	301,027	288,045	12,982
Hong Kong Dollar	103,282	93,219	10,063
Others	4,691,577	4,890,718	289,223*)
Total			2,242,402
STATEMENT OF FINANCIAL POSITION			
United State Dollar	220,431,781	182,815,107	37,616,674
European Euro	7,527,135	6,354,640	1,172,495
Singapore Dollar	1,888,269	1,545,234	343,035
Japanese Yen	1,004,508	1,360,295	(355,787)
Australian Dollar	356,430	209,988	146,442
Great Britain Poundsterling	289,365	285,909	3,456
Hong Kong Dollar	64,365	26,528	37,837
Others	1,536,813	4,336,102	(2,799,289)**)
Total			36,164,863
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 58)			**188,828,259**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

a. Net open position (continued)

Currency	Assets	Liabilities	Net open position
NOP ratio (statement of financial position)			19.15%
NOP ratio (overall)			1.19%

Net Open Position ratio as of December 31, 2019 if calculated using November 2019 capital as follows:

November 2019 Capital	186,331,732
NOP ratio (Statement of financial position)	19.41%
NOP ratio (overall)[***)]	1.20%

*) Represents total absolute amount of difference between assets and liabilities from other foreign currencies.
**) Represents total amount of difference between assets and liabilities from other foreign currencies.
***) The calculation of Bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 regarding the 4th amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding net open position for Commercial Banks. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2018 as follows:

Currency	Assets	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)[***)]			
United States Dollar	357,819,308	358,484,699	665,391
European Euro	11,690,220	11,507,187	183,033
Singapore Dollar	3,360,108	3,367,849	7,741
Japanese Yen	1,131,321	1,156,294	24,973
Australian Dollar	362,260	375,973	13,713
Great Britain Poundsterling	501,326	492,088	9,238
Hong Kong Dollar	42,715	55,004	12,289
Others	6,625,771	6,770,780	213,409[*)]
Total			1,129,787
STATEMENT OF FINANCIAL POSITION			
United State Dollar	209,629,248	161,491,889	48,137,359
European Euro	9,936,668	3,904,530	6,032,138
Singapore Dollar	3,088,014	1,705,275	1,382,739
Japanese Yen	883,353	741,477	141,876
Australian Dollar	328,216	173,379	154,837
Great Britain Poundsterling	197,355	460,896	(263,541)
Hong Kong Dollar	42,715	21,946	20,769
Others	2,698,741	5,459,222	(2,760,481)[**)]
Total			52,845,696
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 58)			**167,557,982**
NOP ratio (statement of financial position)			31.51%
NOP ratio (overall)			0.67%

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

a. Net open position (continued)

Net Open Position ratio as of December 31, 2018 if calculated using November 2018 capital as follows:

Currency	Assets	Liabilities	Net open position
November 2018 Capital			163,809,795
NOP ratio (Statement of financial position)			32.26%
NOP ratio (overall)***)			0.69%

*) Represents total absolute amount of difference between assets and liabilities from other foreign currencies.
**) Represents total amount of difference between assets and liabilities from other foreign currencies.
***) The calculation of Bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 regarding the 4th amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding net open position for Commercial Banks. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2017 as follows:

Currency	Assets	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)*)**			
United States Dollar	243,170,253	241,795,535	1,374,718
European Euro	15,960,885	15,651,107	309,778
Singapore Dollar	3,185,692	3,208,152	22,460
Japanese Yen	1,463,819	1,508,826	45,007
Australian Dollar	495,541	489,828	5,713
Great Britain Poundsterling	497,032	477,789	19,243
Hong Kong Dollar	90,851	67,459	23,392
Others	4,400,697	4,890,924	632,137*)
Total			2,432,448
STATEMENT OF FINANCIAL POSITION			
United State Dollar	207,896,743	136,560,162	71,336,581
European Euro	9,095,032	6,589,444	2,505,588
Singapore Dollar	2,687,497	1,736,676	950,821
Japanese Yen	1,270,577	852,881	417,696
Australian Dollar	396,818	190,239	206,579
Great Britain Poundsterling	284,999	403,898	(118,899)
Hong Kong Dollar	58,731	63,659	(4,928)
Others	1,120,700	4,715,826	(3,595,126)**)
Total			71,698,312
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 58)			**153,178,315**
NOP ratio (Statement of financial position)			46.81%
NOP ratio (overall)			1.59%

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

a. Net open position (continued)

Net Open Position ratio as of December 31, 2017 if calculated using November 2017 capital are as follows:

November 2017 Capital	152,860,162
NOP ratio (Statement of financial position)	46.90%
NOP ratio (overall)***)	1.59%

*) Represents total absolute amount of difference between assets and liabilities from other foreign currencies.
**) Represents total amount of difference between assets and liabilities from other foreign currencies.
***) The calculation of Bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 regarding the 4th amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding net open position for Commercial Banks. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

b. Bank Mandiri exposure to foreign currency exchange rate risk

The table below summaries the Group's exposure of foreign currency exchange rate risk as of December 31, 2019, 2018 and 2017. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	December 31, 2019								
	United States Dollar	**European Euro**	**Singapore Dollar**	**Japanese Yen**	**Australian Dollar**	**Hong Kong Dollar**	**Great Britain Pound-sterling**	**Others**	**Total**
Assets									
Cash	1,299,141	192,564	413,716	41,111	256,572	23,337	17,695	302,168	2,546,304
Current accounts with Bank Indonesia	13,407,311	-	-	-	-	-	-	-	13,407,311
Current accounts with other banks	8,261,426	1,837,176	239,843	404,132	92,977	28,102	253,889	955,027	12,072,572
Placement with Bank Indonesia and other banks	19,719,007	47,675	-	-	-	-	-	299,127	20,065,809
Marketable securities	15,103,611	2,606	408,877	579	-	-	-	-	15,515,673
Government bonds	20,398,803	3,384,373	-	472,897	-	-	-	-	24,256,073
Other receivables-trade transactions	8,606,700	58,610	6,077	8,857	-	-	13,549	16,975	8,710,768
Derivative receivables	1,475,789	14,658	3	32	127	41	43	97	1,490,790
Loans	138,258,224	1,149,647	776,651	1,075	2,057	3,268	-	839,976	141,030,898
Acceptance receivables	3,959,983	886,870	9,785	75,957	2,021	-	-	76,040	5,010,656
Other assets	2,731,437	49,414	2,874	523	24	11	79	7,380	2,791,742
Total asset	**233,221,432**	**7,623,593**	**1,857,826**	**1,005,163**	**353,778**	**54,759**	**285,255**	**2,496,790**	**246,898,596**
Liabilities									
Deposits from customers									
Demand deposits and *wadiah* demand deposits	64,989,888	3,919,861	269,367	723,085	33,352	4,819	119,651	1,041,342	71,101,365
Saving deposits and *wadiah* saving deposits	25,144,146	999,247	641,029	165,687	128,805	8,481	139,399	13,931	27,240,725
Time deposits	35,260,149	358,521	353,189	29,508	37,647	-	5,124	16,028	36,060,166
Deposits from other banks-									
Demand deposits, *wadiah* demand deposits and saving deposits	1,218,653	598	3,182	533	-	-	-	120	1,223,086
Interbank call money	-	-	-	-	-	-	-	219,360	219,360
Time deposits	2,044,117	-	-	-	-	-	-	-	2,044,117
Securities sold under agreements to repurchase	2,479,142	-	-	-	-	-	-	-	2,479,142
Derivative payable	982,432	18,154	5	421	2,517	48	2	722	1,004,301
Acceptance payables	3,959,983	886,870	9,785	75,957	2,021	-	-	76,040	5,010,656
Debt securities issued	10,321,418	-	-	-	-	-	-	-	10,321,418
Accrued expenses	648,229	-	37,021	172	136	7,009	303	65,356	758,226
Other liabilities	1,793,110	135,612	143,739	249,622	1,418	1,098	20,515	52,182	2,397,296
Fund borrowings	41,479,276	-	-	367,962	-	-	-	3,036,141	44,883,379
Subordinated loans and marketable securities	165,045	-	-	-	-	-	-	-	165,045
Total liabilities	**190,485,588**	**6,318,863**	**1,457,317**	**1,612,947**	**205,896**	**21,455**	**284,994**	**4,521,222**	**204,908,282**
Net statement of financial position	**42,735,844**	**1,304,730**	**400,509**	**(607,784)**	**147,882**	**33,304**	**261**	**(2,024,432)**	**41,990,314**
Administrative accounts - net	**(37,571,550)**	**(1,130,793)**	**(633,563)**	**241,646**	**(168,785)**	**(27,774)**	**9,526**	**2,600,150**	**(36,681,143)**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)

	December 31, 2018								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound-sterling	Others	Total
Assets									
Cash	1,377,201	165,625	934,813	44,448	259,982	6,346	13,965	259,073	3,061,453
Current accounts with Bank Indonesia	17,914,796	-	-	-	-	-	-	-	17,914,796
Current accounts with other banks	11,544,142	704,502	143,509	231,232	44,503	23,812	168,575	1,709,590	14,569,865
Placement with Bank Indonesia and other banks	9,572,066	50,338	-	-	-	-	-	62,717	9,685,121
Marketable securities	15,799,820	19,294	962,453	1,439	-	-	-	-	16,783,006
Government bonds	17,512,032	5,846,313	-	483,294	-	-	-	-	23,841,639
Other receivables-trade transactions	9,361,314	88,315	-	37,366	-	-	12,264	40,001	9,539,260
Derivative receivables	1,539,301	7,597	-	2,250	18	-	1,570	472	1,551,208
Loans	131,074,000	2,066,764	938,938	1,189	4,664	-	-	1,044,462	135,130,017
Acceptance receivables	4,059,991	989,956	24,791	84,394	3,739	-	4,298	23,686	5,190,855
Other assets	2,859,622	84,864	4,543	525	-	-	15	5,450	2,955,019
Total asset	**222,614,285**	**10,023,568**	**3,009,047**	**886,137**	**312,906**	**30,158**	**200,687**	**3,145,451**	**240,222,239**
Liabilities									
Deposits from customers									
Demand deposits and *wadiah* demand deposits	49,594,934	815,923	414,547	451,301	33,921	4,289	304,379	739,224	52,358,518
Saving deposits and *wadiah* saving deposits	25,407,014	801,409	724,959	33,690	94,167	7,427	136,556	14,589	27,219,811
Time deposits	35,357,214	1,131,144	353,790	6,706	20,911	-	5,421	28,419	36,903,605
Deposits from other banks									
Demand deposits, *wadiah* demand deposits and saving deposits	1,549,629	635	8,521	535	-	-	-	189	1,559,509
Interbank call money	5,255,890	-	-	-	-	-	-	916,307	6,172,197
Time deposits	1,119,634	-	-	-	-	-	-	-	1,119,634
Securities sold under agreements to repurchase	2,802,078	-	-	-	-	-	-	-	2,802,078
Derivative payable	601,972	14,022	-	25	275	-	-	-	616,294
Acceptance payables	4,059,991	989,956	24,791	84,394	3,739	-	4,298	23,686	5,190,855
Accrued expenses	617,287	-	38,115	175	134	6,883	65	88,580	751,239
Other liabilities	2,831,003	136,985	60,257	164,007	19,985	3,452	9,738	92,334	3,317,761
Fund borrowings	38,698,319	-	-	576,636	-	-	-	3,711,914	42,986,869
Subordinated loans and marketable securities	186,790	-	-	-	-	-	-	-	186,790
Total liabilities	**168,081,755**	**3,890,074**	**1,624,980**	**1,317,469**	**173,132**	**22,051**	**460,457**	**5,615,242**	**181,185,160**
Net statement of financial position	**54,532,530**	**6,133,494**	**1,384,067**	**(431,332)**	**139,774**	**8,107**	**(259,770)**	**(2,469,791)**	**59,037,079**
Administrative accounts - net	**(49,338,947)**	**(5,849,105)**	**(1,390,480)**	**(261,121)**	**(168,550)**	**(33,058)**	**272,779**	**2,615,472**	**(54,153,010)**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)

