PT BANK MANDIRI (PERSERO) Tbk.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011 AND 2010

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DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
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We, the undersigned:

1.	Name	:	Zulkifli Zaini
	Office address	:	Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
	Domicile address as stated in ID	:	Jl. Aditiawarman No.11 RT.007 RW.001 Kelurahan Selong, Kecamatan Kebayoran Baru, Kotamadya Jakarta Selatan
	Phone number	:	021 – 5245006
	Title	:	President Director
2.	Name	:	Pahala N. Mansury
	Office address	:	Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
	Domicile address as stated in ID	:	Jl. Empu Sendok No.23 RT.008 RW.003 Kelurahan Selong, Kecamatan Kebayoran Baru, Kotamadya Jakarta Selatan
	Phone number	:	021 – 5245577
	Title	:	Director

in the above positions acted as and on behalf of the Board of Directors of PT Bank Mandiri (Persero) Tbk. declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Mandiri (Persero) Tbk. ("Bank") and Subsidiaries;
2. The consolidated financial statements of the Bank and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standard;
3. a. All information in the consolidated financial statements of the Bank and Subsidiaries have been fully and correctly disclosed;
   b. The consolidated financial statements of the Bank and Subsidiaries do not contain materially incorrect information or facts, and do not omit any material information or facts;
4. We are responsible for the Bank and Subsidiaries' internal control system.

This statement has been made truthfully.

Jakarta, 7 March 2012

METERAI TEMPEL
PAJAK MEMBANGUN BANGSA
TGL. 20
250C0AAF335927164
ENAM RIBU RUPIAH
6000 DJP

Zulkifli Zaini	**Pahala N. Mansury**
President Director	Director

pwc

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF

PT BANK MANDIRI (PERSERO) Tbk.

We have audited the accompanying consolidated statements of financial position (balance sheets) of PT Bank Mandiri (Persero) Tbk. and Subsidiaries (together the "Bank") as at 31 December 2011 and 2010 and 1 January 2010 and the related consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2011 and 2010. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of PT Bank Syariah Mandiri, a Subsidiary, which contributed 8.78% and 7.18% and 5.54% to total consolidated assets as at 31 December 2011 and 2010 and 1 January 2010/31 December 2009, respectively and 4.54% and 4.11% to total consolidated income from operations for the years ended 31 December 2011 and 2010, respectively. These financial statements were audited by another independent auditor whose reports dated 8 February 2012 and 31 January 2011 expressed unqualified opinions. Those independent auditor's reports have been provided to us and our opinion, in so far as it relates to amounts included for the Subsidiary, is based solely on the reports of the other independent auditor. We also did not audit the consolidated financial statements of PT Mandiri Sekuritas and Subsidiary, a Subsidiary, which contributed 0.27% and 0.34% and 0.36% to total consolidated assets as at 31 December 2011 and 2010 and 1 January 2010/31 December 2009, respectively and 0.60% and 1.04% to total consolidated income from operations for the years ended 31 December 2011 and 2010, respectively. Those consolidated financial statements were audited by another independent auditor whose report dated 23 February 2012 expressed an unqualified opinion with an explanatory paragraph regarding restatement on the consolidated financial statements of the Subsidiary as at and for the year ended 31 December 2010 and consolidated statement of financial position as at 1 January 2010/31 December 2009 in relation to implementation of Statement of Financial Accounting Standards (SFAS) which become effective 1 January 2011, and a report dated 16 February 2011 expressed an unqualified opinion. Those independent auditor's reports have been provided to us and our opinion, in so far as it relates to amounts included for the Subsidiary, is based on the report of the other independent auditor.

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

Kantor Akuntan Publik Tanudiredja, Wibisana & Rekan
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Nomor Izin Usaha: KEP-151/KM.1/2010.

A120307003/DC2/HSH/III/2012.B

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position (balance sheets) of PT Bank Mandiri (Persero) Tbk. and Subsidiaries as at 31 December 2011 and 2010 and 1 January 2010 and the consolidated results of their operation and consolidated cash flows for the years ended 31 December 2011 and 2010, in conformity with Indonesian Financial Accounting Standards.

Our audits were conducted to form an opinion on the consolidated financial statements taken as a whole. The supplementary financial information on appendix 6/1 to 6/12 with respect to PT Bank Mandiri (Persero) Tbk (parent company only) as at 31 December 2011 and 2010 and 1 January 2010 and for the years ended 31 December 2011 and 2010 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements as required by Indonesian Financial Accounting Standards. Such supplementary financial information has been subjected to auditing procedures applied in the audit of the consolidated financial statements. In our opinion, this supplementary financial information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. As disclosed in Note 2b.b.vi., effective 1 January 2011, PT Bank Mandiri (Persero) Tbk. has adopted PSAK 4 (Revised 2009) "Consolidated and Separate Financial Statements" which requires the investment in subsidiaries by the parent to be accounted for using cost instead of equity method, with retrospective application. Consequently, the comparative financial information of PT Bank Mandiri (Persero) Tbk (parent company only) as at 31 December 2010, 1 January 2010 and for the year ended 31 December 2010 has been restated.

JAKARTA
7 March 2012

Drs. Haryanto Sahari, CPA
License of Public Accountant No. AP.0223

The accompanying consolidated financial statements are not intended to present the consolidated financial positions (balance sheets), consolidated results of operations, and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices utilised to audit such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia. Accordingly the accompanying consolidated financial statements and the auditor's report thereon are not intended for use by those who are not informed about Indonesian accounting principles and auditing standards, and their application in practice

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011 AND 2010

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
31 DECEMBER 2011 AND 2010 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2011	31 December 2010**)	1 January 2010*)**)
ASSETS				
Cash	2c, 2g	11,357,523	9,521,713	8,867,881
Current Accounts with Bank Indonesia	2c, 2g, 2h, 4	36,152,674	24,856,699	16,055,871
Current Accounts with Other Banks	2c, 2f, 2g, 2h, 5			
Related parties	51	49,897	16,498	63,543
Third parties		9,777,772	8,553,280	7,426,066
		9,827,669	8,569,778	7,489,609
Less: Allowance for impairment losses		(10,841)	(10,113)	(13,864)
Current Accounts with Other Banks - net		9,816,828	8,559,665	7,475,745
Placements with Bank Indonesia and Other Banks	2c, 2f, 2i, 6			
Related parties	51	1,128,238	1,427,260	1,211,073
Third parties		50,411,553	27,624,660	40,538,521
		51,539,791	29,051,920	41,749,594
Less: Allowance for impairment losses		(146,729)	(137,885)	(239,009)
Placements with Bank Indonesia and Other Banks - net		51,393,062	28,914,035	41,510,585
Marketable Securities	2c, 2f, 2j, 7			
Related parties	51	4,015,455	414,958	1,792,224
Third parties		8,317,944	26,944,810	16,376,190
		12,333,399	27,359,768	18,168,414
Less: Unamortised discounts, unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses		(330,481)	(112,239)	(12,668)
Marketable Securities - net		12,002,918	27,247,529	18,155,746
Government Bonds - Related party	2c, 2f, 2k, 8, 51	78,459,449	78,092,734	88,728,684
Other Receivables - Trade Transactions	2c, 2f, 2l, 9			
Related parties	51	2,752,711	564,800	649,534
Third parties		3,138,579	3,157,113	3,341,390
		5,891,290	3,721,913	3,990,924
Less: Allowance for impairment losses		(1,079,302)	(1,146,327)	(904,344)
Other Receivables - Trade Transactions - net		4,811,988	2,575,586	3,086,580
Securities Purchased under Resale Agreements	2c, 2f, 2m, 10			
Related parties	51	758,703	757,147	1,545,443
Third parties		11,611,182	8,223,610	3,390,586
Securities Purchased under Resale Agreements - net		12,369,885	8,980,757	4,936,029
Derivative Receivables	2c, 2f, 2n, 11			
Related parties	51	4,391	225	-
Third parties		109,266	36,871	176,291
Derivative Receivables - net		113,657	37,096	176,291
Loans	2c, 2f, 2o, 12			
Related parties	51	37,470,066	33,903,536	26,639,832
Third parties		273,623,240	210,123,448	170,486,397
Total loans		311,093,306	244,026,984	197,126,229
Less: Allowance for impairment losses		(12,105,048)	(11,481,725)	(12,370,130)
Loans - net		298,988,258	232,545,259	184,756,099

*) Presented after adjustment in respect of the initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 60).

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
31 DECEMBER 2011 AND 2010 AND 1 JANUARY 2010

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2011	31 December 2010**)	1 January 2010*)**)
ASSETS (continued)				
Consumer Financing Receivables - net of allowance for impairment losses of Rp62,990, Rp40,769 and Rp16,343 as at 31 December 2011 and 2010 and 1 January 2010	2c, 2p, 13	3,185,570	2,132,823	1,404,045
Net Investment in Lease Financing - net of allowance for impairment losses of Rp197 as at 31 December 2011	2c, 2q	38,785	-	-
Acceptance Receivables	2c, 2f, 2u, 14			
Related parties	51	861,324	1,444,574	1,535,254
Third parties		5,689,779	2,505,932	2,821,519
		6,551,103	3,950,506	4,356,773
Less: Allowance for impairment losses		(40,667)	(171,097)	(52,589)
Acceptance Receivables - net		6,510,436	3,779,409	4,304,184
Investments in Shares - net of allowance for impairment losses of Rp829, Rp1,285 and Rp2,106 as at 31 December 2011 and 2010 and 1 January 2010	2c, 2s, 15	6,498	6,248	186,848
Policyholders' Investment in Unit-Linked Contracts	2c, 2z, 16	9,044,266	7,212,113	-
Fixed Assets - net of accumulated depreciation and amortisation of Rp5,462,238, Rp5,300,137 and Rp4,869,622 as at 31 December 2011 and 2010 and 1 January 2010	2r, 17	6,589,594	5,527,000	4,963,306
Other Assets - net of allowance for possible losses of Rp300,005, Rp740,012 and Rp936,622 as at 31 December 2011 and 2010 and 1 January 2010	2c, 2t, 2v, 18	7,249,901	5,384,797	3,812,265
Deferred Tax Assets - net of allowance of RpNil, Rp1,065,606 and RpNil as at 31 December 2011 and 2010 and 1 January 2010	2ad, 29e	3,800,412	4,401,088	6,060,368
TOTAL ASSETS		**551,891,704**	**449,774,551**	**394,480,527**

*) Presented after adjustment in respect of the initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
31 DECEMBER 2011 AND 2010 AND 1 JANUARY 2010

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2011	31 December 2010**)	1 January 2010*)**)
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY				
LIABILITIES				
Obligation due Immediately	2c, 2w	1,830,798	1,415,831	990,805
Deposits from Customers				
Demand deposits	2c, 2f, 2x, 19			
Related parties	51	26,748,951	15,973,843	17,503,920
Third parties		65,781,635	52,313,410	55,187,605
Total Demand deposits		92,530,586	68,287,253	72,691,525
Saving deposits	2c, 2f, 2x, 20			
Related parties	51	811,981	374,098	41,007
Third parties		149,056,352	123,582,509	106,686,357
Total Saving deposits		149,868,333	123,956,607	106,727,364
Time deposits	2c, 2f, 2x, 21			
Related parties	51	31,737,658	44,421,077	17,832,558
Third parties		110,592,026	100,722,972	105,642,203
Total Time deposits		142,329,684	145,144,049	123,474,761
Total Deposits from Customers		384,728,603	337,387,909	302,893,650
Deposits from Other Banks				
Demand and saving deposits	2c, 2f, 2y, 22			
Related parties	51	409,427	692,394	3,966,328
Third parties		2,158,724	1,087,950	1,778,002
Total Demand and saving deposits		2,568,151	1,780,344	5,744,330
Inter-bank call money	2c, 2y, 23			
Third parties		58,281	-	-
Total Inter-bank call money		58,281	-	-
Time deposits	2c, 2f, 2y, 24			
Related parties	51	9,001,150	4,417,017	2,985,500
Third parties		690,303	1,005,322	1,750,818
Total Time deposits		9,691,453	5,422,339	4,736,318
Total Deposits from Other Banks		12,317,885	7,202,683	10,480,648
Securities Sold under Repurchase Agreements	2c, 2m	-	-	316,356
Derivative Payables	2c, 2f, 2n, 11			
Related parties	51	3,880	61	890
Third parties		161,498	33,185	40,721
Total Derivative Payables		165,378	33,246	41,611
Liability to Unit-Linked Holders	2c, 2z, 16	9,044,266	7,212,113	-
Acceptance Payables	2c, 2f, 2u, 25			
Related parties	51	287,788	147,959	136,407
Third parties		6,263,315	3,802,547	4,220,366
Total Acceptance Payables		6,551,103	3,950,506	4,356,773
Marketable Securities Issued	2c, 2f, 2aa, 26			
Related parties	51	203,000	-	-
Third parties		2,011,177	1,492,744	1,672,619
Total Marketable securities issued		2,214,177	1,492,744	1,672,619
Less: Unamortised issuance cost		(2,589)	(1,377)	(1,605)
		2,211,588	1,491,367	1,671,014

*) Presented after adjustment in respect of the initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 60).

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS)
31 DECEMBER 2011 AND 2010 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2011	31 December 2010**)	1 January 2010*)**)
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)				
LIABILITIES (continued)				
Fund Borrowings	2c, 2f, 2ab, 27			
Related parties	51	977,556	295,056	541,500
Third parties		10,725,942	5,339,782	3,402,856
Total Fund Borrowings		11,703,498	5,634,838	3,944,356
Estimated Losses on Commitments and Contingencies	28c	234,364	371,665	329,362
Accrued Expenses	2af	600,545	606,975	542,921
Current Taxes Payable	2b, 2ad, 29a	761,737	750,432	1,438,581
Other Liabilities	2c, 2i, 30, 45	15,378,187	10,338,954	9,132,586
Subordinated Loans	2c, 2f, 2ac, 31			
Related parties	51	2,055,900	2,004,900	1,944,000
Third parties		3,795,898	4,051,672	4,273,068
Total Subordinated Loans		5,851,798	6,056,572	6,217,068
TOTAL LIABILITIES		**451,379,750**	**382,453,091**	**342,355,731**
TEMPORARY *SYIRKAH* FUNDS	2f, 2ae, 32			
Deposits from Customers				
Related parties	51			
Restricted Investment Saving Deposits and Unrestricted Investment *Mudharabah* Saving Deposits	32a.2a	86,870	20,503	5,984
Unrestricted Investment *Mudharabah* Time Deposits	32a.3a	5,915,187	3,690,023	2,554
Total related parties		6,002,057	3,710,526	8,538
Third parties				
Restricted Investments Demand Deposits and *Mudharabah Musytarakah* Demand Deposits	32a.1	85,602	85,094	5,322
Restricted Investment Saving Deposits and Unrestricted Investment *Mudharabah* Saving Deposits	32a.2a	13,824,617	9,608,246	7,061,663
Unrestricted Investment *Mudharabah* Time Deposits	32a.3a	17,609,525	11,420,379	9,581,208
Total third parties		31,519,744	21,113,719	16,648,193
Total Deposits from Customers		37,521,801	24,824,245	16,656,731
Deposits from Other Banks				
Third parties				
Unrestricted investment *Mudharabah* saving deposit	32b	162,546	100,532	98,239
Unrestricted investment *Mudharabah* time deposit	32b	173,199	326,647	207,640
Total Deposits from Other Banks		335,745	427,179	305,879
TOTAL TEMPORARY *SYIRKAH* FUNDS		**37,857,546**	**25,251,424**	**16,962,610**

*) Presented after adjustment in respect of the initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 60).

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

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2011	31 December 2010**)	1 January 2010*)**)
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)				
EQUITY				
Share Capital - Rp500 (full amount) par value per share. Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B. Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as at 31 December 2011, 1 share Dwiwarna Series A and 20,996,494,741 common shares Series B as at 31 December 2010 and 1 share Dwiwarna Series A and 20,970,116,804 common shares Series B as at 1 January 2010	34a	11,666,667	10,498,247	10,485,058
Additional Paid-in Capital/Agio	34b	17,195,760	6,960,680	6,911,587
Differences Arising from Translation of Foreign Currency Financial Statements	2e	56,794	69,593	120,963
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bond - net of Deferred Tax	2j, 2k, 2s	(631,529)	(427,899)	(584,066)
Share-based Compensation Reserve	2aj, 35	-	-	16,174
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)	34c			
- Appropriated		5,927,268	5,706,921	5,706,921
- Unappropriated		27,578,259	18,735,266	12,316,055
Total Retained Earnings		33,505,527	24,442,187	18,022,976
Non Controlling Interests in Net Assets of Consolidated Subsidiaries	2b, 2d, 33	861,189	527,228	189,494
TOTAL EQUITY		**62,654,408**	**42,070,036**	**35,162,186**
TOTAL LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY		**551,891,704**	**449,774,551**	**394,480,527**

*) Presented after adjustment in respect of the initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 60).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010
INCOME AND EXPENSES FROM OPERATIONS			
Interest and Sharia Income	2af, 36, 51	37,730,019	33,931,650
Interest and Sharia Expense			
Interest and sharia expense	2af, 37, 51	(15,934,042)	(14,394,598)
Other financing expense		(19,995)	(18,443)
Total Interest and Sharia Expense		(15,954,037)	(14,413,041)
NET INTEREST AND SHARIA INCOME		**21,775,982**	**19,518,609**
Premium Income	2ag	4,806,087	1,025,306
Claims Expense	2ag	(2,991,114)	(472,394)
NET PREMIUM INCOME		1,814,973	552,912
NET INTEREST, SHARIA AND PREMIUM INCOME		**23,590,955**	**20,071,521**
Other Operating Income			
Other fees and commissions	2ah	6,543,236	5,101,838
Foreign exchange gains - net	2e	812,715	595,449
Others	38, 51	4,412,400	2,735,530
Total Other Operating Income		11,768,351	8,432,817
Allowance for Impairment Losses	2c, 39	(3,297,670)	(2,986,234)
Reversal/(Allowance) for Impairment Losses on Commitments and Contingencies	2c, 28c	127,257	(53,358)
Reversal for Possible Losses	2t, 40	285,022	88,778
Unrealised Gains/(Losses) from Increase/ (Decrease) in Fair Value of Marketable Securities, Government Bonds and Policyholders' Investment in Unit-Linked Contracts	2j, 2k, 2z, 41	69,903	(23,401)
Gains on Sale of Marketable Securities and Government Bonds	2j, 2k, 42	117,136	286,870
Other Operating Expenses			
Salaries and employee benefits	2f, 2ai, 2aj, 35, 43, 45, 51	(6,766,471)	(5,802,173)
General and administrative expenses	2r, 44	(6,577,643)	(5,467,972)
Others - net	46	(2,967,907)	(804,828)
Total Other Operating Expenses		(16,312,021)	(12,074,973)
INCOME FROM OPERATIONS		**16,348,933**	**13,742,020**
Non-operating Income - Net	47	163,102	230,142
INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST		**16,512,035**	**13,972,162**
Income Tax Expense			
Current	2ad, 29b, 29c	(3,172,540)	(3,026,466)
Deferred	2ad, 29b, 29d	(643,610)	(1,576,470)
Income Tax Expense - Net		(3,816,150)	(4,602,936)
NET INCOME		**12,695,885**	**9,369,226**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010
NET INCOME ATTRIBUTABLE TO:			
Parent Company		**12,246,044**	**9,218,298**
Non Controlling Interest	2d	**449,841**	**150,928**
		12,695,885	**9,369,226**
EARNINGS PER SHARE	2ak		
Basic (full amount)		**529.33**	**439.38**
Diluted (full amount)		**529.33**	**439.38**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010
NET INCOME		**12,695,885**	**9,369,226**
Other Comprehensive Income - Net of Tax			
Difference Arising from Translation of Foreign Currency Financial Statements	2e	(12,799)	(51,370)
Unrealised Net (Losses)/Gains from (Decrease)/ Increase in Fair Value of Available for Sale Financial Assets – Net of Deferred Tax	2j, 2k	(203,630)	156,167
Other Comprehensive Income - Net of Tax		(216,429)	104,797
Total Comprehensive Income		**12,479,456**	**9,474,023**
Comprehensive Income Attributable to:			
Parent Company		12,029,615	9,323,095
Non Controlling Interest		449,841	150,928
		12,479,456	**9,474,023**

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings *) Appropriated	Retained Earnings *) Unappropriated	Retained Earnings *) Total	Non Controlling Interest in Net Assets of Consolidated Subsidiaries	Total Equity
Balance as at 1 January 2011		**10,498,247**	**6,960,680**	**69,593**	**(427,899)**	**5,706,921**	**18,735,266**	**24,442,187**	**527,228**	**42,070,036**
The addition of Capital through Public Offering (LPO) with Pre-emptive Rights (ER) after deducting the costs associated LPO	1d, 34a, 34b	1,168,420	10,235,080	-	-	-	-	-	-	11,403,500
The establishment of general and special reserves of net profit in 2010	34c	-	-	-	-	220,347	(220,347)	-	-	-
Dividends allocated from 2010 net income	34c	-	-	-	-	-	(2,813,973)	(2,813,973)	-	(2,813,973)
Cooperative development fund program and community development reserve allocated from 2010 net income	34c	-	-	-	-	-	(368,731)	(368,731)	-	(368,731)
Non controlling interest in net assets of consolidated subsidiaries through direct equity	2d	-	-	-	-	-	-	-	(115,880)	(115,880)
Comprehensive income for the year ended 31 December 2011		-	-	(12,799)	(203,630)	-	12,246,044	12,246,044	449,841	12,479,456
Balance as at 31 December 2011		**11,666,667**	**17,195,760**	**56,794**	**(631,529)**	**5,927,268**	**27,578,259**	**33,505,527**	**861,189**	**62,654,408**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Expressed in millions of Rupiah, unless otherwise stated)

								Retained Earnings *)				
	Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Difference in Transactions of Equity in Changes Subsidiaries	Share - based Compensation Reserve	Appropriated	Unappropriated	Total	Non Controlling Interest in Net Assets of Consolidated Subsidiaries***)	Total Equity
Balance as at 31 December 2009		**10,485,058**	**6,911,587**	**120,963**	**(260,756)**	**(22,890)**	**16,174**	**5,706,921**	**12,151,712**	**17,858,633**	**-**	**35,108,769**
Adjustment to opening balance in respect of implementation of SFAS 50 & 55 (Revised 2006) - net of deferred tax	50	-	-	-	(300,420)	-	-	-	164,343	164,343	-	(136,077)
Reclassification of non controlling interest in net assets of consolidated Subsidiaries through direct equity		-	-	-	-	-	-	-	-	-	189,494	189,494
Reclassification of difference in transactions of equity in changes Subsidiaries		-	-	-	(22,890)	22,890	-	-	-	-	-	-
Balance as at 1 January 2010 **)		**10,485,058**	**6,911,587**	**120,963**	**(584,066)**	**-**	**16,174**	**5,706,921**	**12,316,055**	**18,022,976**	**189,494**	**35,162,186**
Dividends allocated from 2009 net income	34c	-	-	-	-	-	-	-	(2,100,437)	(2,100,437)	-	(2,100,437)
Cooperative development fund program and community development reserve allocated from 2009 net income	34c	-	-	-	-	-	-	-	(286,219)	(286,219)	-	(286,219)
Interim dividends allocated from 2010 net income	34c	-	-	-	-	-	-	-	(412,431)	(412,431)	-	(412,431)
Execution of shares options from Management Stock Option Plan (MSOP)	1a, 2aj, 34a, 34b, 35	13,189	49,093	-	-	-	(16,174)	-	-	-	-	46,108
Non controlling interest in net assets of consolidated subsidiaries through direct equity	2d	-	-	-	-	-	-	-	-	-	186,806	186,806
Comprehensive income for the year ended 31 December 2010		-	-	(51,370)	156,167	-	-	-	9,218,298	9,218,298	150,928	9,474,023
Balance as at 31 December 2010		**10,498,247**	**6,960,680**	**69,593**	**(427,899)**	**-**	**-**	**5,706,921**	**18,735,266**	**24,442,187**	**527,228**	**42,070,036**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

**) Presented after adjustment in respect of the initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).

***) Reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 60).

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010**)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest and sharia income		36,913,370	34,021,221
Receipts from fees and commissions		8,358,208	5,101,838
Payments of interest and sharia expense		(15,960,467)	(14,821,381)
Receipts from the sale of Government Bonds - fair value through profit or loss		40,435,174	37,628,006
Acquisition of Government Bonds - fair value through profit or loss		(41,295,128)	(36,985,217)
Foreign exchange gains - net		351,806	288,569
Operating income - others		906,078	877,840
Operating expenses - others		(3,020,872)	(4,817,154)
Salaries and employee benefits		(6,766,471)	(5,802,173)
General and administrative expenses		(6,111,913)	(5,019,356)
Non-operating income - others		125,566	163,281
Cash flow from operating activities before changes in operating assets and liabilities		13,935,351	10,635,474
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks *)		216,050	41,264,635
Marketable securities - fair value through profit or loss *)		12,198,264	(1,920,318)
Other receivables - trade transactions		(2,169,377)	269,011
Loans		(69,544,626)	(46,900,755)
Securities purchased under resale agreements		(3,389,128)	(4,044,728)
Consumer financing receivable		(1,058,232)	(753,204)
Net investment in finance lease		(38,983)	-
Other assets		(1,407,896)	(603,636)
Proceeds from collection of financial assets already written-off		3,587,722	2,348,642
Increase/(decrease) in operating liabilities and temporary *syirkah* funds:			
Conventional Banking and Sharia - Non *Syirkah Temporer* Fund			
Demand deposits		24,873,071	(8,471,819)
Saving deposits		26,069,795	10,161,596
Time deposits		1,454,749	12,563,907
Inter-bank call money		58,282	-
Obligation due immediately		414,966	425,025
Taxes payable		(221,991)	(119,276)
Payment of corporate income tax		(2,982,177)	(3,595,338)
Other liabilities		5,838,678	1,553,634
Sharia Banking - Temporary *Syirkah* Funds			
Restricted investment demand deposit and *mudharabah musytarakah* demand deposit		508	85,094
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit		4,344,752	9,729,281
Unrestricted investment *mudharabah* time deposit		8,260,862	15,437,049
Net cash provided by operating activities		**20,440,640**	**38,064,274**

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a).
**) Reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 60).

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2011	2010**)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(increase) in marketable securities - available for sale and held to maturity*)		1,358,979	(6,271,745)
Decrease in Government Bonds - available for sale and held to maturity		430,561	11,221,714
Decrease of investments in shares		359,838	428,598
Proceeds from sale of fixed assets		50,084	79,563
Acquisition of fixed assets	17	(1,540,870)	(1,027,188)
Acquisition of PT Mandiri AXA General Insurance (Subsidiary)	1g	(60,000)	-
Capital injection to PT Bank Syariah Mandiri (Subsidiary)	1g	(500,000)	-
Acquisition of PT AXA Mandiri Financial Services (Subsidiary)	1g	-	(48,427)
Capital injection to Mandiri International Remittance Sendirian Berhard (Subsidiary)	1g	-	(11,756)
Net cash provided by investing activities		**98,592**	**4,370,759**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in marketable securities issued		720,221	(179,647)
Increase in fund borrowings		6,083,776	1,847,937
Payment of Subordinated Bonds		(204,773)	(152,853)
Decrease in securities sold under repurchase agreements		-	(316,356)
The addition of Capital through Public Offering (LPO) with Preemptive Rights after deducting the costs associated LPO	34a, 34b	11,403,500	-
Execution of shares option		-	46,108
Payments of dividends, cooperative development fund program and community development fund program	34c	(3,182,704)	(2,799,087)
Net cash provided by/(used in) financing activities		**14,820,020**	**(1,553,898)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**35,359,252**	**40,881,135**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**73,294,496**	**32,413,361**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**108,653,748**	**73,294,496**
Cash and cash equivalents at end of year consist of:			
Cash		11,357,523	9,521,713
Current accounts with Bank Indonesia	4	36,152,674	24,856,699
Current accounts with other banks	5	9,827,669	8,569,778
Placements with Bank Indonesia and other banks *)		51,270,882	28,566,961
Certificate of Bank Indonesia *)		45,000	1,779,345
Total Cash and Cash Equivalents		**108,653,748**	**73,294,496**

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a).
**) Reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 60).

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

	Notes	2011	2010**)
Supplemental Cash Flows Information			
Activities not affecting cash flows:			
Unrealised losses from decrease in fair value of available for sale marketable securities and Government Bonds - net of deferred tax		(631,529)	(427,899)
Acquisition of fixed assets - payable		(381,035)	(152,666)

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a).
**) Reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 60).

1. GENERAL

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as "Bank Mandiri" or the "Bank") was established on 2 October 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated 1 October 1998. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its decision letter No. C2-16561.HT.01.01.TH.98 dated 2 October 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated 4 December 1998.

Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) ("BBD"), PT Bank Dagang Negara (Persero) ("BDN"), PT Bank Ekspor Impor Indonesia (Persero) ("Bank Exim") and PT Bank Pembangunan Indonesia (Persero) ("Bapindo") (hereinafter collectively referred to as the "Merged Banks").

Based on Article 3 of the Bank's Articles of Association, Bank Mandiri is engaged in banking activities in accordance with prevailing laws and regulations. The Bank commenced its operations on 1 August 1999.

Bank Mandiri's Articles of Association have been amended several times. The latest amendment by notarial deed of Dr. A. Partomuan Pohan, S.H., LLM, No. 15 dated 25 February 2011 concerning the increase in issued and fully paid-in capital arising from the Limited Public Offering with Pre-emptive Rights that executed until 24 February 2011. This amendment has been reported to the Ministry of Law and Human Rights of the Republic of Indonesia with receipt No. AHU-AH.01.10-07446 dated 10 March 2011 and registered in company listing No. AHU-0019617.AH.01.09.Year 2011 dated 10 March 2011.

b. Merger

At the end of February 1998, the Government of the Republic of Indonesia (hereinafter referred to as "Government") announced its plan to restructure the Merged Banks. In connection with that restructuring plan, the Government established Bank Mandiri in October 1998 through the payment of cash and the acquisition of the Government's shares of stock in the Merged Banks (Notes 34a and 34b). The difference between the transfer price and the book value of the shares of stock at the time of the restructuring was not calculated as it was considered as not practicable to do so. All losses incurred during the year of restructuring were taken into account in the Recapitalisation Program.

The above mentioned restructuring plan was designed for the merger of the Merged Banks into Bank Mandiri in July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks and Bank Mandiri also covered the following:

- Restructuring of loans
- Restructuring of non-loan assets
- Rationalisation of domestic and overseas offices
- Rationalisation of human resources

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

1. GENERAL (continued)

b. Merger (continued)

Effective from the date of the merger:

- All assets and liabilities of the Merged Banks were transferred to Bank Mandiri as the surviving bank,
- All operations and business activities of the Merged Banks were transferred to and operated by Bank Mandiri,
- Bank Mandiri received additional paid-in capital amounting to Rp1,000,000 (one million Rupiah) (full amount) or equivalent to 1 (one) share represented the remaining shares owned by the Government in the Merged Banks (Notes 34a and 34b).

On the effective date, the Merged Banks were legally dissolved without liquidation process and Bank Mandiri, as the surviving bank, received all the rights and obligations from the Merged Banks.

c. Recapitalisation

In response to the effects of the adverse economic conditions on the banking sector in Indonesia, on 31 December 1998, the Government issued Regulation No. 84 of 1998 regarding Recapitalisation Program for Commercial Banks, which was designed to increase the paid-in capital of commercial banks to enable them to meet the minimum requirement of Capital Adequacy Ratio ("CAR"). The eligibility of commercial banks for inclusion in the Recapitalisation Program is based on requirements and procedures set forth in the Joint Decrees No. 53/KMK.017/1999 and No. 31/12/KEP/GBI dated 8 February 1999 of the Ministry of Finance and the Governor of Bank Indonesia. Under the Joint Decrees, the Government, among others, shall implement the Recapitalisation Program for Commercial Banks with respect to all State-Owned Banks, Regional Development Banks, and Commercial Banks, with the status of "Taken Over Bank", by the Indonesian Bank Restructuring Agency ("IBRA").

On 28 May 1999, the Government issued Regulation No. 52 of 1999 (PP No. 52/1999) regarding additional capital investment by the Government of Republic of Indonesia in Bank Mandiri through issuance of Government Recapitalisation Bonds to be issued then by the Ministry of Finance with a value of up to Rp137,800,000. The implementation of PP No. 52/1999 is set forth in Joint Decrees - No. 389/KMK.017/1999 and No. 1/10/KEP/GBI dated 29 July 1999 of the Ministry of Finance and the Governor of Bank Indonesia.

While the Government Recapitalisation Bonds had not yet been issued, at the point in time, Bank Mandiri has accounted the bonds as "Due from the Government" amounting to Rp137,800,000 in accordance with the Government's commitment through the Ministry of Finance's letter No. S-360/MK.017/1999 dated 29 September 1999 and the approval of the Ministry of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated 29 September 1999.

Based on Bank Indonesia Letter No. 1/1/GBI/DPIP dated 11 October 1999, concerning the issuance of Government Bonds/Debentures in connection with the Government of the Republic of Indonesia's investment in Bank Mandiri, Bank Indonesia agreed to include the above receivable as Bank Mandiri's core capital (Tier 1) for the purposes of calculating its Capital Adequacy Ratio (CAR) as at 31 July 1999 through 30 September 1999, with a condition that not later than 15 October 1999 the Government Bonds/Debentures should have been received by Bank Indonesia.

Based on Government Regulation No. 97 of 1999 dated 24 December 1999 concerning the increase in capital of the Government in Bank Mandiri in relation to the Recapitalisation Program, the Government increased its investment to a maximum of Rp42,200,000, so that the total maximum investment amounting to Rp180,000,000.

1. GENERAL (continued)

c. Recapitalisation (continued)

In relation to the implementation of the above Government Regulations No. 52 and No. 97 of 1999, in the Temporary Recapitalisation Agreement between the Government and Bank Mandiri and its amendment, the Government issued Government Recapitalisation Bonds in 2 (two) tranches of Rp103,000,000 on 13 October 1999 and Rp75,000,000 on 28 December 1999 so that as at 31 December 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounting to Rp178,000,000.

Based on the Management Contract dated 8 April 2000 between Bank Mandiri and the Government, the total amount of recapitalisation required by Bank Mandiri was Rp173,931,000, or less than the amount of the Government Recapitalisation Bonds. The excess of Rp1,412,000 was used as additional paid-in capital and the remaining balance of Rp2,657,000 was returned to the Government on 7 July 2000 in the form of Government Recapitalisation Bonds equivalent to 2,657,000 (two million six hundred and fifty seven thousand) units.

Based on the Letter of the Ministry of Finance of the Republic of Indonesia No. S-174/MK.01/2003 dated 24 April 2003 regarding the return of the excess Government Recapitalisation Bonds, which was previously used as additional paid-in capital, Government Recapitalisation Bonds amounting to Rp1,412,000 were returned to the Government on 25 April 2003 (Note 34b).

The Ministry of Finance of the Republic of Indonesia issued decrees ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003 and KMK-RI No. 420/KMK-02/2003 dated 30 September 2003 confirmed that the final amount of the addition of the Government's participation in Bank Mandiri was amounting to Rp173,801,315 (Note 34b).

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds

Initial Public Offering of Bank Mandiri

Bank Mandiri submitted its registration for an Initial Public Offering (IPO) to the Capital Market Supervisory Board and Financial Institution ("Bapepam-LK") on 2 June 2003 and became effective based on the Letter of the Chairman of Bapepam-LK No. S-1551/PM/2003 dated 27 June 2003.

The Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk. based on an amendment to the Articles of Association which been held with notarial deed of Sutjipto, S.H., No. 2 dated 1 June 2003 and approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. C-12783.HT.01.04.TH.2003 dated 6 June 2003 that was published in the State Gazette No. 63 dated 8 August 2003, Supplement No. 6590.

On 14 July 2003, Bank Mandiri sold its 4,000,000,000 Common Shares Series B through IPO, with a nominal value of Rp500 (full amount) per share with an initial selling price of Rp675 (full amount) per share. The IPO represents a divestment of 20.00% of the ownership of the Government in Bank Mandiri (Note 34a).

On 14 July 2003, 19,800,000,000 of Bank Mandiri's Common Shares Series B were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange based on Jakarta Stock Exchange's Approval Letter No. S-1187/BEJ.PSJ/07-2003 dated 8 July 2003 and Surabaya Stock Exchange's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated 10 July 2003.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds (continued)

Limited Public Offering of Bank Mandiri

To strengthen the capital structure, the Bank increased its issued and paid up capital through the Limited Public Offering ("LPO") with Pre-emptive rights ("Rights"). Bank Mandiri submitted the first and second registration statement of this LPO to the Chairman of Capital Market Supervisory Board and Financial Institution ("Bapepam-LK") on 26 December 2010 and 18 January 2011 and received the effective notification from Bapepam-LK on 27 January 2011 based on the Bapepam-LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General Shareholder Meeting dated 28 January 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated 25 February 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated 10 March 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 Year 2011 dated 10 March 2011.

Number of Rights issued by Bank Mandiri was 2,336,838,591 shares at a price of Rp 5,000 (full amount) per share determined on 25 January 2011. The execution period of pre-emptive rights trading started from 14 February 2011 until 21 February 2011.

The Government of the Republic of Indonesia as the controlling shareholder of Bank Mandiri, did not execute its right to acquire the pre-emptive rights, and transferred it to other shareholders. As a result of this, Government's ownership in Bank Mandiri was reduced or diluted from 66.68%, prior to the execution of Pre-emptive Rights, to 60.00% after the execution of the pre-emptive rights.

Changes in Share Capital of Bank Mandiri

The details of changes in Issued and Paid-in-Share Capital (Note 34a) are as follows:

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135
Shares from conversion of MSOP III in 2007	77,750,519
Shares from conversion of MSOP I in 2008	8,107,633
Shares from conversion of MSOP II in 2008	399,153
Shares from conversion of MSOP III in 2008	147,589,260
Shares from conversion of MSOP II in 2009	86,800
Shares from conversion of MSOP III in 2009	64,382,217
Shares from conversion of MSOP II in 2010	6,684,845
Shares from conversion of MSOP III in 2010	19,693,092
Increase of Capital through Limited Public Offering (LPO) with Pre-emptive Rights in 2011	2,336,838,591
	23,333,333,333

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds (continued)

Public Offering of Bank Mandiri Subordinated Bonds

On 3 December 2009, Bank Mandiri received the effective approval from the Chairman of Bapepam-LK through in its letter No. S-10414/BL/2009 dated 3 December 2009 to conduct the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009 with a nominal value of Rp3,500,000. On 14 December 2009, the aforementioned Bond was listed on Indonesia Stock Exchange (Note 31).

e. Quasi-Reorganisation

In order for Bank Mandiri to eliminate the negative consequences of being burdened by accumulated losses, the Bank undertook quasi-reorganisation as approved in the Extraordinary General Shareholders' Meeting ("RUPS-LB") on 29 May 2003.

The quasi-reorganisation adjustments were booked on 30 April 2003 where the accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio.

Bank Mandiri's Articles of Association were amended to reflect the changes in additional paid-in capital as a result of quasi-reorganisation, based on notarial deed of Sutjipto, S.H., No. 130 dated 29 September 2003 which was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. C-25309.HT.01.04.TH.2003 dated 23 October 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated 23 October 2003.

On 30 October 2003, Bank Mandiri's RUPS-LB approved the quasi-reorganisation as at 30 April 2003, which were notarised by Sutjipto, S.H. in notarial deed No. 165 dated 30 October 2003.

f. Divestment of Government Share Ownership

On 11 March 2004, the Government divested another 10.00% of its ownership in Bank Mandiri which was equivalent to 2,000,000,000 Common Shares Series B through private placements (Note 34a).

g. Subsidiaries & Associates

Subsidiaries included in the consolidated financial statements as at 31 December 2011 and 2010, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership 2011	2010
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
PT Usaha Gedung Bank Dagang Negara	Property Management	Jakarta	99.00	99.00
PT Bumi Daya Plaza	Property Management	Jakarta	93.33	93.33
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	95.69	95.69
PT Bank Sinar Harapan Bali (BSHB)	Commercial Banking	Denpasar	81.46	81.46
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance	Kuala Lumpur	100.00	100.00
PT AXA Mandiri Financial Services *)	Life Insurance	Jakarta	51.00	51.00
PT Mandiri AXA General Insurance (MAGI)**)	General Insurance	Jakarta	60.00	-

*) Effective since 20 August 2010
**) Effective since 11 October 2011

The Subsidiaries' total assets as at 31 December 2011 and 2010 (before elimination) amounting to Rp68,301,466 and Rp47,332,576 or 12.38% and 10.52% of the total consolidated assets, respectively.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities in accordance with sharia banking principles. BSM was established in the Republic of Indonesia on 15 June 1955 under the name of PT Bank Industri Nasional ("PT Bina"). Then PT Bina changed its name to PT Bank Maritim Indonesia on 12 September 1968 which then subsequently changed the name to become PT Bank Susila Bhakti on 6 June 1974, a Subsidiary of BDN. Subsequently it became PT Bank Syariah Mandiri based on notarial deed of Sutjipto, S.H., No. 23 dated 8 September 1999. BSM obtained a license as a commercial bank based on the decision letter of the Minister of Finance of the Republic of Indonesia No. 275122/U.M.II dated 19 December 1995 and officially commenced its sharia operations in 1999.

On 18 March 2011, Bank Mandiri made an additional capital contribution in form of cash to BSM amounting Rp200,000. Bank Mandiri already obtained approval from Bank Indonesia through its letter dated 31 January 2011 and from shareholders through the shareholder circular resolution letter dated 28 February 2011.

On 29 December 2011, Bank Mandiri made an additional capital contribution in form of cash to BSM amounting Rp300,000. Bank Mandiri already obtained approval from Bank Indonesia through its letter dated 27 December 2011 and from shareholders through the shareholder circular resolution letter dated 29 December 2011.

PT Usaha Gedung Bank Dagang Negara

PT Usaha Gedung Bank Dagang Negara ("UGBDN") is engaged in property management and office rental activities. UGBDN was established in Jakarta based on notarial deed No. 104 of Abdul Latief, S.H., dated 29 October 1971 and officially commenced its operations in that year. The Company's Article of Association has been amended several times. The latest amendment as notarised by Hadijah, SH number 11 dated 9 May 2011 and has been approved by the Ministry of Law and Human Rights Republic of Indonesia No. AHU-32285.AHA.01.02 Year 2011 dated 28 June 2011. UGBDN owns 25.00% of PT Pengelola Investama Mandiri ("PIM") share capital, a company which was initially established to manage ex-legacy banks' share investments that have now been transferred to PIM.

PT Bumi Daya Plaza

PT Bumi Daya Plaza ("BDP") is engaged in property management and office rental activities. BDP was established in Jakarta, Indonesia based on notarial deed No. 33 of Ny. Subagyo Reksodipuro, S.H., dated 22 December 1978 and officially commenced its operations in that year. The Company's Articles of Association has been amended several times, where the latest amendment has been approved by the Ministry of Justice of the Republic of Indonesia based on its decision letter No. AHU-27050.AH.01.02 Year 2010, dated 26 May 2010. The amendment has been registered in the company listing of Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-0040061.AH.01.09 Year 2010 dated 26 May 2010. BDP owns 75.00% of PIM's share capital.

Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited ("BMEL") was established in London, United Kingdom on 22 June 1999 under *"The Companies Act 1985 of the United Kingdom"*. It was established from the conversion of Bank Exim London branch to a Subsidiary and operate effectively on 31 July 1999. BMEL is mandated to act as a commercial bank to represent the interests of Bank Mandiri and located in London, United Kingdom.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Sekuritas

PT Mandiri Sekuritas was established in Jakarta on 31 July 2000 based on notarial deed of Ny. Vita Buena, S.H., replacing Sutjipto, S.H., No. 116 It was established through the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Sekuritas ("ES") and PT Merincorp Securities Indonesia ("MSI"), whereby BDS and ES merged into MSI. MSI obtained its brokerage and underwriting licenses from the Chairman of the Capital Market Supervisory Agency through decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and officially commenced its operations dated 23 January 1992. The merger was approved by the Ministry of Law and Legislation of the Republic of Indonesia on 25 August 2000 based on decision letter No. C-18762.HT.01.01-TH.2000 and the bussines license that was previously obtained by MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of the total share capital of PT Mandiri Manajemen Investasi, a Subsidiary established on 26 October 2004 and engaged in investment management and advisory activities.

PT Bank Sinar Harapan Bali

PT Bank Sinar Harapan Bali ("BSHB") was established on 3 November 1992 based on the notarial deed No. 4 of Ida Bagus Alit Sudiatmika, S.H., in Denpasar. BSHB obtained its license based on the decision letter of the Minister of Finance of the Republic of Indonesia No. 77/KMK.017/1994 and officially commenced its operations on 10 March 1999. On 3 May 2008, the signing of the acquisition deed was made between the shareholders of BSHB and Bank Mandiri as covered in the acquisition deed No. 4 dated 3 May 2008 of I Wayan Sugitha, S.H., in Denpasar. The signing deed marked the beginning of the Bank's 80.00% ownership of BSHB whereby subsequently, BSHB was managed separately and independently from Bank Mandiri. BSHB is treated as a stand alone bank in order to predominantly focus on the expansion of Micro Business and Small Business.

On 22 October 2009, the Bank increased its share ownership of BSHB by 1.46% of the total shares issued and fully paid or equivalent to Rp1,460,657,000 (full amount) by purchasing all of the shares owned by BSHB's President Director of 2,921,314 shares which has been documented in Shares Sales-Purchase Agreement No. 52 of notary Ni Wayan Widastri, S.H., dated 22 October 2009 in Denpasar, Bali.

The increase of Bank Mandiri's share ownership in BSHB was conducted in order to meet Bank Indonesia's requirements regarding Good Corporate Governance, as the BSHB's President Director must be an independent party of BSHB. Bank Mandiri has obtained approval from Bank Indonesia through its letter No. 11/103/DPB1/TPB1-1 dated 21 August 2009 for the additional capital in BSHB.

Through this additional capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total shares issued with a total share value of Rp81,461 compared to the original amount of Rp80,000.

Goodwill arising from the acquisition of BSHB amounted to Rp19,219 was amortised over 5 (five) years on a straight line basis as it represented the estimated economic life. The goodwill amortisation expense for the period of 1 January 2010 to 31 December 2010 amounted to Rp3,844 was charged to the consolidated statement of income. As at 31 December 2010, the unamortised goodwill balance amounted to Rp8,969. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 (revised 2010) "Business Combination" (refer to Note 2s).

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Tunas Finance

PT Mandiri Tunas Finance ("MTF", formerly PT Tunas Financindo Sarana ("TFS")) is a company engaged in consumer financing activities. MTF was established based on notarial deed of Misahardi Wilamarta, S.H., No. 262 dated 17 May 1989 and approved by the Ministry of Justice through its decision letter No. C2-4868.HT.01.01.TH.89 dated 1 June 1989 and published in State Gazette No. 57, Supplement No. 1369 dated 18 July 1989. MTF commenced its commercial activities in 1989. MTF obtained a business license to operate in leasing, factoring and consumer financing from Minister of Finance in its decision letter No. 1021/KMK.13/1989 dated 7 September 1989, No. 54/KMK.013/1992 dated 15 January 1992 and No. 19/KMK.017/2001 dated 19 January 2001. Based on notarial deed Dr. A. Partomuan Pohan, S.H., LLM, dated on 6 February 2009, the Bank entered into a sales and purchase agreement with MTF's shareholders (PT Tunas Ridean Tbk. and PT Tunas Mobilindo Parama) to acquire 51.00% ownership of MTF through its purchase of 1,275,000,000 shares of MTF (the nominal value of Rp100 (full amount)) per share amounting to Rp290,000.

The acquisition of 51.00% of MTF shares ownership by Bank Mandiri was approved in the Extraordinary General Shareholders' Meeting of MTF as stated in the Minutes of Extraordinary General Shareholders' Meeting No. 8 dated 6 February 2009 and listed in Legal Administration Ministry of Law and Human Rights as affirmed by the Ministry of Law and Human Rights through its letter No. AHU-AH.01.10-01575 dated 11 March 2009.

This acquisition has been approved by Bank Indonesia through the Decree of the Governor of Bank Indonesia No. 11/3/DPB1/TPB1-1 dated 8 January 2009.

The amendment of the TFS's name to become MTF was undertaken on 26 June 2009, in accordance with a resolution on notarial deed of PT Tunas Financindo Sarana No. 181 dated 26 June 2009, notarised by notarial Dr. Irawan Soerodjo, S.H., Msi. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-4056.AH.01.02.TH.09 dated 26 August 2009.

Goodwill arising from acquisition of MTF amounted to Rp156,807 was amortised over 5 (five) years on a straight line basis as its represented the estimate economic life. The goodwill amortisation expense for the period of 1 January 2010 to 31 December 2010 amounted to Rp31,361 was charged to the consolidated statement of income. The unamortised goodwill balance as at 31 December 2010 amounted to Rp96,697. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 (revised 2010) "Business Combination" (refer to Note 2s).

Mandiri International Remittance Sendirian Berhad

Mandiri International Remittance Sendirian Berhad ("MIR") is a wholly owned Subsidiary of Bank Mandiri and became a Malaysian legal entity on 17 March 2009 based on registration No. 850077-P. MIR is engaged in money remittance service under the provisions of the Bank Negara Malaysia ("BNM"). MIR has obtained an approval from Bank Indonesia ("BI") through letter No. 10/548/DPB1 dated 14 November 2008 and approval from BNM to conduct operational activities through its letter No. KL.EC.150/1/8562 dated 18 November 2009. MIR officially commenced its operations on 29 November 2009 and is currently located in Kuala Lumpur, Malaysia. The services provided by MIR is currently limited to remittance service to Bank Mandiri's customer accounts.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT AXA Mandiri Financial Services

PT AXA Mandiri Financial Services ("AXA Mandiri") is a joint venture company between PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") and National Mutual International Pty Ltd ("NMI") that is engaged in Life Insurance. AXA Mandiri was formerly established under the name of PT Asuransi Jiwa Staco Raharja on 30 September 1991 by notarial deed No. 179 of Muhani Salim, S.H. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia through its letter No. C2-6144.HT.01.01.TH.91 dated 28 October 1991. The Company obtained its life insurance license through General Directorate of Finance Institution decision letter No. KEP.605/KM.13/1991 and officially commenced its operations on 4 December 1991. The Company's name was then changed to PT Asuransi Jiwa Mandiri and subsequently changed to PT AXA Mandiri Financial Services. This change was approved by the Ministry of Justice and Human Rights in its decision letter No. C-28747.HT.01.04.TH.2003 dated 10 December 2003, and was published in State Gazette No. 64, Supplement No. 7728 dated 10 August 2004 with composition shareholder 51.00% of NMI and 49.00% of Bank Mandiri.

The shareholders of Bank Mandiri, at the Annual General Meeting held on 17 May 2010 (in article 7), had approved the acquisition of additional shares in AXA Mandiri through the purchase of 2.00% of the total shares issued and fully paid shares in AXA Mandiri directly from NMI.

On 20 August 2010, the Bank signed a Sale and Purchase Agreement (Akta Jual Beli – AJB) to acquire 2,027,844 (two million twenty seven thousand eight hundred fourty four) shares (for an amount of Rp48,427) or 2.00% of AXA Mandiri issued and fully paid in capital from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LLM. The addition of 2.00% shares in AXA Mandiri was approved by Bank Indonesia through it's letter No. 12/71/DPB1/TPB1-1 dated 22 July 2010. After this acquisition, the Bank's percentage of ownership in AXA Mandiri is 51.00%.

Goodwill arising from acquisition of AXA Mandiri amounting Rp40,128 amortised using the straight-line method over 5 (five) years in line with the estimation of economic benefits of the goodwill. Goodwill amortisation expense from 20 August 2010 to 31 December 2010 amounted to Rp2,934 and charged to the consolidated statements of income. The balance of unamortised goodwill as at 31 December 2010 amounted to Rp37,194. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 (revised 2010) "Business Combination" (refer to Note 2s).

PT Mandiri AXA General Insurance

PT Mandiri AXA General Insurance ("MAGI") is a joint venture between Bank Mandiri with AXA Société Anonyme engaged in general insurance. MAGI formerly known as PT Maskapai Asuransi Dharma Bangsa (PT Insurance Society Dharma Bangsa Ltd) which was established based on Notarial Deed of Sie Khwan Djioe No. 109 dated 28 July 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated 20 January 1962. The name of the Company, PT Maskapai Asuransi Dharma Bangsa, was subsequently changed to PT Asuransi Dharma Bangsa as notarised by Imas Fatimah, S.H. No. 54 dated 17 December 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated 26 March 1998

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri AXA General Insurance (continued)

In Bank Mandiri's General Shareholder Meeting dated 23 May 2011, Bank Mandiri's shareholders approved the Bank's plans to acquire 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa. The Bank's investment in PT Asuransi Dharma Bangsa was approved by Bank Indonesia through its letter No. 13/59/DPB1/TPB1-1 dated 28 July 2011.

On 11 October 2011, Bank Mandiri acquired 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa with a total value of Rp 60,000 as notarised by Notarial deed of Yualita Widyadhari, S.H. No. 23 dated 11 October 2011. After this acquisition, Bank Mandiri became the controlling shareholder of PT Asuransi Dharma Bangsa with 60.00% of ownership. This was ractified in the General Shareholder Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated 11 October 2011. The notarial deed had been submitted and received by the Ministry of Justice and Human Rights Republic of Indonesia as documented in its letter No. AHU-AH.01.10-10-33252 dated 17 October 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa's Article of Association.

Subsequently, the name of the Company, PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated 18 October 2011. The notarial deed had been submitted and received by the Ministry of Justice and Human Rights of the Republic of Indonesia as documented in its letter No. AHU-51976.AH.01.02 dated 25 October 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance's Article of Association.

In conducting its business, MAGI already obtained a license from the Insurance Bureau of Bapepam-LK Ministry of Finance of the Republic of Indonesia *(Biro Perasuransian Bapepam-LK Kementerian Keuangan)* through letter No. S-12583/BL/2011 dated 22 November 2011 concerning the Activation of General Insurance Business License and Change of the Company Name from PT Asuransi Dharma Bangsa to PT Mandiri AXA General Insurance.

h. Structure and Management

Bank Mandiri's head office is located on Jl. Jend. Gatot Subroto Kav. 36-38, South Jakarta, Indonesia. As at 31 December 2011 and 2010 , Bank Mandiri's domestic and overseas offices are as follows:

	2011**)	2010**)
Domestic Regional Offices	12	12
Domestic Branches:		
Area	66	66
Community Branches*)	-	115
Branch	937	799
Mandiri Mitra Usaha offices	300	200
Cash Outlets	234	190
	1,537	1,370
Overseas Branches	5	4
Representative Office	-	1

*) The community branches has been merged into the branch office.
**) Unaudited.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2011, Bank Mandiri has overseas branches located in Cayman Islands, Singapore, Hong Kong, Timor Leste and Shanghai (People's Republic of China).

Bank Mandiri has obtained branch establishment license from China Banking Regulatory Commission on 3 November 2010. The Shanghai branch commenced its operations on 17 November 2011.

To support Bank Mandiri's vision to be Indonesia's most admired and progressive financial institution, Bank Mandiri has amended its organisation structure into Strategic Business Units (SBU). In general, SBU consists of three major groups, which are:

1. Business Units, responsible for the Bank's main business development consists of 6 (six) Directorates namely Institutional Banking, Corporate Banking, Commercial & Business Banking, Consumer Finance, Micro & Retail Banking and Treasury, Financial Institution & Special Asset Management;
2. Corporate Center, responsible for the management of the Bank's critical resources and providing support for the Bank's policies, consisting of 3 (three) Directorates which are Risk Management, Compliance & Human Capital and Finance & Strategy;
3. Shared Services, as a supporting unit to the Bank's operational activities and is managed by the Directorate of Technology & Operations.

