PT BANK MANDIRI (PERSERO) Tbk.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012 AND 2011

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BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2012
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
Fax. (62-21) 527 4477, 527 5577
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We, the undersigned:

1.	Name	:	Zulkifli Zaini
	Office address	:	Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
	Residential 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
	Residential 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 disclosed in a complete and truthful manner;
   b. The consolidated financial statements of the Bank and Subsidiaries do not contain any incorrect information or material facts, nor do they omit information or material fact;
4. We are responsible for the Bank and Subsidiaries' internal control system.

Thus, this statement is made truthfully.

Jakarta, 25 February 2013

METERAI TEMPEL
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ENAM RIBU RUPIAH
6000 DJP

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

FM 001

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PT BANK MANDIRI (PERSERO) Tbk.

We have audited the accompanying consolidated statements of financial position of PT Bank Mandiri (Persero) Tbk. and Subsidiaries (together the "Bank") as at 31 December 2012 and 2011 and 1 January 2011 and the related consolidated statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended 31 December 2012 and 2011. 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 the following subsidiaries: PT Bank Syariah Mandiri, PT Mandiri Tunas Finance, and PT Mandiri Sekuritas and Subsidiary. In aggregate, the financial statements of those subsidiaries contributed 9.47% and 9.05% and 7.52% to total consolidated assets as at 31 December 2012 and 2011 and 1 January 2011/31 December 2010, respectively and 6.68% and 5.14% to total consolidated income from operations for the years ended 31 December 2012 and 2011, respectively. Those financial statements were audited by other independent auditors with unqualified opinions, with an explanatory paragraph only for PT Mandiri Sekuritas and Subsidiary, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the reports of that other independent auditors.

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 and the reports of other independent auditors provide a reasonable basis for our opinion.

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 of PT Bank Mandiri (Persero) Tbk. and Subsidiaries as at 31 December 2012 and 2011 and 1 January 2011 and the consolidated results of their operations and their cash flows for the years ended 31 December 2012 and 2011, in conformity with Indonesian Financial Accounting Standards.

As explained in Note 2.b to the consolidated financial statements, effective from 1 January 2012, the Bank adopted various new and revised Statements of Financial Accounting Standards (SFAS) and as explained in Note 63 to the consolidated financial statements, the Bank reclassified some of its accounts to comply with the presentation requirement of Bapepam and LK regulation No. VIII.G.7 dated 25 June 2012 regarding Financial Statements Presentation and Disclosure for Issuers or Public Companies.

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

A130225001/DC2/LLS/1/2013.B

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 6/10 with respect to PT Bank Mandiri (Persero) Tbk (parent company only) as at 31 December 2012 and 2011 and 1 January 2011 and for the years ended 31 December 2012 and 2011 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.

JAKARTA
25 February 2013

Lucy Luciana Suhenda, S.E., Ak., CPA
License of Public Accountant No. AP.0229

The accompanying consolidated financial statements are not intended to present the consolidated financial positions, 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 2012 AND 2011

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Appendix

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2012	31 December 2011*)	1 January 2011*)
ASSETS				
Cash	2c, 2g	15,286,190	11,357,523	9,521,713
Current Accounts with Bank Indonesia	2c, 2g, 2h, 4	38,272,155	36,152,674	24,856,699
Current Accounts with Other Banks	2c, 2f, 2g, 2h, 5			
Related parties	54	16,079	44,516	14,386
Third parties		9,635,693	9,783,153	8,555,392
		9,651,772	9,827,669	8,569,778
Less: Allowance for impairment losses		(6,268)	(10,841)	(10,113)
Current Accounts with Other Banks - net		9,645,504	9,816,828	8,559,665
Placements with Bank Indonesia and Other Banks	2c, 2f, 2i, 6			
Related parties	54	1,343,968	785,494	797,393
Third parties		46,979,515	50,754,297	28,254,527
		48,323,483	51,539,791	29,051,920
Less: Allowance for impairment losses		(85,258)	(146,729)	(137,885)
Placements with Bank Indonesia and Other Banks - net		48,238,225	51,393,062	28,914,035
Marketable Securities	2c, 2f, 2j, 7			
Related parties	54	1,153,062	4,015,455	414,958
Third parties		9,859,713	8,317,944	26,944,810
		11,012,775	12,333,399	27,359,768
Less: Unamortised discounts, unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses		(243,000)	(330,481)	(112,239)
Marketable Securities - net		10,769,775	12,002,918	27,247,529
Government Bonds - Related party	2c, 2f, 2k, 8, 54	78,935,756	78,459,449	78,092,734
Other Receivables - Trade Transactions	2c, 2f, 2l, 9			
Related parties	54	3,784,548	2,752,711	564,800
Third parties		2,889,870	3,138,579	3,157,113
		6,674,418	5,891,290	3,721,913
Less: Allowance for impairment losses		(1,125,015)	(1,079,302)	(1,146,327)
Other Receivables - Trade Transactions - net		5,549,403	4,811,988	2,575,586
Securities Purchased under Resale Agreements	2c, 2f, 2m, 10			
Related parties	54	-	758,703	757,147
Third parties		14,515,235	11,611,182	8,223,610
Securities Purchased under Resale Agreements - net		14,515,235	12,369,885	8,980,757
Derivative Receivables	2c, 2f, 2n, 11			
Related parties	54	231	4,391	225
Third parties		86,912	109,266	36,871
Derivative Receivables - net		87,143	113,657	37,096
Loans	2c, 2f, 2o, 12			
Related parties	54	45,952,610	36,846,173	33,122,690
Third parties		338,629,096	274,247,133	210,904,294
Total loans		384,581,706	311,093,306	244,026,984
Less: Allowance for impairment losses		(14,011,350)	(12,105,048)	(11,481,725)
Loans - net		370,570,356	298,988,258	232,545,259

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Note 63)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2012	31 December 2011*)	1 January 2011*)
ASSETS (continued)				
Consumer Financing Receivables	2c, 2f, 2p, 13			
Related parties	54	5,197	5,876	3,736
Third parties		3,913,949	3,242,684	2,169,856
		3,919,146	3,248,560	2,173,592
Less: Allowance for impairment losses		(90,777)	(62,990)	(40,769)
Consumer Financing Receivables - net		3,828,369	3,185,570	2,132,823
Net Investment in Lease Financing - net of allowance for impairment losses of Rp1,767 and Rp197 and RpNil as at 31 December 2012 and 2011 and 1 January 2011	2c, 2q, 14	327,680	38,785	-
Acceptance Receivables	2c, 2f, 2u, 15			
Related parties	54	1,505,031	892,184	1,468,334
Third parties		6,452,481	5,658,919	2,482,172
		7,957,512	6,551,103	3,950,506
Less: Allowance for impairment losses		(37,041)	(40,667)	(171,097)
Acceptance Receivables - net		7,920,471	6,510,436	3,779,409
Investments in Shares - net of allowance for impairment losses of Rp3,044, Rp829 and Rp1,285 as at 31 December 2012 and 2011 and 1 January 2011	2c, 2s, 16	4,306	6,498	6,248
Policyholders' Investment in Unit-Linked Contracts	2c, 2z, 17	11,034,239	9,044,266	7,212,113
Prepaid Expenses	18	1,435,757	1,404,758	897,848
Prepaid Taxes	2ad, 32a	28,174	21,540	23,572
Fixed Assets - net of accumulated depreciation of Rp4,938,075, Rp4,346,115 and Rp4,235,741 as at 31 December 2012 and 2011 and 1 January 2011	2r, 19	7,002,690	6,049,246	5,253,057
Intangible Assets - net of amortisation of Rp1,213,891, Rp1,125,502 and Rp1,070,601 as at 31 December 2012 and 2011 and 1 January 2011	2r.i, 2s, 20	860,702	698,713	421,914
Other Assets - net of allowance for possible losses of Rp276,769, Rp300,005 and Rp740,012 as at 31 December 2012 and 2011 and 1 January 2011	2c, 2t, 2v, 21	7,339,965	5,665,238	4,315,406
Deferred Tax Assets - net of allowance of RpNil, RpNil and Rp1,065,606 as at 31 December 2012 and 2011 and 1 January 2011	2ad, 32e	3,966,613	3,800,412	4,401,088
TOTAL ASSETS		**635,618,708**	**551,891,704**	**449,774,551**

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Note 63)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2012	31 December 2011*)	1 January 2011*)
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY				
LIABILITIES				
Obligation due Immediately	2w	1,694,231	1,301,472	757,465
Deposits from Customers				
Demand deposits	2c, 2f, 2x, 22			
Related parties	54	25,554,282	23,327,168	9,372,751
Third parties		88,353,574	69,203,418	58,914,502
Total Demand deposits		113,907,856	92,530,586	68,287,253
Saving deposits	2c, 2f, 2x, 23			
Related parties	54	928,851	748,157	355,095
Third parties		183,040,905	149,120,176	123,601,512
Total Saving deposits		183,969,756	149,868,333	123,956,607
Time deposits	2c, 2f, 2x, 24			
Related parties	54	21,604,790	28,651,516	31,643,460
Third parties		123,355,461	113,678,168	113,500,589
Total Time deposits		144,960,251	142,329,684	145,144,049
Total Deposits from Customers		442,837,863	384,728,603	337,387,909
Deposits from Other Banks				
Demand and saving deposits	2c, 2f, 2y, 25			
Related parties	54	141,996	214,580	177,353
Third parties		2,103,494	2,353,571	1,602,991
Total Demand and saving deposits		2,245,490	2,568,151	1,780,344
Inter-bank call money - Third parties	2c, 2y, 26	327,100	58,281	-
Time deposits	2c, 2y, 27			
Third parties		11,444,247	9,691,453	5,422,339
Total Deposits from Other Banks		14,016,837	12,317,885	7,202,683
Derivative Payables	2c, 2f, 2n, 11			
Related parties	54	333	3,880	61
Third parties		112,924	161,498	33,185
Total Derivative Payables		113,257	165,378	33,246
Liability to Unit-Linked Holders	2c, 2z, 17	11,034,239	9,044,266	7,212,113
Acceptance Payables	2c, 2f, 2u, 28			
Related parties	54	262,481	286,007	144,546
Third parties		7,695,031	6,265,096	3,805,960
Total Acceptance Payables		7,957,512	6,551,103	3,950,506
Marketable Securities Issued	2c, 2f, 2aa, 29			
Related parties	54	205,000	158,000	-
Third parties		1,343,076	2,056,177	1,492,744
		1,548,076	2,214,177	1,492,744
Less: Unamortised issuance cost		(2,200)	(2,589)	(1,377)
Total Marketable Securities Issued		1,545,876	2,211,588	1,491,367

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Note 63)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2012	31 December 2011*)	1 January 2011*)
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)				
LIABILITIES (continued)				
Estimated Losses on Commitment and Contingencies	30c	189,085	234,364	371,665
Accrued Expenses	2c, 2af, 31	2,344,762	2,267,167	1,967,067
Taxes Payable	2ad, 32b			
Income Tax		2,110,829	761,737	750,432
Other Taxes		551,592	529,326	658,366
Total Current Tax Payable		2,662,421	1,291,063	1,408,798
Employee Benefit Liabilities	2ai, 33, 49	3,813,318	2,829,919	2,512,058
Provision		746,821	728,094	658,586
Other Liabilities	2c, 34	13,002,765	10,153,552	5,808,218
Fund Borrowings	2c, 2f, 2ab, 35			
Related parties	54	934,868	1,104,665	295,056
Third parties		10,673,964	10,598,833	5,339,782
Total Fund Borrowings		11,608,832	11,703,498	5,634,838
Subordinated Loans	2c, 2f, 2ac, 36			
Related parties	54	1,936,800	1,895,000	1,880,000
Third parties		3,201,150	3,956,798	4,176,572
Total Subordinated Loans		5,137,950	5,851,798	6,056,572
TOTAL LIABILITIES		**518,705,769**	**451,379,750**	**382,453,091**
TEMPORARY *SYIRKAH* FUNDS	2f, 2ae, 37			
Deposits from Customers				
Related parties	54			
Restricted Investment Saving Deposits and Unrestricted Investment *Mudharabah* Saving Deposits	37a.2)a	30,105	9,127	8,704
Unrestricted Investment *Mudharabah* Time Deposits	37a.3)	1,948,412	2,371,249	624,038
Total related parties		1,978,517	2,380,376	632,742
Third parties				
Restricted Investments Demand Deposits and *Mudharabah Musytarakah* Demand Deposits	37a.1)	3,158	85,602	85,094
Restricted Investment Saving Deposits and Unrestricted Investment *Mudharabah* Saving Deposits	37a.2)a	18,216,348	13,902,360	9,620,045
Unrestricted Investment *Mudharabah* Time Deposits	37a.3)	19,878,232	21,153,463	14,486,364
Total third parties		38,097,738	35,141,425	24,191,503
Total Deposits from Customers		40,076,255	37,521,801	24,824,245
Deposits from Other Banks				
Third parties				
Unrestricted investment *Mudharabah* saving deposit	37b	181,054	162,546	100,532
Unrestricted investment *Mudharabah* time deposit	37b	122,765	173,199	326,647
Total Deposits from Other Banks		303,819	335,745	427,179
TOTAL TEMPORARY *SYIRKAH* FUNDS		**40,380,074**	**37,857,546**	**25,251,424**

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Note 63)

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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	**31 December 2012**	**31 December 2011*)**	**1 January 2011*)**
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 2012, 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as at 31 December 2011 and 1 share Dwiwarna Series A and 20.996.494.741 common shares Series B as at 1 January 2011	39a	11,666,667	11,666,667	10,498,247
Additional Paid-in Capital/Agio	39b	17,195,760	17,195,760	6,960,680
Differences Arising from Translation of Foreign Currency Financial Statements	2e	47,677	56,794	69,593
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bond - net of Deferred Tax	2j, 2k, 2s	(409,449)	(631,529)	(427,899)
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)	39c			
- Appropriated		5,927,268	5,927,268	5,706,921
- Unappropriated		40,152,197	27,578,259	18,735,266
Total Retained Earnings		46,079,465	33,505,527	24,442,187
Non Controlling Interests in Net Assets of Consolidated Subsidiaries	2d, 38	1,952,745	861,189	527,228
TOTAL EQUITY		**76,532,865**	**62,654,408**	**42,070,036**
TOTAL LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY		**635,618,708**	**551,891,704**	**449,774,551**

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Note 63)

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011
INCOME AND EXPENSES FROM OPERATIONS			
Interest Income and Sharia Income	2f, 2af, 40, 54	42,550,442	37,730,019
Interest Expense and Sharia Expense	2f, 2af, 41, 54	(15,019,850)	(15,954,037)
NET INTEREST AND SHARIA INCOME		**27,530,592**	**21,775,982**
Premium Income	2ag	5,664,495	4,806,087
Claims Expense	2ag	(3,501,423)	(2,991,114)
NET PREMIUM INCOME		**2,163,072**	**1,814,973**
NET INTEREST, SHARIA AND PREMIUM INCOME		**29,693,664**	**23,590,955**
Other Operating Income			
Other fees and commissions	2ah	7,400,355	6,543,236
Foreign exchange gains - net	2e	1,094,476	812,715
Others	2f, 42, 54	3,402,991	4,412,400
Total Other Operating Income		11,897,822	11,768,351
Allowance for Impairment Losses	2c, 43	(3,423,067)	(3,297,670)
Reversal for Impairment Losses on Commitments and Contingencies	2c, 30c	43,937	127,257
Reversal for Possible Losses	2t, 44	(13,090)	285,022
Unrealised Gains from Increase in Fair Value of Marketable Securities, Government Bonds and Policyholders' Investment in Unit-Linked Contracts	2j, 2k, 2z, 45	42,470	69,903
Gains on Sale of Marketable Securities and Government Bonds	2j, 2k, 46	296,739	117,136
Other Operating Expenses			
Salaries and employee benefits	2f, 2ai, 2aj, 47, 49, 54	(8,045,716)	(6,766,471)
General and administrative expenses	2r, 48	(8,253,902)	(6,577,643)
Others - net	50	(2,613,410)	(2,967,907)
Total Other Operating Expenses		(18,913,028)	(16,312,021)
INCOME FROM OPERATIONS		**19,625,447**	**16,348,933**
Non Operating Income - Net	51	878,821	163,102
INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST		**20,504,268**	**16,512,035**
Income Tax Expense			
Current	2ad, 32c, 32d	(4,640,513)	(3,172,540)
Deferred	2ad, 32c, 32e	179,863	(643,610)
Income Tax Expense - Net		(4,460,650)	(3,816,150)
NET INCOME		**16,043,618**	**12,695,885**

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 2012 AND 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011
Other Comprehensive Income - Net of Tax			
Difference Arising from Translation of Foreign Currency Financial Statements	2e	(9,117)	(12,799)
Unrealised Net Gains/(Losses) from Increase/ (Decrease) in Fair Value of Available for Sale Financial Assets	2j, 2k	277,581	(254,500)
Income Tax related to other comprehensive income		(55,501)	50,870
Other Comprehensive Income - Net of Tax		212,963	(216,429)
TOTAL COMPREHENSIVE INCOME		**16,256,581**	**12,479,456**
Net Income Attributable to:			
Parent Company		**15,504,067**	**12,246,044**
Non Controlling Interest	2d	**539,551**	**449,841**
		16,043,618	**12,695,885**
Comprehensive Income Attributable to:			
Parent Company		**15,717,030**	**12,029,615**
Non Controlling Interest	2d	**539,551**	**449,841**
		16,256,581	**12,479,456**
EARNING PER SHARE	2ak		
Basic (full amount)		**664.46**	**529.33**
Diluted (full amount)		**664.46**	**529.33**

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 2012 AND 2011
(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)/Gain from (Decrease)/Increase 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 2012		**11,666,667**	**17,195,760**	**56,794**	**(631,529)**	**5,927,268**	**27,578,259**	**33,505,527**	**861,189**	**62,654,408**
The establishment of general and special reserves of net profit in 2011	39c	-	-	-	-	-	(2,449,209)	(2,449,209)	-	(2,449,209)
Dividends allocated from 2011 net income	39c	-	-	-	-	-	(491,675)	(491,675)	-	(491,675)
Non controlling interest arising from distribution of dividend, consolidation of mutual funds by Subsidiary and changes in Subsidiary's equity	2d	-	-	-	-	-	10,755	10,755	552,005	562,760
Comprehensive income for the year ended 31 December 2012		-	-	(9,117)	222,080	-	15,504,067	15,504,067	539,551	16,256,581
Balance as at 31 December 2012		**11,666,667**	**17,195,760**	**47,677**	**(409,449)**	**5,927,268**	**40,152,197**	**46,079,465**	**1,952,745**	**76,532,865**

*) 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. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(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*)			Non Controlling Interest in Net Assets of Consolidated Subsidiaries	Total Equity
						Appropriated	Unappropriated	Total		
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**
Additional Capital through Public Offering (LPO) with Pre-emptive Rights (ER) after deducting the costs associated LPO	1d, 39a, 39b	1,168,420	10,235,080	-	-	-	-	-	-	11,403,500
The establishment of general and specific reserves of net profit in 2010	39c	-	-	-	-	220,347	(220,347)	-	-	-
Dividends allocated from 2010 net income	39c	-	-	-	-	-	(2,813,973)	(2,813,973)	-	(2,813,973)
Cooperative development fund program and community development reserve allocated from 2010 net income	39c	-	-	-	-	-	(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

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income and sharia income		41,306,034	36,913,370
Receipts from fees, commissions and premium - net		9,563,427	8,358,208
Payments of interest expense and sharia expense		(15,061,545)	(15,960,467)
Receipts from the sale of Government Bonds - fair value through profit or loss		63,020,694	40,435,174
Acquisition of Government Bonds - fair value through profit or loss		(63,501,981)	(41,295,128)
Foreign exchange gains - net		1,184,943	351,806
Operating income - others		878,819	906,078
Operating expenses - others		(2,449,179)	(2,644,834)
Salaries and employee benefits		(7,062,317)	(6,448,610)
General and administrative expenses		(7,543,342)	(6,111,913)
Non-operating income		878,821	125,566
Cash flow from operating activities before changes in operating assets and liabilities		21,214,374	14,629,250
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		43,263	216,050
Marketable securities - fair value through profit or loss		2,058,994	12,198,264
Other receivables - trade transactions		(783,128)	(2,169,377)
Loans		(74,972,786)	(69,544,626)
Securities purchased under resale agreements		(2,145,350)	(3,389,128)
Consumer financing receivable		(762,916)	(1,058,232)
Net investment in lease financing		(290,465)	(38,983)
Prepaid taxes		(6,634)	2,032
Prepaid expenses		(30,999)	(506,910)
Other assets		(1,428,970)	(903,018)
Proceeds from collection of financial assets already written-off		2,550,099	3,587,722
Increase/(decrease) in operating liabilities and temporary *syirkah* funds:			
Conventional Banking and Sharia - Non *Syirkah Temporer* Fund			
Demand deposits		20,800,328	24,873,071
Saving deposits		34,355,704	26,069,795
Time deposits		4,383,361	1,454,749
Inter-bank call money		268,819	58,282
Obligation due immediately		392,759	544,007
Taxes payable		10,573	(351,032)
Payment of corporate income tax		(3,266,066)	(2,982,177)
Other liabilities		3,885,183	5,144,779
Sharia Banking - Temporary *Syirkah* Funds			
Restricted investment demand deposit and *mudharabah musytarakah* demand deposit		(82,444)	508
Restricted investment saving deposit and unrestricted investment *mudharabah* saving deposit		4,353,474	4,344,752
Unrestricted investment *mudharabah* time deposit		(1,748,502)	8,260,862
Net cash provided by operating activities		**8,798,671**	**20,440,640**

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Note 63)

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 2012 AND 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011*)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(increase) in marketable securities - available for sale and held to maturity		(97,314)	1,358,979
Decrease in Government Bonds - available for sale and held to maturity		513,342	430,561
Increase of investment in subsidiaries		(228,303)	(140,162)
Proceeds from sale of fixed assets		94,547	48,147
Acquisition of fixed assets	19	(1,668,666)	(1,219,394)
Acquisition of intangible assets	20	(251,873)	(319,539)
Acquisition of PT Mandiri AXA General Insurance (Subsidiary)	1g	-	(60,000)
Net cash (used in)/provided by investing activities		**(1,638,267)**	**98,592**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/increase in marketable securities issued		(665,712)	720,221
(Decrease)/increase in fund borrowings		(185,754)	6,083,776
Payment of Subordinated Loans		(713,848)	(204,773)
The addition of Capital through Public Offering (LPO) with Preemptive Rights after deducting the costs associated LPO	39a, 39b	-	11,403,500
Payments of dividends, cooperative development fund program and community development fund program	39c	(2,940,884)	(3,182,704)
Net cash (used in)/provided by financing activities		**(4,506,198)**	**14,820,020**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,654,206**	**35,359,252**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**108,653,748**	**73,294,496**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**111,307,954**	**108,653,748**
Cash and cash equivalents at end of year consist of:			
Cash		15,286,190	11,357,523
Current accounts with Bank Indonesia	4	38,272,155	36,152,674
Current accounts with other banks	5	9,651,772	9,827,669
Placements with Bank Indonesia and other banks		48,097,837	51,270,882
Certificate of Bank Indonesia		-	45,000
Total Cash and Cash Equivalents		**111,307,954**	**108,653,748**
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		(409,449)	(631,529)
Acquisition of fixed assets - payable		(570,233)	(381,035)

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Note 63)

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

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 39a and 39b). 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 39a and 39b).

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 39b).

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 39b).

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 and LK") on 2 June 2003 and became effective based on the Letter of the Chairman of Bapepam and 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 39a).

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 and LK") on 26 December 2010 and 18 January 2011 and received the effective notification from Bapepam and LK on 27 January 2011 based on the Bapepam and LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General 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 Rp5,000 (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 39a) 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 and 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 36).

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 39a).

g. Subsidiaries & Associates

Subsidiaries included in the consolidated financial statements as at 31 December 2012 and 2011, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership 2012	Percentage of Ownership 2011
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
PT Usaha Gedung Mandiri	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	99.99**)	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	60.00

*) Effective starting from 11 October 2011
**) Effective starting from 27 December 2012

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

The Subsidiaries' total assets as at 31 December 2012 and 2011 (before elimination) amounting to Rp78,782,852 dan Rp68,301,466 or 12.39% and 12.38% of the total consolidated assets, respectively.

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 amounted to Rp200,000. Bank Mandiri already obtained an 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 amounted to Rp300,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 27 December 2011 and from shareholders through the shareholder circular resolution letter dated 29 December 2011 on the increase in capital.

On 21 December 2012, the Bank made additional equity investments in cash in subsidiaries, BSM for Rp300,000. The Bank has obtained an approval from Bank Indonesia through a letter dated 21 December 2012 and Decision Out of Meeting of Shareholders (circular resolution) dated 21 November 2012 on the increase in capital.

PT Usaha Gedung Mandiri

PT Usaha Gedung Mandiri ("UGM", formerly 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.

The amendment of the UGBDN's name to become UGM was undertaken on 9 November 2012, in accordance with a resolution on notarial deed No. 44 dated 26 September 2012, notarised by notarial Hadijah, S.H., MKn regarding changes in entity's logo and entity's name from PT Usaha Gedung Bank Dagang Negara to become PT Usaha Gedung Mandiri. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-57420.AH.01.02 dated 9 November 2012.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

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.

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 business 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.

On 28 December 2012, the Bank made additional equity investments in Mandiri Sekuritas, amounted to Rp29,512. The Bank has obtained an approval from Bank Indonesia through a letter dated 31 October 2012 and the approval from Decision Out of Meeting of Shareholder (circular resolution) dated 27 December 2012 on the increase in capital.

Through this additional capital, the share ownership of Bank Mandiri in Mandiri Sekuritas increased from 95.69% to 99,99% of the total issued shares in Mandiri Sekuritas.

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.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Bank Sinar Harapan Bali (continued)

On 22 October 2009, the Bank increased its share ownership in BSHB by 1.46% of the total issued and fully paid shares 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 as 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 an 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 issued shares 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).

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.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Tunas Finance (continued)

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.

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.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT AXA Mandiri Financial Services (continued)

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 to 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.

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 Rp60,000 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% 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 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.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri AXA General Insurance (continued)

In conducting its business, MAGI already obtained a license from the Insurance Bureau of Bapepam and LK Ministry of Finance of the Republic of Indonesia *(Biro Perasuransian Bapepam dan LK Kementerian Keuangan)* through letter No. S-12583/BL/2011 dated 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 2012 and 2011, Bank Mandiri's domestic and overseas offices are as follows:

	2012*)	2011*)
Domestic Regional Offices	12	12
Domestic Branches:		
Area	68	66
Community Branches	949	937
Mandiri Mitra Usaha offices	502	300
Cash Outlets	291	234
	1,810	1,537
Overseas Branches	5	5

*) unaudited

As at 31 December 2012 and 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.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2012 and 2011, the members of Bank Mandiri's Board of Commissioners and Directors are as follows:

	2012	2011
Board of Commissioners		
Chairman and Independent Commissioner	: Edwin Gerungan	Edwin Gerungan
Deputy Chairman	: Muchayat	Muchayat
Commissioner	: Cahyana Ahmadjayadi	Mahmuddin Yasin
Commissioner	: Wahyu Hidayat	Cahyana Ahmadjayadi
Independent Commissioner	: Pradjoto	Pradjoto
Independent Commissioner	: Gunarni Soeworo	Gunarni Soeworo
Independent Commissioner	: Krisna Wijaya	Krisna Wijaya

	2012	2011
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	Royke Tumilaar

As at 31 December 2012 and 2011, the members of Bank Mandiri's Audit Committees are as follows:

	2012	2011
Chairman, concurrently as member	: Gunarni Soeworo	Gunarni Soeworo
Member	: Krisna Wijaya	Krisna Wijaya
Member	: Cahyana Ahmadjayadi	Cahyana Ahmadjayadi
Member	: Wahyu Hidayat*)	-
Member	: Zulkifli Djaelani	Zulkifli Djaelani
Member	: Imam Soekarno	Imam Soekarno

*) Board Decision Letter No. KEP.DIR/322/2012 dated 6 December 2012 on Appointment of Members of Committees under the Board of Commissioners of PT Bank Mandiri (Persero) Tbk.