	December 31, 2017								
	United States Dollar	**European Euro**	**Singapore Dollar**	**Japanese Yen**	**Australian Dollar**	**Hong Kong Dollar**	**Great Britain Pound-sterling**	**Others**	**Total**
Assets									
Cash	1,162,014	264,084	677,224	75,015	187,524	10,695	38,668	235,092	2,650,316
Current accounts with Bank Indonesia	10,236,358	-	-	-	-	-	-	-	10,236,358
Current accounts with other banks	8,164,603	1,135,115	221,916	503,190	50,908	33,419	220,814	368,291	10,698,256
Placement with Bank Indonesia and other banks	44,577,230	49,712	-	-	-	-	-	214,907	44,841,849
Marketable securities	13,786,132	4,753	338,070	2,772	-	-	-	-	14,131,727
Government bonds	21,058,127	4,229,676	-	445,924	-	-	-	-	25,733,727
Other receivables- trade transactions	9,317,053	106,632	-	50,038	1,945	-	11,978	36,446	9,524,092
Derivative receivables	312,546	63,365	112	28	5,354	-	614	117	382,136
Loans	105,002,051	2,639,172	1,173,768	1,669	89,741	-	-	963,319	109,869,720
Acceptance receivables	5,382,765	388,388	12,432	151,986	1,260	-	3,878	46,484	5,987,193
Other assets	954,272	66,427	1,980	419	777	-	13	5,566	1,029,454
Total asset	**219,953,151**	**8,947,324**	**2,425,502**	**1,231,041**	**337,509**	**44,114**	**275,965**	**1,870,222**	**235,084,828**
Liabilities									
Deposits from customers									
Demand deposits and *wadiah* demand deposits	59,444,991	818,924	529,970	576,876	59,996	6,373	251,723	188,455	61,877,308
Saving deposits and *wadiah* saving deposits	26,525,184	347,242	563,353	34,601	88,834	8,121	116,136	9,198	27,692,669
Time deposits	16,680,400	4,609,164	425,560	7,014	24,474	16,494	16,832	12,647	21,792,585
Deposits from other banks									
Demand deposits, *wadiah* demand deposits and saving deposits	1,322,556	40,961	9,767	486	-	-	-	-	1,373,770
Interbank call money	610,537	-	-	-	-	-	-	397,118	1,007,655
Time deposits	414,133	-	-	-	-	-	-	-	414,133
Securities sold under agreements to repurchase	1,065,947	-	-	-	-	-	-	-	1,065,947
Derivative payables	107,808	106,827	-	87	1,620	-	6	387	216,735
Acceptance payables	5,382,765	388,388	12,432	151,986	1,260	-	3,878	46,484	5,987,193
Accrued expenses	505,350	-	30,156	162	140	5,627	55	60,535	602,025
Other liabilities	2,417,913	320,431	99,942	80,556	282,358	62,784	593,588	101,277	3,958,849
Fund borrowings	25,005,263	-	-	-	-	-	-	3,961,828	28,967,091
Subordinated loans and marketable securities	191,501	-	-	-	-	-	-	-	191,501
Total liabilities	**139,674,348**	**6,631,937**	**1,671,180**	**851,768**	**458,682**	**99,399**	**982,218**	**4,777,929**	**155,147,461**
Net statements of consolidated financial position	**80,278,803**	**2,315,387**	**754,322**	**379,273**	**(121,173)**	**(55,285)**	**(706,253)**	**(2,907,707)**	**79,937,367**
Administrative accounts - net	**4,385,036**	**(4,278,039)**	**(973,281)**	**(454,970)**	**(200,385)**	**(3,800)**	**138,142**	**3,104,900**	**1,717,603**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows:

	December 31, 2019	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Assets		
Cash		
United States Dollar	1,299,141	93,581
Singapore Dollar	413,716	40,108
Australian Dollar	256,572	26,382
European Euro	192,564	12,367
Chinese Yuan	17,248	8,649
Japanese Yen	41,111	321,657
Great Britain Poundsterling	17,695	970
Hong Kong Dollar	23,337	13,090
Others	284,920	20,524
	2,546,304	537,328
Deposits with Bank Indonesia		
United States Dollar	13,407,311	965,771
Deposits with other banks		
United States Dollar	8,261,426	595,096
Chinese Yuan	583,725	292,714
European Euro	1,837,176	117,990
Japanese Yen	404,132	3,161,975
Great Britain Poundsterling	253,889	13,921
Singapore Dollar	239,843	23,252
Australian Dollar	92,977	9,560
Hong Kong Dollar	28,102	15,763
Others	371,302	26,746
	12,072,572	4,257,017
Placement with Bank Indonesia and other banks		
United States Dollar	19,719,007	1,420,422
European Euro	47,675	3,062
Chinese Yuan	299,127	150,000
	20,065,809	1,573,484
Marketable securities		
United States Dollar	15,103,611	1,087,961
Singapore Dollar	408,877	39,639
European Euro	2,606	167
Japanese Yen	579	4,530
	15,515,673	1,132,297
Government bonds		
United States Dollar	20,398,803	1,469,390
European Euro	3,384,373	217,356
Japanese Yen	472,897	3,700,000
	24,256,073	5,386,746

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2019	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Assets (continued)		
Other receivables - trade transactions		
United States Dollar	8,606,700	619,968
European Euro	58,610	3,764
Singapore Dollar	6,077	589
Chinese Yuan	16,975	8,512
Japanese Yen	8,857	69,298
Great Britain Poundsterling	13,549	743
	8,710,768	702,874
Derivative receivables		
United States Dollar	1,475,789	106,306
European Euro	14,658	941
Singapore Dollar	3	-
Japanese Yen	32	250
Australian Dollar	127	13
Hong Kong Dollar	41	23
Great Britain Poundsterling	43	2
Chinese Yuan	96	48
Others	1	-
	1,490,790	107,583
Loan and sharia loan/financing		
United States Dollar	138,258,224	9,959,173
European Euro	1,149,647	73,834
Hong Kong Dollar	3,268	1,833
Chinese Yuan	838,904	420,676
Singapore Dollar	776,651	75,293
Australian Dollar	2,057	212
Japanese Yen	1,075	8,411
Others	1,072	77
	141,030,898	10,539,509
Acceptance receivables		
United States Dollar	3,959,983	285,250
European Euro	886,870	56,958
Japanese Yen	75,957	594,296
Singapore Dollar	9,785	949
Chinese Yuan	76,040	38,131
Australian Dollar	2,021	208
	5,010,656	975,792
Other assets		
United States Dollar	2,731,437	196,754
European Euro	49,414	3,174
Australian Dollar	24	2
Chinese Yuan	7,374	3,698
Singapore Dollar	2,874	279
Hong Kong Dollar	11	6
Japanese Yen	523	4,092
Great Britain Poundsterling	79	4
Others	6	-
	2,791,742	208,009
Total asset	**246,898,596**	**26,386,410**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2019	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Liabilities		
Deposits from customers		
Demand deposits and *wadiah* demand deposits		
United States Dollar	64,989,888	4,681,425
European Euro	3,919,861	251,747
Singapore Dollar	269,367	26,114
Japanese Yen	723,085	5,657,499
Great Britain Poundsterling	119,651	6,560
Chinese Yuan	790,905	396,607
Australian Dollar	33,352	3,429
Hong Kong Dollar	4,819	2,703
Others	250,437	18,040
	71,101,365	11,044,124
Saving deposits and *wadiah* saving deposits		
United States Dollar	25,144,146	1,811,212
European Euro	999,247	64,175
Singapore Dollar	641,029	62,145
Great Britain Poundsterling	139,399	7,643
Australian Dollar	128,805	13,244
Japanese Yen	165,687	1,296,351
Chinese Yuan	13,382	6,711
Hong Kong Dollar	8,481	4,757
Others	549	40
	27,240,725	3,266,278
Time deposits		
United States Dollar	35,260,149	2,539,899
European Euro	358,521	23,025
Singapore Dollar	353,189	34,240
Chinese Yuan	16,028	8,037
Australian Dollar	37,647	3,871
Japanese Yen	29,508	230,877
Great Britain Poundsterling	5,124	281
	36,060,166	2,840,230
Deposits from other banks		
Demand deposits, *wadiah* demand deposits and saving deposits		
United States Dollar	1,218,653	87,783
Singapore Dollar	3,182	308
European Euro	598	38
Japanese Yen	533	4,170
Chinese Yuan	120	60
	1,223,086	92,359
Interbank call money		
Chinese Yuan	219,360	110,000

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2019	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Liabilities (continued)		
Deposits from other banks (continued)		
Time Deposits		
United States Dollar	2,044,117	147,244
Securities sold under agreements to repurchase		
United States Dollar	2,479,142	178,580
Derivative payables		
United States Dollar	982,432	70,768
European Euro	18,154	1,166
Singapore Dollar	5	-
Japanese Yen	421	3,294
Great Britain Poundsterling	2	-
Australian Dollar	2,517	259
Hong Kong Dollar	48	27
Chinese Yuan	4	2
Others	718	52
	1,004,301	75,568
Acceptance payables		
United States Dollar	3,959,983	285,250
European Euro	886,870	56,958
Japanese Yen	75,957	594,296
Singapore Dollar	9,785	949
Chinese Yuan	76,040	38,131
Australian Dollar	2,021	208
	5,010,656	975,792
Debt securities issued		
United States Dollar	10,321,418	743,484
Accrued expenses		
United States Dollar	648,229	46,694
Chinese Yuan	65,348	32,769
Singapore Dollar	37,021	3,589
Hong Kong Dollar	7,009	3,932
Japanese Yen	172	1,346
Australian Dollar	136	14
Great Britain Poundsterling	303	17
Others	8	1
	758,226	88,362
Other liabilities		
United States Dollar	1,793,110	129,163
Japanese Yen	249,622	1,953,071
European Euro	135,612	8,709
Singapore Dollar	143,739	13,935
Australian Dollar	1,418	146
Hong Kong Dollar	1,098	616
Great Britain Poundsterling	20,515	1,125
Chinese Yuan	26,989	13,534
Others	25,193	1,815
	2,397,296	2,122,114
Fund borrowings		
United States Dollar	41,479,276	2,987,882
Chinese Yuan	3,036,141	1,522,501
Japanese Yen	367,962	2,878,977
	44,883,379	7,389,360