As at 31 December 2011 and 2010 , the members of Bank Mandiri's Board of Commissioners and Directors are as follows:

	2011	2010
Board of Commissioners		
Chairman and Independent Commissioner	: Edwin Gerungan	Edwin Gerungan
Deputy Chairman	: Muchayat	Muchayat
Commissioner	: Mahmuddin Yasin	Mahmuddin Yasin
Commissioner	: Cahyana Ahmadjayadi	Cahyana Ahmadjayadi
Independent Commissioner	: Pradjoto	Pradjoto
Independent Commissioner	: Gunarni Soeworo	Gunarni Soeworo
Independent Commissioner	: Krisna Wijaya	Krisna Wijaya

	2011	2010
Board of Directors		
President Director	: Zulkifli Zaini	Zulkifli Zaini
Deputy President Director	: Riswinandi	Riswinandi
Institutional Banking Director	: Abdul Rachman	Abdul Rachman
Risk Management Director	: Sentot A. Sentausa	Sentot A. Sentausa
Micro & Retail Banking Director	: Budi Gunadi Sadikin	Budi Gunadi Sadikin
Compliance & Human Capital Director	: Ogi Prastomiyono	Ogi Prastomiyono
Finance & Strategy Director	: Pahala N. Mansury	Pahala N. Mansury
Corporate Banking Director	: Fransisca N. Mok	Fransisca N. Mok
Commercial & Business Banking Director	: Sunarso	Sunarso
Technology & Operations Director	: Kresno Sediarsi	Kresno Sediarsi
Treasury, Financial Institution & Special Asset Management Director	: Royke Tumilaar	Thomas Arifin

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2011 and 2010 , the members of Bank Mandiri's Audit Committees are as follows:

		2011	2010
Chairman, concurrently as member	:	Gunarni Soeworo	Gunarni Soeworo
Member	:	Krisna Wijaya	Mahmuddin Yasin
Member	:	Cahyana Ahmadjayadi	Krisna Wijaya
Member	:	Zulkifli Djaelani	Zulkifli Djaelani
Member	:	Imam Soekarno	Imam Soekarno

As at 31 December 2011 and 2010 , the members of Bank Mandiri's Remuneration and Nomination Committees are as follows:

		2011	2010
Chairman, concurrently as member	:	Edwin Gerungan	Edwin Gerungan
Member	:	Muchayat	Muchayat
Member	:	Gunarni Soeworo	Gunarni Soeworo
Member	:	Mahmuddin Yasin	Mahmuddin Yasin
Member	:	Pradjoto	Pradjoto
Member	:	Cahyana Ahmadjayadi	Cahyana Ahmadjayadi
Member	:	Krisna Wijaya	Krisna Wijaya
Secretary (ex-officio)	:	Sanjay Bharwani	Sanjay Bharwani

As at 31 December 2011 and 2010, the Risk Monitoring and Good Corporate Governance Committee Bank Mandiri are as follows:

		2011	2010
Chairman, concurrently as member	:	Pradjoto	Pradjoto
Member	:	Edwin Gerungan	Edwin Gerungan
Member	:	Muchayat	Muchayat
Member	:	Cahyana Ahmadjayadi	Cahyana Ahmadjayadi
Member	:	Krisna Wijaya	Krisna Wijaya
Member	:	Tama Widjaja	Tama Widjaja
Secretary (ex-officio)	:	Lisana Irianiwati	Lisana Irianiwati

As at 31 December 2011 and 2010 Bank Mandiri has a total of 27,907 and 25,236 employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Directors are responsible for the preparation of the consolidated financial statements of the Bank and Subsidiaries ("Group") which have been completed on 7 March 2012.

The principal accounting policies adopted in preparing the consolidated financial statements of the Bank and Subsidiaries are set out below:

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("IFAS"), and Regulation of the Capital Market Supervisory Board and Financial Institution (Bapepam-LK) No VIII.G.7 regarding "Financial Statements Presentation Guidelines" included in the Appendix of the Decree of the Chairman of the Bapepam-LK No. KEP-06/PM/2000 dated 13 March 2000 as amended by the Decree of the Bapepam-LK No. KEP-554/BL/2010 dated 30 December 2010 and Circular Letter No. SE-02/BL/2008 dated 31 January 2008 regarding "the Guidelines on Financial Statement Presentations and Disclosures for issuers or Public Companies in General Mining, Oil and Gas and Banking Industry".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared under the historical cost, except for financial assets classified as available for sale, financial assets and liabilities held at fair value through profit or loss and all derivative instruments which have been measured at fair value. The consolidated financial statements are prepared under the accrual basis of accounting, except for the consolidated statements of cash flows.

Consolidated statements of cash flows are prepared using the direct method by classifying cash flows in operating activities, investing and financing activities.

The financial statements of a Subsidiary company engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) No. 101, "Presentation of Financial Statement for Sharia Banking", SFAS No. 102, "Accounting for *Murabahah*", SFAS No. 104, "Accounting for *Istishna*", SFAS No. 105, "Accounting for *Mudharabah*", SFAS No. 106, "Accounting for *Musyarakah*", SFAS No. 107, "Accounting for *Ijarah*", Accounting Guidelines for Indonesian Sharia Banking (PAPSI) and other Statements of Financial Accounting Standards established by the Indonesian Institute of Accountants and also accounting and reporting guidelines prescribed by the Indonesian banking regulatory authority and Bapepam-LK.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in Indonesia requires the use of estimates and assumptions that affects:

- the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements;
- the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on Management's best knowledge of current events and activities, actual results may differ from those estimates.

Figures in the consolidated financial statements are rounded to and stated in millions of Rupiah, unless otherwise stated.

b. Changes in accounting policies in current year

The following are amendments of accounting standards and interpretations, which become effective starting 1 January 2011:

- SFAS 1 (Revised 2009) – Presentation of Financial Statements,
- SFAS 2 (Revised 2009) – Statements of Cashflows,
- SFAS 3 (Revised 2010) – Interim Financial Reporting,
- SFAS 4 (Revised 2009) – Consolidated and Separate Financial Statements,
- SFAS 5 (Revised 2009) – Operating Segments,
- SFAS 7 (Revised 2010) – Related Party Disclosures,
- SFAS 8 (Revised 2010) – Events After the Reporting Period,
- SFAS 12 (Revised 2009) – Interest in Joint Ventures,
- SFAS 15 (Revised 2009) – Investment in Associates,
- SFAS 19 (Revised 2010) – Intangible Assets,
- SFAS 22 (Revised 2010) – Business Combination,
- SFAS 23 (Revised 2010) – Revenue,
- SFAS 25 (Revised 2009) – Accounting Policies, Changes in Accounting Estimates and Errors,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

- SFAS 48 (Revised 2009) – Impairment of Assets,
- SFAS 57 (Revised 2009) – Provisions, Contingent Liabilities and Contingent Assets,
- SFAS 58 (Revised 2009) – Non-Current Assets Held for Sale and Discontinued Operations,
- Interpretation of SFAS 7 (Revised 2009) – Consolidation of Special Purpose Entities,
- Interpretation of SFAS 9 – Changes in Existing Decommissioning, Restoration and Similar Liabilities,
- Interpretation of SFAS 10 – Customer Loyalty Program,
- Interpretation of SFAS 11 – Distribution of Non-cash Assets to Owners,
- Interpretation of SFAS 12 – Jointly Controlled Entities – Non Monetary Contributions by Venturers,
- Interpretation of SFAS 14 – Intangible Assets – Website Cost, and
- Interpretation of SFAS 17 – Interim Financial Reporting and Impairment.

The followings are the changes impacted by the above new standards that are relevant and significant to the Bank's consolidated financial statements:

b.i. SFAS 1 (Revised 2009) - "Presentation of Financial Statements"

The PSAK 1 (Revised 2009) is applied retrospectively and therefore certain comparative information have been represented. The significant impact on changes of this accounting standard to the Group:

- The consolidated financial statements comprise of consolidated statements of financial position (balance sheet), consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flow, notes to the consolidated financial statements and consolidated statements of financial position (balance sheet) at the beginning of the comparative period if the Group implement restrospectively a new or revised accounting standard or change in accounting policy or reclassify certain accounts in the prior period consolidated financial statements. Whilst, previously, the consolidated financial statements comprise of consolidated balance sheets, consolidated statements of income, consolidated statements of changes in equity, consolidated statements of cash flow and notes to the consolidated financial statements.
- Non-controlling interest is presented within equity, whilst previously minority interest is presented between liabilities and equity (refer to Note 60).
- Additional disclosures required amoung others: source of uncertainty estimation and capital management (refer to Note 3).
- Corporate income tax payable is classified as separate line in the consolidated statements of financial position as current tax liabilities. Previously, corporate income tax liabilities is presented as part of taxes liabilities (refer to Note 60).

On 13 September 2011, Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued "Buletin Teknis" No. 7 "The Change of Presentation of Non-Controlling Interest and its Impact to Comparative Financial Statements" which mentioned that presentation of non-controlling interest based on SFAS 1 (Revised 2009) is a reclassification where the impact to the earliest comparative period of consolidated statement of financial position should be represented.

Comparative information has been represented to conform with the revised standard. The changes in this accounting policy only impacts the presentation aspect and threfefore there is no impact to earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

b.ii. IFAS No. 10, "Customer Loyalty Program"

Customer loyalty program are used by entities to provide customers with incentives to buy their goods or services. If a customer buys goods or services, the entity grants the customer award credits (often described as 'points'). The customer can redeem the award credits for awards such as free or discounted goods or services. This Interpretation applies to customer loyalty award credits that:

- an entity grants to its customers as part of a sales transaction, i.e. a sale of goods, rendering of services or use by a customer of entity assets; and
- subject to meeting any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services.

At end of reporting period, loyalty award are recognised as expenses based on its fair value.

Prior to 1 January 2011, cost related to customer loyalty program is recognized on cash basis.

b.iii. SFAS 5 (Revised 2009), "Operating Segments"

Starting 1 January 2011, the Group presents operating segment based on the Group's internal report that presented to the chief operating decision-maker in accordance with SFAS 5 (Revised 2009). The chief operating decision-maker is Board of Directors.

Prior to 1 January 2011, the Group disclosed the operating segment based on nature of business that consists of: banking, sharia banking, securities, insurance, financing, remittances and others.

The comparative information has been restated to comply with the standard (refer to Note 52).

b.iv. SFAS 25 (Revised 2009) – "Accounting Policies, Changes in Accounting Estimates and Errors"

<u>Allowance for impairment losses on financial guarantee contracts and commitments</u>

Starting from 1 January 2011, the Bank determines allowance for possible losses on financial guarantee contracts with credit risk and commitments at the higher of unamortised amount (carrying amount) and the present value of any expected payment (when a payment under the guarantee has become probable) or allowance for impairment losses calculated based on historical loss data for collective impairment assessment.

Prior to 1 January 2011, the Bank assess the allowance for possible losses on guarantee contracts with credit risk and commitments based on Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 and in accordance with Letter from Bank Indonesia No. 12/516/DPNP/IDPnP dated 21 September 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

b.iv. SFAS 25 (Revised 2009) – "Accounting Policies, Changes in Accounting Estimates and Errors" (continued)

Allowance for impairment losses on financial guarantee contracts and commitments (continued)

Determination of allowance for impairment losses on financial guarantee contracts with credit risk and commitments are classified into five categories with the minimum percentage of allowance for impairment losses as follows:

Classification	Minimum percentage of allowance for impairment losses
Pass	1%
Special mention	5%
Substandard	15%
Doubtful	50%
Loss	100%

The above percentages are applied to commitments and contingencies (unused committed loan facilities, letter of credits and bank guarantee), less collateral value, except for commitments and contingencies categorised as pass, where the rates are applied directly to the outstanding balance of commitment and contingencies.

Allowance for impairment losses on non-earning assets

Starting from 1 January 2011, the Bank determines allowance for possible losses on foreclosed assets and abandoned properties at the lower of the carrying amount and fair value less costs to sell.

Prior 1 January 2011, the determination of allowance for impairment losses on foreclosed assets and abandoned properties was calculated by the bank in accordance with Bank Indonesia regulation as follows:

	Period
Current	Up to 1 year
Substandard	More than 1 year up to 3 years
Doubtful	More than 3 years up to 5 years
Loss	More than 5 years

Starting from 1 January 2011, the Bank determines allowance for impairment losses on inter-office accounts and suspense accounts at the lower of carrying amount and recoverable amount.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies in current year (continued)

b.iv. SFAS 25 (Revised 2009) – "Accounting Policies, Changes in Accounting Estimates and Errors" (continued)

Allowance for impairment losses on non-earning assets (continued)

Prior 1 January 2011, the Bank determined allowance for impairment losses on inter-office accounts and suspense accounts as follows:

	Period
Current	Up to 180 days
Loss	More than 180 days

The above changes on the determination of allowance for impairment losses represent changes in accounting policy which should generally be applied retrospectively and requiring restatements of prior years' results. However, as the impacts of the change in respect of prior years' results are not material, no restatements were made and the impacts of the change are charged to the current year consolidated statement of comprehensive income.

b.v. SFAS 7 (Revised 2010) – "Related Party Disclosures"

Starting from 1 January 2011, a government related entity-entity that is controlled, jointly controlled or significantly influenced by the Government of Republic Indonesia is considered as a related party. The comparative information has been represented to conform with the revised standard (refer to Note 51).

Prior to 1 January 2011, all government – related entities were not considered as related parties.

Refer to Note 2f for definition and accounting policy for transaction with related party.

b.vi. SFAS 4 (Revised 2009) – "Consolidated and Separate Financial Statements"

Starting from 1 January 2011, the Bank implemented SFAS 4 (Revised 2009) on the parent company only financial statements, which presents the Bank's investments in subsidiaries under the cost method. Previously, the Bank's investments in subsidiaries was presented under the equity method. The comparative information has been restated (refer to page 6/11).

c. Financial instruments

A. Financial assets

The Group classifies its financial assets in the following categories of (a) financial assets at fair value through profit and loss, (b) loans and receivables, (c) held-to-maturity financial assets, and (d) available-for-sale financial assets. The classification depends on the purpose for which the financials assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(a) Financial assets at fair value through profit or loss (continued)

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the consolidated statement of income. Gains and losses arising from changes in fair value and sales of these financial instruments are included directly in the consolidated statement of income and are reported respectively as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments" and "Gains/(losses) from sale of financial instruments". Interest income on financial instruments held for trading are included in "Interest income".

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- •) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- •) those that the Group upon initial recognition designates as available for sale; or
- •) those for which the Group may not recover substantially all of its initial investment, other than because of loans and receivables deterioration.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Income on financial assets classified as loans and receivables is included in the consolidated statement of income and is reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognised in the consolidated statement of income as "Allowance for impairment losses".

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity, other than:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(c) Held-to-maturity financial assets (continued)

- •) those that the Group upon initial recognition designates as at fair value through profit or loss;
- •) those that the Group designates as available for sale; and
- •) those that meet the definition of loans and receivables.

Held-to-maturity financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

Interest income on held-to-maturity financial assets is included in the consolidated statement of income and reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated financial statements as "Allowance for impairment losses".

(d) Available-for-sale financial assets

Available-for-sale are financial assets that are intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initial recognised at fair value, plus transaction costs, and measured subsequently at fair value with gains or losses arising from the changes in fair value being recognised in the consolidated statement of comprehensive income, except for impairment losses and foreign exchange gains or losses for debt instrument, for equity instrument, foreign exchange gains or losses is recognised as part of equity, until the financial assets is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised in the consolidated statement of comprehensive income is recognised in the consolidated statement of income. Interest income is calculated using the effective interest method, and foreign currency gains or losses on monetary assets classified as available for-sale are recognised in the consolidated statement of income.

Recognition

The Bank uses trade date accounting for regular way contracts when recording marketable securities and Government Bonds transactions whilst for other financial assets transaction use settlement date. Financial assets that are transferred to a third party but not qualify for derecognition are presented in the consolidated statement of financial position (balance sheets) as "Pledged assets", if the transferee has the right to sell or repledge them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities

The Group classified its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost. Financial liabilities are derecognised from the consolidated statement of financial position (balance sheets) when redeemed or otherwise extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the consolidated statement of income and are reported as “Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments”. Interest expenses on financial liabilities held for trading are included in “Interest expenses”.

If the Group designated certain debt securities upon initial recognition as at fair value through profit or loss (fair value option), then this designation cannot be changed subsequently. According to SFAS 55 (Revised 2006), the fair value option is applied on the debt securities consists of debt host and embedded derivatives that must otherwise be separated.

Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in “Gains/(losses) from changes in fair value of financial instruments”.

(b) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value plus transaction costs.

After initial recognition, Group measures all financial liabilities at amortised cost using effective interest rates method. Effective interest rate amortisation is recognised as “Interest expense”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

C. Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

D. Reclassification of financial assets

Group shall not reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

The Group shall not classify any financial assets as held-to-maturity if Group has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity financial assets before maturity (more than insignificant in relation to the total amount of held-to-maturity financial assets) other than sales or reclassifications that:

(a) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
(b) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
(c) are attributable to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group.

Reclassification of financial assets from held to maturity classification to available for sale are recorded at fair value. Unrealised gains or losses are recorded in the consolidated statement of comprehensive income and shall be recognised in the consolidated statement of comprehensive income until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in the consolidated statement of comprehensive income shall be recognised in consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument

The Group classifies the financial instruments into classes that reflects the nature of information and take into account the characteristic of those financial instruments. The classification of financial instrument can be seen in the table below:

Category as defined by SFAS 55 (Revised 2006)		Class (as determined by the Bank and Subsidiaries)	Sub-classes
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Marketable securities
			Government Bonds
			Derivative receivables – Non hedging related
			Policyholder's investments in unit-linked contracts
	Loans and receivables	Current accounts with Bank Indonesia	
		Current accounts with other banks	
		Placements with Bank Indonesia and other banks	
		Marketable securities	
		Other receivables	
		Securities purchased under resale agreements	
		Loans	
		Consumer financing receivables	
		Net investment financing Lease	
		Acceptance receivables	
		Other assets	Accrued income
			Receivables from customer transactions
			Receivables from sale of marketable securities
			Receivables from transactions related to ATM and credit card
			Receivables to policyholder
	Held-to-maturity investments	Marketable securities	
		Government Bonds	
	Available-for-sale financial assets	Marketable securities	
		Government Bonds	
		Investments in shares	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument (continued)

<table>
<tr><th colspan="2">Category as defined by SFAS 55 (Revised 2006)</th><th>Class (as determined by the Bank and Subsidiaries)</th><th>Sub-classes</th></tr>
<tr><td rowspan="23">Financial liabilities</td><td rowspan="2">Financial liabilities at fair value through profit or loss</td><td rowspan="2">Financial liabilities held for trading</td><td>Derivative payables – non hedging related</td></tr>
<tr><td>Liability to unit-linked holders</td></tr>
<tr><td rowspan="21">Financial liabilities at amortised cost</td><td>Obligation due immediately</td><td>Accrued interest payable</td></tr>
<tr><td rowspan="3">Deposits from customers</td><td>Demand deposits</td></tr>
<tr><td>Saving deposits</td></tr>
<tr><td>Time deposits</td></tr>
<tr><td rowspan="3">Deposits from other banks</td><td>Demand and saving deposits</td></tr>
<tr><td>Inter-bank call money</td></tr>
<tr><td>Time deposits</td></tr>
<tr><td colspan="2">Securities sold under repurchase agreements</td></tr>
<tr><td colspan="2">Acceptance payables</td></tr>
<tr><td colspan="2">Marketable securities issued</td></tr>
<tr><td colspan="2">Fund Borrowings</td></tr>
<tr><td rowspan="7">Other liabilities</td><td>Payable to customer</td></tr>
<tr><td>Guarantee deposits</td></tr>
<tr><td>Payable from purchase of marketable securities</td></tr>
<tr><td>Accrued employee bonus and incentives, leave and yearly allowance (THR)</td></tr>
<tr><td>Accrued expenses (operational IT)</td></tr>
<tr><td>Liability to policyholder</td></tr>
<tr><td>Liability related to ATM and credit card transaction</td></tr>
<tr><td colspan="2">Subordinated loans</td></tr>
<tr><td rowspan="4">Off-balance sheet financial instruments</td><td colspan="3">Committed unused loan facilities granted</td></tr>
<tr><td colspan="3">Outstanding irrevocable letters of credit</td></tr>
<tr><td colspan="3">Bank Guarantees issued</td></tr>
<tr><td colspan="3">Standby letters of credit</td></tr>
</table>

F. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position (balance sheet) when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of impairment loss include:

1. significant financial difficulty of the issuer or obligor;
2. a breach of contract, such as a default or delinquency in interest or principal payments;
3. the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
4. probability that the borrower will enter bankruptcy or other financial reorganisation;
5. the disappearance of an active market for that financial asset because of financial difficulties; or
6. observable data indicating that there is a measurable decrease in the estimation.

The Group has determined specific objective evidence of an impairment loss for loans including:

1. Loans classified as Sub-standard, Doubtful and Loss (non performing loans) in accordance with Bank Indonesia regulation (refer to Note 2c.G. (d)).
2. All restructured loans.

The Group initially assesses whether objective evidence of impairment for financial asset exists as described above. The individual assessment is performed on the individually significant impaired financial asset, using discounted cash flows method. The insignificant impaired financial assets and non-impaired financial assets are included in group of financial asset with similar credit risk characteristics and collectively assessed.

If the Group assesses that there is no objective evidence of impairment for financial asset assessed individually, both for significant and insignificant amount, hence the account of financial asset will be included in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Accounts that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

In evaluating impairment for loans, the Bank determines loan portfolio into these three categories:

1. Loans which individually have significant value and if impairment occurred will have material impact to the consolidated financial statements, i.e. loans with Gross Annual Sales (GAS) Corporate and Commercial, as well as loans with GAS outside Corporate and Commercial with outstanding balance more than Rp5,000;
2. Loans which individually have no significant value, i.e. loans with GAS Business, Micro and Consumer with outstanding balance is less or equal to Rp5,000; and
3. Restructured loans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Bank determines loans to be evaluated for impairment through individual evaluation if one of the following condition is met:

1. Loans which individually have significant value and objective evidence of impairment; or
2. Restructured loans which individually have significant value.

Bank determines loans to be evaluated for impairment through collective evaluation if one of the following condition is met:

1. Loans which individually have significant value and there are no objective evidence of impairment; or
2. Loans which individually have insignificant value; or
3. Restructured loan which individually have insignificant value.

Individual impairment calculation

The amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future impairment losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the allowance for impairment losses account and the amount of the loss is recognised in the consolidated statement of income. If a loan or held-to-maturity financial assets has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The Bank uses a fair value of collateral method as a basis for future cash flow if, one of the following conditions is met:

1. Loans are collateral dependent, i.e. if source of loans repayment comes only from the collateral; or
2. Foreclosure of collateral is most likely to occur and supported with legal binding aspect.

Collective impairment calculation

For the purpose of a collective evaluation of impairment, financial asset are grouped on the basis of similar credit risk characteristics such by considering credit segmentation and past-due status. Those characteristics are relevant to the estimation of future cash flows for groups of such assets which indicate debtors or counterparties' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The Group uses statistical model analysis methods, namely roll rates analysis method and migration analysis method for financial assets impairment which collectively assessed, using at the minimum of 3 (three) years historical data.

In migration analysis method, management determines 12 months as the estimated and identification period between a loss occuring for each identified portfolio, except for Micro banking segment in which the loss identification period used 9 months.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and marketable securities (in held-to-maturity and loans and receivables categories) are classified into “Allowance for impairment losses”.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the impairment reversal is recognised in the consolidated statement of income.

Subsequent recoveries of loans written off in the current year are credited to the allowance account.

Subsequent recoveries of loans written off in previous year, are recognised as other non-operating income.

(b) Financial assets classified as available for sale

The Group assesses at each date of the consolidated balance sheet whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2c.G.(a) for the criteria of objective evidence of impairment.

In the case of debt instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statements of income – is removed from equity and recognised in the consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(b) Financial assets classified as available for sale (continued)

If, in a subsequent period, the fair value of a financial asset classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of income.

(c) Financial guarantee contracts and commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is amortised over the period of guarantees using the straight line method.

Increase in the liability relating to guarantees is reported as other operating expense in consolidated statement of income.

Refer to Note 2b.iv. for changes in accounting policies in 2011.

(d) Impairment of earning assets prior to implementation of SFAS 55 (Revised 2006) on 1 January 2010

Earning assets consist of current accounts with Bank Indonesia and other banks, placements with Bank Indonesia and other banks, marketable securities, Government Bonds, other receivables - trade transactions, securities purchased under resale agreements, derivative receivables, loans, consumer financing receivables, acceptance receivables, investments in shares and commitments and contingencies with credit risk and earning assets from sharia activities.

Commitments and contingencies with credit risk consist of outstanding irrevocable letters of credit, outstanding letters of credit under Bank Indonesia's guarantee program, guarantees issued in the form of standby letters of credit, bank guarantees, committed unused loan facilities and risk sharing.

In accordance with Bank Indonesia (BI) regulations, the Group classifies earning assets into one of five categories and non earning assets into one of four categories. Performing assets are categorised as "Current" and "Special Mention", while non-performing assets are categorised into three categories: "Sub-Standard", "Doubtful" and "Loss". Marketable securities classified as "Current", "Substandard" and "Loss".

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(d) Impairment of earning assets prior to implementation of SFAS 55 (Revised 2006) on 1 January 2010 (continued)

The classification of earning assets and the minimum amount of allowance for impairment losses on earning assets and commitments and contingencies with credit risk is calculated based on Bank Indonesia Regulation (PBI) No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks, as last amended by PBI No. 11/2/PBI/2009 dated 29 January 2009. In connection with the implementation of PBI No. 7/2/PBI/2005, the Bank determined the classification of earning assets based on the evaluation of the management on each borrower's financial performance, business prospects and ability to repay.

For Bank Syariah Mandiri, the classification of earning assets is determined based on PBI No. 8/21/PBI/2006 dated 5 October 2006 regarding Earning Assets Quality of Commercial Banks Conducting Business Based on Sharia Principles as several articles has been amended by PBI No. 9/9/PBI/2007 dated 18 June 2007 and the latest amendment with PBI No. 10/24/PBI/2008 dated 16 October 2008. In 2011, the classification of earning assets for Bank Syariah Mandiri is determined based on PBI No. 13/13/PBI/2011 dated 24 March 2011 regarding Asset Quality Rating for Sharia Bank and Sharia Business Unit.

The minimum allowance amounts in accordance with the Bank Indonesia Regulation are as follows:

	Percentage of minimum allowance
Current	1%
Special Mention	5%
Substandard	15%
Doubtful	50%
Loss	100%

The above percentages are applied to earning assets and commitments and contingencies less the collateral value, except for earning assets and commitments and contingencies categories as Current, where the rates are applied directly to the outstanding balances.

No provision should be provided for earning assets in Certificates of Bank Indonesia and Government Bonds and for earning assets which are guaranteed with cash collateral such as current accounts, time deposits, savings, guarantee deposits, gold, Certificates of Bank Indonesia or Government Debenture Debt, Indonesia Government Guarantees in accordance with the applicable regulations, standby letters of credit from prime bank which are issued in accordance with Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (UCP 600) and International Standard Banking Practices (ISBP).

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(d) Impairment of earning assets prior to implementation of SFAS 55 (Revised 2006) on 1 January 2010 (continued)

For marketable securities, in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on “Asset Quality Ratings for Commercial Banks”, the minimum allowance are as follows:

	Percentage of minimum allowance
Current	1%
Substandard	15%
Loss	100%

The estimated loss on commitments and contingencies with credit risk is presented in the liabilities section of the consolidated statement of financial position (balance sheets).

Refer to Note 2c.I regarding transition rules and the impact of implementation SFAS 55 (Revised 2006).

Recoveries of earning assets previously written off are recorded as an addition to the allowance for impairment losses during the year. If the recovery exceeds the principal amount, the excess will be recognised as interest income.

Based on PAPI (Revised 2008), Subsidiary that engaged in Sharia Banking uses the Accounting Guidelines for Indonesian Sharia Banking (“PAPSI”). Therefore, as at and for the years ended 31 December 2011 and 2010 , the collectibility and allowance for impairment losses of earning assets with Sharia is still determined Bank Indonesia Regulation by the latest amendment No. 13/13/PBI/2011 dated 24 March 2011.

H. Determination of fair value

The fair value of financial instruments traded in active markets, such as marketable securities and Government Bonds, is determined based on quoted market prices at the statement of financial position (balance sheet) date from credible sources such quoted market prices from Bloomberg, Reuters or broker’s quoted price. Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position (balance sheet) date.

A financial instrument is regarded as quoted in an active market, if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm’s length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For Government Bonds with no quoted market prices, a reasonable estimate of the fair value is calculated based on the present value of expected future cash flows using next-repricing method with deflator adjustment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

l. Transition rules of implementation SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006)

Transitional Provisions Upon First Time Implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) is performed based on “Buletin Teknis” No. 4 issued by the Indonesian Institute of Accountant, provides additional guidances below:

Effective Interest Rate
The effective interest rate for financial instruments measured at amortised cost that were acquired prior to and still have a balance remaining as at 1 January 2010 is calculated by referring to the future cash flows that will be generated from the time SFAS 55 (Revised 2006) is first implemented up to the maturity of the financial instruments.

Derecognition
Financial instruments that have been derecognised prior to 1 January 2010 should not be reassessed subsequently to determine whether they would meet the derecognition criteria under SFAS 55 (Revised 2006).

Compound Financial Instruments
Compound financial instruments that have existed as at 1 January 2010 should be bifurcated into debt and equity components in accordance with paragraph 11 of SFAS 50 (Revised 2006) requirements. The bifurcation should be based on the nature, condition and requirements relating to those financial instruments as at 1 January 2010.

Classification of Financial Instruments as Debt or Equity
As at 1 January 2010, Bank Mandiri classified its financial instruments as a debt or equity instrument in accordance with the requirements in paragraph 11 of SFAS 50 (Revised 2006).

Impairment of Financial Instruments
As at 1 January 2010, the Group determined any possible impairment of financial instruments based on conditions existing at that date. Any difference between this impairment and the impairment calculated based on previous applicable accounting principles is recognised in retained earnings as at 1 January 2010.

The impact of the initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) is disclosed in Note 50.

d. Principles of Consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries. Control is presumed to exist where more than 50.00% of a Subsidiary’s voting power is controlled by Bank Mandiri, or Bank Mandiri is able to govern the financial and operating policies of a Subsidiary, or control the removal or appointment of the majority of a Subsidiary’s Board of Directors. In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated. Non-controlling interest in net income of subsidiaries is presented as a deduction of consolidated net income in order to present the Bank’s income. Non-controlling interest in net assets are presented as part of equity in the consolidated statement of financial position (balance sheet). Refer to Note 2b.b.i in relation to changes in accounting policy for presentation of non-controlling interest starting 1 January 2011.

The consolidated financial statements are prepared based on a consistent accounting policy for transactions and events in similar circumstances. The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Subsidiaries, unless otherwise stated.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of Consolidation (continued)

If the control on an entity is obtained or ends in the current year, the entity's net income are included in the consolidated statement of income from the date of acquisition of the control or until the date of the control is ceased.

e. Foreign Currency Transactions and Balances

Subsidiaries and overseas branches

Bank Mandiri maintains its accounting records in Indonesian Rupiah. For consolidation purposes, the financial statements of the overseas branches and overseas subsidiary of Bank Mandiri denominated in foreign currency are translated into Rupiah based on the following bases:

(1) Assets and liabilities, commitments and contingencies - using the Reuters spot rates at the consolidated statement of financial position (balance sheet) date.
(2) Revenues, expenses, gains and losses - using the average middle rates during each month when the transaction occurs.
(3) Shareholders' equity accounts - using historical rates on the date of transaction.
(4) Statements of cash flows - using the Reuters spot rates at the balance sheet date, except for income and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The resulting net translation adjustment is presented as "Differences Arising from Translation of Foreign Currency Financial Statements" under the Shareholders' Equity section of the consolidated statement of financial position (balance sheet).

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position (balance sheet) date, all foreign currency monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on 31 December 2011 and 2010 . The resulting gains or losses are credited or charged to the current year's consolidated statements of income.

The exchange rates used against the Rupiah at the dates of the consolidated balance sheets are as follows (amounts in full Rupiah):

	2011	2010
Great Britain Pound Sterling 1/Rp	13,975.29	13,941.18
Euro 1/Rp	11,714.76	12,017.99
United Stated Dollar 1/Rp	9,067.50	9,010.00
Japanese Yen 100/Rp	11,682.00	11,075.00

f. Transactions with Related Parties

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 regarding "Related Party Disclosures". Related parties are principally defined as:

I. entities under the control of the Bank and Subsidiaries;
II. associated companies;
III. investors with an interest in the voting that gives them significant influence;
IV. entities controlled by investors under Note III above;
V. key employees and family members; and
VI. entity that is controlled, jointly controlled on significantly influenced by Goverment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with Related Parties (continued)

All significant transactions with related parties, are disclosed in Note 51.

Transactions of Government Bonds and transactions between Bank Mandiri with state-owned enterprises and other entities that owned/controlled by the Government, except for transactions with Directorate General of Taxation, are considered as transactions with related parties (refer to Note 2b.b.v regarding changes in accounting policies).

g. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks and other short term highly liquid investments with original maturities of 3 (three) months or less.

h. Current Accounts with Bank Indonesia and Other Banks

Current accounts with Bank Indonesia and Other Banks are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Subsidiary that engages in sharia banking presents current accounts with Bank Indonesia and Other Banks at their outstanding balance net of allowance for impairment losses.

The Minimum Statutory Reserve

Based on Bank Indonesia Regulation (PBI) No.10/19/PBI/2008 dated 14 October 2008 concerning Statutory Reserves of Commercial Banks in the Bank Indonesia in Rupiahs and Foreign Currency, as amended by PBI No. 10/25/PBI/2008 dated 23 October 2008 as amended by PBI No. 12/19/PBI/2010 dated 4 October 2010 as amended by PBI No. 13/10/PBI/2011 dated 9 February 2011, the Bank should comply with a minimum reserve requirement (GWM) in Bank Indonesia in Rupiah and foreign currencies. Minimum reserve requirement in Rupiah consists of Primary GWM, Secondary GWM and Loan to Deposit Ratio GWM.

Primary GWM in Rupiah is set at 8.00% from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 2.50% from the Rupiah third party funds and GWM LDR in Rupiah is calculated by multiplying the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank's LDR and target LDR by taking into account the difference between Bank's Capital Adequacy Ratio (CAR) and incentive CAR. Primary GWM and secondary GWM are applied effectively since 1 November 2010 and GWM LDR is applied effectively since 1 March 2011.

Starting from 1 March 2011 up to 31 May 2011, GWM in foreign currency is set at 5.00% of foreign currency third party fund and since 1 June 2011 GWM in foreign currency is set at 8.00% of foreign currency third party fund.

Subsidiary company that engaged in business operation using Sharia principle, had implemented the Minimum Statutory Reserve in accordance with PBI No. 6/21/PBI/2004 dated 3 August 2004 regarding the Minimum Statutory Reserve in Rupiah and foreign currencies for Commercial Bank that engaged in business operation based on Sharia principle, which amended by PBI No. 8/23/PBI/2006 dated 5 October 2006 and the latest amendment using PBI No. 10/23/PBI/2008 dated 16 October 2008, where every bank is obliged to maintain the Minimum Statutory Reserve in Rupiah by 5.00% from TPF in Rupiah and in foreign currencies by 1.00% from TPF in foreign currencies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Placements with Bank Indonesia and Other Banks

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI, call money, “fixed-term” placements, time deposits and others.

Placements with Bank Indonesia and other banks are stated at amortised cost using effective interest rate less any allowance for impairment losses.

Placement with Bank Indonesia and other banks are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

j. Marketable Securities

Marketable securities consist of securities traded in the money market such as Certificates of Bank Indonesia (SBI), Sharia Certificates of Bank Indonesia (SBIS), *Surat Perbendaharaan Negara* (SPN), Negotiable Cerfiticates of Deposits, medium-term notes, floating rate notes, promissory notes, Treasury Bills issued by other country government and Republic of Indonesia’s Government, mandatory convertible bond, export bills, securities traded on the capital market such as mutual fund units and securities traded on the stock exchanges such as shares of stocks and bonds including Sharia Corporate bonds.

Marketable securities are classified as financial assets at fair value through profit or loss, available for sale and held to maturity. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale and held to maturity.

Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position (balance sheet) date.

For marketable securities which are traded in organised financial markets, fair value is generally determined by reference to quoted market prices by the stock exchanges at the close of business on the consolidated statement of financial position (balance sheet) date. For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities. Any permanent decline in the fair value of marketable securities classified as held to maturity and available for sale is charged to current year’s consolidated statement of income.

Reclassification of marketable securities to held to maturity classification from available for sale are recorded at fair value. Unrealised gains or losses are recorded in the equity section and will be amortised up to the remaining live of the marketable securities using the effective interest rate method to consolidated statement of comprehensive income.

Reclassification of marketable securities to held to maturity classification from trading are recorded at fair value. Unrealised gains or losses are charged to the consolidated statements of income on the date of reclassification.

k. Government Bonds

Government Bonds represent bonds issued by the Government of the Republic of Indonesia. Government Bonds consists of Government Bonds from the recapitalisation program and Government Bonds purchased from the market.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Government Bonds (continued)

Government Bonds are classified as financial assets at fair value through profit or loss, available for sale and held to maturity. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale and held to maturity.

l. Other Receivables - Trade Transactions

Other receivables - Trade Transactions represent receivables resulting from contracts for trade-related facilities given to customers, which will be reimbursed on maturity.

Other receivables - Trade Transactions are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

m. Securities Purchased/Sold under Resale/Repurchase Agreements

Securities purchased under resale agreements are presented as assets in the consolidated statement of financial position (balance sheet) at the agreed resale price less unamortised interest income and allowance for impairment losses. The difference between the purchase price and the agreed selling price is treated as deferred (unamortised) interest income and amortised as income over the period, commencing from the acquisition date to the resale date using the effective interest rate method.

Securities purchased under resale agreements are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Securities sold under repurchase agreements are presented as liabilities in the consolidated statement of financial position (balance sheet) at the agreed repurchase price net of the unamortised prepaid interest. The difference between the selling price and the agreed repurchase price is treated as prepaid interest and recognised as interest expense over the period, commencing from the selling date to the repurchase date using effective interest rate method.

Securities sold under repurchase agreements are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilties at amortised cost.

n. Derivative Receivables and Derivative Payables

All derivative instruments (including foreign currency transactions for funding and trading purposes) are recognised in the consolidated statement of financial position (balance sheet) at their fair values. Fair value is determined based on market value using Reuters rate at reporting date or discounted cash flow method.

Derivative receivables are presented at the amount of unrealised gain from derivative contracts, less allowance for impairment losses. Derivative payables are presented at the amount of unrealised loss from derivative contracts.

Gains or losses from derivative contracts are presented in the consolidated financial statements based on its purpose designated upon acquisition, as (1) fair value hedge, (2) cash flow hedge, (3) net investment in a foreign operation hedge, and (4) trading instruments as follows:

1. Gain or loss on a derivative contract designated and qualifying as a fair value hedging instrument and the gain or loss arising from the changes in fair value of hedged assets and liabilities is recognised as gain or loss that can be set off one another during the same accounting period/year. Any difference representing hedge ineffectiveness is directly recognised as gain or loss in the consolidated statement of income in current year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative Receivables and Derivative Payables (continued)

2. The effective portion arising from gain or loss of derivative contracts, which are both designated and qualify as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffectiveness portion is recognised as a gain or loss in the current year consolidated statement of income.
3. Gain or loss arising from derivative contract that is designated, qualifies as a net investment hedge in a foreign operation and that is highly effective is reported as other comprehensive income.
4. Gain or loss arising from derivative contract not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised in the current year consolidated statement of income.

Derivative receivables are classified as financial assets at fair value through profit or loss, meanwhile derivative payables are classified as financial liabilities at fair value through profit or loss. Refer to Note 2c for the accounting policy of financial assets and liabilities at fair value through profit or loss.

o. Loans

Loans represent agreement to provide cash or cash equivalent based on agreements with borrowers, where borrowers are required to repay their debts with interest after a specified period, and matured trade finance facilities which have not been settled within 15 days.

Syndicated loans, direct financing and joint financing, and channeling loans are stated at their outstanding balances in proportion to the risks borne by the Bank and its Subsidiaries.

Included in loans are financing by Bank Syariah Mandiri ("BSM"), a Subsidiary, in the form of sharia receivables, financing and funding.

Brief explanation for each type of sharia financing is as follows:

Mudharabah financing is a co-operation for certain project between first party (malik, shahibul mal or Subsidiary) as owner of fund and second party (amil, mudharib or debtors) as fund manager whereas the profit sharing will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Subsidiary except if the second party does negligence, error or violate the agreement. *Mudharabah* financing is stated at the outstanding financing balance less allowance for possible losses.

Musyarakah financing is a co-operation between two or more parties in a certain business wherein each party provides a portion of fund on condition that the profit shall be shared in the agreement, whereas losses shall be borne in accordance with the portion of the fund of each party. *Musyarakah* financing is stated at the outstanding financing balance less allowance for possible losses.

Ijarah receivables are the financing on the availability of fund in relation to transferring the right to use and benefit of a good and service based on rental transaction which was not followed by transfer of the goods ownership to the lessee. *Ijarah muntahiyah bittamlik* is an agreement on the availability of fund in relation to transferring the use right and benefit of a good or service based on rental transaction with an option to transfer the ownership title of goods to the lessee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

Murabahah receivables are the financing such goods by confirming purchase price to a buyer and the buyer pays it with a higher price as an agreed profit. *Murabahah* receivables are stated at the balance of the receivable less deferred margin and allowance for possible losses.

Istishna receivables are the financing such goods in the form of manufacturing the ordered goods with the agreed criteria and specification by both of orderer or buyer (*Mustashni*) and manufacturer or seller (*Shani*). *Istishna* receivables are presented based on the outstanding billings less allowance for possible losses.

Qardh receivables are a borrowing at the condition that the borrower should repay the loan at specified period of time. The Subsidiary will obtain a free (*ujrah*) from this transaction, which is recognized upon receipt. *Qardh* receivables is stated at its outstanding balance less allowance for possible losses.

Rahn represent the mortgage of goods or assets owned by the customer for an equivalent amount of money. Assets or goods mortgaged are appraised based on market value, less a certain deduction percentage. The Subsidiary will obtain a fee (*ujrah*), which is recognized upon receipt.

Loans are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

<u>*Loans Purchased from IBRA*</u>

Bank Indonesia issued Regulation No. 4/7/PBI/2002 regarding “Prudential Principles for Credits Purchased by Banks from IBRA” dated 27 September 2002, which applies for all loans purchased from IBRA starting 1 January 2002.

The difference between the outstanding loan principal and purchase price is booked as deferred income if the Bank enters into a new agreement with the borrower, and as an allowance for impairment losses if the Bank does not enter into a new credit agreement with the borrower. The allowance for loan losses or deferred income can only be adjusted once the Bank has recovered the original purchase price.

Income arising from the loans purchased from IBRA is recognised on a cash basis. If the Bank enters into a new credit agreement with the borrower, any receipts from a borrower are recognised as a deduction of the outstanding principal and/or as interest income following the terms or conditions as set out in the new credit agreement. If the Bank does not enter into a new credit agreement with the borrower, any receipts from a borrower must be recognised firstly as a deduction of outstanding principal. The excess of receipts over the outstanding principal balance shall be recognised as interest income.

Bank Indonesia requires banks to fully recover the purchase price of the loans within five years from the date of loan booking. Any unpaid amount after five years should be written off by the banks. Based on the letter from Bank Indonesia No. 9/58/DPNP/IDPnP dated 16 February 2007, Bank Mandiri can continue to manage ex-IBRA loans which have passed a period of 5 years after purchase, if the loans at the time reach 5-years period, are classified as current based on factors of business prospects, performance and the ability of debtors to pay as stipulated in the relevant BI regulation regarding Asset Quality.

Loans purchased from IBRA are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

Loan Restructuring

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

Losses on loan restructurings in respect of modification the terms of the loans are recognised only if the present value of total future cash receipts specified by the new terms of the loans including both receipts designated as interest and those designated as loan principal, are less than the carrying amount at loans before restructuring. Starting from 1 January 2010, losses on loan restructuring are presented as part of allowance for impairment losses.

For loan restructurings which involve a conversion of loans into equity or other financial instruments, a loss on loan restructuring is recognised only if the fair value of the equity or financial instruments received, deducted by estimated expenses to sell the equity or other financial instruments, is less than the carrying amount of loans.

Overdue interest, which is capitalised to loans under new restructuring agreements, is recorded as deferred interest income and is amortised proportionately based on the amount of capitalised interest relative to the loan principal upon collection. Losses on loan restructuring are presented as part of allowance for impairment losses.

p. Consumer Financing Receivables

Subsidiary's consumer financing receivables are recognised initially at fair value, added with directly attributable transaction costs and deducted by yield enhancing income, and subsequently measured at amortised cost using the effective interest rate method.

Early termination is treated as a cancellation of an existing contract and the resulting gain or loss is credited or charged to the current year's consolidated statement of income at the transaction date.

Subsidiary's consumer financing receivables are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Subsidiary's unearned consumer financing income is the difference between total installments to be received from customers and the total financing which is recognised as income over the term of the contract using effective interest rate.

Consumer financing receivables are stated net of joint financing receivables where joint financing providers bear credit risk in accordance with its portion (without recourse), unearned consumer financing income and provision for doubtful accounts.

Joint financing receivables where the Subsidiary and joint financing providers bear credit risk in accordance with their portion (without recourse) are presented on a net basis in the consolidated statement of financial position (balance sheet). Consumer financing income and interest expense related to joint financing without recourse are also presented on a net basis in the consolidated statement of income.

For joint financing without recourse, Subsidiary has the right to set higher interest rates to customers than those as stated in the joint financing agreements with joint financing providers. The difference is recognised as revenue and disclosed as "Consumer financing income".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Net Investment in Finance Lease

Net investment in finance lease is a finance lease receivable plus the amount of residual value to be received at the end of the lease financing decreased by unearned lease income, security deposits and the allowance for doubtful accounts. The difference between the gross lease receivable and the present value of the lease receivables is recognized as unearned lease income. Unearned lease income is allocated to current year consolidated statement of income based on a constant rate of return on net investment using the effective interest rate.

The lessee have the right financing option to purchase the leased asset at the end of the lease period at a price mutually agreed upon at the commencement of the agreement.

Early termination is treated as a cancellation of an existing contracts and the resulting gain or loss is credited or charged to the current year consolidated statement of income at the transaction date.

Net investment in finance leases are classified as loans and receivables. Refer to Note 2c to the accounting policy for loans and receivables.

r. Fixed Assets and Leased Assets

i. Fixed assets

Fixed assets except for land is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of income as incurred.

Depreciation and amortisation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Furniture, fixtures, office equipment and computer equipment/software and vehicles	4-5

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Construction in progress is stated at cost and is presented as part of fixed assets. Accumulated costs are reclassified to the appropriate fixed assets account when the assets are substantially complete and are ready for their intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets and Leased Assets (continued)

i. Fixed assets (continued)

In accordance with SFAS No. 47, "Accounting for Land", all cost and expense incurred in relation with the acquisition of the landright, such as license fee, survey and measurement cost, notary fee and taxes, are deferred and presented separately from the cost of the landright. The deferred cost related to the acquisition of the landright was presented as part of Other Asset in the consolidated statement of financial position (balance sheet), and amortised over the period of the related landright using straight-line method.

In addition, SFAS No. 47 also states that landright is not amortised unless it meet certain required conditions.

SFAS No. 48, "Impairment of Assets" states that the carrying amounts of fixed assets are reviewed at each consolidated statement of financial position (balance sheet) date to assess whether they are recorded in excess of their recoverable amounts and, when carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

ii. Leased assets

Bank Mandiri to apply SFAS No. 30 (Revised 2007) of the Lease, effective beginning on or after 1 January 2008. Under SFAS No. 30 (Revised 2007), determination of whether an agreement is a lease agreement or lease agreement containing the substance of the agreement based on the inception date and whether the fulfillment of the agreement depends on the use of an asset and the agreement provides a right to use the asset. According to this revised SFAS, leases that transfer substantially all the risks and rewards incidental to ownership, are classified as finance leases. Further, a lease is classified as operating leases, if the lease does not transfer substantially all the risks and benefits incidental to ownership of assets.

Based on SFAS No. 30 (Revised 2007), under a finance leases, Bank and Subsidiaries recognise assets and liabilities in its consolidated statement of financial position (balance sheet) at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income. Capitalised leased assets (presented under fixed assets) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Bank will obtain ownership by the end of the lease term.

Under an operating lease, the Bank recognise lease payments as an expense on a straight-line basis over the lease term.

iii. Assets with Build Operate Transfer (BOT) agreement

The Bank's asset transferred to the investor in the Build, Operate, Transfer (BOT) agreement will be re-transferred to the Bank at the end of the concession period. Upon the transfer of the BOT assets from the investor to the Bank, the Bank will record this asset by crediting BOT income if there is certainty of the economic benefits from the assets or by crediting to deferred income if there is uncertainty of the economic benefits. BOT assets are recorded at fair value or development costs agreed in the BOT contract or based on the acquisition costs, whichever is objective and reliable.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Investments in Shares

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

Investments in shares representing ownership interests of 20.00% to 50.00% are accounted for using the equity method. Under this method, investments are stated at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned since the acquisition date net of by allowance for impairment losses.

Prior to 1 January 2011, allowance for impairment losses on temporary investments from debt to equity swaps are determined using Bank Indonesia criteria set out in Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on "Asset Quality Ratings for Commercial Banks". This regulation classifies temporary investments from debt to equity swaps into the following classifications:

	Holding Period
Current	Up to 1 year
Substandard	More than 1 year up to 4 years
Doubtful	More than 4 years up to 5 years
Loss	More than 5 years or the temporary investment has not been liquidated despite of the investee's has accumulative profits

Temporary investment is written-off from the consolidated statement of financial position (balance sheet) if it is held for more than 5 years in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on "Asset Quality Ratings for Commercial Banks".

Investment in shares with ownership below 20% are classified as financial assets available for sale. Refer to Note 2c for the accounting policy of financial assets available for sale.

Goodwill is recognised, when there is a difference between the acquisition cost and the Bank's portion of the fair value of identified assets and liabilities at the acquisition date. Goodwill is presented as other assets. Starting 1 January 2011, with the effective implementation of SFAS No. 22 (Revised 2010) "Business Combination", Goodwill is not amortised but subject to regular impairment assessment. Goodwill balance as at 31 December 2010 is no longer amortised, but subject to regular impairment assessment. Prior to 1 January 2011, Goodwill is amortised as expense over the period using the straight-line method, unless there is other method considered more appropriate in certain conditions. The Goodwill amortisation period is 5 (five) years, but a longer amortisation period may be applied (with maximum 20 years period) with appropriate basis.

t. Allowance for Possible Losses on Non-Earning Assets

Non-earning assets of Bank Mandiri and the Subsidiaries' assets consist of repossessed assets, abandoned properties, inter-office accounts and suspense accounts.

Refer to Note 2b.b.iv for changes in accounting policy on allowance for possible losses on Non-Earning Assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Acceptance Receivables and Payables

Acceptance receivables are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Acceptance payables are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

v. Other Assets

Other assets include accrued income for interest, provision and commissions, receivables, prepaid taxes, prepaid expenses, repossessed assets, abandoned properties, inter-branch accounts and others.

Repossessed assets represent assets acquired by Bank Mandiri and Subsidiaries, both from auction and non auction based on voluntary transfer by the debtor or based on debtor's approval to sell the collateral where the debtor could not fulfill their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral acquired in settlement of loans and is included in "Other Assets".

Abandoned properties represent Bank and Subsidiaries' fixed assets in form of property which were not used for Bank and Subsidiaries' business operational activity.

Repossessed assets and abandoned properties are presented at their net realisable values. Net realisable value is the fair value of the repossessed assets less estimated costs of liquidating the repossessed assets. Any excess of the loan balance over the value of the repossessed assets, which is not recoverable from the borrower, is charged to the allowance for impairment losses. Differences between the estimated realisable value and the proceeds from sale of the repossessed assets are recognised as current year's gain or loss at the time of sale.

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year's consolidated statement of income. The carrying amount of the repossessed assets is impaired to recognise a permanent decrease in value of the repossessed asset. Any impairment occurred will be charged to the current year's consolidated statement of income. Refer to Note 2b.b.iv for changes in accounting policy to determine impairment losses on repossessed assets and abandoned properties.

w. Obligation due Immediately

Obligations due immediately are recorded at the time of the obligations occurred from customer or other banks. Obligation due immediately are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Deposits from Customers

Deposits from customers are the funds placed by customers (excluding banks) with the Bank based on a fund deposit agreements. Included in this account are demand deposits, saving deposits, time deposits and other similar deposits.

Demand deposits represent deposits of customers that may be used as instruments of payment, and which may be withdrawn at any time by cheque, automated teller machine card (ATM) or other orders of payment or transfers.

Saving deposits represent deposits of customers that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking, Phone Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments.

Time deposits represent customers deposits that may only be withdrawn after a certain time based on the agreement between the depositor and the Bank. These are stated at amortised cost in the certificates between the Bank and the holders of time deposits.

Included in demand deposits are *wadiah* demand and saving deposits. *Wadiah* demand deposits can be used as payment instruments and can be withdrawn any time using cheque and *bilyet giro*. *Wadiah* demand and saving deposits earn bonus based on Bank's policy. *Wadiah* saving and demand deposits are stated at the Bank's liability amount.

Deposits from customers are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquistion of deposits from customers are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

y. Deposits from Other Banks

Deposits from other banks represent liabilities to local and overseas banks, in the form of demand deposits, saving deposits, inter-bank call money with original maturities of 90 days or less and time deposits. Deposits from other banks are recorded as liability to other banks.

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, and Certificates Mudharabah Investment Bank (SIMA). SIMA is an investment certificate issued by the BSM which adopts profit sharing practice and in form of placement among banks. SIMA financing period ranges from 1 – 6 months.

Deposits from other banks are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquistion of deposits from other banks are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Liability for Future Policy Benefits and Liability to Unit-Linked Holders

Subsidiary's liability for future policy benefits is stated in the consolidated statement of financial position (balance sheet) as other liabilities in accordance with the actuarial calculation. Increases or decreases in liability for future policy benefit are recognised as an expense or income in the current year consolidated statement of income.

Liability to unit-linked policyholders is classified as financial liabilities at fair value through profit or loss. Refer to Note 2c for the accounting policy of financial liabilities at fair value through profit or loss.

Funds received from customers for non-sharia unit-linked products are reported as gross premiums in the consolidated statement of income. Subsidiary's liabilities to non-sharia unit-linked policyholders are recognised in the consolidated statement of financial position (balance sheet) for the amount received net of the portion of premium representing the Subsidiary's revenue, with a corresponding income statement recognition for the increase in liabilities to non-sharia unit-linked policyholders.

Any interest, gain or loss due to increases or decreases in market value of investments are recorded as income or expense, with a corresponding recognition of increase or decrease in liability to non-sharia unit-linked policyholders in the consolidated statement of income and liability to non-sharia unit-linked policyholders in the consolidated statement of financial position (balance sheet).

Funds received from customers for sharia unit-linked products is recognized as liabilities to sharia unit-linked policyholders in the consolidated statement of financial position (balance sheet) for the amount received net of the Subsidiary's fee (ujrah) portion in managing the revenue from unit-linked products.

aa. Marketable Securities Issued

Marketable securities issued by the Bank and its Subsidiaries, include floating rate notes, medium-term notes and travelers' cheques, are initially measured at fair value plus directly attributable transaction costs. Subsequently transactions costs are amortised using the effective interest rate up to the maturity of marketable securities issued.

Marketable securities issued are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ab. Fund Borrowings

Fund borrowings represent funds received from other banks, Bank Indonesia or other parties with the obligation of repayment in accordance with the requirements of the loan agreement.

Fund borrowings are initially measured at fair value plus directly attributable transaction costs. Fund borrowings are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ac. Subordinated Loans

Subordinated loans are initially measured at fair value plus directly attributable transaction costs. Subsequently transactions costs are amortised using the effective interest rate up to the maturity of subordinated loans.

Subordinated loans are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ad. Income Tax

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of income statement, except to the extent that it relates to items recognised directly in equity.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate it establishes provisions based on the amounts expected to be paid to the tax authorities.

The balance sheet liability method is applied to determine income tax expense in Bank Mandiri and Subsidiaries. Under the balance sheet liability method, deferred tax assets and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated statement of financial position (balance sheet) at each reporting date. This method also requires the recognition of future tax benefits, to the extent that realisation of such benefits is probable.

Currently enacted or substantially enacted tax rates at the time deferred tax assets has been realised or deferred tax liabilities has been settled are used in the determination of deferred income tax. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to shareholders' equity.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined. Management provides provision for future tax liability at the amount that will be payable to the tax office on probable tax exposure, based on assessment as at the date of consolidated statement of financial position (balance sheet). Significant assumptions and estimation used in the provisioning calculation may involve element of uncertainty.