As at 31 December 2012 and 2011, the members of Bank Mandiri's Remuneration and Nomination Committees are as follows:

	2012	2011
Chairman, concurrently as member	: Edwin Gerungan	Edwin Gerungan
Member	: Muchayat	Muchayat
Member	: Pradjoto	Gunarni Soeworo
Member	: Gunarni Soeworo	Mahmuddin Yasin
Member	: Krisna Wijaya	Pradjoto
Member	: Cahyana Ahmadjayadi	Cahyana Ahmadjayadi
Member	: Wahyu Hidayat*)	Krisna Wijaya
Secretary (ex-officio)	: Alex Denni*)	Sanjay Bharwani

*) Board Decision Letter No. KEP.DIR/322/2012 dated 6 December 2012 on Appointment of Members of Committees under the Board of Commissioners of PT Bank Mandiri (Persero) Tbk.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2012 and 2011, the Risk Monitoring and Good Corporate Governance Committee Bank Mandiri are as follows:

		2012	2011
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 2012 and 2011 Bank Mandiri has a total of 30,762 and 27,907 employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Bank and Subsidiaries (“Group”) were authorised to be issued by the Board of Directors on 25 February 2013.

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, and the Capital Market Supervisory Agency and Financial Institution (Bapepam and LK) regulation No. VIII.G.7 Attachment of the Chairman of Bapepam and LK’s decree No. KEP-347/BL/2012 dated 25 June 2012, “Financial Statements Presentation and Disclosure for Issuer or Public Companies”.

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) 101 (Revised 2011), “Presentation of Financial Statement for Sharia Banking”, SFAS 102 “Accounting for *Murabahah”*, SFAS 104 “Accounting for *Istishna*”, SFAS 105 ”Accounting for *Mudharabah”*, SFAS 106 “Accounting for *Musyarakah*”, SFAS 107 “Accounting for *Ijarah*”, SFAS 110 “Accounting for *Sukuk*” Accounting Guidelines for Indonesian Sharia Banking (PAPSI) 2003 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 and LK.

The preparation of financial statements in accordance with Indonesian Financial Accounting Standards requires the use of estimates and assumptions. It also requires management to make judgments in the process of applying the accounting policies the Group. The area that is complex or requires a higher level of consideration or areas where assumptions and estimates could have a significant impact on the consolidated financial statements as disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements (continued)

All figures in the consolidated financial statements, are rounded and presented in million rupiah ("Rp") unless otherwise stated.

b. Changes in accounting policies

On 1 January 2012, the Group applied new and revised statements of financial accounting standards ("SFAS") and interpretations ("ISAK") effective starting on that date. Changes to the Group's accounting policies, in accordance with the transitional provisions in the respective standards and interpretations.

The adaption of the following new or revised standards and interpretations, which are relevant to the Group's operations and resulted in an effect on the consolidated financial statements, are as follows:

b.i. SFAS 60 - Financial Instruments: Disclosures

The new standard consolidated and expands a number of existing disclosure requirements and adds some new disclosures.

The over riding principle of the standard is to disclose sufficient information that enables users of financial statements evaluating the performance and financial position of significant financial instruments owned by an entity. SFAS 60 requires more extensive disclosures on risks and risk management, and requires reporting entities to report the sensitivity of its financial instruments to movement of such risks. Some additional new disclosures are as follows:

(1) Qualitative and quantitative disclosure on the impact of certain risks, including market risk, credit risk and liquidity risk;

(2) Additional disclosure for those items that affect the amount of comprehensive income, in which gains and losses are separated by category of financial instruments, and

(3) Disclosure of fair value for each class of financial assets and financial liabilities, and disclosure of the fair value hierarchy of financial instruments measured at fair value at the reporting date.

The Group has incorporated disclosures requirements of SFAS No. 60 for the consolidated financial statements as at and for the year ended 31 December 2012.

The Group has decided to early adopt improvements on SFAS 60 (refer to Note 65).

b.ii. SFAS 62 - Insurance Contract

Several revisions which have impact to the Subsidiary are as follows:

a. The Subsidiary is required to comply with the requirement on unbundling deposit component from insurance component subject to the following:
   - Unbundling is required if both the following conditions are met (i) the Subsidiary can measure the deposit component (including any embedded surrender options) separately (i.e. without considering the insurance component) and (ii) the Subsidiary's accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component;
   - Unbundling is permitted, but not required, if the Subsidiary can measure the deposit component separately but its accounting policies require it to recognise all obligations and rights arising from the deposit component, regardless of the basis used to measure those rights and obligations; and
   - Unbundling is prohibited if the Subsidiary cannot measure the deposit component separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies (continued)

b.ii. SFAS 62 - Insurance Contract (continued)

b. The Subsidiary shall assess at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contract. If the assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognised in profit or loss.
c. The Subsidiary presents the value of its reinsurance assets.

The Subsidiary has implemented this SFAS 62 and there is no significant impact to the Subsidiary's financial statements.

b.iii. SFAS 36 (Revised 2010) - Accounting for Life Insurance Contract

Several notable revisions which relevant to the Subsidiary are as follows:

a. The Subsidiary is required to calculated the liability for future policy benefits that reflects the present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt. If the Subsidiary does not have sufficient data to perform the calculation, the Subsidiary can use the previous accounting policy.
b. The Subsidiary is required to perform a liability adequacy test in accordance with the requirements set out in SFAS 62: Insurance Contract. The discount rate used is the best estimate of the discount rate that reflects current conditions and the inherent risk in the liability.
c. The Subsidiary presents the value of its reinsurance assets.

The Subsidiary has implemented this SFAS 36 (Revised 2010) and there is no significant impact to the Subsidiary's financial statements.

b.iv. Disclosure of related parties

Starting 1 January 2012, under Bapepam and LK regulation No. VIII.G.7, attachment of the Chairman of Bapepam and LK's decree No. KEP-347/BL/2012 dated 25 June 2012 on Financial Statements Presentation and Disclosure for Issuers or Public Companies, Government related Entities are defined as entities under the controls by the Minister of Finance or the Provincial Government who have shares ownership in the Bank.

Prior to 1 January 2012, definition of Government related entities followed SFAS 7 (Revised 2010) regarding "Related Party Disclosures" which includes transactions of Government Bonds and transactions between the Bank with State Owned Enterprises and entities owned/controlled by the Government, except for transactions with the Directorate General of Taxation which are not treated as transactions with related parties.

Comparative information has been restated (see Note 54).

See Note 2f for definition and accounting policy on transactions with related parties.

b.v. Withdrawal of SFAS 39 (PPSAK 11) - Accounting for Joint Operation

As at 31 December 2012, the Bank has joint operation in form of Build Operate Transfer (BOT) with developer, which will be matured in 2014 and 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies (continued)

b.v. Withdrawal of SFAS 39 (PPSAK 11)- Accounting for Joint Operation (continued)

The withdrawal of SFAS 39 effective on 1 January 2012, has changed the accounting treatment of BOT transactions, which now follows SFAS 16 (Revised 2011) - Fixed Asset and is applied retrospectively. There is no significant impact on the withdrawal of this SFAS to the Group's consolidated financial statements and therefore the impact to consolidated financial statements prior to 1 January 2012 was charged to the current year consolidated statement of comprehensive income.

The adoption of these new and revised relevant standards and interpretations did not result in substantial changes to the Grup's accounting policies and had no material effects on the amounts reported for the current or prior financial periods:

- 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 by retirement Benefit Plans
- SFAS 24 (Revised 2010) - Employee Benefits
- SFAS 26 (Revised 2011) - Borrowing Costs
- SFAS 28 (Revised 2010) - Accounting for Insurance
- SFAS 30 (Revised 2011) - Rent
- SFAS 46 (Revised 2010) - Income Taxes
- SFAS 50 (Revised 2010) - Financial Instruments: Presentation
- SFAS 53 (Revised 2010) - Share-based Payments
- SFAS 55 (Revised 2011) - Financial Instruments: Recognition and Measurement
- SFAS 56 (Revised 2011) - Earnings per share
- SFAS 61 - Accounting for Government Grants and Disclosure of Government Assistance
- SFAS 63 - Financial Reporting in Hyperinflationary Economics
- SFAS 64 - Activities of mining Exploration and Evaluation of Mineral Resources
- ISAK 13 - Hedges of Net Investment in Foreign Operation
- ISAK 15 - SFAS 24, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- ISAK 19 - Applying the Restatement Approach under SFAS 63: Financial Reporting in Hyperinflationary Economics
- ISAK 20 - Income Tax - Changes in the Tax Status of an Entity or its Shareholders
- ISAK 23 - Rent-Incentives Operations
- ISAK 24 - Evaluating the Substance of Transactions Involving Some Form A Legal Rent
- ISAK 25 - Land Rights
- ISAK 26 - Reassessment of Embedded Derivative

Revocation of these SFAS and ISAK had no material impacts to the Group's consolidated financial statements:

- SFAS 11 - Financial Statements of Foreign Currency
- SFAS 27 - Accounting for Cooperatives
- SFAS 29 - Accounting for Oil and Gas
- SFAS 44 - Accounting for Real Estate Development Activities
- SFAS 47 - Accounting for Land
- SFAS 52 - Accounting for Reporting Currency
- ISAK 4 - Alternative treatment Permitted on Foreign Exchanged, and
- ISAK 5 - Reporting Changes in Fair Value of Investment Securities Available for Sale Group

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments

A. Financial assets

The Group classifies its financial assets in the following categories of (a) financial assets at fair value through profit 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.

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

A financial asset designated as fair value through profit or loss at inception are held to back the insurance liabilities of Subsidiary measured at fair value of the underlying assets.

Financial instruments included in this category are recognised initially at fair value; transaction costs are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(b) Loans and receivables (continued)

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:

- 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 comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

Recognition

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

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 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 2011), 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 minus 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

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

The Group shall not classify any financial assets as held-to-maturity if 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:

<table>
<tr><th colspan="2">Category as defined by SFAS 55 (Revised 2011)</th><th>Class (as determined by the Bank and Subsidiaries)</th><th>Sub-classes</th></tr>
<tr><td rowspan="25">Financial assets</td><td rowspan="4">Financial assets at fair value through profit or loss</td><td rowspan="3">Financial assets held for trading</td><td>Marketable securities</td></tr>
<tr><td>Government Bonds</td></tr>
<tr><td>Derivative receivables - Non hedging related</td></tr>
<tr><td>Designated at fair value through profit or loss</td><td>Policyholder’s investments in unit-linked contracts</td></tr>
<tr><td rowspan="16">Loans and receivables</td><td colspan="2">Cash</td></tr>
<tr><td colspan="2">Current accounts with Bank Indonesia</td></tr>
<tr><td colspan="2">Current accounts with other banks</td></tr>
<tr><td colspan="2">Placements with Bank Indonesia and other banks</td></tr>
<tr><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Other receivables- trade transactions</td></tr>
<tr><td colspan="2">Securities purchased under resale agreements</td></tr>
<tr><td colspan="2">Loans</td></tr>
<tr><td colspan="2">Consumer financing receivables</td></tr>
<tr><td colspan="2">Net investment in lease financing</td></tr>
<tr><td colspan="2">Acceptance receivables</td></tr>
<tr><td rowspan="5">Other assets</td><td>Accrued income</td></tr>
<tr><td>Receivables from customer transactions</td></tr>
<tr><td>Receivables from sale of marketable securities</td></tr>
<tr><td>Receivables from transactions related to ATM and credit card</td></tr>
<tr><td>Receivables to policyholder</td></tr>
<tr><td rowspan="2">Held-to-maturity investments</td><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Government Bonds</td></tr>
<tr><td rowspan="3">Available-for-sale financial assets</td><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Government Bonds</td></tr>
<tr><td colspan="2">Investments in shares</td></tr>
</table>

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 2011)</th><th>Class (as determined by the Bank and Subsidiaries)</th><th>Sub-classes</th></tr>
<tr><td rowspan="19">Financial liabilities</td><td>Financial liabilities at fair value through profit or loss</td><td>Financial liabilities held for trading</td><td>Derivative payables - non hedging related</td></tr>
<tr><td rowspan="18">Financial liabilities at amortised cost</td><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">Accrued expenses</td></tr>
<tr><td rowspan="6">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>Claim payable</td></tr>
<tr><td>Liability related to ATM and credit card transaction</td></tr>
<tr><td>Other liabilities related with UPAS transactions</td></tr>
<tr><td colspan="2">Fund Borrowings</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 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 No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009. Since 24 October 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks.
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.

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)

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.

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 comprehensive income. If a loan or held-to-maturity financial assets has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

Individual impairment calculation (continued)

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.

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 losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and marketable securities (in held-to-maturity and loans and receivables categories) are classified into "Allowance for impairment losses".

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 comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

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

Collective impairment calculation (continued)

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 statements of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2c.G.(a) for the criteria of objective evidence of impairment.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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

(c) Financial guarantee contracts and commitments (continued)

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

Bank determines impairment losses on financial assets of financial guarantee contracts that have credit risk and commitment based on the value of the higher of the amortized value (carrying value) and the present value of the payment of liabilities that are expected to occur (when payment under the guarantee has become probable) or value impairment losses were calculated based on historical loss data for a collective evaluation of impairment.

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 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 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.

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.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of Consolidation (continued)

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.

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 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 reporting date, except for income and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The 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.

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position date, all foreign currency monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on 28 December 2012 and 31 December 2011. The resulting gains or losses are credited or charged to the current year's consolidated statements of comprehensive income.

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

	2012	2011
Great Britain Pound Sterling 1/Rp	15,514.93	13,975.29
Euro 1/Rp	12,731.62	11,714.76
United Stated Dollar 1/Rp	9,637.50	9,067.50
Japanese Yen 100/Rp	11,177.00	11,682.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with Related Parties

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 (Revised 2010) regarding "Related Party Disclosures" and Regulation of the Capital Market Supervisory Board and Financial Institution (Bapepam and LK) No. KEP-347/BL/2012 regarding "Financial Statements Presentation and Disclosure of Issuers or Public Companies", which are defined, among others, 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 or significantly influenced by Government, which is defined as the Minister of Finance or Provincial Government who has share ownership in the entity.

All significant transactions with related parties have been disclosed in Note 54.

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 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 Bank Indonesia Regulation No. 10/25/PBI/2008 dated 23 October 2008 as amended by Bank Indonesia Regulation No. 12/19/PBI/2010 dated 4 October 2010 as amended by Bank Indonesia Regulation 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 distarting ntive parameter or higher distarting ntive 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 starting 1 November 2010 and GWM LDR is applied effectively starting 1 March 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current Accounts with Bank Indonesia and Other Banks (continued)

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 starting 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 Bank Indonesia Regulation 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 Bank Indonesia Regulation No. 8/23/PBI/2006 dated 5 October 2006 and the latest amendment using Bank Indonesia Regulation 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

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, 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, held to maturity and loan and receivables. 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 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 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 comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Marketable Securities (continued)

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.

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.

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 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative Receivables and Derivative Payables

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

Derivative receivables are presented at the amount of unrealised gain from derivative contracts, 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. 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, as long as the transactions are effectively recognised as hedge transactions.
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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

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. *Ijarah* receivables are recognized at due date at the amount of it lease income not yet received and presented at its net realizable value, which is the outstanding balance of the receivables.

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.

On 16 January 2013, Islamic Accounting Standards Boards of Indonesian Institute of Accountants (DSAS-IAI) has issued Technical Bulletin No. 9 to standardize the implementation of annuity method in *murabahah.* Based on Technical Bulletin No. 9 *murabahah* financing are fund distribution from syariah financial institution to debtors through trading mechanism. In accounting, this transactions substantially classified as financing. Accounting treatment for financing are refer to SFAS 50 (Revised 2010), SFAS 55 (Revised 2011), SFAS 60 and other relevant SFAS. Currently the Subsidiary is evaluating and has not determined the impacts of this Technical Bulletin on its financial statements.

Loans 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.

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

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

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 allowance for impairment losses.

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. Consumer financing income and interest expense related to joint financing without recourse are also presented on a net basis in the consolidated statement of comprehensive 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 represent lease receivable plus the residual value at the end of the lease period and stated net of unearned lease income, security deposits and the allowance for impairment losses. The difference between the gross lease receivable and the present value of the lease receivable is recognized as unearned lease income. Unearned lease income is allocated to current year consolidated statement of comprehensive income based on a constant rate of return on net investment using the effective interest rate.

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

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

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 and Software

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. Software is recognised as intangible assets.

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 and vehicles	4-5
Software	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 and Software (continued)

Prior to January 1, 2012, the land assets are recorded in accordance with SFAS 47, "Accounting for Land", all costs and expenses incurred in connection with the acquisition of land rights, among others, the cost, the cost of survey and measurement, notary fees and taxes associated with it, are deferred and presented separately from the cost of land acquisition. Cost of acquiring land rights are deferred are presented as part of "Other Assets" in the consolidated statements of financial position and is amortized over the useful life of the relevant land rights using the straight-line method.

In addition, SFAS 47 also states that the right to land is not amortized unless it meets certain conditions specifie.

Starting 1 January 2012, in accordance with IAS 16 "Fixed Assets" and ISAK 25 "Land Rights". The cost of land rights in the form of right to cultivate, right to build and use rights are recognized as fixed assets. The acquisition cost is the cost that are directly attributable to obtain land rights, including the cost of legal rights to the land when the land was first acquired.

Land rights in the form of right to cultivate, right to build and use rights are not depreciated, unless there is evidence to indicate that the extension or renewal of land is likely to or definitely not obtained.

SFAS No. 48 (Revised 2009), “Impairment of Assets” states that the carrying amounts of fixed assets are reviewed at each consolidated statement of financial position date to assess whether they are recorded in excess of their recoverable amounts and, when carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

Effective 1 January 2008, Bank Mandiri applied SFAS No. 16 (Revised 2007) “Fixed Assets”. Bank Mandiri and Subsidiaries chose the cost model, and therefore, the balance of fixed assets revaluation reserve at the first time adoption of SFAS No. 16 (Revised 2007), which were presented in the shareholders’ equity section amounting to Rp3,046,936 in the consolidated statement of financial position, were reclassified to appropriated retained earnings in 2008.

ii. Leased assets

The Group apply SFAS No. 30 (Revised 2011) of the Lease, effective beginning on or after 1 January 2008. Under SFAS No. 30 (Revised 2011), 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 2011), under a finance leases, Bank and Subsidiaries recognise assets and liabilities in its consolidated statement of financial position 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets and Leased Assets (continued)

ii. Leased assets (continued)

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

If a rental agreement contains elements of land and buildings, the Bank assessed the classification of each element as a finance lease or an operating lease separately.

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 starting the acquisition date net of by allowance for impairment losses.

Temporary investment is written-off from the consolidated statement of financial position 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", as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009. Since 24 October 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 dated 24 October 2012 Regarding "Asset Quality Rating 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 arised from acquisition prior to 1 January 2011 is not 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.

Starting 1 January 2011, the Bank provided an allowance for impairment of collateral confiscated and abandoned property to the value of the lower of carrying amount and fair value net of costs to sell. As for the inter-office account and suspense account, the value of the lower of carrying value and the recovery value.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other Assets

Other assets include accrued income for interest, provision and commissions, receivables, 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 2t 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.

x. Deposits from Customers

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Deposits from Customers (continued)

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.

z. Insurance Contract

Insurance contracts is a contract under which the insurer accepts significant insurance risk from the policyholders. Significant insurance risk is defined as the possibility of paying significantly more benefit to the policyholder upon the occurrence of insured event compared to the minimum benefit payable in a scenario where the insured event does not occur. Scenarios considered are those with commercial substance.

The Subsidiary issues insurance contracts that accepted siginificant insurance risk from the policyholders.The Subsidiary defines significant insurance risk as the possibility of having to pay benefits on the occurence of an insured event of at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts without significant insurance risk.

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

The Subsidiary unbundles the deposit component of unit-linked contract when required by SFAS 62 when both the following conditions are met:
- The Subsidiary can measure separately the “deposit” component (including any embedded surrender option, i.e. without taking into account the “insurance” component);
- The Subsidiary’s accounting policies do not otherwise require to recognise all obligations and rights arising from the “deposit” component.

No such condition currently exists within the Subsidiary. In accordance with SFAS 62, the Subsidiary continues to use the accounting principles previously applied by the Subsidiary related to unit-linked contracts.

Liability adequacy tests

Liability adequacy testing is performed at reporting date for contract individually or group of products determined in accordance with the Subsidiary’s manner of acquiring, servicing and measuring the profitability of its insurance contracts.

For life insurance, the liabilities to policyholder in particular the liabilities for future claim is tested to determine whether they are sufficient to cover all related future cash out flow include all benefit guaranteed and guaranteed embedded additional benefit, non guaranteed participation benefit feature (if any), all the expense for policies issuance and maintaining the policies, as well as reflecting the future cash inflow, i.e. premium receipt in the future. The liabilities are calculated based on discounted cash flow basis for all related cash flow i.e. both of cash outflow and cash inflow as mentioned above using a set of best estimate actuarial assumptions which is set by the Subsidiary’s appointed actuary, include discount rate assumptions, mortality/morbidity assumptions, lapse assumptions, expense assumptions and inflation assumptions.

Reinsurance

The Subsidiary reinsures a portion of its risk with reinsurance companies. The amount of premium paid or portion of premium from prospective reinsurance transactions is recognised over the reinsurance contract in proportion with the protection received.

Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities and ceded unearned premiums. Amounts recoverable from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

If a reinsurance asset is impaired, the Subsidiary reduces the carrying amount accordingly and recognises that impairment loss in the statement of income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Subsidiary may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Subsidiary will receive from the reinsurer can be reliably measured.

Liability to unit-linked policyholders

Liability to unit-linked policyholders classified as insurance liability.

The liability to unit-linked policyholders is recognised at the time the funds received are converted into units, net of related expenses and will increase or decrease in accordance with effective net asset value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability to unit-linked policyholders (continued)

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

Funds received from customers for unit-linked products is recognised as liabilities to unit-linked policyholders in the consolidated statement of financial position for the amount received net of the portion representing the Subsidiary's fees in managing the unit-linked product revenue.

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

ac. Subordinated Loans

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

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. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income Tax (continued)

Group's management periodically evaluates the implementation of prevailing tax regulations especially those that are subject to further interpretation on its implementation, including evaluation on tax assessment letters received from tax authorities. Where appropriate the Bank establishes provisions based on the amounts expected to be paid to the tax authorities.

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 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. 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 and other tax payables of Bank Mandiri and Subsidiaries are presented as taxes payable in the consolidated statement of financial position. Deferred tax assets are presented net of deferred tax liabilities in the consolidated statements of financial position.

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.

Temporary *syirkah* funds represent one of the consolidated statement of financial position accounts which is in accordance with sharia principle that provide right to the Subsidiary to manage fund, including to mixing the funds with the other funds.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 effective method (annuity) based on the period of contracts.

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.

DSAS-IAI has issued Technical Bulletin No. 5 to standarize accounting treatment for income and expenses arising directly to murabahah transaction. Based on Technical Bulletin No. 5, direct income and expenses are recognized in-line with recognition of margin murabahah as set forth in SFAS 102. Currently the Subsidiary is evaluating and has not determined the impacts of this Technical Bulletin on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and Sharia Income and Expense (continued)

(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.

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

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. 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 policyholders' deposits in the consolidated statement of financial position.

Claims and benefits consist of settled claims, claims that are still in process of completion and 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 deduction from claims expenses consistent in the same period with the claim expenses recognition.

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

The unearned premium income set by the Subsidiary is aligned with regulatory requirement in calculating unearned premium reserve for both of non-sharia and shariah short term insurance contract with coverage period up to one year or for insurance contract with coverage period more than one year where the term and condition of the policy can be renewed (renewable) at policy anniversary years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ah. Fees and Commissions Income

Starting 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.

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 No. 13/2003, the Bank and Subsidiaries will have to pay such shortage.

The pension plan based on the labor law is a defined benefit plan because the labor law requires a certain formula to calculate the minimum pension benefit. A defined 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 statements of financial position 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee Benefits (continued)

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 comprehensive income.

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.

There is no outstanding share-base management compensation program or other program which could dilute earnings per share as at 31 December 2012 and 2011. Therefore basic earnings per share and diluted earnings per share are the same.

The weighted-average number of outstanding shares used in computing the diluted earnings per share as at 31 December 2012 and 2011 are 23,333,333,333 shares and 23,134,862,110 shares, respectively.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

al. Segment Information (continued)

The Group presents operating segment based on internal reports that are presented to the group decision-making operations in accordance with SFAS 5 (Revised 2009) - Operating Segment. Operating decision maker is the Board of Directors. 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.

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.

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.

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

Key sources of estimation uncertainty (continued)

a. Allowances for impairment losses of financial assets (continued)

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

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.

d. Insurance liabilities on insurance contracts and Liability Adequacy Test (LAT)

Technical reserves of Subsidiaries are stated in the consolidated statement of financial position as part of "Other liabilities", calculated based on actuarial calculation using certain actuarial assumptions. Included in the technical reserves are liability for future policy benefits, estimated claim liabilities, unearned premium income and liability to unit-linked holders. The Subsidiaries also assess at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If the assessment shows that the carrying amount of its insurance liability is inadequate, the entire deficiency shall be recognised in consolidated statements of comprehensive income.

(Expressed in millions of Rupiah, unless otherwise stated)

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	2012	2011
Rupiah	31,699,458	30,472,242
United States Dollar (Note 60B.(v))	6,572,697	5,680,432
	38,272,155	**36,152,674**

As at 31 December 2012 and 2011, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (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:

	2012	2011
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	2.50%	2.50%
Foreign Currencies	8.00%	8.00%

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 2012 and 2011, are as follows:

	2012	2011
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	24.96%	30.00%
- Minimum Statutory Reserve on Loan to Deposit Ratio*)	0.00%	0.50%
Foreign currencies	8.01%	8.06%

*) 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 starting 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:

	2012	2011
Rupiah		
Related parties (Note 54)	15,693	38,435
Third parties	125,988	335,855
Total Rupiah	141,681	374,290
Foreign currencies (Note 60B.(v))		
Related parties (Note 54)	386	6,081
Third parties	9,509,705	9,447,298
Total foreign currencies	9,510,091	9,453,379
Total	9,651,772	9,827,669
Less: Allowance for impairment losses	(6,268)	(10,841)
	9,645,504	**9,816,828**

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

b. By Bank Indonesia's Collectibility:

	2012	2011
Rupiah - Current	141,681	374,290
Foreign currencies		
Current	9,506,551	9,448,689
Loss	3,540	4,690
Total foreign currencies	9,510,091	9,453,379
Total	9,651,772	9,827,669
Less: Allowance for impairment losses	(6,268)	(10,841)
	9,645,504	**9,816,828**

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

	2012	2011
Rupiah	0.20%	0.03%
Foreign currencies	0.16%	0.25%

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

	2012	2011
Balance at beginning of year	10,841	10,113
(Reversal)/allowance during the year (Note 43)	(4,938)	828
Others*)	365	(100)
Balance at end of year	**6,268**	**10,841**

*) 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 60A.

(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:

2012	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	26,386,019	-	26,386,019
	≥ 1 month ≤ 3 months	991,185	-	991,185
Call Money	< 1 month	3,170,000	-	3,170,000
	≥ 1 month ≤ 3 months	200,000	-	200,000
Time Deposit	< 1 month	1,113,960	-	1,113,960
	≥ 1 month ≤ 3 months	433,200	-	433,200
	> 3 months ≤ 6 months	67,802	-	67,802
	> 6 months ≤ 12 months	18,500	-	18,500
Saving	no maturity	824	-	824
Total Rupiah		32,381,490	-	32,381,490
Foreign currencies:				
Bank Indonesia	< 1 month	9,637,500	-	9,637,500
Call Money	< 1 month	4,013,557	-	4,013,557
	> 12 months	-	50,198	50,198
Fixed-Term Placement	< 1 month	2,050,462	-	2,050,462
	≥ 1 month ≤ 3 months	289	-	289
	> 3 months ≤ 6 months	87,990	-	87,990
	> 12 months	-	1,156	1,156
Time Deposit	< 1 month	100,841	-	100,841
Total foreign currencies (Note 60B.(v))		15,890,639	51,354	15,941,993
Total				48,323,483
Less: Allowance for impairment losses				(85,258)
				48,238,225

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 60B.(v))		16,700,442	68,123	16,768,565
Total				51,539,791
Less: Allowance for impairment losses				(146,729)
				51,393,062

(Expressed in millions of Rupiah, unless otherwise stated)

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

b. By Related Parties and Third Parties:

	2012	2011
Rupiah:		
Related parties (Note 54)	665,511	328,561
Third parties	31,715,979	34,442,665
Total Rupiah	32,381,490	34,771,226
Foreign currencies:		
Related parties (Note 54)	678,457	456,933
Third parties	15,263,536	16,311,632
Total foreign currencies (Note 60B.(v))	15,941,993	16,768,565
Total	48,323,483	51,539,791
Less: Allowance for impairment losses	(85,258)	(146,729)
	48,238,225	**51,393,062**

c. Average Interest Rate (yield) per Annum:

	2012	2011
Rupiah	3.64%	6.21%
Foreign currencies	0.22%	0.23%

d. As at 31 December 2012 and 2011, there were no placements pledged as cash collateral.