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2019	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Subordinated loans and marketable securities		
United States Dollar	165,045	11,889
Total Liabilities	**204,908,282**	**29,085,384**

	December 31, 2018	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Assets		
Cash		
United States Dollar	1,377,201	95,772
Singapore Dollar	934,813	88,567
Australian Dollar	259,982	25,583
European Euro	165,625	10,074
Chinese Yuan	45,015	21,532
Japanese Yen	44,448	340,285
Great Britain Poundsterling	13,965	763
Hong Kong Dollar	6,346	3,456
Others	214,058	14,885
	3,061,453	600,917
Deposits with Bank Indonesia		
United States Dollar	17,914,796	1,245,813
Deposits with other banks		
United States Dollar	11,544,142	802,792
Chinese Yuan	1,351,991	646,709
European Euro	704,502	42,851
Japanese Yen	231,232	1,770,265
Great Britain Poundsterling	168,575	9,206
Singapore Dollar	143,509	13,596
Australian Dollar	44,503	4,379
Hong Kong Dollar	23,812	12,968
Others	357,599	24,867
	14,569,865	3,327,633
Placement with Bank Indonesia and other banks		
United States Dollar	9,572,066	665,651
European Euro	50,338	3,062
Chinese Yuan	62,717	30,000
	9,685,121	698,713
Marketable securities		
United States Dollar	15,799,820	1,098,736
Singapore Dollar	962,453	91,185
European Euro	19,294	1,174
Japanese Yen	1,439	11,017
	16,783,006	1,202,112
Government bonds		
United States Dollar	17,512,032	1,217,805
European Euro	5,846,313	355,601
Japanese Yen	483,294	3,700,000
	23,841,639	5,273,406

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Assets (continued)		
Other receivables - trade transactions		
United States Dollar	9,361,314	650,995
European Euro	88,315	5,372
Chinese Yuan	40,001	19,134
Japanese Yen	37,366	286,066
Great Britain Poundsterling	12,264	670
	9,539,260	962,237
Derivative receivables		
United States Dollar	1,539,301	107,045
European Euro	7,597	462
Japanese Yen	2,250	17,225
Great Britain Poundsterling	1,570	86
Yuan China	351	168
Australian Dollar	18	2
Others	121	8
	1,551,208	124,996
Loan and sharia loan/financing		
United States Dollar	131,074,000	9,115,021
European Euro	2,066,764	125,711
Chinese Yuan	1,043,355	499,077
Singapore Dollar	938,938	88,957
Australian Dollar	4,664	459
Japanese Yen	1,189	9,103
Others	1,107	77
	135,130,017	9,838,405
Acceptance receivables		
United States Dollar	4,059,991	282,336
European Euro	989,956	60,214
Japanese Yen	84,394	646,103
Singapore Dollar	24,791	2,349
Chinese Yuan	23,686	11,330
Great Britain Poundsterling	4,298	235
Australian Dollar	3,739	368
	5,190,855	1,002,935
Other assets		
United States Dollar	2,859,622	198,861
European Euro	84,864	5,162
Chinese Yuan	5,450	379
Singapore Dollar	4,543	430
Japanese Yen	525	4,019
Great Britain Poundsterling	15	-
	2,955,019	208,851
Total asset	**240,222,239**	**24,486,018**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Liabilities		
Deposits from customers		
Demand deposits and *wadiah* demand deposits		
United States Dollar	49,594,934	3,448,883
European Euro	815,923	49,628
Singapore Dollar	414,547	39,275
Japanese Yen	451,301	3,455,068
Great Britain Poundsterling	304,379	16,622
Chinese Yuan	548,506	262,372
Australian Dollar	33,921	3,338
Hong Kong Dollar	4,289	2,336
Others	190,718	13,263
	52,358,518	7,290,785
Saving deposits and *wadiah* saving deposits		
United States Dollar	25,407,014	1,766,830
European Euro	801,409	48,746
Singapore Dollar	724,959	68,685
Great Britain Poundsterling	136,556	7,457
Australian Dollar	94,167	9,266
Japanese Yen	33,690	257,924
Chinese Yuan	13,684	6,546
Hong Kong Dollar	7,427	4,045
Others	905	63
	27,219,811	2,169,562
Time deposits		
United States Dollar	35,357,214	2,458,777
European Euro	1,131,144	68,802
Singapore Dollar	353,790	33,519
Chinese Yuan	28,419	13,594
Australian Dollar	20,911	2,058
Japanese Yen	6,706	51,340
Great Britain Poundsterling	5,421	296
	36,903,605	2,628,386
Deposits from other banks		
Demand deposits, *wadiah* demand deposits and saving deposits		
United States Dollar	1,549,629	107,762
Singapore Dollar	8,521	807
European Euro	635	39
Japanese Yen	535	4,096
Chinese Yuan	189	13
	1,559,509	112,717
Interbank call money		
United States Dollar	5,255,890	365,500
Chinese Yuan	916,307	438,305
	6,172,197	803,805

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Liabilities (continued)		
Deposits from other banks (continued)		
Time deposits		
United States Dollar	1,119,634	77,861
Securities sold under agreements to repurchase		
United States Dollar	2,802,078	194,859
Derivative payables		
United States Dollar	601,972	41,862
European Euro	14,022	853
Australian Dollar	275	27
Japanese Yen	25	190
	616,294	42,932
Acceptance payables		
United States Dollar	4,059,991	282,336
European Euro	989,956	60,214
Japanese Yen	84,394	646,103
Singapore Dollar	24,791	2,349
Chinese Yuan	23,686	11,330
Australian Dollar	3,739	368
Great Britain Poundsterling	4,298	235
	5,190,855	1,002,935
Accrued expenses		
United States Dollar	617,287	42,927
Chinese Yuan	88,572	42,367
Singapore Dollar	38,115	3,611
Hong Kong Dollar	6,883	3,748
Japanese Yen	175	1,340
Australian Dollar	134	13
Great Britain Poundsterling	65	4
Others	8	1
	751,239	94,011
Other liabilities		
United States Dollar	2,831,003	196,871
Japanese Yen	164,007	1,255,604
European Euro	136,985	8,331
Singapore Dollar	60,257	5,708
Australian Dollar	19,985	1,967
Hong Kong Dollar	3,452	1,880
Great Britain Poundsterling	9,738	532
Others	92,334	6,421
	3,317,761	1,477,314
Fund borrowings		
United States Dollar	38,698,319	2,691,121
Chinese Yuan	3,711,914	1,775,551
Japanese Yen	576,636	4,414,610
	42,986,869	8,881,282

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2018	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Subordinated loans and marketable securities		
United States Dollar	186,790	12,990
Total Liabilities	**181,185,160**	**24,789,439**

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets		
Cash		
United States Dollar	1,162,014	85,647
Singapore Dollar	677,224	66,692
European Euro	264,084	16,265
Australian Dollar	187,524	17,701
Japanese Yen	75,015	622,428
Chinese Yuan	39,490	18,952
Great Britain Poundsterling	38,668	2,110
Hong Kong Dollar	10,695	6,160
Others	195,602	14,417
	2,650,316	850,372
Deposits with Bank Indonesia		
United States Dollar	10,236,358	754,476
Deposits with other banks		
United States Dollar	8,164,603	601,777
European Euro	1,135,115	69,912
Japanese Yen	503,190	4,175,158
Chinese Yuan	260,319	124,935
Singapore Dollar	221,916	21,854
Great Britain Poundsterling	220,814	12,049
Australian Dollar	50,908	4,805
Hong Kong Dollar	33,419	19,248
Others	107,972	7,958
	10,698,256	5,037,696
Placement with Bank Indonesia and other banks		
United States Dollar	44,577,230	3,285,589
Chinese Yuan	214,907	103,140
European Euro	49,712	3,062
	44,841,849	3,391,791
Marketable securities		
United States Dollar	13,786,132	1,016,114
Singapore Dollar	338,070	33,292
European Euro	4,753	293
Japanese Yen	2,772	23,000
	14,131,727	1,072,699
Government bonds		
United States Dollar	21,058,127	1,552,101
European Euro	4,229,676	260,509
Japanese Yen	445,924	3,700,000
	25,733,727	5,512,610

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Assets (continued)		
Other receivables - trade transactions		
United States Dollar	9,317,053	686,718
European Euro	106,632	6,568
Japanese Yen	50,038	415,184
Chinese Yuan	36,446	17,492
Great Britain Poundsterling	11,978	654
Australian Dollar	1,945	184
	9,524,092	1,126,800
Derivative receivables		
United States Dollar	312,546	23,036
European Euro	63,365	3,903
Australian Dollar	5,354	505
Great Britain Poundsterling	614	34
Yuan China	117	56
Singapore Dollar	112	11
Japanese Yen	28	232
	382,136	27,777
Loans and sharia loan/financing		
United States Dollar	105,002,051	7,739,234
European Euro	2,639,172	162,548
Singapore Dollar	1,173,768	115,590
Chinese Yuan	963,319	462,325
Australian Dollar	89,741	8,471
Japanese Yen	1,669	13,848
	109,869,720	8,502,016
Acceptance receivables		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Japanese Yen	151,986	1,261,085
Chinese Yuan	46,484	22,309
Singapore Dollar	12,432	1,224
Great Britain Poundsterling	3,878	212
Australian Dollar	1,260	119
	5,987,193	1,705,610
Other assets		
United States Dollar	954,272	70,334
European Euro	66,427	4,091
Chinese Yuan	5,566	2,671
Singapore Dollar	1,980	195
Australian Dollar	777	73
Japanese Yen	419	3,477
Great Britain Poundsterling	13	1
	1,029,454	80,842
Total asset	**235,084,828**	**28,062,689**