The estimated corporate income tax of Bank Mandiri and Subsidiaries is calculated for each company as a separate legal entity. Current tax assets and current tax liabilities for different legal entities can not be set-off in the consolidated financial statements. Corporate tax payables of Bank Mandiri and Subsidiaries are presented as current tax payables in the consolidated statement of financial position (balance sheet), whilst other tax payables are presented as obligation due immediately (refer to Note 2b.b.i regarding changes in accounting policy). Deferred tax assets are presented net of deferred tax liabilities in the consolidated balance sheets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Temporary *Syirkah* Funds

Temporary *syirkah* funds represent investment received by Subsidiary (PT Bank Syariah Mandiri). The Subsidiary has the right to manage and invest funds in accordance with either the Subsidiary's policy or restriction set by the depositors with the agreed profit sharing.

Temporary *syirkah* funds cannot be classified as liability. This is due to the Subsidiary does not have any liability to return the fund to the owners, except for losses due to the Subsidiary's management negligence or misrepresentation. On the other hand, temporary *syirkah* funds also cannot be classified as equity, because of the existence of maturity period and the depositors do not have the same rights as the shareholders, such as voting rights and the rights of realized gain from current asset and other non-investment accounts.

The owner of temporary *syirkah* funds receive parts of profit in accordance with the agreement and receive loss based on the proportion to the total funds. The profit distribution of temporary *syirkah* funds might be based on profit sharing or revenue sharing concept.

af. Interest and Sharia Income and Expense

(i) Conventional

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the consolidated statement of income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, commissions and other fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the non-impaired portion of the impaired financial assets using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Sharia income

Included in interest income and expense are sharia income and expense. The Subsidiaries's income as a fund manager (*mudharib*) consists of income from *murabahah* and *istishna* transactions, income from *ijarah* (leasing), income from profit sharing of *mudharabah* and *musyarakah* financing and other main operating income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and Sharia Income and Expense (continued)

(ii) Sharia income (continued)

Murabahah income by deferred payment or by installment is recognised during the period of the contract based on the level of risk and the effort to realise the income. The methods implemented by Subsidiary are as follows:

1) Effective method (annuity) based on the period of contracts:
   a. For *Murabahah* with deferred payment within 1 (one) year
   b. For *Murabahah* with deferred payment of more than 1 (one) year, where the risk of collection of the receivables (bad debts) and/or administration expense to collect receivables are relatively small.
2) Term proportional method in accordance with the contract for *Murabahah* with the deferred payment more than 1 (one) year where the risk of collection of the receivables (bad debts) and/or the administration expenses to collect receivables are relatively high.

Subsidiary determine risk policy based on the internal requirement. Subsidiary ceases the amortisation of deferred income when the financing were classified as non performing.

Income from *Istishna* is recognised using the percentage of completion or full completion method.

Income from *Ijarah* is recognised proportionally during the contract period.

Profit sharing for passive partner in *Musyarakah* is recognized in the period when the right arise in accordance with the agreed sharing ratio.

Profit sharing income from *Mudharabah* is recognized in the period when the right arise in accordance with agreed sharing ratio and the recognition based on projection of income is not allowed.

(iii) Third Parties' Share on Return of Temporary Syirkah Funds

Third parties' share on the return of temporary *syirkah* funds represent fund owners' share of the profit of Subsidiary derived from managing of such funds under *Mudharabah Mutlaqah*, *Mudharabah Muqayyadah* and *Mudharabah Musytarakah* principles. The profit sharing is determined on a cash basis.

Distribution of profit sharing is based on profit sharing principle which calculated from the Subsidiary's gross profit margin.

Margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and the Subsidiary based on proportion of fund used in the financing and other earning assets. Margin income and profit sharing income allocated to the fund owners are then distributed to fund owners as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined ratio. Margin income and profit sharing from financing facilities and other earning assets using the Subsidiary's funds, are entirely shared for the Subsidiary, including income from the Subsidiary's fee-based transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ag. Premium Income Recognition, Claims and Benefits Expenses and Unearned Premium Income

Subsidiary's premium received from short duration insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Subsidiary's premiums from long duration contracts are recognised as revenue when the policy is due.

Premiums received before the due date of the respective policies are reported as other liabilities in the consolidated statement of financial position (balance sheet).

Subsidiary's claims and benefits consist of settled claims, claims that are still in process of completion and estimated of claims incurred but not yet reported (IBNR). Claims and benefits are recognised as expenses when the liabilities to cover claims are incurred. Claim recoveries from reinsurance companies are recognised and recorded as an addition to tabarru fund consistent in the same period with the claim recognition.

Total claims in process, including claims incurred but not yet reported, are stated at estimated amounts determined based on the actuarial technical insurance calculations. Changes in estimated claims liabilities as a result of further evaluation and the difference between estimated claims and paid claims are recognised as addition to or deduction from expenses in the period the changes occurred.

Subsidiary's unearned premium income represents the unearned portion of the premiums or tabarru contributions already received but not received under non-sharia short term insurance contracts and sharia short-term insurance contracts, respectively. Unearned premium income is computed in aggregate - at least 40% of own retention premiums in accordance with the Decision Letter of the Minister of Finance of the Republic of Indonesia No. 424/KMK.06/2003.

ah. Fees and Commissions Income

Since the implementation of SFAS No. 55 (Revised 2006) on 1 January 2010, fees and commissions income and transaction cost that are directly attributable to lending and consumer financing activities, are recognised as a part/(deduction) of outstanding loan and consumer financing receivables and will be recognised as interest income by amortising the carrying value of loan and consumer financing receivables with effective interest rate method.

The unamortised fees and commissions balances relating to loans and consumer financing receivables which settled prior to maturity are recognised upon settlement date.

Other fees and commissions income which are not directly related to lending activities or a specific periods are recognised as revenue on the transaction date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee Benefits

Pension Liability

Bank Mandiri established a defined contribution pension plan covering substantially all of its eligible employees from 1 August 1999 and also defined benefit pension plans, which were derived from each of the Merged Banks' pension plan. This program is funded through payment to pension fund management as defined in the regular actuarial calculation.

Bank Mandiri and Subsidiaries' pension liability has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plans with the benefit as stipulated under the Labor Law No. 13/2003 after deducting accumulated employee contributions and the results of its investments. If the pension benefit from the Pension Plans is less than the benefit as required by the Labor Law, the Bank and Subsidiaries will have to pay such shortage.

The pension plan based on the labor law is a defined benefit plan because the labor law requires a certain formula to calculate the minimum pension benefit. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method on a regular basis for periods not exceed one year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions. Should the actuarial gains/losses is exceeding 10.00% of defined benefit or 10.00% of fair value program's asset are charged or credited to income or expense over the average remaining service lives of the related employees.

Other Post-Employment Benefit Obligations

The Bank provides benefit to employees prior to retirement age which employees are released from their active routine job and do not have to come to work, but they are still entitled to employee benefits.

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar but simplified to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Tantiem Distribution

Bank Mandiri records tantiem on an accrual basis and charges it to the consolidated statements of income.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aj. Share - Base Employee Compensation

The Bank has granted stock options to the Directors and Senior Management at certain levels and based on certain criteria under the Management Stock Option Plan (MSOP). Stock compensation cost is calculated at the grant date using the fair value of the stock options and is recognised as part of salaries and employee benefits expense, over the vesting period of the stock options based on graded vesting. The accumulated stock compensation costs are recognised as 'Share Options' in the shareholders' equity section.

The fair value of the stock options granted is based on an independent actuary's valuation report calculated using the Black-Scholes option pricing model.

ak. Earnings Per Share

Earnings per share is calculated by dividing the consolidated net profit at end of year with the weighted average number of shares issued and fully paid-in during the year.

The weighted-average number of outstanding shares used in computing diluted earnings per share has been adjusted to reflect the changes in issued shares as a result of the conversion of share options (Notes 34a and 35).

The weighted-average number of outstanding shares used in computing the diluted earnings per share as at 31 December 2011 and 2010 are 23,134,862,110 shares and 20,993,040,798 shares, respectively.

	2011	2010
The weighted-average shares - Basic	23,134,862,110	20,979,785,635
Adjustment on dilutive common shares:		
MSOP - Stage I	-	-
MSOP - Stage II	-	2,726,799
MSOP - Stage III	-	10,528,364
The weighted-average number of outstanding shares – Dilutive	**23,134,862,110**	**20,993,040,798**

al. Segment Information

An operating segment is a component of entity which:

a. involves with business activities to generate income and expenses (include income and expenses relating to the transactions with other components with the same entity);
b. operations result is observed regularly by chief decision maker to make decisions regarding the allocation of resources and to evaluate the works; and
c. separate financial information is available.

Starting 1 January 2011, the Group presents operating segment in accordance with SFAS 5 (Revised 2009) (refer to Note 2b.b.iii).

A geographical segment is a distinguishable component of the Bank and its Subsidiaries that is engaged in providing services within a particular economic environment and that is subject to risks and returns that are different from those operating in other economic environments. Geographical segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong and Timor Leste and Shanghai), Western Europe (England) and Cayman Islands.

The operating segments have been divided into the following segments: corporate, commercial and business; micro and retail; consumer, Treasury and Financial Institution, Institutional banking, head office, Subsidiary – sharia, and subsidiary – other than sharia.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates and assumption are made in the preparation of the consolidated financial statements. These often require management judgement in determining the appropriate methodology for valuation of assets and liabilities.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFAS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Although these estimates and assumption are based on management's best knowledge of current events and activities, actual result may differ from those estimates and assumption.

Key sources of estimation uncertainty

a. Allowances for impairment losses of financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 2c.

The specific condition of impaired counterparty is considered in calculating allowances for impairment applies to financial assets and evaluated individually for impairment based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about the counterparty's financial situation and the net realizable value of any underlying collateral. Each impaired financial assets is assessed on its merits, and the workout strategy and estimated cash flows considered recoverable are independently accepted and approved by the Credit Risk Management Unit.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of financial assets with similar economic characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In assessing the need for collective allowances, management considers factors such as credit quality and type of product. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

b. Determining fair values of financial instruments

In determining the fair value for financial assets and financial liabilities for which there is no observable market price, the Group uses the valuation techniques as described in Note 2c for financial instruments that are traded infrequently and a lack of price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

c. Employee benefit

Pension programs are determined based on actuarial valuation. The on actuary valuation involves making assumptions about discount rate, expected rate of return investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 45).

Any changes in those assumptions will impact to the liability balance of employee benefit obligations.

(Expressed in millions of Rupiah, unless otherwise stated)

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

c. Employee benefit (continued)

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that have terms to maturity approximating the terms of the related employee benefit liability.

Other key assumption for pension obligations are based in part on current market conditions.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	2011	2010
Rupiah	30,472,242	24,265,296
United States Dollar (Note 57b)	5,680,432	591,403
	36,152,674	**24,856,699**

As at 31 December 2011 and 2010 , the Bank's Minimum Statutory Reserve complies with BI Regulation No. 12/19/PBI/2010 dated 4 October 2010 which has been amended with BI Regulation No. 13/10/PBI/2011 dated 9 February 2011 regarding the changes of BI regulation No. 12/19/PBI/2010 concerning Minimum Statutory Reserve of Commercial Banks with BI in Rupiah and foreign currency which are as follows:

	2011	2010
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	2.50%	2.50%
Foreign Currencies	8.00%	1.00%

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the Current Accounts with Bank Indonesia, Secondary Minimum Statutory Reserve is the minimum reserves that should be maintained by the Bank, comprises of Certificates of Bank Indonesia (SBI), Government Debenture Debt (SUN), *Sharia* Government Securities (SBSN), which represent the excess reserve of the Bank's Current Accounts in Rupiah over the Primary Minimum Statutory Reserve and the Minimum Statutory Reserve on Loan to Deposit Ratio (LDR) Bank Indonesia. Minimum Statutory Reserve on LDR ratio is the additional reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia, if the Bank's LDR below the minimum of LDR targeted by Bank Indonesia (78%).

The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as at 31 December 2011 and 2010, are as follows:

	2011	2010
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	30.00%	38.63%
- Minimum Statutory Reserve on Loan to Deposit Ratio*)	0.50%	-
Foreign currencies	8.06%	1.01%

*) The additional minimum reserve calculated based on difference between Bank's LDR with the minimum Bank Indonesia's loan to Deposit Ratio Target multiply by 10%. Effective since 1 March 2011.

(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency, Related Parties and Third Parties:

	2011	2010
Rupiah		
Related parties (Note 51)	43,816	10,921
Third parties	330,474	280,416
Total Rupiah	374,290	291,337
Foreign currencies (Note 57B.(v))		
Related parties (Note 51)	6,081	5,577
Third parties	9,447,298	8,272,864
Total foreign currencies	9,453,379	8,278,441
Total	9,827,669	8,569,778
Less: Allowance for impairment losses	(10,841)	(10,113)
	9,816,828	**8,559,665**

Included in foreign currencies are mainly Pound Sterling, Euro, United States Dollar, Japanese Yen, and Singapore Dollar.

b. By Bank Indonesia's Collectibility:

	2011	2010
Rupiah - Current	374,290	291,337
Foreign currencies		
Current	9,448,689	8,273,630
Loss	4,690	4,811
Total foreign currencies	9,453,379	8,278,441
Total	9,827,669	8,569,778
Less: Allowance for impairment losses	(10,841)	(10,113)
	9,816,828	**8,559,665**

c. The Average Interest Rate (yield) per Annum:

	2011	2010
Rupiah	0.03%	0.14%
Foreign currencies	0.25%	0.32%

d. Movements of allowance for impairment losses on current accounts with other banks are as follows:

	2011	2010
Balance at beginning of year	10,113	86,962
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 50)	-	(73,098)
(Reversal)/allowance during the year (Note 39)	828	(3,323)
Others *)	(100)	(428)
Balance at end of year	**10,841**	**10,113**

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on current accounts with other banks is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 57A.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By Type, Currency, Maturity and Bank Indonesia's Collectibility:

	31 December 2011			
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	22,558,328	-	22,558,328
	≥ 1 month ≤ 3 months	10,882,900	-	10,882,900
Call Money	< 1 month	520,000	-	520,000
Time Deposit	< 1 month	565,038	-	565,038
	≥ 1 month ≤ 3 months	123,699	-	123,699
	> 3 months ≤ 6 months	50,000	-	50,000
	> 6 months ≤ 12 months	68,000	-	68,000
Saving	no maturity	3,261	-	3,261
Total Rupiah		34,771,226	-	34,771,226
Foreign currencies:				
Call Money	< 1 month	13,778,709	-	13,778,709
	≥ 1 month ≤ 3 months	272,025	-	272,025
	> 12 months	-	66,591	66,591
"Fixed-Term" Placement	< 1 month	2,475,905	-	2,475,905
	≥ 1 month ≤ 3 months	469	-	469
	> 3 months ≤ 6 months	82,786	-	82,786
	> 12 months	-	1,532	1,532
Time Deposit	< 1 month	39,828	-	39,828
	≥ 1 month ≤ 3 months	50,720	-	50,720
Total foreign currencies (Note 57B.(v))		16,700,442	68,123	16,768,565
Total				51,539,791
Less: Allowance for impairment losses				(146,729)
				51,393,062

	31 December 2010			
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	11,035,338	-	11,035,338
	≥ 1 month ≤ 3 months	5,127,009	-	5,127,009
Call Money	< 1 month	927,000	-	927,000
Time Deposit	< 1 month	561,081	-	561,081
	≥ 1 month ≤ 3 months	64,408	-	64,408
	> 3 months ≤ 6 months	41,472	-	41,472
	> 6 months ≤ 12 months	8,000	-	8,000
Saving	no maturity	2,176	-	2,176
Total Rupiah		17,766,484	-	17,766,484
Foreign currencies:				
Call Money	< 1 month	8,160,226	-	8,160,226
	≥ 1 month ≤ 3 months	585,650	-	585,650
	> 3 months ≤ 6 months	360,400	-	360,400
	> 12 months	-	68,314	68,314
"Fixed-Term" Placement	< 1 month	2,090,320	-	2,090,320
	≥ 1 month ≤ 3 months	466	-	466
	> 12 months	-	1,572	1,572
Time Deposit	< 1 month	13,287	-	13,287
	> 6 months ≤ 12 months	5,201	-	5,201
Total foreign currencies (Note 57B.(v))		11,215,550	69,886	11,285,436
Total				29,051,920
Less: Allowance for impairment losses				(137,885)
				28,914,035

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

b. By related parties and third parties:

	2011	2010
Rupiah:		
Related parties (Note 51)	472,462	651,576
Third parties	34,298,764	17,114,908
Total Rupiah	34,771,226	17,766,484
Foreign currencies:		
Related parties (Note 51)	655,776	775,684
Third parties	16,112,789	10,509,752
Total foreign currencies (Note 57B.(v))	16,768,565	11,285,436
Total	51,539,791	29,051,920
Less: Allowance for impairment losses	(146,729)	(137,885)
	51,393,062	**28,914,035**

c. Average Interest Rate (yield) per Annum:

	2011	2010
Rupiah	6.21%	6.46%
Foreign currencies	0.23%	0.29%

d. As at 31 December 2011 and 2010 , there were no placements pledged as cash collateral.

e. Movements of allowance for impairment losses on placements with other banks:

	2011	2010
Balance at beginning of year	137,885	347,184
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 50)	-	(108,175)
Allowance/(reversal) during the year (Note 39)	7,300	(63,286)
Others*)	1,544	(37,838)
Balance at end of year	**146,729**	**137,885**

*) Includes effect of foreign currency translation.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

e. Movements of allowance for impairment losses on placements with other banks (continued):

Management believes that the allowance for impairment losses on placements with Bank Indonesia and other banks is adequate.

Bank Mandiri has a placement with a financial institution (in liquidation), which was classified as loss or "impaired". Bank Mandiri's claims that have been approved by the Trustee based on the creditors meeting on 5 November 2009 was amounting to EUR16,395,092 (full amount) for the placement. On 10 March 2010 and 24 November 2010, the Trustee has paid portion of the claims (interim distribution) to Bank Mandiri, after a set-off with balance of demand deposit, inter-bank call money and L/C UPAS obligation of a Subsidiary to the financial institution, so the balance of Bank Mandiri's placement with financial institutions (in liquidation) as at 31 December 2011 and 2010 amounting to EUR5,815,120 (full amount). As at 31 December 2011 and 2010, Bank Mandiri has established a reserve for impairment losses on the remaining outstanding balance of placement with financial institution.

f. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 57A.

7. MARKETABLE SECURITIES

a. By Purpose, Related Parties and Third Parties:

	2011	2010
Related parties (Note 51):		
Fair value through profit or loss	3,350,981	90,458
Available for sale	386,745	41,753
Held to maturity	277,729	282,747
	4,015,455	414,958
Third parties:		
Fair value through profit or loss	626,303	17,597,434
Available for sale	5,459,939	5,462,781
Held to maturity	2,222,114	3,884,595
Loans and Receivable	9,588	-
	8,317,944	26,944,810
Total	12,333,399	27,359,768
(Less)/add:		
Unamortised discounts	(9,269)	(17,009)
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(70,119)	153,665
Allowance for impairment losses	(251,093)	(248,895)
	(330,481)	(112,239)
	12,002,918	**27,247,529**

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility:

	31 December 2011						
	Cost/ Nominal Value*)	Unamortised (Discounts)/ Premiums	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Bonds	3,039,234	-	8,518	3,047,563	-	189	3,047,752
Medium-term notes	460,000	-	-	460,000	-	-	460,000
Investments in mutual fund units	142,466	-	7,116	149,582	-	-	149,582
Shares	72,658	-	(986)	71,672	-	-	71,672
	3,714,358	-	14,648	3,728,817	-	189	3,729,006
Available for sale							
Investments in mutual fund units	5,057,143	-	18,123	5,075,266	-	-	5,075,266
Shares	301,000	-	(110,367)	190,633	-	-	190,633
Sharia Corporate bonds	93,000	-	6,540	99,540	-	-	99,540
Medium-term notes	30,000	-	-	30,000	-	-	30,000
Bonds	12,745	-	401	13,146	-	-	13,146
	5,493,888	-	(85,303)	5,408,585	-	-	5,408,585
Held to maturity							
Sharia Corporate bonds	953,000	165	-	816,159	87,006	50,000	953,165
Bonds	516,000	(8,070)	-	421,834	-	86,096	507,930
Export bills	151,369	-	-	151,369	-	-	151,369
Sharia Certificates of Bank Indonesia	100,000	-	-	100,000	-	-	100,000
Certificates of Bank Indonesia	30,000	(770)	-	29,230	-	-	29,230
	1,750,369	(8,675)	-	1,518,592	87,006	136,096	1,741,694
Total Rupiah	10,958,615	(8,675)	(70,655)	10,655,994	87,006	136,285	10,879,285
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	244,962	-	(16)	244,946	-	-	244,946
Bonds	17,964	-	687	18,651	-	-	18,651
	262,926	-	671	263,597	-	-	263,597
Available for sale							
Export bills	196,161	-	-	196,161	-	-	196,161
Floating rate notes	137,608	-	(165)	137,443	-	-	137,443
Bonds	19,027	-	30	19,057	-	-	19,057
	352,796	-	(135)	352,661	-	-	352,661
Held to maturity							
Export bills	731,339	-	-	731,339	-	-	731,339
Floating rate notes	18,135	(594)	-	17,541	-	-	17,541
	749,474	(594)	-	748,880	-	-	748,880
Loans and receivables bond	9,588	-	-	-	-	9,588	9,588
Total foreign currencies (Note 57B.(v))	1,374,784	(594)	536	1,365,138	-	9,588	1,374,726
Total	12,333,399	(9,269)	(70,119)	12,021,132	87,006	145,873	12,254,011
Less: Allowance for impairment losses							(251,093)
Net							**12,002,918**

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility (continued):

	31 December 2010						
	Cost/ Nominal Value*)	Unamortised (Discounts)/ Premiums	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Certificates of Bank Indonesia	17,398,516	-	108,796	17,507,312	-	-	17,507,312
Shares	92,243	-	(1,833)	90,410	-	-	90,410
Investments in mutual fund units	67,964	-	6,667	74,631	-	-	74,631
Bonds	69,169	-	374	69,333	-	210	69,543
Medium-term notes	60,000	-	-	60,000	-	-	60,000
	17,687,892	-	114,004	17,801,686	-	210	17,801,896
Available for sale							
Investments in mutual fund units	5,021,883	-	35,071	5,056,954	-	-	5,056,954
Sharia Corporate bonds	80,000	-	3,420	83,420	-	-	83,420
Sharia mutual fund	25,000	-	1,233	26,233	-	-	26,233
Bonds	11,753	-	97	11,850	-	-	11,850
	5,138,636	-	39,821	5,178,457	-	-	5,178,457
Held to maturity							
Sharia Certificates of Bank Indonesia	1,250,000	-	-	1,250,000	-	-	1,250,000
Sharia Corporate bonds	953,000	303	-	903,303	-	50,000	953,303
Bonds	516,000	(16,636)	-	413,695	-	85,669	499,364
Export bills	104,510	-	-	104,510	-	-	104,510
Certificates of Bank Indonesia	20,000	(379)	-	19,621	-	-	19,621
	2,843,510	(16,712)	-	2,691,129	-	135,669	2,826,798
Total Rupiah	25,670,038	(16,712)	153,825	25,671,272	-	135,879	25,807,151
Foreign currencies:							
Available for sale							
Export bills	199,610	-	-	199,610	-	-	199,610
Floating rate notes	138,350	-	(298)	138,052	-	-	138,052
Bonds	27,938	-	138	28,076	-	-	28,076
	365,898	-	(160)	365,738	-	-	365,738
Held to maturity							
Export bills	1,091,565	-	-	1,091,565	-	-	1,091,565
Treasury bills	151,057	(67)	-	150,990	-	-	150,990
Bonds	63,190	470	-	63,660	-	-	63,660
Floating rate notes	18,020	(700)	-	17,320	-	-	17,320
	1,323,832	(297)	-	1,323,535	-	-	1,323,535
Total foreign currencies (Note 57B.(v))	1,689,730	(297)	(160)	1,689,273	-	-	1,689,273
Total	27,359,768	(17,009)	153,665	27,360,545	-	135,879	27,496,424
Less: Allowance for impairment losses							(248,895)
Net							**27,247,529**

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

c. By Remaining Period to Maturity:

	2011	2010
Rupiah:		
No maturity date	623,267	207,090
< 1 year	3,733,949	18,823,027
≥ 1 < 5 years	6,279,494	6,532,711
≥ 5 ≤ 10 years	316,905	107,210
> 10 years	5,000	-
Total Rupiah	10,958,615	25,670,038
Foreign currencies:		
< 1 year	1,093,835	1,533,360
≥ 1 < 5 years	234,370	138,350
≥ 5 ≤ 10 years	28,615	18,020
> 10 years	17,964	-
Total foreign currencies	1,374,784	1,689,730
Total	**12,333,399**	**27,359,768**
(Less)/add:		
Unamortised discounts	(9,269)	(17,009)
Unrealised (loss)/gain on (decrease)/increase in fair value of securities	(70,119)	153,665
Allowance for impairment losses	(251,093)	(248,895)
	(330,481)	(112,239)
	12,002,918	**27,247,529**

d. By Issuer:

	2011	2010
Corporate	7,810,940	6,859,821
Government and Bank Indonesia	3,142,216	18,909,673
Banks	1,380,243	1,590,274
Total	12,333,399	27,359,768
(Less)/add:		
Unamortised discounts	(9,269)	(17,009)
Unrealised (loss)/gain on (decrease)/increase in fair value of securities	(70,119)	153,665
Allowance for impairment losses	(251,093)	(248,895)
	(330,481)	(112,239)
	12,002,918	**27,247,529**

e. Details of Bonds by Rating:

		Rating*)		Fair Value/Amortised Cost**)	
	Rating Agencies	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Rupiah					
Fair value through profit or loss					
Bonds					
PT Bank International Indonesia Tbk.	Pefindo	idAA+	-	109,840	-
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA	-	55,125	-
PT Aneka Tambang (Persero) Tbk.	Pefindo	idAA	-	45,161	-
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	-	28,921	-
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAA+	-	27,098	-
PT Lautan Luas Tbk.	Pefindo	idA-	idA-	2,052	2,027
PT Telekomunikasi Indonesia (Persero) Tbk.	Pefindo	-	idAAA	-	5,049
Others ***)	Pefindo	idD – idAAA	idD – idAA+	2,779,555	62,467
				3,047,752	**69,543**

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating (continued):

	Rating Agencies	Rating*) 31 December 2011	Rating*) 31 December 2010	Fair Value/Amortised Cost **) 31 December 2011	Fair Value/Amortised Cost **) 31 December 2010
Available for sale					
Sharia Corporate					
PT Titan Petrokimia Nusantara	Fitch	A+(idn)	A+(idn)	52,875	52,250
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAA+	idAA+	33,600	31,170
PT Bank Pembangunan Daerah Sulsel	Pefindo	idA	-	13,065	-
				99,540	83,420
Bonds					
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	13,146	11,850
				112,686	95,270
Held to maturity					
Sharia Corporate Bonds					
PT Indosat Tbk.	Pefindo	idAA+	idAA+	168,109	168,179
PT Berlian Laju Tanker Tbk.	Pefindo	idA-****)	idA-	87,006	87,019
PT Salim Ivomas Pratama	Pefindo	idAA	idAA-	60,000	60,000
PT Mitra Adiperkasa Tbk.	Pefindo	idA+	idA+	30,000	30,000
PT Bakrieland Development Tbk.	Pefindo	idBBB+	idBBB+	20,000	20,000
Others	Various	BBB (idn) – A- (idn), idD – idAA+	BBB (idn) – A- (idn), idD – idAA+	588,050	588,105
				953,165	953,303
Bonds					
PT Indosat Tbk.	Pefindo	idAA+	idAA+	222,193	220,293
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA	199,641	193,401
PT Arpeni Pratama Ocean Line	Pefindo	idD	idD	86,096	85,670
				507,930	499,364
				1,461,095	1,452,667
Total Rupiah				4,621,533	1,617,480
Foreign currencies					
Fair value through profit or loss					
Obligasi					
PT Perusahaan Listrik Negara (Persero)	Fitch	BBB-	-	18,651	-
Available for sale					
Bonds					
Standard Chartered Bank	S&P	A+	-	19,057	-
Oversea-Chinese Banking Corporation Ltd	S&P	-	A-	-	28,076
				19,057	28,076
Held to maturity					
Bonds					
Oversea-Chinese Banking Corporation Ltd	S&P	-	A-	-	18,645
Others	S&P	-	BBB – A	-	45,015
				-	63.660
Loan and Receivable					
Bond					
Advance SCT	-	*****)	-	9,588	-
Total foreign currencies				**47,296**	91,736

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia, Standard and Poor's, and Fitch Ratings.
**) Held to maturity securities are stated at amortised costs.
***) As at 31 December 2011, the bonds with fair value through profit or loss classification mainly comprise of treasury bills (Surat Perbendaharaan Negara) which has no rating.
****) On 25 January 2012 bonds issued by PT Berlian Laju Tanker Tbk. were downgraded from idA- to idCCC by Pefindo.
*****) The bond is not rated.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

f. Average Interest Rate (yield) per Annum:

	2011	2010
Rupiah	5.27%	6.14%
Foreign currencies	5.07%	8.22%

g. Movements of allowance for impairment losses on marketable securities:

	2011	2010
Balance at beginning of year	248,895	53,492
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 50)	-	(2,354)
Allowance during the year (Note 39)	17,530	167,895
Others*)	(15,332)	29,862
Balance at end of year	**251,093**	**248,895**

*) Includes effect of foreign exchange translation.

Management believes that the allowance for impairment losses on marketable securities is adequate.

h. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 57A.

As at 31 December 2011 and 2010, the Bank has investment in mutual fund units classified as available for sale, which consist of Reksa Dana Terproteksi BNP Paribas Selaras, Reksa Dana Terproteksi BNP Paribas Selaras 2, Reksa Dana Terproteksi Schroder Regular Income Plan X, Reksa Dana Terproteksi Schroder Regular Income Plan XI and Reksa Dana Terproteksi Schroder Regular Income Plan XII with fair value as at 31 December 2011 amounting to Rp1,505,881, Rp1,008,150, Rp803,102, Rp806,173 and Rp900,308, respectively (2010: amounting to Rp1,509,170, Rp1,011,540, Rp804,849, Rp808,898, and Rp900,614).

8. GOVERNMENT BONDS

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as at 31 December 2011 and 2010 , are as follows:

	2011	2010
Related party (Note 51)		
Fair value through profit or loss, at fair value	1,408,982	611,707
Available for sale, at fair value	53,667,392	54,052,164
Held to maturity, at amortised cost	23,383,075	23,428,863
	78,459,449	**78,092,734**

a. By Maturity

The Government Bonds, by remaining period of maturity, are as follow:

	2011	2010
Rupiah		
Fair value through profit or loss		
Less than 1 year	150,224	566
1 - 5 years	550,344	290,659
5 - 10 years	152,619	144,013
Over 10 years	424,235	176,469
	1,277,422	611,707
Available for sale		
1 - 5 years	3,942,029	4,147,949
5 - 10 years	49,725,363	49,904,215
	53,667,392	54,052,164

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

a. By Maturity (continued)

	2011	2010
Held to maturity		
Less than 1 year	10,555	57,477
1 - 5 years	13,652,955	2,758,366
5 - 10 years	9,435,312	20,322,172
Over 10 years	110,654	119,803
	23,209,476	23,257,818
Total Rupiah	78,154,290	77,921,689
Foreign currency		
Fair value through profit or loss		
5 - 10 years	131,560	-
Held to maturity		
1 - 5 years	155,475	153,038
5 - 10 years	18,124	18,007
	173,599	171,045
Total foreign currency (Note 57B.(v))	305,159	171,045
	78,459,449	**78,092,734**

b. By Type

	31 December 2011				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss					
Fixed rate bonds	**1,159,516**	7.00% - 14.28%	**1,277,422**	15/01/2012 – 15/07/2038	1 and 6 Months
Available for sale					
Variable rate bonds	**54,310,774**	SPN 3 Months	**53,667,392**	25/12/2014 – 25/07/2020	3 Months

	Amortised Cost	Interest Rates Per annum	Maturity Dates	Frequency of Interest Payment
Rupiah				
Held to maturity				
Fixed rate bonds	1,464,878	9.00% - 14.28%	15/01/2012 - 15/05/2037	1 and 6 Months
Variable rate bonds	21,744,598	SPN 3 Months	25/12/2014 - 25/09/2017	3 Months
	23,209,476			

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By Type (continued)

	31 December 2011				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Foreign currency					
Fair value through profit or loss					
Fixed rate bonds	**128,570**	4.00% - 4.88%	**131,560**	21/11/2018 - 05/05/2021	6 Months

	Amortised Cost	Interest Rates Per annum	Maturity Dates	Frequency of Interest Payment
Foreign currency				
Held to maturity				
Fixed rate bonds	**173,599**	6.75% - 10.38%	10/03/2014 - 09/03/2017	6 Months

	31 December 2010				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss					
Fixed rate bonds	**550,563**	7.38% - 14.28%	**611,707**	12/09/2011 - 15/07/2038	1 and 6 months
Available for sale					
Variable rate bonds	**54,510,774**	SBI 3 months	**54,052,164**	25/12/2014 - 25/07/2020	3 months

	Amortised Cost	Interest Rates Per annum	Maturity Dates	Frequency of Interest Payment
Rupiah				
Held to maturity				
Fixed rate bonds	1,513,220	9.00% - 14.28%	15/08/2011 - 15/05/2037	1 - 6 months
Variable rate bonds	21,744,598	SBI 3 months	25/12/2014 - 25/09/2017	3 months
	23,257,818			
Foreign currency				
Held to maturity				
Fixed rate bonds	**171,045**	6.75% - 10.38%	10/03/2014 - 09/03/2017	6 months

c. Other Information

As at 31 December 2011 and 2010, there are no Government Bonds sold to third party with agreements to repurchase.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

c. Other Information (continued)

As at 31 December 2011 and 2010, Government Bonds with a total nominal amount of Rp6,658,679 and Rp5,254,163 had been pledged as collateral for fund borrowing from other bank (Note 27d).

In relation to the transition rule implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) effective on 1 January 2010, the Bank had the opportunity to reassess and reclassify their financial assets classification without consequences of "tanting rule". As at 1 January 2010, the Bank decided to reclassify its Government Bonds amounting Rp38,000,000 from Held to Maturity to Available for Sale classification. The reclassification was done based on the fair value as at 1 January 2010 and the unrealised losses from decrease in fair value of marketable securities amounting to Rp404,255 was recorded as unrealised loss on decrease in fair value of securities and Government Bonds classified as available for sale, net of deferred tax.

9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By Type, Currency, Related Parties and Third Parties:

	2011	2010
Rupiah:		
Related parties (Note 51)		
Usance L/C payable at sight	14,705	457,435
Others	1,266,099	-
	1,280,804	457,435
Third parties		
Usance L/C payable at sight	340,078	1,575,921
Others	560,621	171,346
	900,699	1,747,267
Total Rupiah	2,181,503	2,204,702
Foreign currencies:		
Related parties (Note 51)		
Usance L/C payable at sight	1,442,333	107,365
Others	29,574	-
	1,471,907	107,365
Third parties		
Usance L/C payable at sight	1,018,070	724,860
Others	1,219,810	684,986
	2,237,880	1,409,846
Total foreign currencies (Note 57B.(v))	3,709,787	1,517,211
Total	5,891,290	3,721,913
Less: Allowance for impairment losses	(1,079,302)	(1,146,327)
	4,811,988	**2,575,586**

(Expressed in millions of Rupiah, unless otherwise stated)

9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

b. By Bank Indonesia's Collectibility:

	2011	2010
Current	4,757,886	2,452,679
Special mention	331,300	493,233
Sub-standard	-	4,117
Doubtful	5,718	-
Loss	796,386	771,884
Total	5,891,290	3,721,913
Less: Allowance for impairment losses	(1,079,302)	(1,146,327)
	4,811,988	**2,575,586**

c. By Maturity:

	2011	2010
Rupiah:		
Less than 1 month	646,100	497,723
1 – 3 months	1,085,617	787,223
3 – 6 months	284,686	773,812
6 – 12 months	19,156	-
Over 12 months	145,944	145,944
Total Rupiah	2,181,503	2,204,702
Foreign currencies:		
Less than 1 month	750,253	197,218
1 - 3 months	566,324	421,403
3 - 6 months	1,743,237	272,070
6 - 12 months	20,038	579
Over 12 months	629,935	625,941
Total foreign currencies (Note 57B.(v))	3,709,787	1,517,211
Total	5,891,290	3,721,913
Less: Allowance for impairment losses	(1,079,302)	(1,146,327)
	4,811,988	**2,575,586**

d. Movements of allowance for impairment losses on other receivables - trade transactions:

	2011	2010
Balance at beginning of year	1,146,327	844,781
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 50)	-	59,563
(Reversal)/allowance during the year (Note 39)	(98,692)	269,594
Others *)	31,667	(27,611)
Balance at end of year	**1,079,302**	**1,146,327**

*) Includes effect of foreign exchange translation.

Management believes that the allowance for impairment losses on other receivables - trade transactions is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 57A.

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

a. Securities purchased under resale agreements

31 December 2011					
Type of Securities	**Starting Date**	**Maturity Date**	**Resale Amount**	**Unamortised Interest**	**Carrying Amount**
Rupiah					
Related Parties (Note 51)					
Obligasi VR0026	28/11/2011	28/02/2012	409,442	3,546	405,896
Obligasi VR0028	13/10/2011	13/01/2012	254,308	534	253,774
Obligasi VR0023	28/11/2011	28/02/2012	99,898	865	99,033
Total Related Parties			763,648	4,945	758,703
Third Parties					
Obligasi FR0052	04/11/2012	16/02/2012	1,194,016	7,875	1,186,141
Obligasi FR0052	04/11/2011	16/02/2012	1,194,016	7,875	1,186,141
Obligasi FR0057	08/11/2011	16/02/2012	1,130,647	7,420	1,123,227
Obligasi FR0052	04/11/2011	16/02/2012	1,072,823	7,087	1,065,736
Obligasi FR0045	08/11/2011	16/02/2012	612,085	4,017	608,068
Obligasi FR0053	14/12/2011	16/01/2012	490,555	977	489,578
Obligasi FR0058	08/11/2011	16/02/2012	447,312	2,935	444,377
Obligasi FR0040	13/12/2011	06/01/2012	371,563	247	371,316
Obligasi FR0040	23/12/2011	25/01/2012	352,873	1,136	351,737
Obligasi FR0047	20/12/2011	20/01/2012	307,955	785	307,170
Obligasi FR0044	28/12/2011	01/02/2012	302,050	1,256	300,794
Obligasi FR0057	08/11/2011	16/02/2012	274,124	1,799	272,325
Obligasi FR0040	27/12/2011	27/01/2012	272,010	949	271,061
Obligasi FR0052	04/11/2011	16/02/2012	265,337	1,750	263,587
Obligasi FR0057	20/12/2011	20/01/2012	261,182	666	260,516
Obligasi FR0036	13/12/2011	06/01/2012	239,408	159	239,249
Obligasi FR0040	20/12/2011	20/01/2012	233,198	594	232,604
Obligasi FR0042	23/12/2011	25/01/2012	222,104	715	221,389
Obligasi FR0042	20/12/2011	20/01/2012	221,238	564	220,674
Obligasi FR0043	23/12/2011	25/01/2012	220,056	708	219,348
Obligasi FR0056	22/12/2011	19/01/2012	177,944	430	177,514
Obligasi FR0059	23/12/2011	25/01/2012	177,612	572	177,040
Obligasi FR0036	22/12/2011	19/01/2012	177,273	428	176,845
Obligasi FR0048	22/12/2011	19/01/2012	143,290	346	142,944
Obligasi FR0045	19/12/2011	19/01/2012	128,744	311	128,433
Obligasi FR0045	19/12/2011	19/01/2012	128,744	311	128,433
Obligasi FR0045	19/12/2011	19/01/2012	128,744	311	128,433
Obligasi FR0045	19/12/2011	19/01/2012	128,744	311	128,433
Obligasi FR0040	19/12/2011	19/01/2012	128,489	310	128,179
Obligasi FR0040	19/12/2011	19/01/2012	128,489	310	128,179
Obligasi FR0040	19/12/2011	19/01/2012	128,489	310	128,179
SBSN	08/12/2011	05/01/2012	99,753	64	99,689
Obligasi FR0045	19/12/2011	19/01/2012	76,174	184	75,990
SBSN	28/12/2011	25/01/2011	49,849	158	49,691
Obligasi FR0056	23/12/2011	25/01/2012	49,299	159	49,140
Obligasi FR0040	19/12/2011	19/01/2012	46,723	113	46,610
SBSN	28/12/2011	25/01/2011	38,882	124	38,758
Obligasi FR0044	27/12/2011	27/01/2012	32,933	115	32,818
SBSN	28/12/2011	25/01/2011	10,871	35	10,836
Total Third Parties			11,665,598	54,416	11,611,182
Total			12,429,246	59,361	12,369,885
Allowance for impairment losses					-
Net					12,369,885

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

a. Securities purchased under resale agreements (continued)

		31 December 2010			
Type of Securities	**Starting Date**	**Maturity Date**	**Resale Amount**	**Unamortised Interest**	**Carrying Amount**
Rupiah					
Related Parties (Note 51)					
Obligasi VR0031	22/11/2010	22/02/2011	512,706	5,178	507,528
Obligasi VR0021	22/11/2010	22/02/2011	252,166	2,547	249,619
Total Related Parties			764,872	7,725	757,147
Third Parties					
Obligasi FR0019	29/12/2010	24/02/2011	895,130	8,244	886,886
Obligasi FR0023	29/12/2010	24/02/2011	815,122	7,507	807,615
SPN	15/11/2010	16/02/2011	755,641	6,359	749,282
Obligasi FR0040	12/11/2010	14/02/2011	513,972	4,136	509,836
Obligasi VR0020	8/12/2010	7/03/2011	508,368	6,112	502,256
Obligasi VR0020	8/10/2010	8/04/2011	482,151	8,874	473,277
SPN	29/12/2010	24/02/2011	462,355	4,258	458,097
SPN	29/12/2010	24/02/2011	366,688	3,377	363,311
Obligasi VR0029	8/11/2010	7/02/2011	351,624	2,458	349,166
SBI	16/12/2010	16/03/2011	330,857	4,514	326,343
SBI	28/12/2010	28/01/2011	301,786	1,463	300,323
Obligasi VR0028	11/10/2010	11/04/2011	306,057	5,807	300,250
SPN	29/12/2010	24/02/2011	275,710	2,539	273,171
SBI	24/11/2010	24/02/2011	269,241	2,660	266,581
Obligasi VR0029	11/10/2010	11/04/2011	250,325	4,750	245,575
SBI	24/11/2010	24/02/2011	246,804	2,439	244,365
SPN	29/12/2010	24/02/2011	230,410	2,122	228,288
SBI	24/11/2010	24/02/2011	224,368	2,217	222,151
SBI	24/11/2010	24/02/2011	201,931	1,995	199,936
Obligasi FR0044	15/11/2010	16/02/2011	181,564	1,528	180,036
SBI	16/12/2010	16/03/2011	178,359	2,434	175,925
SPN	15/11/2010	16/02/2011	83,960	707	83,253
SBI	24/11/2010	24/02/2011	75,378	745	74,633
Saham	25/11/2010	23/02/2011	3,131	77	3,054
Total Third Parties			8,310,932	87,322	8,223,610
Total			9,075,804	95,047	8,980,757
Allowance for impairment losses					-
Net					8,980,757

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

b. By Bank Indonesia's Collectibility:

	2011	2010
Current	12,369,885	8,980,757
Less: Allowance for impairment losses	-	-
	12,369,885	**8,980,757**

c. Movements of allowance for impairment losses on securities purchased under resale agreements:

	2011	2010
Balance at beginning of year	-	30,488
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 50)	-	(30,488)
Allowance/(reversal) during the year (Note 39)	-	-
Balance at end of year	**-**	**-**

As at 31 December 2011 and 2010, there is no securities purchased under resale agreements classified as impaired.

11. DERIVATIVE RECEIVABLES AND PAYABLES

As at 31 December 2011, the summary of derivative transactions are as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value: Derivative Receivables	Fair Value: Derivative Payables
Related parties (Note 51)			
Foreign Exchange Related			
1. Forward - sell			
United States Dollar	404,622	4,391	207
2. Swap - buy			
United States Dollar	226,688	-	3,673
Total related parties		4,391	3,880
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	3,234,959	5,384	18,923
Others	187,872	468	418
2. Forward - sell			
United States Dollar	233,976	1,880	347
Others	40,173	1,771	279
3. Swap - buy			
United States Dollar	4,040,414	8,947	42,333
Others	724,504	-	17,081
4. Swap - sell			
United States Dollar	11,729,704	85,815	39,519
Others	439,727	4,987	173
5. Option – buy			
United States Dollar	-	14	-
Interest Rate Related			
1. Swap - interest rate			
Others	-	-	42,425
Total third parties		109,266	161,498
Total		113,657	165,378
Less: Allowance for impairment losses		-	-
		113,657	**165,378**

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As at 31 December 2010, the summary of derivative transactions is as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value Derivative Receivables	Fair Value Derivative Payables
Related parties (Note 51)			
Foreign Exchange Related			
1. Forward - sell			
United States Dollar	126,592	225	61
Total related parties		225	61
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	1,550,960	254	5,607
Others	146,257	612	1,039
2. Forward - sell			
United States Dollar	126,949	296	109
Others	130,258	1,115	184
3. Swap - buy			
United States Dollar	563,259	853	7,147
Others	24,499	-	735
4. Swap - sell			
United States Dollar	6,495,821	33,661	3,375
Others	103,306	52	800
Interest Rate Related			
1. Swap - interest rate			
Others	-	28	14,189
Total third parties		36,871	33,185
Total		37,096	33,246
Less: Allowance for impairment losses		-	-
		37,096	**33,246**

As at 31 December 2011 and 2010, Bank Indonesia's collectibility for derivative receivables are as follows:

	2011	2010
Current	113,657	37,096
Less: Allowance for impairment losses	-	-
	113,657	**37,096**

Movements of allowance for impairment losses on derivative receivables are as follows:

	2011	2010
Balance at beginning of year	-	1,765
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 50)	-	(1,765)
Allowance during the year (Note 39)	-	412
Others *)	-	(412)
Balance at end of year	**-**	**-**

*) Includes effect of foreign exchange translation.

As at 31 December 2011 and 2010, there are no derivative receivables classified as impaired.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS

A. Details of loans:

a. By Currency, Related Parties and Third Parties:

	2011	2010
Rupiah:		
Related parties (Note 51)	29,249,929	24,490,010
Third parties	239,880,503	179,146,945
Total Rupiah	269,130,432	203,636,955
Foreign currencies:		
Related parties (Note 51)	8,220,137	9,413,526
Third parties	33,742,737	30,976,503
Total foreign currencies (Note 57B.(v))	41,962,874	40,390,029
Total	311,093,306	244,026,984
Less: Allowance for impairment losses	(12,105,048)	(11,481,725)
	298,988,258	**232,545,259**

b.1 By Type:

	31 December 2011		
	Non-impaired **)	Impaired *)**)	Total
Rupiah:			
Working capital	112,835,277	7,514,030	120,349,307
Investment	71,831,053	1,924,090	73,755,143
Consumer	66,110,788	966,392	67,077,180
Syndicated	3,869,183	932,796	4,801,979
Employees	880,315	5,183	885,498
Government program	427,088	10,436	437,524
Export	1,799,811	23,990	1,823,801
Total Rupiah	257,753,515	11,376,917	269,130,432
Foreign currencies:			
Working capital	8,553,994	3,026,702	11,580,696
Investment	19,305,398	1,975,433	21,280,831
Consumer	127,362	684	128,046
Syndicated	3,649,082	531,751	4,180,833
Employees	138	-	138
Government program	92,199	-	92,199
Export	4,119,967	413,895	4,533,862
Others	159,204	7,065	166,269
Total foreign currencies	36,007,344	5,955,530	41,962,874
Total	293,760,859	17,332,447 1)	311,093,306
Less: Allowance for impairment losses	(3,021,136)	(9,083,912) 2)	(12,105,048)
	290,739,723	**8,248,535** 3)	**298,988,258**

*) Included in impaired portfolio are: (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking which allowance for impairment losses is calculated based on Bank Indonesia Regulation
1) Loans evaluated by using individual and collective assesment amounts to Rp12,764,708 and Rp4,567,739, respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment amounts to Rp7,989,166 and Rp1,094,746, respectively.
3) Loans – net evaluated by using individual and collective assessment amounts to Rp4,775,542 and Rp3,472,993, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

b.1 By Type (continued):

	31 December 2010		
	Non-impaired **)	**Impaired** *)**)	**Total**
Rupiah:			
Working capital	97,738,103	4,437,169	102,175,272
Investment	59,628,363	1,661,254	61,289,617
Consumer	33,569,920	731,598	34,301,518
Syndicated	2,572,177	1,101,195	3,673,372
Employees	1,197,993	5,398	1,203,391
Government program	966,645	27,140	993,785
Total Rupiah	195,673,201	7,963,754	203,636,955
Foreign currencies:			
Working capital	16,457,181	4,312,621	20,769,802
Investment	16,139,383	2,511,528	18,650,911
Consumer	81,045	-	81,045
Syndicated	145,600	144,256	289,856
Employees	141	53	194
Government program	107,551	-	107,551
Others	269,169	221,501	490,670
Total Foreign currencies	33,200,070	7,189,959	40,390,029
Total	228,873,271	15,153,713 1)	244,026,984
Less: Allowance for impairment losses	(2,672,195)	(8,809,530) 2)	(11,481,725)
	226,201,076	**6,344,183** 3)	**232,545,259**

*) Included in impaired portfolio are: (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking which allowance for impairment losses is calculated based on Bank Indonesia Regulation
1) Loans evaluated by using individual and collective assesment amounts to Rp13,327,777 and Rp1,825,936, respectively,
2) Allowance for impairment losses calculated by using individual and collective assesment amounts to Rp7,912,147 and Rp897,383, respectively,
3) Loans – net evaluated by using individual and collective assessment amounts to Rp5,415,630 and Rp928,553, respectively,

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility:

	31 December 2011					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	113,241,824	3,805,036	328,178	354,458	2,619,811	120,349,307
Investment	71,192,695	1,647,758	140,445	244,807	529,438	73,755,143
Consumer	61,718,666	4,392,127	179,733	205,247	581,407	67,077,180
Syndicated	3,869,183	932,796	-	-	-	4,801,979
Employees	879,238	1,077	25	21	5,137	885,498
Government program	412,344	14,744	11	35	10,390	437,524
Export	1,776,812	22,999	-	13,550	10,440	1,823,801
Total Rupiah	253,090,762	10,816,537	648,392	818,118	3,756,623	269,130,432
Foreign currencies:						
Working capital	9,887,718	998,332	72,505	-	622,141	11,580,696
Investment	20,008,076	747,916	205,870	-	318,969	21,280,831
Consumer	126,544	818	-	-	684	128,046
Syndicated	3,923,831	163,019	-	14,042	79,941	4,180,833
Employees	138	-	-	-	-	138
Government program	92,199	-	-	-	-	92,199
Export	4,116,678	3,289	-	15,874	398,021	4,533,862
Others	159,204	-	-	-	7,065	166,269
Total foreign currencies	38,314,388	1,913,374	278,375	29,916	1,426,821	41,962,874
Total	291,405,150	12,729,911	926,767	848,034	5,183,444	311,093,306
Less: Allowance for impairment losses	(3,254,589)	(3,483,881)	(395,330)	(413,676)	(4,557,572)	(12,105,048)
	288,150,561	**9,246,030**	**531,437**	**434,358**	**625,872**	**298,988,258**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility (continued):

	31 December 2010					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	94,542,602	5,374,177	519,560	427,737	1,311,196	102,175,272
Investment	58,276,629	2,183,120	207,849	147,734	474,285	61,289,617
Consumer	30,529,926	3,067,372	128,120	143,682	432,418	34,301,518
Syndicated	2,572,177	1,101,195	-	-	-	3,673,372
Employees	1,195,835	2,158	241	150	5,007	1,203,391
Government program	942,638	24,007	12,903	5,956	8,281	993,785
Total Rupiah	188,059,807	11,752,029	868,673	725,259	2,231,187	203,636,955
Foreign currencies:						
Working capital	16,339,400	3,206,394	142,770	23,892	1,057,346	20,769,802
Investment	16,252,082	1,679,394	412,821	24,001	282,613	18,650,911
Consumer	79,869	1,176	-	-	-	81,045
Syndicated	145,600	144,256	-	-	-	289,856
Employees	141	-	-	-	53	194
Government program	107,551	-	-	-	-	107,551
Others	269,169	-	-	-	221,501	490,670
Total foreign currencies	33,193,812	5,031,220	555,591	47,893	1,561,513	40,390,029
Total	221,253,619	16,783,249	1,424,264	773,152	3,792,700	244,026,984
Less: Allowance for impairment losses	(2,156,208)	(4,829,284)	(784,587)	(470,804)	(3,240,842)	(11,481,725)
	219,097,411	**11,953,965**	**639,677**	**302,348**	**551,858**	**232,545,259**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector:

	31 December 2011		
	Non-impaired **)	Impaired *) **)	Total
Rupiah:			
Manufacturing	49,562,999	4,874,850	54,437,849
Trading, restaurant and hotel	45,128,832	2,282,396	47,411,228
Business services	36,050,436	439,218	36,489,654
Agriculture	33,110,506	775,161	33,885,667
Transportation, warehousing and communications	15,361,499	541,666	15,903,165
Construction	11,119,867	954,607	12,074,474
Electricity, gas and water	5,836,470	85,797	5,922,267
Mining	2,803,569	106,492	2,910,061
Social services	3,412,036	213,358	3,625,394
Others	55,367,301	1,103,372	56,470,673
Total Rupiah	257,753,515	11,376,917	269,130,432
Foreign currencies:			
Manufacturing	5,834,756	4,215,719	10,050,475
Trading, restaurant and hotel	3,308,796	689,664	3,998,460
Business services	2,455,219	419,935	2,875,154
Agriculture	4,191,426	23,107	4,214,533
Transportation, warehousing and communications	2,438,232	259,506	2,697,738
Construction	1,837,345	54,401	1,891,746
Electricity, gas and water	1,917,252	47,338	1,964,590
Mining	13,171,809	245,122	13,416,931
Social services	194,260	-	194,260
Others	658,249	738	658,987
Total foreign currencies	36,007,344	5,955,530	41,962,874
Total	293,760,859	17,332,447 1)	311,093,306
Less: Allowance for impairment losses	(3,021,136)	(9,083,912) 2)	(12,105,048)
	290,739,723	**8,248,535** 3)	**298,988,258**

*) Included in impaired portfolio are: (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking which allowance for impairment losses is calculated based on Bank Indonesia Regulation
1) Loans evaluated by using individual and collective assesment amounts to Rp12,764,708 and Rp4,567,739, respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment amounts to Rp7,989,166 and Rp1,094,746, respectively.
3) Loans – net evaluated by using individual and collective assessment amounts to Rp4,775,542 and Rp3,472,993, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector (continued):

	31 December 2010		
	Non-impaired)**	**Impaired *)**)**	**Total**
Rupiah:			
Manufacturing	40,718,924	3,375,374	44,094,298
Trading, restaurant and hotel	30,561,119	1,407,751	31,968,870
Business services	27,004,097	469,392	27,473,489
Agriculture	25,868,619	643,855	26,512,474
Transportation, warehousing and communications	13,359,879	320,242	13,680,121
Construction	9,310,551	455,847	9,766,398
Electricity, gas and water	3,902,726	16,254	3,918,980
Social services	2,579,647	112,663	2,692,310
Mining	2,496,964	154,907	2,651,871
Others	39,870,675	1,007,469	40,878,144
Total Rupiah	195,673,201	7,963,754	203,636,955
Foreign currencies:			
Manufacturing	8,941,776	4,794,807	13,736,583
Trading, restaurant and hotel	2,580,178	1,165,314	3,745,492
Business services	1,325,557	412,855	1,738,412
Agriculture	3,053,976	27,938	3,081,914
Transportation, warehousing and communications	1,837,455	263,259	2,100,714
Construction	1,355,387	106,194	1,461,581
Electricity, gas and water	2,238,542	47,037	2,285,579
Social services	173,126	-	173,126
Mining	10,910,936	294,884	11,205,820
Others	783,137	77,671	860,808
Total foreign currencies	33,200,070	7,189,959	40,390,029
Total	228,873,271	15,153,713 1)	244,026,984
Less: Allowance for impairment losses	(2,672,195)	(8,809,530) 2)	(11,481,725)
	226,201,076	**6,344,183 3)**	**232,545,259**

*) Included in impaired portfolio are: (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking which allowance for impairment losses is calculated based on Bank Indonesia Regulation
1) Loans evaluated by using individual and collective assesment amounts to Rp13,327,777 and Rp1,825,936, respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment amounts to Rp7,912,147 and Rp897,383, respectively.
3) Loans – net evaluated by using individual and collective assessment amounts to Rp5,415,630 and Rp928,553, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility:

	31 December 2011					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	51,025,594	2,324,811	10,657	337,385	739,402	54,437,849
Trading, restaurant and Hotel	43,766,082	1,836,938	166,308	174,365	1,467,535	47,411,228
Business services	35,253,118	969,737	73,558	53,528	139,713	36,489,654
Agriculture	33,247,674	463,853	32,891	18,811	122,438	33,885,667
Transportation, warehousing and communications	15,432,242	282,006	38,477	3,204	147,236	15,903,165
Construction	10,924,640	662,685	143,578	33,475	310,096	12,074,474
Electricity, gas and water	5,835,766	68,745	6,718	91	10,947	5,922,267
Mining	2,758,759	138,112	84	155	12,951	2,910,061
Social services	3,472,864	76,366	13,857	8,204	54,103	3,625,394
Others	51,374,023	3,993,284	162,264	188,900	752,202	56,470,673
Total Rupiah	253,090,762	10,816,537	648,392	818,118	3,756,623	269,130,432
Foreign currencies:						
Manufacturing	7,905,722	1,194,311	-	20,328	930,114	10,050,475
Trading, restaurant and Hotel	3,340,707	214,080	72,458	9,588	361,627	3,998,460
Business services	2,795,166	-	47	-	79,941	2,875,154
Agriculture	4,191,426	23,107	-	-	-	4,214,533
Transportation, warehousing and communications	2,438,232	53,636	205,870	-	-	2,697,738
Construction	1,837,146	199	-	-	54,401	1,891,746
Electricity, gas and water	1,800,374	164,216	-	-	-	1,964,590
Mining	13,171,809	245,122	-	-	-	13,416,931
Social services	194,260	-	-	-	-	194,260
Others	639,546	18,703	-	-	738	658,987
Total foreign currencies	38,314,388	1,913,374	278,375	29,916	1,426,821	41,962,874
Total	291,405,150	12,729,911	926,767	848,034	5,183,444	311,093,306
Less: Allowance for impairment losses	(3,254,589)	(3,483,881)	(395,330)	(413,676)	(4,557,572)	(12,105,048)
	288,150,561	**9,246,030**	**531,437**	**434,358**	**625,872**	**298,988,258**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility (continued):

	31 December 2010					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	40,174,493	3,230,345	244,220	23,892	421,348	44,094,298
Trading, restaurant and Hotel	29,173,646	1,743,645	136,975	198,551	716,053	31,968,870
Business services	26,391,154	759,782	80,034	87,713	154,806	27,473,489
Agriculture	25,469,161	821,802	68,156	14,553	138,802	26,512,474
Transportation, warehousing and communications	12,845,535	627,784	75,046	13,177	118,579	13,680,121
Construction	8,725,659	812,981	58,904	9,479	159,375	9,766,398
Electricity, gas and water	3,882,685	20,041	12,612	1,625	2,017	3,918,980
Mining	2,446,154	158,217	30,757	6,429	10,314	2,651,871
Social services	2,530,891	80,382	15,273	30,894	34,870	2,692,310
Others	36,420,429	3,497,050	146,696	338,946	475,023	40,878,144
Total Rupiah	188,059,807	11,752,029	868,673	725,259	2,231,187	203,636,955
Foreign currencies:						
Manufacturing	8,976,286	4,060,150	207,026	4,922	488,199	13,736,583
Trading, restaurant and Hotel	2,525,963	433,305	16,104	18,970	751,150	3,745,492
Business services	1,304,709	20,848	330,845	-	82,010	1,738,412
Agriculture	3,053,976	26,322	1,616	-	-	3,081,914
Transportation, warehousing and communications	1,837,455	57,931	-	-	205,328	2,100,714
Construction	1,355,387	106,194	-	-	-	1,461,581
Electricity, gas and water	2,238,542	47,037	-	-	-	2,285,579
Mining	10,903,561	278,258	-	24,001	-	11,205,820
Social services	172,856	270	-	-	-	173,126
Others	825,077	905	-	-	34,826	860,808
Total foreign currencies	33,193,812	5,031,220	555,591	47,893	1,561,513	40,390,029
Total	221,253,619	16,783,249	1,424,264	773,152	3,792,700	244,026,984
Less: Allowance for impairment losses	(2,156,208)	(4,829,284)	(784,587)	(470,804)	(3,240,842)	(11,481,725)
	219,097,411	**11,953,965**	**639,677**	**302,348**	**551,858**	**232,545,259**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

d. By Period:

	2011	2010
Rupiah:		
Less than 1 year	67,840,070	23,838,202
1 - 2 years	19,274,075	19,439,400
2 - 5 years	76,269,117	83,804,698
Over 5 years	105,747,170	76,554,655
Total Rupiah	269,130,432	203,636,955
Foreign currencies:		
Less than 1 year	9,112,786	8,374,108
1 - 2 years	1,654,132	2,573,107
2 - 5 years	15,912,283	17,140,107
Over 5 years	15,283,673	12,302,707
Total foreign currencies	41,962,874	40,390,029
Total	311,093,306	244,026,984
Less: Allowance for impairment losses	(12,105,048)	(11,481,725)
	298,988,258	**232,545,259**

The non-performing loans ratios of Bank Mandiri and Subsidiaries on a gross basis, (before deducting the allowance for impairment losses), as at 31 December 2011 and 2010 , were 2.21% and 2.42%, respectively (the ratios for Bank Mandiri only were 2.18% and 2.21% as at 31 December 2011 and 2010 , respectively). While the non-performing loans ratio of Bank Mandiri and Subsidiaries on a net basis as at 31 December 2011 and 2010, were 0.52% and 0.62%, respectively (the ratios for Bank Mandiri only were 0.45% and 0.54% as at 31 December 2011 and 2010, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as at 31 December 2011 and 2010 are in accordance with Bank Indonesia Circular Letter No. 12/11/DPNP dated 31 March 2010 regarding Second Amendment of Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001 with regards to Quarterly and Monthly Published Report for Commercial Banks and Certain Reports to Bank Indonesia, is based on loan amount excluding loan to other banks amounting Rp1,659,661 and Rp1,421,350.