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

	2012	2011
Balance at beginning of year	146,729	137,885
(Reversal)/allowance during the year (Note 43)	(75,272)	7,300
Others*)	13,801	1,544
Balance at end of year	**85,258**	**146,729**

*) Includes effect of foreign currency translation.

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, 24 November 2010 and 6 September 2012, 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 2012 and 2011 amounting to EUR4,033,599 (full amount) and EUR5,815,120 (full amount). As at 31 December 2012 and 2011, 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 60A.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES

a. By Purpose, Related Parties and Third Parties:

	2012	2011
Related parties (Note 54):		
Fair value through profit or loss	225,002	3,350,981
Available for sale	417,019	386,745
Held to maturity	228,041	277,729
At cost*)	283,000	-
	1,153,062	4,015,455
Third parties:		
Fair value through profit or loss	1,709,545	626,303
Available for sale	5,625,547	5,459,939
Held to maturity	1,994,635	2,222,114
At cost*)	519,169	-
Loans and Receivable	10,817	9,588
	9,859,713	8,317,944
Total	11,012,775	12,333,399
Add/(less):		
Unamortised discounts	624	(9,269)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	37,889	(70,119)
Allowance for impairment losses	(281,513)	(251,093)
	(243,000)	(330,481)
	10,769,775	**12,002,918**

*) Marketable securities owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

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

	2012					
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **)		
				Current	Loss	Total
Rupiah:						
Fair value through profit or loss						
Investments in mutual fund units	1,046,698	-	21,717	1,068,415	-	1,068,415
Bonds	608,446	-	3,161	611,607	-	611,607
Shares	21,486	-	(5,449)	16,037	-	16,037
	1,676,630	-	19,429	1,696,059	-	1,696,059
Available for sale						
Investments in mutual fund units	5,040,770	-	18,783	5,059,553	-	5,059,553
Bonds	526,924	-	350	527,274	-	527,274
Medium term notes	290,114	-	(101)	290,013	-	290,013
	5,857,808	-	19,032	5,876,840	-	5,876,840

*) 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):

	2012					
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Loss	Total
Rupiah (continued):						
Held to maturity						
Bonds	1,092,000	(3,358)	-	1,002,115	86,527	1,088,642
Export bills	112,415	-	-	112,415	-	112,415
Certificates of Bank Indonesia	40,000	(746)	-	39,254	-	39,254
	1,244,415	(4,104)	-	1,153,784	86,527	1,240,311
At cost***)						
Sharia Corporate bonds	779,000	4,728	-	646,728	137,000	783,728
Export bills	23,169	-	-	23,169	-	23,169
	802,169	4,728	-	669,897	137,000	806,897
Total Rupiah	9,581,022	624	38,461	9,396,580	223,527	9,620,107
Foreign currencies:						
Fair value through profit or loss						
Treasury bills	257,917	-	(138)	257,779	-	257,779
Available for sale						
Treasury bills	95,724	-	(434)	95,290	-	95,290
Shares	89	-	-	-	89	89
Export bills	88,945	-	-	88,945	-	88,945
	184,758	-	(434)	184,235	89	184,324
Held to maturity						
Export bills	978,261	-	-	978,171	90	978,261
Loans and receivables bond	10,817	-	-	-	10,817	10,817
Total foreign currencies (Note 60B.(v))	1,431,753	-	(572)	1,420,185	10,996	1,431,181
Total	11,012,775	624	37,889	10,816,765	234,523	11,051,288
Less: Allowance for impairment losses						(281,513)
Net						**10,769,775**

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.
***) Marketable securities owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

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

	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 60B.(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)

c. By Remaining Period to Maturity:

	2012	2011
Rupiah:		
No maturity date	1,175,955	623,267
< 1 year	589,670	3,733,949
≥ 1 < 5 years	7,602,397	6,279,494
≥ 5 ≤ 10 years	213,000	316,905
> 10 years	-	5,000
Total Rupiah	9,581,022	10,958,615
Foreign currencies:		
No maturity date	89	-
< 1 year	1,142,053	1,093,835
≥ 1 < 5 years	173,517	234,370
≥ 5 ≤ 10 years	106,541	28,615
> 10 years	9,553	17,964
Total foreign currencies	1,431,753	1,374,784
Total	11,012,775	12,333,399
Add/(less):		
Unamortised discounts	624	(9,269)
Unrealised gain/(loss) on increase/(decrease) in fair value of securities	37,889	(70,119)
Allowance for impairment losses	(281,513)	(251,093)
	(243,000)	(330,481)
	10,769,775	**12,002,918**

d. By Issuer:

	2012	2011
Corporate	9,169,558	7,810,940
Banks	1,449,576	1,380,243
Government	298,491	3,012,216
Central Bank	95,150	130,000
Total	11,012,775	12,333,399
Add/(less):		
Unamortised premiums/(discounts)	624	(9,269)
Unrealised gain/(loss) on increase/(decrease) in fair value of securities	37,889	(70,119)
Allowance for impairment losses	(281,513)	(251,093)
	(243,000)	(330,481)
	10,769,775	**12,002,918**

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating:

		Rating*)		Fair Value/Amortised Cost**)	
	Rating Agencies	2012	2011	2012	2011
Rupiah					
Fair value through profit or loss					
Bonds					
PT Sumberdaya Sewatama	Pefindo	idA	-	101,169	-
PT Verena Multi Finance Tbk.	Pefindo	idA	-	100,227	-
PT BCA Finance Tbk.	Pefindo	idAA+	-	65,033	-
PT Bank International Indonesia Tbk.	Pefindo	idAAA	idAA+	61,111	109,840
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA	idAA	55,236	55,125
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAA+	idAA+	15,406	27,098
PT Federal International Finance	Pefindo	idAA+	-	10,070	-
PT Aneka Tambang (Persero) Tbk.	Pefindo	idAA	idAA	7,335	45,161
PT Lautan Luas Tbk.	Pefindo	idA-	idA-	2,028	2,052
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	94	28,921
Others ***)	Pefindo	idAA- - idAAA	idD - idAAA	193,898	2,779,555
				611,607	3,047,752
Available for sale					
Sharia Corporate Bonds					
PT Titan Petrokimia Nusantara	Fitch	-	A+(idn)	-	52,875
PT Perusahaan Listrik Negara (Persero)	Pefindo	-	idAA+	-	33,600
PT Bank Pembangunan Daerah Sulsel	Pefindo	-	idA	-	13,065
				-	99,540
Bonds					
PT Bank International Indonesia Tbk.	Pefindo	idAAA	-	100,050	-
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	-	100,000	-
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA	-	100,000	-
PT Astra Sedaya Finance	Pefindo	idAA+	-	75,015	-
PT Pembangunan Jaya Ancol Tbk.	Pefindo	idAA-	-	50,000	-
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	14,100	13,146
Others	Pefindo	idA- - idAA-	-	88,109	-
				527,274	13,146
Held to maturity					
Bonds					
PT Tunas Baru Lampung Tbk.	Pefindo	idA	-	500,000	-
PT Indosat Tbk.	Pefindo	idAA+	idAA+	224,115	222,193
PT Medco Energi International Tbk.	Pefindo	idAA-	-	223,000	-
PT Arpeni Pratama Ocean Line Tbk.	Pefindo	idD	idD	86,527	86,096
PT Mayora Indah Tbk.	Pefindo	idAA-	-	55,000	-
PT Indofood Sukses Makmur Tbk.	Pefindo	-	idAA+	-	199,641
				1,088,642	507,930

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating (continued):

		Rating*)		Fair Value/Amortised Cost**)	
	Rating Agencies	**2012**	**2011**	**2012**	**2011**
Rupiah (continued)					
At cost****)**					
Sharia Corporate Bonds					
PT Indosat Tbk.	Pefindo	idAA+	idAA+	168,040	168,109
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAA+	-	117,591	-
PT Berlian Laju Tanker Tbk.	Pefindo	idD	idA-****)	87,000	87,006
PT Salim Ivomas Pratama Tbk.	Pefindo	idAA	idAA	60,000	60,000
PT Mitra Adiperkasa Tbk.	Pefindo	-	idA+	-	30,000
PT Bakrieland Development Tbk.	Pefindo	-	idBBB+	-	20,000
Others	Various	BBB+(idn) - A+ (idn), idD - idAAA-	BBB (idn) - A- (idn), idD - idAA+	351,097	588,050
				783,728	953,165
				1,872,370	1,461,095
Total Rupiah				3,011,251	4,621,533
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
Loan and Receivable					
Bond					
Advance SCT*****)	-	-	-	10,817	9,588
Total foreign currencies				**10,817**	**47,296**

*) 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.
******) Marketable securities owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukus", which was effective since 1 January 2012

f. Average Interest Rate (yield) per Annum:

	2012	**2011**
Rupiah	4.52%	5.27%
Foreign currencies	7.72%	5.07%

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

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

	2012	2011**)
Balance at beginning of year	251,093	248,895
Allowance during the year (Note 43)	29,411	17,530
Others*)	1,009	(15,332)
Balance at end of year	**281,513**	**251,093**

*) 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 60A.

As at 31 December 2012 and 2011, 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 2012 amounting to Rp1,504,461, Rp1,006,583, Rp802,353, Rp804,945 and Rp900,089 respectively (2011: amounting to Rp1,505,881, Rp1,008,150, Rp803,102, Rp806,173 and Rp900,308, respectively).

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 2012 and 2011. They are as follows:

	2012	2011
Related party (Note 54)		
Fair value through profit or loss, at fair value	2,176,870	1,408,982
Available for sale, at fair value	53,367,029	53,667,392
Held to maturity, at amortised cost	22,341,536	23,383,075
At cost*)	1,050,321	-
	78,935,756	**78,459,449**

*) Government bonds owned by subsidiary which was classified in accordance with SFAS 110 “Accounting for Sukuk” and was effective since 1 January 2012

a. By Maturity

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

	2012	2011
Rupiah		
Fair value through profit or loss		
Less than 1 year	573,861	150,224
1 - 5 years	374,982	550,344
5 - 10 years	143,498	152,619
Over 10 years	713,561	424,235
	1,805,902	1,277,422
Available for sale		
1 - 5 years	4,004,180	3,942,029
5 - 10 years	45,983,525	49,725,363
	49,987,705	53,667,392

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

a. By Maturity (continued)

	2012	2011
Rupiah (continued)		
Held to maturity		
Less than 1 year	108,481	10,555
1 - 5 years	21,856,910	13,652,955
5 - 10 years	78,913	9,435,312
Over 10 years	111,161	110,654
	22,155,465	23,209,476
At cost*)		
Less than 1 year	339,151	-
1 - 5 years	711,170	-
	1,050,321	-
Total Rupiah	74,999,393	78,154,290
Foreign currency		
Fair value through profit or loss		
5 - 10 years	216,941	131,560
Over 10 years	154,027	-
	370,968	131,560
Available for sale		
1 - 5 years	1,564,500	-
Over 10 years	1,814,824	-
	3,379,324	-
Held to maturity		
1 - 5 years	186,071	155,475
5 - 10 years	-	18,124
	186,071	173,599
Total foreign currency (Note 60B.(v))	3,936,363	305,159
	78,935,756	**78,459,449**

*) Government bonds owned by subsidiary which was classified in accordance with SFAS 110 “Accounting for Sukuk” and was effective since 1 January 2012

b. By Type

	2012				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss					
Fixed rate bonds	**1,613,545**	5.63% - 14.28%	**1,805,902**	10/02/2013-15/04/2042	1 and 6 months
Available for sale					
Fixed rate bonds	1,800,875	6.25%	1,859,403	21/09/2015 - 15/10/2015	1 month
Variable rate bonds	48,740,774	SPN 3 bulan	48,128,302	25/12/2014 - 25/07/2020	3 months
	50,541,649		**49,987,705**		

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By Type (continued)

	2012			
	Amortised Cost	Interest Rates Per annum	Maturity Dates	Frequency of Interest Payment
Rupiah				
Held to maturity				
Fixed rate bonds	410,867	9.00% - 14.28%	20/02/2013 - 15/05/2037	6 months
Variable rate bonds	21,744,598	SPN 3 bulan	25/12/2014 - 25/09/2017	3 months
	22,155,465			
At cost*)				
Fixed rate bonds	**1,050,321**	9.00% -11.80%	15/10/2013 - 15/09/2015	6 months

	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Foreign currency					
Fair value through profit or loss					
Fixed rate bonds	**342,950**	3.30% - 5.25%	**370,968**	21/11/2018 - 17/01/2042	6 months
Available for sale					
Fixed rate bonds	**3,213,856**	3.30% - 5.88%	**3,379,324**	21/11/2018 - 21/11/2022	6 months

	Amortised Cost	Interest Rates Per annum	Maturity Dates	Frequency of Interest Payment
Foreign currency				
Held to maturity				
Fixed rate bonds	**186,071**	6.75% - 10.38%	10/03/2014 - 09/03/2017	6 months

*) Government bonds owned by subsidiary which was classified in accordance with SFAS 110 “Accounting for Sukuk” and was effective since 1 January 2012

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By Type (continued)

	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			

	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

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

c. Other Information

In 2012, the Bank participated in debt switching program, which was arranged by the Ministry of Finance of the Republic of Indonesia. Through this program, the Bank switched variable rate Government Bonds, which were classified as Available For Sale, with total nominal amount of Rp3,700,000 with fixed rate Government Bonds.

As at 31 December 2012 and 2011, Government Bonds with total nominal amount of Rp12,063,884 and Rp6,658,679 had been pledged as collateral for funds borrowing from other banks and subordinated loans (Note 35e and 36).

9. OTHER RECEIVABLES - TRADE TRANSACTIONS

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

	2012	2011
Rupiah:		
Related parties (Note 54)		
Usance L/C payable at sight	57,581	14,705
Others	2,064,178	1,266,099
	2,121,759	1,280,804
Third parties		
Usance L/C payable at sight	346,107	340,078
Others	576,190	560,621
	922,297	900,699
Total Rupiah	3,044,056	2,181,503
Foreign currencies:		
Related parties (Note 54)		
Usance L/C payable at sight	1,628,031	1,442,333
Others	34,758	29,574
	1,662,789	1,471,907
Third parties		
Usance L/C payable at sight	1,122,512	1,018,070
Others	845,061	1,219,810
	1,967,573	2,237,880
Total foreign currencies (Note 60B.(v))	3,630,362	3,709,787
Total	6,674,418	5,891,290
Less: Allowance for impairment losses	(1,125,015)	(1,079,302)
	5,549,403	**4,811,988**

(Expressed in millions of Rupiah, unless otherwise stated)

9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

b. By Bank Indonesia's Collectibility:

	2012	2011
Current	5,465,807	4,757,886
Special mention	393,133	331,300
Doubtful	-	5,718
Loss	815,478	796,386
Total	6,674,418	5,891,290
Less: Allowance for impairment losses	(1,125,015)	(1,079,302)
	5,549,403	**4,811,988**

c. By Maturity:

	2012	2011
Rupiah:		
Less than 1 month	908,480	646,100
1 - 3 months	1,486,727	1,085,617
3 - 6 months	486,802	284,686
6 - 12 months	15,869	19,156
Over 12 months	146,178	145,944
Total Rupiah	3,044,056	2,181,503
Foreign currencies:		
Less than 1 month	822,177	750,253
1 - 3 months	1,105,616	566,324
3 - 6 months	1,032,123	1,743,237
6 - 12 months	912	20,038
Over 12 months	669,534	629,935
Total foreign currencies (Note 60B.(v))	3,630,362	3,709,787
Total	6,674,418	5,891,290
Less: Allowance for impairment losses	(1,125,015)	(1,079,302)
	5,549,403	**4,811,988**

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

	2012	2011
Balance at beginning of year	1,079,302	1,146,327
Reversal during the year (Note 43)	(13,263)	(98,692)
Others*)	58,976	31,667
Balance at end of year	**1,125,015**	**1,079,302**

*) 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 60A.

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

a. Securities purchased under resale agreements

	2012				
Type of Securities	**Starting Date**	**Maturity Date**	**Resale Amount**	**Unamortised Interest**	**Carrying Amount**
Rupiah					
Obligasi FR0058	09/11/2012	08/02/2013	1,080,592	5,188	1,075,404
Obligasi FR0043	28/12/2012	29/01/2013	914,813	3,140	911,673
Obligasi FR0059	09/10/2012	08/01/2013	854,775	752	854,023
Obligasi FR0047	22/11/2012	02/01/2013	685,924	84	685,840
Obligasi FR0054	19/12/2012	26/03/2013	686,278	7,307	678,971
Obligasi FR0054	21/11/2012	19/02/2013	678,814	4,202	674,612
Obligasi FR0020	27/12/2012	29/01/2013	642,559	2,413	640,146
Obligasi FR0061	13/12/2012	12/02/2013	612,549	3,192	609,357
Obligasi FR0056	12/12/2012	19/03/2013	606,952	5,924	601,028
Obligasi FR0056	26/12/2012	28/01/2013	589,386	2,091	587,295
Obligasi FR0059	19/12/2012	26/02/2013	535,562	3,733	531,829
Obligasi FR0040	28/12/2012	29/01/2013	475,887	1,633	474,254
Obligasi FR0057	30/11/2012	05/03/2013	444,834	3,546	441,288
Obligasi FR0053	13/12/2012	12/02/2013	443,213	2,309	440,904
Obligasi FR0027	12/12/2012	19/02/2013	409,746	2,499	407,247
Obligasi FR0056	14/12/2012	15/02/2013	401,756	2,247	399,509
Obligasi FR0060	17/12/2012	17/01/2013	257,106	541	256,565
Obligasi FR0043	09/10/2012	08/01/2013	249,674	220	249,454
Obligasi FR0054	30/11/2012	05/03/2013	235,232	1,875	233,357
Obligasi FR0058	20/12/2012	03/01/2013	221,491	57	221,434
Obligasi FR0054	18/12/2012	18/02/2013	211,193	1,349	209,844
Obligasi FR0058	17/12/2012	18/01/2013	203,104	454	202,650
Obligasi FR0059	26/12/2012	25/01/2013	200,181	631	199,550
Obligasi FR0054	18/12/2012	18/02/2013	199,460	1,274	198,186
Obligasi FR0058	17/12/2012	18/01/2013	192,688	430	192,258
Obligasi FR0035	14/12/2012	15/02/2013	188,964	1,057	187,907
Obligasi FR0057	26/12/2012	25/01/2013	187,196	590	186,606
Obligasi FR0053	12/12/2012	19/02/2013	158,201	965	157,236
Obligasi FR0058	03/12/2012	03/01/2013	157,028	41	156,987
Obligasi FR0058	03/12/2012	03/01/2013	130,857	34	130,823
Obligasi FR0050	17/12/2012	17/01/2013	128,656	271	128,385
Obligasi FR0047	26/12/2012	25/01/2013	127,146	401	126,745
Obligasi FR0058	09/11/2012	08/02/2013	120,065	576	119,489
Obligasi FR0057	17/12/2012	17/01/2013	119,302	251	119,051
Obligasi FR0058	03/12/2012	03/01/2013	115,154	30	115,124
Saham	12/10/2012	10/04/2013	116,600	3,630	112,970
Obligasi FR0056	20/12/2012	03/01/2013	111,480	28	111,452
Obligasi FR0044	17/12/2012	18/01/2013	110,677	247	110,430
Obligasi FR0058	03/12/2012	04/01/2013	110,083	43	110,040
Obligasi FR0058	03/12/2012	03/01/2013	104,686	28	104,658
Obligasi FR0035	13/12/2012	12/02/2013	100,898	526	100,372
Obligasi FR0058	03/12/2012	04/01/2013	99,599	39	99,560
Obligasi FR0057	18/12/2012	18/02/2013	95,975	613	95,362
Obligasi FR0053	14/12/2012	15/02/2013	57,608	322	57,286
Obligasi FR0059	09/10/2012	08/01/2013	44,656	39	44,617
Obligasi FR0064	09/10/2012	08/01/2013	43,731	39	43,692
SBSN	27/12/2012	23/01/2013	31,256	89	31,167
SBSN	27/12/2012	23/01/2013	24,844	70	24,774
Obligasi FR0064	26/12/2012	25/01/2013	23,332	74	23,258
Saham	30/11/2012	29/05/2013	21,200	1,417	19,783
Obligasi FR0054	09/10/2012	08/01/2013	16,618	14	16,604
Saham	06/06/2012	03/05/2013	2,312	115	2,197
SBSN	27/12/2012	23/01/2013	1,988	6	1,982
Total			14,583,881	68,646	14,515,235
Allowance for impairment losses					-
Net					**14,515,235**

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

a. Securities purchased under resale agreements (continued)

	2011				
Type of Securities	**Starting Date**	**Maturity Date**	**Resale Amount**	**Unamortised Interest**	**Carrying Amount**
Rupiah					
Related Parties (Note 54)					
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)

b. By Bank Indonesia's Collectibility:

	2012	2011
Current	14,515,235	12,369,885
Less: Allowance for impairment losses	-	-
	14,515,235	**12,369,885**

As at 31 December 2012 and 2011, there is no securities purchased under resale agreements classified as impaired.

11. DERIVATIVE RECEIVABLES AND PAYABLES

As at 31 December 2012, the summary of derivative transactions are as follow:

		Fair Value	
Transactions	**Notional Amount (Equivalent Rupiah)**	**Derivative Receivables**	**Derivative Payables**
Related parties (Note 54)			
Foreign Exchange Related			
1. Swap - buy			
United States Dollar	48,835	-	333
2. Swap - sell			
United States Dollar	38,944	231	-
Total related parties		231	333
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	3,395,783	568	15,108
Others	390,354	8,490	-
2. Forward - sell			
United States Dollar	379,606	4,610	687
3. Swap - buy			
United States Dollar	2,129,324	4,067	16,662
Others	950,855	722	1,905
4. Swap - sell			
United States Dollar	10,699,005	67,841	26,427
Others	1,425,147	614	22,160
Interest Rate Related			
1. Swap - interest rate			
Others	-	-	29,975
Total third parties		86,912	112,924
Total		87,143	113,257
Less: Allowance for impairment losses		-	-
		87,143	**113,257**

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

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

		Fair Value	
Transactions	**Notional Amount (Equivalent Rupiah)**	**Derivative Receivables**	**Derivative Payables**
Related parties (Note 54)			
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**

As at 31 December 2012 and 2011, Bank Indonesia's collectibility for derivative receivables are as follows:

	2012	2011
Current	87,143	113,657
Less: Allowance for impairment losses	-	-
	87,143	**113,657**

As at 31 December 2012 and 2011, 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:

	2012	2011
Rupiah:		
Related parties (Note 54)	35,419,722	28,983,609
Third parties	297,223,297	240,146,823
Total Rupiah	332,643,019	269,130,432
Foreign currencies:		
Related parties (Note 54)	10,532,888	7,862,564
Third parties	41,405,799	34,100,310
Total foreign currencies (Note 60B.(v))	51,938,687	41,962,874
Total	384,581,706	311,093,306
Less: Allowance for impairment losses	(14,011,350)	(12,105,048)
	370,570,356	**298,988,258**

b.1 By Type:

	2012		
	Non-impaired**)	Impaired*)**)	Total
Rupiah:			
Working capital	143,311,676	7,384,278	150,695,954
Investment	87,089,010	2,062,063	89,151,073
Consumer	76,901,955	1,199,442	78,101,397
Syndicated	7,107,450	313,249	7,420,699
Export	3,202,967	10,440	3,213,407
Government program	2,581,525	172,066	2,753,591
Employees	1,301,370	5,528	1,306,898
Total Rupiah	321,495,953	11,147,066	332,643,019
Foreign currencies:			
Working capital	12,560,268	2,759,895	15,320,163
Investment	20,290,887	3,146,313	23,437,200
Consumer	47,099	727	47,826
Syndicated	4,169,939	475,029	4,644,968
Export	7,972,839	369,224	8,342,063
Government program	77,405	-	77,405
Employees	2,048	-	2,048
Others	65,568	1,446	67,014
Total foreign currencies (Note 60B.(v))	45,186,053	6,752,634	51,938,687
Total	366,682,006	17,899,700 1)	384,581,706
Less: Allowance for impairment losses	(3,678,313)	(10,333,037) 2)	(14,011,350)
	363,003,693	**7,566,663** 3)	**370,570,356**

*) 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 are amounting to Rp12,103,790 and Rp5,795,910, respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment are amounting to Rp8,302,030 and Rp2,031,007, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,801,760 and Rp3,764,903, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

b.1 By Type (continued):

	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 (Note 60B.(v))	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 are amounting to Rp12,764,708 and Rp4,567,739 respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment are amounting to Rp7,989,166 and Rp1,094,746 respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting 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.2 By Type and Bank Indonesia's Collectibility:

	2012					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	142,293,608	4,817,838	493,969	461,093	2,629,446	150,695,954
Investment	86,588,997	1,697,023	162,532	37,143	665,378	89,151,073
Consumer	71,523,094	5,378,866	276,644	245,934	676,859	78,101,397
Syndicated	7,107,450	192,291	120,958	-	-	7,420,699
Export	3,194,921	8,046	-	-	10,440	3,213,407
Government program	2,420,123	161,402	88,799	22,389	60,878	2,753,591
Employees	1,295,218	6,152	234	114	5,180	1,306,898
Total Rupiah	314,423,411	12,261,618	1,143,136	766,673	4,048,181	332,643,019
Foreign currencies:						
Working capital	13,524,071	1,231,383	50	-	564,659	15,320,163
Investment	22,259,165	901,072	-	-	276,963	23,437,200
Consumer	47,099	-	-	-	727	47,826
Syndicated	4,431,212	139,915	-	15,022	58,819	4,644,968
Export	7,954,823	18,016	3,320	-	365,904	8,342,063
Government program	77,405	-	-	-	-	77,405
Employees	2,048	-	-	-	-	2,048
Others	65,568	-	-	-	1,446	67,014
Total foreign currencies (Note 60B.(v))	48,361,391	2,290,386	3,370	15,022	1,268,518	51,938,687
Total	362,784,802	14,552,004	1,146,506	781,695	5,316,699	384,581,706
Less: Allowance for impairment losses	(4,646,964)	(3,877,033)	(429,429)	(422,658)	(4,635,266)	(14,011,350)
	358,137,838	**10,674,971**	**717,077**	**359,037**	**681,433**	**370,570,356**

(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):

	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 (Note 60B.(v))	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.1 By Economic Sector:

	2012		
	Non-impaired)**	**Impaired*) **)**	**Total**
Rupiah:			
Manufacturing	62,482,173	4,366,331	66,848,504
Trading, restaurant and hotel	60,930,101	2,496,836	63,426,937
Business services	44,868,633	584,070	45,452,703
Agriculture	42,198,274	824,935	43,023,209
Transportation, warehousing and communications	16,135,507	746,302	16,881,809
Construction	12,585,836	832,126	13,417,962
Electricity, gas and water	8,789,960	81,553	8,871,513
Mining	3,567,483	17,080	3,584,563
Social services	4,287,288	62,351	4,349,639
Others	65,650,698	1,135,482	66,786,180
Total Rupiah	321,495,953	11,147,066	332,643,019
Foreign currencies:			
Manufacturing	7,035,386	4,878,390	11,913,776
Trading, restaurant and hotel	5,203,042	620,711	5,823,753
Business services	2,421,227	327,921	2,749,148
Agriculture	4,305,318	14,034	4,319,352
Transportation, warehousing and communications	3,482,996	246,640	3,729,636
Construction	1,728,632	617	1,729,249
Electricity, gas and water	2,098,300	415,714	2,514,014
Mining	18,225,493	247,880	18,473,373
Social services	189,648	-	189,648
Others	496,011	727	496,738
Total foreign currencies (Note 60B.(v))	45,186,053	6,752,634	51,938,687
Total	366,682,006	17,899,700 1)	384,581,706
Less: Allowance for impairment losses	(3,678,313)	(10,333,037) 2)	(14,011,350)
	363,003,693	**7,566,663** 3)	**370,570,356**