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	**Foreign Currencies (in thousand)**
Liabilities		
Deposits from customers		
Demand deposits and *wadiah* demand deposits		
United States Dollar	59,444,991	4,385,045
European Euro	818,924	47,912
Japanese Yen	576,876	4,786,558
Singapore Dollar	529,970	51,493
Great Britain Poundsterling	251,723	13,681
Chinese Yuan	179,401	86,100
Australian Dollar	59,996	5,663
Hong Kong Dollar	6,373	3,671
Others	9,054	667
	61,877,308	9,380,790
Saving deposits and *wadiah* saving deposits		
United States Dollar	26,525,184	1,955,053
Singapore Dollar	563,353	55,478
European Euro	347,242	21,387
Great Britain Poundsterling	116,136	6,337
Australian Dollar	88,834	8,385
Japanese Yen	34,601	287,098
Hong Kong Dollar	8,121	4,677
Chinese Yuan	8,098	3,886
Others	1,100	81
	27,692,669	2,342,382
Time deposits		
United States Dollar	16,680,400	1,229,438
European Euro	4,609,164	283,881
Singapore Dollar	425,560	41,908
Japanese Yen	7,014	58,198
Australian Dollar	24,474	2,310
Hong Kong Dollar	16,494	9,500
Great Britain Poundsterling	16,832	918
Chinese Yuan	12,647	6,070
	21,792,585	1,632,223
Deposits from other banks		
Demand deposits, *wadiah* demand deposits and saving deposits		
United States Dollar	1,322,556	97,480
European Euro	40,961	2,523
Singapore Dollar	9,767	962
Japanese Yen	486	4,033
	1,373,770	104,998
Interbank call money		
United States Dollar	610,537	45,000
Chinese Yuan	397,118	190,589
	1,007,655	235,589

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities (continued)		
Deposits from other banks (continued)		
Time deposits		
United States Dollar	414,133	23,890
Securities sold under agreements to repurchase		
United States Dollar	1,065,947	78,566
Derivative payables		
United States Dollar	107,808	7,946
European Euro	106,827	6,580
Japanese Yen	87	722
Australian Dollar	1,620	153
Great Britain Poundsterling	6	1
Chinese Yuan	387	29
	216,735	15,431
Acceptance payables		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Singapore Dollar	12,432	1,224
Japanese Yen	151,986	1,261,085
Australian Dollar	1,260	119
Great Britain Poundsterling	3,878	212
Chinese Yuan	46,484	22,309
	5,987,193	1,705,610
Accrued expenses		
United States Dollar	505,350	37,247
Singapore Dollar	30,156	2,970
Japanese Yen	162	1,344
Australian Dollar	140	13
Hong Kong Dollar	5,627	3,241
Great Britain Poundsterling	55	3
Chinese Yuan	60,528	29,049
Others	7	1
	602,025	73,868
Other liabilities		
United States Dollar	2,417,913	171,716
European Euro	320,431	19,736
Singapore Dollar	99,942	9,842
Japanese Yen	80,556	668,404
Australian Dollar	282,358	26,652
Hong Kong Dollar	62,784	36,162
Great Britain Poundsterling	593,588	32,391
Chinese Yuan	85,236	40,911
Others	16,041	1,182
	3,958,849	1,006,996
Fund borrowings		
United States Dollar	25,005,263	1,843,027
Chinese Yuan	3,961,828	1,901,398
	28,967,091	3,744,425

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(iv) Foreign exchange risk management (continued)

c. The balance of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign currencies (in thousand)
Subordinated loans and marketable securities		
United States Dollar	191,501	14,115
Total Liabilities	**155,147,461**	**20,358,883**

d. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates as of December 31, 2019, 2018 and 2017:

	Increased by 5%	Decreased by 5%
December 31, 2019		
Increase/(decrease) net income	1,880,834	(1,880,834)
December 31, 2018		
Increase/(decrease) net income	2,406,868	(2,406,868)
December 31, 2017		
Increase/(decrease) net income	3,566,829	(3,566,829)

The projection above assumes only changes in foreign currency exchange rate of US Dollar while other foreign exchange rates remain unchanged. US Dollars is the major foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constant at reporting date.

(v) Fair value of financial assets and liabilities

Valuation is also an important component to manage most risks in banking industry including market risk, credit risk and liquidity risk. Valuation process is performed for all trading book position including marketable securities owned by the Group in available for sale portfolio.

The table below shows analysis of financial instruments carried at fair value based on method of valuation levels. The difference at each level of assessment methods is described as follows:

- Quoted prices (not adjusted) from active market for asset or liability which are the same/identical (Level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset and liability, either directly (as a price) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable information) (Level 3);

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Fair value of financial assets and liabilities (continued)

The table below shows the Group's assets and liabilities that are measured at fair value as of December 31, 2019, 2018 and 2017:

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Fair value**
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	22,604,594	6,915,433	-	29,520,027
Available for sale	1,143,993	18,757,183	-	19,901,176
Government bonds				
Fair value through profit or loss	5,853,720	399,536	-	6,253,256
Available for sale	39,874,398	56,790,056	-	96,664,454
Derivative receivables	-	1,559,152	58,324	1,617,476
Assets disclosed at fair value				
Held to maturity				
Marketable securities	-	8,037,544	-	8,037,544
Government bonds	12,977,126	5,096,699	-	18,073,825
At cost				
Marketable securities	10,581,243	3,333,898	-	13,915,141
Government bonds	8,140,324	-	-	8,140,324
Loans	-	291,767,934	565,536,359	857,304,293
Consumer financing receivables	-	17,433,465	-	17,433,465
Net investment finance leases	-	3,055,071	-	3,055,071
Liabilities measured at fair value				
Derivative payables	-	1,195,022	-	1,195,022
Liabilities disclosed at fair values				
Debt securities issued	-	32,977,554	-	32,977,554
Fund borrowings	-	54,028,333	-	54,028,333
Subordinated loans and marketable securities	-	671,922	-	671,922

	December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Fair value**
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	20,454,770	3,049,284	-	23,504,054
Available for sale	6,176,157	23,644,248	-	29,820,405
Government bonds				
Fair value through profit or loss	4,416,186	157,060	-	4,573,246
Available for sale	16,886,369	61,378,875	-	78,265,244
Derivative receivables	-	1,798,557	-	1,798,557
Assets disclosed at fair value				
Held to maturity				
Marketable securities	4,817,038	3,062,579	-	7,879,617
Government bonds	13,006,226	5,122,689	-	18,128,915
Loans	-	254,049,118	511,947,028	765,996,146
Consumer financing receivables	-	18,851,376	-	18,851,376
Net investment finance leases	-	3,858,711	-	3,858,711
Liabilities measured at fair value				
Derivative payables	-	1,117,677	-	1,117,677
Liabilities disclosed at fair values				
Debt securities issued	-	18,814,887	-	18,814,887
Fund borrowings	-	51,280,848	-	51,280,848
Subordinated loans and marketable securities	-	676,205	-	676,205

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Fair value of financial assets and liabilities (continued)

The table below shows the Group's assets and liabilities that are measured at fair value as of December 31, 2019, 2018 and 2017:

	December 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Fair value**
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	22,830,106	1,748,730	-	24,578,836
Available for sale	4,314,784	21,393,480	-	25,708,264
Government bonds				
Fair value through profit or loss	3,052,552	436,025	-	3,488,577
Available for sale	30,163,217	58,910,507	-	89,073,724
Derivative receivables	-	817,292	-	817,292
Assets disclosed at fair value				
Held to maturity				
Marketable securities	2,684,721	5,538,711	-	8,223,432
Government bonds	387,557	2,292,625	-	2,680,182
Loans	-	211,676,573	451,364,967	663,041,540
Consumer financing receivables	-	14,768,169	-	14,768,169
Net investment finance leases	-	2,571,662	-	2,571,662
Liabilities measured at fair value				
Derivative payables	-	644,965	-	644,965
Liabilities disclosed at fair values				
Debt securities issued	-	17,220,606	-	17,220,606
Fund borrowings	-	35,644,899	-	35,644,899
Subordinated loans and marketable securities	-	191,501	-	191,501

As of December 31, 2019, 2018 and 2017, for assets and liabilities held at year end are recurring measured at fair value, the Bank and Subsidiaries have no transfers between Level 1 and Level 2 of the hierarchy.

Marketable securities classified as non liquid as of December 31, 2019, 2018 and 2017 amounted to Rp13,868,408 (21.11% of total assets measured at fair value level 2), Rp23,252,002 (25.83% of total assets measured at fair value level 2) and Rp30,565,367 (36.85% of total assets measured at fair value level 2), respectively, represent government bonds with variable interest rates and classified as available for sale.

The fair value of financial instruments traded in active markets (such as marketable securities which are measured at fair value through profit or loss and available for sale) was determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily obtained and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those price reflects actual and regular market transactions at a fair value. Quoted market price for financial assets owned by the Group are using current offering price. These instruments are included in level 1. The instruments included in level 1 generally include investments in shares in IDX and debt securities classified as held for trading and available for sale.

The fair value of financial instruments that are not traded in an active market (i.e., over-the-counter derivatives and inactive government bonds) is determined by internal valuation techniques.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Fair value of financial assets and liabilities (continued)

The table below shows the Group's assets and liabilities that are measured at fair value as of December 31, 2019, 2018 and 2017:

The valuation techniques maximise the use of observable market data when available and as far as possible to minimise the use of specific estimates of the entity. If all the inputs needed to determine the fair value of financial instruments are observable from market, therefore the instrument is included in level 2. Instead, if one or more data is not based on observable market data, these instrument are included in level 3.

As of December 31, 2019, 2018 and 2017, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	December 31, 2019		December 31, 2018		December 31, 2017	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Assets						
Marketable securities						
Held to maturity	8,035,894	8,037,544	7,887,729	7,879,617	8,196,823	8,223,432
At cost*)	13,875,809	13,915,141	2,656,999	2,655,320	1,139,166	1,152,390
Government bonds						
Held to maturity	18,003,260	18,073,825	17,977,222	18,128,915	2,585,950	2,680,182
At cost*)	8,079,331	8,140,324	13,468,806	12,243,849	8,262,937	8,259,914
Loans	855,863,865	857,304,293	767,761,095	765,996,146	678,292,520	663,041,540
Consumer financing receivable	18,211,088	17,433,465	16,826,865	18,851,376	14,782,332	14,768,169
Net Investment finance leases	3,047,089	3,055,071	3,319,103	3,858,711	2,356,890	2,571,662
	925,116,336	**925,959,663**	**829,897,819**	**829,613,934**	**715,616,618**	**700,697,289**
Liabilities						
Debt securities issued	32,245,270	32,977,554	19,088,923	18,814,887	16,843,595	17,220,606
Fund borrowings	54,128,562	54,028,333	51,653,982	51,280,848	35,703,679	35,644,899
Subordinated loans and marketable securities	664,217	671,922	685,730	676,205	191,501	191,501
	87,038,049	**87,677,809**	**71,428,635**	**70,771,940**	**52,738,775**	**53,057,006**

*) Marketable securities and government bonds owned by Subsidiary in accordance with SFAS No. 110 "Accounting for Sukuk".

(i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under agreements to resell, acceptance receivables and other assets.

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI, call money, "fixed-term" placements, time deposits and others.

