ANNUAL REPORT 2000

PROGRESS & PROFITABILITY

BANK MANDIRI

CONTENTS

OUR VISION

The Trusted & Preferred Bank

OUR MISSION

- Market Oriented
- Develop Professionalism
- Maximize Returns to Stakeholders
- Implement an Open Management
- Concern for Community and the Environment

BANK MANDIRI IN 2000

BANK MANDIRI ended 2000 on solid footing. In Bahasa Indonesia, the word 'Mandiri' means independent and self-sufficient. Our results of operations in 2000 reinforce the aspirations expressed in our name and move us further along the path of progress and profitability.

We began the year with good first quarter results following close on the heels of our final recapitalization, post-merger integration and restructuring. Sustained restructuring over the next three quarters increased our profitability even more by year-end. We delivered a profit after tax of IDR 2.0 trillion (USD 210.8 million) for the year, generating a return on equity of 23.49%.

With more than 540 branch offices throughout the country and assets of IDR 246.7 trillion (representing 25% of the assets of the Indonesian banking system), Bank Mandiri is by far the largest bank in Indonesia. It is also one of the best capitalized, with capital adequacy ratio of 31.29%.

Our 2000 annual results demonstrate the success of the merger of our four legacy banks and subsequent restructuring. Today Bank Mandiri is an anchor bank in the Indonesian financial system and is well positioned to support the country's economic recovery.

2000 PERFORMANCE HIGHLIGHTS

In millions of IDR, except when stated otherwise	2000	1999
BALANCE SHEET		
Total Assets	246,705,038	225,944,862
Earning Assets	220,506,514	200,337,652
Loans	43,022,539	44,012,961
Allowance for Possible Loan Losses	(12,499,948)	(22,131,786)
Total Deposits	163,923,355	147,930,112
Total Liabilities	238,360,582	217,059,113
Total Shareholder's Equity	8,341,136	8,875,302
INCOME STATEMENT		
Net Interest Income	5,924,002	(21,743,281)
Non Interest Income	3,942,943	3,455,182
Operating Income **)	9,866,945	(18,288,099)
Overhead Expenses *)	3,212,958	7,055,595
Provision for Possible Losses on Earning Assets	(1,463,556)	31,999,387
Provision for Possible Losses on Other Assets	5,274,382	4,747,325
Profit (Loss) Before Provision for Income Tax and Minority Interests	2,023,479	(67,780,727)
Net Profit (Loss)	2,022,437	(67,796,042)
FINANCIAL RATIOS		
Return on Assets (ROA) - After Tax	0.86%	NA
Return on Equity (ROE) - After Tax	23.49%	NA
Net Interest Margin	2.57%	NA
Non Interest Income to Operating Income	39.96%	NA
Overhead Expenses to Operating Income	32.56%	NA
Overhead Expenses to Total Assets	1.30%	3.12%
Equity to Total Assets	3.38%	3.93%
Capital Adequacy Ratio (CAR)	31.29%	15.93%
Number of Employees	18,016	19,606
Number of Branch Offices	546	658
IDR/USD exchange rate as of December 31	9,595	7,100

Notes: *) General & Administrative Expenses + Salaries & Employee Benefit Expense
**) Net Interest Income + Non Interest Income

ACHIEVEMENTS IN 2000

INTEGRATION The post merger integration of the four legacy banks proceeded smoothly, involving the consolidation of all key banking operations and representing the collaboration of more than 18,000 personnel in constructive growth.

GOOD CORPORATE GOVERNANCE Policies on compliance and good corporate governance have been formulated, reviewed by international independent auditors, and judged to be in line with international best practice.

LOAN ASSETS RESTRUCTURING Credit restructuring represents one of Bank Mandiri's success stories in 2000. With over IDR 30 trillion in classified loans restructured, the level of non performing loans declined from 71.25% of total loans to 20.10%, providing the bank with a solid foundation for future growth.

BRANCH RATIONALIZATION Bank Mandiri closed 194 offices in 2000 to end the year with a streamlined network of 546 branch offices, of which 444 offices have been rolled out with, or integrated into, one information technology platform. To achieve this, the bank had to consolidate nine technology systems to a single platform as well as integrate 523 ATMs throughout Indonesia.

BUSINESS EXPANSION & RISK MANAGEMENT To increase liquidity and intensify lending with a focus on reviving the real sector, supporting small- and medium-scale enterprises as well as export-oriented industries, Bank Mandiri pursued third-party funding aggressively. At the same time, the bank applied a more stringent risk management and control, applying prudent banking and the 'Four-Eye Principles' in its operations.

ORGANIZATION AND HUMAN RESOURCES Organizational streamlining has been largely completed. Out of a total 26,609 personnel of the four legacy banks, Bank Mandiri has retained 18,016 personnel including new recruits. A new corporate culture is being instilled to create pride and an *esprit de corps* in Bank Mandiri among employees.

PROFITABILITY The successful restructuring and integration of Bank Mandiri has resulted in a significant improvement in bottom line results, turning an IDR 67.80 trillion loss in 1999 to a net profit of IDR 2.02 trillion in 2000.

BEST BANK AWARD 2001
GLOBAL FIN@NCE

In recognition of its outstanding performance, Bank Mandiri was named "Best Bank in Indonesia for 2001" by GlobalFin@nce magazine.

OUR PLANS

BANK MANDIRI HAS ACHIEVED MUCH SINCE THE MERGER. HOWEVER WE CANNOT REST ON OUR LAURELS. THE NEW ORGANIZATION OF OUR HEAD OFFICE DEPARTMENTS AND BRANCHES, OUR HEAVY INVESTMENT IN TECHNOLOGY AND OUR EFFORT TO ATTRACT THE BEST, MOST EXPERIENCED BANKERS IN INDONESIA WILL BEGIN TO BEAR FRUIT IN 2001. AT THE SAME TIME, OUR RAPIDLY IMPROVING PROCEDURES FOR CORPORATE GOVERNANCE, COMPLIANCE AND CREDIT RISK MANAGEMENT WILL ENSURE THAT WE HAVE THE INFRASTRUCTURE TO SUPPORT A RAPID BUSINESS EXPANSION AS THE ECONOMIC CLIMATE IMPROVES.

TECHNOLOGY Technology will be the key to many of our initiatives in the coming year – from the expansion of our ATM network to over 3,500 outlets in 2001, to the upgrading of our core banking system. We will spend around USD 200 million between 2001 and 2003 to upgrade our bank-wide technology platform. Ultimately this will enable us to offer better products and services to our customers and significantly enhance our competitiveness, especially in the retail and small business segments.

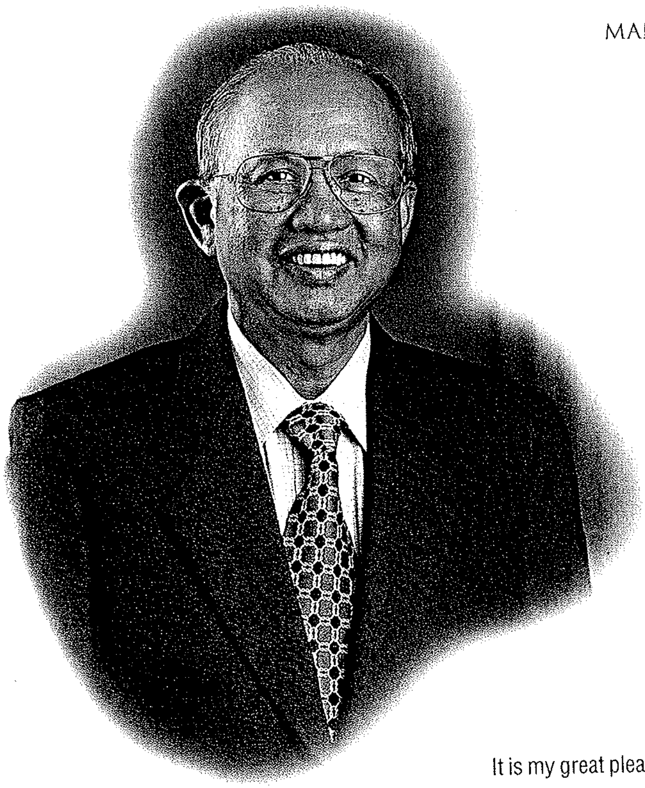
LOAN GROWTH Our focus will continue to be firmly on reducing non performing loans, which have already come down from 71.25% to 20.10% in the past two years, and are targeted to reach approximately 5% by the end of 2001. As the macroeconomic climate improves, we will be able to grow our loan book commensurately. Our particular focus in this regard will be in the agriculture, fisheries, mining and export-oriented manufacturing sectors.

BUSINESS DIVERSIFICATION From our traditional strengths in corporate and government lending, we plan to grow our consumer and small enterprise businesses significantly to create a better balance between retail and corporate. Further, we plan to generate more fee-based income by developing our investment banking capabilities to service our corporate clients.

TWO PATHS TO GROWTH Having proved its mettle in the country's largest ever bank merger, our management team now strives for further growth, which will be achieved both organically, and, when the opportunities arise, via acquisition. As the Indonesian economy takes on speed we are confident that our options for growth will multiply rapidly.

A WORD FROM THE CHAIRMAN

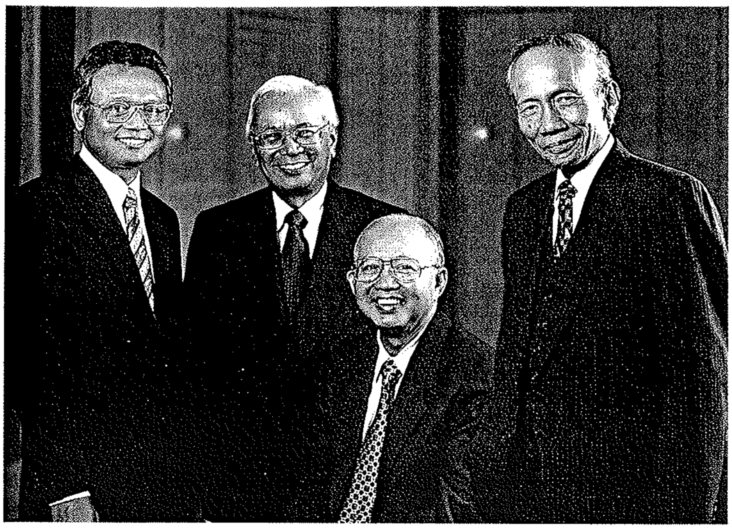
A STRONG COMMITMENT TO TRANSPARENT AND GOOD CORPORATE GOVERNANCE IS THE HALLMARK OF BANK MANDIRI'S MANAGEMENT, CONTRIBUTING SIGNIFICANTLY TO OUR POST-MERGER INTEGRATION PROGRESS AND PROFITABILITY AFTER THE LEGAL MERGER.



It is my great pleasure to be able to report on Bank Mandiri's notable progress and achievements in 2000, its first full year of operations following the merger of four of Indonesia's largest banks in July 1999.

In a macro perspective, the Indonesian economy had shown signs of recovery in early 2000, following a positive GDP growth in 1999, an extremely low inflation rate and an improving exchange rate for the Indonesia rupiah. In addition, bank recapitalization was progressing and nearing completion. In fact, economic growth in 2000 outpaced that of 1999, despite the destabilizing nature of an uncertain political situation, emerging in the fourth quarter of 2000, which has since been manifested by a fledgling currency, rising interest rates and diminishing market and investor confidence. This poses a significant risk to the banking recovery efforts, as continuing high interest rate environment exposes the real sector to yet another vicious circle of insolvency, potentially setting back whatever progress may have been achieved in bank loan restructuring.

Against this challenging backdrop, Bank Mandiri made encouraging progress. By virtue of its size, Bank Mandiri has the strength and resources to withstand market pressures, although we are not above the risks if these conditions persist. For that reason we express our hopes that social and political stability will prevail once again in Indonesia, paving the way for a quick economic recovery.



From left to right :
Markus Parmadi (Commissioner)
Soedarjono (Commissioner)
Binhadi (Chairman)
Sabana Kartasasmita (Commissioner)

Although we still have more challenges to face, it is gratifying to see how our post-merger integration has progressed beyond our best expectations. The legal merger was completed within the optimistic and earliest time frame option. Thereafter, full integration had largely been achieved by year-end 2000, with branch roll-out and systems integration completed last in the first quarter of 2001.

Foundations were also laid for future growth. In 2000, Management and the Board of Commissioners oversaw the establishment of these foundations, including policies on compliance, good corporate governance, increased risk management and a new corporate culture. Our adherence to international best practices on these and other areas of our work have led to tangible results. Just as well, the combination of a strong financial foundation following recapitalization, a clear and focused business strategy, and adoption of good corporate governance has reaffirmed our position as the largest and sound bank in the nation. As we look back with pride on our achievements in 2000, we also look ahead confidently to 2001 in which improving economic conditions in Indonesia will strengthen Bank Mandiri's market standing even more.

We have many to whom we are indebted for the way Bank Mandiri has evolved so encouragingly in such a short period of time. The Board of Commissioners expresses its highest appreciation to the previous management of Bank Mandiri under former President & CEO, Robby Djohan, who laid down the foundations for a successful merger and post-merger integration. To the current management under President & CEO, E.C.W. Neloe, a highly experienced banker, the Board of Commissioners expresses its confidence in the future of Bank Mandiri. With respect to the progress of the post-merger integration since the new management assumed leadership of the Bank in May 2000, we believe that the change in management has been and will continue to be beneficial to Bank Mandiri. We extend our appreciation as well to the executive management and all personnel of Bank Mandiri who have performed collectively as a team to achieve success in 2000.

As always we would like to thank all those who have contributed to the progress of Bank Mandiri. Let us continue to shape a better future for Bank Mandiri and the Indonesian banking sector in general by being the best in our business and the most trusted and preferred bank in the country.

Jakarta, May 2001

BINHADI
Chairman

MESSAGE FROM THE PRESIDENT & CEO

WE AIM TO POSITION BANK MANDIRI AS THE LEADING CORE BANK SERVING CORPORATE AND INDIVIDUAL CUSTOMERS BOTH LARGE AND SMALL: DELIVERING THE MOST COMPREHENSIVE, MODERN AND CONVENIENT BANKING SERVICES IN INDONESIA, THE LARGEST MARKET IN SOUTHEAST ASIA, ON THE STRENGTH OF OUR CAPITAL, GEOGRAPHICAL REACH AND TECHNOLOGICAL MEANS.

I am pleased to report that Bank Mandiri posted a net profit of IDR 2.02 trillion, on total assets of IDR 246.70 trillion for fiscal year 2000. This excellent result was in large part due to our government bond portfolio. We were able to book net interest income of IDR 5.92 trillion in 2000, compared to a net interest expenses of IDR 3.76 trillion in the five months to year-end 1999.

Overhead expenses declined from IDR 7.06 trillion in 1999 to IDR 3.21 trillion in 2000, reflecting the results of our organizational restructuring and streamlining. Perhaps more importantly, provisioning expenses for possible losses on earning assets and other assets declined from IDR 36.75 trillion in 1999 to IDR 3.81 trillion in 2000, mainly signifying an increase in the quality of our loan portfolio as well as the success of our loan restructuring program.

BANK MANDIRI SINCE LEGAL MERGER

Bank Mandiri was established on October 2, 1998, to serve as the surviving entity of four state banks. Following an intense and complex restructuring, the legal merger of the four legacy banks took place on July 31, 1999, from whence Bank Mandiri legally assumed all assets and liabilities of the legacy banks, thereby continuing their businesses as a going concern. The post merger integration of the four banks continued apace in 2000, most crucially involving personnel

"BANK MANDIRI'S ADVANTAGES MAY BE SUMMED UP VERY BRIEFLY AS SIZE, CAPITAL STRENGTH, LEADERSHIP, STRATEGY AND PEOPLE."

and branch rationalization. By the end of 2000, however, I am pleased to report that our bank had achieved profitability and enthusiastically taken on its role as Indonesia's largest bank.

In fact, we emerged at the end of the year in a much stronger position to fulfill our mission to be not only the nation's largest, but also its best bank, fully worthy of the trust of our stakeholders. Progress was achieved in a particularly difficult macroeconomic environment: the Indonesian economy lost much of its recovery momentum in early 2000. With the steady decline of the rupiah, and the Central Bank's consequent efforts to curb devaluation through increases in interest rates, many have voiced fears that Indonesia could now be reentering a period of downward economic spiral which would likely negatively impact both company and bank earnings in 2001.

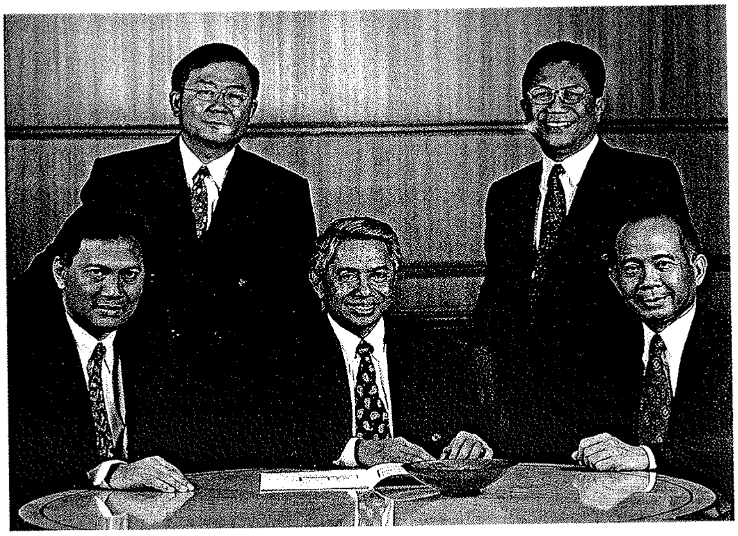
That said, we believe that Bank Mandiri has the means to withstand these formidable external challenges.

OUR STRENGTHS AND STRATEGIES

Bank Mandiri's advantages may be summed up very briefly as size, capital strength, leadership, strategy and people. In terms of size, our merger has not only made us the largest bank in Indonesia, but also one of the largest in Southeast Asia. Few other nations in the world offer the growth potential of Indonesia. Thanks to our recapitalization we now enjoy a capital adequacy ratio of 31.29%. Once the economy has recovered sufficiently to enable us to put our integrated strengths to work, Bank Mandiri's potential will be unlimited.

Our strategy is to evolve rapidly into a universal bank, serving large corporations, consumers and small and medium-sized enterprises. The corporate business of our legacy banks had been heavily focused on large government controlled corporations. We will continue to serve this market, improving our service and introducing new fee-based investment banking and brokerage products. At the same time we will expand our corporate focus to export-oriented and resource-based industries, as well as our country's traditional crafts. We will not neglect Islamic financing and savings products which are appropriate to the world's largest Moslem nation, which we will provide through our wholly-owned subsidiary, Bank Syariah Mandiri.

One of our first priorities will be to develop aggressively our retail banking business. In particular, we will be responsive to Indonesia's affluent consumers – perhaps 20 to 40 million individuals out of Indonesia's population of more than 240 million. We will provide this group with a broad range of financial and investment services to meet all their needs – including mortgage financing, professional start-up loans, consumer credit, insurance, pension and mutual funds, financial planning, estate management, and private banking services.



Seated from left to right:
Agus Martowardojo (Managing Director)
E.C.W. Neloe (President & CEO)
I Wayan Pugeg (Managing Director)

Standing from left to right:
Keat Lee (EVP–Coordinator & CFO)
Heru Ratna Azimada (EVP–Coordinator, Corporate Banking & Restructuring)

We will be able to deliver the most comprehensive, modern banking services in Indonesia, Southeast Asia's largest market place, because we have the capital strength and the geographical reach, and will soon have the technological means to do so. With more than IDR 8.3 trillion in capital, we have the financial resources to support strategic product and market development as opportunities arise. Our delivery network is among the best in Indonesia, both in terms of cost efficiency and market penetration. Our recently rationalized hub-and-spoke network comprises 54 hub branches, 421 spoke branches and 71 cash offices throughout the Indonesian archipelago, serving more than six million customers. With the investment of USD 200 million in information technology between 2001 and 2003, Bank Mandiri will be even better prepared to enter the realm of twenty-first century technology-driven banking.

A NEW CORPORATE CULTURE

The extent to which the progress and profitability of Bank Mandiri can be sustained and improved in the future will depend, in part, on the external economic environment. However, we firmly believe that the real key to our future will lie in the ability of Bank Mandiri to foster and implement a totally new, strictly commercial, corporate and business culture. One that clearly recognizes risk as an integral part of our business, and comprehends the key role of management in controlling and managing risk as well as the ultimate responsibility of good corporate governance in minimizing risk.

I am pleased to report on the progress that we have achieved in both risk management and good corporate governance. With the help from some of the world's leading international professional firms, we have established an Office of Compliance and adopted best management practices with regard to risk, to the extent that Bank Mandiri has become a benchmark for other banks in Indonesia. A strong corporate culture that is based on integrity, accountability and responsibility is now taking shape at Bank Mandiri, creating the foundations for future growth.

"A STRONG CORPORATE CULTURE THAT IS BASED ON INTEGRITY, ACCOUNTABILITY AND RESPONSIBILITY IS TAKING SHAPE AT BANK MANDIRI, CREATING THE FOUNDATIONS FOR FUTURE GROWTH."

APPRECIATION

We have a great deal to be thankful for with regard to the progress of the integration of Bank Mandiri since the merger of its four legacy banks. Most crucial has been the unwavering support of our shareholder, the government of Indonesia, which recapitalized Bank Mandiri with IDR 175.34 trillion of government bonds, and the House of Representatives, which endorsed our recapitalization. Ultimately, we owe our gratitude, as well as the responsibility to do well by this capital infusion, to the people of Indonesia.

Allow me to take this opportunity to express my appreciation for the support of the Board of Commissioners, management and staff of Bank Mandiri without whose dedication and hard work Bank Mandiri would not have achieved so much nor be able to serve as the nation's largest financial intermediary and locomotive of growth. Our new management team, comprised of highly experienced professional bankers, has demonstrated its determination to create an entirely new breed of Indonesian bank. Finally, I would like thank our customers and business associates whose support we have enjoyed throughout our merger transition. We are more than ever committed to be your 'Trusted and Preferred Bank'.

Jakarta, May 2001

E.C.W. NELOE
President & CEO

PROFESSIONALISM IN BANKING

Professionalism in banking means adherence to the highest standards of corporate governance, compliance, risk management, audit and controls. As an institution, Bank Mandiri has developed the organizational infrastructure and codes of conduct and best practice modelled on the best in worldwide banking. Just as importantly, our bankers are committed to business integrity and professional excellence throughout the organization.

COMPLIANCE

Pursuant to the joint decrees of the Minister of Finance and the Governor of the Central Bank of the Republic of Indonesia, and the regulation of Bank Indonesia, Bank Mandiri has, since 1999, maintained an Office of Compliance headed by a Managing Director of Compliance.

Since the legal merger, the organization of the Office of Compliance (OOC) has been at the head-office level, while Internal Control and Compliance (ICC) units have been established at the hub-branch level. The appointment of I Wayan Pugeg as Compliance Director was approved by the General Shareholder Meeting as well as by Bank Indonesia. An expert international consultant was commissioned and has delivered its recommendations for improving compliance control and enforcement. A number of policies have been formulated as a result, including a Compliance Policy and a Code of Conduct.

GOOD GOVERNANCE

Bank Mandiri, through its Supervisory and Management Boards (collectively referred to as The Board), has espoused good corporate governance from its inception as a means to attain its business goals and objectives. This includes the establishment of the Corporate Governance Policies, the Code of Conduct, the Board of Directors Guidelines, the Board of Commissioners Guidelines, the Management Contract on Corporate Governance Milestones, the Audit Committee and Risk Management Unit.

As of year-end 2000, The Board comprises a chairman and three commissioners who are non-executive directors, and three executive directors, including the president and chief executive officer. The profiles of the commissioners and directors appear on pages 130 and 131 of this annual report.

In 2000, the Management Board met at least once a week, and the Supervisory Board met at least twice a month. Collectively, The Board met at least once every three months, with all board members having attended more than 95% of these meetings.

INTERNAL CONTROLS

Members of The Board are aware that they hold overall responsibility for the internal financial controls of Bank Mandiri. Through regular meetings among themselves and with other senior managers, they ensure that a sound system of internal controls and direction exist over important and strategic financial, organizational, governance and compliance issues. Such controls have been further enhanced by the appointment of the Audit Committee.

AUDIT

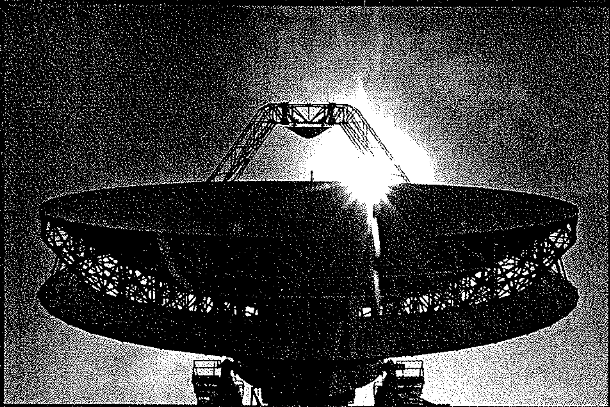
Bank Mandiri is regularly audited by internal and external auditors, whose reports are reviewed and evaluated by the Audit Committee, the membership of which is entirely composed of independent and non-executive directors. The Audit Committee reports its findings to the Supervisory Board.

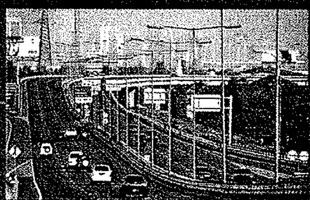
The internal audit function is performed by the Internal Audit Division, and covers such areas as internal control, internal fraud investigation and risk management.

RISK MANAGEMENT

Bank Mandiri is totally committed to managing and mitigating the risks which are integral to its business. The Board and senior managers are well versed in the various market, liquidity, credit and operational risks that the bank is exposed to at any given time, and have adequate recourse to effective risk measurement, monitoring and management tools.

A more detailed discussion on risk management appears on page 38 in the management discussion and analysis (MD&A) section of this annual report.





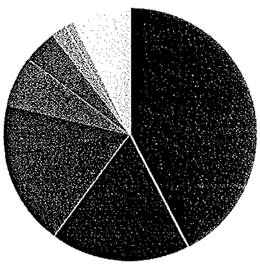
BANK MANDIRI'S BUSINESS CUSTOMERS INCLUDE SOME OF INDONESIA'S LARGEST CORPORATIONS AND A BROAD BASE OF SMALL- AND MEDIUM-SCALE ENTERPRISES, MANY OF WHICH HAVE REGAINED THEIR PROFITABILITY SINCE THE ASIAN FINANCIAL CRISIS.

OUR CUSTOMERS

A considerable number of Bank Mandiri's customers are state corporations, inherited from the four legacy state banks, whose businesses go back some forty to fifty years to the early post-independent days of Indonesia, where almost all of the major corporations during those days were state-owned entities.

Today, Corporate Banking accounts for roughly 82.70% of our business and eclipses Commercial Banking (15.70%) and Consumer Banking (1.60%). Bank Mandiri is attempting to redress this imbalance by putting more emphasis on product development and value added services in the Consumer and Commercial Banking sectors. Our goal is to reach a 50-50 balance between Corporate Banking and Commercial and Consumer Banking by the year 2006.

LOANS BY INDUSTRY



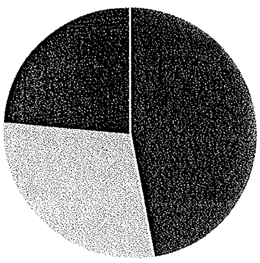
- Manufacturing (42.4%)
- Trading, Hotel & Restaurant (17.8%)
- Agriculture (12.0%)
- Business Services (6.6%)
- Transportation, Warehousing & Communication (6.5%)
- Construction (4.2%)
- Electricity, LNG & Water (2.1%)
- Mining (1.0%)
- Community/Social Services (0.4%)
- Others (7.0%)

CORPORATE BANKING

Our corporate customers include telecommunication giants such as Telkom and Indosat; the national flag-carrier airline Garuda Indonesia; major cement manufacturers Semen Gresik and Semen Andalas; mining concerns Pertamina, Aneka Tambang and Timah; the state power utility Perusahaan Listrik Negara; state insurance and pension funds Astek and Taspen, and many more. A number of our corporate customers are blue chip companies listed on international stock exchanges. A growing number of them have regained their profitability since the Asian financial crisis, while others are still undergoing restructuring.

Bank Mandiri has a solid track record of serving state owned entities that is unmatched by most banks in the country today. We are now leveraging these unique insights and relationships to full effect. The results have been dramatic. Bank Mandiri attracted IDR 86.09 trillion in third party funding from corporate accounts in the year 2000. At the same time, outstanding corporate credits, defined as loans above IDR 25.0 billion, amounted to IDR 35.05 trillion at year's end. These loans were mainly in the form of self liquidating export credit facilities. We also provided secured credit lines to proven and resilient industries that have successfully weathered the economic crises.

FUNDING BY BUSINESS SEGMENT



- Retail (47%)
- Corporate (29%)
- State-Owned Companies (24%)

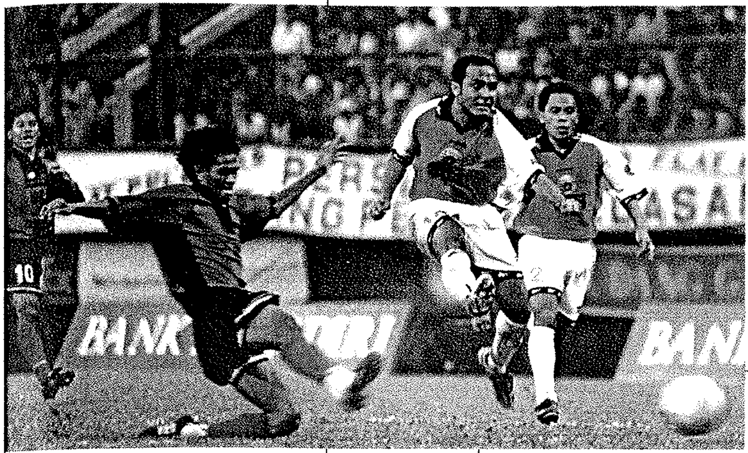
COMMERCIAL BANKING

In Commercial Banking a success story is also emerging. Parleying our extensive hub and spoke branch network that extends throughout Indonesia's urban and rural communities, Bank Mandiri provides credit lines to commercial establishments and initiatives which benefit the largest number of people in the broadest geographical areas. For instance, Bank Mandiri cooperated with the Indonesian Chamber of Commerce (Kadin) in providing small to medium scale credit to its members. For PT Unilever Indonesia and PT Nestle Distributor Indonesia, two of the largest consumer goods manufacturers and distributors in Indonesia, we provided credit to their respective distributors and sub-distributors. We worked with various cooperatives and state ministries to provide credit schemes and programs for small businesses and cottage industries under their wings. The program has been widely communicated to small and medium enterprises (SMEs) in a number of cities throughout Indonesia.

Outstanding SME loans at year-end 2000 were IDR 12 trillion or 28% of the bank's total loans, with 112,000 accounts, which also include the PUKK (small enterprise and cooperatives program) loans. As at year-end 2000, Commercial Banking had 3,478 credit account applications worth more than IDR 7.6 trillion in the pipeline, of which IDR 890 billion of loans to 1,029 debtors had been approved and an additional IDR 1.7 trillion of loans to 516 potential debtors is expected to be approved.

Bank Mandiri expects to expand its Commercial Banking credit lines to approximately IDR 2.2 trillion by end of 2001, mainly through the careful selection of potential debtors currently in the pipeline.

"I AM COMFORTABLE WITH BANK MANDIRI. IT HAS NOT REPLACED ITS WARM AND FRIENDLY DISPOSITION FOR IMPERSONAL, EFFICIENT SERVICE. YET IN MANY WAYS IT HAS BECOME A MODERN AND CONVENIENT BANK."



BANK MANDIRI TOUCHES THE LIVES AND LIVELIHOOD OF MILLIONS OF PEOPLE THROUGHOUT THE VAST INDONESIAN ARCHIPELAGO.

CONSUMER BANKING

In Consumer Banking, we intend to broaden as well as deepen our existing account relationships with some six million customers. We are developing innovative and value-added products designed to encourage customers to broaden their business with Bank Mandiri. In 2000, Bank Mandiri succeeded in generating consumer savings deposits through the attractive Mandiri Fiesta savings. Aggregate wise, savings deposits rose from IDR 14.3 trillion to IDR 18.0 trillion during the year.

We say to our customers: Expand your relationship with us to include deposits, savings, credit cards, consumer loans and investment and brokerage services through our subsidiary securities service, and we will reward you with competitive interest rates and fees, personalized services and other benefits.

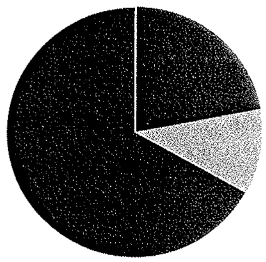
While we do not intend to be all things to all people, we do want to be the preferred choice for financial services to the most people in the most areas throughout Indonesia. That is why Bank Mandiri has invested significantly in promoting its brand equity, sponsoring popular sporting events such as the national soccer league, Liga Bank Mandiri, and other highly visible events.

WHILE WE DO NOT AIM TO BE ALL THINGS TO ALL PEOPLE, WE DO WANT TO BE THE PREFERRED CHOICE FOR FINANCIAL SERVICES TO THE MOST CUSTOMERS.