*) 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 are amounting to Rp12,103,790 and Rp5,795,910, respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment are amounting to Rp8,302,030 and Rp2,031,007, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,801,760 and Rp3,764,903, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector (continued):

	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 (Note 60B.(v))	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 are amounting to Rp12,764,708 and Rp4,567,739, respectively.
2) Allowance for impairment losses calculated by using individual and collective assesment are amounting to Rp7,989,166 and Rp1,094,746, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting 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.2 By Economic Sector and Bank Indonesia's Collectibility:

	2012					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	63,816,866	1,823,312	269,767	87,717	850,842	66,848,504
Trading, restaurant and hotel	58,896,625	2,566,827	219,295	316,289	1,427,901	63,426,937
Business services	43,627,724	1,385,041	138,787	96,387	204,764	45,452,703
Agriculture	42,141,669	641,991	81,730	27,646	130,173	43,023,209
Transportation, warehousing and communications	16,111,778	345,115	3,581	3,924	417,411	16,881,809
Construction	12,399,610	602,771	167,546	9,478	238,557	13,417,962
Electricity, gas and water	8,783,501	6,459	4,063	1	77,489	8,871,513
Mining	3,479,403	89,406	276	12,170	3,308	3,584,563
Social services	4,108,864	207,363	5,012	7,353	21,047	4,349,639
Others	61,057,371	4,593,333	253,079	205,708	676,689	66,786,180
Total Rupiah	314,423,411	12,261,618	1,143,136	766,673	4,048,181	332,643,019
Foreign currencies:						
Manufacturing	9,493,924	1,638,187	3,320	4,205	774,140	11,913,776
Trading, restaurant and hotel	5,242,854	135,924	-	10,817	434,158	5,823,753
Business services	2,690,222	-	50	-	58,876	2,749,148
Agriculture	4,305,319	14,033	-	-	-	4,319,352
Transportation, warehousing and communications	3,482,996	246,640	-	-	-	3,729,636
Construction	1,728,632	-	-	-	617	1,729,249
Electricity, gas and water	2,514,014	-	-	-	-	2,514,014
Mining	18,225,493	247,880	-	-	-	18,473,373
Social services	189,648	-	-	-	-	189,648
Others	488,289	7,722	-	-	727	496,738
Total foreign currencies (Note 60B.(v))	48,361,391	2,290,386	3,370	15,022	1,268,518	51,938,687
Total	362,784,802	14,552,004	1,146,506	781,695	5,316,699	384,581,706
Less: Allowance for impairment losses	(4,646,964)	(3,877,033)	(429,429)	(422,658)	(4,635,266)	(14,011,350)
	358,137,838	**10,674,971**	**717,077**	**359,037**	**681,433**	**370,570,356**

(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):

	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 (Note 60B.(v))	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):

d. By Period:

	2012	**2011**
Rupiah:		
Less than 1 year	89,266,985	67,840,070
1 - 2 years	31,043,123	19,274,075
2 - 5 years	103,058,449	76,269,117
Over 5 years	109,274,462	105,747,170
Total Rupiah	332,643,019	269,130,432
Foreign currencies:		
Less than 1 year	14,919,212	9,112,786
1 - 2 years	3,531,242	1,654,132
2 - 5 years	15,892,310	15,912,283
Over 5 years	17,595,923	15,283,673
Total foreign currencies (Note 60B.(v))	51,938,687	41,962,874
Total	384,581,706	311,093,306
Less: Allowance for impairment losses	(14,011,350)	(12,105,048)
	370,570,356	**298,988,258**

The non-performing loans ratio of Bank Mandiri and Subsidiaries on a gross basis (before deducting the allowance for impairment losses) as at 31 December 2012 and 2011, were 1.87% and 2.21%, respectively (the ratios for Bank Mandiri only were 1.74% and 2.18% as at 31 December 2012 and 2011, respectively), while the non-performing loans ratio of Bank Mandiri and Subsidiaries on a net basis as at 31 December 2012 and 2011, were 0.46% and 0.52%, respectively (the ratios for Bank Mandiri only were 0.37% and 0.45% as at 31 December 2012 and 2011, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as at 31 December 2012 and 2011 are in accordance with 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, as last amended by Bank Indonesia Circular Letter No. 13/30/DPNP dated 16 December 2011, is based on loan amount excluding loan to other banks amounting to Rp1,962,925 and Rp1,659,661.

B. Other significant information related to loans:

a. Included in loans are sharia financing receivables granted by Subsidiary amounting to Rp44,427,037 and Rp36,469,154, respectively, as at 31 December 2012 and 2011, which consist of:

	2012	**2011**
Receivables from *Murabahah* and *Istishna*	27,617,247	19,840,303
Musyarakah financing	6,336,769	5,428,201
Other sharia financing	10,473,021	11,200,650
Total	44,427,037	36,469,154
Less: Allowance for impairment losses	(1,261,929)	(974,468)
	43,165,108	**35,494,686**

(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*:*

	2012	2011
Rupiah	11.47%	11.99%
Foreign currencies	5.02%	5.01%

Range of profit sharing per annum:

	2011	2010
Receivables from *Murabahah* and *Istishna*	2.74% - 15.66%	3.34% - 28.78%
Musyarakah financing	10.57% - 12.98%	10.89% - 12.58%
Other sharia financing	13.18% - 18.69%	13.68% - 15.00%

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 2012 and 2011 amounted to Rp11,211,743 and Rp9,765.082, respectively (Notes 22c, 24e, 25c and 27d).

d. Government Program Loans

Government Program Loans consist of investment loans, permanent working capital loans, working capital loans and KPR Sejahtera FLPP (Fasilitas Likuiditas Pembiayaan Perumahan) 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 2012 and 2011 were respectively ranged from 11.36% to 94.52% and 3.42% to 94.52% of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans at 31 December 2012 and 2011 were respectively ranged from 0.02% to 63% and 0.13% to 66.36% of the total syndicated loans.

f. Restructured Loans

Below is the type and amount of restructured loans as at 31 December 2012 and 2011:

	2012	2011
Extension of loan maturity dates	6,876,783	6,709,010
Extension of loan maturity dates and reduction of interest rates	1,779,387	1,651,934
Long-term loans with options to convert debt to equity	267,589	139,387
Additional loan facilities	57,036	93,032
Extension of loan maturity dates and other restructuring schemes*)	4,957,790	6,372,577
	13,938,585	**14,965,940**

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

Total restructured loans under non-performing loans (NPL) category as at 31 December 2012 and 2011 are amounting to Rp1,627,003 and Rp1,871,789 respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

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

g. Loans to Related Parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Notes 54.

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 2012 and 2011, there are no breach and violation of Legal Lending Limit (LLL) to third parties and related parties as required by Bank Indonesia regulations.

i. Bank Mandiri has several channeling loan agreements with several international financial institutions (Note 59).

j. Movements of allowance for impairment losses on loans:

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

	2012	2011
Balance at beginning of year[1)]	12,105,048	11,481,725
Allowance during the year (Note 43)	3,414,546	3,407,728
Write back[2)]	1,149,068	-
Write-offs[3)]	(2,633,454)	(2,478,304)
Others[*)]	(23,858)	(306,101)
Balance at end of year[4)]	**14,011,350**	**12,105,048**

*) Includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 40).

1) Beginning balance 2012 and 2011 consists of Rp7,460,411 and Rp7,462,361 which are calculated using individual assessment and Rp4,644,637 and Rp4,019,364 which are calculated using collective assessment.

2) Write back as at 31 December 2012 consists of Rp1,117,154 which are calculated using individual assessment and Rp31,914 which are calculated using collective assessment.

3) Write-off as at 31 December 2012 and 2011 consists of Rp911,936 and Rp929,708 which are calculated using individual assessment and Rp1,721,518 and Rp1,548,596 which are calculated using collective assessment.

4) Ending balance as at 31 December 2012 and 2011 consists of Rp8,315,093 and Rp7,460,410 which are calculated using individual assessment and Rp5,696,257 and Rp4,644,638 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 regulation)	
	2012	**2011**
Rupiah:		
Trading, restaurant and hotel	1,963,485	1,808,208
Manufacturing	1,208,326	1,087,444
Business services	439,938	266,799
Others	2,346,241	2,060,682
Total Rupiah	5,957,990	5,223,133
Foreign currencies:		
Trading, restaurant and hotel	444,975	443,673
Manufacturing	781,665	950,442
Business services	58,926	79,988
Others	1,344	261,009
Total foreign currencies	1,286,910	1,735,112
	7,244,900	**6,958,245**

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows:

	Minimum Allowance for Impairment Losses	
	2012	**2011**
Rupiah:		
Trading, restaurant and hotel	1,480,963	1,540,747
Manufacturing	848,080	872,133
Business services	258,968	173,008
Others	1,628,932	1,560,202
Total Rupiah	4,216,943	4,146,090
Foreign currencies:		
Trading, restaurant and hotel	439,566	422,837
Manufacturing	776,740	940,279
Business services	58,884	79,978
Others	1,344	215,431
Total foreign currencies	1,276,534	1,658,525
	5,493,477	**5,804,615**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

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

l. Write-off of "Loss" category Loans

For the year ended 31 December 2012 and 2011, Bank Mandiri written-off loans in the "loss" category amounting to Rp2,462,911 and Rp1,983,549 (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.

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 of the Bank. A summary of movements of extra-comtable loans for the years ended 31 December 2012 and 2011 are as follows (Bank Mandiri only):

	2012	2011
Balance at beginning of year	32,796,549	32,331,396
Write-offs	2,462,911	1,983,549
Cash recoveries and write back	(3,739,749)	(2,202,460)
Others*)	1,231,659	684,064
Balance at end of year	**32,751,370**	**32,796,549**

*) Includes effect of foreign currency translation.

n. Loans channelled through direct financing (executing) and joint financing mechanism as at 31 December 2012 and 2011 were Rp10,738,072 and Rp8,206,918 respectively.

o. The carrying amount of loans at amortised cost is as follows:

	2012	2011
Loans (Note 12A)	384,581,706	311,093,306
Accrued interest receivables (Note 21)	1,259,493	1,091,762
Deferred income (directly attributable) (Note 34)	(654,504)	(527,329)
Allowance for impairment losses (Note 12A and 12B.j)	(14,011,350)	(12,105,048)
	371,175,345	**299,552,691**

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES

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

	2012	**2011**
Consumer financing receivables - gross		
Direct financing		
Rupiah		
Related parties (Note 54)	5,197	5,876
Third parties	13,127,962	9,970,412
	13,133,159	9,976,288
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(8,188,571)	(5,919,809)
Third parties	-	(278)
	(8,188,571)	(5,920,087)
Total consumer financing receivables - gross	4,944,588	4,056,201
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(2,019,404)	(1,655,093)
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	993,928	847,008
Third parties	34	444
	993,962	847,452
Total unearned income on consumer financing	(1,025,442)	(807,641)
Total consumer financing receivables	**3,919,146**	**3,248,560**
Less: Allowance for impairment losses	(90,777)	(62,990)
Net	**3,828,369**	**3,185,570**

On 6 February 2009, Bank Mandiri signed a joint financing facility (without recourse) agreement with PT Mandiri Tunas Finance (a Subsidiary of Bank Mandiri starting 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.

Contract term financing disbursed by the Subsidiary on motor vehicles ranges from 12 - 60 months.

b. Details of consumer financing receivables by Bank Indonesia's collectibility as at 31 December 2012 and 2011 are as follows:

	2012	**2011**
Current	3,577,945	2,940,331
Special mention	283,479	256,073
Sub-standard	23,678	21,275
Doubtful	30,777	29,022
Loss	3,267	1,859
Total	3,919,146	3,248,560
Less: Allowance for impairment losses	(90,777)	(62,990)
	3,828,369	**3,185,570**

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

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

	2012	2011
Balance at beginning of year	62,990	40,769
Allowance during the years (Note 43)	120,117	113,083
Recoveries	25,294	16,737
Write-off	(117,624)	(107,599)
Balance at end of year	**90,777**	**62,990**

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 60A.

14. NET INVESTMENT IN LEASE FINANCING

a. Details of Subsidiary’s net investment in lease financing are as follows:

	2012	2011
Net investment in lease financing		
Rupiah		
Third parties		
Gross lease financing receivables	385,316	45,317
Guaranteed residual value	81,789	8,894
Deferred lease income	(55,869)	(6,334)
Security deposit	(81,789)	(8,895)
Total net investment in lease financing	**329,447**	**38,982**
Less: Allowance for impairment losses	(1,767)	(197)
Net	**327,680**	**38,785**

Contract term financing disbursed by the Subsidiary on motor vehicles ranges from 12 - 36 months.

b. Details of net investment in lease financing by Bank Indonesia’s collectibility as at 31 December 2012 and 2011 are as follows:

	2012	2011
Current	308,903	38,982
Special mention	20,544	-
Total	329,447	38,982
Less: Allowance for impairment losses	(1,767)	(197)
	327,680	**38,785**

c. Movements of allowance for impairment losses on net investment in lease financing are as follows:

	2012	2011
Balance at beginning of year	197	-
Allowance during the years (Note 43)	1,570	197
Balance at end of year	**1,767**	**197**

Management believes that the allowance for impairment losses on net investment in lease financing is adequate.

d. Information in respect of classification of "not impaired" and "impaired" is disclosed in Note 60A.

(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCE RECEIVABLES

a. By Currency, Related Parties and Third Parties:

	2012	2011
Rupiah:		
Receivables from other banks		
Related parties (Note 54)	46,919	9,106
Third parties	107,676	65,043
Receivables from debtors		
Related parties (Note 54)	223,329	123,634
Third parties	161,973	96,008
Total Rupiah	539,897	293,791
Foreign currencies:		
Receivables from other banks		
Third parties	752,233	169,460
Receivables from debtors		
Related parties (Note 54)	1,234,783	759,444
Third parties	5,430,599	5,328,408
Total foreign currencies (Note 60B.(v))	7,417,615	6,257,312
Total	7,957,512	6,551,103
Less: Allowance for impairment losses	(37,041)	(40,667)
	7,920,471	**6,510,436**

b. By Maturity:

	2012	2011
Rupiah:		
Less than 1 month	198,944	117,646
1 - 3 months	324,653	168,313
3 - 6 months	16,300	7,832
Total Rupiah	539,897	293,791
Foreign currencies:		
Less than 1 month	1,279,718	1,310,371
1 - 3 months	3,341,951	3,437,148
3 - 6 months	2,144,029	1,500,802
6 - 12 months	651,917	8,991
Total foreign currencies (Note 60B.(v))	7,417,615	6,257,312
Total	7,957,512	6,551,103
Less: Allowance for impairment losses	(37,041)	(40,667)
	7,920,471	**6,510,436**

(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCE RECEIVABLES (continued)

c. By Bank Indonesia's Collectibility:

	2012	2011
Current	7,950,387	6,513,397
Special mention	6,690	36,178
Sub-standard	435	-
Loss	-	1,528
Total	7,957,512	6,551,103
Less: Allowance for impairment losses	(37,041)	(40,667)
	7,920,471	**6,510,436**

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

	2012	2011
Balance at beginning of year	40,667	171,097
Reversal during the year (Note 43)	(51,341)	(151,154)
Others*)	47,715	20,724
Balance at end of year	**37,041**	**40,667**

*) 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 60A.

16. INVESTMENTS IN SHARES

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

	2012	2011
Cost method	7,350	7,327
Less: Allowance for impairment losses	(3,044)	(829)
	4,306	**6,498**

The details of investments in shares as at 31 December 2012 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	1,060
Cost Method*:*			
Others (each less than Rp3,000)	Various	3.99%- 10.00%	6,290
Total			7,350
Less: Allowance for impairment losses			(3,044)
			4,306

(Expressed in millions of Rupiah, unless otherwise stated)

16. INVESTMENTS IN SHARES (continued)

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

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

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

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

	2012	2011
Current	6,234	7,147
Doubtful	1,060	124
Loss	56	56
Total	7,350	7,327
Less: Allowance for impairment losses	(3,044)	(829)
	4,306	**6,498**

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

	2012	2011
Balance at beginning of year	829	1,285
Allowance during the year (Note 43)	2,237	850
Others*)	(22)	(1,306)
Balance at end of year	**3,044**	**829**

*) Includes effect of foreign currency translation

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

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

This account represents Subsidiary's policyholders' investment and liability to unit-linked holders placed in unit-linked investment, with details as follow:

	2012	2011
Non-Sharia	10,282,995	8,405,310
Sharia	751,244	638,956
	11,034,239	**9,044,266**

(Expressed in millions of Rupiah, unless otherwise stated)

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

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

	2012	2011
Dynamic Money	6,122,382	5,661,420
Progressive Money	2,150,890	2,126,169
Attractive Money	1,409,386	409,248
Excellent Equity	382,341	86,755
Secure Money	86,409	78,096
Active Money	77,715	24,262
Fixed Money	46,360	11,918
Money Market	7,512	7,442
	10,282,995	**8,405,310**

The policyholders' funds - non-sharia placed in statutory deposits as of 31 December 2012 and 2011 amounted to Rp177,548 and Rp177,500, respectively.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency as at 31 December 2012 and 2011 amounted to USD3,503,323 and USD3,315,060, respectively.

<u>Dynamic Money</u>
This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Prestasi Dinamis.

<u>Progressive Money</u>
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Campuran Progresif.

<u>Attractive Money</u>
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Saham Attractive.

<u>Excellent Equity</u>
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 Dynamic Equity (2011: mutual fund Mandiri Investa Ekuitas Dinamis).

<u>Secure Money</u>
Secure Money Rupiah fund is a fixed income fund with underlying exposures in fixed income securities listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Obligasi Mantap. The USD fund has underlying exposures in fixed income securities listed in Indonesia Stock Exchange as well as foreign stock exchanges and money market instruments through mutual fund Investa Dana Dollar Mandiri.

<u>Active Money</u>
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Aktif (2011: mutual fund Mandiri Investa Aktif).

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

(Expressed in millions of Rupiah, unless otherwise stated)

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

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

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

	2012	2011
Attractive Money Syariah	649,302	567,787
Active Money Syariah	71,487	58,440
Advanced Commodity Syariah	28,549	12,729
Amanah Equity Syariah	1,906	-
	751,244	**638,956**

The policyholders' funds - sharia placed in statutory deposits as of 31 December 2012 and 2011 amounted to Rp15,235 and Rp14,430, 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.

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

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

Amanah Syariah Equity
This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund BNP Paribas Pesona Amanah.

18. PREPAID EXPENSES

	2012	2011
- Prepaid rent	737,746	616,183
- Building maintenance	410,197	368,475
- Others	287,814	420,100
	1,435,757	**1,404,758**

Prepaid rent mostly consists of rent on buildings which are used as the Group branch's offices across Indonesia.

(Expressed in millions of Rupiah, unless otherwise stated)

19. FIXED ASSETS

The details of fixed assets were as follows:

Movements from 1 January 2012 to 31 December 2012	**Beginning Balance**	**Additions**	**Deductions**	**Reclassifications**	**Ending Balance**
Cost/Revalued Amount					
Direct ownership					
Land	2,780,439	3,111	(4)	-	2,783,546
Buildings	2,036,746	81,395	(1,313)	285,806	2,402,634
Furnitures, fixtures, office equipment and computer equipment	4,179,972	484,295	(104,071)	951,362	5,511,558
Vehicles	202,612	34,261	(12,036)	9,764	234,601
Construction in progress	1,183,097	1,065,604	(5,838)	(1,246,932)	995,931
	10,382,866	1,668,666	(123,262)	-	11,928,270
Leased assets	12,495	-	-	-	12,495
	10,395,361	1,668,666	(123,262)	-	11,940,765
Accumulated Depreciation (Note 48)					
Direct ownership					
Buildings	1,169,521	98,703	(469)	(49)	1,267,706
Furnitures, fixtures, office equipment and computer equipment	3,102,078	490,583	(17,621)	49	3,575,089
Vehicles	74,256	30,764	(10,625)	-	94,395
	4,345,855	620,050	(28,715)	-	4,937,190
Leased assets	260	625	-	-	885
	4,346,115	620,675	(28,715)	-	4,938,075
Net book value					
Direct ownership					
Land					2,783,546
Buildings					1,134,928
Furniture, fixtures, office equipment and computer equipment					1,936,469
Vehicles					140,206
Construction in progress					995,931
					6,991,080
Leased assets					11,610
					7,002,690

Construction in progress as at 31 December 2012 was comprised of:

	Balance
Computers and other hardware that have not been installed	561,170
Buildings	348,069
Office equipment and inventory	66,816
Vehicles	3,206
Others	16,670
	995,931

(Expressed in millions of Rupiah, unless otherwise stated)

19. FIXED ASSETS (continued)

The details of fixed assets were as follows (continued):

The estimated percentage of completion of construction in progress as at 31 December 2012 for computers and other hardware that have not been installed was ranging between 25% - 95%.

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	3,947,542	334,939	(298,560)	196,051	4,179,972
Vehicles	160,536	54,659	(12,583)	-	202,612
Construction in progress	712,873	798,024	-	(327,800)	1,183,097
	9,485,531	1,206,899	(312,831)	3,267	10,382,866
Leased assets	3,267	12,495	-	(3,267)	12,495
	9,488,798	1,219,394	(312,831)	-	10,395,361
Accumulated Depreciation (Note 48)					
Direct ownership					
Buildings	1,091,391	78,299	(169)	-	1,169,521
Furnitures, fixtures, office equipment and computer equipment	3,081,188	308,979	(290,158)	2,069	3,102,078
Vehicles	61,202	24,946	(11,892)	-	74,256
	4,233,781	412,224	(302,219)	2,069	4,345,855
Leased assets	1,960	369	-	(2,069)	260
	4,235,741	412,593	(302,219)	-	4,346,115
Net book value					
Direct ownership					
Land					2,780,439
Buildings					867,225
Furniture, fixtures, office equipment and computer equipment					1,077,894
Vehicles					128,356
Construction in progress					1,183,097
					6,037,011
Leased assets					12,235
					6,049,246

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

	Balance
Computers and other hardware that have not been installed	705,410
Buildings	310,610
Office equipment and inventory	152,184
Vehicles	9,059
Others	5,834
	1,183,097

19. FIXED ASSETS (continued)

Others

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 utilise the building for 22 years. The KSO agreement has matured on 21 February 2012 and the ownership of building has been transferred to Bank Mandiri.

   Through the Temporary utilisation agreement No. 05 dated 21 February 2012, developers can still utilise the building in the form of room rental for one year period until 20 February 2013. As at 20 February 2013, the agreement has been extended until 20 February 2014. However, the Bank has the right to terminate the agreement anytime if the Bank will utilise the building or transfer the rights to third party.

   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 starting 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 expiry date of the agreements, PT Duta Anggada Realty Tbk. will hand over the ownership of the building to Bank Mandiri.

b. Estimated fair value of land and buildings owned by the Bank as at 31 December 2012 are determined using value of Sales Value of Tax Object (NJOP). NJOP is regarded as the best estimates which reflect the fair value. As at 31 December 2012, the NJOP of land and buildings owned by the Bank are Rp8,199,856 and Rp1,859,879, respectively. Other than land and buildings, there are no significant difference between the estimated fair value and carrying value of fixed assets.

c. Land rights acquired through Leasehold Certificate ("HGB") that can be renewed will expire between 2014 to 2017. Based on past experience, the Group has the confidence to extend the HGB.

d. All of fixed assets as at the reporting date are used to support the operating activities of the Group.

e. Bank Mandiri 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 Bina Dana Arta Tbk., PT Asuransi Bringin Sejahtera Artamakmur, PT Asuransi Dayin Mitra Tbk., PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasatania, PT Asuransi Jasa Indonesia (Persero), PT Asuransi Jasaraharja Putera, PT Asuransi Jaya Proteksi, PT Asuransi Parolamas, PT Asuransi Raksa Pratikara, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk., PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama), PT Asuransi Umum Mega, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Asuransi Raya, PT Asuransi Purna Artanugraha and PT Mandiri AXA General Insurance (formerly PT Asuransi Dharma Bangsa) with total sum insured of Rp1,721,667 and USD76,357,754 (full amount) as at 31 December 2012 and Rp3,119,177 and USD75,699,481 (full amount) as at 31 December 2011. 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 2012 and 2011.

(Expressed in millions of Rupiah, unless otherwise stated)

20. INTANGIBLE ASSETS

	2012	2011
- Software	717,842*)	555,853*)
- Godwill	142,860	142,860
	860,702	**698,713**

*) Net of amortisation of Rp1,213,891 and Rp1,125,502 as at 31 December 2012 and 2011.

Software is amortised over its useful lives, which is 5 years (refer to Note 2.r.i).

As at 31 December 2012 and 2011, the balance of construction in progress for software were Rp288,621 and Rp456,715. The estimated percentage of completion of software as at 31 December 2012 was ranging between 15% - 95%.

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiary's assets acquired. Goodwill is assessed regularly for impairment. As at 31 December 2012 and 2011 there is no impairment on the Bank's goodwill.

21. OTHER ASSETS

	2012	2011
Accrued income	1,926,902	1,704,382
Others - net	5,413,063	3,960,856
	7,339,965	**5,665,238**

Accrued Income

	2012	2011
Rupiah	1,716,630	1,570,405
Foreign currencies (Note 60B.(v))	210,272	133,977
	1,926,902	**1,704,382**

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

Others - net

	2012	2011
Rupiah:		
Receivables from customer transactions	980,166	551,262
Receivables from transactions related to ATM and credit card	872,740	447,975
Receivables from policy's holders	272,331	167,955
Receivables from sales of marketable securities	214,351	1,298,053
Abandoned properties - net of accumulated losses arising from impairment in net realisable value amounting to Rp10,349 and Rp10,349 as at 31 December 2012 and 2011, respectively	169,931	169,931
Repossessed assets - net of accumulated losses arising from impairment in net realisable value amounting to Rp9,850 and Rp9,871 as at 31 December 2012 and 2011, respectively	23,988	133,181
Others	2,419,343	1,160,109
Total Rupiah	4,952,850	3,928,466
Foreign currencies:		
Receivables from customer transactions (Note 60B.(v))	4,996	7,192
Receivables to policy's holder (Note 60B.(v))	1,870	1,569
Receivables from sales of marketable securities (Note 60B.(v))	-	3,716
Others	730,116	319,918
Total foreign currencies	736,982	332,395
Total	5,689,832	4,260,861
Less: Allowance for possible losses	(276,769)	(300,005)
	5,413,063	**3,960,856**

(Expressed in millions of Rupiah, unless otherwise stated)

21. OTHER ASSETS (continued)

Receivables from customer transactions mainly consist of receivables arising from securities transactions of PT Mandiri Sekuritas (Subsidiary). As at 31 December 2012 and 2011, included in receivables from customer transactions is an impaired portfolio amounting to Rp166,216 and Rp175,484, respectively.

Receivables related to ATM and credit card transactions represent receivable arising from ATM transactions within ATM Bersama, Prima and Link network and receivable from Visa and MasterCard on credit card transactions.

Receivables to policy holders represent the Subsidiary's receivables to policy holders related to policy holders' premium of non unit-linked products.

Receivables from sales of marketable securities represent receivables arising from sale of marketable securities which have settlement date on 3 January 2013 and 4 January 2012, respectively for the year 2012 and 2011.