The carrying amount of current accounts, placements and overnight deposits, which uses floating rate, is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing placements, other receivables, securities purchased under agreements to resell, acceptance receivables and other assets is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Since the remaining maturity is below one year, the carrying amount of fixed interest bearing placements, other receivables, securities purchased under agreements to resell, acceptance receivables and other assets is a reasonable approximation of fair value.

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Fair value of financial assets and liabilities (continued)

(ii) Marketable securities (held to maturity) and government bonds (held to maturity)

The fair value for held to maturity marketable securities and government bonds is based on market prices or broker/dealer price quotations. When this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation method.

(iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. The fair value of loans and consumer financing receivables is determined by discounting the expected future cash flows at current market interest rates.

(iv) Deposits from customers and other banks, securities sold under agreements to repurchase, acceptance payables and other liabilities

The estimated fair value of deposits that can be withdrawn at any time, includes non-interest bearing deposits, is the payable amount/carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, securities sold under agreements to repurchase, acceptance payables and other liabilities not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As the remaining maturity is below one year, the carrying amount of fixed interest bearing deposits, acceptance payables and other liabilities is a reasonable approximation of fair value.

(v) Debt securities issued, fund borrowings and subordinated loans and marketable securities

The aggregate fair values are calculated based on quoted market prices. When information is not available, a discounted cash flow model is used based on the current yield curve appropriate for the remaining term to maturity.

(vi) Value at Risk (VaR)

The implementation of managing market risk of trading, the Bank's applies segregation of duties principle by separation front office unit (conduct trading transaction), middle office unit (conduct process of risk management, develop policies and procedures) and back office unit (conduct process of settlement transaction).

Daily market risk analysis of trading treasury activities using best practice approach by consider internal and external policies, such as through calculation of Value at Risk (VaR).

The Bank calculates VaR (Value at Risk), which is a value that describe the maximum potential losses to the Bank (Bank only) as a result of market volatility that affects the Bank's trading exposure in normal conditions with a confidence level of 99%. VaR calculation method used by the Bank is Historical Simulation method which does not require assumption of market factors are normally distributed. Bank calculate VaR based on 250 days historical market factor data.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Value at Risk (VaR)

VaR realisation as of December 31, 2019, 2018 and 2017 (unaudited) are as follows:

	December 31, 2019			
	Average VaR	**Maximum VaR**	**Minimum VaR**	**End of period VaR**
Type of Risk				
Interest rate risk	13,833	29,191	3,933	5,109
Foreign exchange risk	17,095	62,359	2,133	22,572
Total	**27,117**	**81,837**	**8,379**	**33,381**

	December 31, 2018*)			
	Average VaR	**Maximum VaR**	**Minimum VaR**	**End of period VaR**
Type of Risk				
Interest rate risk	21,426	35,131	7,100	14,256
Foreign exchange risk	10,846	35,831	1,845	23,528
Total	**36,457**	**66,154**	**12,480**	**12,480**

	December 31, 2017*)			
	Average VaR	**Maximum VaR**	**Minimum VaR**	**End of period VaR**
Type of Risk				
Interest rate risk	14,857	25,479	1,398	13,546
Foreign exchange risk	6,031	26,006	823	4,740
Total	**18,651**	**33,481**	**4,117**	**27,004**

*) Only trading book position

The Bank performs backtesting to ensure the accuracy of the VaR calculation method in predicting the profit/loss of treasury activities. Backtesting compares the daily profit/loss with the VaR calculated by the Bank.

Backtesting result for the period December 2019 shows that the VaR calculation has been performed accurately, where the number of irregularities of P/L to the daily VaR is still acceptable.

(Expressed in millions of Rupiah, unless otherwise stated)

62. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vii) Cash management

Details of cash are as follows:

	December 31, 2019		December 31, 2018		December 31, 2017	
	Notional amount of foreign currencies equivalent (in thousand)	Rupiah	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah	Notional amount of foreign currencies, equivalent (in thousand)	Rupiah
Rupiah	-	25,547,963	-	24,287,461	-	21,618,247
Foreign currencies						
United States Dollar	93,581	1,299,141	95,772	1,377,201	85,647	1,162,014
Singapore Dollar	40,108	413,716	88,567	934,813	66,692	677,224
Australia Dollar	26,382	256,572	25,583	259,982	17,701	187,524
European Euro	12,367	192,564	10,074	165,625	16,265	264,084
Chinese Yuan	8,649	17,248	21,532	45,015	18,952	39,490
Japanese Yen	321,657	41,111	340,285	44,448	622,428	75,015
Great Britain Poundsterling	970	17,695	763	13,965	2,110	38,668
Hong Kong Dollar	13,090	23,337	3,456	6,346	6,160	10,695
Others	20,524	284,920	14,885	214,058	14,417	195,602
	537,328	**28,094,267**	**600,917**	**27,348,914**	**850,372**	**24,268,563**

As of December 31, 2019, 2018 and 2017, the cash balance, including money at the ATM (Automatic Teller Machine), amounted to Rp9,636,525, Rp9,464,278 and Rp7,962,487, respectively.

C. Operational risk

Operational risk is a risk which resulting from inadequacy and/or dysfunctional of internal process, human error, systems failure or external factors which impact the Bank's operations. The effectiveness of operational risk management can reduce losses due to operational risk.

In order to the achieve effectiveness of Operational Risk Management, the Bank has established a framework based on Bank Indonesia and OJK, Basel and best practice in industry either in local or global. The Bank has implemented Bank Mandiri's Risk Management Policy, Standard Operating Procedures for Operational Risk Management and Technical Guidelines for Operational Risk Management covering both aspects of governance and reporting systems.

Managing risk through operation

In managing operational risk through operation, the Bank has:
(i) Established risk governance of operational risk management.
(ii) Established policies and procedures and conducts periodic review.
(iii) Established operational risk appetite.
(iv) Designed methodologies and tools for operational risk management.
(v) Provided Operational Risk Management System for all units.
(vi) Established Risk Awareness across organizations including Risk Culture in the Bank's business activities.
(vii) Implemented the operational risk management to the all units Head Office and Regional Offices including the operational risk management tools (ORM Tools) and Loss Event Database application system.
(viii) Performed monitoring and reporting for internal and external (regulator).
(ix) Developed standard competencies for employees involved in the implementation of operational risk management framework activities.

62. RISK MANAGEMENT (continued)

C. Operational risk (continued)

Managing risk thorugh operation (continued)

The implementation of operational risk governance begins with:
(i) Active monitoring by Board of Commissioners and Directors
(ii) The implementation of operational risk management is supervised by Director of Risk Management which supported by the involvement of:
- Risk Management & Credit Policy Committee
- Operational Risk Management and Development Unit
- Operational Risk Management Unit
- Risk Controlling Unit
- Compliance Unit
- Internal Audit Unit

The Bank has established internal policies and procedures for Operational Risk Management referred to as Bank Mandiri Risk Management Policy (KMRBM), which is the basis of risk management implementation.

The ORM Tools used by the Bank are:
(i) Risk & Control Self Assessment (RCSA), is a register on key risk and main control which resulted inherent and residual risk assessment that will be used as basis of Control Testing by risk based to identify possible potential early weak of control and minimize residual risk level by taking action to mitigate before risk occurs.
(ii) Loss Event Database, is operational risk incidents database as a lesson learned, future improvement monitoring and operational risk capital calculation recommendation (regulatory capital charge).
(iii) Key indicator (KI) is an indicator prepared to monitor applicable risks on risk based approach to ensure follow-up action are promptly taken before the risks are happened.
(iv) Issue & Action Management (IAM), is a tool to monitor follow-up action that have been designed on identified issues through various activities, such as Control Testing, incident, key indicator, self identified issued and other.
(v) Capital Modeling, an operational capital calculation model (regulatory capital charge) that complies with applicable regulations, as part of mitigating operational risk.

As the output of Operational Risk Management process, each unit generates operational risk profile reviewed by Internal Audit unit and presented to the Board of Commissioners and reported to regulators periodically also use to determine Banks's soundness ratio in Risk-Based Bank Rating (RBBR). In addition, in order to manage operational risk, there is an operational risk management reports that are submitted to management as a monitoring tool and consideration for priority decision making.

Managing risk through capital

In accordance with the regulation, the Bank uses the Basic Indicator Approach to calculate the operational risk capital charge. The Basic Indicator Approach calculation is based on Gross Income of the Bank for the last 3 (three) years.

The results of operational risk capital charge of Bank Mandiri (Bank only) is Rp9,863,359, meanwhile for the consolidation is amounted to Rp11,609,281. Based on balance of operational risk capital charge, the RWA of operational risk is amounted to Rp123,291,988 (in million rupiah) (Bank only) and Rp145,116,015 (in million rupiah) (consolidated).

63. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated banking system agreement with vendor

On November 22, 2012, the Bank entered into an agreement with vendor to enhance eMAS features in accordance with Application Management Services 2011 agreement amounted to USD866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounted to USD1,190,000 (full amount, after VAT) with blanket order system so that the maximum total value of the contract amounted to USD2,056,125 (full amount, after VAT). On December 31, 2019, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,083,250 (full amount, after VAT) and the Bank has recorded fixed asset based on the realization value of USD977,900 (full amount, after VAT), therefore estimated completion as of December 31, 2019, 2018 and 2017 was 90.27%, respectively.

On September 3, 2013, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application's agreement 2013 with blanket order system with a maximum contract value of USD2,583,700 (full amount, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor for additional features of eMAS. As of December 31, 2019, the contract value based on the realisation payment was equal to USD2,443,000 (full amount) and the Bank has recorded the payment as fixed asset of USD2,333,800 (full amount) therefore the estimated project completion as of December 31, 2019, 2018 and 2017 are 95.53%, respectively.

On September 15, 2014, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2014 with blanket order system with a maximum contract value of USD3,550,000 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor for additional features of eMAS. As of December 31, 2019, the contract value based on the realisation payment was equal to USD3,476,160 (full amount) and the Bank has recorded the payment as fixed asset of USD3,366,820 (full amount) therefore the estimated project completion are 96.85% as of December 31, 2019 and 95.62% as of December 31, 2018 and 2017, respectively.

On January 7, 2016, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2015 with the blanket order system with a maximum contract value of 6,000 mandays. As of December 31, 2019, the contract value based on realisation payment was equal to USD3,626,372.75 (full amount) and the Bank has recorded the payment realisation as fixed asset of USD2,948,406 (full amount), therefore the estimated project completion as of December 31, 2019, 2018 and 2017 was 81.30%, 77.25% and 75.95%, respectively.

On December 14, 2016, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2016 with the system blanket order with a maximum contract value of 5,256 mandays. As of December 31, 2019, the contract value using the realisation payment approach is equal to USD2,942,738.75 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD2,525,595.50 (full amount), so that the estimated project completion as of December 31, 2019, 2018 and 2017 was 85.52%, 81.23% and 52.32%, respectively.