OUR STAFF HAS BEEN TRAINED TO BE MORE CUSTOMER-ORIENTED AS PART OF THE NEW CORPORATE CULTURE THAT IS TRANSFORMING BANK MANDIRI INTO A HIGHLY COMPETITIVE AND MARKET-DRIVEN BANK.

OUR PRODUCTS & SERVICES

FUNDING BY PRODUCT CATEGORY



Time Deposits (67%)
Demand Deposits (22%)
Savings (11%)

In today's highly competitive market environment product development is key to sustainable growth in banking. In devising new products, Bank Mandiri has established a fully fledged Banking Product Development Division responsible for the development of credit products, funding products, banking services, and investment and bancassurance products. In addition, our Treasury and Global Market operations and International Financial Services provide an array of services.

ASSET PRODUCTS

The strategy for Asset Products has been to integrate all same-class products, to improve the existing products of the legacy banks and to develop new products. In 2000, all consumer loan products of the legacy banks were reviewed and realigned with the target market of Bank Mandiri. A range of consumer loan products was designed for launch in 2001. This includes Dana Tunai Mandiri (cash collateralized loan), Graha Mandiri (housing loan), Kendara Mandiri (car loan), Multiguna Mandiri (asset-backed loan), and Mitrakarya Mandiri (corporate employee loan). These loan products have been designed with several attractive features and tie-in cross offers as part of Bank Mandiri's efforts to expand its banking relationship with customers.

Meanwhile, Bank Mandiri's credit card product, launched in November 2000 with GE Finance, is achieving significant market penetration, and is now one of the fastest growing credit card services in the country.

IN TODAY'S HIGHLY COMPETITIVE MARKET ENVIRONMENT, BANK MANDIRI COUNTS ON INNOVATIVE PRODUCT DEVELOPMENT THAT MEETS A COMPREHENSIVE RANGE OF BANKING AND FINANCIAL SERVICES NEEDS.

LIABILITY PRODUCTS

In Liability Products, the emphasis in the integration and subsequent development of the legacy funding products has been to provide adequate guidelines for the migration, adoption and implementation of these products as part of Bank Mandiri's branch roll-out. To ensure handling uniformity across various funding products throughout branch operations, Bank Mandiri produced eight circulars listing product features as well as operational guidelines for each products. In addition, the year saw the development of the Mandiri negotiable certificate of deposit product as well as IDR and USD time deposits with the added feature of an upfront discounted interest payment. Both are expected to generate new core funding as well as to strengthen our customer base.

To improve product knowledge and service reliability, training sessions for tellers and marketing officers were arranged by our Training Division.

BANKING SERVICES

For Banking Services, activities in 2000 focused on the integration, modification and relaunching of banking services. These comprise safe deposit boxes, cash management services for the Haj pilgrimage, traveller's cheques, remittances and collections, payment points for utility bills and payroll packages.

The legacy banks provided essentially the same banking services, but with different features and requirements. Hence, we concentrated on aligning the features and requirements to maximize the benefits and value for our customers. In 2000, Bank Mandiri enhanced several legacy banking services, including expansion of safe deposit box services and payment-point services for Telkom, Telkomsel, Satelindo and PLN; improvement of the cash management services for the Haj pilgrimage; and launch of the Mandiri Traveller's Cheque.

BANK MANDIRI SUCCEEDED IN ALIGNING THE DIFFERENT FEATURES OF LEGACY BANK SERVICES, THEREBY MAXIMIZING BENEFITS AND VALUE FOR CUSTOMERS.

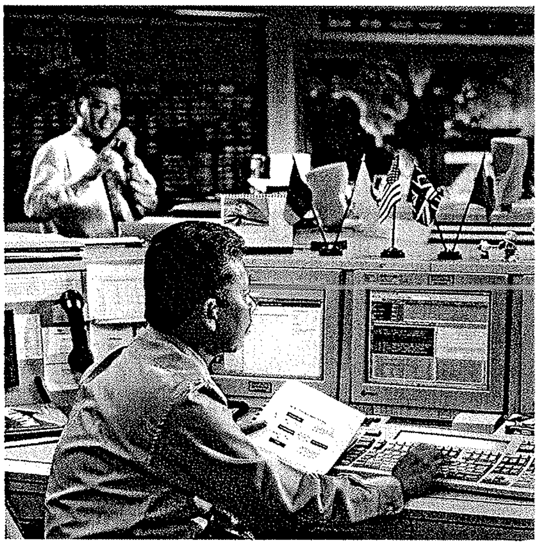
INVESTMENT AND BANCASSURANCE

In Investment and Bancassurance, the aim is to develop a broad range of banking products linked to investment and insurance. This represents an entirely new undertaking as none of the legacy banks had any investment or bankassurance products in their product ranges.

In November 2000, we launched our first investment-related banking services for the purchase of mutual funds issued by the investment management houses of PT Danareksa Investment Management, PT Bahana TCW Investment Management and PT Makindo Tbk.

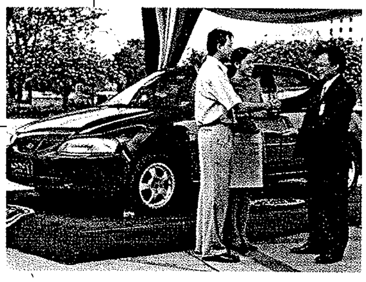
TREASURY AND GLOBAL MARKET

Bank Mandiri has the largest and most sophisticated Treasury and Global Market operations in the country. With an extensive international banking network comprising more than 1,000 correspondent banks around the world, Bank Mandiri has one of the largest transaction volumes in foreign exchange, trade finance, treasury and capital markets. Foreign exchange transactions on behalf of corporate and commercial customers rose 24.21% in average monthly volume, from USD 500.66 million in 1999 to USD 621.91 million in 2000. Bank Mandiri operates the largest dealing room with the largest number of dealers in Indonesia, engaging in forex and money market transactions including spot, forward, swap, securities trading and treasury lending and borrowing.



BANK MANDIRI HAS THE LARGEST TREASURY AND GLOBAL MARKET OPERATIONS IN INDONESIA, WITH OVER 1,000 INTERNATIONAL CORRESPONDENT BANKS.

PRODUCT AND SERVICE INTEGRATION INCLUDES TRAINING TELLERS AND MARKETING OFFICERS IN PRODUCT KNOWLEDGE AND DELIVERY.



INTERNATIONAL FINANCIAL SERVICES

International Financial Services comprise Bank Mandiri's custodial, bank depository and trust services. With experienced people backed by the latest information technology system, our custodial services provide securities safe keeping, settlement processing, and transaction handling, monitoring of corporate actions and portfolio reporting. The services are delivered entirely electronically, with speed and accuracy, linking our internal custodial securities account and our securities account to the C-Best system of the Central Securities Depository (KSEI) and to investors. We provide custody for American and Global Depository Receipts and Euroclear for shares of Indonesian companies listed abroad. We offer Sub-Registry services for investors holding government recapitalization bonds, escrow account facilities and custodial property in relation to the transactions of the Indonesian Bank Restructuring Agency (IBRA).

Bank Mandiri is one of the depository banks appointed by the Indonesian Securities Clearance Guarantee Company (KPEI) for payment settlements among and between stock exchange members. We also provide Trust Services, serving as trustee for holders of corporate bonds and medium term notes.

OUR EARNING POWER

Bank Mandiri experienced a tremendous rise in earning power during 2000 as a result of a number of factors, the most important being the significant progress achieved in credit restructuring and loan work-outs.

CREDIT RESTRUCTURING

Our Credit Restructuring Unit (CRU) maintains five loan work-out units, each responsible for restructuring loans by different size, classification and scope of complexity. A key strategy has been to focus on engaging debtors in a cooperative and productive manner. We make it clear to our borrowing customers that it is in their interests as well as ours to work out and settle problem loans quickly and effectively.

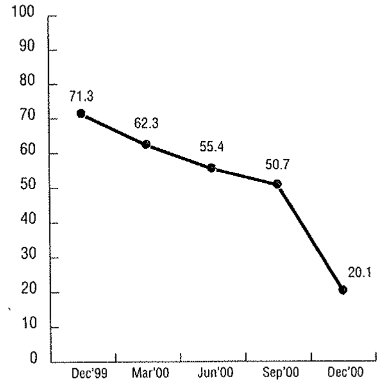
Our credit restructuring involves a nineteen-step process in which debtors are engaged through negotiations (steps 1-16), final negotiation (step 17), debt restructuring agreement (step 18) and implementation (step 19). As at year end 2000, CRU reached step 19 on approximately IDR 30.03 trillion of restructured loans, accounting for more than 83% of the total restructuring efforts involving IDR 36.28 trillion of classified loans. In consequence, the quality of Bank Mandiri's loan collectibility increased significantly. The ratio of non performing loans to total outstanding loans decreased substantially from 71.25% at year end 1999 to 20.10%, and, on the basis of restructuring currently in progress, is expected to decrease further to around 5% by year-end 2001.

The CRU likens itself as the intensive care unit of a hospital, where bad debts are taken in for immediate treatment, to be carefully nurtured back to health, for their eventual return to Bank Mandiri's business units. In the business units, newly rehabilitated loans are monitored closely for a period of several months to several years. If they indicate signs of relapsing they are returned to the CRU.

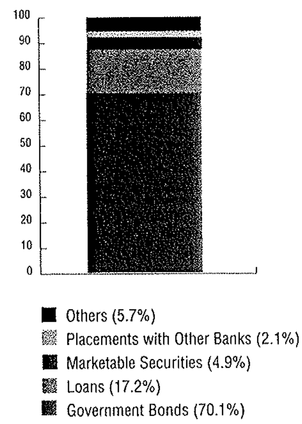
INTEREST EARNING GOVERNMENT BONDS

As one of the banks created under the Indonesian bank recapitalization program, Bank Mandiri holds government recapitalization bonds amounting to IDR 175.40 trillion at year end 2000. These bonds carry fixed and floating interest-rate yields ranging between 8.66% and 16.5%. In 2000 the bonds generated more than IDR 20.20 trillion in interest income for Bank Mandiri.

NON PERFORMING LOANS
(As a Percentage of Total Loans)



EARNING ASSETS (%)



BANK MANDIRI SEES SIGNIFICANT FEE-BASED INCOME GROWTH POTENTIAL FROM THE RECOVERY OF MERCHANT BANKING ACTIVITIES IN INDONESIA INVOLVING LOAN SYNDICATION, PROJECT FINANCE AND TRADE FINANCE.

FEE-BASED INCOME

To minimize our exposure to market risks associated with interest rates, Bank Mandiri continues to pursue aggressively opportunities in fee-based transactional banking services. These include the expansion of our consumer banking franchise and enhancement of our international correspondent banking relationships, as well as basic banking transactions services such as remittance, collection and payment facilities.

Particularly in the area of cash management, Bank Mandiri is committed to becoming a major player through competitive pricing, extensive branch networking and broad product offerings that range from basic electronic banking facilities, CMS-Mandiri, to more sophisticated services such as customized collection and disbursement and automated cash cascading mechanisms.

Fee-based income (excluding foreign exchange gain) amounted to IDR 824.6 billion in 2000. In the longer term, as Indonesia's economic recovery gains momentum, we see fee based growth in the recovery of merchant banking activities involving syndication, project finance and international trade finance. Bank Mandiri actively participates in domestic and regional syndicated loans and also takes related agency roles such as facility agent and security agent.

A POSITIVE APPROACH TO LOAN WORKOUTS BY BANK MANDIRI HAS LED TO A HIGH DEGREE OF COOPERATION FROM DEBTORS, RESULTING IN THE SIGNIFICANT DECLINE OF NON PERFORMING LOANS.

OUR PEOPLE & ORGANIZATION

In any merger, managing the integration of employees is one of the most difficult tasks. Streamlining operations, selecting personnel and recruitment are therefore success stories at Bank Mandiri in 2000. From a total of 26,609 people inherited from the legacy banks, Bank Mandiri reduced employees to 18,016 at year end 2000. They comprised 15,898 people selected from the legacy banks, 2,100 new recruits and 18 executive management.

EFFICIENCY AND PRODUCTIVITY

The streamlining has resulted in tremendous improvements in both cost efficiency and productivity. Operating expenses, of which personnel salaries and expenses account for a significant portion, were reduced by approximately 54% to IDR 3.21 trillion in 2000. Productivity per employee increased from minus IDR 932.78 million in 1999 to IDR 547.68 million in 2000.

Improvements in human resources were not confined to numbers alone. Bank Mandiri also made major strides in qualitative terms. Skill and competencies were naturally enhanced by our rigorous selection and recruitment process. A basic framework for the development of human resources has been introduced through the formulation of a new human resources system and policies. This framework promotes personnel enhancement through an integrated performance appraisal and reward system which encourages people to become more professional, customer-driven and profit-oriented. To reinforce this new system Bank Mandiri has developed the Mandiri Integrated Personnel Information platform, using the IBM AS400 system. This continually updates information and performance data on all Bank Mandiri personnel throughout its branch operations. Key Performance Indicators were also developed as part of the Personnel Performance Appraisal System, paving the way for the adoption of a fair and equitable remuneration system based entirely on merit by "paying the right people the right amount of compensation for the right reason".

PRODUCTIVITY PER EMPLOYEE WAS MORE THAN IDR 540 MILLION IN 2000, AN IMPROVEMENT OF 159% OVER 1999.

TASK-ORIENTED STRUCTURE

Bank Mandiri has also adopted a highly task oriented organizational structure designed to address not just the merger integration but also continuing business and system development. Designed with the help of a leading international management consultant, Bank Mandiri's organizational

AN INTEGRATED PERFORMANCE APPRAISAL AND REWARD SYSTEM ENCOURAGES PEOPLE TO BECOME MORE PROFESSIONAL, CUSTOMER-DRIVEN AND PROFIT-ORIENTED.

structure focuses on five key areas: Business Development, Treasury and International, Risk Management and Credit Restructuring, Operations and Financial Control.

Business Development encompasses retail banking, commercial banking, corporate banking, government relationship banking and product and business development, representing Bank Mandiri's main growth engines today and in the future. Treasury and International covers treasury and capital markets, and with international banking, represents the bank's liquidity management centre. Risk Management and Credit Restructuring is responsible for credit restructuring of bad debts in the wake of the Asian financial crises and credit risk management for current loan assets. Operations covers human resources and general affairs, head office, trade services, card centre, global market and treasury; as well as information technology which will constitute the backbone of Bank Mandiri's future growth. Financial Control acts as the control for global market and treasury activities, oversees the strategic and business course of the bank on the basis of its financial performance, and provides accounting and management information system support to bankwide operations.

In addition to these five main business lines, Bank Mandiri maintains an Office of Compliance, an Internal Audit Group which is fully reviewed by an Audit Committee, and a Corporate Secretary in charge of the office of the board, corporate communications and legal affairs.

A four member board of commissioners and three managing directors including the President & CEO, constitute the core management board of Bank Mandiri, which will be strengthened with additional managing directors, pending the bank's annual general meeting of shareholders in 2001.

OUR DISTRIBUTION NETWORK

Banking through branches remains the main channel for the delivery of banking services in Indonesia, and a profitable branch network is therefore the key to success. With over 540 branch offices nationwide, Bank Mandiri has a delivery network unmatched in Indonesia, with more cash outlets and ATMs in the nation's highest growth markets than any other bank.

HUB AND SPOKE STRUCTURE

Our branch banking is now configured in a hub-and-spoke structure, enabling 421 "satellite" or "spoke" branches and 71 cash terminals to be effectively close to the customers while sharing the support infrastructure of 54 main or "hub" branches. Bank Mandiri is already enjoying the economy-of-scale benefits of this arrangements, such as a significant decline in operating expenses. Bank Mandiri today delivers more products and services to more customers in more strategic market locations with far fewer branch offices. This frees a substantial amount of capital and resources for investments in other growth opportunities.

The formation of the new hub-and-spoke structure coincided with the integration and rationalization of the branch networks we had inherited. 2000 saw the closure of 194 branch offices, the relocation of 26 branch offices and 60 ATMs. The Branch Network Development Division, in conjunction with the Branch Service Development Division and ten Regional Offices are mainly responsible for this work, which began with the formation of a coordinating division at head office for roll-out of branch offices. Bank Mandiri then took over the controls and coordination of branch offices from legacy banks, formed a regional office organization, and established the branch office organization. A branch roll-out project team was formed, standard operating procedures for branch operations formulated, and funds and retail credit consolidated. Finally, the teams coordinated the standardized application of the new Mandiri brand signature and corporate identity system.

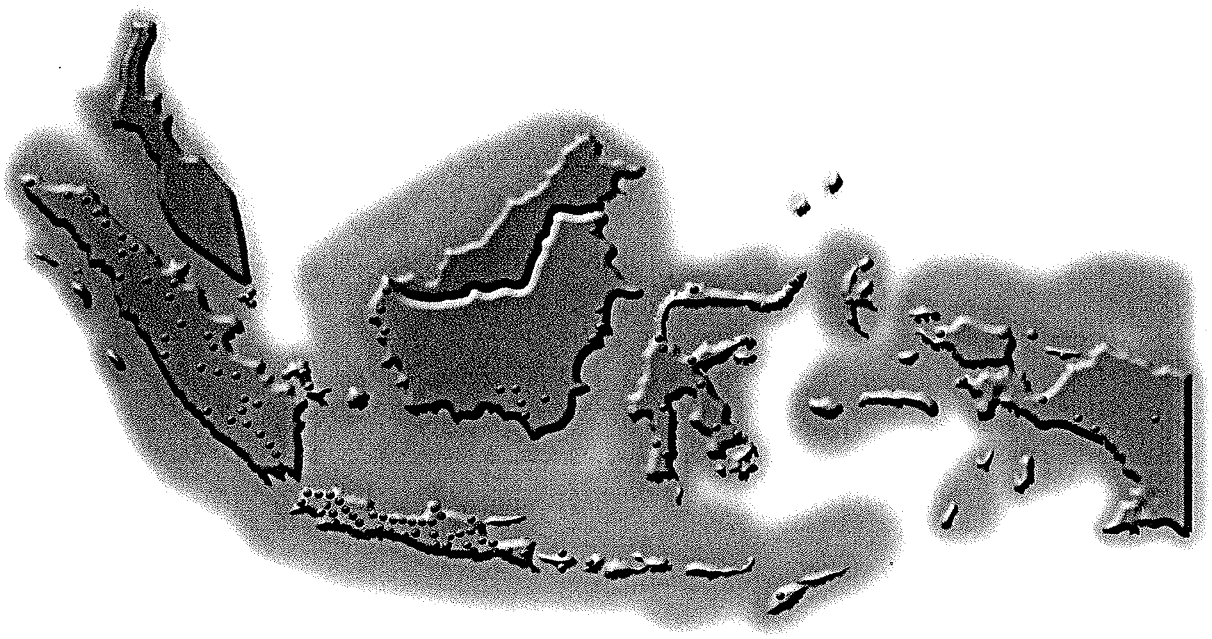
BANK MANDIRI TODAY DELIVERS MORE PRODUCTS AND SERVICES TO MORE CUSTOMERS IN MORE STRATEGIC MARKET LOCATIONS, WITH FAR FEWER BRANCH OFFICES.

PRODUCT RATIONALIZATION

Meanwhile, product rationalization was carried out by way of mapping out three main product categories which are funding, credit and services. From 19 different saving account, 13 checking account and 17 deposit account from the four legacy banks, Bank Mandiri reduced these to five saving account, two checking account, one investment account and three deposit account products.

Overseas, Bank Mandiri maintains five operating offices in Singapore, Hong Kong, London, the Cayman Islands and Cook Islands. Aside from Bank Mandiri (Europe) Limited in London which is a wholly-owned subsidiary of Bank Mandiri, all other offices constitute an offshore branch of Bank Mandiri, with the Hong Kong office being a restricted licence bank. With the exception of the Cook Islands branch, Bank Mandiri offshore operations are licenced to undertake international banking transactions including credit, treasury, trade services and other services.

BRANCH NETWORK



OUR TECHNOLOGY PLATFORM

Technology is a critical issue for Bank Mandiri, not only because it represents one of the most complex aspects of the integration, but because it is the future of every banking operation in the world. With nine different branch banking systems inherited from the Legacy Banks, choosing the best system and integrating everything into a single platform was a major challenge. With the Y2K issue at hand, the timing could not have been any worse. Despite this, the professionalism and dedication of the people involved enabled Bank Mandiri to achieve nearly complete integration by the end of 2000. As a result, we have made the first significant step in improving our level of service quality.

THE MASTER SYSTEM

The process covered four major categories comprising the core retail banking system which includes the general ledger and reporting system as well as branch delivery system; ATMs; the trade finance system which is directly linked to the international banking system for trade finance; and the treasury system.

In 1999, after a thorough evaluation of all key factors, the BEST system of Legacy Bank Exim was chosen and modified into the MASTER, Mandiri Integrated System. During 2000, the MASTER system was implemented in several phases: (i) bankwide system familiarization; (ii) system modification including application development, data conversion, technical infrastructure, system and procedures, training, help desk and deployment; (iii) system implementation in six pilot branches; (iv) roll-out of a pilot hub-branch with 20 spoke-branches, and (v) a phased-in roll-out of all branches. Training centres for the MASTER system were established in six cities, providing training to the respective branch personnel in charge of MASTER before and after the roll-outs. By year end 2000, a total of 444 branch offices had been integrated into the new platform with the remaining branches completed by end of March 2001.

A SINGLE TECHNOLOGY PLATFORM, INTEGRATED FROM NINE DIFFERENT LEGACY SYSTEMS, PROVIDES THE CORE RETAIL BANKING, BRANCH DELIVERY, TRADE FINANCE AND TREASURY SYSTEMS OF BANK MANDIRI.

BANK MANDIRI HAS EARMARKED USD 200 MILLION FOR INVESTMENT IN A NEW STATE-OF-THE-ART BANKING TECHNOLOGY WHICH WILL PROPEL IT TO THE FOREFRONT OF BANKING IN INDONESIA.

The ATM integration was completed in three phases, involving the sequential transition of machines using different back-end host and switching systems, into the integrated MASTER banking system running on the IBM AS/400 platform, using the BASE-24 ATM switching system and running on the Tandem K2002. By the end of 2000, Bank Mandiri had a total of 533 integrated ATM units.

Following evaluation of the legacy trade finance systems, Bank Mandiri decided to use the Bank Trade system application from legacy Bank Bumi Daya for its back office trade finance application system. This system was modified during 2000 and was in use in 11 Bills Processing Centres by year end 2000.

The integration for the treasury system was seconded to the integration process for treasury itself.

INVESTMENT FOR THE FUTURE

Despite these successes, we recognize that the current platform cannot accommodate the bank's future business expansion and growth. As a result, Bank Mandiri has earmarked USD 200 million for investment in a single, bankwide technology platform to be acquired and developed over the next three years. This new state-of-the-art platform will enable Bank Mandiri to keep abreast of advances in banking technology internationally and to leapfrog to the forefront of banking in Indonesia. It will enhance delivery, offering multi channel capabilities via Internet, electronic and mobile banking. It will enable Bank Mandiri to enhance the features of its ATM terminals, making them into virtual banking centres offering various banking transactions and services. The system will also greatly expand the number of products that can be delivered and improve delivery times and risk management.

OUR COMMUNITIES

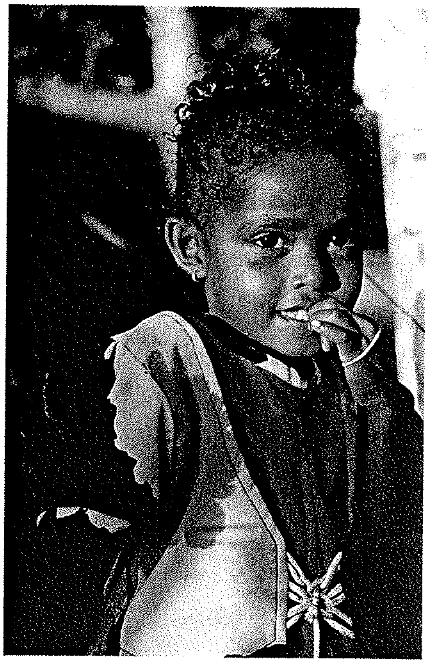
As the largest bank and one of the largest companies in Indonesia, Bank Mandiri has a great responsibility to be a leader and to contribute to our communities. It is a responsibility that we welcome gladly and bear proudly in relation to what we want to achieve and where we want to be in the years to come - a highly successful bank with an impressive record of achievements in business as well as charity, in meeting stockholder expectations as well as community responsibilities.

SERVICE BASED ON PROFITABILITY

Bank Mandiri came from a legacy of businesses where profit was not viewed as the overriding, most important consideration. Instead, it was the welfare of the nation. We have learned from recent experience that a company can only serve a nation if it is a strong and profitable company.

Armed with this new perspective, Bank Mandiri regards community development activities as an important consideration. But our highest priority must remain to achieve good financial results.

Hence we contribute to charities and community causes whenever we can and on a need basis. In 2000, some of these contributions included donations to the refugees of the Sampit tragedy, victims of the Bengkulu earthquake, and an IDR 859,500,000 purchase of UNICEF greeting cards in support of UNICEF's programs in Indonesia.



WE WANT TO BE A SUCCESSFUL BANK THAT CAN MEET BOTH STOCKHOLDER EXPECTATIONS AND COMMUNITY RESPONSIBILITIES.

FINANCIAL REVIEW

MANAGEMENT'S DISCUSSION & ANALYSIS OF THE BANK'S FINANCIAL CONDITION & RESULTS OF OPERATIONS

PT Bank Mandiri (Persero), hereinafter referred to as "Bank Mandiri" or the "Bank", was established on October 2, 1998, as a commercial banking institution wholly-owned by the Government of Indonesia. On July 31, 1999, four other state-owned banks, namely PT Bank Bumi Daya (Persero), PT Bank Dagang Negara (Persero), PT Bank Ekspor Impor Indonesia (Persero) and PT Bank Pembangunan Indonesia (Persero) were merged into Bank Mandiri. The establishment of Bank Mandiri was thus part of the Government's effort in resolving the crisis in the country's banking sector, and in particular the revitalization of state-owned banks.

''' OPERATING RESULTS '''

(in millions of IDR, for the period ending December 31)	2000	1999
Net interest income (expenses)	5,924,002	(21,743,281)
Other operating income	3,942,943	3,455,182
Reversal of / (provision for) possible losses on earning assets	1,463,556	(31,999,387)
Provision for possible losses on other assets	(5,274,382)	(4,747,325)
Salaries and employee benefits *)	(1,863,221)	(5,246,084)
General and administrative expenses	(1,349,737)	(1,809,511)
Other expenses	(1,158,997)	(5,241,007)
Non-operating income (expenses)	339,315	(449,314)
Profit (loss) before provision for income tax and minority interest	2,023,479	(67,780,727)
Provision for income tax **)	(311)	(4,304)
Profit (loss) before minority interest	2,023,168	(67,785,031)
Minority interests in net profit of consolidated subsidiaries	(731)	(11,011)
Net profit (loss)	2,022,437	(67,796,042)

*) Includes IDR 0.5 trillion as provision for severance and service entitlement in line with the new regulation of the Ministry of Manpower.

**) Subsidiary Companies

NET INTEREST INCOME (EXPENSES)

Bank Mandiri booked a net interest income of IDR 5.9 trillion in 2000, compared to a net interest expense of IDR 21.7 trillion in 1999. The negative interest income in 1999 was mainly due to the negative spread experienced by the legacy banks due to the prevailing condition of the Indonesian banking sector during the year. This condition improved considerably in 2000, enabling the Bank to record a net interest margin (NIM) of 2.57% during the year.

Net interest income is derived from total interest and investment income, which includes income from fees and commissions related to loans, deducted by interest expenses and other financial charges. In 2000, interest and investment income from the Bank's interest-earning loan portfolios, marketable securities, placement with other banks as well as fees and commissions amounted to IDR 26.9 trillion, compared to IDR 14.1 trillion in 1999. The majority of interest income came from government bonds, which accounted for IDR 20.2 trillion, or 75.0%, of total interest and investment income in 2000.

Total interest expenses and other financing charges incurred over the Bank's time deposits, demand deposits and saving accounts, borrowings, promissory notes and others, amounted to IDR 21.0 trillion in 2000, compared to IDR 35.9 trillion in 1999. The decline was primarily attributable to falling interest rates which had significantly reduced the interest cost on the Bank's time deposits from IDR 29.5 trillion in 1999 to IDR 14.1 trillion in 2000.

OTHER OPERATING INCOME (EXPENSES)

Other operating income, comprised of gains on foreign exchange and other commissions and fees, amounted to IDR 3.9 trillion in 2000 compared to IDR 3.5 trillion in 1999. A significant portion of other operating income was contributed by gains on foreign exchange, which amounted to IDR 3.1 trillion in 2000.

Other operating expenses, comprised of provisions for earning asset losses, provisions for losses on other assets, general and administrative expenses, employee salaries and benefits and other expenses totalled IDR 8.2 trillion in 2000 compared to IDR 49.0 trillion in 1999. The significant decline in the Bank's other operating expenses was mainly due to the decline in provisions for earning asset losses, which declined from IDR 32.0 trillion in 1999 to a reversal of possible losses on earning assets of approximately IDR 1.5 trillion in 2000. The amounts represent provisions set aside for the allowance of possible losses on earning assets including loans, marketable securities, government bonds, placement with other banks and investment in equities. Owing to a significantly improved loan portfolio as a result of loan workouts and restructuring, and the completed transfer of the Bank's bad debt portfolio to the Indonesian Bank Restructuring Agency (IBRA), provisioning on possible loan losses was significantly less in 2000 compared to 1999. On the other hand, provision for possible losses on other assets, which in 2000 accounted for the largest component of other operating expenses, increased from IDR 4.7 trillion in 1999 to IDR 5.3 trillion in 2000, reflecting primarily the Bank's provision coverages on possible losses on open items currently under process of settlement.

In 2000, general and administrative expenses, and employee salaries and benefits, amounted to IDR 1.3 trillion and IDR 1.9 trillion, respectively. In 1999, the respective amounts were IDR 1.8 trillion and IDR 5.2 trillion. The amount of employee salaries and benefits in 2000 included provisionary reserves of approximately IDR 0.5 trillion for severance and service entitlement in compliance with a new ruling of the Ministry of Manpower. While in 1999, employee salaries and benefits took into account expenses for the Bank's Voluntary Separation Scheme.

OPERATING INCOME (LOSS)

As a result of the above, Bank Mandiri booked an operating income of IDR 1.7 trillion in 2000, compared to an operating loss of IDR 67.3 trillion in 1999.

NET PROFIT (LOSS)

After accounting for non-operating income (expenses), minority interest in net loss (profit) of consolidated subsidiaries, as well as provisions for income tax of consolidated subsidiaries, Bank Mandiri booked a net profit of IDR 2.0 trillion in 2000, compared to a net loss of IDR 67.8 trillion in 1999. This represents a Return on Assets (ROA) and Return on Equity (ROE) of 0.86% and 23.49%, respectively, in 2000.

CHANGES IN FINANCIAL POSITIONS

(in millions of IDR, as of December 31)	2000	1999
Total assets	246,705,038	225,944,862
Total liabilities	238,360,582	217,059,113
Total shareholder's equity	8,341,136	8,875,302

LIQUIDITY

The Bank strives to maintain a healthy liquidity by keeping its current assets at adequate levels to cover its maturing liabilities at any given period. The Bank's asset and liability management committee (ALCO), the membership of which comprises the Board of Directors and senior management personnel, ensures that cash flow requirements of depositors and borrowers as well as the Bank's operations are met.

The Bank derives its funding primarily from core deposits, interbank borrowings, commercial paper and other short-term borrowings, and to a certain extent, the sale of government bonds. Core deposits, comprising of demand, savings, time and certificates of deposits, provide a sizeable source of relatively stable funds, and particularly for savings deposits, represent also the Bank's low-cost funds. Core deposits funded approximately 66.45% and 65.47% of average total assets in 2000 and in 1999, respectively. In 2000, the Bank was able to reduce its funding cost by increasing both its demand and savings deposits while at the same time decreasing its time deposits. The following table gives the composition of the Bank's third-party deposits as at year-end 2000 and 1999.

(in millions of IDR)

Third-Party Deposits	2000	1999
Demand deposits	36,299,568	19,844,638
Savings	18,030,147	14,305,273
Time deposits	109,204,741	113,214,983
Certificates of deposits	388,899	565,218
Total Third-Party Deposits	163,923,355	147,930,112

A critical issue on deposits, which had a material effect on the Bank's liquidity in the early stages of merger, was a government ruling which sought to limit the exposure of insurance and pension funds on any one bank. Since a sizeable amount of the Bank's deposits were derived from the deposits of several major insurance and pension funds which used to have their funds spread over the four legacy banks, these funds suddenly found themselves over the exposure limit with Bank Mandiri. This led to the substantial withdrawals which affected the Bank's liquidity. However, with respect to the extraordinary nature of the Bank Mandiri merger formation, the Bank was able to obtain a government waiver of said ruling, and the matter has since been resolved and liquidity restored.

The Bank's liquid assets include cash, current accounts and placements with Bank Indonesia and other banks, and other liquid securities and commercial papers maturing in one year or less. Liquidity is additionally maintained through maturity gapping analyses which compare the maturities of current assets versus short-term liabilities. The following table compares the ratio of current assets to total assets as well as current assets to total deposits at year-end 2000 and 1999.