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

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

	2012	**2011**
Balance at beginning of the year	300,005	740,012
Reversal during the year (Note 44)	(13,124)	(339,620)
Others*)	(10,112)	(100,387)
Balance at end of the year	**276,769**	**300,005**

*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

22. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2012	**2011**
Rupiah:		
Related parties (Note 54)	12,876,389	18,749,205
Third parties	64,971,338	48,460,014
Total Rupiah	77,847,727	67,209,219
Foreign currencies:		
Related parties (Note 54)	12,677,893	4,577,963
Third parties	23,382,236	20,743,404
Total foreign currencies (Note 60B.(v))	36,060,129	25,321,367
	113,907,856	**92,530,586**

Included in demand deposits were *wadiah* deposits amounting to Rp6,430,911 and Rp4,583,523 as at 31 December 2012 and 2011, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

22. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS (continued)

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

Average interest rates (cost of funds) per annum:

	2012	2011
Rupiah	2.04%	2.32%
Foreign currencies	0.22%	0.13%

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

	2012	2011
Rupiah	0.75% - 1.10%	0.76% - 2.83%
Foreign currencies	0.19% - 0.68%	0.19% - 0.89%

c. As at 31 December 2012 and 2011, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable Letters of Credits) were amounting to Rp2,440,972 and Rp1,592,173, respectively (Note 12B.c and 30e).

23. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS

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

	2012	2011
Rupiah:		
Related parties (Note 54)		
Mandiri Saving	165,577	748,157
Third parties		
Mandiri Saving	167,555,465	136,230,651
Mandiri Haji Saving	938,976	862,304
Total Rupiah	168,660,018	137,841,112
Foreign currencies:		
Related parties (Note 54)		
Mandiri Saving	763,274	-
Third parties		
Mandiri Saving	14,546,464	12,027,221
Total foreign currencies (Note 60B.(v))	15,309,738	12,027,221
	183,969,756	**149,868,333**

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

	2012	2011
Rupiah	1.61%	2.25%
Foreign currencies	0.22%	0.22%

(Expressed in millions of Rupiah, unless otherwise stated)

24. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2012	2011
Rupiah		
Related parties (Note 54)	17,233,023	25,151,704
Third parties	112,839,400	100,637,584
Total Rupiah	130,072,423	125,789,288
Foreign currencies		
Related parties (Note 54)	4,371,767	3,499,812
Third parties	10,516,061	13,040,584
Total foreign currencies (Note 60B.(v))	14,887,828	16,540,396
	144,960,251	**142,329,684**

b. By Contract Period:

	2012	2011
Rupiah:		
1 month	81,288,822	89,028,175
3 months	30,279,072	24,481,581
6 months	14,657,520	7,909,980
12 months	3,613,750	4,192,834
Over 12 months	233,259	176,718
Total Rupiah	130,072,423	125,789,288
Foreign currencies:		
1 month	13,292,026	14,400,413
3 months	787,908	880,973
6 months	297,357	930,113
12 months	490,862	312,509
Over 12 months	19,675	16,388
Total foreign currencies (Note 60B.(v))	14,887,828	16,540,396
	144,960,251	**142,329,684**

c. By remaining period until maturity dates:

	2012	2011
Rupiah:		
Less than 1 month	92,986,410	94,264,718
1 - 3 months	26,652,009	24,343,627
3 - 6 months	8,271,875	4,336,161
6 - 12 months	1,971,598	2,722,676
Over 12 months	190,531	122,106
Total Rupiah	130,072,423	125,789,288
Foreign currencies:		
Less than 1 month	13,532,537	13,165,726
1 - 3 months	754,434	2,295,551
3 - 6 months	403,816	877,713
6 - 12 months	190,147	186,644
Over 12 months	6,894	14,762
Total foreign currencies (Note 60B.(v))	14,887,828	16,540,396
	144,960,251	**142,329,684**

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

	2012	2011
Rupiah	5.15%	6.37%
Foreign currencies	0.68%	0.63%

(Expressed in millions of Rupiah, unless otherwise stated)

24. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

e. As at 31 December 2012 and 2011, total time deposits pledged as collateral on loans were amounting to Rp9,876,087 and Rp8,833,378, respectively (Note 12B.c).

25. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2012	2011
Demand Deposits		
Related parties (Note 54)		
Rupiah	10,056	962
Foreign currencies (Note 60B.(v))	131,940	213,618
	141,996	214,580
Third parties		
Rupiah	721,210	703,837
Foreign currencies (Note 60B.(v))	546,989	1,068,721
	1,268,199	1,772,558
Total Demand Deposits	1,410,195	1,987,138
Saving Deposits		
Third parties		
Rupiah	835,295	581,013
Total Saving Deposits	835,295	581,013
Total Demand and Saving Deposits	**2,245,490**	**2,568,151**

Included in deposits from other banks - demand deposits are *wadiah* deposits and Sertifikat Investasi *Mudharabah* Antarbank (SIMA) amounting to Rp37,976 and Rp78,831 as at 31 December 2012 and 2011, respectively.

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

Average interest rates (cost of funds) per annum:

	2012	2011
Demand Deposits		
Rupiah	2.04%	2.32%
Saving Deposits		
Rupiah	1.61%	2.25%

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

	2011	2010
Rupiah	0.75% - 1.10%	0.76% - 2,83%

c. As at 31 December 2012 and 2011, total demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting to Rp8,249 and Rp17,049, respectively (Note 12B.c and 30e).

(Expressed in millions of Rupiah, unless otherwise stated)

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

a. By Currency:

	2012	2011
Third parties		
Rupiah	250,000	-
Foreign currencies (Note 60B.(v))	77,100	58,281
	327,100	**58,281**

b. By Remaining Period Until Maturity Date:

	2012	2011
Rupiah		
Less than 1 month	250,000	-
Foreign currencies		
Less than 1 month	28,913	58,281
More than 1 month	48,187	-
Total foreign currencies (Note 60B.(v))	77,100	58,281
	327,100	**58,281**

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

	2012	2011
Rupiah	4.81%	-
Foreign currencies	0.56%	0.63%

27. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By Currency:

	2012	2011
Third parties		
Rupiah	11,203,309	9,396,759
Foreign currencies (Note 60B.(v))	240,938	294,694
	11,444,247	**9,691,453**

b. By Contract Period:

	2012	2011
Rupiah:		
1 month	11,103,799	9,324,336
3 months	37,600	42,700
6 months	9,115	9,640
12 months	52,795	19,983
Over 12 months	-	100
Total Rupiah	11,203,309	9,396,759
Foreign currencies:		
1 month	240,938	294,694
Total foreign currencies (Note 60B.(v))	240,938	294,694
	11,444,247	**9,691,453**

(Expressed in millions of Rupiah, unless otherwise stated)

27. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS (continued)

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

	2012	2011
Rupiah	5.15%	6.37%
Foreign currencies	0.68%	0.63%

d. As at 31 December 2012 and 2011, time deposits from other banks pledged as collateral on loans amounting to Rp102,415 and Rp61,091, respectively (Note 12B.c).

28. ACCEPTANCE PAYABLES

a. By Currency, Related Parties and Third Parties:

	2012	2011
Rupiah:		
Payable to other banks		
Related parties (Note 54)	47,371	11,213
Third parties	337,931	208,429
Payable to debtors		
Related parties (Note 54)	22,234	15,192
Third parties	132,361	58,957
Total Rupiah	539,897	293,791
Foreign currencies:		
Payable to other banks		
Related parties (Note 54)	101,398	147,822
Third parties	6,563,984	5,940,030
Payable to debtors		
Related parties (Note 54)	91,478	111,780
Third parties	660,755	57,680
Total foreign currencies (Note 60B.(v))	7,417,615	6,257,312
	7,957,512	**6,551,103**

b. By Maturity:

	2012	2011
Rupiah:		
Less than 1 month	198,944	117,646
1 - 3 months	324,653	168,313
3 - 6 months	16,300	7,832
Total Rupiah	539,897	293,791
Foreign currencies:		
Less than 1 month	1,279,718	1,310,371
1 - 3 months	3,341,951	3,437,148
3 - 6 months	2,144,029	1,500,802
6 - 12 months	651,917	8,991
Total foreign currencies (Note 60B.(v))	7,417,615	6,257,312
	7,957,512	**6,551,103**

(Expressed in millions of Rupiah, unless otherwise stated)

29. MARKETABLE SECURITIES ISSUED

By Type and Currency:

	2012	2011
Rupiah:		
Bonds	552,000	775,000
Subordinated Notes *Syariah Mudharabah*	500,000	673,000
Mandiri travelers' cheques	295,512	415,613
Medium Term Notes (MTN)	200,000	350,000
Others	564	564
Total	1,548,076	2,214,177
Less: Unamortised issuance cost	(2,200)	(2,589)
	1,545,876	**2,211,588**

Bonds

On 20 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 which consist of these respective 4 (four) series:

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

Mandiri Tunas Finance Bonds VI Year 2011 Series A for Rp48,000 had been paid at the time of maturity.

The trustee for Mandiri Tunas Finance Bonds VI Year 2011 is PT Bank Mega Tbk.

On 8 February 2008, PT Tunas Financindo Sarana (starting 20 August 2009, changed its name into PT Mandiri Tunas Finance), a Subsidiary, 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 4 (four) series:

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

Tunas Financindo Sarana Bonds V Year 2008 of Series A amounting to Rp350,000, Series B amounting to Rp25,000, Series C amounting to Rp50,000 and Series D amounting to Rp175,000 had been fully paid at their maturity dates.

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

(Expressed in millions of Rupiah, unless otherwise stated)

29. MARKETABLE SECURITIES ISSUED (continued)

Subordinated Notes *Syariah Mudharabah*

On 19 December 2011, PT Bank Syariah Mandiri (BSM) conducted a limited offering and sale of Sukuk Subordinated Notes *Syariah Mudharabah* Year 2011 ("BSM subnotes") with a nominal value of to Rp500,000. The period of these BSM subnotes is 10 (ten) years with call option on the 5th (fifth) year starting the issuance date. The issuance of BSM 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

On 31 January 2007, BSM conducted a limited offering and sale of Subordinated Notes *Syariah Mudharabah* Year 2007 ("BSM Subnotes") with a nominal value of to Rp200,000. The period of these BSM subnotes is 10 (ten) years with call option on the 5th (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

Medium Term Notes (MTN)

In order to support its consumer financing expansion, on 16 February 2010, PT Mandiri Tunas Finance, a Subsidiary, issued Medium Term Notes (MTN) II amounting to Rp350,000, with a fixed interest rate of 11.60% per annum. MTN II has an effective period of 2 (two) years starting from 16 February 2010 and had been paid at the time of maturity on 16 February 2012.

On 24 January 2012, Subsidiary had issued and registered Medium Term Notes (MTN) III amounting to Rp200,000 with a fixed interest rate of 9.95% per annum, at Kustodian Sentral Efek Indonesia (KSEI). MTN III has 3 (three) years effective period starting from 2 February 2012 to 2 February 2015.

2012

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium Term Notes III	PT UOB Kayhian Securities	2 February 2015	36	9.95%	200,000
					200,000

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

Subsidiary had paid the interest of the above marketable securities issued in accordance to the interest payment schedule for the period from 1 January 2012 to 31 December 2012.

For the period from 1 January 2012 to 31 December 2012, Subsidiary had fulfilled the covenants as stipulated in the agreements (unaudited).

Included in marketable securities issued above are transactions with related parties as at 31 December 2012 and 2011 amounting to Rp205,000 and Rp158,000, respectively (refer to Note 54).

(Expressed in millions of Rupiah, unless otherwise stated)

30. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

a. Commitment and contingent transactions in the ordinary course of business of Bank Mandiri and its Subsidiaries activities that have credit risk are as follows:

	2012	2011
Rupiah:		
Committed unused loan facilities granted (Note 52)	26,705,562	24,264,257
Bank guarantees issued (Note 52)	20,239,328	15,182,931
Outstanding irrevocable letters of credit (Note 52)	2,055,455	2,144,864
Standby letters of credit (Note 52)	2,302,326	1,637,463
Total Rupiah	51,302,671	43,229,515
Foreign currencies:		
Committed unused loan facilities granted (Note 52)	2,674,467	2,162,774
Bank guarantees issued (Note 52)	20,469,371	12,246,351
Outstanding irrevocable letters of credit (Note 52)	9,909,283	9,925,926
Standby letters of credit (Note 52)	5,588,537	3,648,066
Total foreign currencies	38,641,658	27,983,117
	89,944,329	**71,212,632**

b. By Bank Indonesia's collectibility:

	2012	2011
Current	89,692,146	68,553,404
Special mention	218,654	2,633,119
Sub-standard	3,126	1
Doubtful	276	2,762
Loss	30,127	23,346
Total	89,944,329	71,212,632
Less: Allowance for impairment losses	(189,085)	(234,364)
Commitments and contingencies - net	**89,755,244**	**70,978,268**

c. Movements of allowance for impairment losses on commitments and contingencies:

	2012	2011
Balance at beginning of year	234,364	371,665
Allowance during the year	(43,937)	(127,257)
Others*)	(1,342)	(10,044)
Balance at end of year	**189,085**	**234,364**

*) Includes effect of foreign currencies translation.

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

d. Information in respect of classification of "non-impaired" and"impaired" is disclosed in Note 60A.

e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as at 31 December 2012 and 2011 amounting to Rp1,215,980 and Rp738,609, respectively (Notes 22c and 25c).

31. ACCRUED EXPENSES

	2012	2011
- Fixed asset and software procurement	778,167	548,978
- Interest expenses	540,525	600,545
- Promotions	215,756	205,761
- Outsourcing expenses	129,468	59,889
- Employee related costs: uniform, recreation and others	107,674	103,902
- Others	573,172	748,092
	2,344,762	**2,267,167**

(Expressed in millions of Rupiah, unless otherwise stated)

31. ACCRUED EXPENSES (continued)

Included in the fixed asset and software procurement are payables to vendors related with operational and maintenance activities for buildings, equipments, software, ATM machines and Bank's IT System.

32. TAXATION

a. Prepaid Taxes

	2012	2011
Bank Mandiri	853	851
Subsidiaries	27,321	20,689
	28,174	**21,540**

b. Tax Payables

	2012	2011
Current Income tax payables		
Bank Mandiri		
Corporate Income Tax - Article 29	1,919,588	636,654
Subsidiaries		
Corporate Income Tax - Article 29	191,241	125,083
	2,110,829	**761,737**
Taxes Payables - Others		
Bank Mandiri		
Income taxes		
Article 25	185,437	160,081
Article 21	98,773	87,909
Article 4 (2)	155,275	179,722
Others	49,961	7,877
	489,446	435,589
Subsidiaries	62,146	93,737
	551,592	**529,326**
Total Taxes Payables	**2,662,421**	**1,291,063**

c. Tax (Benefit)/Expense

	2012	2011
Tax expense - current:		
Bank Mandiri	3,906,338	2,619,107
Subsidiaries	734,175	553,433
	4,640,513	3,172,540
Tax (benefit)/expense - deferred:		
Bank Mandiri	(158,410)	643,581
Subsidiaries	(21,453)	29
	(179,863)	643,610
	4,460,650	**3,816,150**

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)

32. TAXATION (continued)

d. 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 estimated current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	2012	2011
Consolidated income before tax expense and non-controlling interests	20,504,268	16,512,035
Less:		
Income before tax expense of Subsidiaries - after elimination	(3,656,605)	(1,003,303)
Impact of changes in presenting investment in Subsidiaries by using cost method (previously equity method)	1,202,166	(869,011)
Income before tax expense and non-controlling interests - Bank Mandiri only	18,049,829	14,639,721
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	661,014	1,675,490
Losses from overseas branches	13,385	632
Others	15,412	(2,404)
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	326,312	(1,926,444)
Allowance for impairment losses on financial assets other than loans	(39,224)	(1,170,835)
Provision for post-employment benefit expense, provisions for bonuses, leave and Holiday (THR) entitlements	904,464	194,806
Unrealised gain on BOT transactions	(272,950)	-
Allowance for estimated losses arising from legal cases	(11,948)	(251)
Provision for estimated losses on commitments and contingencies	(45,549)	(136,401)
Allowance for possible losses of repossessed assets	(1,489)	(108,451)
Depreciation of fixed assets	(74,631)	1,097
Unrealised lossess on decrease/increase in fair value of marketable securities and Government Bonds - fair value through profit or loss	7,091	96,341
Difference in net realisable value of repossessed assets	(22)	(258)
Allowance for possible losses on other assets	-	(161,460)
Allowance for possible losses of abandoned properties	-	(6,049)
Estimated taxable income	19,531,694	13,095,534
Estimated tax expense-current		
Bank Mandiri only	3,906,338	2,619,107
Subsidiaries	734,175	553,433
Estimated tax expense-current	**4,640,513**	**3,172,540**

The calculation of income tax for the year ended 31 December 2012 is a preliminary estimate made for accounting purposes and are subject to change at the time ot the Bank expressed its annual tax return.

Tax calculation for the year ended 31 December 2011 in accordance with the income tax (SPT) Bank Mandiri.

(Expressed in millions of Rupiah, unless otherwise stated)

32. TAXATION (continued)

d. Tax Expense - Current (continued)

The tax on Bank Mandiri and Subsidiaries (Group)'s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits on the consolidated entities as follows:

	2012	2011
Consolidated income before tax expense and minority interest	20,504,268	16,512,035
Tax calculated at applicable tax rates:	4,524,118	3,178,770
Tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(166,121)	(109,464)
- Expense not deductible for tax purposes	304,083	444,207
	137,962	334,743
Subsidiaries	(201,430)	302,637
Total tax effect	(63,468)	637,380
Income tax expense	**4,460,650**	**3,816,150**

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.

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/13-0094 dated 3 January 2013 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 Bapepam and LK, it confirmed that the shares ownership of Bank Mandiri during 2012 (Letter No. DE/I/12-0121 dated 9 January 2012 from PT Datindo Entrycom to the Bappepam-LK for year 2011), has fulfilled all requirements to obtain a tax rate reduction as mentioned above. In accordance with PMK 238, Bapepam and LK reports the fulfilment of these requirements by Bank Mandiri to the Tax Office. Therefore the Bank's Corporate Income Tax for fiscal year 2012 and 2011 is calculated using the tax rate at 20%.

(Expressed in millions of Rupiah, unless otherwise stated)

32. 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:

	2012			
	Beginning balance	**Credited/ (charged) to consolidated statement of comprehensive income**	**Charged to equity**	**Ending balance**
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,883,339	(175,688)	-	1,707,651
Allowance for impairment loan losses	609,577	240,950	-	850,527
Allowance for impairment losses on financial assets other than loans	304,215	(7,845)	-	296,370
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	539,979	180,893	-	720,872
Allowance for estimated losses arising from legal cases	114,886	(2,390)	-	112,496
Estimated losses on commitments and contingencies	46,333	(9,110)	-	37,223
Allowance for possible losses on abandoned properties	33,940	-	-	33,940
Allowance for possible losses on repossessed assets	2,292	(298)	-	1,994
Accumulated losses arising from difference in net realisable value of abandoned properties	2,069	-	-	2,069
Accumulated losses arising from difference in net realisable value of repossessed assets	1,973	(4)	-	1,969
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	131,084	-	(29,926)	101,158
Deferred tax assets	**3,669,687**	**226,508**	**(29,926)**	**3,866,269**
Deferred tax liabilities:				
Unrealised gain on BOT transactions	-	(54,590)	-	(54,590)
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and Government Bonds (fair value through profit or loss)	(2,520)	1,418	-	(1,102)
Net book value of fixed assets	(18,540)	(14,926)	-	(33,466)
Deferred tax assets - Bank Mandiri only	**3,648,627**	**158,410**	**(29,926)**	**3,777,111**
Net deferred tax assets - Subsidiaries	**151,785**			**189,502**
Total consolidated deferred tax assets - net	**3,800,412**			**3,966,613**

(Expressed in millions of Rupiah, unless otherwise stated)

32. TAXATION (continued)

e. Deferred tax assets - net (continued)

	2011				
	Beginning balance	**Credited/ (charged) to consolidated statement of comprehensive 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**

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at consolidated statement of financial position dates.

Management believes that it is possible that future taxable income will be available against the temporary difference, which results in deferred tax assets, can be utilised.

f. Tax assessment letter

On 6 December 2012, the Bank received Tax Assessment Letters (SKPKB) which stated underpayments of income tax and Value Added Tax (VAT) and Tax Collection Letter penalties (STP) for fiscal year 2010 amounting to Rp1,108,071.

The management does not agree with the above SKPKB and will submit objection letters for the above SKPKB to the Tax Office.

(Expressed in millions of Rupiah, unless otherwise stated)

33. EMPLOYEE BENEFIT LIABILITIES

	2012	2011
Rupiah		
- Provision for post-employment benefit (Note 49)	1,635,427	1,404,375
- Provisions for bonuses, leave and holiday entitlements	2,177,891	1,414,811
- Provision for employees' service free period	-	10,352
Foreign currencies:		
- Provisions for bonuses, leave and holiday entitlements	-	381
	3,813,318	**2,829,919**

The provision for post-employment benefit such as pension fund and other long term remuneration is according to Bank and Subsidiaries' policy which had been calculated with actuary calculation.

34. OTHER LIABILITIES

	2012	2011
Rupiah:		
Liability to policy holders	1,302,356	695,113
Liability related to ATM and credit card transaction	1,231,126	600,894
Payable to customers	1,058,361	615,996
Guarantee deposits	878,283	715,208
Deferred income (directly attributable)	653,656	526,392
Deferred income (not directly attributable)	142,884	117,211
Payable from purchase of marketable securities	22,940	682,240
Others	3,784,822	3,878,946
Total Rupiah	9,074,428	7,832,000
Foreign currencies:		
Other liabilities related with UPAS transactions (Note 60B.(v))	1,075,973	610,503
Guarantee deposits (Note 60B.(v))	1,030,110	969,853
Deferred income (not directly attributable)	313,707	184,514
Deferred income (directly attributable)	848	937
Others	1,507,699	555,745
Total foreign currencies	3,928,337	2,321,552
	13.002.765	**10,153,552**

Liabilities to policy holders consists of Subsidiary's liability for future policy benefits for non unit-linked policy holders, claim payables, unearned premium income and estimated claim liabilities, amounting to Rp1,042,530, Rp33,120, Rp163,642 and Rp63,064 as at 31 December 2012 and amounting to Rp511,321, Rp25,067, Rp118,476 and Rp40,249 as at 31 December 2011, respectively.

Payable to customers are mostly represent payable arising from marketable securities transactions by PT Mandiri Sekuritas (the Bank's subsidiary).

Liability related to ATM and credit card transactions represents payable arising from ATM transactions within ATM Bersama network and payable to Visa and MasterCard on credit card transactions.

Guarantee deposits are cash guarantee deposited by the Bank's customers for export and import transaction and bank guarantee issuance.

Deferred income (directly attributable) presents unamortised provision/commissions income directly attributable to loans.

Deferred income (not directly attributable) represents unamortised provision/commissions income not directly attributable to loans.

Other liabilities related to UPAS transactions represents liability to financing bank in foreign currencies related to UPAS payable to importer.

Payable from purchase of marketable securities represents the Bank's liability relatied to purchase of marketable securities transactions that have been subsequently settled on 3 January 2013.

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)

35. FUND BORROWINGS

	2012	2011
Rupiah:		
Related parties (Note 54)		
(a) The Government of the Republic of Indonesia	-	200,000
(b) PT Permodalan Nasional Madani (Persero)	18,712	69,406
(g) Others	916,156	835,259
	934,868	1,104,665
Third parties		
(c) Bank Indonesia	755	7,279
(d) Ministry of Public Housing (Kemenpera)	17,262	-
(g) Others	1,980,889	1,691,092
	1,998,906	1,698,371
Total Rupiah	2,933,774	2,803,036
Foreign currencies:		
Third parties		
(e) Direct Off-shore Loans	7,792,672	4,792,884
(f) Trade Financing Facilities	882,386	4,107,578
Total foreign currencies (Note 60B.(v))	8,675,058	8,900,462
	11,608,832	**11,703,498**

(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 subsequently 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 was 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 of Minister of Finance No. 40/KMK.06/2003 dated 29 January 2003 regarding Credit Financing Facilities for Small and Micro Businesses which amended with the Decision of Minister of Finance No. 74/KMK.06/2004 dated 20 February 2004. This facility bears interest which will be determined every quarter on 10 March, 10 June, 10 September and 10 December by the Ministry of Finance of the Republic of Indonesia. 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. On 27 July 2012, Bank Mandiri had perform early payment on the remaining outstanding balance of Rp200,000.

(b) PT Permodalan Nasional Madani (Persero)

This account represents fund borrowings granted by PT Permodalan Nasional Madani (Persero) to Bank Mandiri and Bank Sinar Harapan Bali (BSHB). The outstanding loan balance as at 31 December 2012 and 2011 for Bank Mandiri are Rp9,102 and Rp52,504, respectively, and for BSHB are Rp9,610 and Rp16,902, respectively. These facilities bear interest rate at 7.00% per annum. The payment schedule of fund borrowing terms depend on the terms of the individual loan agreement, the latest will mature in December 2013. Bank Mandiri then lent this fund to the members of Primary Cooperation (Kredit Koperasi Primer kepada Anggotanya [KKPA]).

(Expressed in millions of Rupiah, unless otherwise stated)

35. FUND BORROWINGS (continued)

(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 bears 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:

	2012	2011
Small-Scale Investment Loans (KIK)	755	7,279

(d) Ministry of Public Housing (Kemenpera)

This account represents a Liquidity Facility of House Financing (FLPP) with sharing financing of 50.00% from Ministry of Public Housing's fund and 50.00% from Bank Mandiri's fund, in accordance with the Memorandum of Understanding between the Ministry of Public Housing No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 dated 15 February 2012 regarding the Amendment of Memorandum of Understanding between the Ministry of Public Housing No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan. The above agreement was followed by Operational Cooperation Agreement between Public Service Center of House Financing Agency of the Ministry of Public Housing of the Republic of Indonesia No. 02/SK.9/HK.02.04/2/2012 with PT Bank Mandiri (Persero) Tbk. No. DIR.PKO/010/2012 dated 15 February 2012 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan.

The outstanding loan balance as at 31 December 2012 is amounting to Rp17,262. The facility bears interest at 0.50% per annum. The loan has a repayment schedule of maximum 180 months (15 years) with the first installment begins at the next month (for fund disbursed from date of 1 until 10), and at the next two months (for the fund disbursed from date of 11 until the end of the month). The repayment (principal and interest) to Kemenpera will be made not later than the date of 10 for each month.

(e) Direct Off-shore Loans

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

	2012	2011
Deutsche Bank AG, Singapore	2,891,250	2,720,250
Standard Chartered Bank, Singapore	2,409,375	-
Standard Chartered Bank, Jakarta	963,750	906,750
Asian Development Bank		
- Tranche A	574,018	673,942
- Tranche B	191,819	270,118
Agence Française de Développement	762,460	221,824
	7,792,672	**4,792,884**

(Expressed in millions of Rupiah, unless otherwise stated)

35. FUND BORROWINGS (continued)

(e) Direct Off-shore Loans (continued)

Deutsche Bank AG, Singapore

2012

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	2,891,250

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, Bank Mandiri obtained a loan facility from Deutsche Bank AG, Singapore of USD300,000,000 (full amount) with interest rate at a 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 5 (five) years and will mature on 23 June 2016. During the tenor of the loan facility, Bank Mandiri could drawdown and repay the outstanding loan at any time. On 27 June 2011, Bank Mandiri 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 2012 and 2011, this loan facility is secured by Government Bonds VR0031 series with a nominal value of Rp4,297,228 (Note 8c).

Standard Chartered Bank, Singapore

2012

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	09 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	2,409,375

On 28 June 2012, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Singapore for USD250,000,000 (full amount) with interest rate at a 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will mature on 9 July 2015. On 9 July 2012, Bank Mandiri has conducted drawdown on this loan facility amounting to USD250,000,000 (full amount). As at 31 December 2012, this loan facility is secured by Government Bonds VR0030 series with a nominal value of Rp3,000,000 and VR0031 series with a nominal value of Rp343,746 (Note 8c).

Standard Chartered Bank, Jakarta

2012

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	963,750

(Expressed in millions of Rupiah, unless otherwise stated)

35. FUND BORROWINGS (continued)

(e) Direct Off-shore Loans (continued)

Standard Chartered Bank, Jakarta (continued)

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, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Jakarta of 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 (five) years and will mature on 11 July 2016. On 11 July 2011, Bank Mandiri has conducted drawdown on this loan facility amounting to USD100,000,000 (full amount). As at 31 December 2012 and 2011, this loan facility is secured by Government Bonds VR0031 series with a nominal value of Rp1,074,788 (Note 8c).