On January 25, 2018, Bank Mandiri entered into an agreement with vendors to enhance eMAS features related to Management Application 2017 with the blanket order system with a maximum contract value of 8,592 mandays. On December 31, 2019 the payment realisation was equal to USD2,357,133.60 (full amount) and the Bank has recorded the payment realisation as a fixed asset of USD192,876 (full amount), therefore the estimated project completion as of December 31, 2019 was 81.87%.

63. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

a. Integrated banking system agreement with vendor (continued)

On January 25, 2018, Bank Mandiri entered into an agreement with vendors to enhance eMAS features related to Management Application 2018 with the blanket order system with a maximum contract value of 8,592 mandays. On December 31, 2019 the payment realisation was equal to USD1,094,811.80 (full amount) and the Bank has recorded the payment realisation as a fixed asset of USD192,944 (full amount), therefore the estimated project completion as of December 31, 2019 was 17.62%.

On May 28, 2019, Bank Mandiri entered into an agreement with vendors to enhance eMas features related to Management Application 2019 with the blanket order system with a maximum contract value of 6,141 mandays. On December 31, 2019 the payment realisation was equal to USD42,246.90 (full amount) and the Bank has recorded the payment realisation as a fixed asset as of USDNil, therefore the estimated project completion as of December 31, 2019 was 0.00%.

b. Legal matters

Currently, the Bank has a number of outstanding litigation cases, including lawsuits with debtors and/or fund owners due to disputes that had been decided by the Court where the Bank was convicted by the Court to pay compensation amounted to Rp271. Currently, the Bank is still in the legal process to appeal against the decision.

The Bank’s total potential financial exposure arising from outstanding lawsuits as of December 31, 2019, 2018 and 2017 amounted to Rp849,421, Rp607,836 and Rp681,269, respectively. As of December 31, 2019, 2018 and 2017, the Bank has provided a provision amounted to Rp170,021, Rp171,367 and Rp178,062, respectively and believes that the provision is adequate.

c. Trade Financing with Asian Development Bank

On November 25, 2009, Bank Mandiri has signed a contractual agreement with Asian Development Bank (ADB) through Trade Finance Facilitation Program (TFFP) which are Confirmation Bank Agreement (CBA) and Issuing Bank Agreement (IBA).

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for export import transactions of its customers with Letter of Credit (L/C) arrangement. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

TFFP scheme is a program initiated by ADB to facilitate the L/C based trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries with low trade volume with Indonesia.

Based on RCA, Bank Mandiri granted revolving loan facility amounted to USD25,000,000 (full amount). This revolving loan facility bears interest equal to total margin and LIBOR during interest period.

(Expressed in millions of Rupiah, unless otherwise stated)

64. GOVERNMENT GUARANTEE FOR PAYMENT OBLIGATIONS OF COMMERCIAL BANKS

Based on the Law of the Republic of Indonesia No. 24 Year 2004 dated September 22, 2004, the Government of Republic Indonesia has established an independent agency called Deposit Insurance Agency (LPS). LPS guarantee public funds, including funds from other banks in form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent deposits.

Based on the LPS No. 2/PLPS/2014 dated September 22, 2014 regarding amendment of LPS Regulation No. 2/PLPS/2010 regarding the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp2,000,000,000 (full amount).

The interest rate of LPS as of December 31, 2019, 2018 and 2017 is 6.25%, 6.75% and 5.75%, respectively, for deposits denominated in Rupiah, 1.75%, 2.00% and 0.75%, respectively, for deposits denominated in foreign currencies.

65. CHANGES IN FINANCING ACTIVITIES

Changes in liabilities arising from financing activities in the consolidated statement of cash flow are as follow:

			Non-cash flow		
	January 1, 2019	**Cash Flow**	**Differences due to exchange rate**	**Others**	**December 31, 2019**
Debt securities issued	19,088,923	13,379,710	(273,093)	49,730	32,245,270
Fund borrowing	51,653,982	3,865,402	(1,388,782)	(2,040)	54,128,562
Subordinated loans and marketable securities	685,730	(15,406)	(6,336)	229	664,217
Securities sold under agreements to repurchase	16,611,528	(12,330,221)	(499,252)	-	3,782,055
Total liabilities from financing activities	**88,040,163**	**4,899,485**	**(2,167,463)**	**47,919**	**90,820,104**

			Non-cash flow		
	January 1, 2018	**Cash Flow**	**Differences due to exchange rate**	**Others**	**December 31, 2018**
Debt securities issued	16,843,595	2,170,723	-	74,605	19,088,923
Fund borrowing	35,703,679	12,105,048	3,834,890	10,365	51,653,982
Subordinated loans and marketable securities	191,501	484,358	10,931	(1,060)	685,730
Securities sold under agreements to repurchase	3,592,883	12,153,318	865,327	-	16,611,528
Total liabilities from financing activities	**56,331,658**	**26,913,447**	**4,711,148**	**83,910**	**88,040,163**

66. NEW (REVISED) FINANCIAL ACCOUNTING STANDARDS

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK) - Institute of Indonesia Chartered Accountants (IAI), but not yet effective for current year financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Effective from January 1, 2020

a. SFAS 1 (2019 Amendment): “Presentation of Financial Statements”. This amendment provides for the new definition of “obscuring”, the explanation and examples of its definition, change the word of “ and alter the definition of “users” to “primary users” in the context of financial statements users and additional explanation related to the definition of its “primary users”.
b. SFAS 1 (2019 Improvement): “Presentation of Financial Statements”. This improvement include the statement in the fifth paragraph in accordance to IAS 1 Presentation of Financial Statements.
c. SFAS 15 (2017 Amendment): “Investment in Associates and Joint Ventures”. This amendment regulates that the entity also implements SFAS 71 on financial instruments at associates and joint ventures when equity method is not applicable. This includes long-term interest which substantially forms net investment in associates and joint ventures in accordance to SFAS 15 paragraph 38.
d. SFAS 25 (2019 Amendment): “Accounting Policies, Changes in Accounting Estimates and Errors”. This improvement provides editorial correction for paragraph 27 of SFAS 25.
e. SFAS 62 (2017 Amendment): “Insurance Contract”. This amendment provides an optional temporary exemption from applying SFAS. 71 (deferral approach) or choose another option (overlay approach) for designated financial assets.
f. SFAS 71: “Financial Instruments”. This PSAK provides for classification and measurement of financial instruments based on the characteristics of contractual cash flows and business model of the entity; expected credit loss impairment model that resulting information more timely, relevant and understandable to users of financial statements; accounting for hedging that reflect the entity's risk management better by introduce a more general requirements based on management's judgment.
g. SFAS 71 (2017 Amendment): “Financial Instruments”. This amendment provides that a financial asset with prepayment features that may result in negative compensation qualifies as a contractual cash flow derived solely from the principal and interest of the principal amount owed.
h. SFAS 72: “Revenue from Contracts with Customers”. This SFAS provides revenue recognition from contracts with customers, and the entity is expected to have analyzing before recognizing the revenue.
i. SFAS 73: “Leases”. This SFAS establish the principles of recognition, measurement, presentation, and disclosure of the lease by introducing a single accounting model, with the requirement to recognize the right-of-use assets and liability of the lease; there are 2 optional exclusions in the recognition of the lease assets and liabilities: (i) short-term lease and (ii) lease with low-value underlying assets.

Effective on January 1, 2021:

a. SFAS 22 (2019 Amendment): “Business Combinations: Definition of Business”. This amendment adopted from IFRS 3 Business Combination: Definition of Business derived from the result of joint project between International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB). This amendment clarified the definition of business to help entities determine whether an acquired set of activities and assets is a business or not.

As of the date of consolidated financial statements, the Group is in the process of finalizing the calculation related to the impact of amendments and improvements of the accounting standards mentioned above. In relation to the implementation of SFAS 71 "Financial Instruments", the Bank has booked an additional allowance for impairment losses for the Bank's financial assets amounted to Rp24.45 trillion (gross amount before impact of deferred tax) on January 1, 2020. These additions of allowance for impairment losses was deducted the Bank's retained earnings on January 1, 2020.

(Expressed in millions of Rupiah, unless otherwise stated)

67. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Annual General Meeting of Shareholders

On February 19, 2020, the Bank held Annual General Meeting of Shareholders which approved among others as follows:

1. Approved allocation of 60% of the Bank's net profit from the Bank's 2019 net profit or equivalent to a total of Rp16,489,279,937,593.92 to be distributed as cash dividends. These cash dividends will be paid by the Bank on March 20, 2020. The total of 40% of the Bank's net profit in 2019 is allocated as retained earnings.
2. Appointed Public Accountant Firm of Purwantono, Sungkoro & Surja as a Public Accountant Firm which will audit the Consolidated Financial Statements of the Bank and Financial Statements of Partnership Program and Community Development Program for the year ending December 31, 2020.
3. Approved the termination, changes in position, transfer of duties, and appointment of the Bank's Board to become the following Board of Commissioners and Directors of the Bank:

Board of Commissioners	
President Commissioner/Independent Commissioner	: Muhamad Chatib Basri*)
Deputy Chief Commissioner/Independent Commissioner	: Andrinof A. Chaniago*)
Commissioner	: Ardan Adiperdana
Commissioner	: Rionald Silaban
Commissioner	: Nawal Nely*)
Commissioner	: Arif Budimanta*)
Commissioner	: Faried Utomo*)
Independent Commissioner	: Boedi Armanto*)
Independent Commissioner	: Mohamad Nasir*)
Independent Commissioner	: Loeke Larasati Agoestina*)

Board of Directors	
President Director	: Royke Tumilaar
Deputy of President Director	: Hery Gunardi*)
Director of Corporate Banking	: Alexandra Askandar
Director of Commercial Banking	: Riduan
Director of Treasury, International Banking and Special Asset Management	: Darmawan Junaidi
Director of Business and Networking	: Aquarius Rudianto*)
Director of Operation	: Panji Irawan
Director of Compliance and Human Resources	: Agus Dwi Handaya
Director of Government Institutional	: Donsuwan Simatupang
Director of Risk Management	: Ahmad Siddik Badruddin
Director of Information Technology	: Rico Usthavia Frans
Director of Finance	: Silvano Winston Rumantir*)

*) The effectivity of voting rights in decision making is still awaiting for the result of the Fit and Proper Test and approval for appointment as Board of Commissioner and Directors from OJK

67. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (continued)

Sustainable Bonds II Bank Mandiri Phase I 2020

On February 15, 2020, Bank has submitted its first registration for the Sustainable bonds II Bank Mandiri Phase I 2020 to Otoritas Jasa Keuangan ("OJK"), with a principal amounted to Rp1,000,000 which consist of 2 (two) series as follow:

1. Serie A with total principal amount of Rp350,000, bear fixed rate of 7.75% per annum with tenor of 5 years
2. Serie B with total principal amount of Rp650,000, bear fixed rate of 8.30% per annum with tenor of 7 years

Bank has obtained effective approved from OJK on April 30, 2020 through its letter No. S-133/D.04/2020.