Ratio	2000	1999
Current assets to total assets	6.0%	6.5%
Current assets to total deposits	9.0%	10.0%

Comparative analysis of year-to-year liquidity could also be reviewed from the changes that appear in the consolidated statement of cash flows for 2000 versus 1999. The statement of cash flows covers operating, investing and financing activities. Operating activities include a net profit of IDR 2.02 trillion, adjusted for non-cash items and changes in operating assets and liabilities, all of which contributed to a IDR 6.6 trillion in net cash proceeds for 2000. Investing activities comprised of both proceeds from and purchases of securities and capital assets, all of which incurred a net cash used of IDR 8.0 trillion in 2000. Financing activities show net proceeds of IDR 1.2 trillion from securities issuance and IDR 8.0 trillion from borrowings and subordinated loans, among other financing activities, which provided a net cash of IDR 6.9 trillion for the year under review.

EARNING ASSETS

The Bank's total earning assets, net of allowance for possible loan losses, amounted to IDR 220.5 trillion as at year-end 2000, compared to IDR 200.3 trillion a year ago. Earning assets comprised primarily of government bonds and outstanding loans and, to a certain extent, placement with other banks, marketable securities and equity investments.

GOVERNMENT BONDS

Government bonds in connection with the Bank's recapitalization totalled IDR 175.40 trillion in 2000, up from IDR 163.35 trillion in 1999. The increase reflected the movements in the value of the government bonds held by the Bank in connection with their sales and purchase by the Bank during the year as well as their intrinsic values as at year end. In 2000, the Bank repurchased IDR 14.0 trillion of government bonds from Bank Indonesia under a repurchase agreement in 1999, and returned to the government a total of IDR 2.66 trillion of bonds that were in excess of the Bank's recapitalization requirements.

The composition of Government Bonds as of December 31, 2000 and 1999, is as follows:

(in millions of IDR)

Type of Bonds	2000	1999
- Variable rate bonds	100,599,257	101,749,000
- Fixed rate bonds	50,277,199	35,611,000
- Hedge bonds	24,518,840	25,992,500
Total Government Bonds	175,395,296	163,352,500

LOANS OUTSTANDING

Total loans outstanding at year-end 2000 amounted to IDR 42.3 trillion, relatively unchanged from IDR 43.8 trillion at year-end 1999. In 2000, Bank Mandiri underwrote approximately IDR 5.7 trillion of new loans and gained IDR 5.9 trillion in the book value of its loans from foreign currency translation. At the same time, the Bank wrote off loan assets amounting to IDR 3.5 trillion, transferred to IBRA some IDR 5.0 trillion in loan assets, received loan repayments amounting to IDR 2.6 trillion and collected IDR 2.0 trillion from credit restructuring . All this resulted in the relatively unchanged outstanding loans referred to above. The following tables give the composition of the Bank's loan portfolios according to type of loans, sectoral distribution and maturities.

Type of Loans (in millions of IDR)	2000	1999
Working capital loans	15,258,163	15,667,904
Investment loans	12,704,800	16,915,200
Government program loans	2,636,689	3,898,134
Export loans	3,434,841	4,824,678
Syndicated loans	7,770,292	1,744,298
Consumer loans	481,426	588,983
Employee loans and others	736,328	373,764
Total Loans	43,022,539	44,012,961

(in millions of IDR)

Type of Industry	2000	1999
Manufacturing	18,259,928	16,887,838
Agriculture	5,177,684	6,455,449
Trading, restaurant and hotel	7,646,029	7,305,687
Construction	1,789,822	2,506,149
Other business services	2,841,628	2,557,174
Transportation, warehousing and communication	2,782,049	2,304,162
Electricity, gas and water	906,834	662,378
Social services	152,338	202,669
Mining	436,457	391,114
Others	3,029,770	4,740,341
Total Loans	43,022,539	44,012,961

(in millions of IDR)

Loan Terms	2000	1999
Less than 1 year	14,871,626	12,945,181
1 - 2 years	4,283,504	44,965
2 - 5 years	3,626,579	25,203
More than 5 years	20,240,830	30,997,612
Total Loans	43,022,539	44,012,961

The Bank provided a sufficient amount of provisions to cover the possibility of loss from uncollectible loans. The following tables show the changes in the balance of allowance for possible loan losses and the collectibility classification of the Bank's loan portfolios for the years under review.

(in millions of IDR)

Changes in the Balance of Allowance for Possible Loan Losses	2000	1999
Balance, January 1	22,131,786	22,973,003
Provisions (reversal) during the period	(3,132,557)	11,820,735
Recoveries of loans previously written-off	910,406	762,555
Loans written-off	(8,505,300)	(13,642,330)
Foreign exchange translation adjustments	1,095,613	217,823
Balance, December 31	12,499,948	22,131,786

(in millions of IDR)

Loan Collectibility	2000	1999
Current	19,153,518	8,793,591
Special mention	15,350,356	4,033,229
Sub-standard	3,395,600	5,397,942
Doubtful	1,864,289	4,399,505
Loss	3,258,776	21,388,694
Total	43,022,539	44,012,961

INVESTMENTS IN SHARES OF STOCK

Aside from equity stakes in consolidated subsidiary companies, Bank Mandiri also has investments in shares of stock of unlisted companies, either as a long-term investment or temporary investment as part of loan recovery and work-out processes. By the end of 2000, several of the Bank's subsidiaries had been liquidated. Accordingly, the Bank's investments in shares of stock, net of allowance for possible losses, declined significantly to IDR 22.0 billion at year-end 2000, from IDR 233.2 billion in 1999.

EQUITY

The Bank's total equity as at year-end 2000 amounted to IDR 8.3 trillion, compared to IDR 8.9 trillion as of a year earlier. Changes in the Bank's equity mainly reflected a decrease in the additional paid-in capital account, due to the return of IDR 2.7 trillion of government bonds to the government. However, the Bank posted a net profit of IDR 2.0 trillion which partially compensated for the decrease in additional paid-in capital.

CAPITAL ADEQUACY

As at year-end 2000, the Bank's capital adequacy ratio (CAR) was 31.29%, improving significantly from 15.93% a year earlier. A significant contributing factor to the improvement was the change in Bank Indonesia's capital adequacy rules (in line with Bank of International Settlement standards) to allow provisions for earning assets losses to be deducted against risk-weighted assets. The following table gives the calculation of the Bank's capital adequacy at year-end 2000 and 1999.

(in millions of IDR, except stated otherwise)

Capital Adequacy	2000	1999
Tier–I capital	7,122,266	6,078,015*)
Tier–II capital	6,209,802	5,193,585
Total capital	13,332,068	11,271,600
Risk–weighted assets	40,158,171	61,547,596
Risk–weighted off-balance sheet exposure	2,449,908	9,222,794
Total risk–weighted assets	42,608,079	70,770,390
Capital Adequacy Ratio	31.29%	15.93%

*) After accounting for the return of IDR 2.7 trillion of government bonds which was carried out in 2000.

RISK MANAGEMENT

The Bank pursues an effective and rigorous risk management policy, developed and established throughout its business units with the help of a leading global bank and in line with international best practice. Since early 2000, the Bank has fostered a new risk management culture where the assessment and control of risks are perceived as an ongoing process, and shared widely and equally among different business units. This is a far cry from previous norms of the legacy banks, and is therefore a crucial undertaking of the Bank in order to create, sustain and enhance a strong risk management culture, going forward.

At Bank Mandiri today, risk management begins with the definition of business goals, policies and strategies. It continues with the identification, assessment, management and control of all risks associated with the Bank's activities, ending with evaluation and validation of the outcome of the business objectives and strategies. In addition to clear policies, standard operating procedures and risk acceptance/measurement criteria across all business units and product categories, successful risk management requires a strong commitment from senior management, all of which have been made available at Bank Mandiri.

Since early 2000, all of the Bank's risk management activities have been consolidated under a Risk Management Directorate which is responsible for the management and control of the Bank's three main risk categories: market risks, credit risks, and operational and legal risks.

MARKET RISK

Market risk involves the possibility of loss arising from changes in the values of financial instruments and/ or securities as a result of movements of interest or currency exchange rates, market prices and volatilities. The Risk Management and Control Group (RMCG) ensures that risks associated with market movements are comprehensively identified, accurately measured and effectively controlled. The main technique used by RMCG to measure and manage market risk exposures is the Value at Risk (VaR) method, a standard market risk measurement tool widely used by leading financial institutions throughout the world. The parameters and procedures of VaR meet the quantitative requirements of Basle Committee on Banking Supervision as well as those of the Bank of International Settlement. VaR application at Bank Mandiri uses the Plato software that provides an integrated means to monitor and control risks associated with the Bank's Treasury and Global Market activities. Value at risk is calculated for every 10-day holding period as per BIS guidelines with 99% confidence level. Calculation is based on the volatility parameters and correlation matrices of Riskmetrics™ developed by JP Morgan and Reuters. Measurements are taken daily for all of the Bank's open positions in its Global Market and Treasury activities including that of the government recapitalization bonds.

CREDIT RISK

Credit risk is the risk associated with the possibility that a counterparty of the Bank is unable to meet its obligation to the Bank. To mitigate credit risks, Bank Mandiri employs the "Four Eyes" principle in which decisions with regards to credits have to be made by at least two parties who are independent of each other, in this case a party of the business unit and another party of the risk management unit. In addition, the Bank maintains adequate portfolio risk monitoring and control on the basis of quantitative as well as qualitative analyses on various factors including the overall portfolio quality, areas of concentration by industry or geography, exposure to currency exchange risks and others.

OPERATIONAL/LEGAL RISK

Operational and/ or legal risks are those associated with the possibility of loss arising from work negligence, faulty systems or procedures, fraud, security issues, and risks associated with legal, political, business and environmental issues. Bank Mandiri has sought to mitigate these risks through effective and comprehensive policies, working systems and procedures, internal controls, management information systems, communication systems, fraud detection and separation of duties and responsibilities. The Bank continues to develop and enhance policies on operational and legal risks management, formulate standards and techniques used in this particular area of risk management and control, and protect itself against such risks by reviewing current products, policies, documentation and other banking operations.

COMPENSATION & BENEFITS

As part of its strategy to attract, retain and motivate the best people in the banking sector, Bank Mandiri makes it a point to provide one of the most competitive and attractive employee compensation and benefit schemes in its industry. In 2000, salaries and employee benefits, including approximately IDR 0.5 trillion in provision for severance and service entitlement, totalled IDR 1.86 trillion, of which salaries and allowances provided to members of the Board of Commissioners, Board of Directors and Executive Officers amounted to IDR 26.43 billion.

RESPONSIBILITY FOR FINANCIAL REPORTING

This Annual Report and the accompanying financial statements and related financial information, are the responsibility of the management of PT Bank Mandiri (Persero), and have been approved by members of the Board of Commissioners and the Board of Directors whose signatures appear below.

BOARD OF COMMISSIONERS

BINHADI
Chairman

SOEDARJONO
Commissioner

MARKUS PARMADI
Commissioner

SABANA KARTASASMITA
Commissioner

BOARD OF DIRECTORS

E.C.W. NELOE
President & CEO

I WAYAN PUGEG
Managing Director

AGUS MARTOWARDOJO
Managing Director

HERU RATNA AZIMADA
Executive Vice President

KEAT LEE
Executive Vice President

Consolidated Financial Statements
With Report of Independent Auditors
December 31, 2000 and 1999

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES

Ernst & Young
Hanadi, Sarwoko & Sandjaja

ERNST & YOUNG
Hanadi, Sarwoko & Sandjaja

Registered Public Accountants
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Tower I, 13th Floor
Jl. Jend. Sudirman Kav. 52–53
Jakarta 12190, Indonesia
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Report of Independent Auditors

The Shareholder and the Boards of Directors and Commissioners
PT Bank Mandiri (Persero)

We have audited the accompanying consolidated balance sheet and consolidated statement of commitments and contingencies of PT Bank Mandiri (Persero) (herein referred to as "Bank Mandiri") and Subsidiaries as of December 31, 2000, and the related consolidated statements of profit and loss, changes in shareholder's equity/(capital deficiency) and cash flows for the year then ended. These consolidated financial statements are the responsibility of Bank Mandiri's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Bank Mandiri's subsidiaries and overseas branches, which statements reflect assets constituting 14.02% of total consolidated assets as of December 31, 2000, and interest and investment income constituting 9.51% of total consolidated income from such sources for the year ended December 31, 2000. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to data included for such subsidiaries and overseas branches, is based solely on the reports of the other auditors. We also did not audit the consolidated financial statements of Bank Mandiri and its Subsidiaries for the year ended December 31, 1999. The consolidated financial statements of Bank Mandiri and Subsidiaries for the seven-month period ended July 31, 1999 and for the five-month period ended December 31, 1999 have been audited by other auditors, whose reports dated March 20, 2000 and April 29, 2000, respectively, expressed unqualified opinions on those statements prior to the restatements described in Note 3 to the consolidated financial statements, and included an explanatory paragraph regarding the adverse economic conditions in Indonesia.

We conducted our audit in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other independent auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other independent auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position and commitments and contingencies of Bank Mandiri and Subsidiaries at December 31, 2000, and the consolidated results of their operations, changes in equity and their cash flows for the year then ended in conformity with generally accepted accounting principles in Indonesia.

As discussed in Note 2n to the consolidated financial statements, Bank Mandiri recognized the accretion in value of zero coupon instruments related to certain subordinated undated floating rate notes in 2000. This resulted in the restatement of previously issued financial statements.

We also audited the related adjustments described in Note 3 to the consolidated financial statements that were applied to restate the consolidated financial statements for the year ended December 31, 1999. In our opinion, such adjustments are appropriate and have been properly applied.

Further, Note 40 to the consolidated financial statements includes a summary of the effects that adverse economic conditions have had on Bank Mandiri and its Subsidiaries, as well as measures Bank Mandiri and its Subsidiaries have implemented or plans to implement in response to these conditions. The accompanying consolidated financial statements include the effect of the adverse economic conditions to the extent they can be determined and estimated.

Drs. Iman Sarwoko
Public Accountant License No. 98.1.0359
Firm License No. KEP-966/KM.17/1998

April 23, 2001

The accompanying consolidated financial statements are intended to present the consolidated financial position, consolidated commitments and contingencies, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in Indonesia and not those of any other jurisdiction. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherwise stated)

	Notes	2000	1999 Restated (Note 3)
ASSETS			
Cash		2,050,735	2,042,154
Current Accounts with Bank Indonesia	5	10,940,330	7,960,447
Current Accounts with Other Banks - net of allowance for possible losses of Rp10,286 (1999: Rp47,687)	6	1,030,582	4,733,576
Placements with Other Banks and Financial Institutions - net of allowance for possible losses of Rp80,597 (1999: Rp59,726)	7	4,023,232	3,024,223
Securities - net of unamortized interest of Rp35,881 (1999: Rp11,219) and allowance for possible losses and decline in value of securities of Rp940,950 (1999: Rp672,381)	8	8,429,857	6,837,492
Government Bonds	1,4,9,19,39b	175,395,296	163,352,500
Trade Documents and Other Facilities - net of allowance for possible losses of Rp1,798,125 (1999: Rp619,910)	10	1,082,951	275,530
Loans			
Related parties	11,33,39c	505,005	2,393,496
Third parties		42,517,534	41,619,465
		43,022,539	44,012,961
Less: Allowance for possible losses		(12,499,948)	(22,131,786)
Net		30,522,591	21,881,175
Investments in Shares of Stock - net of allowance for possible losses of Rp363,093 (1999: Rp323,767)	12,33	22,005	233,156
Premises and Equipment - net of accumulated depreciation and amortization of Rp1,464,391 (1999: Rp1,212,886)	13,33	1,119,443	1,210,773
Other Assets	14,23,24,33		
Accrued income		3,302,282	2,405,532
Receivables		2,461,935	1,686,810
Prepaid tax		366,053	303,878
Prepaid expenses		460,725	197,610
Others		5,497,021	9,800,006
Total Other Assets		12,088,016	14,393,836
TOTAL ASSETS		**246,705,038**	**225,944,862**

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherwise stated)

	Notes	2000	1999 Restated (Note 3)
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Deposits			
Demand deposits	15,33	36,299,568	19,844,638
Savings deposits	16,33	18,030,147	14,305,273
Time deposits	17,33	109,204,741	113,214,983
Certificates of deposit - net of unamortized interest of Rp1,912 (1999: Rp2,818)		388,899	565,218
Total Deposits		163,923,355	147,930,112
Other Current Liabilities		216,615	4,713,518
Accrued Expenses		2,011,241	1,847,801
Taxes Payable	18	371,716	3,183,863
Fund Borrowings	19	34,459,122	27,035,213
Securities Issued	20	6,681,618	5,475,126
Obligations under Capital Lease	22,33	9,749	9,679
Other Liabilities	3,21,39e	21,171,263	18,302,121
Subordinated Loans	23,39d	6,462,878	5,848,180
Loan Capital	24	3,053,025	2,713,500
Total Liabilities		238,360,582	217,059,113
Minority Interests in Net Assets of Consolidated Subsidiaries		3,320	10,447
Shareholder's Equity			
Share Capital - Rp1,000,000 (full amount) par value per share; authorized - 16,000,000 shares; issued and fully paid - 4,251,000 shares	1,3,4,25	4,251,000	4,251,000
Additional Paid-in Capital	3,4,25	175,092,004	177,749,004
Paid-in Capital in Excess of Par Value	25	814	814
Differences Arising from Translation of Foreign Currency Financial Statements	2b	138,024	15,587
Unrealized Losses on Securities Available for Sale		(22,040)	-
Premises and Equipment Revaluation Increment	2k	9,788	9,788
Accumulated Losses	3	(171,128,454)	(173,150,891)
Total Shareholder's Equity		8,341,136	8,875,302
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**246,705,038**	**225,944,862**

The accompanying notes to consolidated financial statementsare an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Statements of Commitments and Contingencies
December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherwise stated)

	Notes	2000	1999 Restated (Note 3)
COMMITMENTS			
Commitment Receivables			
Unused fund borrowing facilities		289,018	1,125,210
Unrealized spot foreign currency bought	36	250,531	2,256
Forward foreign currency bought	36	660,561	253,791
Cross currency swap receivables	36	232,225	-
Others		44,566	629,714
Total Commitment Receivables		1,476,901	2,010,971
Commitment Payables			
Unused loan facilities granted		8,068,940	6,657,206
Obligation to repurchase assets sold under repurchase agreement	9	1,012,056	14,000,000
Outstanding irrevocable letters of credit	38	5,941,277	3,760,013
Acceptances on import usance letters of credit	38	853,769	1,667,187
Unrealized spot foreign currency sold	36	447,318	2,265
Forward foreign currency sold	36	607,017	604,690
Cross currency swap payables	36	180,277	-
Others		3,185	1,252,320
Total Commitment Payables		17,113,839	27,943,681
Commitment Payables - Net		(15,636,938)	(25,932,710)
CONTINGENCIES			
Contingent Receivables			
Guarantees received from other banks	38	1,783,355	1,718,927
Options on foreign currency bought		-	824
Interest receivable on non-performing loans		7,035,444	8,532,733
Others		19,142	901,176
Total Contingent Receivables		8,837,941	11,153,660
Contingent Payables			
Guarantees issued in the form of:			
Bank guarantees	38	4,428,072	6,358,173
Standby letters of credit	38	2,162,256	2,751,334
Acceptances or endorsement of securities		-	107
Others		856	4,833
Options on foreign currency sold		18,470	-
Others		36,194	371,037
Total Contingent Payables		6,645,848	9,485,484
Contingent Receivables - Net		2,192,093	1,668,176
COMMITMENTS AND CONTINGENCIES - NET		(13,444,845)	(24,264,534)

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Statements of Profit and Loss
For the years ended December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherswise stated)

	Notes	2000	1999 Restated (Note 3)		
			January to December (1 year)	January to July (7 months)*	August to December (5 months)
INCOME AND EXPENSES FROM OPERATIONS					
Interest and Investment Income	26				
Interest and investment income		26,715,188	13,835,762	7,406,113	6,429,649
Fees and commissions		226,921	281,140	201,836	79,304
Total Interest and Investment Income		26,942,109	14,116,902	7,607,949	6,508,953
Interest and Other Financing Expenses	27	(21,018,107)	(35,860,183)	(25,586,662)	(10,273,521)
Net Interest Income/(Expense)		5,924,002	(21,743,281)	(17,978,713)	(3,764,568)
Other Operating Income					
Foreign exchange gain - net	35,36,37	3,118,356	2,356,913	2,849,338	(492,425)
Other fees and commissions		306,290	369,143	263,454	105,689
Others	23,24	518,297	729,126	72,887	656,239
Total Other Operating Income		3,942,943	3,455,182	3,185,679	269,503
Other Operating Expenses					
Reversal of/(provision for) possible losses on earning assets	11B(I)	1,463,556	(31,999,387)	(16,818,857)	(15,180,530)
Provision for possible losses on other assets		(5,274,382)	(4,747,325)	(3,404,325)	(1,343,000)
General and administrative	13,28	(1,349,737)	(1,809,511)	(1,100,217)	(709,294)
Salaries and employee benefits	29,32,33	(1,863,221)	(5,246,084)	(4,708,665)	(537,419)
Others - net		(1,158,997)	(5,241,007)	(152,051)	(5,088,956)
Total Other Operating Expenses		(8,182,781)	(49,043,314)	(26,184,115)	(22,859,199)
PROFIT/(LOSS) FROM OPERATIONS	31	1,684,164	(67,331,413)	(40,977,149)	(26,354,264)
NON OPERATING INCOME/ (EXPENSES) - NET	30	339,315	(449,314)	16,735	(466,049)
PROFIT/(LOSS) BEFORE PROVISION FOR INCOME TAX AND MINORITY INTERESTS		2,023,479	(67,780,727)	(40,960,414)	(26,820,313)
PROVISION FOR INCOME TAX	18	(311)	(4,304)	-	(4,304)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		2,023,168	(67,785,031)	(40,960,414)	(26,824,617)
MINORITY INTERESTS IN NET PROFIT/ (LOSS) OF CONSOLIDATED SUBSIDIARIES		731	11,011	458	10,553
NET PROFIT/(LOSS)	31	2,022,437	(67,796,042)	(40,960,872)	(26,835,170)

* The consolidated statement of profit and loss for the seven month period ended July 31, 1999 represented the results of operations of Bank Mandiri and former PT Bank Bumi Daya (Persero) and Subsidiaries, former PT Bank Dagang Negara (Persero) and Subsidiaries, former PT Bank Ekspor Impor Indonesia (Persero) and former PT Bank Pembangunan Indonesia (Persero), prior to their merger into Bank Mandiri effective July 31, 1999, based on the reports of the other auditors.

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholder's Equity/(Capital Deficiency)
For the years ended December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-Up Capital	Additional Paid-in Capital	Paid in Capital in Excess of Par Value	Donated Capital	Differences Arising from Translation of Foreign Currency Financial Statements	Unrealized Losses on Securities Available for Sale	Premises and Equipment Revaluation Increment	Accumulated Losses	Total Shareholder's Equity/(Capital Deficiency)
Balance as of January 1, 1999, as previously reported	3	4,000,000	22,679,238	-	811,798	90,592	-	20,122	(129,044,712)	(101,442,962)
Predecessor Auditors' adjustments to beginning balances	3,25	-	(22,679,234)	-	(811,798)	-	-	(20,122)	23,511,154	-
Predecessor auditors' audit adjustments to beginning accumulated losses	3	-	-	-	-	-	-	-	(1,383,151)	(1,383,151)
Adjustments to beginning balances	3	-	-	814	-	-	-	9,788	1,561,860	1,572,462
Balance as of January 1, 1999, as restated	3	4,000,000	4	814	-	90,592	-	9,788	(105,354,849)	(101,253,651)
Additional paid-in capital resulting from recapitalization for the seven (7) months ended July 31, 1999	4	-	137,800,000	-	-	-	-	-	-	137,800,000
Additional differences arising from the translation of foreign currency financial statements for the seven (7) months ended July 31, 1999		-	-	-	-	(56,226)	-	-	-	(56,226)
Net loss for the seven (7) months ended July 31, 1999, as restated (*)		-	-	-	-	-	-	-	(40,960,872)	(40,960,872)
Conversion of additional paid-in capital to issued and fully paid-up capital	25	251,000	(251,000)	-	-	-	-	-	-	-
Balance as of July 31, 1999, as restated(*) (**)		4,251,000	137,549,004	814	-	34,366	-	9,788	(146,315,721)	(4,470,749)
Balance, as of August 1, 1999, as restated		4,251,000	137,549,004	814	-	34,366		9,788	(146,315,721)	(4,470,749)
Additional paid-in capital resulting from recapitalization for the five (5) months ended December 31, 1999	4	-	40,200,000	-	-	-	-	-	-	40,200,000
Additional differences arising from the translation of foreign currency financial statements for the five (5) months ended December 31, 1999		-	-	-	-	(18,779)	-	-	-	(18,779)
Net loss for the five (5) months ended December 31, 1999, as restated (**)		-	-	-	-	-	-	-	(26,835,170)	(26,835,170)
Balance as of December 31, 1999, as restated (*)		4,251,000	177,749,004	814	-	15,587	-	9,788	(173,150,891)	8,875,302

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholder's Equity/(Capital Deficiency) (continued)
For the years ended December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-Up Capital	Additional Paid-in Capital	Paid in Capital in Excess of Par Value	Donated Capital	Differences Arising from Translation of Foreign Currency Financial Statements	Unrealized Losses on Securities Available for Sale	Premises and Equipment Revaluation Increment	Accumulated Losses	Total Shareholder's Equity/(Capital Deficiency)
Balance as of January 1, 2000, as restated (*)	3	4,251,000	177,749,004	814	-	15,587	-	9,788	(173,150,891)	8,875,302
Unrealized gains or losses on securities available for sale		-	-	-	-	-	(22,040)	-	-	(22,040)
Additional differences arising from the translation of foreign currency financial statements for the year ended December 31, 2000		-	-	-	-	122,437	-	-	-	122,437
Return of Government Bonds to the Government on July 7, 2000	4	-	(2,657,000)	-	-	-	-	-	-	(2,657,000)
Net profit for the year ended December 31, 2000, before distribution of profit		-	-	-	-	-	-	-	2,022,437	2,022,437
Balance as of December 31, 2000		4,251,000	175,092,004	814	-	138,024	(22,040)	9,788	(171,128,454)	8,341,136

* Refer to Note 3.
** The Consolidated Statement of Changes in Shareholder's Equity/(Capital Deficiency) for the seven (7) month period ended July 31, 1999 represented the changes in capital deficiency of Bank Mandiri and former PT Bank Bumi Daya (Persero) and Subsidiaries, former PT Bank Dagang Negara (Persero) and Subsidiaries, former PT Bank Ekspor Impor Indonesia (Persero) and former PT Bank Pembangunan Indonesia (Persero), prior to their merger into Bank Mandiri effective July 31, 1999, based on the reports of the other auditors.

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherwise stated)

	2000	1999 Restated (Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before provision for income tax and minority interests	2,023,479	(67,780,727)
Adjustments to reconcile profit/(loss) before provision for income tax and minority interests to net cash provided by/(used in) operating activities:		
Depreciation and amortization of premises and equipment	249,019	331,509
Provision for/(reversal of) possible losses on:		
Other earning assets	(3,844,059)	27,955,879
Investments in shares of stock	39,326	925,800
Off-balance sheet accounts with credit - related risk	2,341,177	2,672,661
Provision for other assets	5,274,382	4,747,325
(Increase)/decrease in value of Government Bonds - Hedge Bonds	(6,561,485)	593,542
Decline in value of marked to market Government Bonds - trading portfolio	3,174,202	-
(Gain)/loss on sale of premises and equipment	(1,657)	86,640
Minority interests in net loss of consolidated subsidiaries	(731)	(11,011)
Predecessor auditors' audit adjustments to beginning accumulated losses	-	(1,383,151)
Adjustments to beginning accumulated losses	-	1,764,432
Changes in other operating assets and liabilities:		
(Increase)/decrease in earning assets	(2,545,324)	16,907,791
Decrease/(increase) in other assets	(2,968,561)	(1,706,628)
Increase in demand deposits	16,454,930	1,611,520
Increase in savings deposits	3,724,874	5,509,506
Decrease in time deposits	(4,010,242)	(7,290,768)
Decrease in certificates of deposit	(176,320)	(4,126,383)
Decrease in other current liabilities	(4,496,903)	(262,093)
(Decrease)/increase in taxes payable	(2,812,458)	3,075,297
Increase/(decrease) in accrued expenses	163,440	(471,071)
Increase in other liabilities	527,965	4,983,208
Net Cash Provided by/(Used for) Operating Activities	6,555,054	(11,866,722)

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherwise stated)

	2000	1999 Restated (Note 3)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Government Bonds	-	(176,427,500)
Return of Government Bonds	2,657,000	-
Sale of Government Bonds	5,519,186	14,000,000
Redemption of matured Government Bonds	8,880,000	-
Replacement of matured Government Bonds	(10,866,844)	-
Re-purchase of Government Bonds	(14,000,000)	-
Decrease/(increase) in investments in shares of stock	171,825	(640,738)
Acquisition of premises and equipment	(216,289)	(428,455)
Increase/(decrease) in obligations under capital lease	70	(19,161)
Differences arising from translation of foreign currency financial statements	(126,014)	(75,005)
Net Cash Used for Investing Activities	(7,981,066)	(163,590,859)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/increase in minority interests in net assets of consolidated subsidiaries	(7,127)	503,912
Increase in securities issued	1,206,492	252,408
Increase in fund borrowings	6,536,409	8,880,700
Increase/(decrease) in subordinated loans	1,502,198	(90,880)
Increase/(decrease) in loan capital	339,525	(124,875)
Proceeds from paid-in capital in excess of par value	-	814
Premises and equipment revaluation increment	-	9,788
(Reduction of)/proceeds from additional paid-in capital	(2,657,000)	178,000,000
Net Cash Provided by Financing Activities	6,920,497	187,431,867
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,494,485	11,974,286
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,085,079	12,110,793
CASH AND CASH EQUIVALENTS AT END OF YEAR	29,579,564	24,085,079

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2000 and 1999
(Amounts in millions of Rupiah, unless otherwise stated)

	2000	1999 Restated (Note 3)
Cash and cash equivalents at end of year consists of:		
Cash	2,050,735	2,042,154
Current accounts with Bank Indonesia	10,940,330	7,960,447
Current accounts with other banks	1,040,868	4,781,263
Placements with other banks and financial institutions	4,103,829	3,083,949
Securities	8,378,947	4,051,224
Governments bonds	3,064,855	2,166,042
Total Cash and Cash Equivalents	29,579,564	24,085,079
Activities not affecting cash flows:		
Unrealized Losses on Securities Available for Sale	(22,040)	-
Conversion of additional paid-in capital to share capital	-	251,000

The accompanying notes to consolidated financial statements are an integral part of these consolidated financial statements.

1. GENERAL

PT Bank Mandiri (Persero) (hereinafter referred to as "Bank Mandiri") was established in the Republic of Indonesia on October 2, 1998 under Government Regulation No. 75 of 1998 dated October 1, 1998 and based on notarial deed No. 10 of Sutjipto, S.H. dated October 2, 1998. The deed of establishment was approved by the Minister of Justice in his decision letter No. C2-16561 HT.01.01.Th98 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 acquisition of almost all shares of the Government of the Republic of Indonesia (the "Government") in the former PT Bank Bumi Daya (Persero) ("ex-BBD"), former PT Bank Dagang Negara (Persero) ("ex-BDN"), former PT Bank Ekspor Impor Indonesia (Persero) ("ex-Bank Exim") and former PT Bank Pembangunan Indonesia (Persero) ("ex-Bapindo") (hereinafter collectively referred to as the "Merged Banks"), and by cash payments from the Government.

Bank Mandiri's Articles of Association have been amended several times, most recently by notarial deed No. 98 of Sutjipto, S.H., dated July 24, 1999, concerning among others, the increase in the share capital of Bank Mandiri by the Government. This amendment was approved by the Minister of Justice in his decision letter No. C-13.781.HT.01.04.TH.99 dated July 29, 1999 and published in Supplement No. 252 of the State Gazette No. 77 dated September 24, 1999.

In accordance with Article 3 of the amended Articles of Association, Bank Mandiri is engaged in commercial banking activities which it commenced on August 2, 1999.

Bank Mandiri's head office is located in Jakarta, Indonesia. As of December 31, 2000, Bank Mandiri has ten (10) domestic regional offices and five hundred forty and six (546) domestic branches (1999: 658). The domestic branches comprise fifty four (54) "hubs", four hundred and twenty one (421) "spokes" and seventy one (71) cash outlets. In addition, Bank Mandiri has four (4) offshore branches located in Grand Cayman, Cook Islands, Singapore and Hong Kong and one subsidiary in London, U.K., Bank Mandiri Europe Limited ("BMEL"), as of December 31, 2000 (1999: 5 offshore branches including Tokyo branch and 1 offshore subsidiary). Bank Mandiri Tokyo Branch was closed on September 30, 2000 as approved by the Management of Bank Mandiri. Bank Mandiri's four (4) overseas agency offices in New York and Los Angeles were closed effective July 31, 1999 as decided by the Management of Bank Mandiri in May 1999. The administration of transactions in the closed overseas representative offices was moved to the Grand Cayman Branch.

At the Extraordinary General Meeting held on July 24, 1999 and documented by notarial deeds No. 93, 94, 95, 96, 97 and 98 of Sutjipto, SH., the shareholder of Bank Mandiri, ex-BBD, ex-BDN, ex-Bank Exim and ex-Bapindo approved the merger plan among Bank Mandiri and the Merged Banks. Based on the deed of merger No. 100 dated July 24, 1999 of Sutjipto, S.H., ex-BBD, ex-BDN, ex-Bank Exim and ex-Bapindo were merged into Bank Mandiri. The merger was declared effective by the Chief of the South Jakarta Office of the Department of Industry and Trade in his decision letter No. 09031827089 dated July 31, 1999 (see Note 3). The consolidated balance sheet as of August 1, 1999, reflecting the above-mentioned merger, was audited by an independent accountant.