B. Other significant information related to loans:

a. Included in loans are sharia financing receivables granted by Subsidiary amounting to Rp36,469,154 and Rp23,847,048, respectively, as at 31 December 2011 and 2010, which consist of:

	2011	2010
Receivables from *Murabahah* and *Istishna*	19,840,303	12,757,604
Musyarakah financing	5,428,201	4,590,191
Other sharia financing	11,200,650	6,499,253
Total	36,469,154	23,847,048
Less: Allowance for impairment losses	(974,468)	(880,515)
	35,494,686	**22,966,533**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

b. Average interest rates (yield) and range of profit sharing per annum are as follow:

Average interest rates (yield) per annum*:*

	2011	2010
Rupiah	11.99%	12.54%
Foreign currencies	5.01%	5.64%

Range of profit sharing per annum:

	2011	2010
Receivables from *Murabahah* and *Istishna*	3.34% - 28.78%	6.46% - 19.53%
Musyarakah financing	10.89% - 12.58%	11.04% - 12.38%
Other sharia financing	13.68% - 15.00%	14.25% - 15.55%

c. Collaterals for Loans

Loans are generally secured by pledged collateral, bind with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable by Bank Mandiri and Subsidiaries. Deposits from customers and deposits from other banks that serve as cash collateral for loans as at 31 December 2011 and 2010 amounted to Rp9,765,082 and Rp9,460,707 (Note 19c, 21e, 22c, and 24d).

d. Government Program Loans

Government program loans consist of investment loans, permanent working capital loans and working capital loans which can be partially and/or fully funded by the Government.

e. Syndicated Loans

Syndicated loans represent loans provided to borrowers under financing agreements with other banks. The percentage share of Bank Mandiri as the facility agent in a syndicated loans at 31 December 2011 and 2010 were respectively ranged from 3.42% to 94.52% and 26.79% to 80.32% of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans at 31 December 2011 and 2010 were respectively ranged from 0.13% to 66.36% and 0.10% to 39.36% of the total syndicated loans.

f. Restructured Loans

Below is the type and amount of restructured loans as at 31 December 2011 and 2010:

	2011	2010
Extension of loan maturity dates	6,709,010	7,731,985
Extension of loan maturity dates and reduction of interest rates	1,651,934	470,960
Long-term loans with options to convert debt to equity	139,387	174,495
Additional loan facilities	93,032	101,138
Extension of loan maturity dates and other restructuring schemes *)	6,372,577	6,855,447
	14,965,940	**15,334,025**

*) Other restructuring schemes mainly involve reduction of interest rates, rescheduling of unpaid interest and extension of repayment periods for unpaid interest.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

f. Restructured Loans (continued)

Total restructured loans under non-performing loans (NPL) category as at 31 December 2011 and 2010 amounting to Rp1,871,789 and Rp1,641,504, respectively.

g. Loans to Related Parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Notes 51.

Loans to related parties include loans to Bank Mandiri employees. The loans to Bank Mandiri employees consist of interest-bearing loans at 4.00% per annum which are intended for the acquisition of vehicles and/or houses, and are repayable within 1 (one) to 15 (fifteen) years through monthly payroll deductions.

h. Legal Lending Limit (LLL)

As at 31 December 2011 and 2010 , there are no breach and violation of Legal Lending Limit to third parties and related parties as required by Bank Indonesia Regulations.

i. Bank Mandiri has several channeling loan agreements with several international financial institutions (Note 56).

j. Movements of allowance for impairment losses on loans:

The movements of allowance for impairment losses on loans are as follows:

	2011	2010
Balance at beginning of year[1)]	11,481,725	12,435,525
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 50) [1)]	-	(65,395)
Allowance during the year (Note 39)	3,407,728	2,450,235
Write back[2)]	-	514,353
Write-offs[3)]	(2,478,304)	(3,164,224)
Others [*)]	(306,101)	(688,769)
Balance at end of year[4)]	**12,105,048**	**11,481,725**

*) Includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 36).

1) Beginning balance 2011 and 2010 after adjustment to opening balance relating to implementation of SFAS 55 (revised 2006) consists of Rp7,462,361 and Rp8,516,432 which are calculated using individual assessment and Rp4,019,364 and Rp3,853,698 which are calculated using collective assessment.

2) Represent write back for debtors which is evaluated individually.

3) Write-off as at 31 December 2011 and 2010 consists of Rp929,708 and Rp1,826,502 which are calculated using individual assessment and Rp1,548,596 and Rp1,337,722 which are calculated using collective assessment.

4) Ending balance as at 31 December 2011 and 2010 consists of Rp7,460,410 and Rp7,462,361 which are calculated using individual assessment and Rp4,644,638 and Rp4,019,364 which are calculated using collective assessment.

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

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

k. Summary of non-performing loans based on economic sector before deducted by deferred income and related allowances for impairment losses is as follows:

	Non-performing Loans (based on Bank Indonesia's regulation)	
	2011	**2010**
Rupiah:		
Trading, restaurant and hotel	1,808,208	1,051,579
Manufacturing	1,087,444	689,460
Business services	266,799	322,553
Others	2,060,682	1,761,527
Total Rupiah	5,223,133	3,825,119
Foreign currencies:		
Trading, restaurant and hotel	443,673	786,224
Manufacturing	950,442	700,147
Business services	79,988	412,855
Others	261,009	265,771
Total foreign currencies	1,735,112	2,164,997
	6,958,245	**5,990,116**

Total minimum allowance for impairment losses based on Bank Indonesia's Regulation is as follows:

	Minimum Allowance for Impairment Losses	
	2011	**2010**
Rupiah:		
Trading, restaurant and hotel	1,540,747	782,869
Manufacturing	872,133	438,146
Business services	173,008	180,118
Others	1,560,202	1,150,891
Total Rupiah	4,146,090	2,552,024
Foreign currencies:		
Trading, restaurant and hotel	422,837	763,114
Manufacturing	940,279	645,462
Business services	79,978	327,427
Others	215,431	259,366
Total foreign currencies	1,658,525	1,995,369
	5,804,615	**4,547,393**

l. Write-off of "Loss" category Loans

For the year ended 31 December 2011 and 2010 , Bank Mandiri wrote-off loans in the "loss" category amounting to Rp1,983,549 and Rp2,921,053 (Bank Mandiri only), respectively. The criteria for loan write-offs are as follows:

a. Loan facility has been classified as loss;
b. Loan facility has been provided with 100.00% provision from the loan principal;
c. Collection and recovery efforts have been performed, but the result is unsuccessful;
d. The debtors' business has no prospect or performance is bad or they do not have the ability to repay the loan; and
e. The write-offs are performed for all loan obligations, including non-cash loan facilities, and the write-offs shall not be written-off partially.

The write-off of loans in the "loss" category does not eliminate the right to collect and, hence are still to be pursued for collection continuously.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

m. Written-off loans are recorded in *extra-comtable*. The Bank still continues pursuing for collection for the written-off loans. These loans are not reflected in the consolidated statement of financial position (balance sheet) of the Bank. A summary of movements of *extra-comtable* loans for the years ended 31 December 2011 and 2010 are as follows (Bank only):

	2011	2010
Balance at beginning of year	32,331,396	32,609,917
Write-offs	1,983,549	2,921,053
Cash recoveries and write back	(2,202,460)	(2,661,171)
Others *)	684,064	(538,403)
Balance at end of year	**32,796,549**	**32,331,396**

*) Includes effect of foreign currency translation.

n. Loans Purchased from Perusahaan Pengelola Aset/PPA (previously "IBRA")

Based on Bank Indonesia Letter No. 9/58/DPNP/IDPnP dated 16 February 2007 to the Bank, the Bank can maintain the loans purchased from ex-IBRA that have been held for 5 (five) years after purchased, as long as they are classified as current based on business prospect, performance and debtor's ability to repay in accordance with Bank Indonesia Regulation related to Earning Assets Quality. Based on Bank Indonesia Letter No. 10/28/DPB1 dated 24 January 2008, the performing loans consist of loan with collectibility 1 (Current) and 2 (Special Mention).

Period from 1 January to 31 December 2011 and 2010

Below are the movements of principal, impairment loan losses and deferred income on loans purchased from ex-IBRA for the years ended 31 December 2011 and 2010 , which were recorded under loan account:

	2011	2010
Principal loan		
Balance at beginning of years	-	157,088
Repayments during the years	-	(157,088)
Write off during the year	-	-
Foreign currency translation effect - net	-	-
Balance at end of years	**-**	**-**
Deferred income		
Balance at beginning of years	-	-
Correction due to receive income over the purchase price	-	-
Foreign currency translation effect - net	-	-
Balance at end of years	-	-

The Bank Indonesia's collectibility of loans purchased from ex-IBRA as at 31 December 2011 and 2010 are as follows:

	2011	2010
Current	-	-
Special mention	-	-
Loss	-	-
	-	**-**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

o. Loans channelled through direct financing (executing) and joint financing mechanism as at 31 December 2011 and 2010 were Rp8,206,918 and Rp6,232,908 respectively.

13. CONSUMER FINANCING RECEIVABLES

a. Details of Subsidiary's consumer financing receivables are as follows:

	2011	2010
Consumer financing receivables - gross		
Direct financing		
Rupiah	9,976,288	5,832,837
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(5,919,809)	(3,089,860)
Third parties	(278)	(8,747)
	(5,920,087)	(3,098,607)
Total consumer financing receivables - gross	4,056,201	2,734,230
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(1,655,093)	(1,008,768)
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	847,008	447,768
Third parties	444	362
	847,452	448,130
Total unearned income on consumer financing	(807,641)	(560,638)
Total consumer financing receivables	**3,248,560**	**2,173,592**
Allowance for impairment losses	(62,990)	(40,769)
Net	**3,185,570**	**2,132,823**

On 6 February 2009, Bank Mandiri signed a joint financing facility (without recourse) agreement with PT Mandiri Tunas Finance (a Subsidiary since 6 February 2009). The total joint financing facility was Rp2,000,000 with a maturity period until 31 December 2009. The amount of joint financing facility has been increased to Rp9,250,000 and extended until 28 February 2013 based on the amendment of agreement signed on 15 November 2011.

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

b. Details of consumer financing receivables by Bank Indonesia's collectibility as at 31 December 2011 and 2010 are as follows:

	2011	2010
Current	2,940,331	2,003,803
Special mention	256,073	141,164
Sub-standard	21,275	12,439
Doubtful	29,022	14,259
Loss	1,859	1,927
Total	3,248,560	2,173,592
Less: Allowance for impairment losses	(62,990)	(40,769)
	3,185,570	**2,132,823**

c. Movements of allowance for impairment losses on consumer financing receivables are as follows:

	2011	2010
Balance at beginning of year	40,769	16,343
Adjustment to opening balance relating to implementation of SFAS 50 and 55 (Revised 2006)	-	11,322
Allowance during the years (Note 39)	113,083	46,116
Recoveries	16,737	13,849
Write-off	(107,599)	(46,861)
Balance at end of year	**62,990**	**40,769**

Management believes that the allowance for impairment losses on consumer financing receivables is adequate.

d. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 57A.

14. ACCEPTANCE RECEIVABLES

a. By Currency, Related Parties and Third Parties:

	2011	2010
Rupiah:		
Receivables from other banks		
Related parties (Note 51)	9,106	26,642
Third parties	65,042	23,434
Receivables from debtors		
Related parties (Note 51)	99,874	71,851
Third parties	119,769	92,020
Total Rupiah	293,791	213,947
Foreign currencies:		
Receivables from other banks		
Related parties (Note 51)	-	1,810
Third parties	169,461	188,601
Receivables from debtors		
Related parties (Note 51)	752,344	1,344,271
Third parties	5,335,507	2,201,877
Total foreign currencies (Note 57B.(v))	6,257,312	3,736,559
Total	6,551,103	3,950,506
Less: Allowance for impairment losses	(40,667)	(171,097)
	6,510,436	**3,779,409**

(Expressed in millions of Rupiah, unless otherwise stated)

14. ACCEPTANCE RECEIVABLES (continued)

b. By Maturity:

	2011	2010
Rupiah:		
Less than 1 month	117,646	84,987
1 - 3 months	168,313	116,262
3 - 6 months	7,832	12,698
Total Rupiah	293,791	213,947
Foreign currencies:		
Less than 1 month	1,310,371	748,373
1 - 3 months	3,437,148	1,736,669
3 - 6 months	1,500,802	1,234,092
6 - 12 months	8,991	17,425
Total foreign currencies	6,257,312	3,736,559
Total	6,551,103	3,950,506
Less: Allowance for impairment losses	(40,667)	(171,097)
	6,510,436	**3,779,409**

c. By Bank Indonesia's Collectibility:

	2011	2010
Current	6,513,397	3,642,453
Special mention	36,178	307,543
Sub-standard	-	510
Loss	1,528	-
Total	6,551,103	3,950,506
Less: Allowance for impairment losses	(40,667)	(171,097)
	6,510,436	**3,779,409**

d. Movements of allowance for impairment losses on acceptance receivables:

	2011	2010
Balance at beginning of year	171,097	52,773
Adjustment to opening balance relating to implementation of SFAS 55 (Revised 2006) (Note 50)	-	(184)
(Reversal)/allowance during the year (Note 39)	(151,154)	117,977
Others *)	20,724	531
Balance at end of year	**40,667**	**171,097**

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on acceptance receivables is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 57A.

(Expressed in millions of Rupiah, unless otherwise stated)

15. INVESTMENTS IN SHARES

a. The details of investments in shares are as follows:

	2011	2010
Cost method	7,327	7,533
Less: Allowance for impairment losses	(829)	(1,285)
	6,498	**6,248**

The details of investments in shares as at 31 December 2011 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Cost Method:			
Westech Electronics	Trading and retail	5.50%	124
Others (each less than Rp3,000)	Various	3.99% - 10.00%	7,203
Total			7,327
Less: Allowance for impairment losses			(829)
			6,498

In October 2011, the bank acquired 60.00% of PT Mandiri AXA General Insurance shares ("MAGI", formerly PT Asuransi Dharma Bangsa ("ADB")). After the acquisition, MAGI's financial statements are consolidated into the Bank's consolidated financial statements (Note 1g).

The details of investments in shares as at 31 December 2010 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Cost Method:			
Westech Electronics	Trading and retail	5.50%	1,244
Others (each less than Rp3,000)	Various	3.99% - 10.00%	6,289
Total			7,533
Less: Allowance for impairment losses			(1,285)
			6,248

In August 2010, the Bank acquired additional 2.00% shares in PT AXA Mandiri Financial Services (AMFS). As a result, the Bank's ownership in AMFS increased to 51.00% and since then AMFS financial statements are consolidated into the Bank's consolidated financial statements (Note 1g).

b. Investments in shares by Bank Indonesia's collectibility:

	2011	2010
Current	7,147	6,233
Doubtful	124	1,244
Loss	56	56
Total	7,327	7,533
Less: Allowance for impairment losses	(829)	(1,285)
	6,498	**6,248**

(Expressed in millions of Rupiah, unless otherwise stated)

15. INVESTMENTS IN SHARES (continued)

c. Movements of allowance for impairment losses on investments in shares:

	2011	2010
Balance at beginning of year	1,285	2,106
Allowance during the year (Note 39)	850	614
Others *)	(1,306)	(1,435)
Balance at end of year	**829**	**1,285**

*) Includes effect of foreign currency translation

Management believes that the allowance for impairment losses on investments in shares is adequate.

16. POLICYHOLDERS' INVESTMENT AND LIABILITY TO UNIT-LINKED HOLDERS

This account represents Subsidiary's policyholders' funds placed in unit-linked investment, with details as follow:

	2011	2010
Non-Sharia	8,405,310	6,707,586
Sharia	638,956	504,527
	9,044,266	**7,212,113**

The details of unit-linked investments non-sharia by type of contracts are as follow:

	2011	2010
Dynamic Money	5,661,420	4,480,162
Progressive Money	2,126,169	2,035,432
Attractive Money	409,248	109,677
Excellent Money	86,755	-
Secure Money	78,096	66,390
Active Money	24,262	5,961
Fixed Money	11,918	2,168
Money Market	7,442	7,796
	8,405,310	**6,707,586**

The policyholders' funds - non-sharia placed in statutory deposits as of 31 December 2011 and 2010 amounting to Rp177,500 and Rp138,500, respectively.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency as at 31 December 2011 and 2010 amounting to USD3,315,060 and USD2,437,683 (full amount), respectively.

Dynamic Money
This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Prestasi Dinamis (2010: mutual fund Schroder Dana Prestasi Plus).

Progressive Money
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Campuran Progresif (2010: mutual fund Schroder Dana Terpadu II).

Attractive Money
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Saham Attractive (2010: mutual fund Mandiri Investa Attractive).

(Expressed in millions of Rupiah, unless otherwise stated)

16. POLICYHOLDERS' INVESTMENT AND LIABILITY TO UNIT-LINKED HOLDERS (continued)

Excellent Money
This is an equity fund with underlying exposures in small cap equities (exclude Top 20) traded in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Investa Ekuitas Dinamis.

Secure Money
Secure Money Rupiah fund is a fixed income fund with underlying exposures in fixed income securities listed on the Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Mantap (2010: mutual fund Schroder Dana Mantap Plus II). The USD fund has underlying exposures in fixed income securities listed in Indonesia as well as foreign stock exchanges and money market instruments through mutual fund Danareksa Melati Dollar.

Active Money
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Investa Aktif.

Fixed Money
This is a fixed income fund with underlying exposures in Indonesian Government Bonds and money market instruments through mutual fund Mandiri Investa Dana Obligasi.

Money Market
This is money market fund with underlying exposures in money market instrument including term deposits and fixed income securities listed on Indonesia Stock Exchange through mutual fund Mandiri Pasar Uang.

The details of unit-linked investments sharia by type of contracts are as follow:

	2011	2010
Attractive Money Syariah	567,787	455,647
Active Money Syariah	58,440	48,880
Advanced Commodity Syariah	12,729	-
	638,956	**504,527**

The policyholders' funds - sharia placed in statutory deposits as of 31 December 2011 and 2010 amounted to Rp14,430 and Rp 9,882, respectively.

Attractive Money Syariah
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Saham Syariah Attractive (2010: mutual fund Mandiri Investa Atraktif Syariah).

Active Money Syariah
This is a balanced fund with underlying exposures in stocks and bonds listed in the Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Berimbang Syariah Aktif (2010: mutual fund Mandiri Investa Syariah Berimbang).

Advanced Commodity Syariah
This is an equity fund with underlying exposures mainly in commodity and commodity – related stocks that listed in the Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Komoditas Syariah Plus.

(Expressed in millions of Rupiah, unless otherwise stated)

17. FIXED ASSETS

The details of fixed assets were as follows:

Movements from 1 January 2011 to 31 December 2011	Beginning Balance	Additions	Deductions	Reclassifications*)	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land	2,780,205	312	(78)	-	2,780,439
Buildings	1,884,375	18,965	(1,610)	135,016	2,036,746
Furnitures, fixtures, office equipment and computer equipment/software	5,138,831	342,571	(301,904)	200,230	5,379,728
Vehicles	160,536	54,659	(12,583)	-	202,612
Construction in progress	859,923	1,111,868	-	(331,979)	1,639,812
	10,823,870	1,528,375	(316,175)	3,267	12,039,337
Leased assets	3,267	12,495	-	(3,267)	12,495
	10,827,137	1,540,870	(316,175)	-	12,051,832
Accumulated Depreciation and Amortisation (Note 44)					
Direct ownership					
Buildings	1,091,391	78,299	(169)	-	1,169,521
Furnitures, fixtures, office equipment and computer equipment/software	4,145,584	362,116	(291,568)	2,069	4,218,201
Vehicles	61,202	24,946	(11,892)	-	74,256
	5,298,177	465,361	(303,629)	2,069	5,461,978
Leased assets	1,960	369	-	(2,069)	260
	5,300,137	465,730	(303,629)	-	5,462,238
Net book value					
Direct ownership					
Land					2,780,439
Buildings					867,225
Furniture, fixtures, office equipment and computer equipment/software					1,161,527
Vehicles					128,356
Construction in progress					1,639,812
					6,577,359
Leased assets					12,235
					6,589,594

*) Reclassified from Abandoned Property and Construction In Progress.

Construction in progress as at 31 December 2011 was comprised of:

	Balance
Computers and other hardware that have not been installed	705,410
Product development and license - Integrated Banking System	456,715
Buildings	310,610
Office equipment and inventory	152,184
Vehicles	9,059
Others	5,834
	1,639,812

The estimated percentage of completion of construction in progress as at 31 December 2011 for Integrated Banking System agreement was ranging between 52.03% - 99.98%.

(Expressed in millions of Rupiah, unless otherwise stated)

17. FIXED ASSETS (continued)

Movements from 1 January 2010 to 31 December 2010	Beginning Balance	Additions	Deductions	Reclassifications*)	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land	2,789,518	412	(10,436)	711	2,780,205
Buildings	1,832,026	11,508	(1,874)	42,715	1,884,375
Furnitures, fixtures, office equipment and computer equipment/software	4,696,691	290,568	(4,843)	156,415	5,138,831
Vehicles	88,948	77,982	(7,800)	1,406	160,536
Construction in progress	422,478	646,718	-	(209,273)	859,923
	9,829,661	1,027,188	(24,953)	(8,026)	10,823,870
Leased assets	3,267	-	-	-	3,267
	9,832,928	1,027,188	(24,953)	(8,026)	10,827,137
Accumulated Depreciation and Amortisation (Note 44)					
Direct ownership					
Buildings	1,012,549	77,656	-	1,186	1,091,391
Furnitures, fixtures, office equipment and computer equipment/software	3,798,091	358,394	(4,134)	(6,767)	4,145,584
Vehicles	57,676	11,912	(8,118)	(268)	61,202
	4,868,316	447,962	(12,252)	(5,849)	5,298,177
Leased assets	1,306	654	-	-	1,960
	4,869,622	448,616	(12,252)	(5,849)	5,300,137
Net book value					
Direct ownership					
Land					2,780,205
Buildings					792,984
Furniture, fixtures, office equipment and computer equipment/software					993,247
Vehicles					99,334
Construction in progress					859,923
					5,525,693
Leased assets					1,307
					5,527,000

*) Reclassified from Abandoned Property and Construction In Progress.

Construction in progress as at 31 December 2010 was comprised of:

	Balance
Computers and other hardware that have not been installed	338,660
Buildings	227,866
Product development and license - Integrated Banking System	147,050
Office equipment and inventory	137,962
Vehicles	775
Others	7,610
	859,923

The estimated percentage of completion of construction in progress as at 31 December 2010 for Integrated Banking System agreement was ranging between 82.13% - 99.93%.

(Expressed in millions of Rupiah, unless otherwise stated)

17. FIXED ASSETS (continued)

a. On 22 February 1990, the Bank signed a Joint Operation agreement (KSO) with PT Pakuwon Jati, where PT Pakuwon Jati will build a shopping center and office tower with 17 storeys and other supporting facilities on land owned by Bank Mandiri, which located on Jalan Basuki Rachmat No. 2, 4, 6 Surabaya. PT Pakuwon Jati is entitled to use the building for 22 years. By the end of the KSO agreement on 22 March 2012, the ownership of building will be handed over to Bank Mandiri.

   On 14 June 1991, the Bank signed an Amendment I of Joint Operation agreement (KSO) with PT Duta Anggada Realty Tbk., in which PT Duta Anggada Realty Tbk. will build 2 office towers with 32 storeys on land owned by Bank Mandiri which located on Jalan Jenderal Sudirman lot 53-56, Jakarta. The agreement became effective from 14 June 1991 up to 20 years from the date of the construction was completed, but not longer than 23 years since the construction was completed (the office building will be handed over in May 2014 for the first tower and in May 2016 for the second tower). On the maturity date, PT Duta Anggada Realty Tbk. will hand over the ownership of the building to Bank Mandiri.

b. Bank Mandiri and Subsidiaries have insured their fixed assets (excluding land rights, construction in progress and leased assets) to cover potential losses from risk of fire, theft and natural disaster with PT Asuransi Adira Dinamika, PT Asuransi Dayin Mitra Tbk., PT Asuransi Jaya Indonesia, PT Asuransi Jaya Proteksi, PT Asuransi Ramayana Tbk., PT Bringin Sejahtera Arhamakmur, PT Mandiri AXA General Insurance (formerly PT Asuransi Dharma Bangsa) and PT Asuransi Staco Mandiri (formerly PT Staco Jasapratama) with total sum insured of Rp3,119,177 and USD75,699,481 (full amount) as at 31 December 2011 and Rp2,512,683 and USD147,973,294.07 (full amount) as at 31 December 2010. Management believes that the above insurance coverage is adequate to cover possible losses that may arise on the assets insured.

   Management also believes that there is no impairment of fixed assets as at 31 December 2011 and 2010 .

18. OTHER ASSETS

	2011	2010
Accrued income	1,704,382	1,687,176
Others - net	5,545,519	3,697,621
	7,249,901	**5,384,797**

Accrued Income

Accrued income mainly consist of accrued interest receivables from placements, marketable securities, Government Bonds, loans and accrued fees and commissions.

(Expressed in millions of Rupiah, unless otherwise stated)

18. OTHER ASSETS (continued)

Others - net

	2011	2010
Rupiah:		
Prepaid expenses	1,343,723	887,825
Receivables from sales of marketable securities	1,298,053	1,374
Receivables from customer transactions	551,262	694,517
Receivables from transactions related to ATM and credit card	447,975	301,756
Abandoned properties - net of accumulated losses arising from impairment in net realisable value amounting to Rp10,349 and Rp10,349 as at 31 December 2011 and 2010, respectively	169,931	175,979
Receivables to policy's holder	167,955	91,232
Repossessed assets - net of accumulated losses arising from impairment in net realisable value amounting to Rp9,871 and 10,129 as at 31 December 2011 and 2010, respectively	133,181	142,928
Prepaid taxes	21,274	23,277
Others	1,318,474	1,316,540
Total Rupiah	5,451,828	3,635,428
Foreign currencies:		
Prepaid expenses	61,035	10,023
Receivables from customer transactions (Note 57B.(v))	7,192	7,147
Receivables from sales of marketable securities (Note 57B.(v))	3,716	-
Receivables to policy's holder (Note 57B.(v))	1,569	228
Prepaid taxes	266	295
Others	319,918	784,512
Total foreign currencies	393,696	802,205
Total	5,845,524	4,437,633
Less: Allowance for possible losses	(300,005)	(740,012)
	5,545,519	**3,697,621**

Prepaid expenses mostly consist of advance payments relating to building rental and maintenance.

Receivable from sale of marketable securities represents receivable arising from selling of securities transactions that have matured on 4 January 2012.

Receivables from customer transactions mainly consist of receivable arising from securities transactions of PT Mandiri Sekuritas (Subsidiary). As at 31 December 2011 and 2010, included in receivables from customer transactions is an impaired portfolio amounting to Rp175,484 and Rp335,372, respectively.

Receivable from transactions related to ATM and credit card represent receivable arising from ATM transactions within ATM Bersama network and receivable from Visa and MasterCard on credit card transactions.

Receivables to policy's holder represent the Subsidiary's receivable to policy's holder on premium of non unit-linked products.

Others mainly consist of inter-office accounts, various receivables from transaction with third parties, including clearing transactions and others.

(Expressed in millions of Rupiah, unless otherwise stated)

18. OTHER ASSETS (continued)

Movement of allowance for possible losses on other assets are as follows:

	2011	2010
Balance at beginning of year	740,012	936,622
Reversal during the year (Note 40)	(339,620)	(89,803)
Reclassification during the year	-	(112,475)
Others *)	(100,387)	5,668
Balance at end of year	**300,005**	**740,012**

*) Includes effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate to cover any potential losses from other assets.

19. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2011	2010
Rupiah:		
Related parties (Note 51)	22,512,729	15,877,000
Third parties	44,696,490	30,325,530
Total Rupiah	67,209,219	46,202,530
Foreign currencies:		
Related parties (Note 51)	4,236,222	96,843
Third parties	21,085,145	21,987,880
Total foreign currencies (Note 57B.(v))	25,321,367	22,084,723
	92,530,586	**68,287,253**

Included in demand deposits were *wadiah* deposits amounting to Rp4,583,523 and Rp3,930,121, as at 31 December 2011 and 2010, respectively.

b. Average Interest Rates (Cost of Funds) and Range of Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	2011	2010
Rupiah	2.32%	2.89%
Foreign currencies	0.13%	0.16%

Range of profit sharing per annum on *wadiah* deposits:

	2011	2010
Rupiah	0.76% - 2.83%	0.85% - 0.99%
Foreign currencies	0.19% - 0.89%	0.21% - 0.99%

c. As at 31 December 2011 and 2010, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable letters of credits) were amounting to Rp1,592,173 and Rp1,127,973, respectively (Note 12B.c and 28e).

(Expressed in millions of Rupiah, unless otherwise stated)

20. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS

a. By Currency, Type, Related Parties and Third Parties:

	2011	2010
Rupiah:		
Related parties (Note 51)		
Mandiri Saving	811,981	374,098
Third parties		
Mandiri Saving	136,166,827	111,113,702
Mandiri Haji Saving	862,304	822,321
Total Rupiah	137,841,112	112,310,121
Foreign currencies:		
Third parties		
Mandiri Saving (Note 57B.(v))	12,027,221	11,646,486
Total foreign currencies	12,027,221	11,646,486
	149,868,333	**123,956,607**

b. Average Interest Rates (Cost of Funds) per annum:

	2011	2010
Rupiah	2.25%	2.39%
Foreign currencies	0.22%	0.24%

21. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2011	2010
Rupiah		
Related parties (Note 51)	31,737,658	44,421,077
Third parties	94,051,630	88,664,832
	125,789,288	133,085,909
Foreign currencies (Note 57B.(v))		
Third parties	16,540,396	12,058,140
	142,329,684	**145,144,049**

b. By Contract Period:

	2011	2010
Rupiah:		
1 month	89,028,175	98,329,104
3 months	24,481,581	26,820,757
6 months	7,909,980	3,547,941
12 months	4,192,834	4,311,500
Over 12 months	176,718	76,607
Total Rupiah	125,789,288	133,085,909
Foreign currencies:		
1 month	14,400,413	10,093,542
3 months	880,973	1,082,728
6 months	930,113	742,280
12 months	312,509	137,700
Over 12 months	16,388	1,890
Total foreign currencies	16,540,396	12,058,140
	142,329,684	**145,144,049**

(Expressed in millions of Rupiah, unless otherwise stated)

21. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

c. By remaining period until maturity dates:

	2011	2010
Rupiah:		
Less than 1 month	94,264,718	97,686,092
1 - 3 months	24,343,627	22,302,868
3 - 6 months	4,336,161	7,333,596
6 - 12 months	2,722,676	5,455,285
Over 12 months	122,106	308,068
Total Rupiah	125,789,288	133,085,909
Foreign currencies:		
Less than 1 month	13,165,726	10,197,521
1 - 3 months	2,295,551	720,434
3 - 6 months	877,713	439,323
6 - 12 months	186,644	697,435
Over 12 months	14,762	3,427
Total foreign currencies	16,540,396	12,058,140
	142,329,684	**145,144,049**

d. Average Interest Rates (Cost of Funds) per Annum:

	2011	2010
Rupiah	6.37%	6.47%
Foreign currencies	0.63%	0.57%

e. As at 31 December 2011 and 2010, total time deposits which were pledged as collateral on loans amounted to Rp8,833,378 and Rp8,655,623, respectively (Note 12B.c).

22. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2011	2010
Demand Deposits		
Related parties (Note 51)		
Rupiah	152,219	273,507
Foreign currencies (Note 57B.(v))	257,208	418,887
	409,427	692,394
Third parties		
Rupiah	552,580	197,255
Foreign currencies (Note 57B.(v))	1,025,131	467,751
	1,577,711	665,006
Total Demand Deposits	1,987,138	1,357,400
Saving Deposits		
Third parties		
Rupiah	581,013	422,944
Total Saving Deposits	581,013	422,944
Total Demand and Saving Deposits	**2,568,151**	**1,780,344**

Included in deposits from other banks - demand deposits are *wadiah* deposits and SIMA amounting to Rp78,831 and Rp13,921 as at 31 December 2011 and 2010, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

22. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS (continued)

b. Average Interest Rates (Cost of Funds) and Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	2011	2010
Demand Deposits		
Rupiah	2.32%	2.89%
Foreign currencies	0.13%	0.16%
Saving Deposits		
Rupiah	2.25%	2.39%
Foreign currencies	0.22%	0.24%

Range of profit sharing per annum on *wadiah* demand deposits:

	2011	2010
Rupiah	0.76% - 0.89%	0.85% - 0.99%
Foreign currencies	0.19% - 0.89%	0.21% - 0.99%

c. As at 31 December 2011 and 2010, total demand and saving deposits from other banks pledged as collateral on loans amounted to Rp17,049 and Rp34,028, respectively (Note 12B.c).

23. DEPOSITS FROM OTHER BANKS - INTER-BANK CALL MONEY

a. By Currency:

	2011	2010
Third parties:		
Foreign currencies (Note 57B.(v))	58,281	-
	58,281	**-**

b. By Remaining Period Until Maturity Date:

	2011	2010
Foreign currencies (Note 57B.(v)):		
Less than 1 month	58,281	-
	58,281	**-**

c. Average Interest Rates (Cost of Funds) per Annum:

	2011	2010
Foreign currencies	0.63%	-

d. As at 31 December 2011 and 2010 , there were no inter-bank call money transaction with related party.

(Expressed in millions of Rupiah, unless otherwise stated)

24. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By Currency:

	2011	2010
Related parties		
Rupiah	9,001,150	4,417,017
	9,001,150	4,417,017
Third parties		
Rupiah	395,609	665,645
Foreign currencies (Note 57B.(v))	294,694	339,677
	690,303	1,005,322
	9,691,453	**5,422,339**

b. By Contract Period:

	2011	2010
Rupiah:		
1 month	9,324,336	4,913,837
3 months	42,700	138,815
6 months	9,640	13,740
12 months	19,983	15,870
Over 12 months	100	400
Total Rupiah	9,396,759	5,082,662
Foreign currencies:		
1 month	294,694	339,677
Total foreign currencies	294,694	339,677
	9,691,453	**5,422,339**

c. Average interest rates (cost of funds) per annum:

	2011	2010
Rupiah	6.37%	6.47%
Foreign currencies	0.63%	0.57%

d. As at 31 December 2011 and 2010, time deposits from other banks pledged as collateral on loans amounted to Rp61,091 and Rp58,652, respectively (Note 12B.c).

25. ACCEPTANCE PAYABLES

a. By Currency, Related Parties and Third Parties:

	2011	2010
Rupiah:		
Payable to other banks		
Related parties (Note 51)	17,181	32,617
Third parties	202,461	131,254
Payable to debtors		
Related parties (Note 51)	11,005	4,690
Third parties	63,144	45,386
Total Rupiah	293,791	213,947

(Expressed in millions of Rupiah, unless otherwise stated)

25. ACCEPTANCE PAYABLES (continued)

a. By Currency, Related Parties and Third Parties (continued):

	2011	2010
Foreign currencies:		
Payable to other banks		
Related parties (Note 51)	147,822	7,514
Third parties	5,940,030	3,538,634
Payable to debtors		
Related parties (Note 51)	111,780	103,138
Third parties	57,680	87,273
Total foreign currencies (Note 57B.(v))	6,257,312	3,736,559
	6,551,103	**3,950,506**

b. By Maturity:

	2011	2010
Rupiah:		
Less than 1 month	117,646	84,987
1 - 3 months	168,313	116,262
3 - 6 months	7,832	12,698
Total Rupiah	293,791	213,947
Foreign currencies:		
Less than 1 month	1,310,371	748,373
1 - 3 months	3,437,148	1,736,669
3 - 6 months	1,500,802	1,234,092
6 - 12 months	8,991	17,425
Total foreign currencies	6,257,312	3,736,559
	6,551,103	**3,950,506**

26. MARKETABLE SECURITIES ISSUED

By Type and Currency:

	2011	2010
Rupiah:		
Bonds	775,000	225,000
Medium-Term Notes (MTN)	350,000	600,000
Mandiri travelers' cheques	415,613	467,180
Subordinates Notes Syariah *Mudharabah*	673,000	200,000
Others	564	564
Total	2,214,177	1,492,744
Less: Unamortised issuance cost	(2,589)	(1,377)
	2,211,588	**1,491,367**

Bonds

On 19 May 2011, the Bank's subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Bonds VI Year 2011 ("Bonds VI") on the Indonesian Stock Exchange (formerly the Surabaya Stock Exchange) with a nominal value of Rp600,000 where the principal amounts would be fully paid at the maturity dates of these respective series as follows:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	48,000	8.60%	23 May 2012
Series B	52,000	9.60%	19 May 2013
Series C	350,000	10.00%	19 May 2014
Series D	150,000	10.70%	19 May 2015

(Expressed in millions of Rupiah, unless otherwise stated)

26. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

Trustee of Mandiri Tunas Finance Facility Bonds VI Year 2011 is PT Bank Mega Tbk.

On 8 February 2008, PT Tunas Financindo Sarana (since 20 August 2009, it has changed its name to PT Mandiri Tunas Finance), a Subsidiary since 6 February 2009, issued Tunas Financindo Sarana Bonds V Year 2008 with a nominal value of Rp600,000, where the principal amounts would be fully paid at the maturity dates of these respective series as follows:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	350,000	10.00%	27 February 2009
Series B	25,000	10.50%	20 February 2010
Series C	50,000	11.00%	20 February 2011
Series D	175,000	11.25%	20 February 2012

The Tunas Financindo Sarana Bonds V Year 2008 of Series A amounting to Rp350,000, Series B amounting to Rp25,000 and Series C amounting to Rp50,000 had been fully paid at their maturity dates as above.

The trustee for the Tunas Financindo Sarana Bonds V Year 2008 is PT Bank Mega Tbk.

Medium-Term Notes (MTN)

In order to support its consumer financing expansion, on 18 November 2009 and 16 February 2010, PT Mandiri Tunas Finance, a Subsidiary, issued MTN I and II amounting to Rp250,000 and Rp350,000, respectively, with a fixed interest rate of 11.60% per annum. MTN I has 2 (two) years period effective since 18 November 2009 and has matured on 18 November 2011 and MTN II has 2 (two) years period effective since 16 February 2010 to 16 February 2012.

31 December 2011

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium-Term Notes II	PT Mandiri Sekuritas	16 February 2012	24	11.60%	350,000
					350,000

31 December 2010

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium-Term Notes I	PT Mandiri Sekuritas	18 November 2011	24	11.60%	250,000
Medium-Term Notes II	PT Mandiri Sekuritas	16 February 2012	24	11.60%	350,000
					600,000

(Expressed in millions of Rupiah, unless otherwise stated)

26. MARKETABLE SECURITIES ISSUED (Continued)

Subordinated Notes Syariah Mudharabah

On 31 January 2007, PT Bank Syariah Mandiri (BSM) conducted a limited offering and sale of Subordinated Notes of Mudharabah Syariah 2007 ("BSM's Subnotes") amounting to Rp200,000. The period of these subnotes is 10 (ten) years with call option on the 5^{th} (fifth) year starting from the issuance date. The issuance of BSM Subnotes is conducted in 3 (three) phases, as follows:

- Phase I dated 31 January 2007 with nominal amount of Rp105,000
- Phase II dated 27 February 2007 with nominal amount of Rp65,000
- Phase III dated 5 April 2007 with nominal amount of Rp30,000

On 19 December 2011, BSM conducted a limited offering and sale of Sukuk Subordinated Notes of Mudharabah Bank Syariah Mandiri 2011 ("BSM subnotes") amounting to Rp500,000. The period of these subnotes is 10 (ten) years with call option on the 5^{th} (fifth) year since the issuance date. The issuance of BSM's Subnotes is conducted in 3 (three) phases, as follows:

- Phase I dated 19 December 2011 with a nominal amount of Rp75,000
- Phase II dated 19 December 2011 with a nominal amount of Rp275,000
- Phase III dated 19 December 2011 with a nominal amount of Rp150,000

Subsidiaries have paid the interest of the above marketable securities issued in accordance to the interest payment schedule for the period 1 January 2011 to 31 December 2011.

For the period from 1 January 2011 to 31 December 2011, Subsidiaries have fulfilled covenants as stipulated in the agreements (unaudited).

Included in marketable securities issued above are transactions with related parties as at 31 December 2011 and 2010 amounting to Rp203,000 and RpNil, respectively (refer to Note 51).

27. FUND BORROWINGS

	2011	2010
Rupiah:		
Related parties (Note 51)		
(a) The Government of the Republic of Indonesia	200,000	200,000
(b) PT Permodalan Nasional Madani (Persero)	69,406	95,056
(f) Others	708,150	-
	977,556	295,056
Third parties		
(c) Bank Indonesia	7,279	27,121
(f) Others	1,818,201	910,256
	1,825,480	937,377
Total Rupiah	2,803,036	1,232,433
Foreign currencies:		
Third parties		
(d) Direct Off-shore Loans	4,792,884	3,906,855
(e) Trade financing facilities	4,107,578	495,550
Total foreign currencies (Note 57B.(v))	8,900,462	4,402,405
	11,703,498	**5,634,838**

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(a) The Government of the Republic of Indonesia

This account represents fund borrowings obtained from the Government of the Republic of Indonesia based on agreement No. KP-022/DP3/2004 dated 14 May 2004 which was amended with agreement No. AMA-7/KP-022/DP3/2004 dated 15 December 2004 and letter No. S-662/PB.7/2005 dated 13 May 2005 and amendment agreement No. AMA-30/KP-022/DP3/2006 dated 24 August 2006 and letter No. S-3207/PB/2008 dated 21 April 2008, each of them is regarding Amendment of Loan Agreement between the Government of the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk. No. KP-022/DP3/2004 dated 14 May 2004 and the Approval of Amendment of Loan Agreement between the Government of the Republic of Indonesia and Bank Mandiri in relation to the Credit Financing for Small and Micro Businesses. This borrowing is then lent by the Bank to small and micro businesses where the procedures, arrangements and requirements of the re-lending program are outlined in the Decision Letter of Minister of Finance No. 40/KMK.06/2003 dated 29 January 2003 regarding Credit Financing Facilities for Small and Micro Businesses and amended with Decision Letter of Minister of Finance No. 74/KMK.06/2004 dated 20 February 2004. This facility bears interest at 3-months SBI rate which will be determined every three months on 10 March, 10 June, 10 September and 10 December based on the latest SBI auction rate. The Bank has made 5 (five) installment payments with the first installment paid on 10 December 2007. For the remaining outstanding balance of Rp200,000, the installment payment will start in December 2017 and will mature in December 2019.

(b) PT Permodalan Nasional Madani (Persero)

This account represents fund borrowing obtained from PT Permodalan Nasional Madani (Persero) to Bank Mandiri and Bank Sinar Harapan Bali (BSHB). The outstanding loan balance as at 31 December 2011 and 2010 for Bank Mandiri are Rp52,504 and Rp84,421, respectively, and for BSHB are Rp16,902 and Rp10,635, respectively. These facilities bear interest rate at 7.00% per annum. The fund borrowing terms and payment schedule depend on the terms of the individual loan agreement, the latest will mature in December 2013. Bank Mandiri then lent the proceeds to the members of Primary Cooperation (Kredit Koperasi Primer kepada Anggotanya [KKPA]).

(c) Bank Indonesia

This account represents credit liquidity facility obtained from Bank Indonesia (BI), which was then lent to Bank Mandiri's debtors under the Government Credit Program. The administration and monitoring of the credit facility are performed by PT Permodalan Nasional Madani (Persero), a state-owned company, based on Law No. 23/1999 dated 17 May 1999 regarding BI, BI Regulation No. 2/3/PBI/2000 dated 1 February 2000 and BI Regulation No. 5/20/PBI/2003 dated 17 September 2003 regarding the Hand-over of Management of Credit Liquidity of Bank Indonesia Under Credit Program. This facility is subject to interest at rates ranging from 3.75% to 7.00% per annum and will mature on various dates up to 2013. The details of this account are as follows:

	2011	**2010**
Small-Scale Investment Loans (KIK)	7,279	18,265
Loans to the Members of Primary Cooperation (KKPA)	-	8,856
	7,279	**27,121**

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans

The details of direct off-shore loans are as follows:

	2011	2010
Deutsche Bank AG, Singapore	2,720,250	-
Standard Chartered Bank, Jakarta	906,750	-
Asian Development Bank		
- Tranche A	673,942	667,412
- Tranche B	270,118	267,248
Agence Française de Développement	221,824	269,195
Deutsche Bank International (Asia) Ltd, Singapore	-	2,703,000
	4,792,884	3,906,855

Deutsche Bank AG, Singapore

31 December 2011						
Type	*Arranger*	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Standby Loan	Deutsche Bank AG Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	300,000,000	2,720,250

On 16 June 2011, the Bank obtained a loan facility from Deutsche Bank AG, Singapore of USD300.000.000 (full amount) with interest rate at a 6-month LIBOR plus a certain margin.

This loan facility has a tenor of 5 years and will mature on 23 June 2016. During the tenor of the loan facility, the Bank could drawdown and repay the outstanding loan at any time. On 27 June 2011, the Bank exercised the first drawdown on this loan facility amounting to USD100,000,000 (full amount) and subsequently on 28 September 2011 the Bank exercised the second drawdown amounting to USD200,000,000 (full amount). As at 31 December 2011, this loan facility is secured by Government Bonds VR0031 series with a nominal value of Rp4,297,228 (Note 8c).

Standard Chartered Bank, Jakarta

31 December 2011						
Type	*Arranger*	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	906,750

On 4 July 2011, the Bank obtained a loan facility from Standard Chartered Bank, Jakarta for USD100.000.000 (full amount) with interest rate at a 3-months LIBOR plus a certain margin.

This loan facility has a tenor of 5 years and will mature on 11 July 2016. On 11 July 2011, the Bank has conducted drawdown on this loan facility amounting to USD100.000.000 (full amount). As at 31 December 2011, this loan facility is secured by Government Bonds VR0031 series with a nominal value of Rp1.074.788 (Note 8c).

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Asian Development Bank

31 December 2011

Type	*Arranger*	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	75,000,000	680,063
Less: Unamortised issuance costs					(675,044)	(6,121)
					74,324,956	**673,942**
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	30,000,000	272,025
Less: Unamortised issuance costs					(210,271)	(1,907)
					29,789,729	**270,118**

31 December 2010

Type	*Arranger*	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	75,000,000	675,750
Less: Unamortised issuance costs					(925,406)	(8,338)
					74,074,594	**667,412**
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	30,000,000	270,300
Less: Unamortised issuance costs					(338,699)	(3,052)
					29,661,301	**267,248**

On 30 October 2009, as further amended and restated on 13 November 2009, Bank Mandiri signed a long-term credit agreement with Asian Development Bank (ADB) with a total facility amounting to USD105,000,000 (full amount). This long-term loan is intended to enhance the funding structure of Bank Mandiri.

The loan consists of two facilities, where Tranche A Facility is a direct loan from ADB with total facility amounting to USD75,000,000 (full amount) and will mature in 7 (seven) years after the agreement date, whilst Tranche B from ADB as Lender of Record is funded by commercial banks through the Participation Agreements between ADB and the commercial banks with a total facility amounting to USD30,000,000 (full amount) and will mature in 5 (five) years after the agreement date. The loan was withdrawn on 28 January 2010. As at 31 December 2011 and 2010, this loan facility is secured by Government Bonds series VR0031 with a nominal value of Rp1,286,663 (Note 8c).

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Agence Française de Développement

31 December 2011

Type	*Arranger*	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Loan	Agence Française de Développement	31 March 2016	60	LIBOR (6 months) + certain margin	24,545,455	222,566
Less:						
Unamortised issuance costs					(81,907)	(742)
					24,463,548	221,824

31 December 2010

Type	*Arranger*	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Loan	Agence Française de Développement	31 March 2016	60	LIBOR (6 months) + certain margin	30,000,000	270,300
Less:						
Unamortised issuance costs					(123,000)	(1,105)
					29,877,000	269,195

On 17 June 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) of USD100,000,000 (full amount) which is intended to assist the financing projects related to climate change and energy efficiency.

This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate of 6-months LIBOR plus a certain margin and will be used to finance the projects that reduce the carbon emission.

As part of the loan agreement, Bank Mandiri and AFD will finance the training programs aimed to develop the Bank Mandiri's capacity, especially in relation to climate change and energy efficiency.

On 15 December 2010, the Bank has drawdown borrowing from AFD with the total amount of USD30,000,000 (full amount).

This loan will mature on 31 March 2016.

Deutsche Bank International (Asia) Limited, Singapore (DBI)

On 27 February 2008, the Bank obtained a loan from DBI of USD300.000.000 (full amount) with interest rate at a 3-months LIBOR plus a certain margin for the first year. If the loan is extended, the interest rate for the second and third year would be subject to fixed interest rate. This loan has been extended and matured on 1 February 2011. As at 31 December 2010, this loan facility is secured by Government Bonds VR0019 series with a nominal value of Rp3.967.500 (Note 8c). This loan has been repaid by the Bank at maturity.

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(e) Trade Financing Facilities (Bankers Acceptance)

Trade financing facilities represent short-term borrowings with tenors between 90 to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. These borrowings are guaranteed by letters of credit issued by Bank Mandiri. The balance as at 31 December 2011 and 2010 are as follows:

	2011	2010
Wells Fargo Bank NA, United States of America	816,075	-
Bank of Nova Scotia, Singapore	634,725	180,200
JP Morgan Chase Bank NA, Singapore	571,253	135,150
Australia & New Zealand Banking Group Limited, Singapore	544,050	-
Bank of New York, Mellon, Singapore	498,713	-
Deutsche Bank AG, Singapore	272,025	-
Sumitomo Mitsui Banking Corporation, Singapore	226,688	-
Bank of America NA, Singapore	181,350	-
Bank of Montreal, Kanada	136,012	-
Bank of Nova Scotia, Hong Kong	136,012	-
Commerzbank AG, Jerman	90,675	-
Oversea - Chinese Banking Corporation Limited, Singapore	-	180,200
	4,107,578	**495,550**

(f) Others

	2011	2010
PT Panin Bank Tbk.	581,578	-
PT Sarana Multigriya Finansial (Persero)	450,000	-
PT Bank Central Asia Tbk.	318,104	301,967
Lembaga Pembiayaan Ekspor Indonesia	300,000	-
PT Bank Danamon Indonesia Tbk.	155,881	287,465
PT Bank DKI	152,941	-
PT Bank UOB Indonesia	116,049	73,243
PT Bank OCBC NISP Tbk.	94,256	-
PT Bank Negara Indonesia (Persero) Tbk.	85,259	-
The Hong Kong and Shanghai Banking Corporation Ltd.	70,000	100,000
PT Bank DBS Indonesia	65,000	-
PT Bank CIMB Niaga Tbk.	47,333	97,643
PT Bank ANZ Indonesia	25,000	-
PT Bank Internasional Indonesia Tbk.	25,000	-
PT Bank Chinatrust Indonesia	20,000	49,938
PT Bank Jabar Banten Tbk.	19,950	-
	2,526,351	**910,256**

PT Bank Panin Tbk.