Change in Corporate Income Tax Rate

On March 31, 2020, the Government issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, reduction to the tax rates for corporate income tax payers and permanent establishments entities from previously 25% to become 22% for fiscal years 2020 and 2021 and 20% starting fiscal year 2022 and onwards, and further reduction of 3% for corporate income tax payers that fulfill certain criteria, among others: a public listed company with at least 40% of total paid-up shares are listed and traded in Indonesia Stock Exchange, the shares are owed by at least 300 parties and each party own less than 5% ownership.

The new tax rates will be used as reference to measure the current and deferred tax assets and liabilities starting from the enactment date of the new regulation on March 31, 2020.

Impact of Covid-19

Indonesia has been severely affected by the outbreak of the highly infectious Covid-19 respiratory disease. The Covid-19 outbreak was declared by the World Health Organization as a pandemic on March 11, 2020. President of Republic of Indonesia declared a public health emergency in Indonesia and issued Government Regulation No. 21/2020 on large-scale social distancing on March 31, 2020.

The consolidated financial statements of the Bank as of March 31, 2020 and for the period the 3 (three) months then ended has not yet reflected the impact of the Covid-19 outbreak mainly because large scale social distancing measures in Indonesia were only implemented at the end of March 2020. Beyond March 2020, Bank expects to see decline in loan growth, decline in net interest margin ('NIM'), increase in provisioning for 90 corporate and commercial debtors with approximately total loan balance of Rp 33.5 trillion or 6.5% of the Bank's corporate and commercial loan portfolio as of December 31, 2019, moderate increase in Non Performing Loan (NPL) for retail segment portfolio and increase in cost of credit due to increase in provisioning.

In March 2020, Financial Services Authority ("FSA') issued POJK No.11/POJK.03/2020 regarding national stimulus package as countercyclical policy to the impact of Covid-19 outbreak which among others provide relaxation on loan restructuring or deferral of loan instalment for 1(one) year for impacted debtors that meeting certain criteria as outlined in the POJK. In April 2020, FSA also issued a letter regarding suspension of mark to market valuation for qualified marketable securities for 6 (six) months since March 31, 2020.

68. PURPOSE OF PREPARATION AND ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of PT Bank Mandiri (Persero) Tbk outside of the United States of America in reliance on Regulation S under the United States Securities Act of 1933.

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2019	December 31, 2018	December 31, 2017
ASSETS			
Cash	25,356,393	24,443,872	22,005,487
Current accounts with Bank Indonesia	41,335,530	55,256,240	43,674,536
Current accounts with other banks			
Related parties	398,352	157,510	441
Third parties	9,996,763	13,031,944	11,724,561
	10,395,115	13,189,454	11,725,002
Less: allowance for impairment losses	(3,290)	(3,474)	(3,431)
Net	10,391,825	13,185,980	11,721,571
Placements with Bank Indonesia and other banks			
Related parties	1,409,074	1,592,578	2,150,449
Third parties	26,742,546	11,234,897	62,025,489
	28,151,620	12,827,475	64,175,938
Less: allowance for impairment losses	(47,675)	(50,338)	(49,713)
Net	28,103,945	12,777,137	64,126,225
Marketable securities			
Related parties	15,383,976	12,246,882	8,724,993
Third parties	17,452,896	25,871,496	22,217,856
	32,836,872	38,118,378	30,942,849
Add/(less): unamortised premium/(discounts), unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses	131,782	(226,389)	93,337
Net	32,968,654	37,891,989	31,036,186
Government bonds - net			
Related parties	112,502,409	93,899,427	90,983,793
Other receivables - trade transactions			
Related parties	14,186,619	10,724,084	10,517,587
Third parties	16,185,004	15,413,252	14,635,602
	30,371,623	26,137,336	25,153,189
Less: allowance for impairment losses	(1,267,512)	(1,557,202)	(1,302,230)
	29,104,111	24,580,134	23,850,959
Securities purchased under agreements to resell - third parties	248,143	1,639,448	2,329,116
Derivative receivables			
Related parties	18,817	149,832	23,824
Third parties	1,578,564	1,510,313	770,266
Net	1,597,381	1,660,145	794,090

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2019	December 31, 2018	December 31, 2017
ASSETS (continued)			
Loans			
Related parties	165,431,044	156,575,588	112,793,435
Third parties	626,920,073	562,391,258	531,463,973
	792,351,117	718,966,846	644,257,408
Less: allowance for impairment losses	(27,812,363)	(29,420,088)	(31,754,535)
Net	764,538,754	689,546,758	612,502,873
Acceptance receivables			
Related parties	998,660	2,056,344	1,002,161
Third parties	9,057,052	11,594,304	11,461,080
	10,055,712	13,650,648	12,463,241
Less: allowance for impairment losses	(219,446)	(293,964)	(253,248)
Net	9,836,266	13,356,684	12,209,993
Investments in shares			
Related parties	8,459,823	7,555,807	7,540,742
Third parties	2,101	2,104	2,171
	8,461,924	7,557,911	7,542,913
Less: allowance for impairment losses	(175,420)	(177,643)	(75,734)
Net	8,286,504	7,380,268	7,467,179
Prepaid expenses	2,124,541	1,917,080	1,984,047
Prepaid taxes	974,947	1,091,292	2,403,973
Fixed assets	53,536,442	46,767,089	44,067,921
Less: accumulated depreciation	(10,825,270)	(9,745,803)	(8,667,610)
Net	42,711,172	37,021,286	35,400,311
Intangible assets	6,133,484	5,090,586	4,325,327
Less: accumulated amortization	(3,452,881)	(2,912,598)	(2,458,868)
Net	2,680,603	2,177,988	1,866,459
Other assets	12,934,942	15,058,349	9,359,453
Less: allowance for other impairment losses	(362,877)	(382,297)	(308,546)
Net	12,572,065	14,676,052	9,050,907
Deferred tax assets - net	3,350,632	4,576,026	4,969,726
TOTAL ASSETS	**1,128,683,875**	**1,037,077,806**	**978,377,431**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2019	December 31, 2018	December 31, 2017
LIABILITIES AND EQUITY			
LIABILITIES			
Obligations due immediately	3,169,451	3,843,194	2,838,567
Deposits from customers			
Demand deposits			
Related parties	60,152,672	50,921,083	46,287,627
Third parties	176,244,539	140,490,641	148,960,350
Total	236,397,211	191,411,724	195,247,977
Saving deposits			
Related parties	3,304,085	3,530,435	3,541,392
Third parties	312,549,148	297,257,711	300,127,431
Total	315,853,233	300,788,146	303,668,823
Time deposits			
Related parties	30,936,012	38,471,472	33,362,950
Third parties	231,919,085	208,815,192	197,497,781
Total	262,855,097	247,286,664	230,860,731
Total deposits from customers	815,105,541	739,486,534	729,777,531
Deposits from other banks			
Demand deposits, *wadiah* demand deposits and saving deposits			
Related parties	555,981	1,024,499	460,256
Third parties	7,549,097	2,958,616	3,896,430
Total	8,105,078	3,983,115	4,356,686
Interbank call money			
Third parties	219,360	8,372,197	1,007,655
Time deposits			
Related parties	-	116,958	108,473
Third parties	4,206,437	2,896,425	2,501,964
Total	4,206,437	3,013,383	2,610,437
Total deposits from other banks	12,530,875	15,368,695	7,974,778
Securities sold under agreements to repurchase - third parties	3,699,819	16,120,197	3,592,883

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2019	December 31, 2018	December 31, 2017
LIABILITIES AND EQUITY			
LIABILITIES (continued)			
Derivative payables			
Related parties	42,505	19,126	16,582
Third parties	982,529	1,008,728	608,842
Total	1,025,034	1,027,854	625,424
Acceptance payables			
Related parties	2,035,636	4,595,150	575,595
Third parties	8,020,076	9,055,498	11,887,646
Total	10,055,712	13,650,648	12,463,241
Debt securities issued			
Related parties	8,653,400	8,430,000	6,712,500
Third parties	15,702,105	5,535,900	4,185,788
	24,355,505	13,965,900	10,898,288
Less: unamortised issuance cost	(51,597)	(28,071)	(27,018)
Net	24,303,908	13,937,829	10,871,270
Estimated losses on commitment and contingencies	369,300	113,236	349,404
Accrued expenses	4,983,813	3,813,671	2,874,513
Taxes payable	846,567	774,631	666,542
Employee benefit liabilities	6,480,327	7,047,758	7,674,599
Provision	405,312	370,525	375,770
Other liabilities	8,008,669	8,637,435	11,334,802
Fund borrowings			
Related parties	820,151	98,687	169,950
Third parties	41,753,834	38,990,057	26,975,564
Total	42,573,985	39,088,744	27,145,514
Subordinated loans and marketable securities			
Related parties	127,750	131,750	-
Third parties	536,467	553,980	191,501
Total	664,217	685,730	191,501
TOTAL LIABILITIES	**934,222,530**	**863,966,681**	**818,756,339**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2019	December 31, 2018	December 31, 2017
LIABILITIES AND EQUITY (continued)			
EQUITY			
Share capital - Rp250 (full amount) par value per share as of December 31, 2019, 2018 and 2017 Authorised Capital - 1 share Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2019, 2018 and 2017 Issued and fully paid-in capital - 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2019, 2018 and 2017	11,666,667	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308	17,476,308
Differences arising from translation of financial statements in foreign currencies	(167,543)	(98,046)	1,791
Net unrealised gain (losses) from increase/(decrease) in fair value of available for sale marketable securities and government bonds - net of deferred tax	1,307,487	(1,640,866)	1,067,962
Differences arising from revaluation of fixed assets	29,910,569	26,039,621	25,322,628
Net actuarial gain (loss) from defined benefit program - net of deferred tax	621,066	298,923	(491,801)
Other comprehensive income	85,052	-	-
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at April 30, 2003)			
Appropriated	5,380,268	5,380,268	5,380,268
Unappropriated	128,181,471	113,988,250	99,197,269
Total retained earnings	133,561,739	119,368,518	104,577,537
TOTAL EQUITY	**194,461,345**	**173,111,125**	**159,621,092**
TOTAL LIABILITIES AND EQUITY	**1,128,683,875**	**1,037,077,806**	**978,377,431**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Years ended December 31,		
	2019	**2018**	**2017**
INCOME AND EXPENSES FROM OPERATIONS			
Interest income	76,272,259	67,692,623	65,775,687
Interest expense	(25,950,700)	(21,398,232)	(21,108,415)
NET INTEREST INCOME	**50,321,559**	**46,294,391**	**44,667,272**
Other operating income			
Other fees and commissions	12,071,993	11,603,014	11,390,563
Trading income - net	3,371,980	3,647,192	3,190,024
Others	6,371,107	9,337,474	5,488,834
Total other operating income	21,815,080	24,587,680	20,069,421
Allowance for impairment losses	(9,563,820)	(11,504,129)	(12,578,904)
(Provision)/reversal for impairment losses on commitments and contingencies	(257,783)	249,320	(155,380)
Provision for other allowances	(43,725)	(80,998)	(78,624)
Gain on sale of marketable securities and government bonds	793,519	666,018	735,360
Other operating expenses			
Salaries and employee benefits	(12,903,630)	(12,391,276)	(11,635,135)
General and administrative expenses	(13,730,800)	(13,065,155)	(12,051,008)
Others - net	(4,057,224)	(3,478,975)	(3,877,172)
Total other operating expenses	(30,691,654)	(28,935,406)	(27,563,315)
INCOME FROM OPERATIONS	**32,373,176**	**31,276,876**	**25,095,830**
Non-operating income - net	57,594	43,206	2,235
INCOME BEFORE TAX EXPENSE	**32,430,770**	**31,320,082**	**25,098,065**
Tax expense			
Current			
Current year	(6,317,547)	(5,022,275)	(4,903,592)
Prior year	(201,197)	(1,313,347)	-
Deferred	(462,046)	(905,622)	(183,757)
Total tax expense - net	(6,980,790)	(7,241,244)	(5,087,349)
NET INCOME FOR THE YEAR	**25,449,980**	**24,078,838**	**20,010,716**