On May 28, 1999, the Government issued Government Regulation No. 52 of 1999 that provided for the increase in its capital participation in Bank Mandiri through Government Bonds to be issued by the Minister of Finance with a value of up to Rp137,800,000 within the framework of the Government's Recapitalization Program. On December 24, 1999, the Government issued Government Regulation No. 97 of 1999 that provided for the increase in the share capital of Bank Mandiri by Rp42,200,000 (see Note 4).

(Amounts in millions of Rupiah, unless otherwise stated)

1. GENERAL (Continued)

On April 8, 2000, Bank Mandiri and the Government signed a Management Contract which provided for, among others, the return by Bank Mandiri of excess Government Bonds amounting to Rp2,657,000 or equivalent to 2,657,000 (two million six hundred fifty seven thousand) units, to the Ministry of Finance on April 10, 2000, the effective date of the Management Contract (see Notes 4, 9 and 39a).

Based on the Shareholder's Extraordinary General Meeting held on May 17, 2000, E.C.W. Neloe has been appointed as President Director of Bank Mandiri and based on notarial deeds No. 76 and 77 of Sutjipto, S.H. dated November 16, 2000, the members of Bank Mandiri's Boards of Commissioners and Directors are as follows:

Board of Commissioners		
President Commissioner	:	Binhadi
Commissioner	:	Soedarjono
Commissioner	:	Markus Parmadi
Commissioner	:	Sabana Kartasasmita
Board of Directors		
President Director	:	E.C.W. Neloe
Director	:	I Wayan Pugeg
Director	:	Agus Martowardojo

During the Extraordinary General Meeting on July 24, 1999, I Wayan Pugeg was appointed as the Compliance Director of Bank Mandiri. This was approved by Bank Indonesia through its letter No. 1/56/DES/DPIP dated December 8, 1999.

Bank Mandiri's Audit Committee is comprised of:

Audit Committee		
Chairman	:	Soedarjono
Member	:	Soejatna Soenoesoebrata
Member	:	Zulkifli Djaelani

As of December 31, 2000, Bank Mandiri has a total of 18,016 employees (1999:19,606 employees).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of Preparation of the Consolidated Financial Statements*

The consolidated financial statements of Bank Mandiri and Subsidiaries have been prepared in conformity with the Statement of Financial Accounting Standard ("SFAS") No. 31, "Accounting for Banking Industry" of September 1994 and other generally accepted accounting principles established by the Indonesian Institute of Accountants and, where applicable with prevailing banking industry practices and accounting and reporting guidelines prescribed by the bank regulatory authority. SFAS No. 31 was revised and issued in August 1999, and is effective January 1, 2001.

(Amounts in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. *Basis of Preparation of the Consolidated Financial Statements (Continued)*

The consolidated financial statements have been prepared on the accrual and on the historical cost basis of accounting, except for certain premises and equipment which were revalued based on a government regulation, certain securities which are stated at market value, certain Government Bonds which are stated at indexed value, certain investments in shares of stock accounted for under the equity method and interest income on non-performing assets which is recorded on a cash basis.

The consolidated statements of cash flows present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities, using the indirect method. For presentation in the consolidated statements of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with other banks and financial institutions, securities and Government Bonds with original maturities of three (3) months or less at the date of placement.

The details of certain accounts disclosed in the Notes herein, mainly pertaining to periods prior to the legal merger, are not presented on a comparative basis due to the un-availability of such information or the impracticability of presenting the same information in conformity with the presentation in 2000, after the merger, as explained in Note 3.

b. *Principles of Consolidation*

The consolidated financial statements include the accounts of Bank Mandiri and its majority-owned or controlled Subsidiaries. Significant inter-company balances and transactions have been eliminated.

Subsidiaries included in the consolidated financial statements are as follows:

Names of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership 2000	Percentage of Ownership 1999
Bank Mandiri (Europe) Limited	Banking	London	100.00	100.00
PT Asuransi Jiwa Staco Rahardja	Insurance	Jakarta	100.00	100.00*
PT Bank Syariah Mandiri	Banking	Jakarta	99.99	99.99
PT Usaha Gedung Bank Dagang Negara	Building Management	Jakarta	99.00	99.00*
PT Bumi Daya Plaza	Building Management	Jakarta	93.33	93.33*
PT Mandiri Sekuritas	Securities	Jakarta	30.64	-
PT Bumi Daya Sekuritas	Securities	Jakarta	-	65.00

* The investments in PT Asuransi Jiwa Staco Rahardja, PT Usaha Gedung Bank Dagang Negara and PT Bumi Daya Plaza were recorded at cost in 1999 and not consolidated even though the percentage of ownership was more than 50%, as their financial statements were considered immaterial in the context of the consolidated financial statements. For 2000 comparative purposes, we have restated the 1999 accounts to consolidate these entities in the 1999 consolidated financial statements presented herein. (See Note 3.).

Effective July 31, 1999, the financial statements of Bank Mandiri (Europe) Limited (formerly Bank Exim London Branch) were consolidated into Bank Mandiri following the approval of the conversion of the Bank Mandiri London Branch into a subsidiary.

(Amounts in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Principles of Consolidation (Continued)

Bank Mandiri owned almost all shares of stock of PT Bank Syariah Mandiri as of December 31, 2000 and 1999, originating from ex-BDN. While PT Bank Syariah Mandiri is engaged in banking activities in accordance with Islamic "Syariah" principles, it has prepared financial statements for consolidation into the 2000 consolidated financial statements of Bank Mandiri in accordance with the same accounting principles applied by Bank Mandiri. In 1999, as it is not practical to apply the accounting policies adopted by Bank Mandiri for PT Bank Syariah Mandiri, no adjustments were made to its financial statements for consolidation purposes.

PT Mandiri Sekuritas was formed on July 30, 2000 with the merger of PT Bumi Daya Sekuritas, PT Exim Sekuritas and PT Merincorp Securindo. The merger was approved by the Ministry of Law and Legislation of Republic of Indonesia on August 25, 2000. While the share ownership of Bank Mandiri in PT Mandiri Sekuritas is less than 50%, its accounts were consolidated in view of the direct control of Bank Mandiri over the operational and financial activities of PT Mandiri Sekuritas.

The total assets of the subsidiaries as of December 31, 2000 and 1999 amounted to Rp2,062,594 or 0.84% and Rp1,631,605 or 0.72% of the consolidated total assets, respectively.

In 1999, certain Subsidiaries have been excluded from Bank Mandiri's consolidated financial statements due to the following reasons:

Name of Subsidiaries	Reason for Non-Consolidation
Staco International Finance Limited, Hong Kong	In liquidation process
Bumi Daya International Finance Limited, Hong Kong	In liquidation process
BEII (DTC) Limited, Hong Kong	In liquidation process
BDN Bank AG, Dusseldorf	Sold to MM Warburg & Co.
PT Salindo Perdana Finance	Sold to PT Pengelola Investama Mandiri
PT Bank Merincorp	Sold to PT Pengelola Investama Mandiri

Investments in the above previously consolidated subsidiaries which are in the process of liquidation, have been accounted for at cost and the related investments subsequently written-off.

Staco International Finance Limited, Bumi Daya International Finance Limited and BEII (DTC) Limited were closed following the revocation of their operating licenses by the Hong Kong Monetary Authority, after which they entered into liquidation proceedings.

Based on the deed of sale dated August 30, 1999, BDN Bank AG, Dusseldorf was sold to MM Warburg & Co.

Based on various deeds of sale and purchase of shares dated July 29, 1999 of Sutjipto S.H., PT Salindo Perdana Finance and PT Bank Mandiri Merincorp were sold to PT Pengelola Investama Mandiri, a related party (see Note 12).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Principles of Consolidation (Continued)

For consolidation purposes, the accounts of the overseas branches and the Subsidiary in London of Bank Mandiri were translated into Rupiah on the following bases:

(1) Assets, liabilities, commitments and contingencies - using the middle rates as published by Bank Indonesia at the balance sheet date.

(2) Revenues, expenses, gains and losses - using the average middle rates during each month in the financial reporting period.

(3) Shareholders' equity accounts - using historical rates.

(4) Statements of cash flows - using the middle rates as published by Bank Indonesia at the balance sheet date, except for profit and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The resulting net translation adjustment is reported as "Differences Arising from Translation of Foreign Currency Financial Statements" under the Shareholder's Equity section of the consolidated balance sheets.

c. Foreign Currency Transactions and Balances

Bank Mandiri maintains its accounting records in Indonesian Rupiah. Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah at the prevailing rates of exchange as published by Bank Indonesia at the last banking transaction date for the year. The resulting gains or losses are credited or charged to the current year's profit and loss.

As of December 31, 2000 and 1999, the exchange rates used to translate U.S. dollars were Rp9,595 (full amount) and Rp7,100 (full amount) to US$1 (one U.S. dollar), respectively, based on the average of the buying and selling rates for bank notes and export bills as of the last transaction date for the year.

For forward exchange transactions for funding purposes, the difference between a contracted forward rate and the spot rate at the transaction date is recognized as a premium or discount and is amortized proportional over the term of the contract. Such premium or discount is presented as an addition or deduction to interest expense. The difference between the spot rate at the financial statement date and the spot rate at the transaction date for foreign currency forward receivables or payables is treated as revenue or expense in the current year's profit and loss.

For forward exchange transactions for trading purposes, the difference between the contracted forward rate and the spot rate upon maturity is recognized as a foreign exchange gain or loss at the end of the contract period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. *Foreign Currency Transactions and Balances (Continued)*

For interest rate swap transactions for funding purposes, the difference between the original interest rate and the contracted interest rate is presented as an addition or deduction to the cost of funds, and is amortized proportionally over the contract period. For interest rate swap transactions for trading purposes, the difference between the original interest rate and the contracted interest rate is recognized as gain or loss at the end of the contract period.

In relation to issuance of options, a loss resulting from the difference between the contracted option rate and the spot market rate at the financial statement date is recognized as an expense in the current year's profit and loss. A gain resulting from the difference between the contracted option rate and the spot market rate at the financial statement date is not accounted for as revenue for the current year's profit and loss.

d. *Transactions with Related Parties*

Bank Mandiri and its Subsidiaries have transactions with certain related parties. In accordance with Indonesian SFAS No. 7, "Related Party Transactions" related parties are defined as follows:

(1) enterprises that, through one or more intermediaries, control, are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);

(2) associated companies;

(3) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individual (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals, in conjunction with their transactions with the reporting enterprise);

(4) key management personnel, that is, those persons having authority and responsibility for planning, directing, and controlling the activities of the reporting enterprise, including commissioners, directors and managers of the enterprise and close members of the families of such individuals; and

(5) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4), or over which such a person is able to exercise significant influence. This definition includes enterprises owned by the commissioners, directors or major shareholders of the reporting enterprise or enterprises that have a member of key management in common with the reporting enterprise.

All significant transactions with related parties, whether or not conducted under similar terms and conditions as those with third parties, are disclosed in Note 33. Transactions between Bank Mandiri and other state-owned/controlled entities including to the Indonesian Bank Restructuring Agency (IBRA), are not considered as transactions with related parties under SFAS No.7.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Allowance for Possible Losses on Earning Assets and Commitments and Contingencies

Earning assets consist of current accounts with other banks, placements with other banks and financial institutions, securities, Government Bonds, trade documents and other facilities, loans, and investments in shares of stock, and administrative accounts with lending-related risk. Placements with other banks and financial institutions, securities, Government Bonds, trade documents and other facilities, loans and investments in shares of stock are defined in Notes 2f, 2g, 2h, 2i and 2j.

Administrative accounts with credit-related risk consist of outstanding irrevocable letters of credit, outstanding letters of credit under Bank Indonesia's guarantee program, import draft acceptances, guarantees issued in the form of standby letters of credit, bank guarantees and risk sharing.

An allowance for possible losses on earning assets is provided based on management's review of the quality of the earning assets at the end of the year and further considering general economic conditions. The determination of the minimum allowance for possible losses on earning assets of Bank Mandiri and Subsidiaries also takes into consideration the guidelines prescribed by Bank Indonesia on the Provision of Allowances for Possible Losses on Earning Assets. The allowance for possible losses on administrative accounts with lending-related risk is recorded under other liabilities.

The corresponding minimum rates of allowance for possible losses on earning assets are as follows:

Classification	Rate
Current *	1%
Special mention	5%
Sub-standard	15%
Doubtful	50%
Loss	100%

* excluding Bank Indonesia Certificates of Indebtedness (SBIs) and Government Bonds.

The above rates of allowances for possible losses are applied at a minimum, to the outstanding balance of earning assets and administrative account with lending-related risk, net of the value of cash and non-cash collateral, except for earning assets classified as current and special mention wherein the rate is applied to the outstanding balance.

The outstanding balances of earning assets are written off against the respective allowance for possible losses when management of Bank Mandiri and Subsidiaries believe that the earning assets are determined to be definitely uncollectible. Recovery of earning assets previously written-off is recorded as an addition to the allowance for possible losses during the year.

The classification of earning assets into current, special mention, sub-standard, doubtful and loss is determined based on the evaluation by Bank Mandiri's and its Subsidiaries' management of each borrower's business prospects, financial condition and ability to repay, and consideration of the guidelines prescribed by Bank Indonesia regarding the quality of earning assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. *Placements with Other Banks and Financial Institutions, and Trade Documents and Other Facilities*

Placements with other banks and financial institutions represent placements in the form of call money, "fixed-term" placements, time deposits, certificates of deposits and others.

Trade documents and other facilities represent receivables resulting from contracts for facilities given to customers, which are collectible when due.

Placements with other banks and financial institutions, and trade documents and other facilities are stated at their outstanding balances, net of allowance for possible losses.

g. *Securities*

Securities consist of securities traded in the money market such as mutual fund units, Certificates of Bank Indonesia, negotiable certificates of deposits, commercial papers, money market securities, other receivables from Bank Indonesia and securities traded in the stock exchanges such as shares of stock and bonds.

Investments in mutual fund units are stated at market value which is the net assets value of the mutual funds balance at the balance sheet date. Any unrealized gains or losses at the balance sheet date are reflected in current year's profit or loss.

Effective January 1, 1999, in accordance with SFAS No. 50 "Accounting for Certain Investments in Securities", securities are stated based on their respective classifications, as follows:

(1) Securities held for trading purposes are reported at fair value. Unrealized gains/losses resulting from the increase/decrease in fair value are recognized in current year's profit and loss.

(2) Held-to-maturity securities are stated at cost reduced/increased by the amortization of discount or premium.

(3) Available-for-sale securities are reported at fair value. Unrealized gains or losses resulting from the increase/decrease in fair value are not recognized in the current year's profit and loss but are presented as a separate component of the shareholder's equity. Unrealized gains or losses are recognized in the current year's profit and loss upon realization.

Any permanent decline in the fair value of securities is charged to the current year's profit and loss.

Securities are stated net of allowance for possible losses and unamortized interest.

h. *Government Bonds*

Government Bonds represent bonds issued by the Government in connection with the recapitalization of commercial banks. Government Bonds are stated at nominal value, except for bonds that have become available for trading, which are stated at fair value, and for hedge bonds which are stated at the exchange rate of the Rupiah against the U.S. dollar, as published by Reuters on the balance sheet date. As of December 31, 1999, the market value of such bonds was not yet available, hence the portion of bonds which has become tradable starting February 1, 2000 and which should be stated at fair value upon commencement of trading in accordance with PSAK No. 50, was stated at nominal value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Government Bonds (Continued)

The resulting exchange gain or loss arising from the indexing of hedge bonds is charged to current year's profit and loss (see Note 9).

i. Loans

Loans represent the provision of money or equivalent receivables under contracts with borrowers, where borrowers are required to repay their debts with interest after a specified period.

Loans are stated at their balance less the allowance for possible loan losses. Bank Mandiri provides an allowance to absorb probable losses based upon the review of individual credits at year end and further considering general economic conditions.

j. Investments in Shares of Stock

Investments in shares of stock represent long-term investments in non-publicly-listed companies and temporary investments in debtor companies arising from conversion of loans.

Investments in shares representing ownership interests of 20% to 50% are accounted under the equity method, whereby the investments are stated at cost and adjusted for the proportionate share in the net profits or losses of the investees and reduced by dividends earned since the acquisition date.

Temporary investments in debtor companies arising from conversion of debt are recorded based on the equity method less an allowance for possible losses.

All other investments are carried at cost reduced by the allowance for possible losses.

k. Premises and Equipment

Premises and equipment are stated at cost, except for certain premises and equipment used in operations, which were revalued in accordance with the Decrees of the Minister of Finance of the Republic of Indonesia as follows:

(1) Decree of the Minister of Finance of the Republic of Indonesia No. 057/KMK.017/1996 dated December 15, 1997, for ex-BBD.

(2) Decree of the Minister of Finance of the Republic of Indonesia No. 109/KMK/04/1979 dated March 27, 1979, as of January 1, 1979, for ex-BDN.

(3) Decree of the Minister of Finance of the Republic of Indonesia No. 914/KMK.04/1986 dated October 25, 1986, as of January 1, 1987, for ex-Bank Exim.

The corresponding revaluation increments were credited to "Premises and Equipment Revaluation Increment" under the shareholder's equity in the balance sheet, which was adjusted at the beginning balance of January 1, 1999 to eliminate the accumulated losses of the Merged Banks (Note 25).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Premises and Equipment (Continued)

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Landrights	respective terms
Buildings	15 - 50
Furniture, fixtures and office equipment	2 - 5
Vehicles	2 - 5

Construction in progress is stated at cost and presented as part of premises and equipment. The accumulated costs will be reclassified to the appropriate premises and equipment account when the assets are substantially complete and ready for their intended use.

The cost of repairs and maintenance is charged to operations as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the current year's profit and loss.

The transfer of certain non-core fixed assets to a related party in 1999 was treated as a transaction under common control in accordance with the Indonesian SFAS No. 38 "Accounting for Restructuring of Entities under Common Control" in 2000, and accordingly, the 1999 consolidated financial statements have been restated (see Notes 3 and 13).

l. Leases

Lease transactions are accounted for in accordance with Indonesian SFAS No. 30 "Accounting for Leases" which prescribes the criteria for lease transactions. In line with Indonesian SFAS No. 30, lease transactions are classified as capital leases by the lessee when all of the following criteria are met:

(1) The lessee has an option to purchase the leased assets at the end of the lease period at a price mutually agreed upon at the commencement of the lease agreement.

(2) Total periodic payments plus residual value fully cover the acquisition cost of leased capital goods plus interest thereon which is the lessor's profit (full pay-out lease).

(3) The lease period covers a minimum of two (2) years.

Lease transactions that do not meet any of the above criteria are accounted for using the operating lease method.

Capital leases are stated at the present value of the lease payments at the beginning of the lease term plus the residual value (option price) to be paid at the end of the lease period. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Repossessed Assets

Repossessed assets represent loan collateral that has been acquired in settlement of loans. Repossessed assets are presented at the lower of market value or the balance of the loan, and are included in "Other Assets". Any excess of the loan balance over the appraised value of the properties obtained which is not recoverable from the borrower is charged to the current year's profit and loss. Holding costs subsequent to the foreclosure or costs related to obtaining the properties are charged to the current year's profit and loss.

n. Other Assets

Other assets include receivables arising from the recognition of the accretion in value of zero-coupon instruments which are attached as security to certain subordinated undated floating rate notes. The receivables are stated at the realizable value of the zero-coupon instruments.(See Notes 3, 23 and 24).

Also included in other assets are prepaid expenses which are amortized over their beneficial periods using the straight-line method.

o. Deposits

Demand deposits represent deposits of customers with Bank Mandiri that may be used as instruments of payment, and which may be withdrawn at any time by check, automated teller machine card or other orders of payment or transfers. These are stated at the amount due to the demand account holders.

Savings deposits represent deposits of customers with Bank Mandiri that may only be withdrawn when certain agreed conditions are met, but may not be withdrawn by check or other equivalent instruments. These are stated at the amount due to holders of the savings accounts.

Time deposits represent deposits of customers with Bank Mandiri that may only be withdrawn after a certain time in accordance with the agreement between the depositor and Bank Mandiri. These are stated at the nominal amount set forth in the agreements between Bank Mandiri and holders of time deposits.

Certificates of deposit represent time deposits with certificates that are negotiable. These are stated at nominal value reduced by unamortized interest.

p. Pension Plan

Bank Mandiri established a defined contribution pension plan covering substantially all of its eligible employees from August 1, 1999, and defined benefit pension plans which were derived from each Merged Banks' pension plans. The assets from each defined benefit pension plan were carried forward as assets of the Merged Banks' Pension Plans (see Note 32).

Unrecognized past service cost and actuarial adjustments are amortized over the estimated remaining working lives of employees, as actuarially determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. *Provision for Income Tax*

Provision for income tax is determined on the basis of estimated taxable income for the year. No deferred tax is provided by Bank Mandiri and Subsidiaries for the temporary differences in the recognition of income and expenses for financial reporting and income tax purposes.

On December 23, 1997, the Indonesian Institute of Accountants (IAI) issued SFAS No. 46 "Accounting for Income Tax" which is effective on January 1, 1999 for public companies and January 1, 2001 for non-public companies, with a provision for an early adoption. SFAS No. 46 requires recognition and measurement of deferred tax assets and liabilities for the expected future tax consequences of events recognized in the financial statements, including tax losses carried forward. Bank Mandiri and Subsidiaries elected not to early adopt SFAS No. 46.

The corporate income tax of Bank Mandiri and Subsidiaries is computed for each company as a separate legal entity. Current tax assets and current tax liabilities for different legal entities are not offset in the consolidated financial statements.

r. *Interest Income and Interest Expense*

Interest income and interest expense are recognized on the accrual basis. Interest income on earning assets classified as non-performing (sub-standard, doubtful and loss categories) is recognized upon actual cash collection (cash basis).

Accrued interest income on non-performing assets of Bank Mandiri and Subsidiaries is reported in the consolidated statements of commitments and contingencies.

Based on the Bank Indonesia regulation on the quality of earning assets, accrued interest income on earning assets determined to be non-performing is reversed against interest income.

s. *Fees and Commissions*

Significant fees and commissions that are directly related to lending activities and/or having specific time periods are deferred and amortized using the straight-line method over their respective time periods. The balances of unamortized fees and commissions relating to loans settled prior to maturity are recognized in the current year's profit and loss upon settlement. Other fees and commissions that are not directly related to either lending activities or specific time periods are recognized at the transaction date.

t. *Use of Estimates*

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles requires management to make estimations and assumptions that affect the amounts reported therein. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts which differ from those estimates.

u. *Presentation*

Certain accounts in the 1999 consolidated financial statements have been reclassified to conform with the presentation of accounts in the 2000 consolidated financial statements.

3. BANK MANDIRI MERGER AND RESTATEMENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

At the end of February 1998, the Government announced its plan to restructure the Merged Banks.

In connection with such restructuring plan, the Government established Bank Mandiri in October 1998 through the payment of cash and the acquisition of the Government of Republic of Indonesia's shares of stock in the Merged Banks (see Note 25). Due to impracticability of measurement, the difference between the transfer price and the book value of the shares of stock at the time of the acquisition was not determined. All losses incurred during the year of acquisition were taken into account in the Recapitalization Program (see Note 4).

The above-mentioned restructuring plan provided for, among others, the merger of the Merged Banks into Bank Mandiri in July 1999 and the recapitalization of Bank Mandiri to enable it to operate as a sound bank without a negative equity (see Note 4). The restructuring of the Merged Banks and Bank Mandiri also covered the following:

a. Restructuring of loans.
b. Restructuring of non-loan assets.
c. Rationalization of domestic and overseas offices (see also Note 2b).
d. Rationalization of human resources (see also Note 29).

Based on the merger deed No. 100 of Sutjipto, S.H. dated July 24, 1999, the Merged Banks were legally merged into Bank Mandiri. The merger deed was legalized by the Minister of Justice in his decision letter No. C-13.781.HT.01.04.TH.99 dated July 29, 1999 and approved by the Governor of Bank Indonesia in his decision letter No.1/9/KEP.GBI/1999 dated July 29, 1999. The merger was declared effective by the Chief of the South Jakarta Office of the Ministry of Industry and Trade in his decision letter No. 09031827089 dated July 31, 1999.

Effective from the date of the merger:

- all of the assets and liabilities of the Merged Banks will be transferred to Bank Mandiri, the surviving bank.
- the Merged Banks will be dissolved by law without any liquidation.
- all operations and business activities of the Merged Banks will be transferred to and operated by Bank Mandiri.
- Bank Mandiri will receive additional paid-up capital from each of the Merged Banks amounting to Rp1,000,000 (one million Rupiah) or equivalent to one (1) share each (see Note 25).

The consolidated financial statements for the year ended December 31, 1999 have been restated to reflect the effect of:

1. Consolidating certain subsidiaries of Bank Mandiri (PT Usaha Gedung BDN, PT Bank Bumi Daya Plaza, PT Asuransi Jiwa Staco Rahardja, PT Mandiri Sekuritas) which were accounted for on the cost method, not consolidated, even though in 1999 the percentage of ownership is more than 50% since their amounts were considered immaterial in the context of the consolidated financial statements. (See Note 2b.).

2. Treating the transfer of assets of the ex-legacy banks of Bank Mandiri to PT Pengelola Harta Tetap Mandiri in 1999 as a transaction between entities under common control, in accordance with Indonesian SFAS No. 38 "Accounting for Restructuring of Entities Under Common Control". (See Notes 2k and 13). This resulted in accumulated losses as of December 31, 1999 being decreased by Rp129,685.

(Amounts in millions of Rupiah, unless otherwise stated)

3. BANK MANDIRI MERGER AND RESTATEMENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Recognizing the accretion in value of the zero coupon instruments attached as security to the subordinated undated floating rate notes issued by three (3) ex-legacy banks of Bank Mandiri (ex-Bank Exim, ex-BDN and ex-Bapindo). This resulted in accumulated losses as of August 1, 1999 being decreased by Rp1,634,748 and the net loss for the five-month period ended December 31, 1999 being reduced by Rp52,062. (See Notes 2n, 14, 23 and 24).

4. Presenting the 1999 unrealized loss arising from the indexation of the hedge bonds as part of the hedge bonds - assets, instead of liabilities, the presentation adopted in the 1999 Bank Mandiri consolidated financial statements.

The effect of the above restatements on the 1999 consolidated financial statements was as follows:

	As Previously Reported	As Restated	Difference
Total Assets	224,646,943	225,944,862	1,297,919
Accumulated Losses:			
Accumulated losses, January 1, 1999	106,916,709	105,354,849	1,561,860
1999 net loss	68,155,361	67,796,042	359,319
Accumulated Losses, December 31, 1999	175,072,070	173,150,891	1,921,179
Total Shareholder's Equity	6,943,521	8,875,302	1,931,781

4. RECAPITALIZATION OF BANK MANDIRI

In response to the effects of the adverse economic conditions in Indonesia on the banking sector (see Note 40), on December 31, 1998, the Government issued Regulation No. 84 of 1998 concerning its Recapitalization Program for Commercial Banks, which was designed to increase the paid-up capital of commercial banks to enable them to meet the minimum required Capital Adequacy Ratio (CAR). The eligibility of commercial banks for inclusion in the Recapitalization 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 Minister of Finance and the Governor of Bank Indonesia. Under the Joint Decrees, the Government, among others, shall implement the Recapitalization Program for Commercial Banks with respect to all State-Owned Banks, Regional Development Banks and Commercial Banks that have been taken over by IBRA.

On May 28, 1999, the Government issued Government Regulation No. 52 of 1999 (GR No. 52/1999) that provided for the increase in the Government of Republic of Indonesia's capital participation in Bank Mandiri through Government Bonds to be issued by the Minister of Finance with a value of up to Rp137,800,000. The implementation of GR No. 52/1999 is set forth in Joint Decrees No. 389/KMK.017/1999 and No.1/10/KEP/GBI dated July 29, 1999 of the Minister of Finance and the Governor of Bank Indonesia.

During the period the above-mentioned bonds were not yet issued, Bank Mandiri accounted for such bonds as "Due from the Government" in its balance sheet in the amount of 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 State Minister for Investment in State-Owned Enterprises in his letter No. S-510/M-PBUMN/1999 dated September 29, 1999.

(Amounts in millions of Rupiah, unless otherwise stated)

4. RECAPITALIZATION OF BANK MANDIRI (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 that the above investment be included in Bank Mandiri's core capital (Tier 1) for purposes of calculating its Capital Adequacy Ratio ("CAR") as of the end of July 1999 up to September 30, 1999, subject to the 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 the Government of Republic of Indonesia's investment in share capital of Bank Mandiri within the framework of the Recapitalization Program, the Government of Republic of Indonesia would increase its investment to a maximum of Rp42,200,000, such that the total maximum investment would amount to Rp180,000,000.

In connection with the implementation of the above Government Regulations No. 52 and No. 97 of 1999, in accordance with the Interim Recapitalization Agreement between the Government and Bank Mandiri and its amendment, the Government issued Government Bonds in two (2) tranches of Rp103,000,000 on October 12, 1999 and Rp75,000,000 on December 28, 1999, so that as of December 31, 1999, the total Government Bonds issued based on above-mentioned Agreements amount to Rp178,000,000 (see Note 9).

Based on the Management Contract dated April 8, 2000, between Bank Mandiri and the Government, the total amount of recapitalization required by Bank Mandiri is Rp173,931,000, or less than the amount of the Government Bonds. Of such excess, Rp1,412,000 is to be retained as additional paid-in capital, and the balance of Rp2,657,000 was returned to the Government on July 7, 2000 in the form of Government Bonds equivalent to 2,657,000 (two million six hundred fifty seven thousand) units. The amount to be retained as additional paid-in capital is subject to the conduct of a legal audit not later than Bank Mandiri's Initial Public Offering of its shares (see Note 39a).

5. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of the following:

	2000	1999
Rupiah	9,025,947	6,484,403
United States Dollar	1,914,383	1,476,044
	10,940,330	7,960,447

6. CURRENT ACCOUNTS WITH OTHER BANKS

Current accounts with other banks consist of the following:

	2000	1999
Rupiah	8,223	49,433
Foreign currencies	1,032,645	4,731,830
Total	1,040,868	4,781,263
Less: Allowance for possible losses	(10,286)	(47,687)
	1,030,582	4,733,576

(Amounts in millions of Rupiah, unless otherwise stated)

7. PLACEMENTS WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

Placements with other banks and financial institutions by type and currency consist of the following:

	2000	1999
Rupiah:		
Call money	-	48,040
"Fixed-term" placements	62,430	168
	62,430	48,208
Foreign currencies:		
Call money	3,530,383	1,251,523
"Fixed-term" placements	51,215	1,631,753
Time deposits	180,587	60,997
Certificates of deposit	-	36,866
Others	279,214	54,602
	4,041,399	3,035,741
Total	4,103,829	3,083,949
Less: Allowance for possible losses	(80,597)	(59,726)
	4,023,232	3,024,223

The details by collectibility of the placements with other banks and financial institutions as of December 31, 2000 and 1999 are as follows:

	2000	1999
Current	4,103,661	3,051,443
Loss	168	32,506
Total	4,103,829	3,083,949
Less: Allowance for possible losses	(80,597)	(59,726)
	4,023,232	3,024,223

The average interest rate per annum in 2000 is 11.00% on Rupiah placements (1999:12.19%) and 7.23% on foreign currency placements (1999: 6.50%).

The placements are for the periods ranging from 1 to 90 days in 2000.

Management believes that the above allowance for losses on placements with other banks and financial institutions is adequate.

(Amounts in millions of Rupiah, unless otherwise stated)

8. SECURITIES

Securities consist of the following:

	2000	1999
Held-to-maturity		
Rupiah:		
Certificates of Bank Indonesia	5,000	314,489
Bank Indonesia call money	7,150,000	3,950,000
Money market securities	3,500	-
Commercial papers	9,983	-
Others	262,627	12,419
	7,431,110	4,276,908
Less: Unamortized interest	(2,870)	(6,708)
	7,428,240	4,270,200
Foreign currencies:		
Commercial papers	125,682	1,297,102
Bonds	891,882	276,278
Promissory notes	95,950	196,363
Negotiable certificates of deposit	18,577	-
Others	161,821	491,797
	1,293,912	2,261,540
Less: Unamortized interest	(33,011)	(4,511)
	1,260,901	2,257,029
Total securities held to maturity	8,689,141	6,527,229
Less: Allowance for decline in value of securities	(191,900)	(18,001)
Allowance for possible losses	(591,942)	(653,624)
	7,905,299	5,855,604
Trading		
Rupiah:		
Bonds	7,538	936,862
Investments in mutual fund units	200	35,530
Shares	6,622	4,435
Others	9,058	4,412
	23,418	981,239
Foreign currencies:		
Bonds	56,035	-
Others	28,803	1,405
	84,838	1,405
Total securities for trading	108,256	982,644
Less: Allowance for possible losses	(41,348)	(756)
	66,908	981,888

(Amounts in millions of Rupiah, unless otherwise stated)

8. SECURITIES (Continued)

	2000	1999
Available for sale		
Rupiah:		
Bonds	419,381	-
Others	367	-
	419,748	-
Foreign currencies:		
Commercial papers	47,953	-
Bonds	105,709	-
	153,662	-
Total	573,410	-
Less: Unrealized losses from the decline in value of securities available for sale	(22,040)	-
Total securities available for sale at fair value	551,370	-
Less: Allowance for possible losses	(93,720)	-
Total securities available for sale, net	457,650	-
	8,429,857	6,837,492

The details of securities by collectibility and period are as follows:

	2000	1999
1) Collectibility		
Current	9,192,617	6,423,744
Loss	214,071	1,097,348
	9,406,688	7,521,092
Less: Allowance for decline in value of securities	(213,940)	(18,001)
Total	9,192,748	7,503,091
Less: Unamortized interest	(35,881)	(11,219)
Allowance for possible losses	(727,010)	(654,380)
	8,429,857	6,837,492

(Amounts in millions of Rupiah, unless otherwise stated)

8. SECURITIES (Continued)

	2000	1999
2) Period		
Rupiah:		
Less than 1 year	7,489,313	4,632,393
1 - 5 years	212,660	431,251
Over 5 years	172,303	194,503
	7,874,276	5,258,147
Foreign currencies:		
Less than 1 year	1,202,987	2,262,945
1 - 5 years	196,698	-
Over 5 years	132,727	-
	1,532,412	2,262,945
Less: Allowance for decline in value of securities	(213,940)	(18,001)
Total	9,192,748	7,503,091
Less: Unamortized interest	(35,881)	(11,219)
Allowance for possible losses	(727,010)	(654,380)
	8,429,857	6,837,492

Management believes that the allowance for possible losses and decline in value of securities is adequate.