Asian Development Bank

2012

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	60,000,000	578,250
Less: Unamortised issuance costs					(439,122)	(4,232)
					59,560,878	**574,018**
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	20,000,000	192,750
Less: Unamortised issuance costs					(96,553)	(931)
					19,903,447	**191,819**

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**

(Expressed in millions of Rupiah, unless otherwise stated)

35. FUND BORROWINGS (continued)

(e) Direct Off-shore Loans (continued)

Asian Development Bank (continued)

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 2 (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 2012 and 2011, this loan facility is secured by Government Bonds series VR0031 with a nominal value of Rp1,286,663 (Note 8c).

Agence Française de Développement

2012

Type	Arranger	Maturity Date	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Agence Française de Développement	31 March 2016	LIBOR (6 months) + certain margin	19,090,909	183,989
Less: Unamortised issuance costs				(50,731)	(489)
				19,040,178	**183,500**
Bilateral Loan	Agence Française de Développement	30 September 2018	LIBOR (6 months) + certain margin	13,714,286	132,171
Less: Unamortised issuance costs				(48,064)	(463)
				13,666,222	**131,708**
Bilateral Loan	Agence Française de Développement	30 September 2017	LIBOR (6 months) + certain margin	36,363,636	350,455
Less: Unamortised issuance costs				(132,264)	(1,275)
				36,231,372	**349,180**
Bilateral Loan	Agence Française de Développement	31 March 2019	LIBOR (6 months) + certain margin	10,214,286	98,440
Less: Unamortised issuance costs				(38,227)	(368)
				10,176,059	**98,072**

2011

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

(Expressed in millions of Rupiah, unless otherwise stated)

35. FUND BORROWINGS (continued)

(e) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

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 for projects related to climate change and energy efficiency.

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

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

On 15 December 2010, the Bank has drawdown the borrowing from AFD by USD30,000,000 (full amount), which will mature on 31 March 2016.

On 16 February 2012, 30 May 2012 and 31 May 2012, the Bank has drawdown the borrowing amounting to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which will mature on 30 September 2018, 30 September 2017 and 31 March 2019.

The drawdown of above facilities are intended to fulfill the fund requirement to finance the environmentally friendly projects in Bank Mandiri.

(f) 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 2012 and 2011 are as follows:

	2012	**2011**
Bank of Nova Scotia, Singapore	433,687	634,725
Bank of America NA, Singapore	337,312	181,350
Bank of America NA, Hong Kong	63,199	-
Deutsche Bank AG, Singapore	48,188	272,025
Wells Fargo Bank NA, United States	-	816,075
JP Morgan Chase Bank NA, Singapore	-	571,253
Australia & New Zealand Banking Group Limited, Singapore	-	544,050
Bank of New York, Mellon, Singapore	-	498,713
Sumitomo Mitsui Banking Corporation, Singapore	-	226,688
Bank of Montreal, Canada	-	136,012
Bank of Nova Scotia, Hong Kong	-	136,012
Commerzbank AG, Germany	-	90,675
	882,386	**4,107,578**

(Expressed in millions of Rupiah, unless otherwise stated)

35. FUND BORROWINGS (continued)

(g) Others

	2012	2011
PT Panin Bank Tbk.	1,089,319	581,578
PT Sarana Multigriya Finansial (Persero)	600,000	450,000
PT Bank Central Asia Tbk.	377,742	318,104
PT Bank Negara Indonesia (Persero) Tbk.	316,156	85,259
PT Bank DKI	191,375	152,941
PT Bank OCBC NISP Tbk.	86,522	94,256
PT Bank Jabar Banten Tbk.	74,461	19,950
PT Bank Danamon Indonesia Tbk.	66,642	155,881
PT Bank UOB Indonesia	49,828	116,049
Standard Chartered Bank, Jakarta	45,000	-
Lembaga Pembiayaan Ekspor Indonesia	-	300,000
The Hong Kong and Shanghai Banking Corporation Ltd.	-	70,000
PT Bank DBS Indonesia	-	65,000
PT Bank CIMB Niaga Tbk.	-	47,333
PT Bank ANZ Indonesia	-	25,000
PT Bank Internasional Indonesia Tbk.	-	25,000
PT Bank Chinatrust Indonesia	-	20,000
	2,897,045	**2,526,351**

PT Panin Bank Tbk.

On 16 February 2011, 8 August 2011 and the latest on 12 November 2012, the Subsidiary and PT Panin Bank Tbk. (Panin) signed loan agreement whereby Panin provide several non revolving term loan facilities with total limit of Rp1,720,000 and bear fixed interest rate. These facilities have various maturity dates ranging between February 2013 up to December 2016.

On 12 May 2011, the Subsidiary and Panin also signed loan agreement whereby Panin provide a revolving money market facility with total limit of Rp200,000 and bears a floating interest rate. This agreement had been amended based on latest agreement signed on 12 November 2012 with additional facility up to Rp300,000 and will mature on 12 May 2013.

PT Sarana Multigriya Finansial (Persero)

On 3 October 2011, the Subsidiary (*Mudharib*) and PT Sarana Multifgriya Finansial (SMF) (*Shahibul Mal*) has entered into a *Mudharabah wal Murabahah* financing agreement which will matured within 3 (three) years from the date of financing, amounting to Rp300,000. The financing is intended to support the *Mudharib*'s working capital in mortgage financing to debtors using *Murabahah* or *Musyarakah Mutanaqishah* principles. The agreed revenue sharing is 65.00% for *Shahibul Mal* and 35.00% for the *Mudharib* 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 amounting to Rp300,000 with the same purposes and period referring to the financing agreement dated 3 October 2011 above. The agreed revenue sharing is 62.00% for Shahibul Mal and 38.00% for Mudharit 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, the Subsidiary and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provide an overdraft facility and bears a floating interest rate. 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 loan agreements where BCA provide several non revolving term loan facilities and bear fixed interest rate. These facilities have various maturity dates ranging between May 2013 up to October 2015.

35. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank Central Asia Tbk. (continued)

On 14 December 2012, the Subsidiary and BCA also signed a loan agreement where BCA provide term loan facility which bears a fixed interest rate and will mature on 14 December 2015. In addition, BCA also provides the money market facility which bears a floating interest rate and will mature on 12 March 2013.

PT Bank Negara Indonesia (Persero) Tbk.

On 23 November 2011, the Subsidiary and PT Bank Negara Indonesia (Persero) Tbk. (BNI) signed the joint financing agreement where BNI provides several revolving joint financing facilities with total limit of Rp415,248 and bear fixed interest rate. These facilities have various maturity dates ranging between January 2013 up to November 2015.

PT Bank DKI

On 2 March 2011, 10 October 2011 and 24 September 2012, the Subsidiary and PT Bank DKI (Bank DKI) signed loan agreement whereby Bank DKI provides several non revolving term loan facilities for total facilities of Rp315,000 and bear fixed interest rate. These facilities have various maturity dates ranging between March 2014 until December 2015.

PT Bank OCBC NISP Tbk.

On 27 June 2011 and 16 December 2011, the Subsidiary and PT Bank OCBC NISP Tbk. (OCBC) signed loan agreement whereby OCBC provides 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 June 2014 up to February 2015.

PT Bank Jabar Banten Tbk.

On 1 November 2011 and 30 November 2012, the Subsidiary and PT Bank Jabar Banten Tbk. (BJB) signed loan agreement whereby BJB provided several non revolving term loan facilities with total Rp300,000 and bear fixed interest rate. These facilities have various maturity dates ranging limit of between October 2014 up to November 2015.

PT Bank Danamon Indonesia Tbk.

On 20 May 2010, the Subsidiary and PT Bank Danamon Indonesia Tbk. (Danamon) signed a loan agreement No. 26 dated 20 May 2010. This agreement has been extended up to 20 June 2013. Danamon provides a revolving working capital facility amounting to Rp100,000 and bears a floating interest rate. Danamon also provides several revolving term loan facilities with total facilities 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 UOB Indonesia

On 29 November 2010, the Subsidiary and PT Bank UOB Indonesia (UOB) signed a loan agreement whereby UOB provides 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 30 December 2013.

35. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank UOB Indonesia (continued)

The Subsidiary obtained a banking facilities from UOB through agreement dated 29 September 2011 with a period of one year until 29 September 2012. These facilities have been extended up to 29 September 2013. The facilities provided by UOB consist of promissory note line facility and sub limit facility in 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, interest rate on promissory note line facility is determined based on UOB's annual lending rate. The loan had been fully repaid by the Subsidiary.

Standard Chartered Bank, Jakarta

On 8 September 2006, the Subsidiary entered into banking facility agreement with Standard Chartered Bank, Jakarta (SCB). The agreement has been amended by latest addendum of agreement dated 31 August 2012, whereby the Subsidiary has been provided by bank guarantee facility of Rp100,000 and will be due on 31 August 2013.

On 28 September 2010, the Subsidiary is also granted by short-term loan facility amounted to Rp175,000. The agreement has been amended by latest addendum of agreement dated 31 August 2012 and will be due on 31 August 2013. Under the terms of the agreement, interest for this facility is 1% above the annual term funding rate of SCB.

Lembaga Pembiayaan Ekspor Indonesia

On 16 September 2011, the Subsidiary and Indonesian Export Financing Agency (LPEI) has signed an approval letter for financial institution financing (refinancing) using *Murabahah* agreement with total facility of Rp300,000. The financing period is six (6) months from the date of disbursement with profit sharing of 75.20% for LPEI and 24.80% for the Subsidiary. This agreement had been amended based on the latest agreement signed on 12 May 2013 with additional facility up to Rp400,000 and change the profit sharing composition become 70.00% for LPEI and 30.00% for the Subsidiary. The loan is intended to finance the export transactions. Profit sharing is paid every 3 (three) months from the date of disbursement and at the maturity date of the facility. The facility had been fully repaid by the Subsidiary on the maturity date.

The Hong Kong and Shanghai Banking Corporation Ltd.

On 22 May 2007, the Subsidiary and The Hong Kong and Shanghai Banking Corporation Ltd. (HSBC) signed a loan agreement where HSBC provide a short-term funding facility and an exposure risk limit (weight)/option facility. On 12 February 2009, these facilities had been renewed by the Subsidiary whereby HSBC provide short-term funding facility and exposure risk limit (weighted)/option facility amounting to Rp175,000, USD5,000,000 (full amount) and USD1,000,000 (full amount), respectively. Under the terms of the agreement, interest rate for the funding facility is determined at the annual lending rate of HSBC. On 23 February 2012, the facility had been extended. The loan had been fully repaid by the Subsidiary.

On 23 October 2000, the Subsidiary and HSBC signed a Corporate Banking Facility Loan Agreement whereby HSBC provide short-term working capital facilities amounting to Rp30,000. Based on the latest agreement addendum dated 29 November 2010, the facility limit has been increased to 100,000 and bears a floating interest rate. The Subsidiary had withdrawn the short-term working capital facility on 24 January 2011. The facility matured within 1 (one) year after the withdrawal date and had been fully repaid by the Subsidiary.

35. FUND BORROWINGS (continued)

(g) Others (continued)

Bank Chinatrust Indonesia

On 22 December 2009, the Subsidiary and PT Bank Chinatrust Indonesia (BCI) signed a loan agreement which had been extended on 26 July 2012 whereby BCI provide a revolving short term working capital facility amounting to Rp50,000 and bears a floating interest rate. The facility had been fully repaid by the Subsidiary on the maturity date on 22 December 2012.

PT Bank ANZ Indonesia

On 14 July 2008, the Subsidiary and PT Bank ANZ Indonesia (ANZ) entered into working capital facility agreement. The agreement has been amended, by the latest addendum of agreement dated 21 June 2012 whereby the Subsidiary has been granted by working capital facility of Rp130,000 which will mature on 31 January 2013. The extension of facility validity period is in process. Under the terms of the agreement, interest rate for the working capital facility is determined based on the annual lending rate of ANZ. The loan had been fully repaid by the Subsidiary.

On 10 November 2010, the Subsidiary is granted by an uncommitted bank guarantee facility of Rp50,000 with validity period up to 31 January 2011. The facility has been extended up to 31 January 2013. The extension of facility validity period is in process.The loan had been fully repaid by the Subsidiary.

PT Bank CIMB Niaga Tbk.

On 13 December 2001, the Subsidiary and PT Bank CIMB Niaga Tbk. (CIMB) signed a loan agreement and based on the latest addendum dated 15 December 2009, CIMB provide several non revolving term loan facilities with 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 and had been fully repaid on its maturity date.

PT Bank DBS Indonesia

The Subsidiary is granted by a banking facility from PT Bank DBS Indonesia (DBS) through an agreement dated 20 June 2008. The agreement has been amended by the latest addendum of agreement dated 7 September 2012, whereby the facilities provided by DBS are working capital facility (revolving credit facility advances) of Rp150,000 and foreign exchange transaction facilities (uncommitted US Dollar facility) with maximum amount of USD20,000,000 (full amount) and intraday facility of Rp200,000 which expired on 8 June 2013. Under the terms of the agreement, interest rate for the working capital facility is determined based on certain margin above the annual prime lending rate of DBS or based on agreement at the time of drawdown.

On 16 August 2010, the Subsidiary is granted by 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 (fourteen) days. This facility has been extended up to 8 June 2013. The loan had been fully repaid by the Subsidiary.

PT Bank International Indonesia Tbk

On 30 May 2011, the Subsidiary entered into a money market line facility with PT Bank International Indonesia Tbk (BII) where the Subsidiary obtained money market line facility of Rp150,000 and a sub limit facility in the form of uncommitted bank guarantee of Rp100,000 which expired on 1 June 2012. The facility has been extended up to 1 June 2013. Under the terms of the agreement, interest rate on all money market line is equal to the annual lending rate of BII. The loan had been fully repaid by the Subsidiary.

(Expressed in millions of Rupiah, unless otherwise stated)

35. FUND BORROWINGS (continued)

Bank Mandiri and its Subsidiaries have paid all interests for fund borrowings in accordance with the interest payment schedules for the period from 1 January 2012 to 31 December 2012.

For the period from 1 January 2012 to 31 December 2012, Bank Mandiri and its Subsidiaries have fulfilled all debt covenants as stipulated in all of the above fund borrowing agreements (unaudited).

36. SUBORDINATED LOANS

By Type and Currency:

	2012	2011
Rupiah:		
Related parties (Note 54)		
Subordinated Bond Rupiah Bank Mandiri I	1,936,800	1,895,000
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	95,870	117,175
(b) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF)	6,501	19,501
	102,371	136,676
Bank Indonesia	1,374,306	2,061,459
Subordinated Bond Rupiah Bank Mandiri I	1,544,879	1,584,235
	3,021,556	3,782,370
Total Rupiah	4,958,356	5,677,370
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(c) Asian Development Bank (ADB)	179,594	174,428
Total foreign currencies (Note 60B.(v))	179,594	174,428
	5,137,950	**5,851,798**

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.

(Expressed in millions of Rupiah, unless otherwise stated)

36. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(a) Nordic Investment Bank (NIB) (continued)

The details of credit facilities from NIB are as follow:

	2012	2011
Nordic Investment Bank IV (NIB IV)	**95,870**	**117,175**

The interest rates of NIB IV facility is based on variable interest rates as determined by Bank Indonesia in accordance with the prevailing average interest rates of Bank Indonesia in the last 3 (three) months.

(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 the equipment to prevent the 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 AJDF - OECF are as follow:

	2012	2011
(a) Pollution Abatement Equipment Program (PAE)	6,293	18,877
(b) Small Scale Industry (SSI)	208	624
	6,501	**19,501**

Tenor 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 from 15 August 1998 to 15 February 2013.

The PAE facility bears a floating interest rates and determined every 6 (six) months based on the prevailing average Bank Indonesia’s interest rate for the last 3 (three) months, less 5.00% per annum.

The SSI facility bears a floating interest rates and determined every 6 (six) months based on the prevailing average Bank Indonesia’s interest rate for the last 3 (three) months, less 2.50% per annum.

(Expressed in millions of Rupiah, unless otherwise stated)

36. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(c) Asian Development Bank (ADB)

This account represents a credit facility from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are 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:

	2012	2011
ADB 1327 - INO (SF)	**179,594**	**174,428**

The Minister of Finance through its letter No. S-596/MK.6/2004 dated 12 July 2004, has approved the transfer of management of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated 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 granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every 15 January and 15 July, with the first installment paid on 15 January 2005 and will 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 every year starting from its drawdown.

Bank Indonesia

This account represents loans arising from the conversion of Bank Indonesia's Credit Liquidity which was used to enhance the capital structure of PT Bank Dagang Negara (BDN) and PT Bank Pembangunan Indonesia (Persero) (Bapindo). BDN and Bapindo were the ex-legacy of the Bank.

The details of this facility as at 31 December 2012 and 2011, are as follow:

Bank	Tenor	2012	2011	Interest Rate
PT Bank Mandiri (Persero) Tbk.	30 November 2004 - 31 March 2014 with 1st installment on 30 November 2004	1,374,306	2,061,459	0.20% per annum
		1,374,306	**2,061,459**	

36. SUBORDINATED LOANS (continued)

Bank Indonesia (continued)

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 an 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.

Based on Bank Indonesia letter No. 14/327/DKBU dated 19 December 2012 regarding the Restructuring of Subordinated Loans, Bank Indonesia agreed to restructure the subordinated loans by changing the composition of principal amount installment over the remaining period and required additional collateral pledged in form of Government Bonds VR0029 series amounting to Rp2,061,459 without preference rights (Note 8c). The restructuring of the subordinated loans was legalised in the notarial deed No. 15 regarding the Addendum of the Restructuring of Subordinated Loans Agreement and notarial deed No. 16 regarding the submission of Collateral, which both dated on 19 December 2012 by Notary Mutiara Siswono Patiendra, 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. As at 31 December 2012, the unamortised issuance cost of Subordinated Bond is amounting to Rp13,321 (2011: Rp15,765).

The Subordinated Bond has obtained an approval from Bank Indonesia through the letter No. 11/III/DPB1/TPB1-1 dated 14 December 2009 and became effective through the letter of Chairman of the Capital Market & Financial Institutions Supervisory Agency (Bapepam and LK) No. S-10414/BL/2009 dated 3 December 2009.

Bank Mandiri had listed the Subordinated Bond at the Indonesia Stock Exchange (BEI) on 14 December 2009, based on announcement from BEI on 11 December 2009. The Subordinated Bond has tenor of 7 (seven) years and will mature on 11 December 2016, issued as scripless trading with a fixed coupon rate of 11.85% per annum. The trustee for the Subordinated Bond issued is PT Bank Permata Tbk.

The interest on the Subordinated Bond are payable quarterly, with the first interest payment date on 11 March 2010 and the last payment date including the maturity date of the Subordinated Bond on 11 December 2016. The Bank has paid the interest of Subordinated Bond in accordance to the interest payment schedule.

There was no breach to the covenant of trusteeship agreement of Subordinated Bond for the period 1 January 2012 to 31 December 2012 (unaudited).

As at 31 December 2012 and 2011, the rating of the Subordinated Bond based on Pefindo was $_{id}$AA+ (double A Plus).

(Expressed in millions of Rupiah, unless otherwise stated)

37. TEMPORARY *SYIRKAH* FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	2012	2011
Rupiah		
Third parties		
Mudharabah Musytarakah demand deposits	2,212	1,969
Restricted investment - demand deposits	271	-
Total Rupiah	2,483	1,969
Foreign currency		
Third parties		
Mudharabah Musytarakah demand deposits	675	-
Restricted investment - demand deposits	-	83,633
Total foreign currency	675	83,633
	3,158	**85,602**

The restricted investment of demand deposits are deposit from third parties which will receive return from their restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

2) Saving Deposits

a. Based on type:

	2012	2011
Related parties (Note 54)		
Unrestricted investment - *Mudharabah* saving deposits		
Institution *Mudharabah* saving deposits	17,820	-
BSM saving deposits	9,866	8,161
Investa Cendekia saving deposits	1,246	345
Berencana BSM saving deposits	1,031	470
Mabrur saving deposits	142	151
	30,105	9,127
Third parties		
Restricted investment - saving deposits	720,451	400,377
Unrestricted investment - *Mudharabah* saving deposits		
BSM saving deposits	14,421,195	11,380,170
Mabrur saving deposits	2,674,293	1,800,383
Investa Cendekia saving deposits	245,105	195,994
Berencana BSM saving deposits	146,550	125,045
Retirement saving deposits	8,235	-
Qurban saving deposits	489	386
Al Washilyah Mandiri saving deposits	30	5
	18,216,348	13,902,360
	18,246,453	**13,911,487**

The restricted investment of saving deposits represent deposit from third parties which will receive return from their restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The unrestricted investment of *Mudharabah* saving deposits represent third parties' deposits which will receive return from their investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

(Expressed in millions of Rupiah, unless otherwise stated)

37. TEMPORARY SYIRKAH FUNDS (continued)

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

b. Ranging of the Annual Profit Sharing Ratio for Unrestricted Investment of *Mudharabah* Saving Deposits:

	2012	2011
Profit sharing ratio	0.23% - 7.17%	0.24% - 7.43%

3) Unrestricted Investment - *Mudharabah* Time Deposit

	2012	2011
Rupiah		
Related parties (Note 54)	1,948,288	2,365,276
Third parties	18,630,912	19,928,261
Total Rupiah	20,579,200	22,293,537
Foreign currency		
Related parties (Note 54)	124	5,973
Third parties	1,247,320	1,225,202
Total foreign currencies	1,247,444	1,231,175
	21,826,644	**23,524,712**

b. Deposits from Other Banks

	2012	2011
Third parties		
Unrestricted investment - *Mudharabah* saving deposits	181,054	162,546
Unrestricted investment - *Mudharabah* time deposits	122,765	173,199
	303,819	**335,745**

c. Other significant information related to the time deposits for deposits from customers and deposits from other banks.

1) By contract period:

	2012	2011
Rupiah:		
1 month	12,227,135	15,839,854
3 months	2,030,792	3,690,758
6 months	5,918,354	1,644,208
12 months	525,684	1,291,916
Total Rupiah	20,701,965	22,466,736
Foreign currency:		
1 month	959,493	889,800
3 months	215,710	129,142
6 months	45,215	20,120
12 months	27,026	192,113
Total foreign currencies	1,247,444	1,231,175
	21,949,409	**23,697,911**

(Expressed in millions of Rupiah, unless otherwise stated)

37. TEMPORARY SYIRKAH FUNDS (continued)

c. Other significant information related to the time deposits for deposits from customers and deposits from other banks. (continued)

2) By remaining period until maturity dates:

	2012	2011
Rupiah:		
1 month	9,603,663	15,843,053
3 months	7,357,607	3,689,443
6 months	1,861,073	1,644,803
12 months	1,879,622	1,289,437
Total Rupiah	20,701,965	22,466,736
Foreign currency:		
1 month	922,050	889,800
3 months	271,829	129,142
6 months	16,870	20,120
12 months	36,695	192,113
Total foreign currencies	1,247,444	1,231,175
	21,949,409	**23,697,911**

Mudharabah time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilisation of its fund based on an agreed profit sharing ratio arranged in *Mudharabah Muthlaqah* agreement.

3) Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Time Deposits:

	2012	2011
Rupiah	4.69% - 6.80%	4.91% - 7.23%
Foreign currency	1.36% - 1.81%	0.91% - 1.78%

4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing is amounting to Rp769,144 and Rp391,564 as at 31 December 2012 and 2011, respectively.

38. NON CONTROLLING INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents non controlling interests in net assets of consolidated Subsidiaries as follow:

	2012	2011
AXA Mandiri Financial Services	1,563,243	534,170
Mandiri Tunas Finance	259,193	202,089
Mandiri AXA General Insurance	89,149	87,769
Bank Sinar Harapan Bali	31,090	28,191
Bumi Daya Plaza	8,696	7,798
Usaha Gedung Mandiri*)	1,295	1,100
Mandiri Sekuritas	79	72
	1,952,745	**861,189**

*) Before Usaha Gedung Bank Dagang Negara

(Expressed in millions of Rupiah, unless otherwise stated)

39. SHARE CAPITAL

a. Authorised, Issued and Fully Paid-in Capital

The Bank's authorised, issued and fully paid-in capital as at 31 December 2012 and 2011, respectively, were as follows:

	2012			
	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%**

	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%**

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:

39. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

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 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

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 of 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 starting 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.

39. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

The General Shareholders' Meeting where the Dwiwarna share A Series' Shareholder are mandatory to attend and approve the agendas are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment of the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by 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.

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.

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).

39. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

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 placement.

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. 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.

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.

39. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

On 27 December 2010, Bank Mandiri submitted a first registration to the Capital Market Supervisory Board and Financial Institution ("Bapepam and 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 and 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 2012 and 2011 amounting to Rp17,195,760 are derived from Limited Public Offering and Recapitalisation Program (Note 1c). As at 31 December 2012 and 2011, the agio amount of Rp17,195,760 already includes the agio from LPO (Note 39a) amounting to Rp10,515,774 after deducted with expenditures relating to the LPO amounting to Rp280,694.

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.

(Expressed in millions of Rupiah, unless otherwise stated)

39. SHARE CAPITAL (continued)

b. Additional Paid-In Capital/Agio (continued)

The following are the matters decided under the KMK-RI:

a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as 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 April 2012 and 23 May 2011, the shareholders approved the distribution of the 2011 and 2010 net income as follows:

	2011	2010
Dividends	2,449,209	3,226,404
Cooperative Development Fund Program	122,461	46,091
Community Development Fund Program	367,381	322,640
	2,939,051	3,595,135
Retained Earnings		
Appropriated	-	220,347
Unappropriated	9,306,993	5,402,816
	12,246,044	**9,218,298**
Dividend per share (full amount)	104,96609	120,59884

Dividends from 2011 net income amounting to Rp2,449,209 were paid on 05 June 2012. Dividends from 2010 net income amounting to Rp3,226,404 were paid through an interim dividend of Rp412,431 on 30 December 2010 and final dividend of Rp2,813,972 on 30 June 2011, 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 2011 and 2010 net income, were paid on 31 May 2012 and 28 June 2011 respectively. The Cooperative Development Fund Program and Community Development Fund Program for Subsidiary from net income subsidiary in 2011 and 2010 amounted to Rp1,833 and RpNil.

40. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	2012	2011
Interest income		
Loans	32,310,460	26,602,988
Government Bonds	3,075,008	4,214,014
Marketable securities	886,746	1,386,642
Placements with Bank Indonesia and other banks	730,463	1,280,868
Consumer financing income	654,336	545,944
Others	546,243	309,272
Total	38,203,256	34,339,728

(Expressed in millions of Rupiah, unless otherwise stated)

40. INTEREST INCOME AND SHARIA INCOME (continued)

	2012	2011
Sharia income		
Murabahah and *Istishna* income - net	3,081,755	2,180,579
Mudharabah income	629,465	636,928
Musyarakah income	602,855	558,025
Ijarah income - net	33,111	14,759
Total	4,347,186	3,390,291
Total Interest Income and Sharia Income	**42,550,442**	**37,730,019**

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 2012 and 2011 amounting to Rp470,836 and Rp480,817 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended 31 December 2012 and 2011 amounting to Rp1,021,887 and Rp799,445.

As at 31 December 2012 and 2011, included in the interest income is interest income from financial assets at fair value through profit or loss amounting to Rp233,707 and Rp788,037, respectively.

As at 31 December 2012 and 2011 included in interest income and sharia income is income from transaction with related parties on Government Bonds and Treasury Bill amounting to Rp3,114,634 and Rp4,256,890 (refer to Note 54).

41. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	2012	2011
Time deposits	8,814,381	10,031,286
Saving deposits	2,860,075	3,008,988
Demand deposits	1,259,805	1,116,436
Insurance premiums on third party funds guarantee program (Note 62)	890,977	759,174
Fund borrowings	484,377	282,964
Subordinated loans	421,366	434,401
Marketable securities issued	107,535	133,789
Others	181,334	186,999
	15,019,850	**15,954,037**

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended 31 December 2012 and 2011 amounting to Rp1,913,566 and Rp1,780,550, respectively.

Included in interest expense and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended 31 December 2012 and 2011 amounting to Rp82,522 and Rp5,435, respectively (refer to Note 54).