On 16 February 2011 and 8 August 2011, a Subsidiary and PT Bank Panin Tbk. (Panin) signed loan agreements whereby Panin provides several non revolving term loan facilities with total limit of Rp700,000 and bear fixed interest rate. These facilities have various maturity dates ranging between 17 February 2014 up to 7 November 2014.

On 12 May 2011, a Subsidiary and Panin also signed loan agreements whereby Panin provided several revolving money market facilities with total limit of Rp5,000 and bear floating interest rate. This facility will mature on 4 January 2012.

27. FUND BORROWINGS (continued)

(f) Others (continued)

PT Sarana Multigriya Finansial (Persero)

On 3 October 2011, a Subsidiary (*Mudharib*) and PT Sarana Multifgriya Finansial (SMF) (*Shahibul Mal*) has entered into a *Mudharabah wal Murabahah* financing agreement which will be matured within 3 (three) years from the date of financing amounting to Rp300,000. The financing is intended to support the Subsidiary's working capital in mortgage financing to debtors using *Murabahah* or *Musyarakah Mutanaqishah principles*. Agreed revenue sharing is 35.00% for the Subsidiary and 65.00% for SMF from gross income received by *Mudharib* before deducting by related costs. Revenue sharing will be paid monthly starting from November 2011.

On 29 December 2011, PT SMF provided additional facility to the Subsidiary for 3 (three) years period from the date of financing amounting to Rp150,000 with the purposes to support the Subsidiary's working capital in mortgage financing to debtors using *Murabahah* or *Musyarakah Mutanaqishah* principles. Agreed revenue sharing is 38.00% for the Subsidiary and 62.00% for PT SMF from gross income received by *Mudharib* before deducting by related costs. Revenue sharing will be paid monthly starting from January 2012.

PT Bank Central Asia Tbk.

On 7 March 2001, a Subsidiary and PT Bank Central Asia Tbk. (BCA) signed a credit agreement where BCA provided an overdraft facility. This agreement had been amended based on latest agreement signed on 24 March 2011 with additional facility up to Rp55,000.

The Subsidiary and BCA also signed several credit agreements where BCA provided several non revolving term loan facilities and bear fixed interest rate or floating. These facilities have various maturity dates ranging between 6 February 2012 up to 9 June 2014.

Lembaga Pembiayaan Ekspor Indonesia

On 16 September 2011, a Subsidiary and Lembaga Pembiayaan Ekspor Indonesia (LPEI) has signed a letter of refinancing agreement using murabahah agreement with a facility limit of Rp300,000 and will be matured within 6 (six) months since disbursement date. The financing is intended to finance transaction related to export activities. Agreed revenue sharing is 24.80% for the Subsidiary and 75.20% for LPEI. Revenue sharing is paid every 3 (three) months since the date of disbursement and maturity date of the facility.

PT Bank Danamon Indonesia Tbk.

On 20 May 2010, a Subsidiary and PT Bank Danamon Indonesia Tbk. (Danamon) entered into a loan agreement deed No. 26 dated 20 May 2010. This agreement has been extended up to 20 June 2012. Danamon provided a revolving working loan facility amounting to Rp100,000 and bear floating interest rate. Danamon also provided several revolving term loan facilities with total facility of Rp269,000 and bear fixed interest rate. These facilities have various maturity dates ranging between 9 June 2013 up to 8 July 2014.

PT Bank DKI

On 2 March 2011 and 10 October 2011, a Subsidiary and PT Bank DKI (Bank DKI) signed a loan agreement where Bank DKI provided several non revolving term loan facilities with total facilities of Rp225,000 and bear fixed interest rate. These facilities have various maturity dates ranging between 10 March 2014 up to 10 April 2015.

27. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank UOB Indonesia

On 29 November 2010, a Subsidiary and PT Bank UOB Indonesia (UOB) signed a loan agreement whereby UOB provided several non revolving term loan facilities with total facilities of Rp150,000 and bear fixed interest rate. These facilities have various maturity dates ranging between 1 December 2013 up to 2 February 2014.

A Subsidiary also obtained a banking facility from UOB through agreement dated 29 September 2011 with loan period up to 29 September 2012. The facilities provided by UOB consist of promissory note line facility and its sub limit facility in the form of uncommitted bank guarantee, and foreign exchange line facility with maximum amount for each facility of Rp100,000, Rp100,000 and USD5,000,000 (full amount), respectively. Under the term of agreement, the interest rate on promissory note line facility is determined at the annual UOB's lending rate.

PT Bank OCBC NISP Tbk.

On 27 June 2011 and 16 December 2011, a Subsidiary and PT Bank OCBC NISP Tbk. (OCBC) signed a loan agreement whereby OCBC provided several non revolving term loan facilities with total facility of Rp150,000 and bear fixed interest rate. These facilities have various maturity dates ranging between 28 June 2014 up to 29 December 2014.

PT Bank Negara Indonesia (Persero) Tbk.

On 23 November 2011, a Subsidiary and PT Bank Negara Indonesia (Persero) Tbk. (BNI) signed a joint financing agreement whereby BNI provided revolving joint financing facility with total facility of Rp400,731 and bear fixed interest rate. The facility will mature on 30 December 2014.

The Hong Kong and Shanghai Banking Corporation Ltd.

On 22 May 2007, a Subsidiary and The Hong Kong and Shanghai Banking Corporation Ltd. (HSBC) signed a credit agreement where HSBC provided a short-term funding facility and an exposure risk limit (weight)/option facility. On 12 February 2009, the Subsidiary entered into renewal short-term funding facilities and exposure risk limit (weighted)/option facility agreements with HSBC amounting to Rp175,000, USD5,000,000 (full amount) and USD1,000,000 (full amount), respectively. Under the terms of the agreement, interest for the funding facility is determined at the annual HSBC's lending rate. On 23 February 2011, the facility had been extended.

On 23 October 2000, a Subsidiary and HSBC signed a Corporate Banking Facility Loan Agreement where HSBC provided short term working capital facility amounting to Rp30,000. Based on the latest agreement addendum dated 29 November 2010, the facility limit had been increased to Rp100,000 and bear a floating interest rate. The Subsidiary had withdrawn this facility on 24 January 2011. The facility will matured within 1 (one) year after the withdrawal date.

27. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank DBS Indonesia

A Subsidiary is granted a banking facility from PT Bank DBS Indonesia (DBS) through agreement date of 20 June 2008. The agreement has been amended by the latest addendum of agreement dated 8 September 2011, whereby the facilities provided by DBS are working capital facility (revolving Rupiah facility advances) of Rp150,000 and foreign exchange transaction facilities (uncommitted US Dollar facility) with maximum amount of USD20,000,000 (full amount) and will expire on 8 June 2012. Under the terms of the agreement, interest for the working capital facility is determined based on the certain margin above the annual prime lending rate of DBS or based on agreement at the time of drawdown.

The Subsidiary is granted a banking facility from DBS through agreement dated 20 June 2008. The agreement has been amended by the latest addendum of agreement dated 8 September 2011, whereby the facilities provided by DBS are intraday facility of Rp100,000 and will expire on 8 June 2012.

On 16 August 2010, a Subsidiary is granted an uncommitted bank guarantee facility of Rp50,000 with validity period of 1 (one) year and the grace period for claim of payment is maximum 14 days. This facility has been extended up to 8 June 2012.

PT Bank CIMB Niaga Tbk.

On 13 December 2001, a Subsidiary and PT Bank CIMB Niaga Tbk. (CIMB) signed a credit agreement and based on the latest amended agreement dated 15 December 2009, CIMB provided several term loan facilities with the total facilities amounting to Rp150,000. The interest rate is determined based on the applicable interest rate and can vary at any time (on a regular basis or floating). These facilities have various maturity dates which ranging between 15 July 2012 up to 18 February 2013.

PT Bank ANZ Indonesia

On 14 July 2008, a Subsidiary and PT Bank ANZ Indonesia (ANZ) entered working capital facility agreement. The agreement has been amended by latest addendum of agreement dated 8 February 2011 whereby the Subsidiary has been granted working capital facility of Rp130,000 which will mature on 31 January 2012. Under the terms of the agreement, interest for the working capital facility is determined based on the annual lending rate of ANZ.

On 10 November 2010, a Subsidiary is granted an uncommitted bank guarantee facility of Rp50,000 with validity period up to 31 January 2011. On 8 February 2011, this facility has been extended up to 31 January 2012.

PT Bank Internasional Indonesia Tbk

On 30 May 2011, a Subsidiary entered into money market line facility agreement with PT Bank Internasional Indonesia Tbk (BII) whereby the Subsidiary has been granted money market line facility of Rp150,000 and sub limit facility in the form of uncommitted bank guarantee of Rp100,000 with validity up to 1 June 2012. Under the terms of the agreement, interest for the money market line facility is determined based on the annual lending rate of BII.

(Expressed in millions of Rupiah, unless otherwise stated)

27. FUND BORROWINGS (continued)

(f) Others (continued)

Bank Chinatrust Indonesia

On 22 December 2009, a Subsidiary and PT Bank Chinatrust Indonesia (BCI) signed a loan agreement whereby BCI provided a short term revolving working capital facility amounting to Rp20,000 and bear floating interest rate. This facility will mature on 21 March 2012.

PT Bank Jabar Banten Tbk.

On 1 November 2011, a Subsidiary and PT Bank Jabar Banten Tbk. (BJB) entered into a loan agreement whereby BJB provided a non revolving term loan facility amounting to Rp20,000 and bears a fixed interest rate. The Subsidiary has drawdown this facility on 28 December 2011. This facility will mature on 28 October 2014.

Bank Mandiri and its Subsidiaries have paid interest on all fund borrowings in accordance with the schedules of interest payments for the period 1 January 2011 to 31 December 2011.

For the period 1 January 2011 to 31 December 2011, Bank Mandiri and its Subsidiaries have fulfilled all covenants stipulated in all of the above fund borrowing agreements (unaudited).

28. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

a. Commitment and contingent transactions in the normal course of Bank Mandiri and its Subsidiaries activities that have credit risk are as follows:

	2011	2010
Rupiah:		
Committed unused loan facilities granted (Note 48)	24,264,257	14,498,194
Bank guarantees issued (Note 48)	15,182,931	13,501,559
Outstanding irrevocable letters of credit (Note 48)	2,144,864	2,014,951
Standby letters of credit (Note 48)	1,637,463	368,775
Total Rupiah	43,229,515	30,383,479
Foreign currencies:		
Committed unused loan facilities granted (Note 48)	2,162,774	1,686,505
Bank guarantees issued (Note 48)	12,246,351	7,848,622
Outstanding irrevocable letters of credit (Note 48)	9,925,926	5,643,937
Standby letters of credit (Note 48)	3,648,066	2,864,249
Total foreign currencies	27,983,117	18,043,313
	71,212,632	**48,426,792**

b. By Bank Indonesia's collectibility:

	2011	2010
Current	68,553,404	47,771,671
Special mention	2,633,119	508,554
Sub-standard	1	135,672
Doubtful	2,762	131
Loss	23,346	10,764
Total	71,212,632	48,426,792
Less: Allowance for impairment losses	(234,364)	(371,665)
Commitments and contingencies - net	**70,978,268**	**48,055,127**

(Expressed in millions of Rupiah, unless otherwise stated)

28. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

c. Movements of allowance for impairment losses on commitments and contingencies:

	2011	2010
Balance at beginning of year	371,665	329,362
(Reversal)/allowance during the year	(127,257)	53,358
Others *)	(10,044)	(11,055)
Balance at end of year	**234,364**	**371,665**

*) Includes effect of foreign currencies translation

Please refer to Note 2b.b.iv relating to the changes in accounting policies of allowance for impairment losses over financial guarantee contracts and commitments.

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

d. Information in respect of classification of “non-impaired” and“impaired” is disclosed in Note 57A.

e. Deposits from customers pledged as collateral for bank guarantee and irrevocable letters of credit as at 31 December 2011 and 2010 amounting to Rp738,609 and Rp415,568, respectively (Note 19c).

29. TAXATION

a. Current Tax Payable

	2011	2010
Corporate tax payable - article 29:		
Bank Mandiri	636,654	629,379
Subsidiaries	125,083	121,053
	761,737	**750,432**

b. Tax Expense

	2011	2010
Tax expense - current:		
Bank Mandiri	2,619,107	2,656,204
Subsidiaries	553,433	370,262
	3,172,540	3,026,466
Tax expense/(benefit) - deferred:		
Bank Mandiri	643,581	1,637,191
Subsidiaries	29	(60,721)
	643,610	1,576,470
	3,816,150	**4,602,936**

As explained in Note 2ad, income tax for Bank Mandiri and its subsidiaries is calculated as a separate legal entity.

(Expressed in millions of Rupiah, unless otherwise stated)

29. TAXATION (continued)

c. Tax Expense - Current

The reconciliation between income before tax benefit/(expense) as shown in the consolidated statements of income and income tax calculations and the related current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	2011	2010*)
Consolidated income before tax expense and non-controlling interests	16,512,035	13,972,162
Less:		
Income before tax expense of Subsidiaries - after elimination	(1,003,303)	(460,469)
Impact of changes in presenting investment in Subsidiaries by using cost method (previously equity method (refer to Note 2b.vi)	(869,011)	-
Income before tax expense and non-controlling interests – Bank Mandiri only	14,639,721	13,511,693
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	1,675,490	(557,440)
Losses from overseas branches	632	52,049
Others	(2,404)	6,157
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(1,926,444)	(2,085,428)
Allowance for impairment losses on financial assets other than loans	(1,170,835)	410,440
Provision for post-employment benefit expense, provisions for bonuses, leave and Holiday (THR) entitlements	194,806	(573,254)
Allowance for estimated losses arising from legal cases	(251)	154,457
Allowance for possible losses on other assets	(161,460)	(238,540)
Provision for estimated losses on commitments and contingencies	(136,401)	41,498
Allowance for possible losses of abandoned properties	(6,049)	(12,635)
Allowance for possible losses of repossessed assets	(108,451)	3,085
Depreciation of fixed assets	1,097	8,990
Unrealised lossess/(gains) on decrease/increase in fair value of marketable securities and Government Bonds - fair value through profit or loss	96,341	(93,345)
Difference in net realisable value of abandoned properties	-	(2,877)
Difference in net realisable value of repossessed assets	(258)	(33)
Estimated taxable income	13,095,534	10,624,817
Estimated tax expense-current		
Bank Mandiri only	2,619,107	2,656,204
Subsidiaries	553,433	370,262
Estimated tax expense - current	**3,172,540**	**3,026,466**

*) In calculating estimated tax expense for the year ended 31 December 2010, the Bank still applied equity method to record investment in Subsidiaries (refer to Note 2b.vi.)

29. TAXATION (continued)

c. Tax expense - Current (continued)

The corporate tax calculation for the year ended 31 December 2011 is a preliminary estimate made for accounting purpose and is subject to revision when Bank Mandiri submits its annual tax return.

The calculation of income tax for the years ended 31 December 2010 conform to the bank's annual tax returns.

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated 28 December 2007 regarding Reduction of Tax Rate of Income Tax Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated 30 December 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of the Tax Rate of Income Tax Resident Corporate Taxpayers in the Form of Public Listed Company, a public listed company can obtain a reduction of income tax rate by 5% lower than the highest income tax rate by fulfilling several requirements, which include public ownership of 40% or more of the total paid up shares and the shares are owned by at least 300 parties and each party can only own less than 5% of the total paid up shares. The above requirements must be fulfilled by the taxpayer at the minimum 6 month in a period of one fiscal year.

Based on the Letter No. DE/I/2012-0078 dated 9 January 2012 regarding Submission of Monthly Report of share ownership of Emiten or public listed company and recapitulation Form No. No.X.H.I-6 from PT Datindo Entrycom (Securities Administration Agency) to the Bappepam-LK, it confirmed that the shares ownership of Bank Mandiri during 2011 has fulfilled all requirements to obtain a tax rate reduction as mentioned above. In accordance with PMK 238, Bapepam-LK has reported the fulfilment of these requirements by Bank Mandiri to the Tax Office. Therefore the Bank's Corporate Income Tax for fiscal year 2011 is calculated using the tax rate at 20%.

Under the taxation laws of Indonesia, Bank Mandiri and Subsidiaries submit the annual corporate income tax returns to the tax office on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within 5 (five) years from time when the tax becomes due.

Starting 2009, Bank Mandiri has recognised written-off loans as deduction of gross profit by fullfiling the three requirements stipulated in UU No. 36 Year 2008 and Regulation of the Minister of Finance No. 105/PMK.03/2009 dated 10 June 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated 9 March 2010.

Currently, the Bank is being audited by the Tax Office for 2010 fiscal year. Until the date of these consolidated financial statements, the tax audit result is not yet known.

(Expressed in millions of Rupiah, unless otherwise stated)

29. TAXATION (continued)

d. Tax expense - Deferred

The reconciliation between estimated income tax expense, calculated using applicable tax rates based on commercial income before tax expense, with estimated income tax expense as reported in the consolidated statements of income for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010*)
Consolidated income before tax expense and non-controlling interests	16,512,035	13,972,162
Less:		
Income before tax expense of Subsidiaries - after elimination	(1,003,303)	(460,469)
Impact of changes in presenting investment in Subsidiaries by using cost method (previously equity method (refer to Note 2b.vi)	(869,011)	-
Income before tax expense and non-controlling interests- Bank Mandiri only	**14,639,721**	**13,511,693**
Estimated income tax expense based on applicable tax rates	2,927,944	3,377,923
Tax effect permanent differences:		
Non-deductible expenses/(non-taxable income)	335,098	(139,360)
Provision for decrease in deferred tax assets	-	1,040,280
Losses from overseas branches	126	13,012
Others	(480)	1,540
	334,744	**915,472**
Income tax expense - Bank Mandiri only	3,262,688	4,293,395
Income tax expense - Subsidiaries	553,462	309,541
Tax expense - consolidated	3,816,150	4,602,936
Less: Current tax expense - consolidated	(3,172,540)	(3,026,466)
Deferred tax expenses/(benefit) - consolidated	**643,610**	**1,576,470**

*) In calculating estimated tax expense for the year ended 31 December 2010, the Bank still applied equity method to record investment in Subsidiaries (refer to Note 2b.vi.)

(Expressed in millions of Rupiah, unless otherwise stated)

29. TAXATION (continued)

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax calculation are as follows:

	2011				
	Beginning balance	**Credited/ (charged) to consolidated statement of income**	**Charged to equity**	**Realisation of provision for decrease in value**	**Ending balance**
Bank Mandiri					
Deferred tax assets:					
Loans write-off until 2008	2,536,635	(145,969)	-	(507,327)	1,883,339
Allowance for impairment loan losses	1,061,120	(239,319)	-	(212,224)	609,577
Allowance for impairment losses on financial assets other than loans	672,978	(234,167)	-	(134,596)	304,215
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	626,272	38,961	-	(125,254)	539,979
Allowance for estimated losses arising from legal cases	143,670	(50)	-	(28,734)	114,886
Allowance for possible losses on other assets	40,365	(32,292)	-	(8,073)	-
Estimated losses on commitments and contingencies	92,016	(27,280)	-	(18,403)	46,333
Allowance for possible losses on abandoned properties	43,937	(1,210)	-	(8,787)	33,940
Allowance for possible losses on repossessed assets	29,977	(21,690)	-	(5,995)	2,292
Accumulated losses arising from difference in net realisable value of abandoned properties	2,587	-	-	(518)	2,069
Accumulated losses arising from difference in net realisable value of repossessed assets	2,532	(53)	-	(506)	1,973
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	126,624	-	29,786	(25,326)	131,084
Deferred tax assets	5,378,713	(663,069)	29,786	(1,075,743)	3,669,687
Deferred tax liabilities:					
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and government bonds (fair value through profit or loss)	(27,235)	19,268	-	5,447	(2,520)
Net book value of fixed assets	(23,450)	220	-	4,690	(18,540)
Deferred tax assets - Bank Mandiri only	**5,328,028**	**(643,581)**	**29,786**	**(1,065,606)**	**3,648,627**
Provision for decrease in deferred tax assets	(1,065,606)				-
Net deferred tax assets - Bank Mandiri only	**4,262,422**				**3,648,627**
Net deferred tax assets - Subsidiaries	138,666				151,785
Total consolidated deferred tax assets - net	**4,401,088**				**3,800,412**

(Expressed in millions of Rupiah, unless otherwise stated)

29. TAXATION (continued)

e. Deferred tax assets - net (continued)

	2010				
	Beginning balance	Credited/ (charged) to consolidated statement of income	Charged to equity	Adjustment on the initial implementation of SFAS 50 & 55 (Revised 2006)	Ending balance
Deferred tax assets:					
Loans write-off until 2008	2,894,873	(358,238)	-	-	2,536,635
Allowance for impairment loan losses	1,239,895	(163,120)	-	(15,655)	1,061,120
Allowance for impairment losses on financial assets other than loans	609,493	102,610	-	(39,125)	672,978
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	769,586	(143,314)	-	-	626,272
Allowance for estimated losses arising from legal cases	105,056	38,614	-	-	143,670
Allowance for possible losses on other assets	100,000	(59,635)	-	-	40,365
Estimated losses on commitments and contingencies	81,641	10,375	-	-	92,016
Allowance for possible losses on abandoned properties	47,095	(3,158)	-	-	43,937
Allowance for possible losses on repossessed assets	29,205	772	-	-	29,977
Accumulated losses arising from difference in net realisable value of abandoned properties	3,306	(719)	-	-	2,587
Accumulated losses arising from difference in net realisable value of repossessed assets	2,541	(9)	-	-	2,532
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	86,947	-	(61,387)	101,064	126,624
Deferred tax assets	**5,969,638**	**(575,822)**	**(61,387)**	**46,284**	**5,378,713**
Deferred tax liabilities:					
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and government bonds (fair value through profit or loss)	(3,899)	(23,336)	-	-	(27,235)
Net book value of fixed assets	(25,697)	2,247	-	-	(23,450)
Deferred tax assets - Bank Mandiri only	**5,940,042**	**(596,911)**	**(61,387)**	**46,284**	**5,328,028**
Provision for decrease in deferred tax assets	-				(1,065,606)
Net deferred tax assets - Bank Mandiri only	5,940,042				4,262,422
Net deferred tax assets - Subsidiaries	74,043				138,666
Total consolidated deferred tax assets – net	**6,014,085**				**4,401,088**

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at consolidated statement of financial position (balance sheet) dates.

After completion of the Limited Public Offering with Pre-emptive Right Issue in December 2010, the shareholding composition of Bank Mandiri are 60% owned by the Republic of Indonesia and 40% owned by the public. Fulfilment of the 40% public ownership criteria makes it highly probable the Bank will obtain the 5% reduction in income tax rates starting fiscal year 2011 to become 20%. Therefore, as at 31 December 2011, the Bank has booked a provision for impairment in deferred tax assets in amount of Rp1,065,606 as all of the deferred tax assets will be realised in 2011 or onwards with income tax rates of 20%.

As at 31 December 2011, Bank Mandiri has fullfiled three requirements above (refer to Note 29c). Therefore the provision for decrease in deferred tax assets had been set-off with the related balance of deferred tax assets.

Management believes that it is possible that future taxable income will be available against the temporary difference, which results in deferred tax assets, can be utilised.

(Expressed in millions of Rupiah, unless otherwise stated)

30. OTHER LIABILITIES

	2011	2010
Rupiah:		
Accrued employee bonus and incentives, leave and yearly allowance (THR)	1,414,811	1,331,555
Provision for post employment benefits (Note 45)	1,404,375	1,178,427
Acrrued expenses (operational and IT)	1,322,131	1,191,762
Guarantee deposits	715,208	610,024
Liability to policyholders	695,113	370,400
Payable from purchase of marketable securities	682,240	2,165
Payable to customer	615,996	698,436
Liability related to ATM and credit card transaction	600,894	543,007
Allowance for estimated losses arising from legal cases (Note 58b)	565,256	555,525
Deferred income	117,211	103,024
Provision for employees' service – service free period (Note 45)	10,352	56,273
Others	4,558,808	1,629,496
Total Rupiah	12,702,395	8,270,094
Foreign currencies:		
Guarantee deposits	969,853	809,335
Acrrued expenses (operational and IT)	344,491	168,330
Deferred income	184,514	85,872
Allowance for estimated losses arising from legal cases (Note 58b)	9,367	19,403
Accrued employee bonus and incentives, leave and yearly allowance (THR)	381	2,076
Obligation under capital lease	-	74
Others	1,167,186	983,770
Total foreign currencies	2,675,792	2,068,860
	15,378,187	**10,338,954**

Accrued expenses consists of liability to vendors which includes the Bank's IT-related operational activities.

Guarantee deposits are cash guarantee deposited by the Bank's customers for export and import transaction and bank guarantee issuance.

Liabilities to policyholders consists of Subsidiary's liability for non unit-linked policy holders, debt claims, deferred premium income and claim liability, amounting Rp511,321, Rp25,067, Rp118,476 and Rp40,249 as at 31 December 2011 and amounting to Rp248,588, Rp21,330, Rp84,706 and Rp15,776 as at 31 December 2010, respectively.

Payable from purchase of marketable securities represents the Bank's liability relating to purchase of marketable securities transactions that have been subsequently settled on 4 January 2012.

Payable to customer are mostly represent payable arising from marketable securities transaction by PT Mandiri Sekuritas (the Bank's subsidiary).

Liability related to ATM and credit card transaction represents payable arising from ATM transactions within ATM Bersama network and payable to Visa and MasterCard on credit card transactions.

Deferred income represents unamortised provision/commissions not directly attributable to loans.

Others mostly consist of inter-office account, liabilities related to import transaction, and suspense such as settlement of customer's financial transaction such as money transfer.

(Expressed in millions of Rupiah, unless otherwise stated)

30. OTHER LIABILITIES (continued)

Movements of allowance for estimated losses arising from legal cases for the years ended 31 December 2011 and 2010 are as follows:

	2011	2010
Balance at beginning of year	574,928	514,366
Allowance during the year (Note 40)	14,576	61,381
Reversal during the year	(14,939)	-
Others *)	58	(819)
Balance at end of year	**574,623**	**574,928**

*) Includes effect of foreign currency translation.

Management believes that the allowance for estimated losses arising from legal cases is adequate.

31. SUBORDINATED LOANS

By Type and Currency:

	2011	2010
Rupiah:		
Related parites (Note 51)		
Subordinated Bond Rupiah Bank Mandiri I	2,055,900	2,004,900
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	117,175	138,480
(b) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF)	19,501	32,503
	136,676	170,983
Bank Indonesia	2,061,459	2,230,259
Subordinated Bond Rupiah Bank Mandiri I	1,423,335	1,471,560
	3,621,470	3,872,802
Total Rupiah	5,677,370	5,877,702
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(d) Asian Development Bank (ADB)	174,428	178,870
Total foreign currencies (Note 57B.(v))	174,428	178,870
	5,851,798	**6,056,572**

Two-Step Loans (TSL)

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from Nordic Investment Bank (NIB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

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

The details of credit facilities from NIB are as follow:

	2011	2010
Nordic Investment Bank IV (NIB IV)	**117,175**	**138,480**

The interest rates on the NIB IV facility is based on variable interest rates as determined by Bank Indonesia in accordance with the prevailing average interest rates of Certificate of Bank Indonesia in the last 3 (three) months.

(Expressed in millions of Rupiah, unless otherwise stated)

31. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

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

This account represents a credit facility obtained from ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
Pollution Abatement Equipment Program (PAE)	To purchase equipment to prevent pollution.	19 August 1993 – 19 August 2013, with 1st installment on 15 August 1998.
Small Scale Industry (SSI)	To finance small-scale industry.	19 August 1993 – 19 August 2013, with 1st installment on 15 August 1998.

The details of outstanding credit facilities from the AJDF - OECF are as follow:

	2011	2010
(a) Pollution Abatement Equipment Program (PAE)	18,877	31,463
(b) Small Scale Industry (SSI)	624	1,040
	19,501	**32,503**

The payment on the above AJDF - OECF facilities are within 20 (twenty) years after the first drawdown (inclusive of a 5 years grace period) and will be settled in 30 (thirty) semi-annual installments starting on 15 August 1998 to 15 February 2013.

The PAE facility is subject to variable interest rates determined every 6 (six) months based on the prevailing average interest rate of the 3 (three) months Certificates of Bank Indonesia for the last 6 (six) months, less 5.00% per annum.

The SSI facility is subject to variable interest rates determined every 6 (six) months based on the prevailing average interest rate of 3 (three) months Certificates of Bank Indonesia for the last 6 (six) months, less 2.50% per annum.

(c) Asian Development Bank (ADB)

This account represents credit facilities from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are re-lent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
ADB 1327 - INO (SF)	To finance Micro Credit Project (PKM).	15 January 2005 - 15 July 2029 with 1st installment on 15 January 2005.

The details of credit facilities from ADB are as follow:

	2011	2010
ADB 1327 - INO (SF)	**174,428**	**178,870**

(Expressed in millions of Rupiah, unless otherwise stated)

31. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(c) Asian Development Bank (ADB) (continued)

The Minister of Finance through its letter No. S-596/MK.6/2004 dated 12 July 2004, has approved the transfer of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated 27 April 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated 22 April 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated 16 July 2004.

The ADB loans for Micro Credit Projects was extended in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every 15 January and 15 July, with the first installment paid on 15 January 2005 and will be ended on 15 July 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every 15 January and 15 July since its drawdown.

Bank Indonesia

This account represents loans arising from the conversion of Bank Indonesia's Credit Liquidity which is used to enhance the capital structure of PT Bank Dagang Negara (BDN) and PT Bank Pembangunan Indonesia (Persero) (Bapindo). BDN and Bapindo are the ex-legacy of the Bank.

The details of this facility as at 31 December 2011 and 2010 , are as follow:

Bank	Tenor	31 December 2011	31 December 2010	Interest Rate
PT Bank Mandiri (Persero) Tbk.	30 November 2004 - 31 March 2014 with 1st installment on 30 November 2004	**2,061,459**	**2,230,259**	0.20% per annum
		2,061,459	**2,230,259**	

Bank Indonesia agreed to restructure the subordinated loans of BDN amounting to Rp736,859 and from Bapindo (previously recorded as Loan Capital) amounting to Rp1,755,000 as stated in Bank Indonesia Letter No. 6/360/BKr dated 23 November 2004 regarding the Restructuring of Subordinated Loans. Under the restructuring, the subordinated loans of both ex-legacies are combined into the amount of Rp2,491,859, with a repayment period of 10 (ten) years from 2004 to 2014. The restructured loan bears interest rate of 0.20% per annum which is calculated based on the remaining principal loan balance. The restructuring of the subordinated loans was legalised in the notarial deed of Restructuring Agreement of Subordinated Loan No. 4 dated 7 December 2004 by Notary Ratih Gondokusumo Siswono, S.H. in Jakarta.

Subordinated Bond Rupiah Bank Mandiri I 2009

In order to strengthen the capital structure and support the loan expansion, on 14 December 2009, Bank Mandiri has issued Subordinated Bond Rupiah Bank Mandiri I 2009 (Subordinated Bond) amounting to Rp3,500,000. The proceeds from the issuance of Subordinated Bond is treated as lower tier 2 capital in accordance with regulation of Bank Indonesia. On 31 December 2011, the unamortised issuance cost of Subordinated Bond is amounting to Rp15,765.

(Expressed in millions of Rupiah, unless otherwise stated)

31. SUBORDINATED LOANS (continued)

Subordinated Bond Rupiah Bank Mandiri I 2009 (continued)

The Subordinated Bond has obtained an approval from Bank Indonesia through the letter No. 11/III/DPB1/TPB1-1 dated 14 December 2009 and has been declared effective through the letter of Chairman of the Capital Market & Financial Institutions Supervisory Agency (Bapepam-LK) No. S-10414/BL/2009 dated 3 December 2009.

The Subordinated Bond is listed on the Indonesia Stock Exchange (BEI) on 14 December 2009, in accordance with the announcement of listing from BEI on 11 December 2009. The Subordinated Bond has tenor of 7 (seven) years and will mature on 11 December 2016, with a fixed coupon rate of 11.85% per annum and issued as scripless trading. The trustee for the Subordinated Bond issued is PT Bank Permata Tbk.

The interests on the Subordinated Bond are payable quarterly, with the first interest payment date on 11 March 2010 and the last payment date including maturity date of the Subordinated Bond on 11 December 2016. The Bank has paid the interest of Subordinated Bond in accordance with the interest payment schedule.

There was no breach to the covenant of trusteeship agreement of Subordinated Bond for the period 1 January 2011 to 31 December 2011 (unaudited).

As at 31 December 2011 and 2010, the rating of the Subordinated Bond based on Pefindo was $_{id}$AA+ (double A Plus).

32. TEMPORARY *SYIRKAH* FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	2011	2010
Rupiah		
Third parties		
Mudharabah Musytarakah demand deposits	1,969	1,404
Total Rupiah	1,969	1,404
Foreign currency		
Third parties		
Restricted investment – demand deposits	83,633	83,690
Total foreign currency	83,633	83,690
	85,602	**85,094**

The restricted demand deposit are deposit from third parties which will receive return from their restricted investments based on the agreed share (*nisbah*) of the Subsidiary's revenue.

(Expressed in millions of Rupiah, unless otherwise stated)

32. TEMPORARY *SYIRKAH* FUNDS (continued)

a. Deposits from Customers (continued)

2) Saving Deposits

a. Based on type:

	2011	2010
Related parties (Note 51)		
Unrestricted investment – *Mudharahah* saving deposits		
BSM saving deposits	85,904	19,886
Berencana BSM saving deposits	470	279
Investa Cendekia saving deposits	345	258
Mabrur saving deposits	151	80
	86,870	20,503
Third parties		
Restricted investment – saving deposits	400,377	234,253
Unrestricted investment – *Mudharahah* saving deposits		
BSM saving deposits	11,302,427	7,951,149
Mabrur saving deposits	1,800,383	1,166,710
Investa Cendekia saving deposits	195,994	159,914
Berencana BSM saving deposits	125,045	95,973
Qurban saving deposits	386	247
Al Washilyah Mandiri saving deposits	5	-
	13,824,617	9,608,246
Total *Mudharabah* Saving Deposits	**13,911,487**	**9,628,749**

The restricted investment of *Mudharabah* saving deposits represent deposit from third parties which will receive return from their restricted investments based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The unrestricted investments of *Mudharabah* saving deposits represent third parties' deposits which will receive return from their investments based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the Annual Profit Sharing Ratio for Investment of *Mudharabah* Saving Deposits

	2011	2010
Profit sharing ratio	0.24% - 7.43%	0.26% - 6.44%

3) Unrestricted – *Mudharabah* Time Deposit

a. Based on type and currency:

	2011	2010
Rupiah		
Related parties (Note 51)	5,909,214	3,676,131
Third parties	16,384,323	11,024,392
Total Rupiah	**22,293,537**	**14,700,523**
Foreign currency		
Related parties (Note 51)	5,973	13,892
Third parties	1,225,202	395,987
Total foreign currencies	**1,231,175**	**409,879**
	23,524,712	**15,110,402**

(Expressed in millions of Rupiah, unless otherwise stated)

32. TEMPORARY *SYIRKAH* FUNDS (continued)

b. Deposits from Other Banks

	2011	2010
Third parties		
Unrestricted investment – *Mudharabah* saving deposits	162,546	100,532
Unrestricted investment – *Mudharabah* time deposits	173,199	326,647
	335,745	427,179

c. Other significant information related to the time deposits for deposit from customer and deposit from other banks

1) Based on contract period:

	2011	2010
Rupiah:		
1 month	15,839,854	11,032,948
3 months	3,690,758	2,110,533
6 months	1,644,208	860,548
12 months	1,291,916	1,023,142
Subtotal Rupiah	22,466,736	15,027,171
Foreign currency:		
1 month	889,800	336,934
3 months	129,142	35,836
6 months	20,120	16,538
12 months	192,113	20,570
Subtotal foreign currencies	1,231,175	409,878
	23,697,911	15,437,049

2) Based on maturity date:

	2011	2010
Rupiah:		
1 month	15,843,053	11,377,374
3 months	3,689,443	2,301,691
6 months	1,644,803	736,023
12 months	1,289,437	612,083
Subtotal Rupiah	22,466,736	15,027,171
Foreign currency:		
1 month	889,800	351,222
3 months	129,142	35,048
6 months	20,120	11,514
12 months	192,113	12,094
Subtotal foreign currencies	1,231,175	409,878
	23,697,911	15,437,049

The *Mudharabah* time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilization of its fund based on an agreed ratio arranged in *Mudharabah muthlaqah* agreement.

3) Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Time Deposits

	2011	2010
Rupiah	4.91% - 7.23%	5.39% - 8.05%
Foreign currency	0.91% - 1.78%	1.69% - 2.65%

(Expressed in millions of Rupiah, unless otherwise stated)

32. TEMPORARY *SYIRKAH* FUNDS (continued)

c. Other significant information related to the time deposits for deposit from customer and deposit from other banks (continued)

4) *Mudharabah* time deposits with *mudharabah muthlaqah* contract that is pledged as collateral for receivables and financing amounted to Rp391,564 and Rp270,314 as at 31 December 2011 and 2010, respectively.

33. NON CONTROLLING INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents non controlling interests in net assets of consolidated Subsidiaries as follow:

	2011	2010
AXA Mandiri Financial Services	534,170	315,681
Mandiri Tunas Finance	202,089	180,192
Mandiri AXA General Insurance	87,769	
Bank Sinar Harapan Bali	28,191	25,621
Bumi Daya Plaza	7,798	4,586
Usaha Gedung Bank Dagang Negara	1,100	1,085
Mandiri Sekuritas	72	63
	861,189	**527,228**

34. SHARE CAPITAL

a. Authorised, Issued and Fully Paid-in Capital

The Bank's authorised, issued and fully paid-in capital as at 31 December 2011 and 2010 , were as follows:

	31 December 2011			
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	Percentage Of Ownership
Authorised Capital				
- Dwiwarna Share A Series	1	500	500	0.00%
- Common Shares B Series	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorised Capital	**32,000,000,000**	**500**	**16,000,000,000,000**	**100.00%**
Issued and Fully Paid-in Capital				
Republic of Indonesia				
- Dwiwarna Share A Series	1	500	500	0.00%
- Common Shares B Series	13,999,999,999	500	6,999,999,999,500	60.00%
Public (less than 5% each)				
- Common Shares B Series	9,333,333,333	500	4,666,666,666,500	40.00%
Total Issued and Fully Paid-in Capital	**23,333,333,333**	**500**	**11,666,666,666,500**	**100.00%**

(Expressed in millions of Rupiah, unless otherwise stated)

34. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

	31 December 2010			
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	Percentage Of Ownership
Authorised Capital				
- Dwiwarna Share A Series	1	500	500	0.00%
- Common Shares B Series	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorised Capital	**32,000,000,000**	**500**	**16,000,000,000,000**	**100.00%**
Issued and Fully Paid-in Capital				
Republic of Indonesia				
- Dwiwarna Share A Series	1	500	500	0.00%
- Common Shares B Series	13,999,999,999	500	6,999,999,999,500	66.68%
Public (less than 5% each)				
- Common Shares B Series	6,996,494,742	500	3,498,247,371,000	33.32%
Total Issued and Fully Paid-in Capital	**20,996,494,742**	**500**	**10,498,247,371,000**	**100.00%**

Based on notarial deed No. 10 of Notary Sutjipto, S.H., dated 2 October 1998, the authorised capital of Bank Mandiri amounting to Rp16,000,000 with a nominal value of Rp1,000,000 (full amount) per share.

The determination of issued and fully paid-in capital amounting to Rp4,000,000 by the Government of the Republic of Indonesia at the date of establishment of Bank Mandiri was carried out as follows:

1. Cash payment through Bank Indonesia amounting to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounting to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated 2 October 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares (*inbreng*) as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated 24 July 1999, the shareholders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result from the excess of recapitalisation bonds issued under the 1st Recapitalisation Program as per Government Regulation No. 52 year 1999.

Based on the Extraordinary General Shareholders' Meeting resolution dated 29 May 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated 29 May 2003, the shareholders approved these following matters:

(i) Execution of Initial Public Offering
(ii) Changes in capital structure of Bank Mandiri
(iii) Changes in Articles of Association of Bank Mandiri

34. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

In relation to the shareholders' decision to change the capital structure, Bank Mandiri increased its issued and fully paid-in capital to Rp10,000,000 and split the share price (stock split) from Rp1,000,000 (full amount) per share to Rp500 (full amount) per share. Accordingly, the number of authorised shares increased from 16,000,000 shares to 32,000,000,000 shares, and the number of issued and fully paid-in shares increased from 10,000,000 shares with a nominal value of Rp1,000,000 (full amount) to 20,000,000,000 shares with a nominal value of Rp500 (full amount) of which consists of 1 Dwiwarna share A Series and 19,999,999,999 Common shares B Series of which owned by the Republic of Indonesia.

In relation to the change in capital structure Bank Mandiri, the Extraordinary General Shareholders' Meeting also approved the allocation on part of Recapitalisation Fund amounting to Rp168,801,315 as Agio.

The above changes in capital structure became effective since 23 May 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the General Shareholders Meeting.

The Dwiwarna share A Series represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Shareholders' Meeting can make decision only if the Dwiwarna A Series Shareholders attend and approve certain agendas.

The General Shareholders' Meeting where they are mandatory to be attended and their agendas approved by the Dwiwarna share A Series' Shareholder are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment in the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Notary Sutjipto, S.H. No. 2 dated 1 June 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through decree No. C-12783.HT.01.04.TH.2003 dated 6 June 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated 8 August 2003.

The increase in issued and fully paid-in capital of Bank Mandiri from Rp4,251,000 to Rp10,000,000 was made through the following:

1. Partial return of fully paid-in capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounting to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation (PP) No. 26 year 2003 dated 29 May 2003, regarding the "Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero)", and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated 29 October 2002.

34. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

2. Increase in fully paid-in capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia ("KMK RI") No. 227/202.02/2003 dated 23 May 2003 regarding "The Final Amount and Implementation of the Government's Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program".

Based on the Extraordinary General Shareholders' Meeting held on 29 May 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated 29 May 2003, the shareholders' agreed an employee stock ownership plan through an Employee Stock Allocation Program (ESA) and a Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan and a Share Purchase at Discount program. MSOP is designated for directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs is performed by the Board of Directors, while the supervision is performed by the Board of Commissioners (Note 35).

On 14 July 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

As a follow up action on the Regulation of the Government of the Republic of Indonesia No. 27/2003 dated 2 June 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated 19 January 2004, the Government of the Republic of Indonesia divested an additional 10.00% ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on 11 March 2004 through private placements.

On 14 July 2003, the date of the IPO, through MSOP Stage 1 (Management Stock Option Plan - Stage 1), the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounting to Rp69.71 (full amount) per share options. Up to 31 December 2010, MSOP Stage 1 has been exercised totaled 375,365,957 shares, thereby increasing the total issued and fully paid-in capital by Rp187,683, agio by Rp117,193. MSOP stage 1 could be exercised up to 13 July 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated 14 July 2004.

The Annual General Shareholders' Meeting on 16 May 2005 approved MSOP Stage 2 amounting to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounting to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised totaled 311,713,697 shares thereby increasing the total issued and fully paid-in capital by Rp155,857, agio by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from 4 May 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated 2 February 2007.

34. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

The Annual General Shareholders' Meeting on 22 May 2006 approved MSOP Stage 3 amounting to 309,416,215 share options. The General Shareholders' Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounting to Rp593.89 (full amount) per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid-in capital by Rp154,707 and agio by Rp491,651. The execution period of MSOP Stage 3 ended in February 2011, before the commencement Bank Mandiri pre-emptive rights trading dated 14 February 2011 until 21 February 2011.

The exercised MSOP Stage 2 and Stage 3 during the year ended 31 December 2010 were 6,684,845 shares and 19,693,092 shares, respectively resulting an addition of Issued and Fully Paid-up Capital of Rp13,189 (Note 34b and 35).

On 27 December 2010, Bank Mandiri submitted a first registration to the Capital Market Supervisory Board and Financial Institution ("Bapepam-LK") in relation to the limited public offering to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 B series of shares. The limited public offering has been approved by the Board of Commissioners through its letter dated 29 April 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated 17 September 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated 20 November 2010.

The Limited Public Offering (LPO) has been approved by the Capital Market Supervisory Board and Financial Institution ("Bapepam-LK") through its letter No. S-807/BL/2011 dated 27 January 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on 28 January 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of 14 - 21 February 2011 with an exercise price of Rp5,000 (full amount) per share which resulted an additional of issued and paid-up capital amounting to Rp1,168,420.

b. Additional Paid-In Capital/Agio

The additional paid-in capital/agio as at 31 December 2011 and 2010 amounting Rp17,195,760 and Rp6,960,680, respectively are derived from Limited Public Offering, Recapitalisation Program (Note 1c), execution of MSOP and MSOP 2 and 3 which are not executed. As at 31 December 2011, the agio amounting Rp17,195,760 already includes the agio from LPO (Note 34a) amounting Rp10,515,774 deducted with expenditures relating to the LPO amounting Rp280,694. As at 31 December 2010, the un-exercised MSOP Stage 2 and Stage 3 stock option were 286,303 shares and 1,127 shares, respectively or amounting Rp 184 and Rp 1, respectively.

Share options exercised from MSOP Stage 2 and MSOP Stage 3 for the year ended 31 December 2010 were 6,684,845 shares and 19,693,092 shares, respectively, thereby increasing the total paid-in capital/agio by Rp48,908 (Notes 34a and 35). As at 31 December 2010, the addition in paid-in capital amounting Rp185 resulted from MSOP Option Stage 2 and Stage 3 where its conversion right has expired but not exercised amounting to 287,430 shares.

(Expressed in millions of Rupiah, unless otherwise stated)

34. SHARE CAPITAL (continued)

b. Additional Paid-In Capital/Agio (continued)

Based on the results of a due diligence review conducted on behalf of the Government dated 31 December 1999 and Management Contract (IMPA) dated 8 April 2000, it was decided that there was an excess on recapitalisation amounting to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on 7 July 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on 25 April 2003 based on approval from the shareholders during its meeting on 29 October 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated 29 October 2002.

The refund of the above excess recapitalisation amounting to Rp1,412,000 includes a portion of issued and fully paid-in capital of Rp251,000.

On 23 May 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated 30 September 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

The following are the matters decided under the KMK-RI:

a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as agio within the capital structure of Bank Mandiri.

Through quasi-reorganisation, the Bank's accumulated losses as at 30 April 2003 amounting to Rp162,874,901 were eliminated against additional paid-in capital/agio.

c. Distribution of Net Income

Based on the Annual General Shareholders' Meeting held on 23 May 2011 and 17 May 2010, the shareholders approved the distribution of the 2010 and 2009 net income as follows:

	2010	**2009**
Dividends *)	3,226,404	2,504,412
Cooperative Development Fund Program	46,091	35,779
Community Development Fund Program	322,640	250,441
	3,595,135	2,790,632
Retained Earnings		
Appropriated	220,347	-
Unappropriated	5,402,816	4,364,832
	9,218,298	**7,155,464**
Dividend per share (full amount)	120,59884	119.37274

34. SHARE CAPITAL (continued)

c. Distribution of Net Income (continued)

Dividends from 2010 and 2009 net income amounting Rp3,226,404 and Rp2,504,412 were paid through an interim dividend of Rp412,431 and Rp403,975 on 30 December 2010 and 22 December 2009 and final dividend of Rp2,813,972 and Rp2,100,437 on 30 June 2011 and 25 June 2010, respectively. Payment of dividends were recorded in the consolidated statement of changes in equity in the respective payment date. The Cooperative Development Fund Program and the Community Development Fund Program, which are allocated from the 2010 and 2009 net income, were paid on 28 June 2011 and 24 June 2010 respectively.

35. MANAGEMENT STOCK OPTION PLAN

Based on the Extraordinary General Shareholders' Meeting held on 29 May 2003, which was notarized at the same date by Notary Sutjipto, S.H. as per notarial deed No. 142, the shareholders approved the adoption of the Management Stock Option Plan (MSOP).

The purpose of the MSOP program is to achieve long-term objective, of ensuring the continuity of the current or future performance of the Bank by aligning management and shareholders' objectives. The Bank implemented the MSOP program to attract, retain and motivate senior management and other key employees at certain levels and criteria. In accordance with Indonesia Stock Exchange (formerly Jakarta Stock Exchange) Regulation No. 1-A, the Bank issued MSOP shares through additional common shares B Series (issued without the Pre Emptive Right), up to the maximum of 5.00% from the total issued and fully paid-in capital or equivalent to 1 (one) billion of common shares B Series with par value of Rp500 (full amount) per share.

MSOP Stage 1

The share option period is 5 (five) years from the grant date. Number of stock options that can be exercised for MSOP Stage 1 at the end of the first year of vesting period/recognition of compensation right is 50.00% of the total options granted, and the remaining 50.00% can be exercised at the end of the second year of the vesting period up to the end of the fifth year.

On 14 July 2003, with the approval of Extraordinary General Shareholders' Meeting held on 29 May 2003, the Bank granted MSOP Stage 1 amounting to 378,583,785 share options with an exercise price of Rp742.50 (full amount) per share or 110.00% of the offering price per share with a vesting period of two years.

The fair value of MSOP Stage 1 stock options granted on 14 July 2003 was Rp69.71 (full amount) based on a valuation report issued by PT Watson Wyatt Indonesia dated 4 March 2004.

(Expressed in millions of Rupiah, unless otherwise stated)

35. MANAGEMENT STOCK OPTION PLAN (continued)

MSOP Stage 2

The Annual General Shareholders' Meeting held on 16 May 2005 approved the MSOP Stage 2 amounting to 312,000,000 share options. Exercise price for each share is Rp1,190.50 (full amount) for the first year of execution and Rp2,493 (full amount) for the remaining exercised period up to the end of the option life time in the fifth year.

The share option period of MSOP Stage 2 is 5 (five) years, since eligibility date on 21 June 2005. After 4 December 2006, all share options in MSOP Stage 2 could be 100.00% exercised from the total option granted.

The fair value of MSOP Stage 2 which was granted on 16 May 2005 was Rp642.28 (full amount) based on a valuation report issued by PT Watson Wyatt Indonesia dated 27 February 2006.

MSOP Stage 3

The Annual General Shareholders' Meeting held on 22 May 2006 approved the MSOP Stage 3 amounting to 309,416,215 share options. Exercise price per each share is Rp1,495.08 (full amount) during the options period.

The decision of the stock options allocation and the policy of MSOP Stage 3 was determined by the Board of Commissioners on 28 July 2006. The option period of MSOP Stage 3 is 5 (five) years with maximum execution twice a year which was announced in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-989/BEJ-PSJ/P/10-2006 dated 31 October 2006.

Based on the policy of the Board of Commissioners, on 30 October 2007, the Bank stated that MSOP Stage 3 can be exercised on the first period (7 May 2007 and 5 November 2007) at the maximum 50.00% from total options granted. The remaining 50.00% can be exercised on the next period (the second period or the subsequent periods).

The fair value of MSOP Stage 3 stock options granted on 22 May 2006 was Rp593.89 (full amount) based on a valuation report issued by PT Watson Wyatt Indonesia dated 22 February 2007.

The fair value of MSOP Stage 1, MSOP Stage 2 and MSOP Stage 3 were estimated using the Black Scholes option pricing model with the following assumptions:

	MSOP Stage 1	MSOP Stage 2	MSOP Stage 3
Risk free interest rate	8.46%	9.50%	11.65%
Expected option period	5 years	5 years	5 years
Expected volatility of stock price	24.53%	50.00%	50.00%
Expected dividend yield	7.63%	7.63%	7.75%
Employee turnover rate	1.00%	1.00%	1.00%

Number of options exercised for the period ended 31 December 2010 amounting to 26,377,937 options (Notes 34a and 34b) which consist of MSOP Stage 2 and MSOP Stage 3 amounting to 6,684,845 options and 19,693,092 options, respectively.

In relation to Bank Mandiri's plans to undertake Rights Issue, 11,649,602 options and 3,224,264 options of MSOP Stage 3 have been exercised on 4 November 2010 and 14 December 2010, respectively. The last period of MSOP Stage 3 execution was brought forward from 4 May 2011 to 14 December 2010. This particular change is in relation with Bank's plan to undertake a Limited Public Offering. As at 31 December 2011 and 2010, there is no outstanding stock option.

(Expressed in millions of Rupiah, unless otherwise stated)

35. MANAGEMENT STOCK OPTION PLAN (continued)

MSOP Stage 3 (continued)

A summary of the Management Stock Option Plan and the movements during the periods (full amount):

	31 December 2010			
	Number of options	Weighted average fair value of options (full amount)	Weighted average excercise price of options (full amount)	Value of options
Options outstanding at the beginning of the year	26,665,367	606.54	1,755.97	16,174
Options exercised during the year	(26,377,937)	606.15	1,747.98	(15,989)
Options have been expired	(287,430)	642.09	2,489.09	(185)
Options at the end of the year	-			-

36. INTEREST AND SHARIA INCOME

Interest income consist of interest income and sharia income as follow:

	2011	2010
Interest income		
Loans	26,602,988	22,434,166
Government Bonds	4,214,014	5,702,826
Marketable securities	1,386,642	2,146,955
Placements with Bank Indonesia and other banks	1,280,868	532,119
Consumer financing income	545,944	342,464
Others	309,272	392,632
Total	34,339,728	31,551,162
Sharia income		
Murabahah and *Istishna* income	2,180,579	1,378,570
Mudharabah income	636,928	550,452
Musyarakah income	558,025	442,861
Ijarah income - net	14,759	8,605
Total	3,390,291	2,380,488
Total Interest and Sharia Income	**37,730,019**	**33,931,650**

Included in interest income from loans is interest income recognised on the non-impaired portion of the impaired loans (time value unwinding) for the year ended 31 December 2011 and 2010 amounting to Rp480,817and Rp515,916 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended 31 December 2011 and 2010 amounting to Rp799,445 and Rp550,277.

As of 31 December 2011 and 2010 included in interest and sharia income is income from transaction with related parties on Government Bonds and Treasury Bill amounting to Rp4,256,890 and Rp5,770,638 (refer to Note 51).

(Expressed in millions of Rupiah, unless otherwise stated)

37. INTEREST AND SHARIA EXPENSE

Interest and sharia expense are incurred on the following:

	2011	2010
Time deposits	10,031,286	8,939,093
Saving deposits	3,008,988	2,585,365
Demand deposits	1,116,436	1,294,351
Insurance premiums on third party funds guarantee program (Note 59)	759,174	651,057
Subordinated loans	434,401	434,964
Fund borrowings	282,964	279,439
Marketable securities issued	133,789	100,218
Others	167,004	110,111
	15,934,042	**14,394,598**

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended 31 December 2011 and 2010 amounting to Rp1,780,550 and Rp1,161,680, respectively.

Included in interest and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended 31 December 2011 and 2010 amounting to Rp5,435 and Rp8,565, respectively (refer to Note 51).

38. OTHER OPERATING INCOME – OTHERS

	2011	2010
Recovery of written-off loans relating to implementation of SFAS 55 (Revised 2006) *)	2,997,761	1,834,289
Income from loan written-off **)	589,961	237,897
Income from penalty	100,849	108,810
Stamp duty income	50,086	47,348
Safety deposit box	21,536	21,247
Others	652,207	485,939
	4,412,400	**2,735,530**

*) For 2011 the amount includes receipt of PT Garuda Indonesia (Persero) ("Garuda") Tbk's Mandatory Convertible Bond principal settlement amounting Rp967,869 (refer to Note 51).

**) For 2011 the amount includes receipt of interest portion of settlement of Garuda MCB amounting Rp433,054 (refer to Note 51).