9. GOVERNMENT BONDS

As of December 31, 2000 and 1999, this account consists of bonds stated at nominal value (except for trading portfolio and hedge bonds) issued by the Government to Bank Mandiri in connection with its Recapitalization Program in 1999, with details as follows:

	2000	1999
Held-to-maturity	155,346,699	159,552,500
Trading	20,048,597	3,800,000
Total	175,395,296	163,352,500

In the context of the Recapitalization Program as discussed in Note 4 to the consolidated financial statements, the Minister of Finance implemented an increase in the Government of Republic of Indonesia's paid-up capital in Bank Mandiri through the issuance of Government Bonds to Bank Indonesia and the payment of cash by Bank Indonesia to Bank Mandiri as additional paid-up capital of the Government of Republic of Indonesia. Bank Mandiri used all such cash payment to purchase Government Bonds from Bank Indonesia. This transaction was simultaneously carried out through the Government's and Bank Mandiri's accounts in Bank Indonesia in two tranches, on October 12, 1999 and on December 28, 1999.

(Amounts in millions of Rupiah, unless otherwise stated)

9. GOVERNMENT BONDS (Continued)

The Government Bonds may be used by Bank Mandiri to settle obligations but may not be used to increase assets (see Note 39a), except for Government Bonds classified for trading purposes based on prevailing regulations.

The details of Government Bonds are as follows:

December 31, 2000

	Serial No.	Nominal	Interest Rate per Annum	Maturity Date	Interest Payment Frequency
Held-to-Maturity					
Fixed Rate Bonds	FR0002	14,024,457	14.00%	6/15/2009	6 months
	FR0004	2,789,255	12.13%	2/15/2006	6 months
	FR0005	2,950,813	12.25%	7/15/2007	6 months
	FR0006	5,417,601	16.50%	9/15/2004	6 months
	FR0007	11,714,600	10.00%	9/15/2004	6 months
	FR0008	849,947	16.50%	5/15/2005	6 months
	FR0009	1,912,381	10.00%	5/15/2005	6 months
		39,659,054			
Variable Rate Bonds	VR0003	2,860,590	SBI 3 months	6/25/2003	3 months
	VR0004	360,590	SBI 3 months	1/25/2004	3 months
	VR0006	4,676,207	SBI 3 months	12/25/2004	3 months
	VR0007	3,667,148	SBI 3 months	4/25/2005	3 months
	VR0008	5,654,948	SBI 3 months	11/25/2005	3 months
	VR0009	6,796,813	SBI 3 months	3/25/2006	3 months
	VR0010	6,796,813	SBI 3 months	10/25/2006	3 months
	VR0011	8,210,550	SBI 3 months	2/25/2007	3 months
	VR0012	8,210,550	SBI 3 months	9/25/2007	3 months
	VR0013	9,950,534	SBI 3 months	1/25/2008	3 months
	VR0014	9,950,534	SBI 3 months	8/25/2008	3 months
	VR0015	12,016,764	SBI 3 months	12/25/2008	3 months
	VR0016	12,016,764	SBI 3 months	7/25/2009	3 months
		91,168,805			
Hedge Bonds	HB0005	2,220,000	SIBOR + 2%	3/25/2001	3 months
	HB0006	2,220,000	SIBOR + 2%	6/25/2001	3 months
	HB0007	2,220,000	SIBOR + 2%	9/25/2001	3 months
	HB0008	2,220,000	SIBOR + 2%	12/25/2001	3 months
	HB0009	2,220,000	SIBOR + 2%	3/25/2002	3 months
	HB0010	2,220,000	SIBOR + 2%	6/25/2002	3 months
	HB0011	2,220,000	SIBOR + 2%	9/25/2002	3 months
	HB0012	2,220,000	SIBOR + 2%	12/25/2002	3 months
Hedge bonds at nominal value		17,760,000			
Add: Increase in value due to indexation of hedge bonds		6,758,840			
Hedge bonds at indexed value		24,518,840			
Total Held-to-Maturity		155,346,699			

(Amounts in millions of Rupiah, unless otherwise stated)

9. GOVERNMENT BONDS (Continued)

	Serial No.	Nominal	Interest Rate per Annum	Fair Value	Maturity Date	Interest Payment Frequency
Trading						
Fixed Rate Bonds	FR0002	7,343,792	14.00%	6,021,909	6/15/2009	6 months
	FR0006	1,538,462	16.50%	1,492,308	9/15/2004	6 months
	FR0007	3,936,538	10.00%	3,103,928	9/15/2004	6 months
		12;818,792		10,618,145		
Variable Rate Bonds	VR0003	1,000,000	SBI 3 months	930,500	6/25/2003	3 months
	VR0004	3,500,000	SBI 3 months	3,193,750	1/25/2004	3 months
	VR0005	3,916,207	SBI 3 months	3,534,377	5/25/2004	3 months
	VR0007	1,987,800	SBI 3 months	1,771,825	4/25/2005	3 months
		10,404,007		9,430,452		
		23,222,799		20,048,597		

December 31, 1999

	Serial No.	Nominal	Interest Rate per Annum	Maturity Date	Interest Payment Frequency
Held-to-Maturity					
Fixed Rate Bonds	FR0001	20,242,750	12.00%	9/15/2004	6 months
	FR0002	12,368,250	14.00%	6/15/2009	6 months
		32,611,000			
Variable Rate Bonds	VR0001	2,408,090	SBI 3 months	7/25/2002	3 months
	VR0002	3,208,096	SBI 3 months	2/25/2003	3 months
	VR0003	3,860,590	SBI 3 months	6/25/2003	3 months
	VR0004	3,860,590	SBI 3 months	1/25/2004	3 months
	VR0005	4,676,207	SBI 3 months	5/25/2004	3 months
	VR0006	4,676,207	SBI 3 months	12/25/2004	3 months
	VR0007	5,654,948	SBI 3 months	4/25/2005	3 months
	VR0008	5,454,948	SBI 3 months	11/25/2005	3 months
	VR0009	6,171,813	SBI 3 months	3/25/2006	3 months
	VR0010	6,171,813	SBI 3 months	10/25/2006	3 months
	VR0011	7,455,550	SBI 3 months	2/25/2007	3 months
	VR0012	7,455,550	SBI 3 months	9/25/2007	3 months
	VR0013	9,035,534	SBI 3 months	1/25/2008	3 months
	VR0014	9,035,534	SBI 3 months	8/25/2008	3 months
	VR0015	10,911,765	SBI 3 months	12/25/2008	3 months
	VR0016	10,911,765	SBI 3 months	7/25/2009	3 months
		100,949,000			

(Amounts in millions of Rupiah, unless otherwise stated)

9. GOVERNMENT BONDS (Continued)

	Serial No.	Nominal	Interest Rate per Annum	Maturity Date	Interest Payment Frequency
Held-to-Maturity					
Hedge Bonds	HB0001	2,220,000	SIBOR + 2%	3/25/2000	3 months
	HB0002	2,220,000	SIBOR + 2%	6/25/2000	3 months
	HB0003	2,220,000	SIBOR + 2%	9/25/2000	3 months
	HB0004	2,220,000	SIBOR + 2%	12/25/2000	3 months
	HB0005	2,220,000	SIBOR + 2%	3/25/2001	3 months
	HB0006	2,220,000	SIBOR + 2%	6/25/2001	3 months
	HB0007	2,220,000	SIBOR + 2%	9/25/2001	3 months
	HB0008	2,220,000	SIBOR + 2%	12/25/2001	3 months
	HB0009	2,220,000	SIBOR + 2%	3/25/2002	3 months
	HB0010	2,220,000	SIBOR + 2%	6/25/2002	3 months
	HB0011	2,220,000	SIBOR + 2%	9/25/2002	3 months
	HB0012	2,220,000	SIBOR + 2%	12/25/2002	3 months
Hedge bonds at nominal value		26,640,000			
Less: Decrease in value due to indexation of hedge bonds		(647,500)			
Hedge bonds at indexed value		25,992,500			
Total Held-to-Maturity		159,552,500			

	Serial No.	Nominal	Interest Rate per Annum	Fair Value	Maturity Date	Interest Payment Frequency
Trading						
Fixed Rate Bonds	FR0002	3,000,000	14.00%	3,000,000	6/15/2009	6 months
Variable Rate Bonds	VR0001	800,000	SBI 3 months	800,000	7/25/2002	3 months
		3,800,000		3,800,000		

In 1999 variable and fixed rate bonds totaling Rp14,000,000 or Rp7,000,000 each were sold directly to Bank Indonesia and are required to be repurchased by Bank Mandiri within six (6) months from December 28, 1999. These repo bonds have been purchased by Bank Mandiri in July 2000 and September 2000.

Beginning February 1, 2000, FR0001, VR0001, VR0002 and VR0005 bonds became available for trading in the secondary market based on Bank Indonesia Letter No. 2/15/DPM dated January 26, 2000 on "Government Bonds Trading Agreement" and followed by FR0002 bonds in June 2000 based on Bank Indonesia Circular Letter No. 2/14/DPNP dated June 27, 2000. Bank Indonesia issued Circular Letter No. 2/26/DPM dated December 8, 2000 related to the increase in the percentage of the trading portfolio of Government Bonds to 25% of the total of such bonds and approved FR0006, FR0007, FR0008 and FR0009 bonds to be for trading.

The percentage of the trading portfolio of Government Bonds was then revised to 35% based on Bank Indonesia Circular Letter No. 3/6/DPM dated February 9, 2001 and effective February 9, 2001, VR0003, VR0004, VR0007, VR0009, VR0011, VR0013 and VR0015 bonds became available for trading.

(Amounts in millions of Rupiah, unless otherwise stated)

9. GOVERNMENT BONDS (Continued)

The total tradable bonds (sold and unsold) of Bank Mandiri for 2000 amounted Rp28,741,985 or 16.11% of Government Bonds.

Government Bonds are pledged against loans from banks for Rp11,400,000 and Rp3,175,000 as of December 31, 2000 and 1999, respectively, and are classified as trading portfolio (see Note 19).

Government Bonds sold to third parties during the year amounted to Rp3,755,416 (nominal value: Rp4,019,186); and the bonds returned to the Government during the year amounted to Rp2,657,000 (see Note 4).

Of the total trading portfolio, Government Bonds amounting to Rp1,500,000, were sold directly to Bank Mega and Deutsche Bank and are required to be repurchased by Bank Mandiri for Rp1,012,056 during the period January 11, 2001 to January 25, 2001. The bonds were subsequently purchased by Bank Mandiri on several dates through to January 25, 2001.

The outstanding Government Bonds include hedge bonds amounting to Rp24,518,840, which represent the nominal value amounting to Rp17,760,000 and the effect of indexing amounting to Rp6,758,840. The principal is stated at the balance sheet date based on the indexation of the exchange rate of the Rupiah to the U.S. dollar as published by Reuters. The original base rate of the hedge bonds at the time of issuance was Rp7,200 (full amount) and was revised by Bank Indonesia per BI Circular Letter No. 2/195/DPM dated March 6, 2000 to Rp7,008 (full amount). The indexed rate of the hedge bonds as of December 31, 2000 and 1999 is Rp9,675 (full amount) and Rp7,025 (full amount), respectively.

10. TRADE DOCUMENTS AND OTHER FACILITIES

Trade documents and other facilities consist of the following:

a) *By Type and Currency*

	2000	1999
Rupiah:		
Export bills	246	35,737
Discounted export bills	38,824	-
Others	149,945	2,588
	189,015	38,325
Foreign currencies:		
Export bills	710,626	437,290
Discounted export bills	1,789,648	357,643
Others	191,787	62,182
	2,692,061	857,115
Total	2,881,076	895,440
Less: Allowance for possible losses	(1,798,125)	(619,910)
	1,082,951	275,530

(Amounts in millions of Rupiah, unless otherwise stated)

10. TRADE DOCUMENTS AND OTHER FACILITIES (Continued)

	2000	1999
b) By Collectibility		
Current	1,147,007	786,606
Loss	1,734,069	108,834
Total	2,881,076	895,440
Less: Allowance for possible losses	(1,798,125)	(619,910)
	1,082,951	275,530

Management believes that the allowance for possible losses on trade documents and other facilities is adequate.

11. LOANS

	2000	1999
A. Loans consist of the following:		
a) By currency		
Rupiah	21,946,059	26,066,737
Foreign currencies	21,076,480	17,946,224
Total	43,022,539	44,012,961
Less: Allowance for possible losses	(12,499,948)	(22,131,786)
	30,522,591	21,881,175
b) By type		
Rupiah:		
Investment	6,419,263	9,294,102
Working capital	8,940,197	8,263,532
Government program (see Note 11B.f)	2,579,119	3,898,134
Export	1,574,421	3,064,973
Consumer	481,426	588,558
Syndicated	1,287,816	583,911
Employees	348,089	352,764
Others	315,728	20,763
	21,946,059	26,066,737

(Amounts in millions of Rupiah, unless otherwise stated)

11. LOANS (Continued)

	2000	1999
b) By type (Continued)		
Foreign currencies:		
Investment	6,285,537	7,621,098
Working capital	6,317,966	7,404,372
Government program (see Note 11B.f)	57,570	-
Export	1,860,420	1,759,705
Consumer	-	425
Syndicated	6,482,476	1,160,387
Employees	549	237
Others	71,962	-
	21,076,480	17,946,224
Total	43,022,539	44,012,961
Less: Allowance for possible losses	(12,499,948)	(22,131,786)
	30,522,591	21,881,175

c) By Economic Sector

	2000	1999
Rupiah:		
Manufacturing	6,901,539	9,170,653
Agriculture	4,705,222	5,890,655
Trading, restaurant and hotel	4,215,212	4,907,677
Construction	1,459,971	1,826,464
Other services	1,366,558	1,773,885
Transportation, warehousing and communications	1,019,438	1,135,347
Electricity, gas and water	167,640	296,232
Social services	146,259	200,539
Mining	235,856	133,787
Others	1,728,364	731,498
	21,946,059	26,066,737

(Amounts in millions of Rupiah, unless otherwise stated)

11. LOANS (Continued)

	2000	1999
c) By Economic Sector (Continued)		
Foreign currencies:		
Manufacturing	11,358,389	7,717,185
Agriculture	472,462	564,794
Trading, restaurant and hotel	3,430,817	2,398,010
Construction	329,851	679,685
Other services	1,475,070	783,289
Transportation, warehousing and communications	1,762,611	1,168,815
Social services	6,079	2,130
Electricity, gas and water	739,194	366,146
Mining	200,601	257,327
Others	1,301,406	4,008,843
	21,076,480	17,946,224
Total	43,022,539	44,012,961
Less: Allowance for possible losses	(12,499,948)	(22,131,786)
	30,522,591	21,881,175

	2000	1999
d) By Period		
Rupiah:		
Less than 1 year	7,952,358	8,596,772
1 - 2 years	2,008,821	1,677
2 - 5 years	1,934,907	4,969
Over 5 years	10,049,973	17,463,319
	21,946,059	26,066,737
Foreign Currencies:		
Less than 1 year	6,919,268	4,348,409
1 - 2 years	2,274,683	43,288
2 - 5 years	1,691,672	20,234
Over 5 years	10,190,857	13,534,293
	21,076,480	17,946,224
Total	43,022,539	44,012,961
Less: Allowance for possible losses	(12,499,948)	(22,131,786)
	30,522,591	21,881,175

(Amounts in millions of Rupiah, unless otherwise stated)

11. LOANS (Continued)

e) By Collectibility

	2000	1999
Current	19,153,518	8,793,591
Special mention	15,350,356	4,033,229
Sub-standard	3,395,600	5,397,942
Doubtful	1,864,289	4,399,505
Loss	3,258,776	21,388,694
Total	43,022,539	44,012,961
Less: Allowance for possible losses	(12,499,948)	(22,131,786)
	30,522,591	21,881,175

B. Significant information related to loans is as follows:

a. The annual average interest rate was 18.02% in 2000 (and 29.64% in 1999) for Rupiah loans and 9.97% in 2000 (and 13.81% in 1999) for foreign currency loans.

b. The loans are generally collateralized by registered mortgages or by powers of attorney to mortgage or sell, time deposits or other guarantees acceptable to Bank Mandiri.

c. Working capital and investment loans represent loans to customers for working capital and capital goods requirements.

d. Consumer loans consist of housing, car and personal loans.

e. The syndicated loans represent loans provided to customers under syndication agreements with other banks. Bank Mandiri's share as lead manager in syndicated loans ranged from 53.63% to 87.48% of the total syndicated loans in 2000 (4.50% to 78.00% in 1999). Bank Mandiri's total participation in syndicated loans ranged from 0.50% to 67.00% of the total syndicated loans in 2000 (0.06% to 60.00% in 1999).

f. Government program loans consist of small-scale investment loans, investment loans, permanent working capital loans and working capital loans which funds of up to 100% are provided by the Government.

g. The loans to Bank Mandiri employees consist of interest-bearing loans at rates of 6% per annum in 2000 (6% to 9.5% per annum in 1999) which are intended for acquisitions of vehicles, houses and other personal properties and are repayable within 1 to 20 years through monthly payroll deductions.

h. Loans to related parties as of December 31, 2000 amounted to Rp505,005 (and Rp2,393,496 as of December 31, 1999) or 0.4% of total assets in 2000 (1.10% in 1999).

(Amounts in millions of Rupiah, unless otherwise stated)

11. LOANS (Continued)

Details of loans given to related parties as at December 31, 2000 and December 31, 1999 are as follows (refer to Note 2 for definition of these related parties):

	2000	1999
Related parties due to debt equity swaps:		
PT Semen Kupang (Persero)	190,658	-
PT Sentral Star Knitting	54,146	-
PT Kertas Padalarang	6,745	-
	251,549	-
Related parties:		
PT Staco Bosowa Finance	12,000	14,250
PT Estika Sedaya Finance	60,308	-
PT Stacomitra Sedaya Finance	58,012	53,944
PT Bayu Beringin Lestari	44,600	55,600
PT Estika Jasa Kelola	23,272	26,998
PT Trans Java Gas Pipeline	51,753	132,019
PT Plaza Purimas Hotel	2,310	-
PT Staco Duta Agung	653	805
PT Staco Tiga Berlian Finance	386	16,000
PT Puri Pariwara	-	225
PT Mandira Erajasa Wahana	-	3,256
PT Exim Securities	-	393,098
PT Merpati Nusantara Airlines	-	227,821
PT Bank IFI	-	18,808
PT Garuda Indonesia	-	526,603
PT Itama Raya	-	10,955
PT Salindo Perdana Finance	-	663,116
PT Bank Merincorp	-	200,298
PT Bank Indovest	-	49,700
Employees of Subsidiary	162	-
	253,456	2,393,496
	505,005	2,393,496

i. As of December 31, 2000, Bank Mandiri has restructured loans and related trade finance facilities amounting to Rp31,738,650 (1999: Rp29,827,875) (including off balance sheet credit facilities) with an allowance for doubtful accounts provided amounting to Rp12,105,311 (1999: Rp15,793,895). Loans and trade finance facilities in the process of restructuring amounted to Rp4,543,584 (1999: Rp13,297,709) with an allowance for doubtful accounts provided amounting to Rp3,795,328 (1999: Rp8,215,027). Total loans restructured through debt-to-equity swap participations during 2000 amounted to Rp50,000 (1999: Rp289,972). The agreed restructuring schemes comprised of partial payments of the loans, extension of the maturity dates and extension of the period of payment of past due interest.

(Amounts in millions of Rupiah, unless otherwise stated)

11. LOANS (Continued)

j. As of December 31, 2000, Bank Mandiri has loans to a third party group that exceeded the Legal Lending Limit (LLL) based on prevailing Bank Indonesia regulations. The excess over the LLL amounts to approximately Rp525,530 or 3.83% of capital as defined by Bank Indonesia. In view of the excess over the limit, Management has reported its plan to Bank Indonesia to rectify the excess which includes:

- Restructuring the third party group loans which exceed the LLL to reduce the loan principal within 5 years through 2005.
- Increase Bank Mandiri's equity through improvement of performance.

k. Loss category loans which were transferred to IBRA in 2000 as required under the recapitalization program amounted to Rp18,645,779 (1999: Rp69,201,305). These loans have been fully provided for prior to the transfer.

l. A summary of changes in the allowance for possible loan losses for the years ended December 31, 2000 and 1999 is as follows:

	2000	1999
Balance, January 1	22,131,786	22,973,003
(Reversal)/provision during the period	(3,132,557)	11,820,735
Loan recoveries	910,406	762,555
Loans written-off	(8,505,300)	(13,642,330)
Translation adjustments	1,095,613	217,823
Balance, December 31	12,499,948	22,131,786

As explained in Note 2, an allowance for possible losses is provided based on review and evaluation of the collectibility and realizable value of the respective loan balances at the end of the year. In determining the minimum amount of allowance for possible loan losses, Bank Mandiri takes into account Bank Indonesia regulations on allowances for possible losses on earning assets.

The reversal of and provision for possible loan losses of Rp3,132,557 and Rp11,820,735 for 2000 and 1999, respectively, are included in the total reversal of/(provision for) possible losses on earning assets amounting to Rp1,463,556 and Rp31,999,387 for 2000 and 1999, respectively, in the consolidated statements of profit and loss.

Management believes that the allowance for possible losses on loans is adequate.

12. INVESTMENTS IN SHARES OF STOCK

The details of investments in shares of stock are as follows:

	2000	1999
Equity method	380,113	320,938
Cost method	4,985	235,985
Total	385,098	556,923
Less: Allowance for possible losses	(363,093)	(323,767)
Net	22,005	233,156

(Amounts in millions of Rupiah, unless otherwise stated)

12. INVESTMENTS IN SHARES OF STOCK (Continued)

The details of investments in shares of stock as of December 31, 2000 are as follows:

Investee Company	Nature of Business	Percentage of Ownership	Cost	Accumulated Equity in Retained Earnings/ (Accumulated Losses)	Carrying Value
Equity Method					
PT Pabrik Gula Rajawali III [a)]	Plantations	66.67	400,000	(107,878)	292,122
PT Semen Kupang [a)]	Manufacturing	59.70	50,000	(4,977)	45,023
PT Kertas Padalarang [a)]	Pulp and paper	51.50	26,500	(16,970)	9,530
PT Sarana Bersama Pembiayaan Indonesia	Holding company	34.00	2,278	2,881	5,159
PT Bapindo Bumi Sekuritas	Securities	26.19	2,750	574	3,324
PT Exim SB Leasing	Financing	50.00	25,000	(23,187)	1,813
Others [a)]		-	23,291	(149)	23,142
					380,113
Cost Method					
PT Kustodian Sentral Efek Indonesia	Security deposits	16.00	4,800	-	4,800
PT Bursa Efek Surabaya	Stock exchange	2.22	75	-	75
PT Bursa Efek Jakarta	Stock exchange	0.50	60	-	60
PT Pemeringkat Efek Indonesia	Securities rating	0.03	50	-	50
					4,985
Total					385,098
Less: Allowance for possible losses					(363,093)
Net					22,005

(a) Investments in PT Pabrik Gula Rajawali III, PT Semen Kupang, PT Kertas Padalarang and others represent restructured loans through debt to equity participations (see Note 11). Such investments are temporary investments for up to a maximum of five (5) years based on Bank Indonesia regulations. Accordingly, such investments are accounted for using the equity method regardless of the percentage of ownership. Bank Mandiri has provided an allowance for possible losses on such investments of Rp359,669 as of December 31, 2000.

The details of investments in shares of stock as of December 31, 1999 are as follows:

Investee Company	Nature of Business	Percentage of Ownership	Cost	Accumulated Equity in Retained Earnings/ (Accumulated Losses)	Carrying Value
Equity Method					
PT Pabrik Gula Rajawali III [a)]	Plantations	66.67	400,000	(114,166)	285,834
PT Exim SB Leasing	Financing	50.00	25,000	236	25,236
PT Bapindo Bumi Sekuritas	Securities	26.19	2,750	703	3,453
PT Kertas Padalarang [a)]	Pulp and paper	51.00	26,500	(23,221)	3,279
Others [a)]		-	3,116	20	3,136
					320,938

(Amounts in millions of Rupiah, unless otherwise stated)

12. INVESTMENTS IN SHARES OF STOCK (Continued)

Investee Company	Nature of Business	Percentage of Ownership	Cost	Accumulated Equity in Retained Earnings/ (Accumulated Losses)	Carrying Value
Cost Method					
Bumi Daya International [b] Finance Limited, Hong Kong	Financial institution	100.00	196,821	-	196,821
Staco International Finance Limited [b]	Financial institution	100.00	27,334	-	27,334
Pacific Andes International Holding Limited [b]	Holding company	3.70	6,797	-	6,797
PT Kustodian Sentral Efek Indonesia	Security deposits	11.00	3,300	-	3,300
BEII (DTC) Limited [b]	Banking	99.00	1,548	-	1,548
PT Bursa Efek Surabaya	Stock exchange	2.22	75	-	75
PT Bursa Efek Jakarta	Stock exchange	0.50	60	-	60
PT Pemeringkat Efek Indonesia	Securities rating	0.03	50	-	50
					235,985
Total					556,923
Less: Allowance for possible losses					(323,767)
Net					233,156

(a) Investments in PT Pabrik Gula Rajawali III, PT Kertas Padalarang and others represent restructured loans through debt to equity participations (see Note 11). Such investments are temporary investments for up to a maximum of five (5) years based on Bank Indonesia regulations. Accordingly, such investments are accounted for using the equity method regardless of the percentage of ownership. Bank Mandiri has provided an allowance for possible losses on such investments of Rp285,879 as of December 31, 1999.

(b) In 1999 the investments in Bumi Daya International Finance Limited, Hong Kong, Staco International Finance Limited, Pacific Andes International Holding Limited and BEII (DTC) Limited have been taken up at cost, as these companies were in the liquidation process as of December 31, 1999. As of December 31, 2000, except for Pacific Andes International Holding Limited, these companies have been liquidated.

On July 29, 1999, investments in PT Panca Bina Esa, PT Bapindo Loka Sentra Leasing, Indonesian Finance and Investment Company, PT Bina Usaha Indonesia, PT Kliring Deposit Efek Indonesia, PT Bumi Daya - IBJ Leasing, PT Bank Paribas BBD, PT Koexim BDN Finance, PT Bayu Beringin Lestari, PT Bank Indovest Tbk., PT Tahta Medan, PT Salindo Perdana Finance, PT Bank Merincorp and PT Dystar Cilegon were transferred to PT Pengelola Investama Mandiri (PIM), a related company which is consolidated under Bank Mandiri's directly owned subsidiaries - PT Usaha Gedung Bank Dagang Negara and PT Bumi Daya Plaza, for a total consideration of Rp100 (in full Rupiah) each at the time of transfer. These investments had RpNil net book value at the time of transfer. The transfer of these investments is in relation to the restructuring of Bank Mandiri. PIM will primarily manage, monitor and sell, if appropriate, these investments. Prior to the sale of any assets held by PIM, approval from Bank Mandiri's shareholder is required.

(Amounts in millions of Rupiah, unless otherwise stated)

12. INVESTMENTS IN SHARES OF STOCK (Continued)

The classification of investments in shares of stock by collectibility as of December 31, 2000 and 1999 is as follows:

	2000	1999
Current	22,223	235,409
Loss	362,875	321,514
Total	385,098	556,923
Less: Allowance for possible losses	(363,093)	(323,767)
Net	22,005	233,156

Management believes that the allowance for possible losses on investments in shares of stock is adequate.

13. PREMISES AND EQUIPMENT

Premises and equipment consist of the following:

2000	Beginning Balance	Additions	Deductions	Reclassifications	Translation Adjustments	Ending Balance
Carrying Value						
Landrights	263,638	-	(5,039)	108	-	258,707
Buildings	987,009	236	(8,784)	1,818	2,844	983,123
Furniture, fixtures and office equipment	1,062,224	36,373	(20,156)	55,007	8,843	1,142,291
Vehicles	52,299	3,945	(3,682)	-	521	53,083
Construction in progress	42,813	143,818	-	(56,933)	-	129,698
Total	2,407,983	184,372	(37,661)	-	12,208	2,566,902
Leased assets	15,676	-	-	-	1,256	16,932
Total carrying value	2,423,659	184,372	(37,661)	-	13,464	2,583,834
Accumulated Depreciation and Amortization						
Landrights	912	3,479	-	-	-	4,391
Buildings	379,640	45,934	(1,743)	-	1,789	425,620
Furniture, fixtures and office equipment	776,241	191,637	(2,477)	-	7,760	973,161
Vehicles	45,199	3,213	(3,181)	-	338	45,569
Total	1,201,992	244,263	(7,401)	-	9,887	1,448,741
Leased assets	10,894	4,756	-	-	-	15,650
Total accumulated depreciation and amortization	1,212,886	249,019	(7,401)	-	9,887	1,464,391

(Amounts in millions of Rupiah, unless otherwise stated)

13. PREMISES AND EQUIPMENT (Continued)

2000	Ending Balance
Net Book Value	
Landrights	254,316
Buildings	557,503
Furniture, fixtures and office equipment	169,130
Vehicles	7,514
Construction in progress	129,698
Total	1,118,161
Leased assets	1,282
Total net book value	1,119,443

1999	Beginning Balance	Net Additions/ (Deductions)	Ending Balance
Carrying Value			
Landrights	308,087	(44,449)	263,638
Buildings	681,701	305,308	987,009
Furniture, fixtures and office equipment	1,122,267	(60,043)	1,062,224
Vehicles	29,183	23,116	52,299
Construction in progress	143,751	(100,938)	42,813
Total	2,284,989	122,994	2,407,983
Leased assets	38,254	(22,578)	15,676
Total carrying value	2,323,243	100,416	2,423,659
Accumulated Depreciation and Amortization			
Landrights	5,570	(4,658)	912
Buildings	299,329	80,311	379,640
Furniture, fixtures and office equipment	722,681	53,560	776,241
Vehicles	25,219	19,980	45,199
Total	1,052,799	149,193	1,201,992
Leased assets	12,212	(1,318)	10,894
Total accumulated depreciation and amortization	1,065,011	147,875	1,212,886
Net Book Value			
Landrights			262,726
Buildings			607,369
Furniture, fixtures and office equipment			285,983
Vehicles			7,100
Construction in progress			42,813
Total			1,205,991
Leased assets			4,782
Total net book value			1,210,773

(Amounts in millions of Rupiah, unless otherwise stated)

13. PREMISES AND EQUIPMENT (Continued)

Depreciation and amortization of premises and equipment charged to profit and loss amounted to Rp249,019 in 2000 (1999: Rp331,509) (see Note 28).

The Merged Banks entered into a "Memoranda of Agreement on the Transfer of Assets" on July 29, 1999 with PT Pengelola Harta Tetap Mandiri ("PHTM"), a related company owned by PT Usaha Gedung Bank Dagang Negara and PT Bumi Daya Plaza, for the transfer of certain land and buildings. As part of the restructuring of Bank Mandiri, the assets, which were mostly comprised of non-core fixed assets of the Merged Bank, were transferred to PHTM primarily to be managed and sold, consistent with the purpose of PHTM's establishment. These assets were sold to PHTM for a consideration of Rp100 (full Rupiah) each or a total nominal value of Rp64,100 (in full Rupiah). The net book value of the lands and buildings transferred to PHTM amounted to RpNil and Rp129,685, respectively. Based on the Memoranda of Agreement, prior to the sale of any assets held by PHTM, approval from Bank Mandiri's shareholder is required. Cash proceeds from the sale of assets held by PHTM will be placed in an escrow account and its usage requires approval from Bank Mandiri's shareholder.

The transfer of these assets to PHTM is considered as a transaction between entities under common control, under SFAS No. 38 "Accounting for Restructuring of Entities under common control". Therefore, the assets have been recognised as Other Assets - Assets Available for Sale and no gain or loss is reflected in the consolidated financial statements of Bank Mandiri, as if no transfer of assets had taken place. This resulted in the restatement of 1999 consolidated financial statements. (See Notes 3 and 14).

As of December 31, 2000, Bank Mandiri and Subsidiaries have insured their premises and equipment (excluding land rights) against physical loss/damage for a total coverage amount of Rp1,373,998. Management believes that the sum insured is adequate to cover the possibility of losses arising in relation to premises and equipment.