(Expressed in millions of Rupiah, unless otherwise stated)

42. OTHER OPERATING INCOME - OTHERS

	2012	2011
Recovery of written-off loans in the previous period related to implementation of SFAS 55 (Revised 2011)*)	2,284,796	2,997,761
Income from loan written-off **)	265,303	589,961
Income from penalty	112,844	100,849
Stamp duty income	52,250	50,086
Safety deposit box	29,831	21,536
Others	657,967	652,207
	3,402,991	**4,412,400**

*) For 2011 the amount includes receipt of PT Garuda Indonesia (Persero) ("Garuda") Tbk's Mandatory Convertible Bond principal settlement amounting to Rp967,869 (Note 54).

**) For 2011 the amount includes receipt of Garuda MCB interest portion settlement amounting to Rp433,054 (Note 54).

43. ALLOWANCE FOR IMPAIRMENT LOSSES

	2012	2011
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	4,938	(828)
Placements with other banks (Note 6e)	75,272	(7,300)
Marketable Securities (Note 7g)	(29,411)	(17,530)
Other receivables - trade transactions (Note 9d)	13,263	98,692
Loans (Note 12B.j)	(3,414,546)	(3,407,728)
Consumer financing receivables (Note 13c)	(120,117)	(113,083)
Net investment in lease finance (Note 14c)	(1,570)	(197)
Acceptance receivables (Note 15d)	51,341	151,154
Investments in shares (Note 16c)	(2,237)	(850)
	(3,423,067)	**(3,297,670)**

44. (ALLOWANCE)/REVERSAL FOR POSSIBLE LOSSES

	2012	2011
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	(9,603)	(40,022)
Estimated losses arising from legal cases	(16,611)	(14,576)
Others assets (Note 21)	13,124	339,620
	(13,090)	**285,022**

45. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDER'S INVESTMENT IN UNIT-LINKED CONTRACTS

	2012	2011
Marketable securities	26,680	9,139
Government Bonds	15,790	60,764
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts		
- Change in market value of policyholders' investment	351,192	164,575
- Increase in liability in unit-linked contracts	(351,192)	(164,575)
	42,470	**69,903**

(Expressed in millions of Rupiah, unless otherwise stated)

46. GAIN/(LOSS) ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	2012	**2011**
Marketable securities		
Fair value through profit and loss	76,919	80,400
Available for sale	(50,992)	-
Government Bonds		
Fair value through profit and loss	91,293	35,611
Available for sale	179,519	1,125
	296,739	**117,136**

47. SALARIES AND EMPLOYEE BENEFITS

	2012	**2011**
Salaries, wages, pension and tax allowances	4,476,187	3,892,610
Holidays (THR), leave and related entitlements	810,835	807,860
Employee benefits in kind	579,503	424,182
Training and education	371,976	328,906
Provision for post-employment benefit expenses and free of service year	174,395	207,772
Provision of tantiem	112,739	109,822
Bonuses and others	1,520,081	995,319
	8,045,716	**6,766,471**

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 Rp521,447 and Rp405,791 (Note 54) for the years ended 31 December 2012 and 2011, respectively as follows:

	2012			
	Salaries and Allowance	**Bonus/ *Tantiem***	**Long-term Employment Benefits**	**Total**
The Board of Commissioners	35,001	43,883	2,333	81,217
Directors	105,432	137,306	12,415	255,153
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	2,941	1,117	-	4,058
Syariah Supervisory Board	1,110	220	-	1,330
Executive Vice Presidents and Senior Vice Presidents	106,846	63,157	9,686	179,689
	251,330	**245,683**	**24,434**	**521,447**

	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)

48. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
Professional fees	1,376,443	1,108,914
Promotions	1,000,810	929,292
Rent	964,594	864,746
Repairs and maintenance	861,311	631,524
Communications	763,002	577,075
Goods/services provided by third parties	634,016	400,747
Depreciation of fixed assets (Note 19)	620,675	412,593
Electricity, water and gas	380,490	343,654
Office supplies	356,873	407,006
Transportations	265,332	222,711
Traveling expenses	167,844	145,454
Amortisation of intangible assets (Note 20)	89,884	56,311
Insurance expenses	65,550	60,564
Others	707,078	417,052
	8,253,902	**6,577,643**

For the year ended 31 December 2012 and 2011, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp34,006 and Rp46,247, respectively.

49. EMPLOYEE BENEFITS

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as holiday allowance (THR), medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance, and post-employment benefits in accordance with prevailing Labor Law.

Pension Plan

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

a. One defined contribution pension fund, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PPIP) or Bank Mandiri Pension Plan (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on 1 August 1999. The DPBM's regulations were approved by the 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 investment fund in Bank Mandiri time deposits, of which total balance as at 31 December 2012 and 2011 were Rp82,260 and Rp35,175 respectively. The interest rates on these time deposits are given on arms-length basis.

   For the years ended 31 December 2012 and 2011, the Bank paid pension contributions amounting to Rp226,929 and Rp200,629, respectively.

49. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

b. Four defined benefit pension funds, *Dana Pensiun Pemberi Kerja Program Pensiun Manfaat Pasti* (DPPK-PPMP) which were derived from the respective pension plans of the ex-legacy Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBMS (BBD), DPBMD (BDN), DPBMT (Bank Exim) and DPBME (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 from 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 DPBMS, No. KEP/116/KM.6/2003 for PDP DPBMD, No. KEP/117/KM.6/2003 for PDP DPBMT, and No. KEP/118/KM.6/2003 for DPBME, 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 (DPBMS); No. KEP-145/KM.10/2007 (DPBMD); No. KEP-146/KM.10/2007 (DPBMT) and No. KEP-147/KM.10/2007 (DPBME), all dated 20 July 2007.

   Based on the approval of the General Meeting of Shareholders (AGM) on 17 May 2010, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and 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 10 August 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).

   Based on the approval of the General Meeting of Shareholders (AGM) on 23 May 2011, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was 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 2012 and 2011, the provision for pension benefit obligation are calculated by the independent actuary as shown in the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 21 January 2013 for the year ended on 31 December 2012 and the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 18 January 2012 for the year ended 31 December 2011. The assumptions used for the years ended 31 December 2012 and 2011 are as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

49. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	6.40% per annum (2011: 7.25%)	6.40% per annum (2011: 7.25%)	6.40% per annum (2011: 7.25%)	6.40% per annum (2011: 7.25%)
Expected rate of return on pension plan assets	8.75% per annum (2011: 8.00%)	9.50% per annum (2011: 9.25%)	8.00% per annum (2011: 7.50%)	8.00% per annum (2011: 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' on 31 December 2002	As at 31 July 1999, adjusted PhDP of legacy banks' on 31 December 2002	As at 31 July 1999, adjusted PhDP of legacy banks' on 31 December 2002	As at 31 July 1999, adjusted PhDP of legacy banks' on 31 December 2002
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners 2011: Indonesian Mortality Table 1999 (TMI II) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners 2011: Indonesian Mortality Table 1999 (TMI II) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners 2011: Indonesian Mortality Table 1999 (TMI II) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners 2011: Indonesian Mortality Table 1999 (TMI II) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2012 and 2011: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55	2012 and 2011: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55	2012 and 2011: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55	2012 and 2011: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55
Disability rate	2012 10.00% of TMI III 2011: 10.00% of TMI II	2012 10.00% of TMI III 2011: 10.00% of TMI II	2012 10.00% of TMI III 2011: 10.00% of TMI II	2012 10.00% of TMI III 2011: 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	2.00% per year
Tax rates - average	2012 and 2011: 3.00% of pension benefit	2012 and 2011: 3.00% of pension benefit	2012 and 2011: 3.00% of pension benefit	2012 and 2011: 3.00% of pension benefit

(Expressed in millions of Rupiah, unless otherwise stated)

49. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as at 31 December 2012, based on independent actuary report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	1,193,395	1,485,326	610,097	436,301
Fair value of plan assets	1,688,723	1,879,761	833,891	610,795
Funded Status	495,328	394,435	223,794	174,494
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	(369,619)	(221,405)	(190,852)	(63,214)
Surplus based on SFAS No. 24 (Revised 2010)	125,709	173,030	32,942	111,280
Asset ceiling*)	-	-	-	-
Pension Plan Program Assets recognised in statements of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the statements of financial position because the requirements under SFAS No. 24 (Revised 2010) regarding "Employee Benefits" are not fulfilled.

The projected benefit obligations and fair value of plan assets as at 31 December 2011, based on independent actuary report, are as follow:

	DPBMS	DPBMD	DPBMT	DPBME
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	(221,558)	(144,142)	(111,007)	(52,637)
Surplus based on SFAS No. 24 (Revised 2010)	83,362	120,088	17,226	96,500
Asset ceiling*)	-	-	-	-
Pension Plan Program Assets recognised in statements of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the statements of financial position because the requirements under SFAS No. 24 (Revised 2010) regarding "Employee Benefits" are not fulfilled.

(Expressed in millions of Rupiah, unless otherwise stated)

49. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 (Revised 2010) to recognise provision for employee service entitlements. As at 31 December 2012 and 2011 the Group recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp1,635,427 (included compensation benefits for employees who have resigned but have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) and Rp1,404,375 (included compensation benefits for employees who have resigned but have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) which is estimated post employment benefit based on the independent actuarial reports (Note 33).

Provision for employee service entitlements as at 31 December 2012 and 2011 are estimated using the employees service entitlements calculation for the years ended 31 December 2012 and 2011 as shown in the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated 21 January 2013 for the year ended 31 December 2012 and independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 18 January 2012 for the year ended 31 December 2011. The assumptions used by the actuary for the year ended 31 December 2012 are as follows:

a. Discount rate is 5.45% per annum.
b. Expected rate of annual salary increase is 8.50%.
c. Mortality rate table used is Indonesia Mortality Table 2011 or TMI III.
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 III.

Reconciliation between the provision for post employment benefits presented in the statements of financial position and statements of income, based on independent actuary report, are as follows (Bank Mandiri only):

	2012	2011
Present value of obligations	1,757,767	1,547,952
Unrecognised past service cost	38,537	39,675
Unrecognised actuarial (gains)/losses	(348,134)	(314,525)
Provision for post employment benefits presented in statements of financial position	**1,448,170**	**1,273,102**
Current service cost	144,609	127,117
Interest cost	90,499	96,892
Amortisation of unrecognised past service cost	(1,138)	(1,138)
Amortisation of unrecognised actuarial (gains)/losses	15,285	8,682
Immediate recognition of past service cost	-	(28,244)
Cost of Pension benefits	**249,255**	**203,309**

Reconciliation of provision for post employment benefits are as follows:

	2012	2011
Bank Mandiri		
Beginning balance of provision for post employment benefits	1,273,102	1,087,573
Expenses during the year	249,255	203,309
Payments of benefits	(74,187)	(17,780)
Provision for post employee benefits (Bank Mandiri)	**1,448,170**	**1,273,102**
Subsidiaries		
Provision for post employee benefits	**179,017**	**123,033**
Total provision for post employee benefits	**1,627,187*)**	**1,396,135*)**

*) As at 31 December 2012 and 2011, the amount does not include unpaid severance for resigned employees amounting to Rp8,240 and Rp8,240 respectively, which was excluded from actuarial computation.

(Expressed in millions of Rupiah, unless otherwise stated)

49. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

The project benefit of funded liabilities, fair value of plan assets and the surplus on the program for the last five years, which are (Bank Mandiri):

	2012	2011	2010	2009	2008
Present value of defined benefit obligations	1,757,767	1,547,952	1,262,717	947,923	776,962
Fair value of plan assets	-	-	-	-	-
Deficit program	1,757,767	1,547,952	1,262,717	947,923	776,962
Experience adjustments on liabilities program	93,991	127,820	(58,912)	94,130	(139,095)
Experience adjustments on plan assets	-	-	-	-	-

Service-Free Period (MBT)

MBT is a period prior to the retirement age where employees are released from their active routine jobs and 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 an 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 themselves 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 consolidated statements of financial position and consolidated statements of income based on independent actuary report, are as follows:

	2012	2011
Recognition of actuarial (gain)/losses	16,276	(15,962)
Expense/(income) of provision for service-free period	**16,276**	**(15,962)**
Beginning balance of provision for service - free period facilities	10,352	56,273
Expenses/(income) during the year	16,276	(15,962)
Payment of benefits	(26,628)	(29,959)
Provision for service-free period	**-**	**10,352**

In accordance with Director's Decision letter No KEP.DIR/346/2010, dated 22 December 2010, Management decided that the MBT benefit was terminated starting from 1 January 2012 and that 2011 is the MBT transition period, where employees who enter their pension age in 2011 are still entitled to receive 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 2012 and 2011 RpNil and Rp10,352, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

49. EMPLOYEE BENEFITS (continued)

Service-Free Period (MBT) (continued)

All MBT liabilities have been settled by the Bank in 2012 and therefore the Bank has no outstanding provision for MBT benefit as at 31 December 2012 and onwards.

Furthermore, in accordance with Director's Decision letter No KEP.DIR/347/2010, dated 22 December 2010, Management approved the Pensioner's Health Program effectively applied starting from 1 January 2011. This Pensioner's Health Program covers pensioners and Bank Mandiri employees and is intended to provide health benefits for pensioners and permanent employees during their pension age. This 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's permanent employees.

At the establishment of the program on 31 December 2010, the Bank has placed initial funds to the Cooperation on behalf of the program's participants amounting to Rp1,135,203, which was sourced from the provision of service free period (MBT) that was previously booked by the Bank. Subsequently, the Bank and its employees will contribute to the Cooperative every month, amounting to 3% and 2% of the employee's basic salary, respectively.

Subsidiaries do not have Service-Free Period (MBT) Benefit.

50. OTHER OPERATING EXPENSES - OTHERS - NET

	2012	2011
Fees and commissions expenses	460,895	470,304
Sales force compensations	322,128	271,646
Fees related to Credit card and ATM transactions	205,900	138,529
Fees from RTGS, remittance and clearing transactions	73,467	68,487
Employee restructuring costs	245,477	49,392
Others	1,305,543	1,969,549
	2,613,410	**2,967,907**

Others mainly consist of Subsidiary's commission expense from bancassurance and other commission expenses.

51. NON-OPERATING INCOME - NET

	2012	2011
Gain on sale of foreclosed asset	361,295	39,076
BOT transactions income (Note 19a)	325,930	-
Building rental income	126,231	69,354
Gain on sale of fixed assets	4,558	37,538
Penalties	(5,382)	(3,270)
Others - net	66,189	20,404
	878,821	**163,102**

(Expressed in millions of Rupiah, unless otherwise stated)

52. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	2012	2011
COMMITMENTS		
Commitment Payables:		
Unused loan facilities granted*)		
Third parties	62,067,865	54,104,438
Related parties	21,329,639	15,592,735
	83,397,504	69,697,173
Outstanding irrevocable letters of credit (Note 30):		
Third parties	6,557,295	7,129,962
Related parties	5,407,443	4,940,828
	11,964,738	12,070,790
Total Commitment Payables	95,362,242	81,767,963
Commitment Payables - Net	**(95,362,242)**	**(81,767,963)**
CONTINGENCIES		
Contingent Receivables:		
Guarantees received from other banks	10,173,423	5,707,442
Interest receivable on non-performing assets	5,909,145	5,348,404
Others	32,729	32,729
Total Contingent Receivables	16,115,297	11,088,575
Contingent Payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 30):		
Third parties	32,484,895	20,784,987
Related parties	8,223,804	6,644,295
	40,708,699	27,429,282
Standby letters of credit (Note 30)		
Third parties	3,335,790	3,526,296
Related parties	4,555,073	1,759,233
	7,890,863	5,285,529
Others	247,777	70,264
Total Contingent Payables	48,847,339	32,785,075
Contingent Payables - Net	**(32,732,042)**	**(21,696,500)**
COMMITMENTS AND CONTINGENCIES PAYABLE - NET	**(128,094,284)**	**(103,464,463)**

*) Include committed and uncommitted unused loan facilities.

(Expressed in millions of Rupiah, unless otherwise stated)

53. 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:

	2012			
	Spot - Buy		Spot - Sell	
Original Currency	**Original Currency (full amount)**	**Rupiah Equivalent**	**Original Currency (full amount)**	**Rupiah Equivalent**
United States Dollar	72,741,000	701,041	62,770,520	604,951
Others*)	-	72,314	-	66,283
		773,355		**671,234**

	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**

*) Consist of various foreign currencies

54. RELATED PARTY TRANSACTIONS

In the normal course of business, Bank Mandiri entered into certain significant transaction with the following related parties:

- **Related party relationship as the controlling shareholder:**
  The Government of the Republic of Indonesia through Ministry of Finance

- **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

54. RELATED PARTY TRANSACTIONS (continued)

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
Adhi Multipower Pte. Ltd.	Subsidiary of State Owned Enterprise
PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
PT Nusantara Regas	Subsidiary of State Owned Enterprise
PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
PT Indonesia Power	Subsidiary of State Owned Enterprise
PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
PT Pupuk Kalimantan Timur/PT Pupuk Kaltim	Subsidiary of State Owned Enterprise
PT Pupuk Kujang	Subsidiary of State Owned Enterprise
PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
PT Semen Padang	Subsidiary of State Owned Enterprise
PT Semen Tonasa	Subsidiary of State Owned Enterprise
PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
PT Asuransi Jiwa Inhealth Indonesia	Subsidiary of State Owned Enterprise
PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
PT Bank Negara Indonesia Syariah	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 Intrade Energy	Subsidiary of State Owned Enterprise
PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise

54. 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 Jasa Tirta II	State Owned Enterprise
Perum Pegadaian	State Owned Enterprise
Perum Percetakan Negara Republik Indonesia	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 ASDP Indonesia Ferry (Persero)	State Owned Enterprise
PT ASKES (Persero)	State Owned Enterprise
PT Asuransi Ekspor Indonesia	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 Bahana Pembinaan Usaha Indonesia	State Owned Enterprise
PT Balai Pustaka	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 Cambrics Primissima (Persero)	State Owned Enterprise

54. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Dahana (Persero)	State Owned Enterprise
PT Danareksa (Persero)	State Owned Enterprise
PT Dirgantara Indonesia (Persero)	State Owned Enterprise
PT Djakarta Llyod	State Owned Enterprise
PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
PT Dok dan Perkapalan Surabaya	State Owned Enterprise
PT Elnusa Tbk.	State Owned Enterprise
PT Energi Manajemen Indonesia	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
PT Iglas (Persero)	State Owned Enterprise
PT Indah Karya	State Owned Enterprise
PT Indofarma (Persero) Tbk.	State Owned Enterprise
PT Indosat Tbk.	State Owned Enterprise
PT Indra Karya (Persero)	State Owned Enterprise
PT Industri Kereta Api (INKA)	State Owned Enterprise
PT Industri Sandang Nusantara	State Owned Enterprise
PT Industri Telekomunikasi Indonesia (ITI)	State Owned Enterprise
PT Inhutani I	State Owned Enterprise
PT Inhutani II	State Owned Enterprise
PT Inhutani III	State Owned Enterprise
PT Inhutani IV	State Owned Enterprise
PT Inhutani V	State Owned Enterprise
PT INTL (Persero)	State Owned Enterprise
PT Istaka Karya	State Owned Enterprise
PT Jamsostek (Persero)	State Owned Enterprise
PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
PT Kawasan Berikat Nusantara (Persero)	State Owned Enterprise
PT Kawasan Industri Makasar (Persero)	State Owned Enterprise
PT Kawasan Industri Medan (Persero)	State Owned Enterprise
PT Kawasan Industri Wijayakusuma (Persero)	State Owned Enterprise
PT Kereta Api Indonesia (Persero)	State Owned Enterprise
PT Kertas Kraft Aceh (Persero)	State Owned Enterprise
PT Kertas Leces (Persero)	State Owned Enterprise
PT Kimia Farma (Persero) Tbk.	State Owned Enterprise

54. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Kliring Berjangka Indonesia (Persero)	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 PAL Indonesia (Persero)	State Owned Enterprise
PT Pann Multi Finance (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia I (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia II (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia III (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia IV (Persero)	State Owned Enterprise
PT Pelayaran Bahtera Adiguna	State Owned Enterprise
PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
PT Perikanan Nusantara	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
PT Pertamina (Persero)	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 Pengelola Aset	State Owned Enterprise
PT Perusahaan Perdagangan Indonesia (Persero)	State Owned Enterprise
PT Pindad (Persero)	State Owned Enterprise
PT Pos Indonesia (Persero)	State Owned Enterprise

54. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Pupuk Indonesia Holding Company (previously PT Pupuk Sriwidjaja (Persero))	State Owned Enterprise
PT Rajawali Nusantara Indonesia	State Owned Enterprise
PT Reasuransi Umum Indonesia	State Owned Enterprise
PT Rukindo	State Owned Enterprise
PT Sang Hyang Seri	State Owned Enterprise
PT Sarana Karya	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 Indonesia (Persero) Tbk. (dahulu PT Semen Gresik (Persero) Tbk.)	State Owned Enterprise
PT Semen Kupang	State Owned Enterprise
PT Sucofindo (Persero)	State Owned Enterprise
PT Survey Udara Penas	State Owned Enterprise
PT Surveyor Indonesia	State Owned Enterprise
PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
PT Taspen	State Owned Enterprise
PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
PT Timah (Persero) Tbk.	State Owned Enterprise
PT Varuna Tirta Prakasya (Persero)	State Owned Enterprise
PT Virama Karya	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
Lembaga Pembiayaan Ekspor Indonesia	Government Agency
Pusat Investasi Pemerintah	Government Agency
PT Indonesia Infrastruktur Finance	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, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, *interbank call money*, 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)

54. 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 47) for the years ended 31 December 2012 and 2011 amounting to Rp521,447 and Rp405,791 or 2.76% and 2.49% of total consolidated operating expenses - others, respectively.

  Shares owned by the Board of Directors from MSOP program for the years ended 31 December 2012 and 2011 amounting to 22,132,760 shares and 24,060,468 shares or 0.07% and 0.08% of total authorised capital, respectively.

Details of significant transactions with related parties as at 31 December 2012 and 2011, are as follows:

	2012	2011
Assets		
Current accounts with other banks (Note 5a)	16,079	44,516
Placements with Bank Indonesia and other banks (Note 6b)	1,343,968	785,494
Marketable securities (Note 7a)*)	1,153,062	4,015,455
Government Bonds (Note 8)	78,935,756	78,459,449
Other receivables - trade transactions (Note 9a)	3,784,548	2,752,711
Securities purchased under resale agreement (Note 10a)	-	758,703
Derivative receivables (Note 11)	231	4,391
Loans (Note 12A.a and 12B.g)	45,952,610	36,846,173
Consumer financing receivables (Note 13)	5,197	5,876
Acceptance receivables (Note 15a)	1,505,031	892,184
Total assets with related parties	132,696,482	124,564,952
Total consolidated assets	**635,618,708**	**551,891,704**
Percentage of total assets with related parties to total consolidated assets	**20.88%**	**22.57%**
Liabilities		
Deposits from customers		
Demand deposits (Note 22a)	25,554,282	23,327,168
Saving deposits (Note 23a)	928,851	748,157
Time deposits (Note 24a)	21,604,790	28,651,516
Deposits from other banks		
Demand and saving deposits (Note 25a)	141,996	214,580
Derivative payables (Note 11)	333	3,880
Acceptance payables (Note 28a)	262,481	286,007
Marketable securities issued (Note 29)	205,000	158,000
Fund borrowings (Note 35)	934,868	1,104,665
Subordinated loans (Note 36)	1,936,800	1,895,000
Total liabilities with related parties	51,569,401	56,388,973
Total consolidated liabilities	**518,705,769**	**451,379,750**
Percentage of total liabilities with related parties to total consolidated liabilities	**9.94%**	**12.49%**
Temporary *Syirkah* Funds (Note 37)	1,978,517	2,380,376
Percentage to total temporary *syirkah* funds	**4.90%**	**6.29%**

*) Marketable securities is presented gross before unamortised discount and unrealised (losses)/gains from (decrease)/increase in value of marketable securities.

(Expressed in millions of Rupiah, unless otherwise stated)

54. RELATED PARTY TRANSACTIONS (continued)

	2012	2011
Statements of Income		
Other operating income - others (Note 42)	-	1,400,923
Percentage to other operating income - others	**-**	**11.90%**
Interest income from Government Bonds and Treasury bills (Note 40)	3,114,634	4,256,890
Percentage to interest income and sharia income	**7.32%**	**11.28%**
Interest expense from fund borrowing (Note 41)	82,522	5,435
Percentage to interest expense and sharia expense	**0.55%**	**0.03%**

55. SEGMENT INFORMATION

The Group reports operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2al).