39. ALLOWANCE FOR IMPAIRMENT LOSSES

	2011	2010
(Allowance)/reversal for impairment losses on:		
Current accounts with other banks (Note 5d)	(828)	3,323
Placements with other banks (Note 6e)	(7,300)	63,286
Marketable Securities (Note 7g)	(17,530)	(167,895)
Other receivables - trade transactions (Note 9d)	98,692	(269,594)
Derivative receivables (Note 11)	-	(412)
Loans (Note 12B.j)	(3,407,728)	(2,450,235)
Consumer financing receivables (Note 13c)	(113,083)	(46,116)
Net investment in lease finance	(197)	-
Acceptance receivables (Note 14d)	151,154	(117,977)
Investments in shares (Note 15c)	(850)	(614)
	(3,297,670)	**(2,986,234)**

40. REVERSAL FOR POSSIBLE LOSSES

	2011	2010
Reversal/(allowance) provision for:		
Estimated losses arising from fraud cases	(40,022)	62,114
Estimated losses arising from legal cases (Note 30)	(14,576)	(61,381)
Others assets (Note 18)	339,620	89,803
Others	-	(1,758)
	285,022	**88,778**

(Expressed in millions of Rupiah, unless otherwise stated)

41. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDER'S INVESTMENT IN UNIT-LINKED CONTRACTS

	2011	2010
Marketable securities	9,139	19,613
Government Bonds	60,764	10,813
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts		
- Change in market value of policyholders' - investment	164,575	611,814
- Decrease in liability in unit-linked contracts	(164,575)	(665,641)
	69,903	**(23,401)**

42. GAINS ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	2011	2010
Marketable securities	81,400	184,513
Government Bonds	35,736	102,357
	117,136	**286,870**

43. SALARIES AND EMPLOYEE BENEFITS

	2011	2010
Salaries, wages, pension and tax allowances	3,892,610	3,298,782
Holidays (THR), leave and related entitlements	807,860	522,467
Training and education	328,906	317,988
Employee benefits in kind	424,182	253,976
Provision for post-employment benefit expenses and free of service year	207,772	404,299
Provision of tantiem	109,822	86,782
Bonuses and others	995,319	917,879
	6,766,471	**5,802,173**

Total gross salaries and allowances, bonus/*tantiem,* long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Syariah Supervisory Board and Executive Vice President and Senior Vice President are amounting to Rp405,791 and Rp353,831 for the years ended 31 December 2011 and 2010, respectively as follows:

	31 December 2011			
	Salaries and Allowance	**Bonus/ *Tantiem***	**Long-term Employment Benefits**	**Total**
The Board of Commissioners	29,278	25,675	1,930	56,883
Directors	94,231	84,146	5,380	183,757
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	1,614	691	-	2,305
Syariah Supervisory Board	837	-	-	837
Executive Vice Presidents and Senior Vice Presidents	105,055	41,925	15,029	162,009
	231,015	**152,437**	**22,339**	**405,791**

(Expressed in millions of Rupiah, unless otherwise stated)

43. SALARIES AND EMPLOYEE BENEFITS (continued)

	31 December 2010			
	Salaries and Allowance	**Bonus/ *Tantiem***	**Long-term Employment Benefits**	**Total**
The Board of Commissioners	22,656	18,067	2,719	43,442
Directors	81,389	65,430	7,510	154,329
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	1,467	523	-	1,990
Syariah Supervisory Board	772	-	-	772
Executive Vice Presidents and Senior Vice Presidents	87,696	50,092	15,510	153,298
	193,980	**134,112**	**25,739**	**353,831**

44. GENERAL AND ADMINISTRATIVE EXPENSES

	2011	**2010**
Professional fees	1,108,914	675,022
Promotions	929,292	881,846
Rent	864,746	642,728
Repairs and maintenance	631,524	470,854
Communications	577,075	471,894
Depreciation and amortisation of fixed assets (Note 17)	465,730	448,616
Office supplies	407,006	342,891
Goods and services provided by third parties	400,747	383,873
Electricity, gas and water	343,654	307,704
Transportations	222,711	170,528
Traveling	145,454	108,170
Insurance	60,564	35,598
Others	420,226	528,248
	6,577,643	**5,467,972**

For the year ended 31 December 2011 and 2010, promotions expenses included the sweepstakes prize expense of third party funds amounting to Rp46,247 and Rp47,423.

45. EMPLOYEE BENEFITS

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as yearly allowance (THR), pre-retirement (MBT) allowance, medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance, and post-employment benefits in accordance with prevailing Labor Law.

45. EMPLOYEE BENEFITS (continued)

Pension Plan

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

a. One defined contribution pension plan, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PPIP) or Bank Mandiri Pension Plan (*Dana Pensiun Bank Mandiri* (DPBM)) was established on 1 August 1999. The DPBM's regulations were approved by Minister of Finance of the Republic of Indonesia through its Decision Letter No. KEP/300/KM.017/1999 dated 14 July 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated 3 August 1999 and Bank Mandiri's Directors' Resolution No. 004/KEP.DIR/1999 dated 26 April 1999 and were amended based on the Minister of Finance of the Republic of Indonesia's Decision Letter No. KEP-213/KM.5/2005 dated 22 July 2005 and was published in the supplement of the State Gazette of the Republic of Indonesia No. 77 dated 27 September 2005 and Bank Mandiri's Directors' Resolution No. 068/KEP.DIR/2005 dated 28 June 2005.

   Bank Mandiri and the employees contribute 10.00% and 5.00% of the Base Pension Plan Employee Income, respectively.

   The Board of Directors and the members of the Supervisory Board of the DPBM are active employees of Bank Mandiri; therefore, in substance, Bank Mandiri has control over the DPBM. DPBM invests a part of its financial resources in Bank Mandiri time deposits, of which total balance as at 31 December 2011 and 2010 were Rp35,175 and Rp52,100 respectively. The interest rates on these time deposits are given on arms-length basis.

   For the years ended 31 December 2011 and 2010, the Bank paid pension contributions amounting to Rp200,629 and Rp176,282, respectively.

b. Four employer defined benefit pension plans, *Dana Pensiun Pemberi Kerja Program Pensiun Manfaat Pasti* (DPPK-PPMP) are derived from the respective pension plans of the Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBM I (BBD), DPBM II (BDN), DPBM III (Bank Exim) and DPBM IV (Bapindo). The regulations of the respective pension plans were approved by the Minister of Finance of the Republic of Indonesia's through its decision letters No. KEP-394/KM.017/1999, No. KEP-395/KM.017/1999, No. KEP-396/KM.017/1999 and No. KEP-397/KM.017/1999 all dated 15 November 1999, Based on the approval of shareholders No. S-923/M-MBU/2003 dated 6 March 2003, Bank Mandiri has adjusted pension benefits for each Pension Fund. Such approval has been incorporated in each of the Pension Fund's Regulations *(Peraturan Dana Pensiun (PDP))* which have been approved by the Minister of Finance of the Republic of Indonesia based on its decision letters No. KEP/115/KM.6/2003 for PDP DPBM I, No. KEP/116/KM.6/2003 for PDP DPBM II, No. KEP/117/KM.6/2003 for PDP DPBM III, and No. KEP/118/KM.6/2003 for DPBM IV, all dated 31 March 2003.

   The members of the defined benefit pension plans are the employees from the legacy banks who have rendered three or more services years at the time of merger and are comprise of active employees of the Bank, former employee (those who have resigned and did not transfer their beneficial right to other pension plan) and pensioners.

   Based on the decision of the General Shareholders' Meeting dated 28 May 2007, Bank Mandiri increased the pension benefit from each of the Pension Plans. The decision was stated in each Pension Plan Regulation and has been approved by the Minister of Finance of the Republic of Indonesia with decision letter No. KEP-144/KM.10/2007 (DPBM I); No. KEP-145/KM.10/2007 (DPBM II); No. KEP-146/KM.10/2007 (DPBM III) and No. KEP-147/KM.10/2007 (DPBM IV), all dated 20 July 2007.

   Based on the approval of the General Meeting of Shareholders (AGM) on 17 May 2010, Bank Mandiri raise the retirement benefits of each pension fund. Decision to increase pension benefits set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-441/KM.10/2010 dated 10 August 2010 (DPBMS); No. KEP-442/KM.10/2010 dated August 10, 2010 (DPBMD); No. KEP-443/KM.10/2010 dated 10 August 2010 (DPBMT) and No. KEP-444/KM.10/2010 dated 10 August 2010 (DPBME).

(Expressed in millions of Rupiah, unless otherwise stated)

45. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

Based on the approval of the General Meeting of Shareholders (AGM) on 23 May 2011, Bank Mandiri raise the retirement benefits of each pension fund. Decision to increase pension benefits set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-588/KM.10/2011 dated 20 July 2011 (DPBMS); No. KEP-589/KM.10/2011 dated 20 July 2011 (DPBMD); No. KEP-590/KM.10/2011 dated 20 July 2011 (DPBMT) and No. KEP-591/KM.10/2011 dated 20 July 2011 (DPBME).

As at 31 December 2011 and 2010 , the provision for pension benefit obligation are calculated by the independent actuary as shown in the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 18 January 2012 for the year ended on 31 December 2011 and the independent actuarial report of PT Eldridge Gunaprima Solution dated 28 January 2011 for the year ended 31 December 2010. The assumptions used for the years ended 31 December 2011 and 2010 are as follows:

	DPBM I	DPBM II	DPBM III	DPBM IV
Discount rate	7.25% per annum (2010: 9.50%)	7.25% per annum (2010: 9.50%)	7.25% per annum (2010: 9.50%)	7.25% per annum (2010: 9.50%)
Expected rate of return on pension plan assets	8.00% per annum (2010: 9.00%)	9.25% per annum (2010: 9.00%)	7.50% per annum (2010: 8.00%)	8.00% per annum (2010: 8.00%)
Working period used	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999
Pensionable salary (PhDP) used	As at 31 July 1999, adjusted PhDP of legacy banks'	As at 1 January 2003, adjusted PhDP of legacy banks'	As at 1 January 2003, adjusted PhDP of legacy banks'	As at 1 January 2003, adjusted PhDP of legacy banks'
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	2011 and 2010: Indonesian Mortality Table 1999 (TMI II) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2011 and 2010: Indonesian Mortality Table 1999 (TMI II) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2011 and 2010: Indonesian Mortality Table 1999 (TMI II) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2011 and 2010: Indonesian Mortality Table 1999 (TMI II) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2011 and 2010: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55	2011 and 2010: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55	2011 and 2010: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55	2011 and 2010: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55
Disability rate	2011 and 2010: 10.00% of TMI II	2011 and 2010: 10.00% of TMI II	2011 and 2010: 10.00% of TMI II	2011 and 2010: 10.00% of TMI II
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Normal retirement age	48 years to 56 years depending on the grades	56 years for all grades	56 years for all grades	56 years for all grades
Maximum defined benefit amount	80.00% of PhDP	80.00% of PhDP	62.50% PhDP	75.00% PhDP
Expected rate of pension benefit increase	Nil	Nil	Nil	4.00% per 2 years
Tax rates - average	2011 and 2010: 3.00% of pension benefit	2011 and 2010: 3.00% of pension benefit	2011 and 2010: 3.00% of pension benefit	2011 and 2010: 3.00% of pension benefit

(Expressed in millions of Rupiah, unless otherwise stated)

45. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as at 31 December 2011, based on independent actuary report, are as follows:

	DPBM I	DPBM II	DPBM III	DPBM IV
Projected benefit Obligations	1,212,086	1,484,395	614,362	395,053
Fair value of plan Assets	1,517,006	1,748,625	742,595	544,190
Funded status	304,920	264,230	128,233	149,137
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	(221,559)	(144,142)	(111,007)	(52,637)
Surplus based on SFAS No. 24 (Revised 2004)	83,361	120,088	17,226	96,500
Asset ceilling *)	-	-	-	-
Pension Plan Program Assets recognised in balance sheet **)	**-**	**-**	**-**	**-**

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the Balance Sheets because the requirements under SFAS No. 24 (Revised 2004) regarding "Employee Benefits" are not fulfilled.

The projected benefit obligations and fair value of plan assets as at 31 December 2010, based on independent actuary report, are as follow:

	DPBM I	DPBM II	DPBM III	DPBM IV
Projected benefit Obligations	1,046,218	1,279,128	540,301	340,394
Fair value of plan Assets	1,534,816	1,664,164	700,682	534,501
Funded status	488,598	385,036	160,381	194,107
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	(350,059)	(190,703)	(88,451)	(94,632)
Surplus based on SFAS No. 24 (Revised 2004)	138,539	194,333	71,930	99,475
Asset ceilling *)	-	-	-	-
Pension Plan Program Assets recognised in balance sheet **)	**-**	**-**	**-**	**-**

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the Balance Sheets because the requirements under SFAS No. 24 (Revised 2004) regarding "Employee Benefits" are not fulfilled.

(Expressed in millions of Rupiah, unless otherwise stated)

45. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 (Revised 2004) to recognise provision for employee service entitlements. As at 31 December 2011 and 2010 the Bank recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp1,404,375 (included Rp8,240 which is compensation benefits for employees that have resigned but not yet paid and have been excluded from actuarial calculation) and Rp1,178,427 (included Rp9,187 which is compensation benefits for employees that have resigned but not yet paid and have been excluded from actuarial calculation) which is estimated post employment benefit based on the independent actuarial reports (Note 30).

Provision for employee service entitlements as at 31 December 2011 and 2010 , are estimated using the employees service entitlements calculation for the years ended 31 December 2011 and 2010 as shown in the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated 18 January 2012 for the year ended 31 December 2011 and independent actuarial report of PT Eldridge Gunaprima Solution dated 28 January 2011 for the year ended 31 December 2010. The assumptions used by the actuary for the year ended 31 December 2011 and 2010 are as follows:

a. Discount rate is 6.00% per annum.
b. Expected rate of annual salary increase is 8.50%.
c. Mortality rate table used is Indonesia Mortality Table 1999 or TMI II.
d. Turnover rate is 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% at age 55.
e. Actuarial method is projected unit credit method.
f. Normal retirement age is 56 years.
g. Disability rate is 10.00% of TMI II.

Reconciliation between the provision for post employment benefits presented in the balance sheets and statements of income, based on independent actuary report, are as follows (Bank Mandiri only):

	2011	2010
Present value of obligations	1,547,952	1,262,717
Unrecognised past service cost	39,675	40,813
Unrecognised actuarial (gains)/losses	(314,525)	(215,958)
Provision for Post Employment Benefits presented in Balance Sheets	**1,273,102**	**1,087,572**
Current service cost	127,117	93,965
Interest cost	96,892	91,579
Amortisation of unrecognised past service cost	(1,138)	(1,138)
Amortisation of unrecognised actuarial (gains)/losses	8,682	-
Immediate recognition of past service cost	(28,244)	(58,831)
Cost of Pension benefits	**203,309**	**125,575**

Reconciliation of provision for post employment benefits are as follows (Bank Mandiri only):

	2011	2010
Beginning balance of provision for post employment benefits	1,087,572	983,052
Expenses during the year	203,309	125,575
Payments of benefits	(17,779)	(21,055)
Provision for Post Employee Benefits (Note 30)	**1,273,102** *)	**1,087,572** *)

*) As at 31 December 2011 and 2010 , the amount does not include unpaid severance for resigned employees amounting to Rp8,240 and Rp9,187 respectively, which was excluded from actuarial computation.

(Expressed in millions of Rupiah, unless otherwise stated)

45. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

As at 31 December 2011 and 2010 , the provision for post employment benefits in the Subsidiaries amounting to Rp123,033 and Rp81,668 respectively.

Service-Free Period (MBT)

MBT is the period prior to retirement age where the employees are released from their active routine jobs thus they do not go to work but still obtain employee benefits such as: salary, medical facility, religion vacation benefit, annual leave (if in the current period the employee still has active working period), long service leave (if the long service leave is within the MBT period), mourning benefit and mourning facility.

The MBT benefits are aimed to provide employee with an opportunity to prepare prior entering the pension age.

The Pension Age, Minimal Working Period and MBT period are as follows:

No	Pension Age	Minimal Working Period	MBT Period
1.	56 years	12 years	12 months
2.	46 years	9 years	9 months

Reconciliation of Provision for Service-Free Period benefit, which recognised on balance sheets and statements of income based on independent actuary report, are as follows:

	2011	2010
Current Service Cost	-	1,158
Interest Cost	-	100,831
Recognition of actuarial (gain)/losses	(15,962)	155,203
(Revenue)/cost of provision for service-free period	**(15,962)**	**257,192**
Beginning balance of provision for service - free period facilities	56,273	973,347
(Income)/Expenses during the year	(15,962)	257,192
Payment of benefits	(29,959)	(39,063)
Payment to *Koperasi*	-	(1,135,203)
Provision for service-free period (Note 30)	**10,352**	**56,273**

In accordance with Director's Decision letter No KEP.DIR/346/2010, dated 22 December 2010, Management decided that the MBT benefit is terminated since 1 January 2012 and that 2011 is the MBT transition period, where employees who enter their pension age in 2011 are still entitled with the benefit and the last payment for MBT will be at the end of May 2012. The provision for service – free period benefit (MBT) as at 31 December 2011 and 2010 is amounting to Rp10,352 and Rp56,273, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

45. EMPLOYEE BENEFITS (continued)

Service-Free Period (MBT) (continued)

Furthermore, in accordance with Director's Decision letter No KEP.DIR/347/2010, dated 22 December 2010, Management decided that the Pensioner's Health Program effectively applied since 1 January 2011. This Pensioner's Health Program is intended for pensioners and permanent employees in their pension age. The management program was operated by Bank Mandiri's Employees and Pensioners Health Cooperation or called Mandiri Healthcare ("*Koperasi*"), which was established on 1 November 2010, and includes pension members and Bank Mandiri employees.

During the program implementation, as at 31 December 2010, the Bank has placed initial funds to the Cooperation under the name of the program's participants amounting to Rp1,135,203, which was sourced from the provision of service free period (MBT) that has been recorded by the Bank. Subsequently, the Bank and its employees will contribute to the Cooperation every month, amounting to 3% and 2% of the employee's basic salary, respectively.

Subsidiaries does not have Service-Free Period (MBT) Benefit.

46. OTHER OPERATING EXPENSES - OTHERS - NET

	2011	2010
Fees and commissions expenses	470,304	479,306
Sales force compensations	271,646	52,093
Fees related to Credit card and ATM transactions	138,529	87,695
Fees from RTGS, remittance and clearing transactions	68,487	58,869
Employee restructuring cost	49,392	104,538
Others	1,969,549	22,327
	2,967,907	**804,828**

Others consist of Subsidiary's commission expense from bancassurance and other commission expenses, and other expense besides expenses disclosed above.

47. NON-OPERATING INCOME - NET

	2011	2010
Rental income	69,354	65,712
Gain on sale of fixed assets	37,538	66,862
Penalties	(3,270)	(3,817)
Others - net	59,480	101,385
	163,102	**230,142**

(Expressed in millions of Rupiah, unless otherwise stated)

48. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded in off-balance sheet:

	2011	2010
COMMITMENTS		
Commitment Payables:		
Unused loan facilities granted *)		
Third parties	54,104,438	41,961,727
Related parties	15,592,735	10,863,082
	69,697,173	52,824,809
Outstanding irrevocable letters of credit (Note 28):		
Third parties	7,129,962	4,806,440
Related parties	4,940,828	2,852,448
	12,070,790	7,658,888
Total Commitment Payables	81,767,963	60,483,697
Commitment Payables - Net	**(81,767,963)**	**(60,483,697)**
CONTINGENCIES		
Contingent Receivables:		
Guarantees received from other banks	5,707,442	3,803,084
Interest receivable on non-performing assets	5,348,404	5,072,817
Others	32,729	32,729
Total Contingent Receivables	11,088,575	8,908,630
Contingent Payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 28):		
Third parties	20,784,987	14,667,364
Related parties	6,644,295	6,682,817
	27,429,282	21,350,181
Standby letters of credit (Note 28)		
Third parties	3,526,296	1,019,049
Related parties	1,759,233	2,213,975
	5,285,529	3,233,024
Others	70,264	36,337
Total Contingent Payables	32,785,075	24,619,542
Contingent Payables - Net	**(21,696,500)**	**(15,710,912)**
COMMITMENTS AND CONTINGENCIES PAYABLE - NET	**(103,464,463)**	**(76,194,609)**

*) Include committed and uncommitted unused loan facilities

(Expressed in millions of Rupiah, unless otherwise stated)

49. FOREIGN CURRENCY TRANSACTIONS

Forward and cross currency swap transactions are presented as derivative receivables/payables in the consolidated statement of financial position (Note 11).

Details of outstanding buy and sell foreign currency spot transactions (Bank Mandiri only) are as follows:

	31 December 2011			
	Spot - Buy		Spot - Sell	
Original Currency	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	140,565,523	1,274,578	143,904,023	1,304,850
Others *)	-	34,726	-	31,759
		1,309,304		1,336,609

	31 December 2010			
	Spot - Buy		Spot - Sell	
Original Currency	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	150,375,000	1,354,879	186,400,000	1,679,464
Others *)	-	45,728	-	77,516
		1,400,607		1,756,980

*) Consist of various foreign currencies

50. IMPACT ON THE INITIAL IMPLEMENTATION OF SFAS 50 (REVISED 2006) AND SFAS 55 (REVISED 2006)

The Group implement prospectively the SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) on 1 January 2010 in accordance with the transitional provisions of those standards (Note 2c I).

As a result of the initial and prospective implementation of SFAS 55 (Revised 2006), on 1 January 2010, the Group has recalculated the Allowance for Impairment Losses of Financial Assets in accordance with transitional provisions. The difference between the balances of such allowance as at 31 December 2009 and the required allowance calculated based on SFAS 55 (Revised 2006) for all financial assets as at 1 January 2010 amounting to Rp221,896 was credited to the opening balance of Retained Earnings and deferred tax assets amounting to Rp164,343 and Rp57,553, respectively. Details of adjustment of such allowance for each allowance for impairment losses financial assets are as follows:

	As previously reported	Initial implementation adjustments	As adjusted
Reversal/(allowance) for impairment losses on:			
- Current account with other banks (Note 5d)	86,962	(73,098)	13,864
- Placements with other banks (Note 6e)	347,184	(108,175)	239,009
- Marketable securities (Note 7g)	53,492	(2,354)	51,138
- Other receivables – trade transactions (Note 9d)	844,781	59,563	904,344
- Securities purchased under resale agreements (Note 10c)	30,488	(30,488)	-
- Derivative receivables (Note 11)	1,765	(1,765)	-
- Loans (Note 12B.j)	12,435,525	(65,395)	12,370,130
- Acceptance receivables (Note 14d)	52,773	(184)	52,589
Total	13,852,970	(221,896)	13,631,074

On 1 January 2010, in relation with the implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006), the Bank has reassessed the classification of its financial assets and as such, has reclassified its Government Bonds as disclosed in Note 8c of the consolidated financial statements.

51. RELATED PARTY TRANSACTIONS

In the normal course of business, Bank Mandiri entered into certain transaction with the following related parties:

- **Related party relationship as the controlling shareholder:**
  The Government of the Republic of Indonesia

- **Related parties relationship by ownership and/or management:**

Related Parties	Nature of Relationship
PT Kustodian Sentral Efek Indonesia	Associate Company
PT Sarana Bersama Pengembangan Indonesia	Associate Company
Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
PT Estika Daya Mandiri	Owned by Dana Pensiun Bank Mandiri 1
PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama)	Owned by Dana Pensiun Bank Mandiri 2
PT Mulia Sasmita Bhakti	Owned by Dana Pensiun Bank Mandiri 3
PT Krida Upaya Tunggal	Owned by Dana Pensiun Bank Mandiri 4
PT Wahana Optima Permai	Owned by Dana Pensiun Bank Mandiri 4
PT Mandiri Management Investasi	Owned by the same ultimate shareholders
PT Pengelola Investama Mandiri	Owned by the same ultimate shareholders
Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Employees and pensioners as member and key management relationship

  The nature of transactions with related parties includes among others, current accounts with other banks, investments in shares, securities, employee’s pension plan, loans, deposits from customers and bank guarantee.

- **Related parties relationship with government related entities**

Related Parties	Nature of Relationship
PT Asuransi Jiwa Inhealth Indonesia	Subsidiary of State Owned Enterprise
PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
PT Reasuransi Internasional Indonesia	Subsidiary of State Owned Enterprise
PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
PT Polytama Propindo	Subsidiary of State Owned Enterprise
PT PRIMKOKAS	Subsidiary of State Owned Enterprise
Universitas Airlangga	State Owned Legal Entity
PDAM Surya Sembada Kota Surabaya	Regional Owned Enterprise

51. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Bank AEKI	Regional Owned Enterprise
PT Bank Pembangunan Daerah D.I.Y	Regional Owned Enterprise
PT Bank Pembangunan Daerah Jambi	Regional Owned Enterprise
PT Bank Pembangunan Daerah Jawa Timur	Regional Owned Enterprise
PT Bank Pembangunan Daerah Langsa	Regional Owned Enterprise
PT Bank Pembangunan Daerah Maluku	Regional Owned Enterprise
PT Bank Pembangunan Daerah Nusa Tenggara Timur	Regional Owned Enterprise
PT Bank Pembangunan Daerah Papua	Regional Owned Enterprise
PT Bank Pembangunan Daerah Sulawesi Tengah	Regional Owned Enterprise
PT Bank Pembangunan Daerah Aceh	Regional Owned Enterprise
PT Bank Pembangunan Daerah Bali	Regional Owned Enterprise
PT Bank Pembangunan Daerah Bengkulu	Regional Owned Enterprise
PT Bank Pembangunan Daerah DKI Jakarta (Bank DKI)	Regional Owned Enterprise
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.	Regional Owned Enterprise
PT Bank Pembangunan Daerah Jawa Tengah	Regional Owned Enterprise
PT Bank Pembangunan Daerah Kalimantan Barat	Regional Owned Enterprise
PT Bank Pembangunan Daerah Kalimantan Selatan	Regional Owned Enterprise
PT Bank Pembangunan Daerah Kalimantan Tengah	Regional Owned Enterprise
PT Bank Pembangunan Daerah Kalimantan Timur	Regional Owned Enterprise
PT Bank Pembangunan Daerah Lampung	Regional Owned Enterprise
PT Bank Pembangunan Daerah Nusa Tenggara Barat	Regional Owned Enterprise
PT Bank Pembangunan Daerah Riau	Regional Owned Enterprise
PT Bank Pembangunan Daerah Sulawesi Selatan	Regional Owned Enterprise
PT Bank Pembangunan Daerah Sulawesi Tenggara	Regional Owned Enterprise
PT Bank Pembangunan Daerah Sulawesi Utara	Regional Owned Enterprise
PT Bank Pembangunan Daerah Sumatera Barat	Regional Owned Enterprise
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung	Regional Owned Enterprise
PT Bank Pembangunan Daerah Sumatera Utara	Regional Owned Enterprise
Adhi Multipower Pte. Ltd.	State Owned Enterprise
Badan Pengatur Jalan Tol	State Owned Enterprise
BP Migas	State Owned Enterprise
Dana Pensiun ASABRI	State Owned Enterprise
DPLK BNI	State Owned Enterprise
Otorita Asahan	State Owned Enterprise

51. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
Perum BULOG	State Owned Enterprise
Perum DAMRI	State Owned Enterprise
Perum Jaminan Kredit Indonesia (Jamkrindo)	State Owned Enterprise
Perum Pegadaian	State Owned Enterprise
Perum Percetakan Uang Republik Indonesia/ PERUM PERURI	State Owned Enterprise
Perum Perumnas	State Owned Enterprise
PT Adhi Karya (Persero) Tbk.	State Owned Enterprise
PT Amarta Karya	State Owned Enterprise
PT Aneka Tambang (Persero) Tbk.	State Owned Enterprise
PT Angkasa Pura I (Persero)	State Owned Enterprise
PT Angkasa Pura II (Persero)	State Owned Enterprise
PT ASABRI (Persero)	State Owned Enterprise
PT ASKES (Persero)	State Owned Enterprise
PT Asuransi Jasa Indonesia (Persero)	State Owned Enterprise
PT Asuransi Jiwasraya (Persero)	State Owned Enterprise
PT Asuransi Kredit Indonesia/PT Askrindo (Persero)	State Owned Enterprise
PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
PT Barata Indonesia (Persero)	State Owned Enterprise
PT Berdikari (Persero)	State Owned Enterprise
PT Bhanda Ghara Reksa (Persero)	State Owned Enterprise
PT Bina Karya (Persero)	State Owned Enterprise
PT Bio Farma (Persero)	State Owned Enterprise
PT Biro Klasifikasi Indonesia (Persero)	State Owned Enterprise
PT Boma Bisma Indra (Persero)	State Owned Enterprise
PT Brantas Abipraya (Persero)	State Owned Enterprise
PT Dahana (Persero)	State Owned Enterprise
PT Danareksa (Persero)	State Owned Enterprise
PT Dirgantara Indonesia (Persero)	State Owned Enterprise
PT Garam (Persero)	State Owned Enterprise
PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
PT Hotel Indonesia Natour	State Owned Enterprise
PT Hutama Karya (Persero)	State Owned Enterprise

51. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Indofarma (Persero) Tbk.	State Owned Enterprise
PT Indonesia Infrastruktur Finance	State Owned Enterprise
PT Indosat Tbk.	State Owned Enterprise
PT Indra Karya (Persero)	State Owned Enterprise
PT Industri Kereta Api	State Owned Enterprise
PT Industri Telekomunikasi Indonesia	State Owned Enterprise
PT Jamsostek (Persero)	State Owned Enterprise
PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
PT Kereta Api Indonesia (Persero)	State Owned Enterprise
PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
PT Krakatau Daya Listrik	State Owned Enterprise
PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
PT Len Industri (Persero)	State Owned Enterprise
PT Merpati Nusantara Airlines	State Owned Enterprise
PT Nindya Karya (Persero)	State Owned Enterprise
PT Nusantara Regas	State Owned Enterprise
PT PAL Indonesia (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia I (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia III (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia IV (Persero)	State Owned Enterprise
PT Pelayaran Nasional Indonesia (Persero)/PT PELNI	State Owned Enterprise
PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
PT Percetakan Negara Republik Indonesia	State Owned Enterprise
PT Perkebunan Nusantara I (Persero)	State Owned Enterprise
PT Perkebunan Nusantara II (Persero)	State Owned Enterprise
PT Perkebunan Nusantara III (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IV (Persero)	State Owned Enterprise
PT Perkebunan Nusantara V (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IX (Persero)	State Owned Enterprise
PT Perkebunan Nusantara X (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIV (Persero)	State Owned Enterprise
PT Permodalan Nasional Madani (Persero)	State Owned Enterprise

51. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Pertamina (Persero)	State Owned Enterprise
PT Pertamina Drilling Services Indonesia	State Owned Enterprise
PT Pertamina Hulu Energi	State Owned Enterprise
PT Pertani (Persero)	State Owned Enterprise
PT Perusahaan Gas Negara Tbk.	State Owned Enterprise
PT Perusahaan Listrik Negara (Persero)	State Owned Enterprise
PT Perusahaan Perdagangan Indonesia (Persero)	State Owned Enterprise
PT Petrokimia Gresik	State Owned Enterprise
PT Pindad (Persero)	State Owned Enterprise
PT Pos Indonesia (Persero)	State Owned Enterprise
PT Prasadha Pamunah Limbah Industri	State Owned Enterprise
PT Primissima (Persero)	State Owned Enterprise
PT Pupuk Kalimantan Timur/PT Pupuk Kaltim	State Owned Enterprise
PT Pupuk Kujang	State Owned Enterprise
PT Pupuk Sriwidjaja (Persero)	State Owned Enterprise
PT Pusat Investasi Pemerintah	State Owned Enterprise
PT Rajawali Nusantara Indonesia	State Owned Enterprise
PT Rekayasa Industri/PT REKIND	State Owned Enterprise
PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
PT Sarana Multigriya Finansial (Persero)	State Owned Enterprise
PT Sarinah (Persero)	State Owned Enterprise
PT Semen Baturaja (Persero)	State Owned Enterprise
PT Semen Gresik (Persero) Tbk.	State Owned Enterprise
PT Semen Tonasa	State Owned Enterprise
PT Sucofindo (Persero)	State Owned Enterprise
PT Surveyor Indonesia	State Owned Enterprise
PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
PT Timah (Persero) Tbk.	State Owned Enterprise
PT Trans Marga Jateng	State Owned Enterprise
PT Tugu Pratama Indonesia	State Owned Enterprise
PT Varuna Tirta Prakasya (Persero)	State Owned Enterprise
PT Waskita Karya (Persero)	State Owned Enterprise
PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
PT Yodya Karya (Persero)	State Owned Enterprise
RSUPN Dr Cipto Mangunkusumo	State Owned Enterprise

51. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
Kantor Perbendaharaan dan Kas Negara	Government Agency
Indonesian Embassy in Berlin	Government Agency
Ministry of Religious Affairs Republic of Indonesia	Government Agency
Ministry of Finance Republic of Indonesia	Government Agency
Ministry of Youth and Sport Affairs Republic of Indonesia	Government Agency
Consulate General of Indonesia in Cape Town, South Africa	Government Agency
Consulate General of Indonesia in Guangzhou, People's Republic of China	Government Agency
Consulate General of Indonesia in Peru	Government Agency
Distric Court/ Pengadilan Negeri	Government Agency
Pusku TNI	Government Agency
POLRI	Government Agency
TNI AL	Government Agency
Bendaharawan Khusus Bialugri	Government Agency
PPPTMGB Lemigas	Government Agency
Pusat Penelitian Pengembangan Teknologi	Government Agency
Pemerintah Kabupaten Gunungkidul	Government Agency
Pemerintah Kabupaten Kepulauan Anambas	Government Agency
Pemerintah Kabupaten Tuban	Government Agency
Pemerintah Kota Dumai	Government Agency
Pemerintah Provinsi Gorontalo	Government Agency
Pemerintah Provinsi Kepulauan Riau	Government Agency

Nature of transactions with government related entities are current accounts with other bank, placements with other banks, marketable securities, government bond, other receivables – trade transaction, securities purchased under resale agreement, derivative receivables, loans, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, acceptance payables, marketable securities issued, fund borrowing, subordinated loan, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to Government related entities.

(Expressed in millions of Rupiah, unless otherwise stated)

51. RELATED PARTY TRANSACTIONS (continued)

- **Transactions with management and key personnel of Bank Mandiri**

  Total gross salaries and allowances, bonus/*tantiem*, long-term employement benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Syariah Supervisory Board and Executive Vice President and Senior Vice President (Note 43) for the years ended 31 December 2011 and 2010 amounting to Rp405,791 and Rp353,831 or 2.49% and 2.93% of total consolidated operating expenses - others, respectively.

  Shares owned by the Board of Directors from MSOP program for the years ended 31 December 2011 and 2010 amounting to 24,060,468 shares and 23,005,642 shares or 0.08% and 0.07% of total authorised capital, respectively.

Details of significant transactions with related parties as at 31 December 2011 and 2010 , are as follows:

	2011	2010
Assets		
Current accounts with other banks (Note 5a)	49,897	16,498
Placements with Bank Indonesia and other banks (Note 6b)	1,128,238	1,427,260
Marketable securities (Note 7a) *)	3,917,202	416,081
Government bonds (Note 8)	78,459,449	78,092,734
Other receivables - trade transactions (Note 9a)	2,752,711	564,800
Claims on securities purchased under agreement to resell (Note 10a)	758,703	757,147
Derivative receivables (Note 11)	4,391	225
Loans (Note 12A.a and 12B.g)	37,470,066	33,903,536
Acceptances receivable (Note 14a)	861,324	1,444,574
Total assets with related parties	125,401,981	116,622,855
Total consolidated assets	**551,891,704**	**449,774,551**
Percentage of total assets with related parties to total consolidated assets	**22.72%**	**25.93%**
Liabilities		
Deposits from customers		
Demand deposits (Note 19a)	26,748,951	15,973,843
Saving deposits (Note 20a)	811,981	374,098
Time deposits (Note 21a)	31,737,658	44,421,077
Deposits from other banks		
Demand and saving deposits (Note 22)	409,427	692,394
Time deposits (Note 24)	9,001,150	4,417,017
Derivative payables (Note 11)	3,880	61
Acceptance payable (Note 25a)	287,788	147,959
Marketable securities issued (Note 26)	203,000	-
Fund borrowing (Note 27)	977,556	295,056
Subordinated loan (Note 31)	2,055,900	2,004,900
Total liabilities with related parties	72,237,291	68,326,405
Total consolidated liabilities	**451,379,750**	**382,453,091**
Percentage of total liabilities with related parties to total consolidated liabilities	**16.00%**	**17.87%**
Temporary *Syirkah* Fund (Note 32)	**6,002,057**	**3,710,526**
Percentage to total temporary *syirkah* fund	**15.85%**	**14.69%**

*) Marketable securities is presented net after unamortised discount and unrealised (losses)/gains from (decrease)/increase in value of marketable securities.

(Expressed in millions of Rupiah, unless otherwise stated)

51. RELATED PARTY TRANSACTIONS (continued)

	2011	2010
Statement of Income		
Other operating income – others (Note 38)	1,400,923	-
Percentage to other operating income – others	**11.90%**	**-**
Interest income from Government Bonds and Treasury bills (Note 36)	4,256,890	5,770,638
Percentage to interest and sharia income	**11.28%**	**17.01%**
Interest expense from fund borrowing (Note 37)	5,435	8,565
Percentage to interest and sharia expense	**0.03%**	**0.06%**

52. SEGMENT INFORMATION

Starting 1 January 2011, the Group reports operating segments in a manner consistent with the internal reporting provided to the chief operating decision maker (refer to Note 2al).

The Group has 9 (nine) reportable segments. The following describes the operations in each of the Group's reportable segments:

- Corporate : Includes loans, deposits and other transactions and balances with corporate customers.
- Commercial and Business : Includes loans, deposits and other transactions and balances with commercial customers (small to medium size).
- Micro and Retail : Focuses on products and services for individual customers in micro and retail segments. It includes loans, deposits, payment transactions and other transactions and balances with retail customers.
- Consumer : Represents consumer financing business including credit cards and other transactions and balances with consumer customers.
- Treasury and Financial Institution : Treasury undertakes treasury activities which include foreign exchange, money market, and fixed income business. Financial institution undertakes international business banking, capital market and Cayman island branch.
- Institutional Banking : Focuses on handling deposits and other transactions with government related entities, which are not undertaken by other segments.
- Head Office : Mainly manages Bank's assets and liabilities that are not managed by other segments, act as cost centre for providing central shared services to other segments and absorb costs that are not allocated to other segments.
- Subsidiary – Sharia : Includes all transactions undertaken by a Subsidiary engages in sharia banking.
- Subsidiaries – other than Sharia : Includes all transactions undertaken by Subsidiaries engage in consumer financing, life insurance, general insurance, remittances, securities, building management and banking.

(Expressed in millions of Rupiah, unless otherwise stated)

52. SEGMENT INFORMATION (continued)

2011											
Account	**Corporate**	**Commercial and Business**	**Micro and Retail**	**Consumer**	***Treasury and Financial Institution***	***Institutional Banking***	**Head Offce**	**Subsidiary – Sharia**	**Subsidiaries – other than Sharia**	**Adjustment and elimination **)**	**Total**
Consolidated statement of income											
Interest and sharia income *)	10,389,307	12,619,855	14,649,327	4,951,224	3,399,523	1,913,869	4,828,425	3,771,272	934,489	(19,727,272)	37,730,019
Interest and sharia expense *)	(6,859,778)	(7,107,297)	(7,769,042)	(2,311,657)	(2,686,505)	(1,433,070)	(652,026)	(1,780,550)	(447,241)	15,093,129	(15,954,037)
Net Interest and sharia income	3,529,529	5,512,558	6,880,285	2,639,567	713,018	480,799	4,176,399	1,990,722	487,248	(4,634,143)	21,775,982
Net Premium income	-	-	-	-	-	-	-	-	1,814,973	-	1,814,973
Net Interest and sharia and premium income	3,529,529	5,512,558	6,880,285	2,639,567	713,018	480,799	4,176,399	1,990,722	2,302,221	(4,634,143)	23,590,955
Other operating income:											
Other fees and commission	682,276	587,575	3,057,607	695,152	296,156	38,095	65,455	1,066,378	458,074	(403,532)	6,543,236
Others	59,231	712,712	695,208	220,216	1,178,142	-	2,351,443	15,370	357,152	(364,359)	5,225,115
Total	741,507	1,300,287	3,752,815	915,368	1,474,298	38,095	2,416,898	1,081,748	815,226	(767,891)	11,768,351
Reversal/(allowance) for impairment losses	(709,810)	(916,264)	(546,167)	(685,893)	108,978	-	318,972	(345,696)	(109,511)	-	(2,885,391)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	-	-	-	69,903	69,903
Gain on sale of marketable Securities and government bonds	-	-	-	-	-	-	-	-	-	117,136	117,136
Other operating expenses:											
Salaries and employee benefit	(180,814)	(521,094)	(2,614,294)	(200,900)	(84,653)	(25,053)	(1,735,623)	(964,882)	(439,158)	-	(6,766,471)
General and administrative expenses	(97,404)	(202,492)	(2,015,869)	(178,488)	(70,278)	(28,036)	(2,606,018)	(923,645)	(455,413)	-	(6,577,643)
Others	(113,846)	(116,194)	(1,438,624)	(284,354)	(68,242)	(67,475)	(1,065,657)	(96,601)	(879,619)	1,162,705	(2,967,907)
Total	(392,064)	(839,780)	(6,068,787)	(663,742)	(223,173)	(120,564)	(5,407,298)	(1,985,128)	(1,774,190)	1,162,705	(16,312,021)
Other expense – non operating income - net	537	25	9,774	-	-	-	78,523	6,289	67,954	-	163,102
Tax expense	-	-	-	-	-	-	(3,262,688)	(196,864)	(356,598)	-	(3,816,150)
Net income after tax	3,169,699	5,056,826	4,027,920	2,205,300	2,073,121	398,330	(1,679,194)	551,071	945,102	(4,052,290)	12,695,885
Non controlling interest	-	-	-	-	-	-	-	-	-	-	449,841
Parent Company	-	-	-	-	-	-	-	-	-	-	12,246,044
Consolidated statements of Financial position (balance sheet)											
Loans - gross	106,247,237	110,877,330	11,844,853	38,999,351	1,372,380	-	4,620,950	36,469,154	881,941	(219,890)	311,093,306
Total Assets	115,649,949	116,354,048	36,806,214	40,879,324	25,420,176	1,672,008	154,150,251	48,673,337	19,628,129	(7,341,732)	551,891,704
Demand deposits	(27,095,105)	(28,925,502)	(15,507,986)	-	(1,673,186)	(15,951,090)	-	(4,583,523)	(137,510)	1,343,316	(92,530,586)
Saving deposits	(1,139,367)	(3,521,369)	(144,289,431)	-	(12,761)	(125,544)	-	(512,340)	(267,521)	-	(149,868,333)
Time deposits	(27,011,301)	(15,309,001)	(77,484,128)	-	(2,940,633)	(19,249,773)	-	-	(653,652)	318,804	(142,329,684)
Total deposit from customers	(55,245,773)	(47,755,872)	(237,281,545)	-	(4,626,580)	(35,326,407)	-	(5,095,863)	(1,058,683)	1,662,120	(384,728,603)
Total Liabilities	(60,307,568)	(49,686,276)	(240,073,092)	(385,113)	(20,459,215)	(37,611,842)	(21,404,415)	(45,598,909)	(10,053,139)	34,199,819	(451,379,750)

*) Include a component of internal transfer pricing amongst operating segments
**) Include elimination of internal transfer pricing or reclassification amongst operating segment and elimination against Subsidiaries

(Expressed in millions of Rupiah, unless otherwise stated)

52. SEGMENT INFORMATION (continued)

2010											
Account	**Corporate**	**Commercial and Business**	**Micro and Retail**	**Consumer**	***Treasury and Financial Institution***	***Institutional Banking***	**Head Offce**	**Subsidiary – Sharia**	**Subsidiaries – other than Sharia**	**Adjustment and elimination **)**	**Total**
Consolidated statement of income											
Interest and sharia income *)	9,176,633	10,854,389	12,875,034	4,007,156	3,111,752	1,783,829	6,754,807	2,768,072	717,525	(18,117,547)	33,931,650
Interest and sharia expense *)	(5,808,245)	(5,633,338)	(7,395,908)	(1,819,560)	(2,560,936)	(1,497,103)	(394,314)	(1,161,680)	(303,549)	12,161,592	(14,413,041)
Net Interest and sharia income	3,368,388	5,221,051	5,479,126	2,187,596	550,816	286,726	6,360,493	1,606,392	413,976	(5,955,955)	19,518,609
Net Premium income	-	-	-	-	-	-	-	-	552,912	-	552,912
Net Interest and sharia and premium income	3,368,388	5,221,051	5,479,126	2,187,596	550,816	286,726	6,360,493	1,606,392	966,888	(5,955,955)	20,071,521
Other operating income:											
Other fees and commission	448,023	409,314	2,590,895	596,408	300,690	9,127	(33)	551,248	292,705	(96,539)	5,101,838
Others	(61,239)	587,924	489,592	243,284	882,670	-	1,347,741	15,294	97,009	(271,296)	3,330,979
Total	386,784	997,238	3,080,487	839,692	1,183,360	9,127	1,347,708	566,542	389,714	(367,835)	8,432,817
Reversal/(allowance) for impairment losses	(289,549)	(820,965)	(296,004)	(455,232)	115,738	-	(623,020)	(309,804)	(271,978)	-	(2,950,814)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	-	-	-	(23,401)	(23,401)
Gain on sale of marketable Securities and government bonds	-	-	-	-	-	-	-	-	-	286,870	286,870
Other operating expenses:											
Salaries and employee benefit	(127,529)	(438,563)	(2,235,995)	(171,257)	(67,960)	(19,682)	(1,756,831)	(622,679)	(361,677)	-	(5,802,173)
General and administrative expenses	(78,562)	(160,907)	(1,668,470)	(179,062)	(60,650)	(47,634)	(2,311,952)	(564,476)	(396,259)	-	(5,467,972)
Others	(92,807)	(94,275)	(1,244,429)	(295,271)	(58,891)	(69,160)	489,446	(65,740)	(83,158)	709,457	(804,828)
Total	(298,898)	(693,745)	(5,148,894)	(645,590)	(187,501)	(136,476)	(3,579,337)	(1,252,895)	(841,094)	709,457	(12,074,973)
Other expense – non operating income - net	131	(95)	5,311	12	-	-	104,525	3,636	116,622	-	230,142
Tax expense	-	-	-	-	-	-	(4,293,396)	(150,213)	(159,327)	-	(4,602,936)
Net income after tax	3,166,856	4,703,484	3,120,026	1,926,478	1,662,413	159,377	(683,027)	463,658	200,825	(5,350,864)	9,369,226
Non controlling interest	-	-	-	-	-	-	-	-	-	-	150,928
Parent Company	-	-	-	-	-	-	-	-	-	-	9,218,298
Consolidated statements of Financial position (balance sheet)											
Loans - gross	85,363,998	86,474,868	7,305,135	30,702,377	1,405,167	-	7,780,938	23,847,048	1,197,453	(50,000)	244,026,984
Total Assets	91,423,419	87,199,475	14,275,081	32,698,078	37,232,168	2,537	143,170,097	32,481,873	14,850,702	(3,558,879)	449,774,551
Demand deposits	(18,391,702)	(25,305,986)	(11,363,148)	-	(1,287,314)	(8,171,736)	-	(3,930,121)	(262,796)	425,550	(68,287,253)
Saving deposits	(542,738)	(2,675,583)	(120,099,591)	-	(16,560)	(163,395)	-	(244,543)	(214,197)	-	(123,956,607)
Time deposits	(31,644,453)	(13,412,795)	(75,231,831)	-	(3,993,301)	(20,202,721)	(225,000)	-	(679,004)	245,056	(145,144,049)
Total deposit from customers	(50,578,893)	(41,394,364)	(206,694,570)	-	(5,297,175)	(28,537,852)	(225,000)	(4,174,664)	(1,155,997)	670,606	(337,387,909)
Total Liabilities	(54,630,456)	(45,396,415)	(209,811,914)	(1,517,911)	(21,580,875)	(28,591,953)	(4,753,830)	(5,209,834)	(7,570,534)	(3,389,369)	(382,453,091)

*) Include a component of internal transfer pricing amongst operating segments

**) Include elimination of internal transfer pricing or reclassification amongst operating segment and elimination against Subsidiaries

(Expressed in millions of Rupiah, unless otherwise stated)

52. SEGMENT INFORMATION (continued)

Geographical Segment

The principal operations of the Group is managed in Indonesia, Asia (Singapore, Hong Kong, Timor Leste, Shanghai, Malaysia), Western Europe (England) and Cayman Island. Information concerning the geographical segments of the Group is set out in the table below:

Information on geographical segment for the year ended 31 December 2011:

	Indonesia	Asia	West Europe	Cayman Islands	Adjustment and Elimination	Consolidated
Consolidated statement of income						
Interest and sharia income	37,454,265	202,443	34,152	55,932	(16,773)	37,730,019
Interest and sharia expense	(15,919,452)	(30,908)	(8,308)	(12,142)	16,773	(15,954,037)
Net Interest and sharia income	21,534,813	171,535	25,844	43,790	-	21,775,982
Net Premium income	1,814,973	-	-	-	-	1,814,973
Net Interest and sharia and premium income	23,349,786	171,535	25,844	43,790	-	23,590,955
Other operating income:						
Other fees and commissions	6,462,375	67,318	-	13,543	-	6,543,236
Others	5,378,694	25,911	2,355	5,194	(187,039)	5,225,115
Total	11,841,069	93,229	2,355	18,737	(187,039)	11,768,351
Allowance for impairment losses	(2,773,898)	(13,970)	(5,775)	(91,748)	-	(2,885,391)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	69,903	69,903
Gain on sale of marketable Securities and government bonds	-	-	-	-	117,136	117,136
Other operating expenses:						
Salaries and employee benefit	(6,677,711)	(57,583)	(27,165)	(4,012)	-	(6,766,471)
General, administrative expenses and others	(9,458,732)	(50,163)	(22,274)	(14,381)	-	(9,545,550)
Total	(16,136,443)	(107,746)	(49,439)	(18,393)	-	(16,312,021)
Other expense – non operating income - net	162,419	683	-	-	-	163,102
Tax expense	(3,798,396)	(17,754)	-	-	-	(3,816,150)
Net income	12,644,537	125,977	(27,015)	(47,614)	-	12,695,885
Non controlling interest	-	-	-	-	-	449,841
Parent Company	-	-	-	-	-	12,246,044
Consolidated statements of financial position (balance sheet)						
Loans - gross	304,892,491	5,029,783	258,539	912,493	-	311,093,306
Total Assets	540,024,205	8,065,061	1,076,698	2,725,740	-	551,891,704
Demand deposits	(91,664,883)	(787,461)	(77,335)	(907)	-	(92,530,586)
Saving deposits	(149,269,308)	(599,025)	-	-	-	(149,868,333)
Time deposits	(141,257,319)	(907,254)	(165,111)	-	-	(142,329,684)
Total deposit from customers	(382,191,510)	(2,293,740)	(242,446)	(907)	-	(384,728,603)
Total Liabilities	(439,988,747)	(8,047,279)	(623,036)	(2,720,688)	-	(451,379,750)

(Expressed in millions of Rupiah, unless otherwise stated)

52. SEGMENT INFORMATION (continued)

Information on geographical segment for the year ended 31 December 2010:

	Indonesia	Asia	West Europe	Cayman Islands	Adjustment and Elimination	Consolidated
Consolidated statement of income						
Interest and sharia income	33,493,640	181,071	75,747	182,798	(1,606)	33,931,650
Interest and sharia expense	(14,218,824)	(27,737)	(25,093)	(142,993)	1,606	(14,413,041)
Net Interest and sharia income	19,274,816	153,334	50,654	39,805	-	19,518,609
Net Premium income	552,912	-	-	-	-	552,912
Net Interest and sharia and premium income	19,827,728	153,334	50,654	39,805	-	20,071,521
Other operating income:						
Other fees and commissions	5,003,018	47,908	22,417	28,495	-	5,101,838
Others	3,542,411	23,925	-	28,112	(263,469)	3,330,979
Total	8,545,429	71,833	22,417	56,607	(263,469)	8,432,817
Allowance for impairment losses	(2,689,886)	(25,189)	(105,958)	(129,781)	-	(2,950,814)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	(23,401)	(23,401)
Gain on sale of marketable Securities and government bonds	-	-	-	-	286,870	286,870
Other operating expenses:						
Salaries and employee benefit	(5,711,667)	(55,183)	(30,580)	(4,743)	-	(5,802,173)
General, administrative expenses and others	(6,193,525)	(41,723)	(23,615)	(13,937)	-	(6,272,800)
Total	(11,905,192)	(96,906)	(54,195)	(18,680)	-	(12,074,973)
Other expense – non operating income – net	230,011	131	-	-	-	230,142
Tax expense	(4,591,698)	(11,734)	496	-	-	(4,602,936)
Net income	9,416,392	91,469	(86,586)	(52,049)	-	9,369,226
Non controlling interest	-	-	-	-	-	150,928
Parent Company	-	-	-	-	-	9,218,298
Consolidated statements of financial position (balance sheet)						
Loans - gross	238,701,918	3,789,013	390,052	1,146,001	-	244,026,984
Total Assets	439,117,757	6,682,257	1,245,533	2,729,004	-	449,774,551
Demand deposits	(66,752,532)	(1,163,237)	(370,383)	(1,101)	-	(68,287,253)
Saving deposits	(123,426,758)	(529,849)	-	-	-	(123,956,607)
Time deposits	(144,410,647)	(733,402)	-	-	-	(145,144,049)
Total deposit from customers	(334,589,937)	(2,426,488)	(370,383)	(1,101)	-	(337,387,909)
Total Liabilities	(372,276,414)	(6,673,051)	(773,436)	(2,730,190)	-	(382,453,091)

(Expressed in millions of Rupiah, unless otherwise stated)

53. CAPITAL ADEQUACY RATIO

Capital Risk Management

Bank Mandiri's capital policy is to prudently diversify the source of its capital to anticipate the long-term strategic plan and to allocate capital efficiently to business segment that has a potential to provide an optimum risk of return, includes investment in subsidiaries in order to fulfil the stakeholders (investor and regulator) expectations.

Bank Mandiri ensures it maintains adequate capital to cover credit risk, market risk and operational risk, irrespective under the normal condition or distress condition which is used by the Bank as the basis to implement VBM (Value Based Management) through measurement of RORAC (Return on Risk Adjusted Capital). Through the VBM, the Bank can identify which business units, segments, products and regions provide the best value adds to the Bank. Therefore, the Bank can be more focus in expanding the line of business which provide the most value adds to the Bank.

The Bank refers to Bank Indonesia regulation (Basel I or Basel II) in calculating the capital adequacy for credit risk, market risk and operational risk. For credit risk, the Bank used Basel I approach and currently has already simulated the Basel II standardised approach. For the market risk, Bank Mandiri uses standardised model and has also used Value at Risk for its internal model. For operational risk, the Bank refers to Basel II Basic Indicator Approach and has simulated the standardised approach.

In preparing for the implementation of SE BI No. 13/6/DPNP dated 18 February 2011 regarding credit risk weighted asset, the Bank has conducted a simulation of the standardised approach. Based on the simulation, the Bank's risk weighted assets as at 31 December 2011 is amounting Rp 225.51 trillion (full amount – unaudited). The Bank has also conducted a simulation of the operational risk weighted capital using standardised approach, the resulted risk weighted assets is amounting to Rp 35.77 trillion (full amount – unaudited). Currently, the Bank is still in the process of assessing the economic capital both for credit risk and operational risk.