14. OTHER ASSETS

	2000	1999
Accrued income	3,302,282	2,405,532
Receivables	2,461,935	1,686,810
Prepaid tax	366,053	303,878
Prepaid expenses	460,725	197,610
Others	5,497,021	9,800,006
	12,088,016	14,393,836

Accrued Income
This is primarily comprised of accrued interest receivable from placements, securities, Government Bonds, loans, and accrued fees and commissions.

Receivables
Represent receivables from the accretion in value of the zero coupon instruments relating to Subordinated Undated Floating Rate Notes ("SUFRNs") with details as follows:

	2000	1999
SUFRNs classified as subordinated loans (Note 23)	1,616,270	1,107,398
SUFRNs classified as loan capital (Note 24)	845,665	579,412
	2,461,935	1,686,810

(Amounts in millions of Rupiah, unless otherwise stated)

14. OTHER ASSETS (Continued)

Prepaid Tax

Prepaid tax as of December 31, 2000 is primarily comprised of corporate income tax installments amounting to Rp363,351. The balance as of December 31, 1999 represented corporate income tax installments.

Prepaid Expenses

This is consists of miscellaneous payments made in advance.

Others

This is consists of the following:

	2000	1999
Rupiah:		
Advances	487,944	-
Assets available for sale	129,685	129,685
Interest refundable by the Government	105,447	-
Office supplies	57,700	27,784
Receivables from customer transactions	31,337	16,116
Deferred charges	11,399	8,030
Interbranch accounts - net	-	7,158,009
Receivables from clearing and guarantee transactions	-	16,375
Others	852,907	116,057
	1,676,419	7,472,056
Foreign currencies:		
Interbranch accounts - net	3,247,185	1,776,045
Others	573,417	551,905
	3,820,602	2,327,950
	5,497,021	9,800,006

The inter-branch accounts above mainly consist of open items among branches and Head Office. Bank Mandiri's management has provided a provision for the above-mentioned open items of Rp5,807,572 (1999: Rp2,611,703) and is of the opinion that the provision is adequate to cover possible losses arising from inter-branch open items.

15. DEMAND DEPOSITS

Demand deposits consist of the following:

	2000	1999
Rupiah	31,577,670	14,078,628
Foreign currencies	4,721,898	5,766,010
	36,299,568	19,844,638

Annual average interest rates in 2000 were 5% (1999: 5%) for Rupiah demand deposits and 2.75% (1999: 2.1%) for foreign currency demand deposits.

(Amounts in millions of Rupiah, unless otherwise stated)

15. DEMAND DEPOSITS (Continued)

As of December 31, 2000 and 1999, related party demand deposits amount to Rp47,134 and Rp23,905, respectively (see Note 33).

Bank Mandiri has no frozen demand accounts.

16. SAVINGS DEPOSITS

Savings deposits consist of the following:

	2000	1999
Mandiri Saving	14,899,573	633,348
Tabungan BDN	1,416,755	5,977,631
Tabungan Jumbo	520,528	2,663,611
Exim Save	364,119	1,947,221
Tabungan Budaya	373,501	1,476,715
Tabungan Exim	148,033	731,713
Tabungan Mitra	111,804	723,686
Tabungan Pelajar	10,197	20,561
Tabungan Mudharabah	84,712	18,576
Tabungan Mandiri Haji	13,198	-
Tabungan BDN Pas	-	77,401
Others (each below Rp10,000)	87,727	34,810
	18,030,147	14,305,273

Annual average interest rates in 2000 were 8.13% (1999: 9%) for Rupiah savings deposits and 4.29% (1999: 4.25%) for foreign currency savings deposits.

As of December 31, 2000 and 1999, related party savings deposits amount to Rp105,689 and Rp10,626, respectively, or 0.59% and 0.07% of total savings deposits, respectively (see Note 33).

Bank Mandiri has no frozen savings accounts.

17. TIME DEPOSITS

Time deposits consist of the following:

	2000	1999
Rupiah	87,628,879	96,679,876
Foreign currencies	21,575,862	16,535,107
	109,204,741	113,214,983

(Amounts in millions of Rupiah, unless otherwise stated)

17. TIME DEPOSITS (Continued)

The details of time deposits as of December 31, 2000 and 1999 by maturity are as follows:

	2000	1999
Rupiah:		
1 month	48,580,375	57,047,201
3 months	17,169,667	14,072,349
6 months	6,667,168	15,423,056
12 months	782,679	8,209,887
Over 12 months	14,428,990	1,927,383
	87,628,879	96,679,876
Foreign currencies:		
1 month	16,251,914	14,038,251
3 months	1,749,694	1,227,107
6 months	1,086,607	556,541
12 months	1,961,454	680,591
Over 12 months	526,193	32,617
	21,575,862	16,535,107
	109,204,741	113,214,983

The weighted annual average interest rates in 2000 were 12.53% (1999: 12.98%) for Rupiah time deposits and 5.85% (1999: 5.5%) for foreign currency time deposits.

As of December 31, 2000 and 1999, related party time deposits amount to Rp340,373 and Rp510,107, respectively, or 0.31% and 0.45% of the total time deposits, respectively (see Note 33).

As of December 31, 2000 time deposits which are frozen and blocked amounted to Rp90,218 (1999: Rp916,160) for bank guarantees, loan collateral, cash collateral and working capital facilities collateral.

18. TAXES PAYABLE

Taxes payable consist of the following:

	2000	1999
Bank Mandiri		
Income Taxes:		
Article 21	43,761	23,642
Article 22	-	1,492
Article 23/26	199,102	154,100
Article 29	110,348	2,996,570
Value added tax	12,435	1,138
Land and building tax	1,361	3,971
Others	-	99
	367,007	3,181,012
Subsidiaries	4,709	2,851
	371,716	3,183,863

(Amounts in millions of Rupiah, unless otherwise stated)

18. TAXES PAYABLE (Continued)

As discussed in Note 2q, the corporate income tax of Bank Mandiri and Subsidiaries is computed for each company as a separate legal entity (consolidation is not permitted for corporate income tax filing purposes). Bank Mandiri's and Subsidiaries' estimated income tax calculations are as follows:

	2000
Bank Mandiri	
Profit before income tax - Bank Mandiri only	2,022,437
Add/(less):	
Excess of allowable tax depreciation over financial statement depreciation	(404,553)
Excess of financial statement provision for personnel expenses over allowable tax provision	753,851
Excess of financial statement provision for losses on placements with other banks and financial institution, securities, and investments in shares of stocks over allowable tax provision	1,309,905
Excess of financial statement provision for loan losses over allowable tax provision	261,346
Excess of financial statement provision for losses on off-balance sheet accounts over allowable tax provision	2,341,097
Excess of financial statement provision for other losses over allowable tax provision	6,038,295
Gain on investment in shares	(33,410)
Loss on investments in mutual funds	79,479
Non-deductible expenses	361,176
Estimated taxable income	12,729,623
Less: Utilization of tax loss carry-forwards	(12,729,623)
Estimated income tax expense	-
Estimated income tax expense	-
Less: Income tax payments	363,351
Corporate income tax refundable	363,351
Subsidiaries	
Estimated taxable income	34,930
Estimated income tax expense	311
Less: Income tax payments	-
Corporate income tax payable	311

Bank Mandiri was in a tax loss position as of December 31, 1999.

(Amounts in millions of Rupiah, unless otherwise stated)

18. TAXES PAYABLE (Continued)

Under current Indonesian tax regulation, tax losses may be carried forward and utilized to offset taxable income for up to five (5) years after the year in which the tax loss was incurred.

Under the Indonesian taxation laws, Bank Mandiri and its Subsidiaries submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within 10 years after the date when the tax was payable (5 years for tax years prior to 1995).

Based on a letter No.S-188/PJ.42/2000 of the Directorate General of Taxes to Bank Mandiri dated May 25, 2000, the Tax Office confirmed that the tax loss carry forward of Bank Mandiri for the period from August 1, 1999 to December 31, 1999 amounting to Rp26,991,916 can be utilized/applied against the future taxable income of Bank Mandiri through 2004. The estimated tax loss carry forward as of December 31, 2000 amounts to Rp14,262,293.

Bank Mandiri's corporate income tax for 1999 is currently being audited by the Tax Office.

Income tax - Article 29 above consists of the following tax assessments:

Year	2000	1999
1994	-	296,316
1995	-	163,549
1996	60,938	995,357
1997	49,410	1,541,348
	110,348	2,996,570

19. FUND BORROWINGS

Fund borrowings consist of the following:

	2000	1999
Rupiah:		
Placements by other banks: (a)		
Call money	1,362,000	6,459,350
Time deposits	15,987,997	4,327,159
Bank Indonesia (b)	1,951,212	2,257,491
Others	1,415,511	-
	20,716,720	13,044,000

(Amounts in millions of Rupiah, unless otherwise stated)

19. FUND BORROWINGS (Continued)

	2000	1999
Foreign currencies:		
Exchange Offer Loans (d)	10,697,069	7,009,994
Placements by other banks: (a)		
Call money	61,149	-
Time deposits	531,515	1,301,960
Others (c)	2,452,669	5,679,259
	13,742,402	13,991,213
	34,459,122	27,035,213

(a) Placements by Other Banks

This account represents fund borrowings from money market placements. Placements by other banks include time deposits secured by Government Bonds (see Note 9).

The average annual interest rate in 2000 is 13.03% on Rupiah placements (1999: 15.30%) and 8.20% on foreign currency placements (1999: 7.65%).

(b) Bank Indonesia

This account represents credit facilities obtained from Bank Indonesia that were re-loaned to Bank Mandiri customers. The details of this account are as follows:

	2000	1999
Rupiah:		
Investment Loans (KI)	1,577,098	1,516,507
Small-Scale Investment Loans (KIK)	194,704	455,698
Small-Scale Working Capital Loans (KUK) - KKPA	116,743	159,709
Government Guarantee	61,946	116,441
Working Capital Loans (KMK)	721	9,136
	1,951,212	2,257,491

(c) Others

This account consists of following:

	2000	1999
Foreign currencies:		
Credit line	497,196	3,399,360
Direct off-shore loans	1,502,243	1,296,311
Trade facilities	2,081	91,960
Others	451,149	891,628
	2,452,669	5,679,259

(Amounts in millions of Rupiah, unless otherwise stated)

19. FUND BORROWINGS (Continued)

(c) Others (Continued)

Other borrowings will mature on different dates, the latest being in 2009.

(d) Exchange Offer Loans

In accordance with the Government's debt restructuring program for banks, Bank Mandiri exchanged certain non-Rupiah denominated obligations obtained from foreign banks, for new borrowings with extended maturities and guarantees by Bank Indonesia pursuant to the exchange offer memorandum in the Master Loan Agreement as follows:

	2000		1999	
	US$ (in full amount)	Rp equivalent	US$	Rp equivalent
Exchange Offer Loan I	214,814,405	2,061,144	201,678,451	1,431,917
Exchange Offer Loan II	900,044,242	8,635,925	785,644,648	5,578,077
	1,114,858,647	10,697,069	987,323,099	7,009,994

Exchange Offer Loan I (with original maturities before April 1, 1999) will become due in four (4) tranches every August 25 from 1999 to 2002, Exchange Offer Loan II (with original maturities before January 1, 2002) will mature in four (4) tranches every June 1 from 2002 to 2005. These borrowings bear interest calculated every six months equal to six-months LIBOR for the period plus an applicable margin determined for each maturity period.

20. SECURITIES ISSUED

Securities issued consist of the following:

	2000	1999
Rupiah	-	-
Foreign currencies:		
Floating rate notes (see Note 19d)	6,681,618	5,466,955
Commercial papers	-	8,171
	6,681,618	5,475,126
	6,681,618	5,475,126

(Amounts in millions of Rupiah, unless otherwise stated)

20. SECURITIES ISSUED (Continued)

The floating rate notes include the following Exchange Offer Loans:

	2000	1999
Exchange Offer Loan I	-	854,841
Exchange Offer Loan II	1,448,845	1,842,271
	1,448,845	2,697,112

21. OTHER LIABILITIES

Other liabilities consist of the following:

	2000	1999
Rupiah:		
Interbranch accounts - net	3,974,832	9,305,004
Allowance for possible losses on off-balance sheet accounts with credit - related risk (see Note 2e)	2,381,300	4,477,470
Accrued merger costs	1,883,443	2,337,869
Unearned income	305,600	98,951
Provision for possible losses on legal cases (see Note 39e)	407,606	36,910
Provision for employee severance and service entitlements (see Note 32)	553,851	-
Guarantee deposits	110,818	94,677
Others	3,803,428	530,636
	13,420,878	16,881,517
Foreign currencies:		
Allowance for possible losses on Off-balance sheet accounts with credit - related risk (see Note 2e)	4,637,509	200,162
Unearned income	285,479	48,966
Provision for possible losses on legal cases (see Note 39e)	1,117,302	412,289
Guarantee deposits	583,997	319,099
Others	1,126,098	440,088
	7,750,385	1,420,604
	21,171,263	18,302,121

(Amounts in millions of Rupiah, unless otherwise stated)

21. OTHER LIABILITIES (Continued)

The allowance for possible losses on off-balance sheet accounts with credit-related risk consists of allowances for possible losses on outstanding irrevocable letters of credit, import draft acceptances, guarantees issued in the form of standby letters of credit, bank guarantees issued, risk sharing and other commitment payables and contingent payables (see Note 2e). The details of this account as of December 31, 2000 by collectibility are as follows:

	2000	1999
Current	10,198,037	5,174,987
Special mention	594,846	3,044,553
Sub-standard	114,814	713,647
Doubtful	12,480	410,143
Loss	3,226,836	5,122,758
Total	14,147,013	14,466,088
Less: Allowance for possible losses	(7,018,809)	(4,677,632)
Net	7,128,204	9,788,456

Management believes that the allowance for possible losses on off-balance sheet accounts with credit-related risk is adequate.

22. OBLIGATIONS UNDER CAPITAL LEASE

Bank Mandiri entered into a lease agreement for equipment with PT Exim SB Leasing, a subsidiary, which provides Bank Mandiri with an option to purchase the leased assets at residual value at the end of the lease term. The implicit interest rate is 1 (one) month U.S. dollar cost of funds plus 2.75% per annum, subject to monthly revision.

At December 31, 2000 and 1999, the minimum aggregate lease payments are as follows:

	2000	1999
2000	8,800	9,641
2001	1,468	809
	10,268	10,450
Interest	(519)	(771)
	9,749	9,679

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS

This account consists of the following:

	2000	1999
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	456,203	485,194
(b) Export-Import Bank of Japan (EBJ)	367,856	350,917
(c) Asian Development Bank (ADB)	105,127	211,040
(d) International Bank for Reconstruction and Development (IBRD)	102,355	122,508
(e) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF-OECF)	138,944	89,323
(f) ASEAN Japan Development Fund - Export-Import Bank of Japan (AJDF-EBJ)	9,560	6,343
(g) Islamic Development Bank (IDB)	1,562	6,249
(h) Kreditanstalt fur Wiederaufbau, Frankfurt (KFW)	78,982	-
	1,260,589	1,271,574
Bank Indonesia	2,064,859	2,097,859
Investment Fund Account (RDI) ex-Two-Step Loans	738,680	677,418
Others	2,398,750	1,801,329
	6,462,878	5,848,180

Two-Step Loans (TSL)

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from NIB through the Government of the Republic of Indonesia, the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
Nordic Investment Bank I	To promote and finance high priority investments in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	March 23, 1988 - July 15, 2002 with the 1st installment on January 15, 1993.
Nordic Investment Bank II	To promote and finance high priority investments in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	December 10, 1990 - July 15, 2005 with the 1st installment on January 15, 1996.
Nordic Investment Bank III	To promote and finance high priority investments in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	August 4, 1993 - August 15, 2008 with the 1st installment on February 15, 1999.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

(a) Nordic Investment Bank (NIB) (Continued)

Credit Facility	Purpose	Repayment Period
Nordic Investment Bank IV	To promote and finance high priority investments in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	April 15, 1997 - February 28, 2017 with the 1st installment on August 31, 2002.

The annual interest rate on the NIB I facility is 1.75% above the interest rate charged by NIB to the Government of the Republic of Indonesia or the interest rate charged on channeling loans to customers less 6%, whichever is higher.

The interest rate on the NIB II facility is based on the past six-months average interest rate for three-month Certificates of Bank Indonesia which should:

- Not be higher than the average interest rate for three-month time deposits for the past six months in the five state-owned banks.
- Not be lower than the interbank interest rate to the Government of the Republic of Indonesia plus 1.75%.

The interest rate on the NIB III facility is based on the previous six-months average variable interest rate for three-month Certificates of Bank Indonesia, determined on April 15 and October 15 of every year, beginning from the disbursement of the loans.

The interest rate on the NIB IV facility was based on the previous six-months variable interest rate as determined by Bank Indonesia based on the prevailing average interest rates for the past six months for three-month Certificates of Bank Indonesia.

(b) Export-Import Bank of Japan (EBJ)

This account represents credit facilities obtained from the Export-Import Bank of Japan through the Government of the Republic of Indonesia, the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
EBJ-TSL I	To finance private sector projects included in Priority Scale List from/or approved by Investment Coordinating Board.	July 7, 1988 - January 15, 2005 with the 1st installment on July 15, 1992.
EBJ-TSL II	To finance private and state-owned company projects in sectors prioritized by the Government and export-oriented.	October 14, 1989 - October 1, 2004 with the 1st installment on April 1, 1993.
EBJ-TSL III	To finance private and state-owned company projects in sectors prioritized by the Government and export-oriented.	January 21, 1991 - July 15, 2005 with the 1st installment on January 15, 1994.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

(b) Export-Import Bank of Japan (EBJ) (Continued)

Credit Facility	Purpose	Repayment Period
EBJ-TSL IV	To finance projects which help to increase investments in the private sector and export-oriented.	January 28, 1992 - January 15, 2007 with the 1st installment on July 15, 1995.
EBJ-TSL V	To finance small-scale Industry, primarily manufacturing sector and export-oriented.	May 27, 1992 - March 15, 2003 with the 1st installment on September 15, 1994.

The interest rate on the credit facilities from EBJ-TSL I and EBJ TSL II is based on the weighted average interest rate for customers' deposits in the participating banks as determined by Bank Indonesia every six (6) months, less 1%.

The interest rate on the credit facilities from EBJ-TSL III, IV and V is based on the floating interest rate determined every six (6) months based on the prevailing average interest rate for the past six (6) months for three-month Certificates of Bank Indonesia, which should:

- Not be higher than the six-months average interest rate for three-month time deposits in five state-owned banks and not be lower than the interest rate on EBJ loans plus 4% for EBJ-TSL III.
- Not be higher than the six-months average interest rate for three-month time deposits in five state-owned banks for EBJ-TSL IV and V.

(c) Asian Development Bank (ADB)

This account represents credit facilities from the ADB through Government of the Republic of Indonesia, the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
ADB Fishery I	Finance government projects in funding credit for fishery projects.	July 23, 1986 - June 15, 2000 with the 1st installment on December 15, 1989.
ADB Fishery II	Finance government projects in funding credit for fishery projects.	December 19, 1991 - September 15, 2006 with the 1st installment on March 15, 1995.
ADB Perkebunan Nusantara XII (formerly Nescoco Plasma) and Nescoco Inti	Finance government projects in funding credit for plantation projects.	February 15, 1989 - September 15, 2008 with the 1st installment on March 15, 1995.
ADB Agro Industry	Finance industrial sector.	May 13, 1988 - September 15, 2002 with the 1st installment on March 15, 1991.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

(c) Asian Development Bank (ADB) (Continued)

Credit Facility	Purpose	Repayment Period
Second Bapindo Project	Finance all industrial sectors which have high socio - economic value and carried out by private sector.	December 28, 1987 - May 1, 2002 with the 1st installment on November 1, 1990.
Development Financing Loan Project	Finance industrial sector prioritizing manufacturing products for non-oil export, agrobased industry, employee-centred programs and earning foreign exchange.	January 10, 1990 - January 15, 2005 with the 1st installment on July 15, 1993.

The ADB Fishery I credit facility has been fully paid in 2000 and had an interest rate of 11.4% per annum.

For the ADB Fishery I credit facility, the variable interest rate was determined every six months based on the lower of:

- Average interest rate for the six (6) months ending three months before the interest payment period, for three-month Certificates of Bank Indonesia; and,
- Average interest rate for the six (6) months ending three (3) months before the interest payment period, for three-month time deposits in five (5) state-owned banks.

The interest rate on ADB Fishery II facility shall not be lower than the annual interest rate charged by ADB to the Government of the Republic of Indonesia plus 4% per annum.

Drawdowns of the ADB facilities are repayable within fifteen (15) years from the first drawdown (inclusive of a 4-year grace period for ADB Fishery I and a 3-year grace period for ADB Fishery II facilities) and are repayable in twenty-two (22) semi-annual installments starting December 15, 1989 for ADB Fishery I and twenty-four (24) semi-annual installments starting March 15, 1995 for ADB Fishery II projects.

In 2000, the ADB Nescoco Plasma loan has been transferred to ADB PT Perkebunan Nusantara XII. The annual interest rates on the ADB Perkebunan Nusantara XII and ADB Nescoco Inti facilities are 9.50% and 10.00%, respectively.

The interest rate on the ADB Agro Industry facility is the interest rate charged by the ADB to the Government of the Republic of Indonesia plus 1.75% or depositors' interest rate less 5.00% per annum, whichever is higher.

The interest rate on the Second Bapindo Project facility is 1.75% per annum above the interest rate charged by ADB to the Government of the Republic of Indonesia or the interest rate for depositors less 5.00% per annum, whichever is higher.

The interest rate on the Development Financing Loan Project facility is based on the variable rate determined by Bank Indonesia every six (6) months based on the weighted average interest rate for depositors in a foreign exchange bank but not lower than the interest rate charged by ADB plus 1.75% per annum.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

(d) International Bank for Reconstruction and Development (IBRD)

This account represents credit facilities obtained from IBRD through Government of the Republic of Indonesia, the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
Industrial Restructuring Program (IRP)	Finance restructuring for investment projects for engineering, pulp, paper and textile sub-sector projects.	July 27, 1989 - October 1, 2003 with the 1st installment on April 1, 1992.
Export Development Program II (EDP II)	Finance Export Development Project II.	September 20, 1988 - February 15, 2003 with the 1st installment on August 15, 1991.
Small and Medium Industrial Program (SMIEP)	Finance manufacturing industrial projects, agro-based and the related industry (including transportation and cold storage).	July 27, 1989 - October 1, 2003 with the 1st installment on April 1, 1992.
Financial Sector Development Project (FSDP)	Finance Financial Sector Development Projects.	February 1, 1993 - September 15, 2007 with the 1st installment on March 15, 1998.
Tree Crops Processing Project (TCPP)	Finance development of Palm Oil mills.	February 23, 1989 - June 1, 2001 with the 1st installment on June 1, 1994.
Agricultural Financing Project (AFP)	Finance production sector projects and agriculture animal husbandry, fishery and forestry industries.	January 10, 1992 - December 1, 2006 with the 1st installment on June 1, 1995.
IBRD Loan No. 2277 V Project	Finance development projects (specific development projects).	September 29, 1983 - February 1, 2003 with the 1st installment on August 1, 1985.

For the IRP, EDP II and SMIEP credit facilities, the principal amount is repayable to the Government of the Republic of Indonesia within fifteen (15) years inclusive of a 3-year grace period from the time the agreement becomes effective. The interest rate on the IRP, EDP II and SMIEP credit facilities is determined every six (6) months by Bank Indonesia and should not be lower than the interest rate charged by IBRD to the Government plus 1.75% per annum.

The interest rate on the FSDP credit facility is 0% per annum. The FSDP credit facility is repayable on March 15 and September 15 of every year.

The interest rate for the TCPP facilities is 10% per annum.

The interest rate on the AFP facility is computed based on a variable interest rate for a period of six (6) months, at the lower of:

- Six-months average interest rate for three-month Certificates of Bank Indonesia.
- Six-months average interest rate for three-month time deposits in five (5) state-owned banks.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

(d) International Bank for Reconstruction and Development (IBRD) (Continued)

The interest rate on the AFP facility shall not be lower than the interest rate charged by IBRD to the Government plus 2% per annum.

The interest rate on the Loan No. 2277 V Project facility is based on the interest rate charged by IBRD to the Government subject to a maximum of 11% per annum.

(e) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF-OECF)

This account represents a credit facility obtained from AJDF-OECF through Government of the Republic of Indonesia, the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance projects in Indonesia. The details of these facilities are as follows:

Credit Facility	Purpose	Repayment Period
Pollution Abatement Equipment Program (PAE)	Purchase of equipment to prevent pollution	August 19, 1993 - August 19, 2013, with the 1st installment on August 15, 1998

The drawdowns on the above AJDF-OECF facilities are repayable within twenty (20) years after the first drawdown (inclusive of a 5year grace period), in thirty (30) semi-annual installments starting August 15, 1998 and ending on February 15, 2013.

The PAE facility is subject to a variable interest rate determined every six (6) months based on the prevailing average interest rate for the past six (6) months for three-month Certificates of Bank Indonesa, less 5% per annum.

(f) ASEAN Japan Development Fund - Export-Import Bank of Japan (AJDF-EBJ)

This account represents a credit facility obtained from the AJDF-EBJ through Government of the Republic of Indonesia, the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance investment projects and working capital requirements of small-scale industries. The credit facility which amounts to Rp9,560 is repayable in twenty four (24) semi-annual installments within fifteen (15) years after the date of the first drawdown (inclusive of a 3-year grace period), with the first installment starting December 15, 1997.

The facility is subject to an interest rate determined every six (6) months based on the prevailing average interest rate for the past six (6) months for three-month Certificates of Bank Indonesia.

(g) Islamic Development Bank (IDB)

This account represents a credit facility from the IDB through Bank Indonesia to finance the development of textile factory projects in Indonesia.

The IDB facility bears an administration fee of 11% per annum, and is repayable in sixteen (16) semi-annual installments within ten years (August 22, 1991 - May 15, 2001) with the first installment on November 15, 1993.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

(h) Kreditanstalt fur Wiederaufbau (KfW)

This account represents a credit facility from KfW through Bank Indonesia (BI) to finance export contracts denominated in Deutsche Marks (DEM) with a maximum of DEM250,000,000 (full amount) for the supply of capital goods, investments in infrastructure projects such as transportation, energy or communications projects, and transfer of new technologies to be concluded between buyers domiciled in Indonesia and exporters domiciled in the Federal Republic of Germany.

Prior to importing supplies from the Germany, the buyer shall sign an Individual Loan Agreement (ILA) with the approval from BI, KfW and the Government of the Republic of Indonesia. The financing shall be limited to an amount of up to 85% of the total price in DEM of each Export Contract. In the event that the total price shall be reduced during the period of disbursement, KfW shall reduce the individual loans proportionally.

The minimum order value of an Export Contract is DEM353,000 (full amount) on which the resulting credit element would be DEM300,000 (full amount).

The terms and conditions, as set out in the subordinated loan agreement No. SLA-1079/DP3/1998 dated September 24, 1998, are as follows:

a) The loan tenor shall be 4 (four) years, exclusion of 6 (six) months grace period, from the signing date of ILA, which can be renewed until 8 (eight) or 10 (ten) years depending upon each ILA;
b) The loan principal repayment shall be made in 8 (eight) equal installments on June 15 and December 15 annually starting 6 (six) months after the grace period of each ILA;
c) The interest rate is calculated at 2.5% per annum above the Commercial Interest Reference Rate including Bank Indonesia fees of 0.15%, net of tax, which shall be payable semi-annually on every June 15 and December 15;
d) A commitment fee of 0.25% per annum is charged on the unused facility from the signing date of each ILA;
e) A penalty of 2% per annum above the interest rate explained in point c) in the event of late payment.

KfW through BI charged Bank Mandiri an amount of EUR8,862,569 in line with the import of equipment for the modernisation of the Hot Strip Mill, Roughing Mill Motor and Stand F4 Rear Motor Drives System and related services from Siemens AG, Erlangan, Germany, to PT Krakatau Steel which has entered into 2 (two) ILAs with BI and KfW, as follows (in full amounts):

Loan no.	Facility	Used Facility	Unused Facility	Repayment Period
F3137/1	EUR7,859,450	EUR6,623,761	EUR1,235,690	January 13, 2000 - December 15, 2006 with the 1st installment on June 15, 2001.
F3137/2	EUR3,917,911	EUR2,238,806	EUR1,679,105	March 3, 2000 - June 15, 2006 with the 1st installment on December 15, 2001.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

Bank Indonesia

This account represents a loan arising from the conversion of Bank Indonesia liquidity used to improve the capital structure of ex-BBD, ex-BDN, ex-Bapindo and PT Bank Syariah Mandiri (a Subsidiary). The details of this facility as of December 31, 2000 and 1999 are as follows:

Bank	Repayment Period	2000 Amount	1999 Amount	Interest Rate
Ex-Bapindo	March 31, 1995 - March 31, 2004 with 1st installment on June 30, 2002	Rp1,296,000	Rp1,296,000	5% per annum
Ex-BDN	March 31, 1993 - March 31, 2013 with 1st installment on January 31, 1994	Rp736,859	Rp740,059	6% per annum calculated quarterly, as follows: • the first 5 years at 1% per annum • the second 5 years at 3% per annum • the third 5 years at 6% per annum • the fourth 5 years at 14% per annum
PT Bank Syariah Mandiri*)	January 31, 1994 - January 31, 2014	Rp32,000	Rp32,000	6% per annum calculated quarterly, as follows: • the first 5 years at 1% per annum • the second 5 years at 3% per annum • the third 5 years at 6% per annum • the fourth 5 years at 14% per annum
Ex-BBD	March 31, 1993 - March 31, 2000	-	Rp29,800	3% per annum
Total		Rp2,064,859	Rp2,097,859	

*) The subsidiary bank has requested Bank Indonesia to convert the loan into a syariah subordinated loan with *wadiah* principles for which the approval from Bank Indonesia is being awaited.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

Investment Fund Account (RDI) ex Two-Step Loans

This account represents a credit facility from the Government of the Republic of Indonesia originating from the installment payments of Two-Step Loans as follows:

	2000	1999
(a) Export-Import Bank of Japan (EBJ)	258,225	243,045
(b) ASEAN Japan Development Fund - Export-Import Bank of Japan (AJDF-EBJ)	-	216,924
(c) International Bank for Reconstruction and Development (IBRD)	223,319	161,556
(d) Asian Development Bank (ADB)	187,559	55,871
(e) ASEAN Japan Development Fund-Overseas Economic Cooperation Fund (AJDF-OECF)	22	22
(f) Nordic Investment Bank (NIB)	69,555	-
	738,680	677,418

(a) Export-Import Bank of Japan (EBJ)

The EBJ I and EBJ II facilities are charged with administration fees based on the weighted average interest rate for debtor deposits of the participating state banks determined by Bank Indonesia every six (6) months, less 1% per annum.

The EBJ III, EBJ IV and EBJ V facilities are charged with administration fees based on the floating interest rate determined every six (6) months based on the prevailing average interest rate for the past six (6) months for three-month certificates of Bank Indonesia, which should:

- Not be higher than the six-months average interest rate for three-month time deposits in five (5) state-owned banks and not be lower than the interest rate of Exim Bank of Japan to the Government of the Republic of Indonesia plus 4% per annum for the EBJ III facility.
- Not be higher than the six-months average interest rate for three-month time deposits in five state-owned banks for the EBJ IV facility.
- Be the lower of interest rate for the past six months of three-month Certificates of Bank Indonesia and the six-months average interest rate for time deposits in five (5) state-owned banks for the EBJ V facility.

(b) ASEAN Japan Development Fund - Export Import Bank of Japan (AJDF-EBJ)

This facility is charged with an administration fee based on the six-months average interest rate for three-month Certificates of Bank Indonesia.

23. SUBORDINATED LOANS (Continued)

(c) International Bank for Reconstruction and Development (IBRD)

The AFP facility is charged with administration fee based on a variable interest rate determined every six (6) months based on the lower of the:

- Average interest rate for the past six (6) months of three-month certificates of Bank Indonesia.
- Average interest rate for the past six (6) months of three-month time deposits in five (5) state-owned banks.

The administration fee for the AFP facility should not be lower than the interest rate on loans charged by IBRD to the Government of the Republic of Indonesia plus 2% per annum.

The IRP and SMIEP facilities are charged with an administration fee based on the higher of the interest rate on:

- The interest rate on credits charged by the IBRD to the Government plus 1.75% per annum.
- Weighted average interest rate on time deposits of participant banks.

The Bapindo V Project facility is charged with an administration fee based on the interest rate charged by the IBRD to the Government of the Republic of Indonesia, subject to a maximum of 11% per annum.

(d) Asian Development Bank (ADB)

The Second Bapindo Project (SBP) is charged with an administration fee of 1.75% per annum above the interest rate charged by the ADB to the Government of the Republic of Indonesia or interest charged on loans to customers less 5% per annum, whichever is higher.

The Development Finance Loan Project (DFLP) facility is charged with a variable administration fee determined by Bank Indonesia every six (6) months based on the weighted average interest rate on customer deposits in a Foreign Exchange Bank and should not be lower than the interest rate of the ADB plus 1.75% per annum.

(e) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF-OECF)

This facility is charged with an administration fee based on variable interest rate for the past six (6) months for three-month Certificates of Bank Indonesia and is payable on April 15 and October 15 of every year from the disbursement of loans, less 5% per annum.

(f) Nordic Investment Bank (NIB)

The NIB I facility is charged with an administration fee of 1.75% per annum above the interest rate charged by the NIB to the Government of the Republic of Indonesia or interest charged on loans to customers less 6% per annum whichever is higher, and is payable on April 15 and October 15 of every year from the withdrawal of loans.