Appendix 2

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
(continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Years ended December 31,		
	2019	**2018**	**2017**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gains on fixed assets revaluation	3,870,948	716,993	526,108
Actuarial gain (losses) on defined benefit plan	402,679	988,405	(705,077)
Income tax related to the items that will not be reclassified to profit or loss	(80,536)	(197,681)	141,015
Others	85,052	-	-
	4,278,143	1,507,717	(37,954)
Items that will be reclassified to profit or loss			
Difference arising from translation of financial statements in foreign currencies	(69,497)	(99,837)	(43,650)
Changes in fair value of available for sale financial assets	3,631,166	(3,418,431)	2,259,305
Income tax related to items that will be reclassified to profit or loss	(682,813)	709,603	(423,121)
	2,878,856	(2,808,665)	1,792,534
Other comprehensive income (loss) for the year - net of income tax	**7,156,999**	**(1,300,948)**	**1,754,580**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**32,606,979**	**22,777,890**	**21,765,296**
EARNING PER SHARE			
Basic (full amount)	545.36	515.98	428.80
Dilluted (full amount)	545.36	515.98	428.80

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised (gain)/loss from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	Net differences in fixed assets revaluation	Net actuarial gain/(loss) on defined benefit program - net of deferred tax	Other comprehensive income	Retained earnings			Total equity
								Appropriated	Unappropriated	Total	
Balance as of January 1, 2019	**11,666,667**	**17,476,308**	**(98,046)**	**(1,640,866)**	**26,039,621**	**298,923**	**-**	**5,380,268**	**113,988,250**	**119,368,518**	**173,111,125**
Dividends payment from 2018 net income	-	-	-	-	-	-	-	-	(11,256,759)	(11,256,759)	(11,256,759)
Income for the current year	-	-	-	-	-	-	-	-	25,449,980	25,449,980	25,449,980
Comprehensive income for the current year	-	-	(69,497)	2,948,353	3,870,948	322,143	85,052	-	-	-	7,156,999
Balance as of December 31, 2019	**11,666,667**	**17,476,308**	**(167,543)**	**1,307,487**	**29,910,569**	**621,066**	**85,052**	**5,380,268**	**128,181,471**	**133,561,739**	**194,461,345**

Appendix 3

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised (gain)/loss from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	Net differences in fixed assets revaluation	Net actuarial gain/(loss) on defined benefit program - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2018	**11,666,667**	**17,476,308**	**1,791**	**1,067,962**	**25,322,628**	**(491,801)**	**5,380,268**	**99,197,269**	**104,577,537**	**159,621,092**
Dividends payment from 2017 net income	-	-	-	-	-	-	-	(9,287,857)	(9,287,857)	(9,287,857)
Income for the current year	-	-	-	-	-	-	-	24,078,838	24,078,838	24,078,838
Comprehensive income for the current year	-	-	(99,837)	(2,708,828)	716,993	790,724	-	-	-	(1,300,948)
Balance as of December 31, 2018	**11,666,667**	**17,476,308**	**(98,046)**	**(1,640,866)**	**26,039,621**	**298,923**	**5,380,268**	**113,988,250**	**119,368,518**	**173,111,125**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised (gain)/loss from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	Net differences in fixed assets revaluation	Net actuarial gain/(loss) on defined benefit program - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2017	**11,666,667**	**17,476,308**	**45,441**	**(768,222)**	**24,796,520**	**72,261**	**5,380,268**	**85,399,507**	**90,779,775**	**144,068,750**
Dividends payment from 2016 net income	-	-	-	-	-	-	-	(6,212,954)	(6,212,954)	(6,212,954)
Income for the current year	-	-	-	-	-	-	-	20,010,716	20,010,716	20,010,716
Comprehensive income for the current year	-	-	(43,650)	1,836,184	526,108	(564,062)	-	-	-	1,754,580
Balance as of December 31, 2017	**11,666,667**	**17,476,308**	**1,791**	**1,067,962**	**25,322,628**	**(491,801)**	**5,380,268**	**99,197,269**	**104,577,537**	**159,621,092**

Appendix 3

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT ENTITY
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Years ended December 31,		
	2019	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income	72,318,950	63,919,139	62,438,844
Receipts from provision and commisions income	12,071,993	11,603,014	11,390,563
Payments of interest expense	(25,714,188)	(20,867,566)	(21,379,132)
Receipts from the sale of government bonds - fair value through profit or loss	127,488,748	56,447,238	52,719,756
Acquisition of government bonds - fair value through profit or loss	(127,333,266)	(55,358,389)	(52,577,180)
Foreign exchange gains - net	1,971,842	5,083,678	2,345,754
Trading income - net	521,341	415,486	349,436
Other operating income - others	1,623,875	4,267,080	1,675,243
Other operating expenses - others	(2,278,780)	(3,508,692)	(3,487,908)
Salaries and employee benefits	(13,148,918)	(12,227,393)	(10,761,131)
General and administrative expenses	(12,092,651)	(11,532,885)	(10,541,336)
Non-operating income - net	57,478	43,129	1,044
Payment of corporate income tax	(6,479,893)	(6,266,451)	(5,347,697)
Cash flows from operating activities before changes in operating assets and liabilities	**29,006,531**	**32,017,388**	**26,826,256**
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks	422,587	7,540	335,342
Marketable securities - fair value through profit or loss	(3,654,698)	(1,214,565)	783,206
Other receivables - trade transactions	(4,234,287)	(984,147)	(9,274,010)
Loans	(84,225,726)	(87,940,410)	(63,213,140)
Securities purchased under agreements to resell	1,391,305	689,668	1,416,974
Prepaid taxes	116,345	1,312,681	17,583
Prepaid expenses	(207,461)	66,967	47,205
Other assets	2,179,167	(5,168,610)	(1,864,325)
Proceeds from collection of written-off financial assets	4,747,232	5,070,394	3,813,591
Increase/(decrease) in operating liabilities:			
Demand deposits	44,561,029	(4,243,538)	14,668,699
Saving deposits	19,611,508	(2,846,963)	29,940,391
Time deposits	16,761,487	16,828,878	(3,692,408)
Interbank call money	(8,152,837)	7,364,543	(673,297)
Obligations due immediately	(673,743)	1,004,627	1,268,656
Taxes payable	33,085	38,918	57,907
Other liabilities	2,705,436	(49,488)	5,033,668
Net cash (used in)/provided by operating activities	**20,386,960**	**(38,046,117)**	**5,492,298**
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(increase) in marketable securities - other than fair value through profit or loss	8,475,762	(5,925,576)	(2,707,310)
Increase in government bonds - other than fair value through profit or loss	(15,016,592)	(6,047,293)	1,785,664
Proceeds from sale of fixed assets	443	77	5,713
Acquisition of fixed assets	(2,834,228)	(1,982,522)	(1,498,326)
Acquisition of intangible assets	(1,040,797)	(765,259)	(822,869)
Capital injection to PT Mandiri Capital Indonesia	(907,000)	-	(200,000)

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT ENTITY (continued)
For the years ended December 31, 2019, 2018 and 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Years ended December 31,		
	2019	**2018**	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES (continued)			
Capital injection to PT Mandiri Bank Syariah Mandiri	-	-	(500,000)
Capital injection to PT Mandiri Utama Finance	-	-	(102,000)
Capital injection to PT Bank Mandiri Taspen	-	(255,250)	(118,880)
Divesment of shares ownership in PT Bank Mandiri Taspen	-	99,908	-
Divesment of shares ownership in PT Mandiri AXA General Insurance	-	138,000	-
Net cash used in investing activities	**(11,322,412)**	**(14,737,915)**	**(4,158,008)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in debt securities issued	10,579,710	2,998,723	5,826,252
Increase in fund borrowings	4,877,746	9,167,227	(5,120,961)
(Decrease)/increase in subordinated loans and marketable securities	(15,406)	484,358	(23,931)
Increase in marketable securities sold under agreements to repurchase	(11,923,245)	11,661,987	239,841
Payment of dividend	(11,256,759)	(9,287,857)	(6,212,954)
Net cash provided by/(used in) financing activities	**(7,737,954)**	**15,024,438**	**(5,291,753)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,326,594**	**(37,759,594)**	**(3,957,463)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(1,546,297)**	**1,656,976**	**790,409**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**104,412,490**	**140,515,108**	**143,682,162**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**104,192,787**	**104,412,490**	**140,515,108**

Cash and cash equivalents at the end of year consist of:

	2019	2018	2017
Cash	25,356,393	24,443,872	22,005,487
Current accounts with Bank Indonesia	41,335,530	55,256,240	43,674,536
Current accounts with other banks	10,395,115	13,189,454	11,725,002
Short-term investments with a period of time maturity of three months or less from the date of acquisition	27,105,749	11,522,924	63,110,083
Total cash and cash equivalents	**104,192,787**	**104,412,490**	**140,515,108**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the separate financial statements

The separate financial statements are prepared in accordance with the Statement of Financial Accounting Standards (“PSAK”) No. 4 (Revised 2013), “ Separate Financial Statements”.

The accounting policies adopted by the Bank in the preparation of the parent entity’s separate financial statement are the same as the accounting policies adopted in the preparation of the consolidated financial statemnts as disclosed in Note 2 to the consolidated financial statements, except for the investments in subsidiaries which are accounted using cost method.

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