The Capital Adequacy Ratio (CAR) is the ratio of the Bank's capital over its Risk-Weighted Assets (RWA). Based on Bank Indonesia regulations, the total capital for credit risk consist of core capital (Tier I) and supplementary capital (Tier II) less investments in subsidiaries. To calculate the market risk exposure, the Bank could include the supplementary capital (Tier III) in the form of short-term subordinated loans which meet the criteria as capital components. The CAR of Bank Mandiri (Bank Mandiri only) as at 31 December 2011 and 2010 are as follows:

	2011	2010
Capital:		
Core Capital *)	46,153,629	28,045,806
Supplementary Capital	7,172,242	7,608,927
Total Capital for credit risk, operational risk and market risk charge	**53,325,871**	**35,654,733**
Risk-Weighted Assets for credit	310,545,347	242,421,222
Risk-Weighted Assets for operasional	40,781,287	22,544,113
Risk-Weighted Assets for market risk	1,193,360	1,881,306
Total Risk-Weighted Assets for credit, operational and market risk charge	**352,519,994**	**266,846,641**

*) Excludes the impact of deferred tax (expense)/benefit of Rp(643,581) and Rp(1,637,191) and unrealised losses of available for sale Marketable Securities and Government Bonds (Bank Mandiri Only) of Rp(655,424) and Rp(540,263) respectively as at 31 December 2011 and 2010 . On 30 April 2003, Bank Mandiri underwent a quasi-reorganisation which accumulated losses of Rp162,874,901 was eliminated against additional paid-in capital/agio

(Expressed in millions of Rupiah, unless otherwise stated)

53. CAPITAL ADEQUACY RATIO (continued)

	2011	2010
CAR for credit risk	17.17%	14.71%
CAR for credit risk and operational risk	15.18%	13.46%
CAR for credit risk and market risk	17.11%	14.59%
CAR for credit risk, operational and market risk	15.13%	13.36%
Minimum CAR	8.00%	8.00%

The Bank's minimum capital adequacy ratio on a consolidated basis as at 31 December 2011 include credit, operational and market risk are 14.95% and taking into account credit and operational risk is 15.02%.

54. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS RATIO, SMALL-SCALE LOANS RATIO AND LEGAL LENDING LIMIT

Non-performing earning assets to total earning assets ratio as at 31 December 2011 and 2010 (Bank Mandiri only) were 1.37% and 1.48% respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as at 31 December 2011 and 2010 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as at 31 December 2011 and 2010 were 100.45% and 108.69% respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as at 31 December 2011 and 2010 were 4.85% and 5.24% respectively.

The Legal Lending Limit (LLL) as at 31 December 2011 and 2010 did not exceed the LLL regulation for related parties and third parties, LLL is calculated in accordance with Bank Indonesia Regulation - PBI No. 7/3/PBI/2005 dated 20 January 2005 regarding Legal Lending Limit for Commercial Bank as amended in PBI No. 8/13/PBI/2006 dated 5 October 2006.

55. CUSTODIAL SERVICES AND TRUST OPERATIONS

Custodial Services

Bank Mandiri started rendering custodial services in 1995. The operating license for custodial services was renewed based on Decision Letter of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated 4 October 1999. Bank Mandiri's Custodial, which is part of the Capital Market Services Department, Financial Institutions Coverage & Solutions Group, provides a full range of custodial services such as:

a. Settlement and handling services for script and scriptless trading transactions;
b. Safekeeping and administration of marketable securities and other valuable assets;
c. Corporate action services related to the rights on the marketable securities;
d. Proxy services for its customers' shareholders' meetings and bond holders' meetings;
e. Generate reports and information regarding customers' marketable securities which is kept and administred by Bank Mandiri's custody.

55. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

In order to fulfill the investors needs in investing in various marketable securities instruments, Bank Mandiri's Custodial Operations facilitates it by acting as:

a. General custodial which provides services for investors investing in capital market or money market in Indonesia;
b. Local custodial for American Depository Receipts (ADRs) and Global Depository Receipts (GDR) which is needed by the investors in converting the companies' shares listed in local and overseas stock exchange (dual/multi listing);
c. Sub-registry services for settlement of Government Debenture Debt (SUN, either Government Bonds or *Surat Perbendaharaan Negara*) and SBIs transactions;
d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
e. As direct participant of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels;
f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
g. Custody services for Exchange Traded Fund (ETF) which issued and managed by an investment manager. The unit of participation will be traded on stock exchange.
h. Custodian services for Asset-Based Securities (EBA) in the form of collective investment contract (KIK) which was issued by the investment manager and custodian bank in relation to asset securitisation transactions owned by banks or other financial institutions.

As at 31 December 2011 and 2010 , Bank Mandiri's Custodial Operations has 497 and 452 customers, respectively. The customers are primarily pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer with a total portfolio value (unaudited) by currency as at 31 December 2011 of Rp155,827,492, USD630,090,285 (full amount), JPY594,444,444 (full amount), EUR105,956 (full amount) dan HKD40,000,000 (full amount) and 31 December 2010 of Rp139,459,287 USD550,721,731 (full amount), JPY1,305,555,555 (full amount) and EUR105,704 (full amount). Assets kept in custodial services activities are not included in the consolidated statements of financial position of the Group.

Bank Mandiri carries insurance on custodial services against potential losses from safekeeping and transit of securities in accordance with the Capital Market Supervisory Board and Financial Institution regulation.

Trust Operations

Bank Mandiri had been rendering trustee services since 1983. The operating license for trustee services was renewed and re-registered to Capital Market Supervisory Board as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated 27 October 1999. The Trustee Services Business (TSB) provides a full range of the following services:

a. Trustee for bonds & MTN
b. Escrow Account Agent
c. Paying Agent
d. Initial Public Offering/IPO Receiving Bank
e. Security Agent

(Expressed in millions of Rupiah, unless otherwise stated)

55. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

As at 31 December 2011, Bank Mandiri as Trustee has 41 trustee customers with the total value of bonds and MTN issued amounting to Rp32,521,000 (unaudited) and as at 31 December 2010 has 21 trustee customers with the total value of bonds and MTN issued amounting to Rp24,375,000 (unaudited). While the sinking fund, escrow account and third party funds managed amounted to Rp232,306 (unaudited) on behalf of 25 customers and Rp237,643 (unaudited), on behalf of 12 customers as at 31 December 2011 and 2010 , respectively.

Both Bank Mandiri Trust and Custodial Services have received Quality Certification ISO 9001:2008.

56. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows:

	2011	2010
Government:		
Electricity, gas and water	9,988,770	9,180,795
Transportation and communications	1,859,329	2,696,112
Agriculture	875,325	1,060,603
Manufacturing	405,960	413,462
Construction	11,273	11,273
Others	73,955	76,644
	13,214,612	**13,438,889**

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia in various currencies from several bilateral and multilateral financial institutions to finance the Government's projects through State Owned Enterprises, Region Owned Enterprises and Regional Governments, such as: Overseas Economic Cooperation Fund, France Protocol, International Bank for Reconstruction and Development, Asian Development Bank, Swiss Confederation 30.09.1985, Kreditanstalt Fur Wiederaufbau, BNP Paribas, Nederland Urban Sector Loan & De Nederlanse Inveseringsbank voor Ontwikkelingslanden NV, the Swiss Government, Banque Français & Credit National, US Export Import Bank, Ryosin Int'l Ltd. Austria, Swiss Banks Consortium 16.12.1994, European Investment Bank, West Merchant Bank Ltd. Sumisho, Fuyo, LTCB, Orix & Sinco, Export Finance and Insurance Corporation (EFIC), Australia, Japan Bank for International Cooperation, Calyon & BNP Paribas, BNP Paribas & CAI, Belgium, the French Government, US AID, Barclays, IDA, RDI - Kl. Lyonnais, U.B. Denmark, Bank of China, Spain, CDC NES, NORDISKA and Sumitomo Corporation.

Channeling loans are not presented in the consolidated balance sheets as the credit risk is not borne by the Bank and its Subsidiaries. Bank Mandiri's responsibilities under the above arrangements include, among others, collections from borrowers and payments to the Government of principal, interest and other charges and the maintenance of loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.05% - 0.50% from the average of outstanding loan balance in one year.

57. RISK MANAGEMENT

Bank Mandiri clearly segregated risk management functions of the business units functions according to the requirement of Bank Indonesia's Regulations and international best practices in banking industry. Bank Mandiri also adopts the Enterprise Risk Management (ERM) concept as one of the comprehensive and integrated risk management strategies in line to the Bank's business process and operational needs. ERM implementation give an added value to the Bank and stakeholders, especially in respect of the implementation of Strategic Business Unit (SBU) and Risk Based Performance.

ERM is a risk management process embedded in the business strategies and operations that are integrated into daily decision making processes. It is a holistic approach that establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes to risks. In addition, ERM also applies consolidated risk management to the subsidiaries, which will be implemented gradually to maximise the effectiveness of bank's supervision and value creation to the bank based on PBI No. 8/6/PBI/2006 dated 30 January 2006.

The Bank's risk management framework is based on Bank Indonesia's Regulation No. 5/8/PBI/2003 dated 19 May 2003 regarding Risk Management Implementation for Commercial Banks as amended by Bank Indonesia's Regulation No. 11/25/PBI/2009 dated 1 July 2009 regarding The Amendment of Bank Indonesia's Regulations No. 5/8/PBI/2003 regarding the Implementation of Risk Management for Commercial Bank. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (KMRBM), which refers to the implementation plan of Basel II Accord in Indonesia. Risk management framework consists of several policies as the guideline to the business growth and as a business enabler to ensure the Bank conduct prudential principle by examining the risk management performance process (identification - measurement - mitigation - monitoring) at all organisation levels.

Active supervision of the Board of Directors and the Board of Commissioners on the Bank's risk management activities are implemented through the establishment of Risk & Capital Committee (RCC), *Komite Pemantau Risiko* & Good Corporate Governance (KPR & GCG) and the Audit Committee. RCC consists of four sub-committees, which are Asset & Liability Committee, Risk Management Committee, Capital & Investment Committee and Operational Risk Committee.

Committees under RCC are responsible to discuss and recommend policy and risk management strategy, covering market risk, credit risk, operational risk, liquidity risk, legal risk, reputational risk, strategic risk and compliance risk.

Risk Monitoring and GCG Committee and Audit Committee are responsible for assessing and evaluating the policies and the implementation of Bank's risk management and it is also responsible for providing recommendations to the Board of Directors through Board of Commissioners in the implementation of monitoring function.

The Risk Management Directorate is headed by a Director who reports to the Board of Directors and is a voting member in the Risk and Capital Committee (RCC). The Risk Management Directorate has also a Risk Management Unit.

Operationally, the Risk Management Directorate is divided into 2 (two) main functions: 1) its Risk management unit as a part of Credit Approval using a four-eye principle, and 2) Independent Risk Management Unit which is divided into two groups: Credit Risk and Portfolio Management Group which manages credit risk and portfolio risk and integrated risk management through ERM, and Market and Operational Risk Group which manages market risk, liquidity risk and operational risk.

57. RISK MANAGEMENT (continued)

The Risk Management Directorate and each strategic business unit are responsible for maintaining and coordinating overall risks that consist of credit risk, market risk, operational risk, liquidity risk, legal risk, reputation risk, strategic risk and compliance risk including discussing and proposing risk management policies and standards.

All risks will be disclosed in a quarterly risk profile report to portrait all risks embedded in the Bank's business activities, including consolidation with subsidiaries' risk.

A. Credit Risk

The Bank's credit risk management is mainly directed to improve the balance between prudent loan expansion and loan maintenance in order to prevent asset deterioration (downgrading) to Non Performing Loan (NPL) categories and to optimise capital utilisation to achieve optimum Return On Risk Adjusted Capital (RORAC).

To support this purpose, the Bank periodically reviews and updates its policies and procedures i.e. Bank Mandiri Credit Policy (KPBM), Standard Credit Procedures (SPK) for each business segment, and Memorandum Procedure which is temporary in nature and issued to regulate the procedures which have not been accommodated in SPK. These three policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan granting process, from market targeting, loan analysis, approval, documentation, disbursement, monitoring and settlement process for troubled/restructured loans.

To improve the Bank's social role and concern to the environmental risk and as an implementation of Good Corporate Governance (GCG), the Bank has set up a Guideline for Technical Analysis of Environmental and Social in Lending which is used as a reference in analysing environmental risk in a credit analysis. The Guideline codifies internal credit policy and procedure related to environmental issues which are also included in KPBM, SPK and Standard Operating Procedures. This Guideline is in line with Bank Indonesia regulation regarding Assessing the Quality of Asset on Commercial Bank regulating that the Debtor business process should be also related with the debtor's effort to maintain its environment.

In principle, credit risk management is implemented at both the transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principle concept, whereby each loan approval involves Business Unit and Credit Risk Management Unit which work independently to make an objective credit decision. The four-eye principle is executed by Credit Committee according to the authority limit and the loan approval process is conducted through Credit Committee Meeting mechanism. As Credit Committee members, the credit authority holders must be highly competent as well as having strong capacity and integrity so that the loan granting process can be conducted comprehensively and prudently. To monitor the performance of the credit authority holders in approving and maintaining loans, the Bank has developed a database for authority-holder monitoring. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authority holders, so that the performance of the authority holders can be monitored from time to time.

To identify and measure risk of each credit application processed in the transactional level, the Bank uses Rating and Scoring systems. The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-atrition). The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank, in granting Credit Line facilities, can identify and measure the risk level of Counterparty Bank which can be tolerated. The Bank can decide the risk level for each debtor individually according to each risk class (rating). The Bank is also developing rating system for Financial Institution – Non Bank, i.e. Multifinance Companies.

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

To improve the measurement of transactional risk in the Commercial Middle segment, the Bank has implemented BMRS. The Bank has also developed a rating system tailored for Bank Perkreditan Rakyat (BPR), to enable the Bank measuring the risk for each individual debtor based on respective risk rating, furthermore the Bank has also conducted a calibration on the scoring model for Small Medium Enterprise (SME) and therefore currently the Bank has two risk measurement models for SME segment.

In quarter IV of 2011, the scoring model for multipurpose loan of consumer loan segment has been established and is currently in the process of preparation for implementation. And for the Consumer Card segment, scoring model for the Current Behavior and X-days segment, scoring card for card and scoring Anti Attrition have been established and in the preparation process of implementation.

To support the development of these tools, the Bank has issued Guideline for the Development of Credit Rating and Credit Scoring Models, which serves as a complete reference for the Bank in developing credit rating and credit scoring models. In addition, to monitor the performance of credit rating and credit scoring models, the Bank reviews the scoring and rating results conducted by Business Units. By reviewing and monitoring the rating models using validation methodology, the Bank can understand the performance of the models from time to time. At the moment, the model validation is conducted internally by Model Risk Validation unit, which is an independent unit and separated from the model development unit. This is conducted to minimise user's mistake in measuring credit risk, particularly in determining the Probability of Default (PD) value and debtors' rating. In both measuring economic capital for credit risk and complying to Basel II, the Bank has been developing Long Term PD, and also reviewing Exposure at Default (EAD) & Lost Given Default (LGD) model internally. In order to monitor rating & scoring gathered in the database, the Bank prepares Credit Scoring Review and Rating Outlook which are issued quarterly and semi-annually. The reports contain information concerning scoring and rating parameters presented by industrial sector. The reports are useful for Business Units particularly as a reference in determining targeted customer which are good (performing), so that the quality of credit expansion process will improve.

To implement prudential banking practice for identifying, measuring and monitoring credit risk in the loan approval process, the Bank uses not only Rating and Scoring tools but also uses other tools such as financial spread sheet, a comprehensive Credit Note Analysis (NAK) and Loan Monitoring System which have been integrated to Integrated Loan Processing (ILP)/Loan Origination System (LOS) to cover the end-to-end loan process.

To mitigate credit risk per individual debtor, the Credit Committee makes decision in credit structure including determining the appropriate credit covenants relevant to the needs and conditions of the debtor, so that the loan granted will be effective and profitable for both the debtor and the Bank.

In response to the global economic crisis which has not ended yet, to identify debtors which may experience difficulty in repaying their loan obligation, the Bank conducts early warning analysis called Watch List analysis for all Corporate and Commercial loans using Loan Monitoring System. Based on the analysis, the Bank should determine account strategy and early actions to prevent NPL.

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

On quarterly basis, the Bank conducts Watch List analysis or debtors under the collectibility 1 and 2. The Bank also conducts Wacth List analysis for Business Banking's individual debtors that have facility limit above 2 (two) billion rupiah (full amount), to strengthen the monitoring over Business Banking's debtors. The expectation is that it could become an early warning and therefore could improve the management of NPL (Non Performing Loan) level.

At the portfolio level, risk management is conducted through an active portfolio management approach in which the Bank proactively maintains portfolio diversification at optimum levels with risk exposure within the risk appetite level decided by the Bank. In its implementation, the Bank uses several tools called Portfolio Guideline (PG). PG consists of three items i.e. Industry Classification, Industry Acceptance Criteria and Industry Limit.

Industry Classification (IC) classifies industrial sectors into three categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry target market. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative) which serves as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customer. The third tool is Industry Limit (IL) which provides maximum exposure limit which can be given to a particular industrial sector.

PG has fundamentally changed the business process in credit where the Bank now proactively gives priority to industries which give economic value added and select the best companies and individuals within those industries (winner players) which are set as targeted customers. By using this proactive approach, the Bank has successfully attracted the companies that are profitable and classified in the prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry Limit and Debtor Limit).

PG is periodically reviewed and the back testing of PG is conducted regularly so that the guideline will remain relevant and up-to-date and has predictive value at an acceptable level. Currently, Bank is still in the process to review Industry Classification to ensure the appropriateness of industry classification with the recent developments. To support the use of Industry Classification, the Bank set up Industry Portfolio Analysis to identify the performance of the Bank's portfolio in a specific industry sector.

Bank also issues Portfolio Outlook in an ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is an early warning before the changes in economic condition as mentioned above affect the loan portfolio performance.

As part of its active portfolio management, the Bank always monitors the development of credit risk portfolio by calculating the Bank's credit risk profile which reflects the inherent risk and the effectiveness of the risk control system. The Bank also monitors the development and the quality of the portfolio based on concentration e.g. per business segment, 25 largest debtors, industrial sector, regions, product type, currency type and risk class. Therefore, the Bank can take anticipatory steps and risk mitigation in both individual and portfolio level.

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

To monitor the quality and to test the elasticity of portfolio quality (NPL and Yield) to changes in economic variables which can affect the Bank's capital adequacy, the Bank regularly and incidentally (ad hoc) conducts a stress test to the credit portfolio e.g. per large borrower group, business segment, industry and products based on various scenarios. With this stress test, the Bank can earlier anticipate and take steps for controlling portfolio and finding the best and optimal solution as short-term and long-tern strategies. Therefore, the Bank's portfolio quality and capital adequacy can be well maintained.

In continuously developing the quality of human resource in risk management, the Bank has developed a Risk Management Academy which has 18 (eighteen) modules, specifically prepared for improving the knowledge and risk awareness of the Bank's employee.

(i) Maximum exposure to credit risk before collateral held and other credit support

Credit risk exposures relating to financial assets on consolidated statement of financial position (balance sheets) as at 31 December 2011 and 2010 are as follows:

	2011	2010
Current accounts with Bank Indonesia	36,152,674	24,856,699
Current accounts with other banks	9,827,669	8,569,778
Placement with Bank Indonesia and other banks	51,539,791	29,051,920
Marketable securities		
Fair value through profit or loss	3,992,603	17,801,896
Available for sale	5,761,246	5,544,195
Held to maturity	2,490,574	4,150,333
Loans and receivable	9,588	-
Government Bonds		
Fair value through profit or loss	1,408,982	611,707
Available for sale	53,667,392	54,052,164
Held to maturity	23,383,075	23,428,863
Other receivables - trade transactions	5,891,290	3,721,913
Securities purchased under resale agreements	12,369,885	8,980,757
Derivatives receivables	113,657	37,096
Loans	311,093,306	244,026,984
Consumer financing receivables	3,248,560	2,173,592
Investment in lease financing	38,982	-
Acceptances receivables	6,551,103	3,950,506
Other assets		
Accrued income	1,704,382	1,687,176
Receivables from transactions related to ATM and credit card	447,975	301,756
Receivable from policy's holder	169,524	91,460
Receivables from customer transactions	558,454	701,664
Receivable from sale of marketable securities	1,301,769	1,374
	531,722,481	**433,741,833**

Credit risk exposures relating to administrative accounts as 31 December 2011 and 2010 are as follows:

	2011	2010
Bank Guarantees issued	27,429,282	21,350,181
Committed unused credit facilities granted	26,427,031	16,184,699
Outstanding irrevocable letters of credit	12,070,790	7,658,888
Standby letter of credit	5,285,529	3,233,024
	71,212,632	**48,426,792**

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit enhancements (continued)

The above table represents the maximum credit risk exposure to Bank Mandiri and Subsidiaries as at 31 December 2011 and 2010, without taking into account any collateral held or other credit support attached. For statement of financial position, the exposures set out above are based on carrying amounts as reported in the consolidated financial statements.

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorised by geographical region as of 31 December 2011 and 2010. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	31 December 2011					
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	Total
Current accounts with Bank Indonesia	36,152,674	-	-	-	-	36,152,674
Current accounts with other banks	9,352,598	-	3,254	-	471,817	9,827,669
Placement with Bank						
Indonesia and other banks	48,107,166	-	-	-	3,432,625	51,539,791
Marketable securities						
Fair value through profit or loss	3,883,075	-	-	-	109,528	3,992,603
Available for sale	5,408,585	-	-	-	352,661	5,761,246
Held to maturity	2,026,489	180,756	-	-	283,329	2,490,574
Loans and receivable	-	-	-	-	9,588	9,588
Government Bonds						
Fair value through profit or loss	1,408,982	-	-	-	-	1,408,982
Available for sale	53,667,392	-	-	-	-	53,667,392
Held to maturity	23,209,476	-	-	-	173,599	23,383,075
Other receivables-trade transactions	5,044,990	62,452	7,811	-	776,037	5,891,290
Securities purchased under resale						
agreements	12,369,885	-	-	-	-	12,369,885
Derivatives receivables	110,979	-	-	-	2,678	113,657
Loans	216,740,428	54,155,406	19,628,509	12,225,070	8,343,893	311,093,306
Consumer financing receivables	1,947,443	926,938	274,480	99,699	-	3,248,560
Net investment in						
finance leases	38,982	-	-	-	-	38,982
Acceptances receivables	6,447,796	5,309	-	-	97,998	6,551,103
Other assets						
Accrued income	1,369,162	162,510	66,868	44,614	61,228	1,704,382
Receivables from transactions						
related to ATM and credit card	447,975	-	-	-	-	447,975
Receivable to policy's holder	169,524	-	-	-	-	169,524
Receivables from customer						
transactions	558,454	-	-	-	-	558,454
Receivables from sale of marketable						
Securities	1,301,769	-	-	-	-	1,301,769
	429,763,824	55,493,371	19,980,922	12,369,383	14,114,981	531,722,481

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit enhancements (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	31 December 2010					
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	Total
Current accounts with Bank Indonesia	24,856,699	-	-	-	-	24,856,699
Current accounts with other banks	8,253,842	2,397	98	-	313,441	8,569,778
Placement with Bank Indonesia and other banks	26,054,593	-	-	-	2,997,327	29,051,920
Marketable securities						
Fair value through profit or loss	17,801,896	-	-	-	-	17,801,896
Available for sale	5,178,457	-	-	-	365,738	5,544,195
Held to maturity	3,918,362	-	-	-	231,971	4,150,333
Government Bonds						
Fair value through profit or loss	611,707	-	-	-	-	611,707
Available for sale	54,052,164	-	-	-	-	54,052,164
Held to maturity	23,257,818	-	-	-	171,045	23,428,863
Other receivables-trade transactions	3,721,913	-	-	-	-	3,721,913
Securities purchased under resale agreements	8,980,757	-	-	-	-	8,980,757
Derivatives receivables	36,477	-	-	-	619	37,096
Loans	169,752,893	42,783,072	14,590,599	8,828,100	8,072,320	244,026,984
Consumer financing receivables	1,464,503	439,422	205,312	64,355	-	2,173,592
Acceptances receivables	3,870,130	-	-	-	80,376	3,950,506
Other assets						
Accrued income	1,436,339	130,328	49,827	43,006	27,676	1,687,176
Receivables from transactions related to ATM and credit card	301,756	-	-	-	-	301,756
Receivable to policy's holder	91,460	-	-	-	-	91,460
Receivables from customer transactions	701,664	-	-	-	-	701,664
Receivables from sale of marketable securities	1,374	-	-	-	-	1,374
	354,344,804	43,355,219	14,845,836	8,935,461	12,260,513	433,741,833

Credit risk exposure relating to administrative accounts are as follows:

	31 December 2011					
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	Total
Administrative accounts						
Bank Guarantees issued	27,197,577	31,420	8,875	4,298	187,112	27,429,282
Committed unused credit facilities granted	19,416,908	4,809,378	859,418	502,598	838,729	26,427,031
Outstanding irrevocable letters of credit	11,621,144	-	-	-	449,646	12,070,790
Standby letter of credit	4,957,010	-	-	-	328,519	5,285,529
	63,192,639	4,840,798	868,293	506,896	1,804,006	71,212,632

	31 December 2010					
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	Total
Administrative accounts						
Bank Guarantees issued	21,149,526	-	-	-	200,655	21,350,181
Committed unused credit facilities granted	11,365,800	3,239,735	745,636	573,884	259,644	16,184,699
Outstanding irrevocable letters of credit	6,909,224	-	-	-	749,664	7,658,888
Standby letter of credit	2,841,191	-	-	-	391,833	3,233,024
	42,265,741	3,239,735	745,636	573,884	1,601,796	48,426,792

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit enhancements (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors

The following table breaks down Bank's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors as at 31 December 2011 and 2010.

	31 December 2011						
	Government	Financial institution Bank	Manufacturing	Agriculture	Business Services	Others	Total
Current accounts with Bank Indonesia	36,152,674	-	-	-	-	-	36,152,674
Current accounts with other Banks	-	9,827,669	-	-	-	-	9,827,669
Placement with Bank Indonesia and other banks	33,441,228	18,098,563	-	-	-	-	51,539,791
Marketable securities							
Fair value through profit or loss	2,929,181	708,927	27,519	211,048	86,623	29,305	3,992,603
Available for sale	90,788	5,328,618	52,500	-	43,296	246,044	5,761,246
Held to maturity	129,230	57,780	639,332	154,340	751,519	758,373	2,490,574
Loans and receivable	-	-	9,588	-	-	-	9,588
Government Bonds							
Fair value through profit or loss	1,408,982	-	-	-	-	-	1,408,982
Available for sale	53,667,392	-	-	-	-	-	53,667,392
Held to maturity	23,383,075	-	-	-	-	-	23,383,075
Other receivables – trade transactions	-	109,339	2,484,414	583,317	2,856	2,711,364	5,891,290
Securities purchased under resale Agreements	6,348,573	6,021,312	-	-	-	-	12,369,885
Derivatives receivables	12	102,443	3,487	-	-	7,715	113,657
Loans	716,374	1,659,661	64,488,326	38,100,199	39,364,806	166,763,940	311,093,306
Consumer financing receivables	-	-	-	-	-	3,248,560	3,248,560
Net Investment in finance leases	-	-	-	-	-	38,982	38,982
Acceptances receivables	-	242,617	2,369,851	87,057	-	3,851,578	6,551,103
Other assets							
Accrued income	79,033	155,052	191,149	46,821	40,604	1,191,723	1,704,382
Receivables from transactions related to ATM and credit card	-	-	-	-	-	447,975	447,975
Receivable to policy's holder	-	-	-	-	-	169,524	169,524
Receivables from customer transactions	-	-	-	-	-	558,454	558,454
Receivables from sale of marketable securities	-	1,301,769	-	-	-	-	1,301,769
	158,346,542	43,613,750	70,266,166	39,182,782	40,289,704	180,023,537	531,722,481

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit enhancements (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	31 December 2010						
	Government	Financial institution Bank	Manufacturing	Agriculture	Business Services	Others	Total
Current accounts with Bank Indonesia	24,856,699	-	-	-	-	-	24,856,699
Current accounts with other Banks	-	8,569,778	-	-	-	-	8,569,778
Placement with Bank Indonesia and other banks	16,162,347	12,889,573	-	-	-	-	29,051,920
Marketable securities							
- Fair value through profit or loss	17,507,312	181,269	63,140	10,665	39,510	-	17,801,896
- Available for sale	90,579	5,358,348	83,418	-	11,850	-	5,544,195
- Held to maturity	1,420,611	1,262,040	424,425	140,087	903,170	-	4,150,333
Government Bonds							
- Fair value through profit or loss	611,707	-	-	-	-	-	611,707
- Available for sale	54,052,164	-	-	-	-	-	54,052,164
- Held to maturity	23,428,863	-	-	-	-	-	23,428,863
Other receivables – trade transactions	-	771,885	864,379	26,789	3,723	2,055,137	3,721,913
Securities purchased under resale Agreements	3,017,368	5,960,335	-	-	-	3,054	8,980,757
Derivatives receivables	-	35,235	409	60	-	1,392	37,096
Loans	323,838	1,421,350	57,830,880	29,594,387	29,211,901	125,644,628	244,026,984
Consumer financing receivables	-	-	-	-	-	2,173,592	2,173,592
Acceptances receivables	-	240,487	1,475,239	2,924	-	2,231,856	3,950,506
Other assets							
Accrued income	516,275	97,154	56,744	48	22,054	994,901	1,687,176
Receivables from transactions related to ATM and credit card	-	-	-	-	-	301,756	301,756
Receivable to policy's holder	-	-	-	-	-	91,460	91,460
Receivables from customer transactions	-	231,898	-	-	-	469,766	701,664
Receivables from sale of marketable securities	-	1,374	-	-	-	-	1,374
	141,987,763	37,020,726	60,798,634	29,774,960	30,192,208	133,967,542	433,741,833

Credit risk exposure relating to administrative accounts items are as follows:

	31 December 2011						
	Government	Financial institution Bank	Manufacturing	Agriculture	Business Services	Others	Total
Administrative accounts							
Bank Guarantees issued	-	6,427,262	603,592	2,730,006	168,756	17,499,666	27,429,282
Committed unused credit facilities granted	30,363	122,676	9,306,547	2,625,665	80,262	14,261,518	26,427,031
Outstanding irrevocable letters of credit	-	-	8,861,967	64,164	50,363	3,094,296	12,070,790
Standby letter of credit	-	-	767,789	-	-	4,517,740	5,285,529
	30,363	6,549,938	19,539,895	5,419,835	299,381	39,373,220	71,212,632

	31 December 2010						
	Government	Financial institution Bank	Manufacturing	Agriculture	Business Services	Others	Total
Administrative accounts							
Bank Guarantees issued	364	4,176,860	6,010,492	8,785	103,756	11,049,924	21,350,181
Committed unused credit facilities granted	14,084	702,970	56,794	-	-	15,410,851	16,184,699
Outstanding irrevocable letters of credit	921,005	308,266	1,855,543	72,414	162,654	4,339,006	7,658,888
Standby letter of credit	-	-	289,843	90,100	1,100,947	1,752,134	3,233,024
	935,453	5,188,096	8,212,672	171,299	1,367,357	32,551,915	48,426,792

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(ii) Current accounts with other banks

	31 December 2011		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah	374,290	-	374,290
Foreign currencies	9,448,689	4,690	9,453,379
Total	9,822,979	4,690	9,827,669
Less: Allowance for impairment losses	(6,151)	(4,690)	(10,841)
	9,816,828	**-**	**9,816,828**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

	31 December 2010		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah	291,337	-	291,337
Foreign currencies	8,273,630	4,811	8,278,441
Total	8,564,967	4,811	8,569,778
Less: Allowance for impairment losses	(5,302)	(4,811)	(10,113)
	8,559,665	**-**	**8,559,665**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

(iii) Placement with Bank Indonesia and other banks

	31 December 2011		
	Non-impaired Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah:			
Bank Indonesia	33,441,228	-	33,441,228
Call money	520,000	-	520,000
Time deposits	806,737	-	806,737
Saving	3,261	-	3,261
Total Rupiah	34,771,226	-	34,771,226
Foreign currencies:			
Call money	14,050,734	66,591	14,117,325
“Fixed-Term” Placement	2,559,160	1,532	2,560,692
Time deposit	90,548	-	90,548
Total foreign currencies	16,700,442	68,123	16,768,565
Total	51,471,668	68,123	51,539,791
Less: Allowance for impairment losses	(101,446)	(68,123)	(169,569)
	51,370,222	**-**	**51,370,222**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iii) Placement with Bank Indonesia and other banks (continued)

	31 December 2010		
	Non-impaired Collective Assesment)*)	Impaired (Individual Assesment)	Total
Rupiah:			
Bank Indonesia	16,162,347	-	16,162,347
Call money	927,000	-	927,000
Time deposits	674,961	-	674,961
Saving	2,176	-	2,176
Total Rupiah	17,766,484	-	17,766,484
Foreign currencies:			
Call money	9,106,276	68,314	9,174,590
“Fixed-Term” Placement	2,090,786	1,572	2,092,358
Time deposit	18,488	-	18,488
Total foreign currencies	11,215,550	69,886	11,285,436
Total	28,982,034	69,886	29,051,920
Less: Allowance for impairment losses	(67,999)	(69,886)	(137,885)
	28,914,035	**-**	**28,914,035**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

(iv) Marketable securities

	31 December 2011		
	Non-impaired (Collective Assesment)*)	Impaired (Individual Assesment)*)	Total
Rupiah:			
Investments in mutual fund	5,224,848	-	5,224,848
Bonds	3,482,543	86,285	3,568,828
Sharia Corporate bonds	915,699	137,006	1,052,705
Medium-term notes	490,000	-	490,000
Shares	262,305	-	262,305
Export bills	151,311	58	151,369
Sharia Certificates of Bank Indonesia	100,000	-	100,000
Certificates of Bank Indonesia	29,230	-	29,230
Total Rupiah	10,655,936	223,349	10,879,285
Foreign currencies:			
Export bills	903,800	23,700	927,500
Treasury bills	244,946	-	244,946
Floating rate notes	154,984	-	154,984
Bonds	37,708	9,588	47,296
Total foreign currencies	1,341,438	33,288	1,374,726
Total	11,997,374	256,637	12,254,011
Less: Allowance for impairment losses	(75,524)	(175,569)	(251,093)
	11,921,850	**81,068**	**12,002,918**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iv) Marketable securities (continued)

	31 December 2010		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)*)**	**Total**
Rupiah:			
Certificates of Bank Indonesia	17,526,933	-	17,526,933
Investments in mutual fund	5,131,585	-	5,131,585
Sharia Certificates of Bank Indonesia	1,250,000	-	1,250,000
Sharia Corporate bonds	986,723	50,000	1,036,723
Bonds	494,878	85,879	580,757
Export bills	104,510	-	104,510
Shares	90,410	-	90,410
Medium-term notes	60,000	-	60,000
Sharia mutual fund	26,233	-	26,233
Total Rupiah	25,671,272	135,879	25,807,151
Foreign currencies:			
Export bills	1,193,126	98,049	1,291,175
Floating rate notes	155,372	-	155,372
Treasury bills	150,990	-	150,990
Bonds	91,736	-	91,736
Total foreign currencies	1,591,224	98,049	1,689,273
Total	27,262,496	233,928	27,496,424
Less: Allowance for impairment losses	(68,817)	(180,078)	(248,895)
	27,193,679	**53,850**	**27,247,529**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

(v) Other receivables – trade transactions

	31 December 2011		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah:			
Usance L/C payable at sight	316,487	38,296	354,783
Others	798,419	1,028,301	1,826,720
Total Rupiah	1,114,906	1,066,597	2,181,503
Foreign currencies:			
Usance L/C payable at sight	2,085,405	374,998	2,460,403
Others	591,672	657,712	1,249,384
Total foreign currencies	2,677,077	1,032,710	3,709,787
Total	3,791,983	2,099,307	5,891,290
Less: Allowance for impairment losses	(12,825)	(1,066,477)	(1,079,302)
	3,779,158	**1,032,830**	**4,811,988**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(v) Other receivables – trade transactions (continued)

	31 December 2010		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah:			
Usance L/C payable at sight	1,440,125	593,232	2,033,357
Others	13,788	157,557	171,345
Total Rupiah	1,453,913	750,789	2,204,702
Foreign currencies:			
Usance L/C payable at sight	475,765	356,461	832,226
Others	22,309	662,676	684,985
Total foreign currencies	498,074	1,019,137	1,517,211
Total	1,951,987	1,769,926	3,721,913
Less: Allowance for impairment losses	(7,688)	(1,138,639)	(1,146,327)
	1,944,299	**631,287**	**2,575,586**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

(vi) Acceptance receivables

	31 December 2011		
	Non-impaired (Collective Assesment)	**Impaired (Individual Assesment)**	**Total**
Rupiah	211,645	82,146	293,791
Foreign currencies	6,110,293	147,019	6,257,312
Total	6,321,938	229,165	6,551,103
Less: Allowance for impairment losses	(27,164)	(13,503)	(40,667)
	6,294,774	**215,662**	**6,510,436**

	31 December 2010		
	Non-impaired (Collective Assesment)	**Impaired (Individual Assesment)**	**Total**
Rupiah	161,526	52,421	213,947
Foreign currencies	3,368,616	367,943	3,736,559
Total	3,530,142	420,364	3,950,506
Less: Allowance for impairment losses	(10,590)	(160,507)	(171,097)
	3,519,552	**259,857**	**3,779,409**

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vii) Consumer financing receivables

	31 December 2011		
	Non-impaired (Collective Assesment)	Impaired (Individual Assesment)	Total
Rupiah	3,196,403	52,157	3,248,560
Foreign currencies	-	-	-
Total	3,196,403	52,157	3,248,560
Less: Allowance for impairment losses	(51,192)	(11,798)	(62,990)
	3,145,211	**40,359**	**3,185,570**

	31 December 2010		
	Non-impaired (Collective Assesment)	Impaired (Individual Assesment)	Total
Rupiah	2,145,742	27,850	2,173,592
Foreign currencies	-	-	-
Total	2,145,742	27,850	2,173,592
Less: Allowance for impairment losses	(31,705)	(9,064)	(40,769)
	2,114,037	**18,786**	**2,132,823**

(viii) Investment in finance lease

	31 December 2011		
	Non-impaired (Collective Assesment)	Impaired (Individual Assesment)	Total
Rupiah	38,982	-	38,982
Foreign currencies	-	-	-
Total	38,982	-	38,982
Less: Allowance for impairment losses	(197)	-	(197)
	38,785	**-**	**38,785**

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(ix) Estimated losses on commitments and contingencies

	31 December 2011		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah:			
Committed unused loan facilities granted	24,258,676	5,581	24,264,257
Bank guarantees issued	15,168,888	14,043	15,182,931
Outstanding irrevocable letters of credit	2,144,864	-	2,144,864
Standby letters of credit	1,637,463	-	1,637,463
Total Rupiah	43,209,891	19,624	43,229,515
Foreign currencies:			
Committed unused loan facilities granted	2,162,774	-	2,162,774
Bank guarantees issued	12,245,951	400	12,246,351
Outstanding irrevocable letters of credit	9,919,843	6,083	9,925,926
Standby letters of credit	3,648,066	-	3,648,066
Total foreign currencies	27,976,634	6,483	27,983,117
Total	71,186,525	26,107	71,212,632
Less: Allowance for impairment losses	(217,047)	(17,317)	(234,364)
	70,969,478	**8,790**	**70,978,268**

	31 December 2010		
	Non-impaired (Collective Assesment)*)	**Impaired (Individual Assesment)**	**Total**
Rupiah:			
Committed unused loan facilities granted	14,497,479	715	14,498,194
Bank guarantees issued	13,362,761	138,798	13,501,559
Outstanding irrevocable letters of credit	2,014,951	-	2,014,951
Standby letters of credit	368,775	-	368,775
Total Rupiah	30,243,966	139,513	30,383,479
Foreign currencies:			
Bank guarantees issued	7,841,568	7,054	7,848,622
Outstanding irrevocable letters of credit	5,643,937	-	5,643,937
Standby letters of credit	2,864,249	-	2,864,249
Committed unused loan facilities granted	1,686,505	-	1,686,505
Total foreign currencies	18,036,259	7,054	18,043,313
Total	48,280,225	146,567	48,426,792
Less: Allowance for impairment losses	(341,123)	(30,542)	(371,665)
	47,939,102	**116,025**	**48,055,127**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed follow based on Bank Indonesia Regulation (Note 2c.G.(d)).

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management

Liquidity risk represents potential loss due to the Bank's inability to meet all financial liabilities as they fall due through its cash flows and/or highly quality liquid assets which can be pledged, without negatively impacting the Bank's activities and financial condition. The Bank's liquidity is influenced by the funding structure, asset liquidity, liabilities to the counterparty and loans commitment to the debtors. Liquidity risk is caused by the inability of the Bank to provide liquidity at normal price that affects the profitability and Bank's capital.

The Bank's liquidity risk indicators are measured through several indicators, which among others include primary reserve ratio, secondary reserve and loan to deposit ratio (LDR) Reserves that should be maintained by the Bank in form of current accounts with Bank Indonesia or securities. The balances of this GWM are set by Bank Indonesia based on certain percentage from total deposits. As at 31 December 2011, the Bank maintained primary reserve of 8.00%, LDR reserve of 0.50% and secondary reserve of 30.00% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.06% from the outstanding deposits denominated in foreign exchange.

Secondary reserve is used to support the primary reserve as a liquidity reserve to anticipate the un-scheduled need of funding. The Bank has a limit safety level in relation to liquidity reserve. As at 31 December 2011, the Bank's liquidity reserve for the next 3 months is above the safety level (unaudited).

LDR is a ratio of credit to third parties in Rupiah and foreign currency against total deposits. LDR is used to measure the portion of illiquid long-term asset (i.e. credit) that are funded by deposits, which are usually short-term in nature. As at 31 December 2011, the Bank's LDR is 71.61%, which qualified as "very liquid" in the assessment of Bank Soundness (Tingkat Kesehatan Bank).

To project the liquidity conditions in the future, the Bank is using a liquidity gap. Liquidity gap created on the basis of maturity mismatch between the components of assets and liabilities (including off-balance sheet), which organized into time periods (time buckets) based on contractual maturity or behavioral maturity. On 31 December 2011, the Bank's liquidity forecast up to 12 months in the future be in a position optimal surplus (unaudited).

To determine the impact of changes in market factors and internal factors in extreme conditions (crisis) of the condition of liquidity, the Bank conduct stress testing of liquidity risk on a regular basis.

The maturity profile as at 31 December 2011 and 2010, are based on the remaining period to the contractual maturity date. Historically, a significant portion of deposits are rolled-over on the maturity date. In addition, if the Bank encounters liquidity needs, Government Bonds (fair value through profit or loss and available for sale) could be liquidated through sale or used as collateral in the inter-bank market. The Bank's policy with regards to the maturity gap between the monetary assets and liabilities is to determine a gap limit which is adjusted to the Bank's and Subsidiaries ability to obtain immediate liquidity.

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The maturity profile of the Bank's financial assets and liabilities is as follows:

	31 December 2011						
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**More than 12 months**
Assets							
Current accounts with Bank Indonesia	36,152,674	-	36,152,674	-	-	-	-
Current accounts with other banks - gross	9,827,669	-	9,822,979	-	-	-	4,690
Placements with Bank Indonesia and other banks - gross	51,539,791	3,261	39,937,808	11,329,813	132,786	68,000	68,123
Marketable securities – gross	12,254,011	513,541	682,169	275,743	775,785	3,098,582	6,908,191
Government Bonds	78,459,449	-	15,020	7,530	-	138,229	78,298,670
Other receivables-trade transactions – gross	5,891,290	-	1,396,353	1,651,941	2,027,923	39,194	775,879
Securities purchased under resale agreements – gross	12,369,885	-	5,414,560	6,955,325	-	-	-
Derivative receivables – gross	113,657	-	34,968	65,221	9,986	3,482	-
Loans - gross	311,093,306	-	13,861,092	27,736,079	26,197,840	53,990,798	189,307,497
Consumer financing receivables - gross	3,248,560	-	118,089	237,479	355,160	695,439	1,842,393
Net Investment finance lease	38,982	-	1,231	2,504	3,861	8,112	23,274
Acceptance receivables – gross	6,551,103	-	1,428,017	3,605,461	1,508,634	8,991	-
Policyholders' investment in unit-linked contracts	9,044,266	9,044,266	-	-	-	-	-
Other assets - gross	4,182,104	-	3,623,650	558,454	-	-	-
	540,766,747	**9,561,068**	**112,488,610**	**52,425,550**	**31,011,975**	**58,050,827**	**277,228,717**
Allowance for impairment losses	(13,696,867)						
Total	**527,069,880**						
Liabilities							
Obligation due immediately							
Accrued interest payable	187,030	-	187,030	-	-	-	-
Deposit from customers							
Demand deposits	92,530,586	-	92,530,586	-	-	-	-
Saving deposits	149,868,333	-	149,868,333	-	-	-	-
Time deposits	142,329,684	-	107,430,444	26,639,178	5,213,874	2,909,320	136,868
Deposits from other banks							
Demand and saving deposits	2,568,151	-	2,568,151	-	-	-	-
Interbank call money	58,281	-	58,281	-	-	-	-
Time deposits	9,691,453	-	9,616,045	49,985	11,450	13,873	100
Derivative payables	165,378	-	81,124	36,895	11,362	3,815	32,182
Liability to unit-linked holders	9,044,266	9,044,266	-	-	-	-	-
Acceptance payables	6,551,103	-	1,428,017	3,605,461	1,508,634	8,991	-
Marketable securities issued	2,211,588	-	415,612	524,891	47,894	-	1,223,191
Fund borrowings	11,703,498	-	971,552	1,542,031	2,144,091	22,114	7,023,710
Accrued expenses	600,545	-	600,545	-	-	-	-
Other liabilities	7,361,118	695,113	3,565,751	2,816,777	168,449	115,028	-
Subordinated loans	5,851,798	-	1,799	17,153	-	337,952	5,494,894
	440,722,812	**9,739,379**	**369,323,271**	**35,232,370**	**9,105,754**	**3,411,093**	**13,910,945**
Maturity gap	**100,043,935**	**(178,311)**	**(256,834,661)**	**17,193,180**	**21,906,221**	**54,639,734**	**263,317,772**
Net position, net of allowance for impairment losses	**86,347,068**						

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The maturity profile of the Bank's financial assets and liabilities is as follows (continued):

	31 December 2010						
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1 - 3 months**	**3 - 6 months**	**6 - 12 months**	**More than 12 months**
Assets							
Current accounts with Bank Indonesia	24,856,699	-	24,856,699	-	-	-	-
Current accounts with other banks - gross	8,569,778	-	8,564,967	-	-	-	4,811
Placements with Bank Indonesia and other banks - gross	29,051,920	2,176	22,787,252	5,777,533	401,872	13,201	69,886
Marketable securities – gross	27,496,424	205,038	2,217,218	669,981	5,661,265	11,925,000	6,817,922
Government Bonds	78,092,734	-	-	-	-	58,043	78,034,691
Other receivables-trade transactions – gross	3,721,913	-	694,942	1,208,626	1,045,881	579	771,885
Securities purchased under resale agreements – gross	8,980,757	-	300,323	7,661,331	1,019,103	-	-
Derivative receivables – gross	37,096	-	18,327	3,232	13,619	1,918	-
Loans - gross	244,026,984	-	11,643,487	30,332,228	19,774,222	35,758,892	146,518,155
Consumer financing receivables - gross	2,173,592	-	78,728	155,481	227,055	421,370	1,290,958
Acceptance receivables – gross	3,950,506	-	833,360	1,852,931	1,246,790	17,425	-
Policyholders' investment in unit-linked contracts	7,212,113	7,212,113	-	-	-	-	-
Other assets - gross	2,783,430	-	2,081,765	701,665	-	-	-
	440,953,946	**7,419,327**	**74,077,068**	**48,363,008**	**29,389,807**	**48,196,428**	**233,508,308**
Allowance for impairment losses	(13,238,096)						
Total	**427,715,850**						
Liabilities							
Obligation due immediately							
Accrued interest payable	163,492	-	163,492	-	-	-	-
Deposit from customers							
Demand deposits	68,287,253	-	68,287,253	-	-	-	-
Saving deposits	123,956,607	-	123,956,607	-	-	-	-
Time deposits	145,144,049	-	107,883,613	23,023,302	7,772,919	6,152,720	311,495
Deposits from other banks							
Demand and saving deposits	1,780,344	-	1,780,344	-	-	-	-
Time deposits	5,422,339	-	5,349,179	53,450	6,897	12,413	400
Derivative payables	33,246	-	8,200	4,582	8,921	1,339	10,204
Liability to unit-linked holders	7,212,113	7,212,113		-	-	-	-
Acceptance payables	3,950,506	-	833,360	1,852,931	1,246,790	17,425	-
Marketable securities issued	1,491,367	-	467,180	49,979	-	249,568	724,640
Fund borrowings	5,634,838	-	160,515	3,173,495	226,539	241,907	1,832,382
Accrued expenses	606,975	-	606,975	-	-	-	-
Other liabilities	5,727,090	370,400	2,603,701	2,378,018	96,094	278,877	-
Subordinated loans	6,056,572	-	-	-	-	-	6,056,572
	375,466,791	**7,582,513**	**312,100,419**	**30,535,757**	**9,358,160**	**6,954,249**	**8,935,693**
Maturity gap	**65,487,155**	**(163,186)**	**(238,023,351)**	**17,827,251**	**20,031,647**	**41,242,179**	**224,572,615**
Net position, net of allowance for impairment losses	**52,249,059**						

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. *Market Risk and Liquidity Risk* (continued)

(ii) Interest Rate Risk Management

Banking Book is all positions intended for the fulfillment of liquidity, asset & liability management, and compliance aspects of the capital. Market risk the banking book consists of interest rate risk and exchange rate risk resulting from the activities of banking book. Banking book market risk is managed with the aim of optimizing the structure of the Bank's statement of financial position (balance sheet) to obtain maximum yield in accordance with an acceptable level of risk for the Bank.

Banking book interest rate risk is the potential loss arising from movements in market interest rates as opposed to positions or transactions that are owned by the Bank. Potential losses may affect the Bank's profitability (earnings perspective) and to the economic value of bank capital (economic value perspective). Sources of banking book interest rate risk is repricing risk (repricing mismatch between assets and liabilities components), the basis risk (the use of different benchmark interest rate), yield curve risk (changes in shape and slope of the yield curve) and option risk (loan repayment or disbursement of deposits that are not in accordance with the agreed time period). Banks use the repricing gap and perform sensitivity analysis to measure the impact of interest rate movements to Net Interest Income (NII) and Economic Value of Equity (EVE). The calculation assumes that growth of assets and liabilities as at 31 December 2012 are based on RKAP 2012 and also used forecasting global rate in the next 12 months from Bloomberg.

Interest Rate Sensitivity Analysis (unaudited)

Information	Des 2010	Des 2011
NII *Sensitivity* 100bps, NII 12 mo (% to target NII)	1.71%	3.07%
EVE *Sensitivity* (100bps: % Modal)	1.58%	1.84%
Earning at Risk (% Modal)	0.42%	0.40%
Capital at Risk (% Modal)	1.05%	1.15%

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct regular stress testing banking book market risk.

The tables below summarise Bank Mandiri's Financial Asset and Liabilities at carrying amounts categorized by earlier of contractual repricing or maturity dates:

	31 December 2011									
	Less than 1 month	Over 1 month to 3 months	Over 3 months to 1 year	1 year to 2 years	2 year to 3 years	3 year to 4 years	4 year to 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	36,152,674	36,152,674
Current accounts with other banks	9,348,907	-	-	-	-	-	-	-	478,762	9,827,669
Placements with Bank Indonesia and Other Banks	35,249,048	11,089,227	200,786	-	-	-	-	-	5,000,730	51,539,791
Marketable Securities	114,517	90,788	3,164,772	150,972	202,855	389,933	17,541	274,663	7,847,970	12,254,011
Government Bonds	28,765,100	46,671,122	23,425	113,710	378,623	99,248	26,672	887,400	1,494,149	78,459,449
Other Receivables - Trade Transactions	-	-	-	-	-	-	-	-	5,891,290	5,891,290
Securities Purchased under Resale Agreements	5,414,564	6,955,321	-	-	-	-	-	-	-	12,369,885
Derivative Receivables	-	-	-	-	-	-	-	-	113,657	113,657
Loans	41,560,844	203,459,501	11,901,087	5,363,018	4,972,754	1,143,099	1,030,057	5,193,792	36,469,154	311,093,306
Consumer Financing Receivables	118,089	237,479	1,050,599	1,173,712	551,613	108,591	8,477	-	-	3,248 ,560
Net Investment finance lease	1,232	2,504	11,973	16,079	7,194	-	-	-	-	38,982
Acceptance Receivables	-	-	-	-	-	-	-	-	6,551,103	6,551,103
Other Assets - accrued income	-	-	-	-	-	-	-	-	4,182,104	4,182,104
	120,572,301	268,505,942	16,352,642	6,817,491	6,113,039	1,740,871	1,082,747	6,355,855	104,181,593	531,722,481

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

	31 December 2011									
	Less than 1 month	**Over 1 month to 3 months**	**Over 3 months to 1 year**	**1 year to 2 years**	**2 year to 3 years**	**3 year to 4 years**	**4 year to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Obligation due immediately	-	-	-	-	-	-	-	-	187,030	187,030
Deposits from Customers										
Demand deposits	207,760	87,739,303	-	-	-	-	-	-	4,583,523	92,530,586
Saving deposits	245,477	149,090,152	8,882	4,590	2,461	980	999	2,452	512,340	149,868,333
Time deposits	107,430,445	26,639,178	8,123,193	136,868	-	-	-	-	-	142,329,684
Deposits from Other Banks										
Demand and saving deposits	2,534,658	-	-	-	-	-	-	-	33,493	2,568,151
Interbank call money	58,281	-	-	-	-	-	-	-	-	58,281
Time deposits	9,371,222	249,470	11,550	13,873	-	-	-	-	45,338	9,691,453
Derivative Payables	-	-	-	-	-	-	-	-	165,378	165,378
Acceptance Payables	-	-	-	-	-	-	-	-	6,551,103	6,551,103
Marketable Securities Issued	-	524,891	47,894	51,804	348,502	149,319	-	-	1,089,178	2,211,588
Fund Borrowings	1,045,493	1,527,269	2,422,475	5,699,558	258,703	-	-	-	750,000	11,703,498
Accrued Expenses	-	-	-	-	-	-	-	-	600,545	600,545
Other Liabilities	-	-	-	-	-	-	-	-	7,361,118	7,361,118
Subordinated Loans	1,799	17,153	337,952	634,303	1,164,462	26,702	28,501	3,640,926	-	5,851,798
	120,895,135	265,787,416	10,951,946	6,540,996	1,774,128	177,001	29,500	3,643,378	21,879,046	431,678,546
Total interest repricing gap	**(322,834)**	**2,718,526**	**5,400,696**	**276,495**	**4,338,911**	**1,563,870**	**1,053,247**	**2,712,477**	**82,676,607**	**100,417,995**

	31 December 2010									
	Less than 1 month	**Over 1 month to 3 months**	**Over 3 months to 1 year**	**1 year to 2 years**	**2 year to 3 years**	**3 year to 4 years**	**4 year to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	24,856,699	24,856,699
Current accounts with other banks	8,202,762	-	-	-	-	-	-	-	367,016	8,569,778
Placements with Bank Indonesia and Other Banks	22,599,428	3,615,533	415,073	-	-	-	-	-	2,421,886	29,051,920
Marketable Securities	801,251	279,085	16,689,326	381,453	125,446	181,091	78,452	29,685	8,930,635	27,496,424
Government Bonds	28,789,791	45,892,672	58,042	65,269	148,595	341,038	1,201,551	541,885	1,053,891	78,092,734
Other Receivables - Trade Transactions	-	-	-	-	-	-	-	-	3,721,913	3,721,913
Securities Purchased under Resale Agreements	300,323	7,661,333	1,019,101	-	-	-	-	-	-	8,980,757
Derivative Receivables	-	-	-	-	-	-	-	-	37,096	37,096
Loans	27,889,674	172,665,213	2,775,134	1,999,964	1,958,166	1,895,689	1,708,326	9,287,770	23,847,048	244,026,984
Consumer Financing Receivables	78,729	155,482	648,424	731,246	416,596	126,404	16,630	81	-	2,173,592
Acceptance Receivables-	-	-	-	-	-	-	-	-	3,950,506	3,950,506
Other Assets	-	-	-	-	-	-	-	-	2,783,430	2,783,430
	88,661,958	230,269,318	21,605,100	3,177,932	2,648,803	2,544,222	3,004,959	9,859,421	71,970,120	433,741,833

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

	31 December 2010									
	Less than 1 month	**Over 1 month to 3 months**	**Over 3 months to 1 year**	**1 year to 2 years**	**2 year to 3 years**	**3 year to 4 years**	**4 year to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Deposits from Customers										
Demand deposits	262,795	64,155,127	-	-	-	-	-	-	3,869,331	68,287,253
Saving deposits	197,022	123,515,044	-	-	-	-	-	-	244,541	123,956,607
Time deposits	115,595,176	20,536,504	8,678,296	93,083	6,648	-	234,342	-	-	145,144,049
Deposits from Other Banks										
Demand and saving deposits	10,295	1,770,049	-	-	-	-	-	-	-	1,780,344
Time deposits	5,364,522	37,298	20,107	412	-	-	-	-	-	5,422,339
Derivative Payables	-	-	-	-	-	-	-	-	33,246	33,246
Acceptance Payables	-	-	-	-	-	-	-	-	3,950,506	3,950,506
Marketable Securities Issued	-	49,979	249,568	524,076	-	-	-	-	667,744	1,491,367
Fund Borrowings	1,093,960	3,640,260	462,020	308,443	129,352	803	-	-	-	5,634,838
Accrued Expenses	-	-	-	-	-	-	-	-	606,975	606,975
Other Liabilities	-	-	-	-	-	-	-	-	5,727,089	5,727,089
Subordinated Loans	178,870	170,983	-	-	-	2,230,259	-	3,476,460	-	6,056,572
	122,702,640	213,875,244	9,409,991	926,014	136,000	2,231,062	234,342	3,476,460	15,099,432	368,091,185
Total interest repricing gap	**(34,040,682)**	**16,394,074**	**12,195,109**	**2,251,918**	**2,512,803**	**313,160**	**2,770,617**	**6,382,961**	**56,870,688**	**65,650,648**

(iii) Pricing Management

As part of the management of interest rate risk, the Bank applies pricing policy for loans and deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and simultaneously support the Bank to achieve revenue market share in the competitive climate.