The NIB II facility is charged with an administration fee based on average interest rate on the three-month Certificates of Bank Indonesia for six (6) months with the following conditions:

a) Not higher than the average interest rate on three-month time deposits for six (6) months in the five (5) state-owned banks;

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

(f) Nordic Investment Bank (NIB) (Continued)

b) Not lower than the interest rate charged by the NIB to the Government of the Republic of Indonesia based on the loan agreement no. PIL-12/1987 dated December 21, 1987 and Addendum No. I dated November 6, 1990, plus 1.75% per annum.

The NIB III facility is charged with an administration fee based on a variable interest rate for the past six (6) months on three-month Certificates of Bank Indonesia for six (6) months and is payable on April 15 and October 15 of every year after the withdrawal of loans.

Others

The details of this account are as follows:

	2000	1999
Subordinated Undated Floating Rate Notes	2,398,750	1,775,000
Republic of Indonesia	-	2,620
Others	-	23,709
Total	2,398,750	1,801,329

Subordinated Undated Floating Rate Notes ("SUFRNs")

Details are as follows:

Issue	Subscriber	Terms of the Subscription	Original Amount (in full amount)	2000 Rupiah Equivalent	1999 Rupiah Equivalent
Ex- Bank Exim	Puri International Limited	July 24, 1990 - July 24, 2005	USD125,000,000	1,199,375	887,500
Ex- Bapindo	Mitra Sejati International	December 18, 1990 - December 25, 2005	USD125,000,000	1,199,375	887,500
	Total		USD250,000,000	2,398,750	1,775,000

The SUFRNs amounting to US$250,000,000 (full amount) were issued by Bank Mandiri - ex-Bank Exim and ex-Bapindo acting through their Cayman Islands and Cook Islands branches, respectively, in 1990. The SUFRNs are undated and, accordingly have no maturity date (perpetual). In relation to the issuance of the SUFRNs, ex-Bank Exim and ex-Bapindo entered into subscription agreements in 1990 with the subscribers. The subscription agreements provides that the subscriber will, in respect of the amount equal to the difference between the issue price of the notes and the aggregate principal amount of the SUFRNs, purchase zero-coupon instruments to provide security for certain obligations owed to its funding sources and to Bank Mandiri.

(Amounts in millions of Rupiah, unless otherwise stated)

23. SUBORDINATED LOANS (Continued)

Subordinated Undated Floating Rate Notes ("SUFRNs") (Continued)

The interest rate is calculated at 1.1% per annum above the 6 (six) month LIBOR on the FRN issued by Bank Mandiri Grand Cayman Branch to Puri International Limited ("PIL"). The interest is payable every July 27 and January 29 of each year during the term.

The interest rate is calculated at 1% per annum above LIBOR on the FRN issued by Bank Mandiri Cook Islands Branch to Mitra Sejati International ("MSI"). The interest is payable every May 19 and November 19 of each year during the term.

In a letter issued by Merril Lynch Japan Incorporated on October 9, 1990, it is noted that the issuing note was to be sold with a nominal face amount US$100 for US$70 cash value on a best efforts basis. This fifteen (15) year FRN financing originated by Japanese leasing companies to MSI allows the issuer to have the right to purchase the note at any time after the interest payment date falling in December 2005 for an aggregate purchase consideration of US$3,000 (three thousand United States Dollars) only after completing payments to the noteholders.

In 2000 Bank Mandiri has recognized the accretion in value of the zero coupon instruments as receivables under other assets for Rp1,616,270. This resulted in the restatement of previously issued financial statements; accumulated losses as of August 1, 1999 being decreased by Rp1,073,219 and the net loss for the five-month period ended December 31, 1999 being reduced by Rp34,179 or a total decrease of Rp1,107,398 for 1999. Income recognized during 2000 amounted to Rp119,724.

24. LOAN CAPITAL

This account consists of the following:

	2000	1999
Rupiah:		
Conversion of Liquidity from Bank Indonesia (KLBI)	1,755,000	1,755,000
Foreign currencies:		
Subordinated Undated Floating Rate Notes	1,295,325	958,500
Other	2,700	-
	3,053,025	2,713,500

The conversion of liquidity from Bank Indonesia represents the conversion of fund borrowings from Bank Indonesia to former Bapindo with 0% interest based on the Subordinated Loan Agreements No. 28/SUG/UKU/PMK and No. 28/549/UKU/PMK dated November 6, 1995 and letters from the Minister of Finance of the Republic of Indonesia No. S-618/MK.017/1995 dated October 26, 1995 and No. 28/547/UKU/PMK dated November 6, 1995.

(Amounts in millions of Rupiah, unless otherwise stated)

24. LOAN CAPITAL (Continued)

The loan capital in foreign currency represents Subordinated Undated Floating Rate Notes ("SUFRNs") which were issued by Bank Mandiri (ex-BDN) acting through its Cayman Islands Branch on November 30, 1990. Bank Indonesia approved the treatment of the SUFRN as loan capital per BI letter No.27/295/BPBI/AdBI dated November 7, 1994. The aggregate principal amount of the SUFRNs is US$135,000,000 (in full amount) and is subscribed by Badaneg Ltd. The SUFRNs are undated and accordingly have no maturity date (perpetual). In relation to the issuance of the SUFRNs, Bank Mandiri (ex-BDN) entered into a Subscription Agreement on November 26, 1990 with Badaneg Ltd. The Subscription Agreement provides that the subscriber will, in respect of the amount equal to the difference between the issue price of the notes and the aggregate principal amount of the SUFRNs, purchase zero-coupon instruments to provide security for certain obligations owed to its funding sources and Bank Mandiri. The interest rate is calculated at 1.1% per annum above six-months LIBOR.

In 2000 Bank Mandiri has recognized the accretion in value of the zero coupon instruments as receivables under other assets for Rp845,665. This resulted in the restatement of previously issued financial statements as follows: accumulated losses as of August 1, 1999 being decreased by Rp561,529 and the net loss for the five-month period ended December 31, 1999 being reduced by Rp17,883 or a total decrease of Rp579,412 for 1999. Income recognized during 2000 amounted to Rp62,642.

25. SHAREHOLDER'S EQUITY

This account consists of:

	2000	1999
Share capital	4,251,000	4,251,000
Additional paid-in capital	175,092,004	177,749,004
Paid in capital in excess of par value	814	814
Differences arising from translation of foreign currency financial statements	138,024	15,587
Unrealized gains or losses on securities available for sale	(22,040)	-
Premises and equipment revaluation increment	9,788	9,788
Accumulated losses	(171,128,454)	(173,150,891)
	8,341,136	8,875,302

Based on notarial deed No. 10 of Sutjipto, S.H., dated October 2, 1998, the authorized capital of Bank Mandiri amounts to Rp16,000,000 with a nominal value of Rp1,000,000 (full amount) per share. The issued and fully paid capital amounting to Rp4,251,000 as of December 31, 2000 and 1999 is wholly-owned by the Government of Republic of Indonesia.

The additional paid-in capital mainly represents additional capital arising from the Recapitalization Program (see Note 4).

(Amounts in millions of Rupiah, unless otherwise stated)

25. SHAREHOLDER'S EQUITY (Continued)

Paid in capital in excess of par value represents the excess of the amount received at the time of the issuance of shares and the par value.

The State Minister for Investments and State-Owned Enterprises Development, in his letter No. S-510/M-PBUMN/1999 dated September 29, 1999, stated approval from shareholder to utilize the additional paid-in capital of the Government of Republic of Indonesia in Bank Mandiri, as provided for under Government Regulation No. 52 of 1999, to eliminate the negative equity of Bank Mandiri, consisting of the negative equity of the Merged Banks as of July 31, 1999 and the losses incurred from the beginning of the merger until the end of 1999 (see Note 4). As of December 31, 2000, such approval has not yet been implemented pending further approval by the Government.

The Capital Adequacy Ratio ("CAR") of Bank Mandiri (Bank only) as of December 31, 2000 and 1999 is 31.29% and 15.93%, respectively. Bank Indonesia requires banks in Indonesia to have a minimum CAR of 4% as of December 31, 2000 and 1999.

26. INTEREST AND INVESTMENT INCOME

Interest and investment income was derived from the following:

	2000	1999
Securities and Government Bonds	21,032,464	4,438,971
Loans	5,142,830	8,021,744
Placements with other banks and financial institutions	303,710	857,566
Others	463,105	798,621
	26,942,109	14,116,902

27. INTEREST AND OTHER FINANCING CHARGES

This account represents interest and other financing charges incurred on the following:

	2000	1999
Time deposits	14,087,890	29,535,660
Fund borrowings	2,085,822	1,480,209
Saving deposits	1,687,442	2,035,971
Demand deposits	1,264,314	964,353
Securities issued	846,396	610,941
Subordinated loans	497,727	149,148
Insurance premiums on customer guarantees	480,365	145,029
Fees and commissions	14,110	162,495
Others	54,041	776,377
	21,018,107	35,860,183

(Amounts in millions of Rupiah, unless otherwise stated)

28. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

	2000	1999
Rent	275,125	531,294
Depreciation and amortization of premises and equipment	249,019	331,509
Communications	165,623	115,275
Repairs and maintenance	143,404	184,273
Rental of office equipment	129,815	54,038
Office supplies	92,464	108,035
Promotion	79,869	45,494
Professional fees *	60,510	35,615
Electricity, water and gas	60,072	36,187
Transportation	58,812	36,145
Research and development	4,848	76,067
Others	30,176	255,579
	1,349,737	1,809,511

* Professional fees include audit services amounting to Rp4,845 and Rp8,040 for 2000 and 1999, respectively.

29. SALARIES AND EMPLOYEE BENEFITS

This account consists of the following:

	2000	1999
Salaries, wages and pension expenses (see Notes 2p and 32)	955,391	1,370,564
Severance and service entitlements in accordance with the Decree of The Minister of Manpower No. Kep-150/Men/2000 (see Notes 21 and 32)	553,851	-
Employee benefit in kind	109,658	741,302
Holidays and leaves, vacations and related entitlements	47,398	64,678
Training and development	39,860	4,965
Tax allowances	26,716	346,936
Honoraria	9,761	176
Voluntary separation scheme expense	-	2,420,999
Others	120,586	296,464
	1,863,221	5,246,084

Voluntary separation scheme expense in 1999 results from the implementation of the Voluntary Separation Scheme (VSS) program by the Merged Banks in connection with the merger discussed in Note 3.

Total salaries and allowances of the Boards of Directors, Commissioners and Executive Officers amounted to Rp26,425 and Rp10,676 for the year ended December 31, 2000 and for the five months ended December 31, 1999, respectively.

(Amounts in millions of Rupiah, unless otherwise stated)

30. NON-OPERATING INCOME/(EXPENSES) - NET

This account consists of the following:

	2000	1999
Gain/(loss) on sale of premises and equipment	1,657	(86,640)
Other penalties	(21,062)	(273,675)
Others - net	358,720	(88,999)
	339,315	(449,314)

31. SEGMENT INFORMATION

Information concerning the business segments of Bank Mandiri and its Subsidiaries is as follows:

	Operating Income/(Loss)		Net Profit/(Loss)		Total Assets	
	2000	1999	2000	1999	2000	1999
Bank	1,715,682	(239,263,329)	2,032,289	(239,840,478)	246,924,243	225,885,683
Bank Syariah Mandiri	(160)	(3,948)	14,916	172	589,951	447,985
Securities	(1,140)	20,609	369	18,101	94,169	102,539
Finance	2,142	(197,205)	2,142	(197,721)	13,141	7,431
Others	1,528	41,180	7,359	53,646	350,473	322,875
Total	1,718,052	(239,402,693)	2,057,075	(239,966,280)	247,971,977	226,766,513
Elimination	(33,888)	172,071,280	(34,638)	172,170,238	(1,266,939)	(821,651)
Consolidated	1,684,164	(67,331,413)	2,022,437	(67,796,042)	246,705,038	225,944,862

32. PENSION PLAN AND SEVERANCE

Bank Mandiri has five (5) pension plans in the form of Employer Pension Plans as follows:

a. One employer defined contribution pension plan or the Bank Mandiri Pension Plan (DPPK-PPIP). The members are active employees of Bank Mandiri from August 1, 1999. The Bank Mandiri Pension Plan Regulation was legalized based on the decision letters of the Ministry of Finance of the Republic of Indonesia No. KEP/300/KM.017/1999 dated July 14, 1999 and was included in the Addendum to the State Gazette of the Republic of Indonesia No. 62 dated August 3, 1999 and Bank Mandiri's Directive No. 004/KEP.DIR/1999 dated April 26, 1999. Up to December 31, 2000, employees pension contributions and old age benefits (THT) are 5% and 1% of Bank Mandiri's Gross Salary (GKM) and the employer contribution to finance the pension plan is 10% of the pension plan income.

   Based on the other auditors' report dated March 7, 2001 concerning the status of the pension plan, total net assets under the Bank Mandiri Pension Plan amount to Rp121,117 and Rp 25,513 as of December 31, 2000 and 1999, respectively.

32. PENSION PLAN AND SEVERANCE (Continued)

b. Four employer defined benefit pension plans (DPPK-PPMP) derived from the respective pension plans of the Merged Banks, namely DPBM I (ex-BBD), DPBM II (ex-BDN), DPBM III (ex-Bank Exim) and DPBM IV (ex-Bapindo). The regulations of the respective pension plans were legalized by the Minister of Finance in his decision letters No. KEP/394/KM.017/1999, No. KEP/395/KM.017/1999, No. KEP/396/KM.017/1999 and No. KEP/397/KM.017/1999 dated July 31, 1999. The assets of the respective pension plans were derived from the pension plan assets of the Merged Banks and if in the future there is a deficit, Bank Mandiri will be required to fund such deficit. The working period used as the basis for the computation of pension benefits represents the working period of employees in the pension plan as of July 31, 1999. The basic salary used as the basis for the calculation of pension benefits is the Active Employee Salary (GPA), which is basic salary multiplied by the index in the pension plan as of July 31, 1999.

c. Defined contribution pension program (Program Pensiun Pasti) for permanent employees of PT Bank Syariah Mandiri ("BSM"), a subsidiary, under the age of fifty-six (56) years. The program which commenced in August 2000 is managed by Principal Indonesia Financial Institution Pension Fund (*"Dana Pensiun Lembaga Keuangan Principal Indonesia",* abbreviated as *DPLK-PI*). The employee's pension contribution is 5%, whilst the employer contributes 10% of the monthly employee's Gross Pension Salary (PhDP). As of December 31, 2000, the total cash contributions received by DPLK-PI amounted to Rp1,073.

The actuarial calculations of pension costs for the respective DPBM as of December 31, 2000 are as follows:

- DPBM I was calculated by PT Jasa Aktuaria Pensiun and Asuransi, with surplus assets amounting to Rp14,361 and a funding ratio of 101.77%.
- DPBM II was calculated by PT Jasa Aktuaria Pensiun and Asuransi, with surplus assets amounting to Rp86,048 and a funding ratio of 110.15%.
- DPBM III was calculated by PT Watson Wyatt Purbajaga dan Asuransi, with surplus assets amounting to Rp22,280 and a funding ratio of 104.53%.
- DPBM IV was calculated by PT Jasa Aktuaria Praptasentosa Gunajasa, with surplus assets amounting to Rp77,883 and a funding ratio of 134.83%.

Employee Entitlements

In accordance with Decree of the Minister of Manpower No.Kep-150/Men/2000 dated June 20, 2000, regarding the Settlement of Labor Dismissal and the Stipulation of Severance Pay, Gratuity and Compensations in Companies, Bank Mandiri has adopted an accounting policy to recognize a provision for employee severance and service entitlements and a corresponding expense in the statement of profit and loss amounting to Rp553,851 (See Note 29).

(Amounts in millions of Rupiah, unless otherwise stated)

33. RELATED PARTY TRANSACTIONS

In the ordinary course of its business, Bank Mandiri engages in transactions with related parties, as follows:

	2000	1999
Loans (Note 11)	505,005	2,393,496
Interest refundable by the Government (Note 14)	105,447	-
Demand deposits (Note 15)	47,134	23,905
Savings deposits (Note 16)	105,689	10,626
Time deposits (Note 17)	340,373	510,107
Obligations under capital lease (Note 22)	9,749	9,679
Salary and allowances of the Board of Directors and Commissioners and Executive Officers (Note 29)	26,425	10,676*

* For the five-month period ended December 31, 1999.

In 1999, certain investments in shares of stock of Bank Mandiri and certain non-core fixed assets were transferred to PT Pengelola Investama Mandiri and PT Harta Tetap Mandiri, related companies, respectively (See Notes 12 and 13).

34. CUSTODIAL OPERATIONS

Bank Mandiri has been rendering custodial services since 1959 (ex-legacy banks: ex-BDN, ex-BEII, ex-BBD, and ex-Bapindo). As a result of the merger, the operating license for custodial services was renewed and re-issued based on BAPEPAM Decision Letter No. KEP.01/PM/Kstd/1999 dated October 4, 1999. The Custodial Services Department (the "CSD") of Bank Mandiri provides a full range of custodial services such as:

a. Settlement and handling services for scrip and scripless trading transactions;
b. Registration of securities to Badan Administrasi Efek, and splitting and merging of securities;
c. Safekeeping of securities and other valuable assets;
d. Corporate action services related to the rights on the securities;
e. Proxy services for its customers' shareholders meetings and obligation holders meetings;
f. International services i.e. American Depository Receipts (ADR) and Global Depository Receipts (GDR), which are required by entities listed on the domestic and overseas exchanges (dual listing); and
g. Sub-registry services for settlement of transactions of Indonesian recapitalization bonds (Government Bonds).

Bank Mandiri has 123 and 65 custodial customers in 2000 and 1999, respectively, which are divided into four categories as follows:

- Pension funds (91 customers in 2000 and 42 customers in 1999);
- Insurance companies (11 customers in 2000 and 8 customers in 1999);
- Banks (13 customers in 2000 and 10 customers in 1999); and
- Securities and other private companies (8 customers in 2000 and 5 customers in 1999).

(Amounts in millions of Rupiah, unless otherwise stated)

34. CUSTODIAL OPERATIONS (Continued)

In 2000 and 1999, the volume of transactions reported to Bapepam (including the American Depository Receipts transactions) was as follows:

	2000		1999 *(a)*	
	Units *(b)*	Value	Units *(b)*	Value
Selling transactions	597,325	144,219	730,661	352,719
Buying transactions	452,654	222,530	669,577	602,370

Notes:
(a) Includes transaction volumes of custodian operations of ex-BDN, ex-BEII, and ex-BBD before October 1999
(b) In million units

As of December 31, 2000 and 1999, the CSD employs 27 permanent employees.

The securities held by the CSD as of December 31, 2000 and 1999 are as follows:

	2000		1999	
	Units	Value	Units	Value
Shares	76,009,562,913	3,638,017	2,605,620,082	8,661,280
Bonds	-	3,415,038	-	1,636,353
Time deposits	601	416,387	123	28,914
Medium term-notes	-	6	-	-
Commercial papers	-	-	9	7,014
		7,469,448		10,333,561

As part of safekeeping services, the CSD also holds land certificates for customers.

Fees and commissions charged in 2000 and 1999 in respect of custodial services are as follows:

- Transactional charges Rp100 (full amount) to Rp200 (full amount) per share for scrip equity transactions, Rp50,000 (full amount) to Rp500,000 (full amount) per share for scriptless equity transactions, and 0.01% to 0.04% per annum of the nominal value of bond transactions;
- Safe-keeping fee 0.019% to 0.15% per annum of the market value for equities, and 0.08% to 0.10% per annum of the nominal value for bonds; and
- Other charges (i.e. corporate action fees, proxy fees, and registration fees).

Total custodial fees and commissions earned in 2000 and 1999 amounted to Rp6,604 and Rp5,974, respectively.

(Amounts in millions of Rupiah, unless otherwise stated)

34. CUSTODIAL OPERATIONS (Continued)

Bank Mandiri carries insurance on custodial services against loss by risk of fidelity of CSD's personnel and other risks under blanket policies amounting to approximately US$25,000,000 (full amount). Management is of the opinion that the insurance coverage is adequate to cover possible loss from risk of fidelity of the Custodian's personnel and other risks.

35. NET OPEN POSITION

The Net Open Position of Bank Mandiri as of December 31, 2000 is as follows:

	Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position
United Stated Dollars	207,073,014 *)	206,886,588	186,426
Hong Kong Dollars	898,866	714,194	184,672
French Francs	765,750	784,583	(18,833)
Japanese Yen	2,687,577	2,683,601	3,976
Dutch Guilders	894,909	880,843	14,066
Malaysian Ringgit	107,757	256,410	(148,653)
Euros	916,538	1,123,359	(206,821)
Singapore Dollars	924,167	858,922	65,245
British Pounds Sterling	776,002	738,464	37,538
Canadian Dollars	86,200	55,307	30,893
Deutsche Marks	2,212,421	2,237,068	(24,647)
Swiss Francs	133,813	115,555	18,258
Italian Lira	23,705	25,711	(2,006)
Belgian Francs	32,284	27,320	4,964
Swedish Kroner	64,172	48,005	16,167
Danish Kroner	43,652	34,968	8,684
Australian Dollars	317,970	295,285	22,685
New Zealand Dollars	30,570	32,875	(2,305)
Others (each below Rp20,000)	54,613	43,843	10,770
Total			201,079

*) Including hedge bonds amounting to Rp24,518,840.

(Amounts in millions of Rupiah, unless otherwise stated)

35. NET OPEN POSITION (Continued)

The Net Open Position of Bank Mandiri as of December 31,1999 is as follows:

	Assets and Administrative Asset Accounts	Liabilities and Administrative Liability Accounts	Net Open Position
United States Dollars	121,345,132 *)	122,291,035	(945,903)
Hong Kong Dollars	1,351,422	151,053	1,200,369
Austrian Schillings	5,964	593,676	(587,712)
Euros	389,744	67,809	321,935
French Francs	129,533	338,523	(208,990)
Dutch Guilders	645,170	793,161	(147,991)
Malaysian Ringgit	105,259	250,333	(145,074)
Singapore Dollars	413,466	477,682	(64,216)
Japanese Yen	1,990,057	2,048,980	(58,923)
Canadian Dollars	58,435	29,273	29,162
Others (each below Rp 20,000)	1,841,900	1,835,866	6,034
Total			(601,309)

*) Including hedge bonds amounting to Rp25,992,500.

36. FOREIGN CURRENCY TRANSACTIONS

The outstanding receivables and payables arising from foreign currency transactions consist of the following:

	2000	1999
Receivables:		
Unrealized spot foreign currencies bought	250,531	2,256
Forward foreign currency bought	660,561	253,791
Cross currency swap receivables	232,225	-
	1,143,317	256,047
Payables:		
Unrealized spot foreign currencies sold	447,318	2,265
Forward foreign currency sold	607,017	604,690
Cross currency swap payables	180,277	-
	1,234,612	606,955

(Amounts in millions of Rupiah, unless otherwise stated)

36. FOREIGN CURRENCY TRANSACTIONS (Continued)

Details of outstanding spot foreign currency bought transactions as of December 31, 2000 are as follows:

	2000	
Original Currency	Foreign Currency Amount (full amount)	Rupiah Equivalent
United States Dollars	25,203,648	241,829
Other		8,702
		250,531

Details of outstanding receivables from forward foreign currency bought transactions as of December 31, 2000 are as follows:

	2000	
Original Currency	Foreign Currency Amount (full amount)	Rupiah Equivalent
United States Dollars	61,463,091	589,738
Singapore Dollars	3,465,000	19,195
Euros	55,095	491
Others		51,137
		660,561

Details of the outstanding cross currency swap transactions (purchase position) at December 31, 2000 are as follows:

	2000	
Original Currency	Foreign Currency Amount (full amount)	Rupiah Equivalent
United States Dollars	4,936,240	47,364
Euros	7,000,000	62,383
British Pounds Sterling	3,000,000	42,898
Australian Dollars	5,750,000	30,582
Canadian Dollars	4,650,000	29,709
Hong Kong Dollars	12,000,000	14,763
Swedish Kroner	4,500,000	4,526
		232,225

(Amounts in millions of Rupiah, unless otherwise stated)

36. FOREIGN CURRENCY TRANSACTIONS (Continued)

Details of outstanding spot foreign currency sold transactions as of December 31, 2000 are as follows:

	2000	
Original Currency	Foreign Currency Amount (full amount)	Rupiah Equivalent
United States Dollars	46,200,000	443,289
Other		4,029
		447,318

Details of outstanding payables from forward foreign currency sold transactions at December 31, 2000 are as follows:

	2000	
Original Currency	Foreign Currency Amount (full amount)	Rupiah Equivalent
United States Dollars	50,554,794	485,073
Singapore Dollars	3,463,000	19,182
Euros	13,800	123
Others		102,639
		607,017

Details of the outstanding cross currency swap transactions (sale position) at December 31, 2000 are as follows:

	2000	
Original Currency	Foreign Currency Amount (full amount)	Rupiah Equivalent
United States Dollars	18,788,615	180,277
		180,277

The period for foreign currency transactions ranged from 12 to 1,784 days in 2000.

37. DERIVATIVES

The following are the outstanding derivative instruments of Bank Mandiri and Subsidiaries as of December 31, 2000 and 1999:

Interest Rate Swap Option

Ex-BDN entered into an interest rate swap option agreement with Merrill Lynch Capital Services Inc. on October 31, 1995 which generally involves the exchange of floating rate interest payment obligations without exchange of the underlying principal amounts. The agreement matures on November 11, 2002, subject to adjustment in accordance with the Modified Following Business Day Convention. There had been no actual exchange of cash flows between the counter-parties during the term of the contract, however Merrill Lynch had the option of receiving fixed rate interest payments from Bank Mandiri. The notional principal amount, which is used to express the volume of the transaction, amounts to US$180,000,000 (full amount). The transaction relates to the FRN issued by ex-BDN amounting to US$180,000,000 (full amount) (see Note 20).

The contract was terminated upon mutual agreement between Merrill Lynch and Bank Mandiri on March 9, 2001. Realized losses amounting to Rp23,868 were incurred by Bank Mandiri as a result of the termination of the swap option agreement on March 9, 2001, of which unrealized losses of Rp18,470 were recognized as of December 31, 2000.

Cross Currency Swap

Ex-BDN entered into a cross currency swap agreement with Merrill Lynch Capital Services Inc. on June 2, 1997 which provides for the exchange of US$4,936,240 (full amount) with Rp12,000 on April 29, 2001, the maturity date of the agreement. The contract was terminated upon mutual agreement between Merrill Lynch and Bank Mandiri on March 9, 2001. Realized gains amounting to Rp40,575 were earned by Bank Mandiri as a result of the termination of the cross currency swap agreement, of which Rp38,824 unrealized gains were recognized as of December 31, 2000. The underlying transaction of this contract relates to the purchase of Medium Term Notes of PT Semen Gresik.

Bank Mandiri's policies in respect of derivatives are as follows:

Bank Mandiri uses derivative instruments to hedge the risks associated with financial transactions, such as existing foreign currency commitments and borrowings. In connection with these instruments, Bank Mandiri monitors and evaluates on an ongoing basis the amount of its exposure and makes adjustments as deemed necessary to offset the risks associated with these instruments. Bank Mandiri does not generally use derivative instruments for speculative or trading purposes, and ensures that all such instruments are matched with payment obligations under existing financing transactions of Bank Mandiri. Bank Mandiri's criteria for determining which financing transactions to hedge from time to time is based on a number of factors, including then-existing market conditions, to anticipate changes in exchange rates and market interest rates. However, no assurance can be given that Bank Mandiri's hedging policy will be effective, that it will be able to forecast fluctuations in exchange rates or interest rates accurately or that it will be able to minimize foreign exchange losses or increases in interest expense payable as a result of its swap and derivative product activities.

(Amounts in millions of Rupiah, unless otherwise stated)

38. BANK GUARANTEES RECEIVED AND ISSUED AND STANDBY LETTERS OF CREDIT

Bank Guarantees Received

Bank guarantees received amounting to Rp1,783,355 as of December 31, 2000 (1999: Rp1,718,927) are obtained from foreign banks to serve as collateral for loans, letters of credit or to counter guarantees issued by Bank Mandiri.

Bank Guarantees Issued

Bank guarantees issued amounting to Rp4,428,072 as of December 31, 2000 (1999: Rp6,358,173) consist of the following:

	2000	1999
Issued to:		
PT Bank BNI (Persero)	191,321	141,533
PT Tripatra Engineers	164,240	112,437
PT Marga Mandala Sakti	150,000	150,000
PT Adhi Karya	108,401	88,384
PT Pelindo I	92,788	68,660
PT Pembangunan Perumahan (Persero)	51,535	14,847
PT Chandra Asri	46,854	7,021
Others (below Rp45,000)	3,622,933	5,775,291
	4,428,072	6,358,173

The bank guarantees issued to PT Bank BNI (Persero) were to facilitate risk sharing agreements for a PT Perusahaan Listrik Negara (PLN) (Persero) project, for construction of buildings and harbors, for manufacturing of chemicals, and others. These guarantees are given for a period ranging from 3 months to 3 years. Bank Mandiri has not issued any bank guarantees to related parties in 2000 and 1999.

Standby Letters of Credit ("SLBC")

Based on the Risk Sharing Agreement No.11 dated February 16, 1993 that was legalized by Mr. Soedarno S.H, notary in Jakarta, Bank Mandiri, together with PT Bank BNI (Persero) and PT Bank BRI (Persero) agreed to issue Standby Letters of Credit to PT Perusahaan Listrik Negara (Persero) for 20 (twenty) years starting April 1, 1993 until March 31, 2013. The maximum SBLC facility amounts to US$300,943,500 (full amount), of which 60.476% represents Bank Mandiri's portion. The amount utilized as of December 31, 2000 and 1999 amounted to US$222,939,120 (full amount) and US$224,120,509 (full amount), respectively, of which Bank Mandiri's portion amounts to US$134,824,662 (full amount) and US$135,539,119 (full amount), respectively.

39. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. *Management Contract*

On April 8, 2000, a Management Contract was signed between the Government and Bank Mandiri in connection with the recapitalization of Bank Mandiri as described in Note 4. The Management Contract provides for, among others, the requirements and milestones to be fulfilled by Bank Mandiri in accordance with its Business Plan, which include, the following:

1. Obligations to be fulfilled by Bank Mandiri, among others:

(i) The Government Bonds can only be used by Bank Mandiri to settle liabilities and cannot be used to acquire assets, except for Government Bonds classified as trading based on prevailing regulations.

(ii) Reducing overhead costs.

(iii) Settlement of unreconciled/open items and reconciliation of inter-branch transactions derived from the Merged Banks.

(iv) Special audit of high risk and material un-reconciled open items.

(v) Implementation of an automated monitoring system over the use of funds and liquidity of Bank Mandiri not later than June 30, 2000.

(vi) Implement policy of reporting according to Bank Indonesia Regulations.

(vii) Take any action as required in respect of the Credit Portfolio to comply with Bank Indonesia's requirements, especially for Legal Lending Limit (LLL).

(viii) Agreed to syndicate the current outstanding corporate loans that exceed Legal Lending Limit (LLL) and participate in syndication activities to support other banks in resolving Legal Lending Limit (LLL) problems.

(ix) Bank Mandiri agreed to improve its Net Open Position based on the prevailing regulations and prepare a plan to acquire assets denominated in U.S. dollars.

(x) Bank Mandiri and the Minister of Finance agreed to undertake actions needed to accelerate the privatization process of Bank Mandiri by issuing shares to the public, and which has to be completed not later than March 31, 2001.

If Bank Mandiri defaults on its commitments as stipulated in the management contract, the consequences are:

- Replacement of Boards of Directors and Commissioners
- Adjust the milestones if the reasons for non achievement are beyond the control of Bank Mandiri

39. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

a. *Management Contract (continued)*

2. Management and Performance of Bank Mandiri, among others:

   - The Boards of Directors and Commissioners are required to perform their tasks conscientiously in line with the requirements prescribed in the Business Plan, Performance Plan and Performance Milestones.

   - The Compliance Director is required to undertake actions needed for Bank Mandiri to fully comply with Bank Indonesia Regulations, the prevailing law, agreements, and commitments with Bank Indonesia and monitor the success of the implementation of the Bank Recapitalization Program based on the agreed Business Plan, without prejudice to the responsibilities of the Boards of Directors and Commissioners of Bank Mandiri. The results of this function's activities should be submitted quarterly to the Minister of Finance not later than two (2) weeks after the end of each quarter and semi-annually to Bank Indonesia.

3. Corporate Governance for Bank Mandiri, among others:

   - The Governance of Bank Mandiri is to be conducted by its Boards of Directors and Commissioners in accordance with the Articles of Association of Bank Mandiri and prevailing laws.

   - The members of the Boards of Directors and Commissioners must not have conflicts of interest in the decision making process involved in governing Bank Mandiri.

b. *Government Bond Purchase Agreement*

In December 1999, Bank Mandiri entered into an agreement with Bank Indonesia, whereby Bank Mandiri is required to purchase on June 28, 2000 Rp14,000,000 worth of Government Bonds, consisting of Rp7,000,000 of fixed rate bonds and Rp7,000,000 of variable rate bonds. On June 28, 2000 Bank Mandiri repurchased Rp7,000,000 of bonds, and obtained approval from Bank Indonesia to extend the period of repurchase of the remaining Rp7,000,000 of bonds for three months. On September 26, 2000 Bank Mandiri repurchased the remaining Rp7000,000 recapitalization bonds and paid the related accrued interest.

(Amounts in millions of Rupiah, unless otherwise stated)

39. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

c. *Earning Assets Transfer Agreement*

In 1999, Bank Mandiri entered into an Earning Assets Transfer Agreement with IBRA. Under the agreement, Bank Mandiri agreed to transfer to IBRA its loss category earning assets for RpNil consideration.

In 2000, Bank Mandiri has transferred its loss category earning assets to IBRA on two (2) occasions on April 3, 2000 and December 21, 2000, as follows:

April 3, 2000

Under a Decree of Ministry of Finance No. S-25/MK.01/2000 dated February 1, 2000 and Governor of Bank Indonesia No.2/7/KEP.GBI/2000 dated March 31, 2000 regarding the transfer of problem assets to IBRA, on April 3, 2000, the Bank had entered into a Second Phase (Phase 2) of the Earning Assets Transfer Agreement with IBRA involving Rp21,867,184. Under the agreement, the Bank is required to transfer all its problem assets for RpNil value to IBRA (assets rated as loss under Bank Indonesia criteria and or with a provision more than 50%) together with the related interest, penalties and claims that may be received by the Bank in the future. In accordance with the agreement, the Bank is liable to bear the cost of liabilities which may arise in the future, relating to the transferred assets.

Detail of assets transferred to IBRA as of April 3, 2000 are as follows:

Loans	Rp14,169,892
Commercial papers	1,555,687
Off balance sheet accounts	629,441
Interest and penalties	5,112,164
Participation	400,000
	Rp21,867,184

To manage the administration of the transferred assets, Bank Mandiri has been appointed by IBRA as the Temporary Assets Administrator for a 3 months period (automatically rolled over for the next 3 months, unless was advised by IBRA in writing). Under the Temporary Assets Administration Agreement, the Merged Banks should perform the administration activities described below:

a. Normal collection activities such as issuing invoices and receiving payments.
b. Monitoring and supervision such as correspondence with debtors, recording and updating loan information (principal, interest and penalties).
c. Recommend loan workout strategies, with such strategies to be approved by IBRA.
d. Loan information gathering to determine the loan rescue strategy, such as restructuring, discounted settlement and litigation action.
e. Account maintenance to maintain and improve the asset values, such as the completeness and the security of loan documentation and its collateral.
f. Other administrative activities such as paying taxes, insurance or issuing invoices in relation to accounts management.

(Amounts in millions of Rupiah, unless otherwise stated)

39. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

c. *Earning Assets Transfer Agreement (Continued)*

April 3, 2000 (Continued)

The Merged Banks are not allowed to restructure loans i.e. provide a discount for settlement of amounts (interest, penalties and or principal) which should be paid by the borrower, change the credit period and initiate litigation before the Merged Banks perform an analysis of the loans and prepare a written loan workout recommendation for IBRA.

The Temporary Assets Administration Agreement was terminated on July 25, 2000.

December 21, 2000

Based on notarial deed No. 102 dated December 21, 2000 of Mr. Teddy Anwar, SH, SpN. and in accordance with a Decree of the Ministry of Finance No. S-25/MK.01/2000 dated February 1, 2000 and Regulation of Bank Indonesia No. 2/11/PBI/2000 dated March 31, 2000 regarding the transfer of problem assets to IBRA, Bank Mandiri has transferred its problem assets amounting to Rp6,944,516 to IBRA for RpNil value (assets rated as loss under Bank Indonesia criteria and or with a provision more than 50%) together with the related interest, penalties and claims that may be received by the Bank in the future. In accordance with the agreement, Bank Mandiri is liable to bear the cost of liabilities which may arise in the future, relating to the transferred loans.

Details of assets transferred to IBRA as of December 21, 2000 are as follows:

Loans	Rp4,475,887
Commercial papers	447,678
Off balance sheet	130,616
Interest and penalties	1,890,335
	Rp6,944,516

No Temporary Assets Administration Agreement was signed in respect of the above assets.

d. *Agreements on Channeling Loans*

Bank Mandiri entered into several loan channeling agreements to channel loans in various foreign currencies, with the Export Import Bank of Japan, ASEAN Japan Development Fund, Overseas Economic Cooperation Fund, International Bank for Reconstruction and Development, Nordiska Investeringbanken, Kreditanstalt Fur Wiederaufbau, Sumitomo, US AID, Barclays Bank, Bank of China, CN Lyonnais, Unibank, Bank of Austria, Ryobhin Hong Kong, Export Finance and Insurance Cooperation - Australia, Mitsubishi Corporation, Chartered West LB, Banque Indosuez, Hitachi Zosen, NEC Corporation, Banque Francais du Comm, Exim Bank of US, and Banque Paribas for financing projects in Indonesia.

Bank Mandiri's responsibilities under the above arrangements include, among others, the payment of principal, interest and other charges and the maintenance of loan documentation. As compensation, Bank Mandiri shall receive an annual administration fee which varies from 0.15% - 0.25% of the loan balances.

39. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (Continued)

e. *Contingent Liabilities*

As of December 31, 2000 and 1999, Bank Mandiri has provided an allowance (included in "Other Liabilities") for several pending lawsuits filed against Bank Mandiri amounting to Rp1,524,908 and Rp449,199, respectively (see Note 21). The Bank's total potential exposure arising from outstanding lawsuits as of December 31, 2000 amounted to Rp4,139,029. Management believes that the allowance is adequate to cover possible losses arising from pending litigation cases.

The ex-Bapindo Hong Kong Branch (now Bank Mandiri Hong Kong Branch) has tax losses of approximately US$27,000,000 (full amount) as of December 31, 1999. It has applied to the Inland Revenue Department ("IRD") of Hong Kong for approval for the utilization of the tax losses against the taxable profits of Bank Mandiri Hong Kong Branch. However, no final agreement has been obtained from the IRD as of the date of this report. The potential tax liabilities which would amount to approximately US$2,700,000 (full amount) should the tax losses not be approved for utilization by Bank Mandiri Hong Kong Branch, have been fully provided for by Bank Mandiri at the head office level.

40. ADVERSE ECONOMIC CONDITIONS

The adverse economic conditions in Indonesia, which started in the second half of 1997, have been characterized by volatile foreign currency exchange rates, high interest rates, tight liquidity and lack of public confidence in the country's banking system. These conditions have significantly affected the banking services sector, including the operations of Bank Mandiri and its Subsidiaries. The adverse economic conditions have also involved declining prices in shares listed on the Indonesian stock exchanges, tightening of available credit and reduced economic activity. Also, the liquidation and suspension of operations of numerous domestic banks in Indonesia has resulted in a decline in public confidence in the country's banking system, placing more pressure on the liquidity and survival of the banking sector.

To regain public confidence in the banking system, the Government has guaranteed certain obligations of domestic banks as discussed in Note 41 to the consolidated financial statements. Moreover, on December 31, 1998, the Government issued Regulation No. 84 of 1998 concerning the Recapitalization of Commercial Banks. By virtue of 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, concerning the implementation of the recapitalization program for commercial banks and the decision letter of the Steering Committee for the Recapitalization Program of Commercial Banks dated March 12, 1999, Bank Mandiri was included in the recapitalization program. In addition, the implementation of the recapitalization program is one of the commitments of the Government of the Republic of Indonesia in its Letters of Intent (LoI) to the International Monetary Fund (IMF).

The adverse economic conditions have resulted in uncertainty with respect to the ability of Bank Mandiri's and its Subsidiaries' customers to fulfill their obligations when they mature, thereby significantly increasing the credit risks inherent in their lending portfolios. Furthermore, the adverse economic conditions have affected Bank Mandiri's and its Subsidiaries' cost of funds. While the economy has show signs of recovery since the middle of 1999 as reflected in general decline in interest rates and lower inflation rates, uncertainties as to the ongoing economic situation still exist. Such uncertainties may affect future operations, the recoverability of Bank Mandiri and its Subsidiaries' assets and their ability to pay their obligations when they mature.

40. ADVERSE ECONOMIC CONDITIONS (Continued)

In response to these conditions, the measures which Bank Mandiri and Subsidiaries have implemented, or plan to implement include:

- As discussed in Note 4 to the consolidated financial statements, the Government of the Republic of Indonesia issued Government Bonds totaling approximately Rp178 trillion in 1999 to increase its investment in shares of stock of Bank Mandiri. Upon recapitalization, Bank Mandiri fulfilled the minimum Capital Adequacy Ratio requirement of Bank Indonesia and has a positive shareholder's equity position as of December 31, 1999 and 2000. On July 7, 2000, Rp2,657,000 of the excess recapitalization funding was returned to the Government in the form of Government Bonds.

- As discussed in Note 11k to the consolidated financial statements, in 2000 and 1999, Bank Mandiri and its Subsidiaries transferred earning assets classified as loss to IBRA based on Asset Transfer Agreements. Such assets had been written off prior to their transfer to IBRA.

- In connection with the recapitalization, Bank Mandiri and its Subsidiaries have prepared a business plan that is regularly reviewed and re-assessed by Management. Currently, Bank Mandiri plans to focus its business primarily in improving the funding mix and product mix of its retail activity funding; focus on export oriented and natural resources-based businesses; improve the composition of loans between corporate and small and medium enterprises; and provide trade finance, cash management and investment banking services to increase fee-based income. During 2000 and 1999, Bank Mandiri has implemented and continue to implement provisions of the business plan, which include:

  a. Restructuring of non-performing loans for debtors with prospects and transferring non-prospective loans classified as loss to IBRA.

  b. Settlement of loans granted to related parties that have exceeded the legal lending limit.

  c. Settlement of Net Open Positions (NOP) exceeding the regulatory NOP limit.

  d. Overcoming liquidity risk by rolling over offshore borrowings, increasing retail funding and maintaining major customers by offering competitive interest rates and services.

  e. Efficiency improvement measures, as follows:
     (i) Rationalizing the number of employees.
     (ii) Optimizing office networking and extending retail credits.
     (iii) Redesigning branch operations.
     (iv) Optimizing the usage of the existing fixed assets.
     (v) Controlling overhead costs through improved monitoring mechanisms.
     (vi) Designing an effective organization structure.

  f. Improvement of product and service quality to meet customers' needs.

  g. Transferring the management of non-prospective subsidiaries to PT Pengelola Investama Mandiri, a related party, for resale and restructuring of subsidiaries with prospects.

- As discussed in Note 4 to the consolidated financial statements, Bank Mandiri entered into a Management Contract with the Indonesian Government on April 8, 2000. The Management Contract provides, among others, the requirements and milestones to be fulfilled by Bank Mandiri in accordance with its Business Plan and the Government of the Republic of Indonesia's recapitalization.

40. ADVERSE ECONOMIC CONDITIONS (Continued)

- Bank Mandiri plans to privatize by issuing shares to the public before the end of 2001, the proceeds of which will be used to strengthen the capital base, improve liquidity and develop the business.

The accompanying consolidated financial statements include the effect of the adverse economic conditions to the extent they can be determined and estimated. Recovery of the economy depends on the monetary, fiscal and other measures that have been and will be undertaken by the Indonesian Government to achieve economic recovery, which actions are beyond the control of Bank Mandiri and its Subsidiaries. It is not possible to determine the future effects a continuation of the adverse economic conditions may have on Bank Mandiri's and its Subsidiaries' liquidity, earnings and realization of their earning assets, including the effects from their customers, creditors, shareholder and other stakeholders. The ultimate effect of these uncertainties on the stated amounts of assets and liabilities at the balance sheet date cannot presently be determined. Related effects will be reported in the consolidated financial statements as they become known and can be estimated.

41. GOVERNMENT GUARANTEE OF OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Decree of the Minister of Finance No. 26/KMK.017/1998 dated January 28, 1998, which was replaced by Minister of Finance's Decree No. 179/KMK.017/2000 dated May 26, 2000, the Government of the Republic of Indonesia is guaranteeing certain obligations of locally incorporated banks namely demand deposits, savings, time deposits and deposits on call, bonds, marketable securities, inter-bank placements, fund borrowings, swaps/hedges/futures, derivative and contingent liabilities such as bank guarantees, standby letters of credit and other liabilities, excluding subordinated loans and due to directors, commissioners and related parties.

Based on Joint Decrees of the Directors of Bank Indonesia and Head of IBRA No. 32/46/KEP/DIR and No. 181/BPPN/0599 dated May 14, 1999, the guarantee period is automatically extended, unless otherwise decided upon by IBRA within six months from the maturity of this guarantee. In 2001, the joint decrees of the Directors of Bank Indonesia and the Head of IBRA were replaced by BI regulation No. 3/7/PBI/2001 and Decree of the Head of IBRA No. 1035/BPPN/0401.

The Head of IBRA issued Decree No. SK-1036/BPPN/0401 in 2001 that provides for specific operational guidance in respect of the Government of the Republic of Indonesia's Guarantee of obligations of locally incorporated banks.

42. SUBSEQUENT EVENT

Initial Public Offering (IPO)

Based on the extraordinary shareholder meeting on December 20, 2000, the Shareholder has approved and designated the Board of Directors to proceed with the plan of Bank Mandiri to privatize through an IPO before the end of 2001. The Minister of Finance has appointed Credit Suisse First Boston as advisor or lead underwriter on February 28, 2001.

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CORPORATE DATA

BOARD OF COMMISSIONERS

BINHADI [CHAIRMAN]

Chairman of Bank Mandiri since 1999, and of PT Bank Syariah Mandiri.

Chairman of Bank Mandiri Merger Committee (1998-2000). Managing Director of Bank Indonesia (1983-1993). President Director of PT Niaga Management Company (1994-1999). Non Executive Director, Niaga Finance Company, Hong Kong (1996-1999). Chairman, Ficorinvest Bank (1983-1994). A career banker with Bank Indonesia (1957-1993).

Degree in Business Administration from Universitas 17 Agustus 1945, Jakarta (1964). Various banking courses including Advanced Management Course for Bankers, Wharton School, Philadelphia, USA (1975) and Central Bank Course, The International Monetary Fund, Washington, USA (1982).

SOEDARJONO [COMMISSIONER]

Commissioner of Bank Mandiri since 1998.

Chairman of the Indonesian Institute of Accountant (1994-1998). Chairman of the State Financial and Development Audit Board, BPKP (1993-1999). Chairman of the State Board for Export Facility Services and Financial Data Processing (1991-1993). Deputy Chairman, BPKP (1990-1991). Civil service career with the Ministry of Finance of the Republic of Indonesia (1969-1999).

Degree in Economics with Accounting major from the University of Indonesia, Jakarta.

MARKUS PARMADI [COMMISSIONER]

Commissioner of Bank Mandiri since 1998.

Previously Managing Director of Lippo Group, Executive Chairman of Lippo Securities and President Director of Lippo Bank (1990-1998). Director, Bank Central Asia (1983-1990). Vice President, Citibank N.A., Jakarta (1971-1983).

SABANA KARTASASMITA [COMMISSIONER]

Commissioner of Bank Mandiri since 1999.

Ambassador of Indonesia to Belgium and Luxembourg (1994-1997). Secretary General, the Indonesian Academy of Sciences (1993-1994), Assistant to the State Minister for Research and Technology (1989-1993). Member of the State Supreme Advisory Council (1983-1988). Began his career with the state-owned tin mining company, Tambang Timah, in 1961 where he served as Director of Finance (1968-1979).

Ph.D. from the Faculty of Economics and Social Studies, Köln University, West Germany (1961).

BOARD OF DIRECTORS

E.C.W. NELOE [PRESIDENT & CHIEF EXECUTIVE OFFICER]

President & CEO of Bank Mandiri since 2000.

Managing Director of Bank Duta (1990). Managing Director of Bank Dagang Negara (1991-1998). Chief Representative, BDN Deposit Taking Company, Hong Kong (1987-1990). Chairman, BDN Bank AG, Dusseldorf, Germany (1994-1999). A career banker who rose through the ranks of BDN (1966-1998).

Degree in Business Management from Universitas Krisnadwipayana, Jakarta (1968). Various banking and management courses including the Pacific Rim Bankers Program, Seattle, USA (1990) and East Asian Leadership, Harvard University, Boston, USA (1995).

I WAYAN PUGEG [MANAGING DIRECTOR]

Managing Director of Bank Mandiri since 1998.

Managing Director of Bank Dagang Negara (1992-1997). Acting General Manager, BDN New York, USA (1988). Former Commissioners of Indovest Bank, Salindo Perdana Finance and Bina Usaha Indonesia. Joined BDN from Citibank N.A., Jakarta, in 1973.

Degree in Accountancy from Universitas Gajah Mada, Yogyakarta (1972). Various banking and management courses including the Pacific Rim Bankers Program, Seattle, USA (1991).

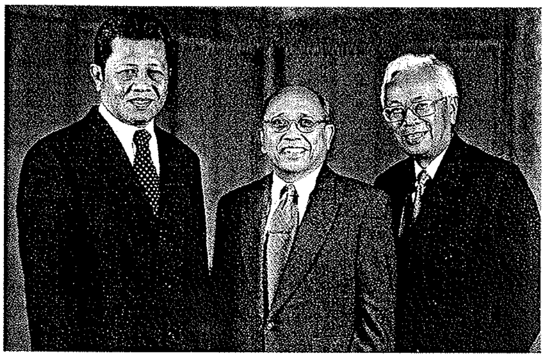
AGUS MARTOWARDOJO [MANAGING DIRECTOR]

Managing Director of Bank Mandiri since 1999.

President Director of Bank Ekspor Impor Indonesia (December 1998 - July 1999). President Director of Bank Bumiputera (1995-1998). Vice President, Corporate Banking Group, Bank Niaga (1986-1994). International Loan Officer, Bank of America NT & SA, Jakarta (1984-1986).

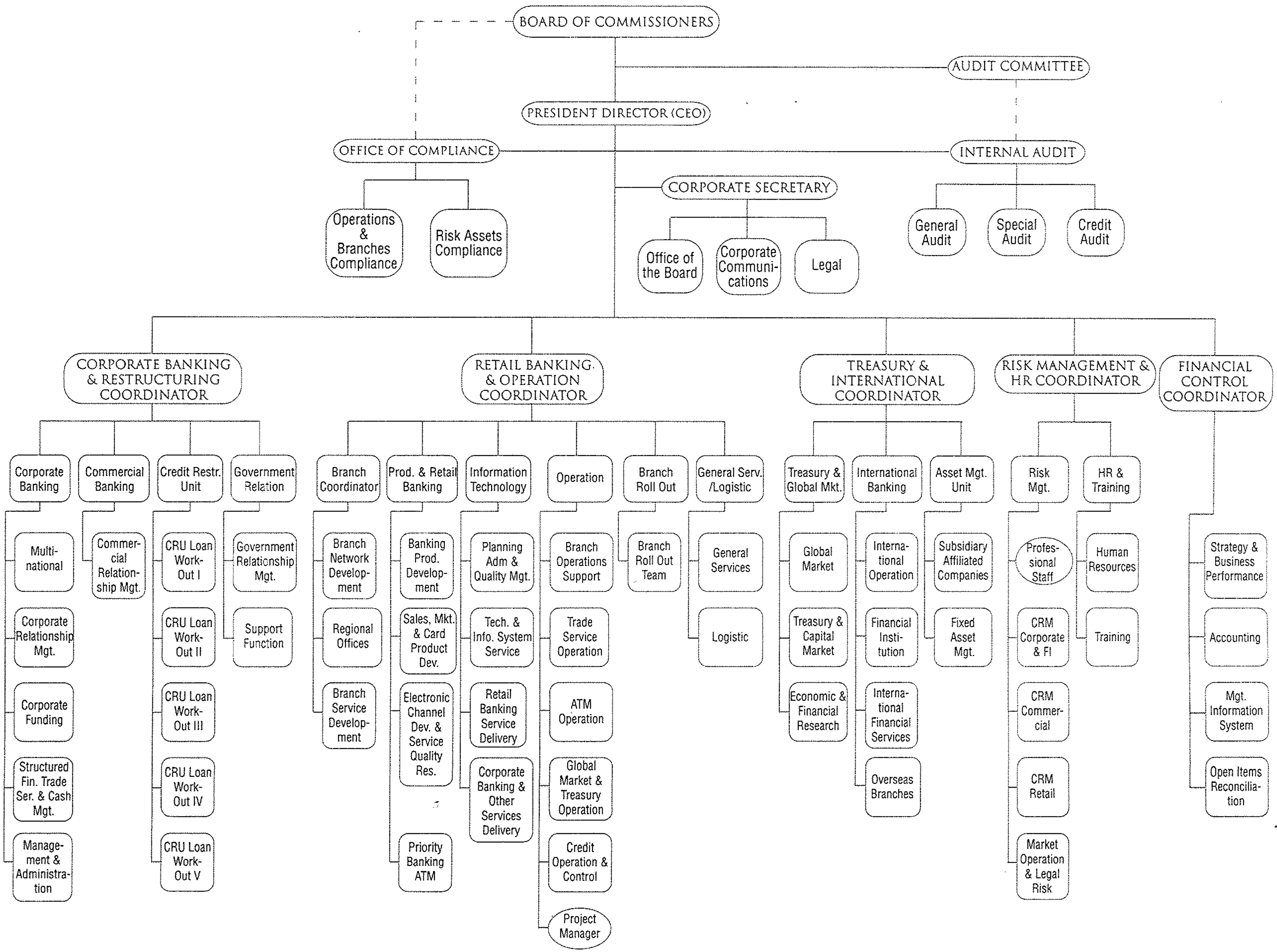
Degree in Economics from the University of Indonesia, Jakarta (1984). Various banking and management courses including at the State University of New York, Buffalo, USA. and the Institute of Banking & Finance, Singapore.

AUDIT COMMITTEE



From left to right :
Zulkifli Djaelani (Member),
Soejatna Soenoesoebrata (Member),
Soedarjono (Chairman)

ORGANIZATIONAL STRUCTURE



EXECUTIVE MANAGEMENT

HERU RATNA AZIMADA
EVP Coordinator – Corporate Banking & Restructuring

KEAT LEE
EVP Coordinator – Chief Financial Officer

AGAM P. NAPITUPULU
EVP – Human Resources & Training

A. NOOR ILHAM
EVP – General Services/Logistic

BAMBANG SABARIMAN
EVP – Asset Management

I. SUPOMO
EVP – Branch Coordinator

I WAYAN AGUS MERTAYASA
EVP – Risk Management

J.B. KENDARTO
EVP – Treasury & Global Market

ABDUL RACHMAN
SVP – Government Relations

ANDREAS E. SUSETYO
Head of Technology

CHOLIL HASAN
SVP – International Banking

ERNESTO P. PINPIN
SVP – Operations

HADI R. PANE
SVP – Internal Audit

M. SOLEH TASRIPAN
SVP – Corporate Banking

NOOR SDK DEVI
SVP – Corporate Secretary

OMAR S. ANWAR
SVP – Product & Retail Banking

SIGIT PRAMONO
SVP – Credit Restructuring Unit

VENTJE RAHARDJO
SVP – Commercial Banking

PRODUCTS & SERVICES

DEPOSITS

- Current Account
- Mandiri Savings Account
- Time Deposits
- Certificates of Deposit

LOAN PRODUCTS

- Corporate Credit
- Syndicated Loan
- Trade Financing
  - Import Financing with GSM-102 Scheme
  - Import Financing with Kfw Scheme
  - Import Financing with BEI Scheme
  - Export Working Capital Loan with BEI Scheme
  - Outstanding Export Letter of Credit
  - Export Financing with IDB Scheme
  - UPAS Import Financing
  - Discounted Export Letter of Credit
- Investment Credit
- Working Capital Credit
- Bank Security Deposit and Guarantee
- Financial Advisory
- Home Mortgage Loan
- Car Purchase Sub-Loan
- Program Import Financing

TREASURY & INTERNATIONAL

- Custody Bank
- Depository Bank
- Trust Service

SERVICES

- Cash Management
- ATM
- Remittance
- Clearing and Inkaso
- Traveller's Cheque
- Safe Deposit Box
- Utility Bill Payment
- Phone Banking
- Letter of Credit
- Foreign Currency Exchange
- Facility Agent

BANK MANDIRI NETWORK

DOMESTIC

HEAD OFFICE
Plaza Mandiri
Jl. Jend. Gatot Subroto,
Kav. 36 - 38 Jakarta 12190
Tel. : (021) 5265045,
5265095 (Hunting)
Fax.: (021) 5265008, 5265017
http://www.bankmandiri.co.id

REGIONAL OFFICE I (MEDAN)
Jl. Imam Bonjol No. 7
Medan 20112
Tel. : (061) 4567985, 4150600
Fax.: (061) 4153273
Number of Branches : 54

REGIONAL OFFICE II (PALEMBANG)
Jl. Kapten A. Rivai No. 1008
Palembang 30137
Tel. : (0711) 364013
Fax.: (0711) 310992, 354365
Number of Branches : 46

REGIONAL OFFICE III (JAKARTA - KOTA)
Jl. Lapangan Stasiun No. 2
Jakarta 11110
Tel. : (021) 6922004, 2600500
Fax.: (021) 6922006, 2600505
Number of Branches : 71

REGIONAL OFFICE IV
(JAKARTA - THAMRIN)
Jl. M.H. Thamrin No. 5
Jakarta 10340
Tel. : (021) 2300800
Fax.: (021) 39832917
Number of Branches : 79

REGIONAL OFFICE V
(JAKARTA - SUDIRMAN)
Bapindo Plaza 7th Fl.
Jl. Jend. Sudirman Kav. 54–55
Jakarta 12190
Tel. : (021) 5266566 ext. 8801-20
Fax.: (021) 5267371
Number of Branches : 77

REGIONAL OFFICE VI (BANDUNG)
Jl. Soekarno Hatta No. 486
Bandung 40266
Tel. : (022) 7506242
Fax.: (022) 7505810
Number of Branches : 43

REGIONAL OFFICE VII (SEMARANG)
Jl. Pemuda No. 73
Semarang 50139
Tel. : (024) 3520486
Fax.: (024) 3520485
Number of Branches : 40

REGIONAL OFFICE VIII (SURABAYA)
Jl. Basuki Rahmat 129–137
Surabaya 60271
Tel. : (031) 5316760, 5343406
Fax.: (031) 5316776, 5316597
Number of Branches : 67

REGIONAL OFFICE IX (BANJARMASIN)
Jl. Lambung Mangkurat No. 3
Banjarmasin 70111
Tel. : (0511) 51403-5
Fax.: (0511) 66719
Number of Branches : 23

REGIONAL OFFICE X (MAKASSAR)
Jl. R.A.Kartini No. 12–14
Makassar 90111
Tel. : (0411) 323547
Fax.: (0411) 329095
Number of Branches : 45

BANK MANDIRI NETWORK

OVERSEAS

BANK MANDIRI (EUROPE) LIMITED LONDON
Senator House 85
Queen Victoria St.
London EC4V 4JN
Tel. : 44-207-3294424, 44-207-3329810
Fax. : 44-207-3294345
Telex : 813269, 813270
SWIFT : BEIIGB2L
Status : Subsidiary
Products and Services:
- Trade Services
- Trade Financing (L/C Refinancing, Export Refinancing)
- Remittance Channeling
- Paying Agent / Reimbursing Agent
- Money Market / Forex Trading

PT BANK MANDIRI (PERSERO) GRAND CAYMAN
Grand Cayman
One Cayman House
North Church St., 2nd Floor
PO Box 10198 APO
Caymand Island, BWI
Tel. : 1-1345-9458891
Fax. : 1-1345-9458892
Telex / Answer back : 4206 / MDRCAY.CP
SWIFT : BEII KYKY
Status : Restricted Licensed Branch (RLB)
Products and Services:
- Money Market / Forex Trading
- Trade Services
- Remittance Services
- Booking Office Services (no withholding tax)
- Trade Financing Channeling
- Paying Agent

PT BANK MANDIRI (PERSERO) COOK ISLANDS
International Banking - International Operation Division
Plaza Mandiri, 10th Floor
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Indonesia
Tel. : 62-21 5275362, 5245928
Fax . : 62-21 5268205
Status : Restricted Licensed Branch (RLB)
Products and Services:
- Booking Office Services (no withholding tax)

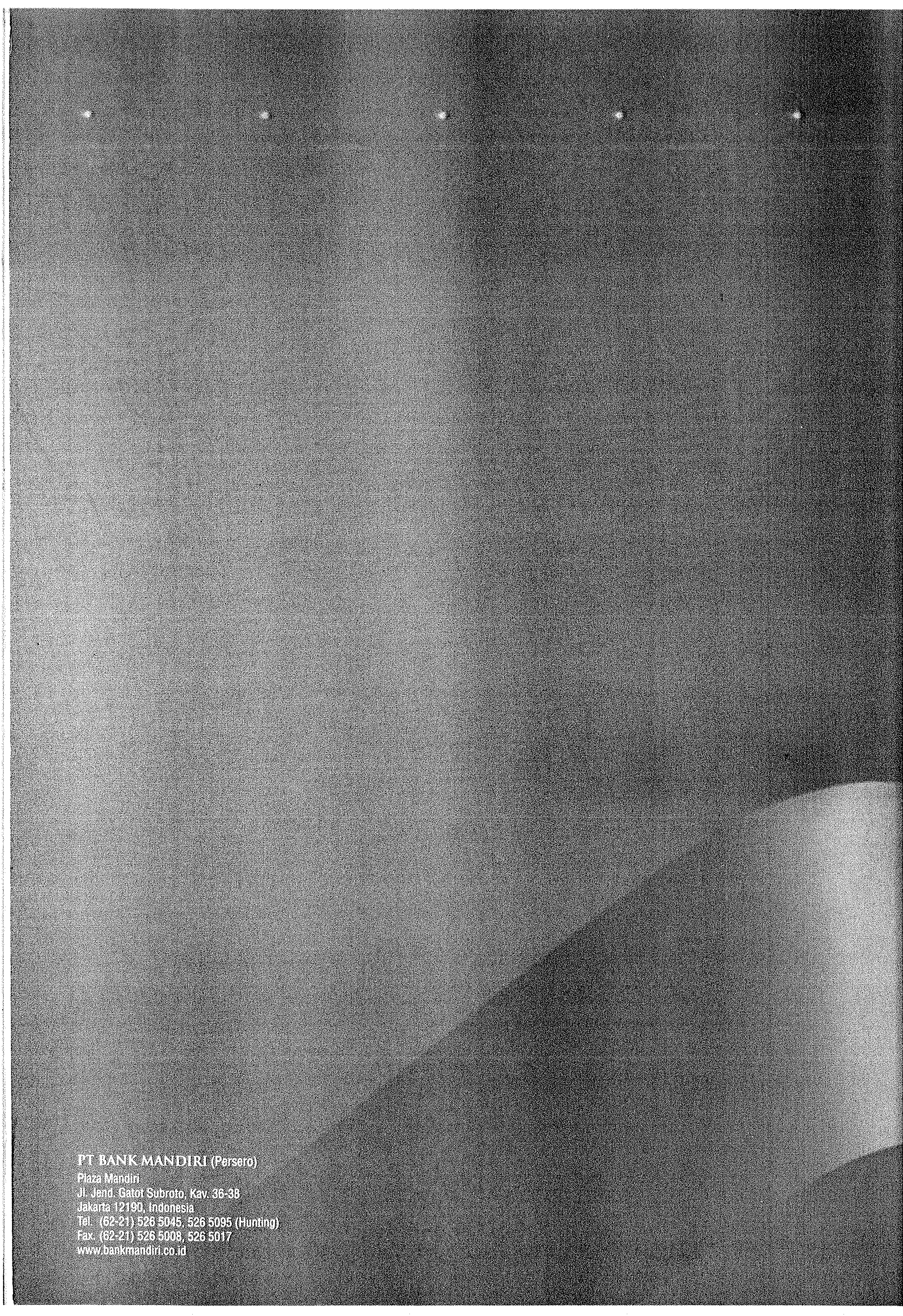
PT BANK MANDIRI (PERSERO) HONG KONG BRANCH
7th Fl, Far East Finance Center
16 Harcourt Road
Hong Kong
Tel. : 852-2527-6611
Fax : 852-2529-8131
Telex/Answer back : 70663 MDRI HX
SWIFT : BBUDHKHH
Status : Restricted Licensed Branch (RLB)
Products and Services:
- Trade Financing (Import & Export Financing)
- Trade Services and other Fee- Based Services
- Remittance Services
- Money Market / Forex Trading
- Paying Agent

PT BANK MANDIRI (PERSERO) SINGAPORE BRANCH
Hitachi Tower
16 Collyer Quay # 28-00
Singapore 049318
Tel. : 65-532-0200
Fax. : 65-532-0206
Telex/Answer back : RS23697 / EXIMSQ
SWIFT : BEIISGSG
Status : Offshore Branch
Products and Services:
- Trade Financing (Import & Export Financing)
- Trade Services
- Remittance Services
- Money Market / Forex Trading
- Paying Agent / Reimbursing Agent

SUBSIDIARY COMPANIES

NAME OF COMPANY	LINE OF BUSINESS	PERCENTAGE OF OWNERSHIP
• PT Asuransi Jiwa Staco Raharja	Insurance	100.00%
• PT Bank Syariah Mandiri	Banking	99.99%
• PT Bapindo Bumi Sekuritas	Securities	26.19%
• PT Bumi Daya Plaza	Property	93.33%
• PT EXIM SB Leasing	Leasing	50.00%
• PT Kustodian Sentral Efek Indonesia	Depository	16.00%
• PT Sarana Bersama Pembiayaan Indonesia	Finance	34.00%
• PT Usaha Gedung BDN	Property	99.00%
• PT Mandiri Sekuritas	Securities	30.64%

NOTES



PT BANK MANDIRI (Persero)
Plaza Mandiri
Jl. Jend. Gatot Subroto, Kav. 36-38
Jakarta 12190, Indonesia
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Fax. (62-21) 526 5008, 526 5017
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