Bank consistently seeks to apply the strategy as a market leader in terms of pricing of funding. However, taking into account liquidity conditions and funding needs, the Bank may implement an aggressive strategy (greater than major competitors) or defensive (equal to or smaller than major competitors).

In setting interest rates, the Bank implement risk-based pricing that is granting loans to interest rate varies based on the level of credit risk. In order to minimize interest rate risk, then the adjustable rate loan with an interest rate financing source of funds. In addition to the cost of funds, mortgage interest rates determined by considering the overhead costs, credit risk premiums and profit margins by taking into account the Bank's competitiveness with major competitors. Lending rates can be either floating rate or a fixed rate.

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(iv) Market Risk Management

Market risk is the risk of loss due to the movement of factors of market interest rates and exchange rates on the trading portfolio which includes cash instruments and derivative instruments.

In the implementation of market risk management of trading, the Bank applied the principle of segregation of duties to perform the separation between the front office units (execute trading transactions), middle-office units (implementing risk management processes, developing policies and procedures) and back office unit (execute the transaction settlement process) .

To measure the magnitude of the exposure risk of trading activities, the Bank uses appropriate measurement approaches and best practices are risk sensitive, the method including Value at Risk (VaR). VaR aims to measure the potential losses on the Bank's trading portfolio under normal conditions based on changes in market factors, using a confidence level of 99.00% and the holding period of 10 days.

VaR (Rp Billion) (unaudited)	Year End 2011	Maximum	Minimum	Average	Year End 2010
FX	2.73	17.87	1.04	3.75	2.05
IR	6.20	11.94	0.64	4.49	5.37
Total	6.31	18.37	1.30	6.02	5.12
Utilisasi Limit	17.01%	49.52%	3.49%	16.23%	10.53%

Market risk control is done by setting limits to the maximum potential loss risk (VaR limit) and the sensitivity limit is monitored daily by the Market Risk Management Unit.

Implementation of market risk monitoring process for treasury activity is done by comparing the realization of the risks to the limit established according to the Bank's risk appetite. In addition, the Bank also monitor the performance of the treasury to ensure business and revenue targets achieved.

Assessment of the effectiveness of the calculation of VaR backtesting process is done by comparing the results of calculation of VaR to the profit/loss of actual. During the year 2011, there was no profit/loss that exceeds the actual value of VaR.

In addition, at the very extreme market conditions, the Bank do the stress testing to evaluate the resistance to the movement of capital market factors are highly significant and prepare strategies are needed if a crisis occurs.

(v) Foreign Exchange Risk Management

Exchange rate risk represents potential loss arising from exchange rate movements in the market as opposed to when the Bank has an open position. The Bank applies a proper foreign exchange risk management to avoid loss due to changes an volatility in exchange rate. Exchange rate risk arise from foreign exchange transactions with customer or counterparty which led to an open position in foreign currency or structural positions in foreign currency due to capital investment. Banks manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and the provisions of Bank Indonesia.

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

Net Open Position calculation as at 31 December 2011 and 2010 , based on Bank Indonesia's Regulation No. 7/37/PBI/2005 dated 30 September 2005. In accordance with that regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on statement of financial position (balance sheet) (Rupiah equivalent) and the net difference between receivables and payables from commitments and contingencies for each foreign currency (Rupiah equivalent) recorded in off balance sheet account. The on balance sheet position is the net difference between total assets and liabilities for each currency (Rupiah equivalent).

Below is the Net Open Position of Bank Mandiri, as at 31 December 2011 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-BALANCE SHEET AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	86,187,698	85,559,860	627,838
Euro	1,361,400	1,354,458	6,942
Singapore Dollar	1,011,102	955,578	55,524
Hongkong Dollar	209,916	212,732	2,816
Japanese Yen	208,410	246,609	38,199
Australian Dollar	143,512	153,712	10,200
Great Britain Pound Sterling	45,973	64,969	18,996
Others	85,826	47,204	51,130*)
Total			**811,645**
ON-BALANCE SHEET			
United States Dollar	77,816,564	71,282,782	6,533,782
Singapore Dollar	938,006	689,874	248,132
Euro Singapore Dollar	613,011	946,183	(333,172)
Japanese Yen	225,951	222,779	3,172
Australian Dollar	139,830	97,216	42,614
Hong Kong Dollar	73,844	13,598	60,246
Great Britain Pound Sterling	45,973	37,018	8,955
Others	81,833	13,146	68,687**)
Total			**6,632,416**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 53)			**53,325,871**
NOP Ratio (On-Balance Sheet)			12.44%
NOP Ratio (Overall)			1.52%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2011 if calculated using November 2011 capital (unaudited):

Capital November 2011	53,744,987
NOP Ratio (On-Balance Sheet)	12.34%
NOP Ratio (Overall)	1.51%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

Below is the Net Open Position of Bank Mandiri, as at 31 December 2010 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-BALANCE SHEET AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	62,273,246	62,597,851	324,605
Euro	1,892,164	1,863,849	28,315
Singapore Dollar	1,120,531	942,168	178,363
Japanese Yen	291,191	270,496	20,695
Australian Dollar	265,144	263,563	1,581
Hong Kong Dollar	78,010	61,509	16,501
Great Britain Pound Sterling	64,603	76,826	12,223
Others	112,977	52,052	76,477*)
Total			**658,760**
ON-BALANCE SHEET			
United States Dollar	58,614,928	54,090,060	4,524,868
Euro	1,822,400	1,742,287	80,113
Singapore Dollar	1,028,889	907,911	120,978
Australian Dollar	257,442	174,161	83,281
Japanese Yen	285,076	215,003	70,073
Hong Kong Dollar	73,953	57,452	16,501
Great Britain Pound Sterling	56,587	62,885	(6,298)
Others	110,274	36,307	73,967**)
Total			**4,963,483**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 53)			**35,654,733**
NOP Ratio (On-Balance Sheet)			13.92%
NOP Ratio (Overall)			1.85%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2010 if calculated using November 2010 capital (unaudited):

Capital November 2010	34.846.840
NOP Ratio (On-Balance Sheet)	14.24%
NOP Ratio (Overall)	1.89%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

The table below summaries the Group's exposure to foreign currency exchange rate risk as at 31 December 2011 and 2010. Included in the table are the Group's financial instruments at carrying amount, categorised by currency.

	31 December 2011								
	United States Dollar	Euro	Singapore Dollar	Yen	Australian Dollar	Hong Kong Dollar	Pound Sterling	Others	Total
ASSETS									
Cash	569,423	54,429	208,182	52,229	96,975	1,550	3,691	41,194	1,027,673
Current accounts with Bank Indonesia	5,680,432	-	-	-	-	-	-	-	5,680,432
Current accounts with other banks	8,992,124	117,278	126,808	98,575	42,546	8,867	38,619	28,562	9,453,379
Placement with Bank Indonesia and other banks	16,269,309	363,429	104,753	-	-	-	18,925	12,149	16,768,565
Marketable Securities	1,182,795	53,035	72,428	6,859	-	59,609	-	-	1,374,726
Government Bonds	305,159	-	-	-	-	-	-	-	305,159
Other receivables - trade transactions	3,675,830	26,460	-	7,087	-	-	-	410	3,709,787
Derivatives receivable	92,576	8,434	36	-	8	-	475	161	101,690
Loans	41,443,228	104,376	332,336	15,702	1,013	-	66,219	-	41,962,874
Acceptances receivable	6,081,127	112,431	10,714	52,257	-	-	783	-	6,257,312
Investments in shares	-	-	124	-	-	-	-	-	124
Policyholders' investment in unit-linked contracts	30,061	-	-	-	-	-	-	-	30,061
Other assets	145,568	50	569	235	31	-	-	1	146,454
Total Assets	**84,467,632**	**839,922**	**855,950**	**232,944**	**140,573**	**70,026**	**128,712**	**82,477**	**86,818,236**
LIABILITIES									
Deposits from Customers									
Demand deposits	24,128,219	674,653	281,253	117,474	60,616	6,885	46,836	5,431	25,321,367
Saving deposits	11,839,572		175,786	11,849		-	-	14	12,027,221
Time deposits	16,324,807	78,928	97,702	104	32,303	1,785	4,748	19	16,540,396
Deposits from other banks									
Demand deposits	1,220,215	52,674	5,739	-	-	-	3,711	-	1,282,339
Inter bank call money	-	-	34,917	23,364	-	-	-	-	58,281
Time deposits	294,694	-	-	-	-	-	-	-	294,694
Derivative payable	57,595	201	486	19	173	39	277	-	58,790
Liability to unit-linked holders	30,061	-	-	-	-	-	-	-	30,061
Acceptances payable	6,081,127	112,431	10,714	52,257	-	-	783	-	6,257,312
Fund Borrowings	8,900,462	-	-	-	-	-	-	-	8,900,462
Accrued Expenses	62,778	72	95	1	34	19	48	-	63,047
Other liabilities	1,254,212	24,274	15,182	14,024	31	3,048	2,044	1,910	1,314,725
Subordinated Loans	174,428	-	-	-	-	-	-	-	174,428
Total liabilities	**70,368,170**	**943,233**	**621,874**	**219,092**	**93,157**	**11,776**	**58,447**	**7,374**	**72,323,123**
Net on balance sheets financial position	**14,099,462**	**(103,311)**	**234,076**	**13,852**	**47,416**	**58,250**	**70,265**	**75,103**	**14,495,113**
Administrative accounts - net	**(5,969,549)**	**275,581**	**(192,608)**	**(43,035)**	**(52,814)**	**(63,062)**	**(105,052)**	**(30,065)**	**(6,180,604)**

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. *Market Risk and Liquidity Risk* (continued)

(v) Foreign Exchange Risk Management (continued)

	31 December 2010								
	United States Dollar	Euro	Singapore Dollar	Yen	Australian Dollar	Hong Kong Dollar	Pound Sterling	Others	Total
ASSETS									
Cash	419,798	84,962	68,581	56,702	117,785	104	3,574	28,522	780,028
Current accounts with Bank Indonesia	591,403	-	-	-	-	-	-	-	591,403
Current accounts with other banks	7,567,225	359,746	106,914	83,920	55,890	11,372	40,491	52,883	8,278,441
Placement with Bank Indonesia and other banks	10,659,399	610,696	-	-	-	-	-	15,341	11,285,436
Marketable Securities	1,465,138	54,699	150,989	9,141	-	9,306	-	-	1,689,273
Government Bonds	171,045	-	-	-	-	-	-	-	171,045
Other receivables - trade transactions	1,511,461	5,429	-	321	-	-	-	-	1,517,211
Derivatives receivable	34,208	1,119	-	-	1	-	646	-	35,974
Loans	39,747,428	105,854	337,907	11,260	-	65,618	121,962	-	40,390,029
Acceptances receivable	3,563,762	93,204	40,808	37,454	-	-	-	1,331	3,736,559
Investments in shares	-	-	1,244	-	-	-	-	-	1,244
Policyholders' investment in unit-linked contracts	21,917	-	-	-	-	-	-	-	21,917
Other assets	79,568	37	513	183	-	-	-	-	80,301
Total Assets	**65,832,352**	**1,315,746**	**706,956**	**198,981**	**173,676**	**86,400**	**166,673**	**98,077**	**68,578,861**
LIABILITIES									
Deposits from Customers									
Demand deposits	20,963,198	736,053	214,084	69,878	39,138	9,359	48,495	4,518	22,084,723
Saving deposits	11,484,756	-	155,226	6,504	-	-	-	-	11,646,486
Time deposits	11,776,002	95,966	98,115	114	48,103	28,571	11,269	-	12,058,140
Deposits from other banks									
Demand deposits	882,996	19	3,623	-	-	-	-	-	886,638
Time deposits	339,677	-	-	-	-	-	-	-	339,677
Derivative payable	4,319	1,050	467	339	440	-	-	367	6,982
Liability to unit-linked holders	21,917	-	-	-	-	-	-	-	21,917
Acceptances payable	3,563,762	93,204	40,808	37,454	-	-	-	1,331	3,736,559
Fund Borrowings	4,402,405	-	-	-	-	-	-	-	4,402,405
Accrued Expenses	61,813	4	84	-	50	28	54	-	62,033
Other liabilities	902,070	31,983	23,093	15,116	293	3,732	3,276	178	979,741
Subordinated Loans	178,870	-	-	-	-	-	-	-	178,870
Total liabilities	**54,581,785**	**958,279**	**535,500**	**129,405**	**88,024**	**41,690**	**63,094**	**6,394**	**56,404,171**
Net on balance sheets financial position	**11,250,567**	**357,467**	**171,456**	**69,576**	**85,652**	**44,710**	**103,579**	**91,683**	**12,174,690**
Administrative accounts - net	**(4,702,293)**	**(51,798)**	**57,385**	**(49,378)**	**(81,700)**	**-**	**(5,925)**	**(13,042)**	**(4,846,751)**

(Expressed in millions of Rupiah, unless otherwise stated)

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

As at 31 December 2011 and 2010, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Marketable securities				
Held to maturity	2,250,577	2,275,486	3,947,624	3,971,085
Government Bonds				
Held to maturity	23,383,075	23,432,010	23,428,863	23,481,901
Loans	298,988,258	299,112,559	232,545,259	231,844,081
Consumer financing receivable	3,248,560	3,373,080	2,132,823	2,198,572
Net Investment finance lease	38,985	38,656	-	-
	327,909,455	328,231,791	262,054,569	261,495,639
Liabilities				
Marketable securities issued	2,211,588	2,205,643	1,491,367	1,487,319
Fund borrowings	11,703,498	11,692,345	5,634,838	5,636,235
Subordinated loans	5,851,798	6,145,477	6,056,572	6,063,961
	19,766,884	**20,043,465**	**13,182,777**	**13,187,515**

(i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under resale agreements, acceptance receivables and other assets.

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI, call money, "fixed-term" placements, time deposits and others.

The carrying amount of floating rate current accounts, placements and overnight deposits is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptance receivables and other assets is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Since the remaining maturity is below one year, the carrying amount of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptance receivables and other assets is a reasonable approximation of fair value.

(ii) Marketable securities (held to maturity) and Government Bonds (held to maturity)

The fair value for held to maturity marketable securities and Government Bonds are based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation model.

57. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

(iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value of loans and consumer financing receivable.

(iv) Deposits from customers and other banks, acceptance payables and other liabilities

The estimated fair value of deposits on demand, which includes non-interest bearing deposits, is the carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, acceptance payables and other liabilities not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As the remaining maturity is below one year, the carrying amount of fixed interest bearing deposits, acceptance payables and other liabilities is a reasonable approximation of fair value.

(v) Marketable securities issued, borrowings and subordinated loans

The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

C. Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed in internal processes, people and systems or from external factor which impacting the Bank's operational.

Operational Risk Management aims to reduce losses due to operational risk, understanding of operational risk exposures in the achievement of targets of working unit, the internal process of continuous improvement and to enhance risk awareness. Framework for Operational Risk Management (ORM) based on Bank Indonesia regulations and Basel II and the provisions of the Bank's internal regulations. At this time, the Bank has had a policy related to ORM as outlined in the Risk Management Policy of Bank Mandiri (KMRBM) and Standard Operating Procedures (SOPs) which contains both the technical aspects of operational risk management governance, procedures and reporting systems.

In addition, the Bank has established procedures regarding risk management and mitigation measures in the New Products and Activities (PAB) that contains the SPO PAB assessment procedures against eight types of risks that may become problems.

In order to improve the effectiveness of operational risk management, the Bank has done the following initiatives:

57. RISK MANAGEMENT (continued)

C. Operational Risk (continued)

1. Alignment of operational risk methodologies with Risk Based Audit methodology.

   The results of implementing operational risk management in which risk profile of the working unit, is used as reference in performing the audit. The higher risk area will be subject to audit focus, therefore the audit can be more focused and precise.

2. Provide media "Letter to CEO" as a form of implementation a Whistle Blowing System, which can support the management of operational risks management, especially in detecting fraud.

3. Implementing an Operational Risk Management Tools (ORM Tools).

   Implementation of ORM tools supported by ORM Coordinator (performed by the Risk & Business Control (RBC) for regional offices and Decentralized Compliance & Operational Risk (DCOR) for the unit at headquarter). Implementation of ORM tools is discussed at the ORM Forum, both at the Regional or Central.

Working unit as a risk owner is the first line of defense in charge of operational risk management for each unit of the Bank. The initiatives undertaken by the working unit are as follow:

1. Determine the main objectives of the work unit;

2. Identifying risks that may impede the achievement of main objectives;

3. Assess the impact and the likelihood of the risk as well as the effectiveness of risk-related controls implementation. Whereas the assessed risk is high and the effectiveness of controls is low, then:

   a. Analyzing the causes of risk and or lack of control;
   b. Formulate an action plan as a risk mitigation and/or lack of control;
   c. Monitoring the risk trend that exist in the working unit

As the output of Operational Risk Management process, a working unit produces the operational risk profile that describes operational risk exposure of working unit which will be used as the basis in preparing the operational risk profile of the Bank. The bankwide operational risk profile report, is reviewed by Internal Audit and presented to the Board of Commissioners and reported to Bank Indonesia periodically.

Capital Charge Calculation to Cover Operational Risk

Based on Bank Indonesia Circular Letter No. 11/3/DPNP dated 27 January 2009, the Bank has performed the simulation for the Minimum Capital Requirement and Risk Weighted Assets for Operational Risk.

The Bank has also calculated Operational Risk capital requirement using the Standardised Approach (SA), as this approach is in line with the implementation of the risk-based performance measurement for Strategic Business Unit. Capital expense of operational risk in 2011 amounting to Rp3,262,502 (unaudited), obtained using the Basic Indicator Approach (BIA) and 15% alpha value. The Risk Weighted Assets for Operational Risk was amounting to Rp40,781,287 (unaudited).

58. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated Banking System Agreement with Vendor

On 20 July 2001, Bank Mandiri entered into an agreement with vendor for software procurement and installation services for an integrated banking system, called eMAS (Enterprise Mandiri Advanced System), for a total contract value of USD47,535,022.70 (full amount) including 10% VAT. Additional agreements were also entered on 23 April 2002, 28 August 2003, 12 April 2004, 4 July 2005, 22 September 2008 and December 2009 with a contract value (after VAT) of USD20,467,218.20 (full amount), USD462,000 (full amount), USD1,014,344.21 (full amount), USD44,000 (full amount), USD44,000 (full amount) and USD44,000 (full amount), respectively. On 8 September 2008, Bank Mandiri amended the contract with Vendor regarding with CRM module with original contract dated 23 April 2002 of USD5,262,865.3 (full amount, after VAT) to USD1,155,000 (full amount, after VAT) therefore total contract value of USD65,502,719.81 (full amount, after VAT). The actual payment until 31 December 2011 amounting to USD65,489,516.88 (full amount, after VAT). The estimated percentage of project completion as at 31 December 2011 was 99.98%.

On 14 September 2009, the Bank entered into an agreement with vendor to enhance the eMAS feature based on Application Management Services 2008 agreement with blanket order system for a maximum contract value of USD693,000 (full amount, after VAT). Agreement with blanket order system is based on estimated actual man-days by the Vendor. On 31 December 2011, the contract value using approximation of payments realisation is amounting to USD547,112.50 (full amount) and the Bank recorded fixed assets based on payment realisation amounting to USD449,350.00 (full amount). The estimated percentage of completion as at 31 December 2011 is 82.13%.

On 15 January 2011, Bank Mandiri entered into an agreement to enhance eMAS feature with a vendor based on Application Management Services 2010 agreement with blanket order system for a maximum contract value of USD1,052,722 (full amount, after VAT). As at 31 December 2011, the contract value using approximation of payment realisation amounting to USD691,283.45 (full amount) and the Bank recorded fixed assets based on payment realisation amounting to USD359,700.00 (full amount). The estimated percentage of completion as at 31 December 2011 is 52.03%.

b. Legal Matters

The Bank currently faces a number of litigation cases, including a lawsuit from a party as a result of criminal fraud committed by syndicates. The lawsuit was decided by the court which sentenced the Bank to pay compensation amounting to Rp89,083. Currently the Bank is in the process of filling a legal action to those syndicates which is still in the objection process.

The Bank's total potential exposure arising from outstanding lawsuits as at 31 December 2011 and 2010 amounting to Rp1,337,544 and Rp1,172,323 respectively. As at 31 December 2011 and 2010. Bank Mandiri has provided a provision (Note 30) and believes that the provision has been adequate.

58. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *Murabahah* Transactions

In 2004 and 2005, the Head Office and several branch offices of BSM received tax assessments for under payment of taxes (SKPKB) and tax collection letters (STP) on Value Added Taxes (VAT) for the tax period January to December 2003 from the Directorate General of Taxes (DGT) with the total amount of Rp37,649 in relation to BSM in performing its intermediary function by distributing the fund based on sharia principles in the form of *Murabahah* financing.

In relation to the SKPKB and STP, BSM did not make any payments based on the ground of uncertainty in the legal status of *Murabahah* financing transactions. There was no specific and explicit regulations overseeing the sharia bank operation, particularly *Murabahah* financing, and therefore a process of interpretation was required.

BSM argued that *Murabahah* financing is a part of banking services as stipulated in Law No. 7 Year 1992 regarding Banking, as amended by Law No. 10 Year 1998 and Law No. 21 Year 2008 regarding Sharia Banking, as such *Murabahah* financing should not be subjected to VAT. This is in accordance with Law No. 8 Year 1983 as amended by Law No. 18 of 2000 regarding VAT for goods and services and sales of luxury goods.

DGT believes that *Murabahah* activities undertaken by BSM is subject to VAT because the transaction were based on purchasing and selling of goods principles and as such, Murabahah transaction shall not be included as a type of banking services.

In 2010, the Government issued Laws of Republic of Indonesia No. 2 Year 2010 regarding Change of Laws No. 47 year 2009 regarding Budget of Government's Income and Expenses Year 2010 dated 25 May 2010. On the article 3 (2) b and explanatory paragraph stated that VAT *Murabahah* liabilities for several banks were being shouldered by the government. Based on explanatory paragraph from article 3 (2) the Bank's VAT that is borne by the government amounting to Rp25,542 from the total SKPKB and STP received by BSM amounting to Rp37,649.

BSM believes that the difference between VAT borne by the government and total SKPKB and STP received by BSM shall not be billed to BSM which is inline with objective and purposes of the law.

On 15 October 2009, the Government has issued Laws No. 42 year 2009 regarding third change of Laws No. 8 year 1983 regarding Value Added Tax for Goods and Services and Tax for Sales of Luxurious Goods which is effective starting from 1 April 2010. The Laws reiterates that financing services in syariah principles are categorized as services which are not subject to VAT.

58. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Temporary suspension in receiving new Rahn's customer by Bank Syariah Mandiri (BSM)

On 30 November 2011, Bank Indonesia, through its letter, has requested BSM to temporarily suspended receiving new *rahn*'s customer and new additional financing for existing customer effective from that date. According to Bank Indonesia, the temporarily suspension was due to the BSM's operational policy of *rahn* contains operational, reputation and legal risk, and have been used for speculation purposes by certain parties.

Further, up to the issuance date of these consolidated financial statements, BSM has taken corrective action to improve and change its business policy and operational for rahn and gradually settled financing for customers with outstanding *rahn* balance above Rp 100.

Management believes that the effect of Bank Indonesia's request would not have any material impact to the financial statements of BSM as at 31 December 2011.

e. Trade Financing with Asian Development Bank (ADB)

On 25 November 2009, Bank Mandiri signed a Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA) under Trade Finance Facilitation Program (TFFP) with ADB.

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for its customer's L/C based export import transactions. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

TFFP scheme is a program initiated by ADB to facilitate the L/C based trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries that have low trade volume with Indonesia.

Pursuant to the RCA, Bank Mandiri received a credit revolving facility up to USD25,000,000 (full amount). By using the facility, Bank Mandiri will be charged with interest of total margin plus LIBOR during the interest period.

59. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Decree of the Minister of Finance of the Republic of Indonesia No. 26/KMK.017/1998 dated 28 January 1998, as amended by Decree of the Minister of Finance of the Republic of Indonesia No. 179/KMK.017/2000 dated 26 May 2000, the Government of the Republic of Indonesia guarantees certain obligations of locally incorporated banks including demand deposits, saving deposits, time deposits and deposit on call, bonds, securities, interbank loans, fund borrowings, foreign currency swap transactions and other contingent liabilities such as bank guarantees, standby letters of credit and other liabilities, excluding subordinated loans and obligations to directors, commissioners and parties that have a special relationship.

59. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS (continued)

In accordance with the Joint Decree of the Chairman of the Board of Directors of Bank Indonesia and IBRA No. 32/46/KEP/DIR and No. 181/BPPN/0599 dated 14 May 1999, the term of these guarantees have been extended automatically, unless IBRA issued a notification for not to extend the term of such guarantee at least 6 (six) months time before the expiry of that period. In 2001, the Joint Decree of the Chairman of the Board of Directors of Bank Indonesia and IBRA canceled by Bank Indonesia Regulation No. 3/7/PBI/2001 and IBRA Chairman Decision No. 1035/BPPN/0401.

In 2001, the Chairman of IBRA issued Decree No. SK-1036/BPPN/0401 that regulated specific guidelines for the Government of the Republic of Indonesia guarantees on the obligations of locally incorporated banks.

The government charged the premium associated with the guarantee program in accordance with applicable regulations (Note 37).

Based on Presidential Decree No. 15/2004 dated 27 February 2004 about the duty cessation and the closure of IBRA, and the Minister of Finance Decree No. 84/KMK.06/2004 dated 27 February 2004, the Government of the Republic of Indonesia established a Government Guarantee Unit (UP3), a new institution to replace IBRA, to continue implementing the Government Guarantee Program for Liability in Local Banks.

In accordance with the Regulation of the Minister of Finance No. 17/PMK.05/2005 dated 3 March 2005, starting on 18 April 2005 types of bank liabilities are guaranteed by the Government Guarantee Program include demand deposits, saving deposits, time deposits and fund borrowings from other banks in form of Interbank Money Market transactions.

Government Guarantee Program through Government Guarantee Unit (UP3) was terminated on 22 September 2005, as stated in the Regulation of the Minister of Finance of the Republic of Indonesia No. 68/PMK.05/2005 dated 10 August 2005 about Premium Calculation and Payment of Government Guarantee Programs on Obligations of Banks for the period 1 July until 21 September 2005. In lieu of UP3, the Government has established an independent institution, the Indonesia Deposit Insurance Corporation (LPS) based on the Law of the Republic of Indonesia No. 24 year 2004 dated 22 September 2004 concerning the Indonesia Deposit Insurance Corporation, where LPS ensure public funds, including funds from other banks in demand deposits, time deposits, certificates of deposit, savings and/or other equivalent form.

Based on the Indonesia Deposit Insurance Corporation Regulation No. 1/PLPS/2006 dated 9 March 2006 concerning the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is amounting to Rp100,000,000 (full amount).

In accordance with Government Regulation (PP) No. 66 year 2008 regarding the Amount of the Guaranteed Savings Guaranteed by Indonesia Deposit Insurance Corporation, the value of each customer deposits in one bank guaranteed by the Government is amounting to Rp2,000,000,000 (full amount) which was previously Rp100,000,000 (full amount), effective since 13 October 2008.

Based on the Law of the Republic of Indonesia No. 7 year 2009, Government Regulation in Lieu of Law on the Indonesia Deposit Insurance Corporation has been enacted into Law since the date of 13 January 2009.

(Expressed in millions of Rupiah, unless otherwise stated)

60. ACCOUNTS RECLASSIFICATION

Certain accounts in the consolidated financial statement as at 31 December 2010 and 1 January 2010 have been reclassified to conform with the presentation of the consolidated financial statements as at 31 December 2011 (refer to Note 2b.i). The details of the accounts reclassifications are as follows:

	31 December 2010		
	Before Reclassification	Reclassification	After Reclassification
Consolidated statement of financial position (Balance sheet)			
Liabilities			
Obligation due immediately	757,465	658,366	1,415,831
Current tax payable	-	750,432	750,432
Tax payable	1,408,798	(1,408,798)	-
Minority interest in net assets of consolidated subsidiaries	527,228	(527,228)	-
Equity			
Non controlling interest in net asset of consolidated Subsidiary	-	527,228	527,228
Difference in transactions of equity changes in Subsidiaries	(22,702)	22,702	-
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	(405,197)	(22,702)	(427,899)
Statement of Cash Flow			
Cash flow from operating activities			
Increase/(decrease) in operating liabilities and temporary *syirkah* funds:			
Obligation due immediately	183,908	241,117	425,025
Taxes payable	(3,473,497)	3,354,221	(119,276)
Payment of corporate income tax	-	(3,595,338)	(3,595,338)

	1 January 2010		
	Before Reclassification	Reclassification	After Reclassification
Consolidated statement of financial position (Balance sheet)			
Liabilities			
Obligation due immediately	573,557	417,248	990,805
Current tax payable	-	1,438,581	1,438,581
Tax payable	1,855,829	(1,855,829)	-
Minority interest in net assets of consolidated subsidiaries	189,494	(189,494)	-
Equity			
Non controlling interest in net asset of consolidated Subsidiary	-	189,494	189,494
Difference in transactions of equity changes in Subsidiaries	(22,890)	22,890	-
Unrealised losses from decrease in fair value of available for sale marketable securities and government bonds - net of deferred tax	(561,176) *)	(22,890)	(584,066)

*) Presented after adjustment in respect of initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).

61. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued revision of the following accounting standards which will be effective as at 1 January 2012:

- SFAS 10 (Revised 2010) – The Effects of Changes in Foreign Exchange Rates,
- SFAS 13 (Revised 2011) – Investment Property,
- SFAS 16 (Revised 2011) – Fixed Assets,
- SFAS 18 (Revised 2010) – Accounting and Reporting of Retirement Benefits Plan,
- SFAS 24 (Revised 2010) – Employee Benefits,
- SFAS 26 (Revised 2011) – Borrowing Costs,
- SFAS 28 (Revised 2010) – Accounting for Loss Insurance,
- SFAS 30 (Revised 2011) – Leases,
- SFAS 33 (Revised 2010) – Accounting for General Mining,
- SFAS 34 (Revised 2010) – Construction Contractor,
- SFAS 36 (Revised 2010) – Accounting for Life Insurances,
- SFAS 38 (Revised 2011) – Business Combinations Involving Entities Under Common Control,
- SFAS 45 (Revised 2010) – Financial Reporting for Non-Profit Organisation,
- SFAS 46 (Revised 2010) – Income Taxes,
- SFAS 50 (Revised 2010) – Financial Instruments: Presentation,
- SFAS 53 (Revised 2010) – Share-Based Payment,
- SFAS 55 (Revised 2011) – Financial Instruments: Recognition and Measurement,
- SFAS 56 (Revised 2011) – Earnings per Share,
- SFAS 60 (Revised 2010) – Financial Instruments: Disclosures,
- SFAS 61 (Revised 2010) – Accounting for Government Grants and Disclosure of Government Assistance,
- SFAS 62 (Revised 2010) – Insurance Contract,
- SFAS 63 – Financial Reporting in Hyperinflationary Economies,
- SFAS 64 (Revised 2010) – Exploration and Evaluation of Mineral Resources,
- Interpretation of SFAS 13 – Hedge of Net Investment in a Foreign Operation,
- Interpretation of SFAS 15 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,
- Interpretation ISAK 16 – Services Concession Agreements,
- Interpretation of SFAS 18 – Government Assistance – No Specific Relation with the Operating Activities,
- Interpretation ISAK 19 – Applying the Restatement Approach under SFAS 63,
- Interpretation of SFAS 20 – Income Taxes – Changes in the Tax Status of an Entity or its Shareholders,
- Interpretation of SFAS 22 – Services Concession Arrangements: Disclosure,
- Interpretation of SFAS 23 – Operating Leases – Incentives,
- Interpretation of SFAS 24 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease,
- Interpretation of SFAS 25 – Rights Arising from Land,
- Interpretation of SFAS 26 – Reassessment of Embedded Derivatives.

DSAK – IAI has also revoked the following accounting standard as at 1 January 2012:

- SFAS 11 – Translation of Financial Statement in Foreign Currencies
- SFAS 27 – Accounting for Cooperatives
- SFAS 29 – Accounting for Oil and Gas
- SFAS 39 – Accounting for Joint Operation
- SFAS 44 – Accounting for Real Estate Development Activities
- SFAS 52 – Reporting Currencies
- ISAK 4 – Allowable Alternative treatment of Foreign Exchange Differences
- ISAK 5 – Interpretation of Paragraph 14 PSAK 50 (1998) on Reporting of Changes in Fair Value of Investment in Securities Available for Sale

61. NEW ACCOUNTING PRONOUNCEMENTS (continued)

Bank Mandiri and Subsidiaries are currently in the process of assessing the adoption of all of the above mentioned accounting standards. The Bank is of the view that the implementation of the following standards will not have a significant impact to the consolidated financial statements of the Group, except for the following:

SFAS 60 (Revised 2010): "Financial Instruments: Disclosures"

SFAS 60 (Revised 2010) requires more extensive disclosure of the entity's financial risk management compared to SFAS 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures". The requirements consist of the followings:

a. The significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements previously in SFAS 50 (Revised 2006).
b. Qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

62. SUPPLEMENTARY INFORMATION

The information presented in Appendix 6/1 - 6/12 is a supplementary financial information of PT Bank Mandiri (Persero) Tbk., the parent company only, which presents the Bank's investments in subsidiaries under the cost method. Please refer to Note 2b.b.(vi) and Appendix 6/11 - 6/12 concerning the changes in accounting policies effective on 1 January 2011 and the effects of those particular changes.

On the basis that the differences between the stand-alone financial statements and consolidated financial statements are not material, notes to the financial statements of the parent company have not been included in this supplementary financial information.

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS) - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2011 AND 2010 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	31 December 2011	31 December 2010**)	1 January 2010*)**)
ASSETS			
Cash	10,259,053	8,799,241	8,397,724
Current Accounts with Bank Indonesia	34,035,401	23,392,421	15,070,892
Current Accounts with Other Banks			
Related parties	70,703	67,115	8,346
Third parties	9,053,774	7,872,103	6,786,280
	9,124,477	7,939,218	6,794,626
Less: Allowance for impairment losses	(4,690)	(4,811)	(11,080)
Current Accounts with Other Banks - net	9,119,787	7,934,407	6,783,546
Placements with Bank Indonesia and Other Banks			
Related parties	1,051,446	1,221,879	1,176,584
Third parties	44,744,033	24,773,205	39,495,241
	45,795,479	25,995,084	40,671,825
Less: Allowance for impairment losses	(144,913)	(135,985)	(236,732)
Placements with Bank Indonesia and Other Banks - net	45,650,566	25,859,099	40,435,093
Marketable Securities			
Related parties	3,248,776	72,500	1,595,205
Third parties	6,836,996	24,344,486	12,991,617
	10,085,772	24,416,986	14,586,822
(Less)/add: Unamortised discounts, unrealised gains/(losses) from increase/(decrease) in value of marketable securities and allowance for impairment losses	(154,759)	(60,698)	4,376
	9,931,013	24,356,288	14,591,198
Government Bonds	76,617,314	76,647,514	87,580,937
Other Receivables - Trade Transactions			
Related parties	2,752,711	564,800	649,534
Third parties	2,845,744	3,142,245	3,322,841
	5,598,455	3,707,045	3,972,375
Less: Allowance for impairment losses	(1,079,302)	(1,146,327)	(904,344)
Other Receivables - Trade Transactions - net	4,519,153	2,560,718	3,068,031
Securities Purchased under Resale Agreements			
Related parties	758,703	757,147	1,545,443
Third parties	11,412,207	8,220,556	3,269,299
Securities Purchased under Resale Agreements - net	12,170,910	8,977,703	4,814,742
Derivative Receivables			
Related parties	4,391	225	-
Third parties	105,683	36,271	171,063
Derivative Receivables - net	110,074	36,496	171,063
Loans			
Related parties	36,728,168	33,071,841	26,592,976
Third parties	237,233,933	185,960,642	153,094,869
Total loans	273,962,101	219,032,483	179,687,845
Less: Allowance for impairment losses	(11,111,571)	(10,379,434)	(11,532,332)
Loans – net	262,850,530	208,653,049	168,155,513

*) Presented after adjustment in respect of initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Restated in accordance with SFAS 4 (Revised 2009) and reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 2b.b.vi).

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS) - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2011 AND 2010 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	31 December 2011	31 December 2010**)	1 January 2010*)**)
ASSETS (continued)			
Acceptance Receivables			
Related parties	861,324	1,444,574	1,535,254
Third parties	5,689,779	2,505,932	2,821,519
	6,551,103	3,950,506	4,356,773
Less: Allowance for impairment losses	(40,667)	(171,097)	(52,589)
Acceptance Receivables - net	6,510,436	3,779,409	4,304,184
Investments in Shares - net of allowance for impairment losses of Rp829, Rp5,179 and Rp2,106 as at 31 December 2011 and 2010 and 1 January 2010	2,886,797	2,323,567	2,374,896
Fixed Assets - net of accumulated depreciation and amortisation of Rp4,887,562, Rp4,835,351 and Rp4,485,569 as at 31 December 2011 and 2010 and 1 January 2010	6,005,026	5,108,094	4,728,390
Other Assets - net of allowance for possible losses of Rp277,942, Rp717,353 and Rp909,790 as at 31 December 2011 and 2010 and 1 January 2010	4,791,977	3,310,426	2,393,042
Deferred Tax Assets - net of allowance of RpNil, Rp1,065,606 and RpNil as at 31 December 2011 and 2010 and 1 January 2010	3,648,627	4,262,422	5,986,324
TOTAL ASSETS	**489,106,664**	**406,000,854**	**368,855,575**

*) Presented after adjustment in respect of initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Restated in accordance with SFAS 4 (Revised 2009) and reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 2b.b.vi).

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS) - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2011 AND 2010 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	31 December 2011	31 December 2010**)	1 January 2010*)**)
LIABILITIES AND EQUITY			
LIABILITIES			
Obligation due Immediately	1,722,663	1,338,166	939,582
Deposits from Customers			
Demand deposits			
Related parties	25,478,522	14,546,588	17,503,920
Third parties	63,674,348	49,973,298	52,358,642
	89,152,870	64,519,886	69,862,562
Saving deposits			
Related parties	811,981	374,098	41,007
Third parties	148,276,491	123,123,770	106,408,852
	149,088,472	123,497,868	106,449,859
Time deposits			
Related parties	31,737,658	44,421,076	17,832,558
Third parties	110,257,178	100,289,026	105,576,961
	141,994,836	144,710,102	123,409,519
Total Deposits from Customers	380,236,178	332,727,856	299,721,940
Deposits from Other Banks			
Demand and saving deposits			
Related parties	409,427	692,394	3,966,328
Third parties	2,157,300	1,176,030	1,917,867
	2,566,727	1,868,424	5,884,195
Inter-bank call money			
Related parties	150,000	85,000	-
Third parties	58,282	-	-
	208,282	85,000	-
Time deposits			
Related parties	9,001,150	4,417,017	2,985,500
Third parties	663,065	890,772	865,982
	9,664,215	5,307,789	3,851,482
Total Deposits from Other Banks	12,439,224	7,261,213	9,735,677
Securities Sold under Repurchase Agreements	-	-	316,356
Derivative Payables			
Related parties	3,880	61	890
Third parties	160,830	32,186	40,721
Total Derivative Payables	164,710	32,247	41,611
Acceptance Payables			
Related parties	287,788	147,959	136,407
Third parties	6,263,315	3,802,547	4,220,366
Total Derivative Payables	6,551,103	3,950,506	4,356,773
Marketable Securities Issued - net of unamortised discount of RpNil, RpNil and RpNil as at 31 December 2011 and 2010 and 1 January 2010	416,177	467,744	622,619
Fund Borrowings			
Related parties	252,504	284,421	353,507
Third parties	8,907,741	4,429,526	2,954,323
Total Fund Borrowings	9,160,245	4,713,947	3,307,830

*) Presented after adjustment in respect of initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Restated in accordance with SFAS 4 (Revised 2009) and reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 2b.b.vi).

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION (BALANCE SHEETS) - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2011 AND 2010 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	31 December 2011	31 December 2010**)	1 January 2010*)**)
LIABILITIES AND EQUITY (continued)			
LIABILITIES (continued)			
Estimated Losses on Commitments and Contingencies	231,663	368,063	326,566
Accrued Expenses	457,592	482,607	443,764
Current Tax Payable	636,654	629,379	1,363,094
Other Liabilities	12,054,514	8,249,439	7,809,345
Subordinated Loans			
Related parties	2,055,900	2,004,900	1,944,000
Third parties	3,800,898	4,057,287	4,273,068
Total Subordinated Loans	5,856,798	6,062,187	6,217,068
TOTAL LIABILITIES	**429,927,521**	**366,283,354**	**335,202,225**
EQUITY			
Share Capital - Rp500 (full amount) par value per share. Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B. Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as at 31 December 2011, 1 share Dwiwarna Series A and 20,996,494,741 common shares Series B as at 31 December 2010, 1 share Dwiwarna Series A and 20,970,116,804 common shares Series B as at 1 January 2010	11,666,667	10,498,247	10,485,058
Additional Paid-in Capital/Agio	17,195,760	6,960,680	6,911,587
Differences Arising from Translation of Foreign Currency Financial Statements	83,282	100,175	220,550
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	(547,381)	(428,087)	(614,883)
Share - based Compensation Reserve	-	-	16,174
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)			
- Appropriated	5,927,268	5,706,921	5,706,921
- Unappropriated	24,853,547	16,879,564	10,927,943
Total Retained Earnings	30,780,815	22,586,485	16,634,864
TOTAL EQUITY	**59,179,143**	**39,717,500**	**33,653,350**
TOTAL LIABILITIES AND EQUITY	**489,106,664**	**406,000,854**	**368,855,575**

*) Presented after adjustment in respect of initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Restated in accordance with SFAS 4 (Revised 2009) and reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 2b.b.vi).

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF INCOME - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	2011	2010*)
INCOME AND EXPENSES FROM OPERATIONS		
Interest Income	33,041,031	30,447,660
Interest Expense	(13,743,018)	(12,949,418)
NET INTEREST INCOME	**19,298,013**	**17,498,242**
Other Operating Income		
Other fees and commissions	5,422,316	4,354,423
Foreign exchange gains – net	794,245	577,568
Others	4,291,728	2,649,701
Total Other Operating Income	10,508,289	7,581,692
Allowance for Impairment Losses	(2,840,190)	(2,422,317)
Reversal/(Allowance) for Impairment Losses on Commitments and Contingencies	126,617	(52,596)
Reversal of alowance for Possible Losses	283,389	105,880
Unrealised Gains from Increase in Fair Value of Marketable Securities and Government Bonds	9,034	19,936
Gains on Sale of Marketable Securities and Government Bonds	121,945	242,767
Other Operating Expenses		
Salaries and employee benefits	(5,362,431)	(4,817,817)
General and administrative expenses	(5,198,585)	(4,507,237)
Others - net	(2,395,219)	(714,330)
Total Other Operating Expenses	(12,956,235)	(10,039,384)
INCOME FROM OPERATIONS	**14,550,862**	**12,934,220**
Non-operating Income - net	88,859	109,883
INCOME BEFORE TAX EXPENSE	**14,639,721**	**13,044,103**
Tax Expense		
Current	(2,619,107)	(2,656,204)
Deferred	(643,581)	(1,637,191)
Total Tax Expense - net	(3,262,688)	(4,293,395)
NET INCOME	**11,377,033**	**8,750,708**

*) Restated in accordance with SFAS 4 (Revised 2009) (refer to Note 2b.b.vi).

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF COMPREHENSIVE INCOME - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	2011	2010
NET INCOME	**11,377,033**	**8,750,708**
Comprehensive Income		
Difference arising from translation of foreign currency financial statements	(16,893)	(120,375)
Unrealised net (losses)/gains from (decrease)/increase in fair value of available for sale financial assets – net of deferred tax	(119,294)	186,796
Comprehensive Income After Tax	(136,187)	66,421
Total Comprehensive Income	**11,240,846**	**8,817,129**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings *)			Total Equity
					Appropriated	Unappropriated	Total	
Balance as at 1 January 2011	**10,498,247**	**6,960,680**	**100,175**	**(428,087)**	**5,706,921**	**16,879,564**	**22,586,485**	**39,717,500**
The addition of Capital through Public Offering (LPO) with Preemptive Rights (ER) after deducting the costs associated LPO	1,168,420	10,235,080	-	-	-	-	-	11,403,500
The establishment of general and special reserves of net profit in 2010	-	-	-	-	220,347	(220,347)	-	-
Dividends allocated from 2010 net income	-	-	-	-	-	(2,813,973)	(2,813,973)	(2,813,973)
Cooperative development fund program and community development reserve allocated from 2010 net income	-	-	-	-	-	(368,730)	(368,730)	(368,730)
Comprehensive income for the year ended 31 December 2011	-	-	(16,893)	(119,294)	-	11,377,033	11,377,033	11,240,846
Balance as at 31 December 2011	**11,666,667**	**17,195,760**	**83,282**	**(547,381)**	**5,927,268**	**24,853,547**	**30,780,815**	**59,179,143**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Difference in transactions of equity in changes Subsidiaries	Share - based Compensation Reserve	Retained Earnings *)			Total Equity
							Appropriated	Unappropriated***)	Total	
Balance as at 31 December 2009	**10,485,058**	**6,911,587**	**120,963**	**(260,756)**	**(22,890)**	**16,174**	**5,706,921**	**12,151,712**	**17,858,633**	**35,108,769**
Adjustment to opening balance in respect of implementation of SFAS 55 (Revised 2006) - net of deferred tax	-	-	-	(303,192)	-	-	-	164,343	164,343	(138,849)
Reclassification of difference in transactions of equity in changes Subsidiaries	-	-	-	(22,890)	22,890	-	-	-	-	-
Restatement of opening balance in accordance with SFAS 4 (Revised 2009)	-	-	99,587	(28,045)	-	-	-	(1,388,112)	(1,388,112)	(1,316,570)
Balance as at 1 January 2010)***)**	**10,485,058**	**6,911,587**	**220,550**	**(614,883)**	**-**	**16,174**	**5,706,921**	**10,927,943**	**16,634,864**	**33,653,350**
Dividends allocated from 2009 net income	-	-	-	-	-	-	-	(2,100,437)	(2,100,437)	(2,100,437)
Cooperative development fund program and community development reserve allocated from 2009 net income	-	-	-	-	-	-	-	(286,219)	(286,219)	(286,219)
Dividends Interim allocated from 2010 net income	-	-	-	-	-	-	-	(412,431)	(412,431)	(412,431)
Execution of shares options from Management Stock Option Plan (MSOP)	13,189	49,093	-	-	-	(16,174)	-	-	-	46,108
Comprehensive income for the year ended 31 December 2010	-	-	(120,375)	186,796	-	-	-	8,750,708	8,750,708	8,817,129
Balance as at 31 December 2010	**10,498,247**	**6,960,680**	**100,175**	**(428,087)**	**-**	**-**	**5,706,921**	**16,879,564**	**22,586,485**	**39,717,500**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003
**) Restated after adjustment in respect of initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
***) Restated in accordance with SFAS 4 (Revised 2009) (refer to Note 2b.b.vi).

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	2011	2010**)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	31,741,141	29,541,739
Receipts from fees and commissions	5,422,316	4,354,423
Payments of interest expense	(13,768,032)	(12,910,575)
Receipts from the sale of Government Bonds - fair value through profit or loss	40,419,121	37,628,006
Acquisition of Government Bonds - fair value through profit or loss	(41,295,128)	(36,985,217)
Foreign exchange gains - net	964,673	233,041
Operating income - others	807,235	902,828
Operating expenses - others	(2,551,241)	(4,363,358)
Salaries and employee benefits	(5,362,431)	(4,423,678)
General and administrative expenses	(4,858,581)	(4,150,221)
Non-operating income - others	55,131	43,429
Cash flow from operating activities before changes in operating assets and liabilities	11,574,204	9,870,417
(Increase)/decrease in operating assets:		
Placements with Bank Indonesia and other banks *)	279,377	40,241,539
Marketable securities - fair value through profit or loss *)	13,453,126	(3,586,997)
Other receivables - trade transactions	(1,891,411)	265,330
Loans	(56,913,155)	(39,344,638)
Securities purchased under resale agreements	(3,193,207)	(4,162,961)
Other assets	(1,022,499)	(53,103)
Proceeds from collection of financial assets already written-off	3,587,722	2,348,642
Increase/(decrease) in operating liabilities:		
Demand deposits	25,175,958	(9,358,447)
Saving deposits	25,745,960	17,048,009
Time deposits	1,641,161	22,756,890
Inter-bank call money	123,282	85,000
Obligation due immediately	384,497	398,584
Taxes payable	(186,928)	(179,288)
Payment of corporate income tax	(2,454,690)	(3,210,631)
Other liabilities	4,604,492	393,221
Net cash provided by operating activities	**20,907,889**	**33,511,567**
CASH FLOWS FROM INVESTING ACTIVITIES		
(Decrease)/increase in marketable securities - available for sale and held-to-maturity portfolio	375,582	(5,728,723)
Decrease in Government Bonds - available for sale and held-to-maturity portfolio	492,971	11,119,300
Proceeds from sale of fixed assets	38,290	78,715
Acquisition of fixed assets	(1,241,510)	(751,018)
Acquisition of PT Mandiri AXA General Insurance (Subsidiary)	(60,000)	
Acquisition of PT AXA Mandiri Financial Services (Subsidiary)	-	(48,427)
Capital injection to PT Bank Syariah Mandiri	(500,000)	
Capital injection to Mandiri International Remittance Sendirian Berhard	-	(11,756)
Net cash (used in)/provided by investing activities	**(894,667)**	**4,658,091**

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a)

**) Restated in accordance with SFAS 4 (Revised 2009) and reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 2b.b.vi).

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	2011	2010**)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in marketable securities issued	(51,567)	(154,875)
Increase in fund borrowings	4,461,414	1,563,572
Payments of subordinated loans	(205,388)	(147,239)
Decrease in securities sold under repurchase agreements	-	(316,356)
The addition of Capital through Public Offering (LPO) with Preemptive Rights (ER) after Execution of shares option deducting the costs associated LPO	11,403,500	-
Execution of shares option	-	46,108
Payments of dividends, cooperative development fund Program and community development fund program**)	(3,182,704)	(2,799,087)
Net cash provided by/(used in) financing activities	**12,425,255**	**(1,807,877)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**32,438,477**	**36,361,781**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	66,625,023	30,263,242
CASH AND CASH EQUIVALENTS AT END OF YEAR	**99,063,500**	**66,625,023**
Cash and cash equivalents at end of year consist of:		
Cash	10,259,053	8,799,241
Current accounts with Bank Indonesia	34,035,401	23,392,421
Current accounts with other banks	9,124,477	7,939,218
Placements with Bank Indonesia and other banks *)	45,644,569	25,564,798
Certificate of Bank Indonesia *)	-	929,345
Total Cash and Cash Equivalents	**99,063,500**	**66,625,023**

Supplemental Non-Cash Flow Information
Activities not affecting cash flows:

	2011	2010**)
Unrealised losses from decrease in value of available for sale marketable securities and Government Bonds - net of deferred tax	(524,339)	(428,087)
Dividend receivable from Subsidiary	204,000	-
Acquisition of fixed assets - payable	(381,035)	(152,666)

*) Effective from 1 January 2010, placements with Bank Indonesia and other banks including Certificate of Bank Indonesia with maturity of three months or less are classified as cash and cash equivalents (Note 2a)
**) Restated in accordance with SFAS 4 (Revised 2009) and reclassified in accordance with SFAS 1 (Revised 2009) (refer to Note 2b.b.i and 2b.b.vi).

PT BANK MANDIRI (PERSERO) Tbk.
PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
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Accounts Reclassification

The financial statements as at 31 December 2010 and 1 January 2010 have been reclassified to conform with the presentation of the financial statements as at 31 December 2011 (refer to Note 2b.i). The details of the accounts are as follows:

	31 December 2010		
	Before Reclassification	Reclassification	After Reclassification
Statement of Financial Position (Balance sheet)			
Liabilities			
Obligation due immediately	730,228	607,938	1,338,166
Current tax payable	-	629,379	629,379
Tax payable	1,237,317	(1,237,317)	-
Equity			
Difference in transactions of equity changes in Subsidiaries	(22,702)	22,702	-
Unrealised losses - net from decrease in fair value of available for sale marketable securities - net of deferred tax	(405,197)	(22,702)	(427,899)
Statement of Cash Flow			
Cash flow from operating activities			
(Increase)/decrease in operating liabilities:			
Obligation due immediately	177,343	221,241	398,584
Taxes payable	(3,168,678)	2,989,390	(179,288)
Payment of corporate income tax	-	(3,210,631)	(3,210,631)

	1 January 2010		
	Before Reclassification	Reclassification	After Reclassification
Statement of Financial Position (Balance sheet)			
Liabilities			
Obligation due immediately	552,885	386,697	939,582
Current tax payable	-	1,363,094	1,363,094
Tax payable	1,749,791	(1,749,791)	-
Equity			
Difference in transactions of equity changes in Subsidiaries	(22,890)	22,890	-
Unrealised losses - net from decrease in fair value of available for sale marketable securities - net of deferred tax	(563,948)*)	(22,890)	(586,838)**)

*) Presented after adjustment in respect of initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006) (refer to Note 50).
**) Presented before restatement in accordance with SFAS 4 (Revised 2009) (refer to Note Restatement of Financial Statements).

Restatement of Financial Statements

Bank Mandiri effectively implement the SFAS 4 (Revised 2009) and SFAS 15 (Revised 2009) on 1 January 2011, whereas the financial statements of the parent, as a supplementary information to the consolidated financial statements, book investment at Subsidiaries and Associates using cost method. This standard applied retrospectively, therefore the financial statements of Bank Mandiri (parent company) as at and for the year ended 31 December 2010 and statement of financial position (balance sheet) as at 1 January 2010 are restated.

	31 December 2010		
	Before Restatement	Restatement	After Restatement
Statement of Financial Position (Balance Sheet)			
Assets			
Investments	4,148,874	(1,825,306)	2,323,568
Equity			
Unrealised losses - net from decrease in fair value of available for sale marketable securities - net of deferred tax	(427,899)	(188)	(428,087)
Differences arising from translation of foreign currency financial statements	69,592	30,583	100,175
Retained earnings	24,442,186	(1,855,701)	22,586,485

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PARENT COMPANY ONLY
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Restatement of Financial Statements (continued)

	31 December 2010		
	Before Restatement	Restatement	After Restatement
Statement of Income			
Other operating income - others	3,117,290	(467,589)	2,649,701
Statements of Cash Flow			
Cash flow from operating activities			
Operating income – others	1,302,938	(400,110)	902,828
Cash flow from investing activities			
Decrease in investment in shares	(400,110)	400,110	-

	1 January 2010		
	Before Restatement	Restatement	After Restatement
Statement of Financial Position (Balance Sheet)			
Assets			
Investments	3,691,466	(1,316,570)	2,374,896
Equity			
Unrealised losses - net from decrease in fair value of available for sale marketable securities - net of deferred tax	(586,838)*)	(28,045)	(614,883)
Differences arising from translation of foreign currency financial statements	120,963	99,587	220,550
Retained earnings	18,022,976	(1,388,112)	16,634,864

*) Presented after reclassification and adjustment in respect of initial implementation of SFAS 50 (Revised 2006) and SFAS 55 (Revised 2006).