The following describes the operations in each of 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 and business banking 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 housing loan, 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 islands 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 Group'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)

55. SEGMENT INFORMATION (continued)

						2012					
Account	**Corporate**	**Commercial and Business**	**Micro and Retail**	**Consumer**	***Treasury and Financial Institution***	***Institutional Banking*** [1]	**Head Offce** [2]	**Subsidiary - Sharia**	**Subsidiaries - other than Sharia**	**Adjustment and elimination****)	**Total**
Consolidated statement of income											
Interest and sharia income *)	11,179,760	15,168,996	15,129,767	5,786,510	2,808,356	1,917,590	3,325,858	4,684,793	1,083,070	(18,534,258)	42,550,442
Interest and sharia expense *)	(6,421,316)	(6,971,830)	(6,995,761)	(2,371,704)	(2,017,299)	(1,409,200)	(1,565,686)	(2,006,353)	(394,832)	15,134,131	(15,019,850)
Net Interest and sharia income	4,758,444	8,197,166	8,134,006	3,414,806	791,057	508,390	1,760,172	2,678,440	688,238	(3,400,127)	27,530,592
Net Premium income	-	-	-	-	-	-	-	-	2,163,072	-	2,163,072
Net Interest and sharia and premium income	4,758,444	8,197,166	8,134,006	3,414,806	791,057	508,390	1,760,172	2,678,440	2,851,310	(3,400,127)	29,693,664
Other operating income:											
Other fees and commission	777,846	776,216	3,531,603	806,074	352,082	46,386	45,562	1,119,136	381,754	(436,304)	7,400,355
Others	52,680	252,593	757,380	259,247	1,387,909	-	1,643,365	18,784	458,817	(333,308)	4,497,467
Total	830,526	1,028,809	4,288,983	1,065,321	1,739,991	46,386	1,688,927	1,137,920	840,571	(769,612)	11,897,822
(Allowance)/reversal for impairment losses on financial assets and others	(236,969)	(1,196,443)	(885,021)	(720,624)	50,545	-	16,277	(384,859)	(54,615)	19,489	(3,392,220)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	4,274	-	38,196	-	42,470
Gain on sale of marketable securities and Government Bonds	-	-	-	-	-	-	287,327	-	9,412	-	296,739
Other operating expenses:											
Salaries and employee benefit	(221,486)	(618,825)	(2,963,937)	(215,520)	(89,408)	(26,796)	(2,376,543)	(973,160)	(560,041)	-	(8,045,716)
General and administrative expenses	(134,182)	(262,597)	(3,066,128)	(558,450)	(100,903)	(29,981)	(2,233,457)	(1,202,600)	(665,604)	-	(8,253,902)
Others - net	(110,289)	(88,176)	(1,108,674)	(57,777)	(75,011)	(69,084)	(456,738)	(173,639)	(942,831)	468,809	(2,613,410)
Total	(465,957)	(969,598)	(7,138,739)	(831,747)	(265,322)	(125,861)	(5,066,738)	(2,349,399)	(2,168,476)	468,809	(18,913,028)
Non operating income - net	(16)	42	19,054	211	1,607	-	720,667	6,031	131,225	-	878,821
Tax expense	-	-	-	-	-	-	(3,747,928)	(291,442)	(421,280)	-	(4,460,650)
Net income	**4,886,028**	**7,059,976**	**4,418,283**	**2,927,967**	**2,317,878**	**428,915**	**(4,337,022)**	**796,691**	**1,226,343**	**(3,681,441)**	**16,043,618**
Net income attributable to:											
Non controlling interest	-	-	-	-	-	-	-	-	-	-	**(539,551)**
Parent Company	-	-	-	-	-	-	-	-	-	-	**15,504,067**
Consolidated statements of financial position											
Loans - gross	126,259,131	141,142,003	19,004,605	47,749,423	1,833,622	-	3,984,906	44,427,037	779,993	(599,014)	384,581,706
Total Assets	133,557,576	142,425,332	27,813,991	47,805,736	156,571,156	2,312	54,928,953	54,209,752	24,573,100	(6,269,200)	635,618,708
Demand deposits	(38,142,374)	(33,257,452)	(18,695,848)	-	(1,262,936)	(16,471,096)	-	(6,430,912)	(55,682)	408,444	(113,907,856)
Saving deposits	(1,223,345)	(4,053,475)	(177,281,950)	-	(6,095)	(219,595)	-	(901,524)	(283,772)	-	(183,969,756)
Time deposits	(22,050,800)	(15,000,567)	(75,855,107)	-	(3,964,132)	(27,974,141)	-	-	(711,036)	595,532	(144,960,251)
Total deposit from customers	(61,416,519)	(52,311,494)	(271,832,905)	-	(5,233,163)	(44,664,832)	-	(7,332,436)	(1,050,490)	1,003,976	(442,837,863)
Total Liabilities	(67,811,902)	(55,047,747)	(276,210,117)	(464,453)	(23,215,258)	(46,906,348)	(22,798,042)	(9,648,974)	(19,722,423)	3,119,495	(518,705,769)

*) 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.
1) For risk management disclosure purpose, institutional banking business included in corporate.
2) For risk management disclosure purpose, head office business included in corporate and commercial and business amounted to Rp3,655,465 and Rp329,441, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

55. SEGMENT INFORMATION (continued)

Account	2011 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
(Allowance)/reversal for impairment losses on financial assets and others	(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 - net	(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)
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	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
Net income attributable to:											
Non controlling interest	-	-	-	-	-	-	-	-	-	-	449,841
Parent Company	-	-	-	-	-	-	-	-	-	-	12,246,044
Consolidated statements of financial position											
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)

55. SEGMENT INFORMATION (continued)

Geographical Segment

The principal operations of the Group is managed in Indonesia, Asia (Singapore, Hong Kong, Timor Leste, Shanghai, Malaysia), Western Europe (England) and Cayman Islands. Information concerning the geographical segments of the Group is set out in the table below:

Information on geographical segment for the year ended 31 December 2012:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of income					
Interest and sharia income	42,201,619	232,508	41,057	75,258	42,550,442
Interest and sharia expense	(14,977,028)	(34,110)	(8,712)	-	(15,019,850)
Net Interest and sharia income	27,224,591	198,398	32,345	75,258	27,530,592
Net Premium income	2,163,072	-	-	-	2,163,072
Net Interest and sharia and premium income	29,387,663	198,398	32,345	75,258	29,693,664
Other operating income:					
Other fees and commissions	7,330,740	56,560	-	13,055	7,400,355
Others	4,456,463	32,395	5,712	2,897	4,497,467
Total	11,787,203	88,955	5,712	15,952	11,897,822
Allowance for impairment losses	(3,494,341)	16,775	53,209	32,137	(3,392,220)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	42,530	(60)	-	-	42,470
Gain on sale of marketable securities and Government Bonds	294,125	1,847	-	767	296,739
Other operating expenses:					
Salaries and employee benefit	(7,931,943)	(80,992)	(28,580)	(4,201)	(8,045,716)
General, administrative expenses and others	(10,777,604)	(59,010)	(17,275)	(13,423)	(10,867,312)
Total	(18,709,547)	(140,002)	(45,855)	(17,624)	(18,913,028)
Non operating income - net	859,215	18,000	(1)	1,607	878,821
Tax expense	(4,439,033)	(21,617)	-	-	(4,460,650)
Net income	**15,727,815**	**162,296**	**45,410**	**108,097**	**16,043,618**
Net income attributable to:					
Non controlling interest	-	-	-	-	**539,551**
Parent Company	-	-	-	-	**15,504,067**
Consolidated statements of financial position					
Loans - gross	377,184,222	6,334,372	144,556	918,556	384,581,706
Total Assets	621,279,365	10,175,130	1,354,109	2,810,104	635,618,708
Demand deposits	(112,777,678)	(1,091,132)	(38,082)	(964)	(113,907,856)
Saving deposits	(183,171,643)	(798,113)	-	-	(183,969,756)
Time deposits	(143,662,824)	(1,130,699)	(166,728)	-	(144,960,251)
Total deposit from customers	(439,612,145)	(3,019,944)	(204,810)	(964)	(442,837,863)
Total Liabilities	(504,866,825)	(10,162,873)	(869,022)	(2,807,049)	(518,705,769)

(Expressed in millions of Rupiah, unless otherwise stated)

55. SEGMENT INFORMATION (continued)

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
Net income attributable to:						
Non controlling interest	-	-	-	-	-	449,841
Parent Company	-	-	-	-	-	12,246,044
Consolidated statements of financial position						
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)

56. 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 in calculating the capital adequacy for credit risk, market risk and operational risk. For credit risk, the Bank uses 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 implementing SE BI No. 13/6/DPNP dated 18 February 2011 regarding credit risk weighted asset using standardized approach, the Bank's risk weighted assets as at 31 December 2012 is amounting to Rp350.14 trillion (full amount - unaudited) with the component of counterparty credit risk weighted assets amounting to Rp977.25 billion (full amount - unaudited). The market risk weighted assets using standardized approach and operational risk weighted assets using Basic Indicator Approach are amounting to Rp1.04 trillion (full amount - unaudited) and Rp48.38 trillion (full amount - unaudited), respectively.

Currently the Bank is developing calculation for capital requirement for credit risk with IRBA approach as well as economic capital approach. The economic capital approach is developed 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 2012 and 2011 are as follows:

	2012	2011
Capital:		
Core Capital*)	54,438,380	45,604,965
Supplementary Capital	7,509,124	8,479,281
Total Capital for credit risk, operational risk and market risk charge	**61,947,504**	**54,084,246**
Risk-Weighted Assets for credit	350,761,176	310,545,347
Risk-Weighted Assets for operasional	48,384,624	40,781,287
Risk-Weighted Assets for market risk	1,044,148	1,193,360
Total Risk-Weighted Assets for credit, operational and market risk charge	**400,189,948**	**352,519,994**

*) Excludes the impact of deferred tax benefit/(expense) of Rp158,410 and Rp(643,581) and unrealised losses of available for sale Marketable Securities and Government Bonds (Bank Mandiri Only) of Rp(505,790) and Rp(655,424) respectively as at 31 December 2012 and 2011. 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)

56. CAPITAL ADEQUACY RATIO (continued)

	2012	2011
CAR for core capital	13.60%	12.94%
CAR for credit risk	17.66%	17.42%
CAR for credit risk and operational risk	15.52%	15.39%
CAR for credit risk and market risk	17.61%	17.35%
CAR for credit risk, operational and market risk	15.48%	15.34%
Minimum CAR core capital	5.00%	5.00%
Minimum CAR total capital	8.00%	8.00%

The Bank's minimum capital adequacy ratio on a consolidated basis as at 31 December 2012 include credit, operational and market risk are 15.25% and taking into account credit and operational risk is 15.30%.

57. 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 2012 and 2011 (Bank Mandiri only) were 1.14% and 1.37% respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as at 31 December 2012 and 2011 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as at 31 December 2012 and 2011 were 108.48% and 100.45% 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 2012 and 2011 were 6.50% and 6.04% respectively.

The Legal Lending Limit (LLL) as at 31 December 2012 and 2011 did not exceed the LLL regulation for related parties and third parties, LLL is calculated in accordance with Bank Indonesia Regulation No. 7/3/PBI/2005 dated 20 January 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated 5 October 2006.

58. CUSTODIAL SERVICES AND TRUST OPERATIONS

Custodial Services

Bank Mandiri started providing 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 the part of Financial Institutions Coverage & Solutions Group, provides a full range of custodial services as follows:

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 which starting from administrating the safe keeping of customer's ownership right on marketable securities until that right become effective in the customer's account;
d. Proxy services for its customers' shareholders' meetings and bond holders' meetings;
e. Reporting and information submission related to the customers' marketable securities and/or other valuable assets which is kept and administred by Bank Mandiri's custodial.

58. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Custodial Services (continued)

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

a. General custodial which provide services for investors that 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 that are willing to converting the companies' shares listed in local and overseas stock exchange (dual/multi listing);
c. Sub-registry which provide services for investors that conduct the transaction and investment in Government Debenture Debt (SUN, either Government Bonds or *Surat Perbendaharaan Negara*) and SBI;
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. Custodial services for Exchange Traded Fund (ETF) which issued and managed by an investment manager where the unit of participation will be traded on stock exchange.
h. Custodial services for Asset-Based Securities (EBA) in the form of collective investment contract (KIK) which was issued by the investment manager and custodial bank in relation to asset securitisation transactions owned by banks or other financial institutions.

As at 31 December 2012 and 2011, Bank Mandiri's Custodial Operations has 535 and 497 customers, respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio value by currency as at 31 December 2012 is amounting to Rp198,239,571, USD623,303,525 (full amount), JPY594,444,444 (full amount) and EUR105,956 (full amount) and as at 31 December 2011 is amounting to Rp155,827,492, USD630,090,285 (full amount), JPY594,444,444 (full amount), EUR105,956 (full amount) dan HKD40,000,000 (full amount). Assets kept in custodial services activities are not included in the consolidated financial statements 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 has provided trust operations services starting from 1983. The operating license for trust operations activities services was renewed and re-registered to Capital Market Supervisory Board and Financial Institution as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated 27 October 1999. The type of services offered by the Bank are as follows:

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)

58. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Trust Operations (continued)

As at 31 December 2012, Bank Mandiri as Trustee has 55 trustee customers with the total value of bonds and MTN issued amounting to Rp37,106,000 and as at 31 December 2011 has 41 trustee customers with the total value of bonds and MTN issued amounting to Rp32,521,000.

Both Bank Mandiri's Trust operations and Custodial Services have received Quality Certification ISO 9001:2008.

59. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows:

	2012	2011
Government:		
Electricity, gas and water	9,338,921	9,988,770
Transportation and communications	1,644,790	1,859,329
Agriculture	817,409	875,325
Manufacturing	91,200	405,960
Construction	32,148	11,273
Others	96,509	73,955
	12,020,977	**13,214,612**

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: Asian Development Bank, Banque Français & Credit National, Barclays, BNP Paribas, BNP Paribas & CAI Belgium, Calyon & BNP Paribas, CDC NES, Export Finance and Insurance Corporation (EFIC) Australia, IDA, International Bank for Reconstruction and Development, Japan Bank for International Cooperation, Kreditanstalt Fur Wiederaufbau, Nederland Urban Sector Loan & De Nederlanse Inveseringsbank voor Ontwikkelingslanden NV, Switzerland Government, RDI - KI, Spain, U.B Denmark, US Export Import Bank and Overseas Economic Cooperation Fund.

Channeling loans are not included in the consolidated statements of financial position 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.

60. RISK MANAGEMENT

Bank Mandiri clearly segregate risk management functions from 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 Bank Indonesia Regulation 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), Risk Monitoring & Good Corporate Governance (KPR & GCG) Committee 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 strategy on 8 type of risks exposed to the Bank, covering credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk and reputational risk. RCC also responsibles to manage assets and liabilities, evaluate investment and divestation plan of Subsidiaries shares and Strategic Business Unit (SBU), and also manage strategic operational risk policy and procedure in Bank Mandiri.

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 Board of Commissioners in implementing monitoring function.

The Risk Management Directorate is lead by a Director who reports to the Board of Directors which is a voting member in the Risk and Capital Committee (RCC). The Bank also established a risk management working unit which under the Risk Management Directorate.

Operationally, the Risk Management Directorate is divided into 2 (two) main functions: 1) Credit Approval as part of 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.

60. RISK MANAGEMENT (continued)

The Risk Management Directorate and each strategic business unit are responsible for maintaining/coordinating (8) eight type of risk faced by the Bank, discussing and proposing risk management policies and guidelines.

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 focussed 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 objective, the Bank periodically reviews and updates its policies and procedures. These policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan acceptance process, from market 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.

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

To improve the measurement of transactional risk in the Middle Commercial 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) therefore currently the Bank has two risk measurement models for SME segment.

In quarter IV of 2012, in order to maintain consistency level of estimation model, the Bank performed calibration or model development. For the micro segment, the Bank has developed a new model for *Kredit Usaha Mikro* (KUM) using a Credit Qualitative Assessment (QCA) approach. For Business Banking segment, Bank is in the preparation stage of implementating a new model (for limit below 1 billion). While for the Consumer Loan, the Bank has implemented a collection model for unsecured loan and *Mitra Karya Mandiri* (MKM). For the Consumer Card, the calibration results of scoring behaviour for bucket current and x-days and card for card scoring have been implemented.

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 to comply with Basel II, the Bank has been developing Long Term PD, and also reviewing Exposure at Default (EAD) and Lost Given Default (LGD) model internally. In order to monitor rating and 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.

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

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.

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)

60. 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

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit support as at 31 December 2012 are as follows:

	2012
Current accounts with Bank Indonesia	38,272,155
Current accounts with other banks	9,645,504
Placement with Bank Indonesia and other banks	48,238,225
Marketable securities	
Government	
Fair value through profit or loss	202,635
Available for sale	95,290
Non Government	
Fair value through profit or loss	1,751,203
Available for sale	5,965,512
Held to maturity	2,091,936
At cost	663,199
Loans and receivable	-
Government Bonds	
Fair value through profit or loss	2,176,870
Available for sale	53,367,029
Held to maturity	22,341,536
At cost	1,050,321
Other receivables - trade transactions	5,549,403
Securities purchased under resale agreements	14,515,235
Derivatives receivables	87,143
Loans	
Corporate	125,042,756
Commercial and Bussiness Banking	137,061,344
Consumer	46,782,161
Micro and Retail	18,518,987
Syariah	43,165,108
Consumer financing receivables	3,828,369
Investment in lease financing	327,680
Acceptances receivables	7,920,471
Other assets	
Accrued income	1,926,902
Receivables from transactions related to ATM and credit card	890,445
Receivable from policy's holder	872,740
Receivables from customer transactions	274,201
Receivable from sale of marketable securities	214,351
	592,838,711

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit support as at 31 December 2011 are as follows:

	2011
Current accounts with Bank Indonesia	36,152,674
Current accounts with other banks	9,816,828
Placement with Bank Indonesia and other banks	51,393,062
Marketable securities	
Fair value through profit or loss	3,992,603
Available for sale	5,699,050
Held to maturity	2,303,864
Loans and receivable	7,401
Government Bonds	
Fair value through profit or loss	1,408,982
Available for sale	53,667,392
Held to maturity	23,383,075
Other receivables - trade transactions	4,811,988
Securities purchased under resale agreements	12,369,885
Derivatives receivables	113,657
Loans	298,988,258
Consumer financing receivables	3,185,570
Investment in lease financing	38,785
Acceptances receivables	6,510,436
Other assets	
Accrued income	1,704,382
Receivables from transactions related to ATM and credit card	447,975
Receivable from policy's holder	169,524
Receivables from customer transactions	459,088
Receivable from sale of marketable securities	1,301,769
	517,926,248

Credit risk exposures relating to administrative accounts net after impairment provision as 31 December 2012 and 2011 are as follows:

	2012	2011
Bank guarantees issued	40,678,003	27,405,922
Committed unused credit facilities granted	29,308,882	26,363,852
Outstanding irrevocable letters of credit	11,879,038	11,946,182
Standby letter of credit	7,889,321	5,262,312
	89,755,244	**70,978,268**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

The above table represents the maximum credit risk exposure to Bank Mandiri and Subsidiaries as at 31 December 2012 and 2011, 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.

<u>Concentration of risks of financial assets with credit risk exposure</u>

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of 31 December 2012 and 2011. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	2012					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Current accounts with Bank Indonesia	38,272,155	-	-	-	-	38,272,155
Current accounts with other banks	8,934,160	-	5,076	712,536	-	9,651,772
Placement with Bank						
Indonesia and other banks	45,427,042	-	-	-	2,896,441	48,323,483
Marketable securities						
Government						
Fair value through profit or loss	182,942	-	-	-	19,693	202,635
Available for sale	-	-	-	-	95,290	95,290
Non Government						
Fair value through profit or loss	1,696,059	-	-	-	55,144	1,751,203
Available for sale	5,876,840	-	-	-	89,034	5,965,874
Held to maturity	1,656,205	-	-	-	562,367	2,218,572
At cost	806,897	-	-	-	-	806,897
Loans and receivable	-	-	-	-	10,817	10,817
Government Bonds						
Fair value through profit or loss	2,163,238	-	-	-	13,632	2,176,870
Available for sale	53,325,409	-	-	-	41,620	53,367,029
Held to maturity	22,155,465	-	-	-	186,071	22,341,536
At cost	1,050,321	-	-	-	-	1,050,321
Other receivables-trade transactions	6,669,516	592	581	-	3,729	6,674,418
Securities purchased under resale						
agreements	14,515,235	-	-	-	-	14,515,235
Derivatives receivables	86,595	-	-	-	548	87,143
Loans						
Corporate	93,761,230	22,530,757	5,989,515	2,153,407	7,297,866	131,732,775
Commercial and Bussiness Banking	97,313,461	24,760,773	11,876,337	5,930,523	1,151,335	141,032,429
Consumer	34,197,931	5,610,818	3,400,495	3,785,438	754,741	47,749,423
Micro and Retail	12,023,031	4,032,093	1,331,388	1,580,411	673,120	19,640,043
Syariah	27,538,013	11,481,788	2,582,047	2,221,243	603,945	44,427,036
Consumer financing receivables	2,252,422	1,173,845	326,313	166,566	-	3,919,146
Net investment in						
finance leases	312,671	791	-	15,985	-	329,447
Acceptances receivables	7,957,512	-	-	-	-	7,957,512
Other assets						
Accrued income	1,526,041	204,267	82,328	62,299	51,967	1,926,902
Receivables from customer						
transactions	985,162	-	-	-	-	985,162
Receivables from transactions						
related to ATM and credit card	872,740	-	-	-	-	872,740
Receivable to policy's holder	274,201	-	-	-	-	274,201
Receivables from sale of marketable						
securities	214,351	-	-	-	-	214,351
	482,046,845	**69,795,724**	**25,594,080**	**16,628,408**	**14,507,360**	**608,572,417**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	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**

Credit risk exposure relating to administrative accounts are as follows:

	2012					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Administrative accounts						
Bank guarantees issued	40,421,058	-	-	-	287,641	40,708,699
Committed unused credit facilities granted	22,538,345	5,153,041	748,651	371,987	568,005	29,380,029
Outstanding irrevocable letters of credit	11,108,552	-	-	-	856,186	11,964,738
Standby letter of credit	7,741,182	-	-	-	149,681	7,890,863
	81,809,137	**5,153,041**	**748,651**	**371,987**	**1,861,513**	**89,944,329**

	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**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (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 gross amounts (without taking into account any allowance for impairment losses collateral held or other credit support), as categorised by the industry sectors as at 31 December 2012 and 2011.

	2012						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Current accounts with Bank Indonesia	38,272,155	-	-	-	-	-	38,272,155
Current accounts with other Banks	-	9,651,772	-	-	-	-	9,651,772
Placement with Bank Indonesia and other banks	-	48,323,483	-	-	-	-	48,323,483
Marketable securities							
Government							
Fair value through profit or loss	202,635	-	-	-	-	-	202,635
Available for sale	95,290	-	-	-	-	-	95,290
Non Government							
Fair value through profit or loss	-	1,578,017	15,785	10,014	28,881	118,506	1,751,203
Available for sale	-	5,481,648	120,100	200,000	104,112	60,014	5,965,874
Held to maturity	-	1,129,930	555,000	-	310,642	223,000	2,218,572
At cost	-	66,219	240,048	-	455,630	45,000	806,897
Loans and receivable	-	-	10,817	-	-	-	10,817
Government Bonds							
Fair value through profit or loss	2,176,870	-	-	-	-	-	2,176,870
Available for sale	53,367,029	-	-	-	-	-	53,367,029
Held to maturity	22,341,536	-	-	-	-	-	22,341,536
At cost	1,050,321	-	-	-	-	-	1,050,321
Other receivables - trade transactions	-	955,418	3,683,388	159,294	176,822	1,699,496	6,674,418
Securities purchased under resale Agreements	-	14,380,286				134,949	14,515,235
Derivatives receivables	-	82,569	3,094	-	6	1,474	87,143
Loans							
Corporate	858,505	443,886	36,438,281	27,678,134	12,429,042	53,884,927	131,732,775
Commercial and Bussiness Banking	-	1,016	39,923,539	16,356,252	16,208,634	68,542,988	141,032,429
Consumer	-	-	104	-	7,887,694	39,861,625	47,749,423
Micro and Retail	-	1,357,727	216,288	1,583,335	2,804,722	13,677,971	19,640,043
Syariah	-	3,436,384	2,184,067	1,725,653	5,827,397	31,253,535	44,427,036
Consumer financing receivables	-	-	11,088	2,711	23,252	3,882,095	3,919,146
Net Investment in finance leases	-	-	-	-	49,542	279,905	329,447
Acceptances receivables	-	906,828	1,468,988	-	-	5,581,696	7,957,512
Other assets							
Accrued income	52,585	487,776	228,158	96,622	81,896	979,865	1,926,902
Receivables from customer transactions	-	-	-	-	-	985,162	985,162
Receivables from transactions related to ATM and credit card	-	-	-	-	-	872,740	872,740
Receivable to policy's holder	-	-	-	-	-	274,201	274,201
Receivables from sale of marketable securities	-	214,351	-	-	-		214,351
	118,416,926	**88,497,310**	**85,098,745**	**47,812,015**	**46,388,272**	**222,359,149**	**608,572,417**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	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**

Credit risk exposure relating to administrative accounts items are as follows:

	2012						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Administrative accounts							
Bank guarantees issued	338	11,064,868	13,332,644	73,539	168,753	16,068,557	40,708,699
Committed unused credit facilities granted	30,149	1,398,050	6,774,845	2,468,645	6,665,847	12,042,493	29,380,029
Outstanding irrevocable letters of credit	-	33,837	2,488,828	26,341	-	9,415,732	11,964,738
Standby letter of credit	-	-	742,279	168,656	701,787	6,278,141	7,890,863
	30,487	**12,496,755**	**23,338,596**	**2,737,181**	**7,536,387**	**43,804,923**	**89,944,329**

	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**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets

As at 31 December 2012, exposure to credit risk on financial assets are as follows:

	2012					
	Neither past due nor impaired	Pas due but not impaired	Impaired	Total	Impairment provision	Total
Current accounts with Bank Indonesia	38,272,155	-	-	38,272,155	-	38,272,155
Current accounts with other Banks	9,648,232	-	3,540	9,651,772	(6,268)	9,645,504
Placement with Bank Indonesia and other banks	48,272,129	-	51,354	48,323,483	(85,258)	48,238,225
Marketable securities						
Government						
Fair value through profit or loss	202,635	-	-	202,635	-	202,635
Available for sale	95,290	-	-	95,290	-	95,290
Non Government						
Fair value through profit or loss	1,751,203	-	-	1,751,203	-	1,751,203
Available for sale	5,965,785	-	89	5,965,874	(362)	5,965,512
Held to maturity	2,079,517	-	139,055	2,218,572	(126,636)	2,091,936
At cost	669,897	-	137,000	806,897	(143,698)	663,199
Loans and receivable	-	-	10,817	10,817	(10,817)	-
Government Bonds						
Fair value through profit or loss	2,176,870	-	-	2,176,870	-	2,176,870
Available for sale	53,367,029	-	-	53,367,029	-	53,367,029
Held to maturity	22,341,536	-	-	22,341,536	-	22,341,536
At cost	1,050,321	-	-	1,050,321	-	1,050,321
Other receivables - trade transactions	3,772,884	7,489	2,894,045	6,674,418	(1,125,015)	5,549,403
Securities purchased under resale Agreements	14,515,235	-	-	14,515,235	-	14,515,235
Derivatives receivables	87,143	-	-	87,143	-	87,143
Loans						
Corporate	121,065,728	-	10,667,047	131,732,775	(6,690,019)	125,042,756
Commercial and Bussiness Banking	134,299,464	2,247,925	4,485,040	141,032,429	(3,971,085)	137,061,344
Consumer	43,427,767	3,451,938	869,718	47,749,423	(967,262)	46,782,161
Micro and Retail	17,911,051	1,109,759	619,233	19,640,043	(1,121,056)	18,518,987
Syariah	41,530,343	1,638,031	1,258,662	44,427,036	(1,261,928)	43,165,108
Consumer financing receivables	3,577,945	283,479	57,722	3,919,146	(90,777)	3,828,369
Net Investment in finance leases	308,903	20,544	-	329,447	(1,767)	327,680
Acceptances receivables	6,642,047	-	1,315,465	7,957,512	(37,041)	7,920,471
Other assets						
Accrued income	1,926,902	-	-	1,926,902	-	1,926,902
Receivables from customer transactions	818,946	-	166,216	985,162	(94,717)	890,445
Receivables from transactions related to ATM and credit card	872,740	-	-	872,740	-	872,740
Receivable to policy's holder	274,201	-	-	274,201	-	274,201
Receivables from sale of marketable securities	214,351	-	-	214,351	-	214,351
	577,138,249	**8,759,165**	**22,675,003**	**608,572,417**	**(15,733,706)**	**592,838,711**

As at 31 December 2012, exposure to credit risk on administrative accounts are as follows:

	2012					
	Neither past due nor impaired	Pas due but not impaired	Impaired	Total	Impairment provision	Total
Administrative accounts						
Bank guarantees issued	32,664,094	-	8,044,605	40,708,699	(30,696)	40,678,003
Committed unused loan facilities granted	27,695,974	-	1,684,055	29,380,029	(71,147)	29,308,882
Outstanding irrevocable letters of credit	11,125,309	-	839,429	11,964,738	(85,700)	11,879,038
Standby letter of credit	7,889,321	-	1,542	7,890,863	(1,542)	7,889,321
	79,374,698	**-**	**10,569,631**	**89,944,329**	**(189,085)**	**89,755,244**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

As at 31 December 2012, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows:

	2012		
	Not under monitoring	Under monitoring	Total
Assets			
Current accounts with Bank Indonesia	38,272,155	-	38,272,155
Current accounts with other banks	9,648,232	-	9,648,232
Placement with Bank Indonesia and other banks	48,272,129	-	48,272,129
Marketable securities			
Government			
Fair value through profit or loss	202,635	-	202,635
Available for sale	95,290	-	95,290
Non Government			
Fair value through profit or loss	1,751,203	-	1,751,203
Available for sale	5,965,785	-	5,965,785
Held to maturity	2,015,020	64,497	2,079,517
At cost	669,897	-	669,897
Loans and receivable	-	-	-
Government Bonds			
Fair value through profit or loss	2,176,870		2,176,870
Available for sale	53,367,029		53,367,029
Held to maturity	22,341,536	-	22,341,536
At cost	1,050,321	-	1,050,321
Other receivables - trade transactions	2,112,727	1,660,157	3,772,884
Securities purchased under resale Agreements	14,515,235	-	14,515,235
Derivatives receivables	87,143	-	87,143
Loans			
Corporate	119,557,667	1,508,061	121,065,728
Commercial and Bussiness Banking	128,586,796	5,712,668	134,299,464
Consumer	43,427,767	-	43,427,767
Micro and Retail	17,911,051	-	17,911,051
Syariah	41,530,343	-	41,530,343
Consumer financing receivables	1,644,451	1,933,494	3,577,945
Net Investment in finance leases	172,502	136,401	308,903
Acceptances receivables	5,172,719	1,469,328	6,642,047
Other assets			
Accrued income	1,926,902	-	1,926,902
Receivables from transactions related to ATM and credit card	872,740	-	872,740
Receivables from customer transactions	818,946	-	818,946
Receivable to policy's holder	274,201	-	274,201
Receivables from sale of marketable securities	214,351	-	214,351
Total	564,653,643	12,484,606	577,138,249

As at 31 December 2012, details of the loan's quality of administrative account that are neither past due nor impaired based on internal ratings are as follows:

	2012		
	Not under monitoring	Under monitoring	Total
Administrative accounts			
Bank guarantees issued	32,540,322	123,772	32,664,094
Committed unused loan facilities granted	27,480,861	215,113	27,695,974
Outstanding irrevocable letters of credit	9,871,929	1,253,380	11,125,309
Standby letter of credit	7,725,678	163,643	7,889,321
	77,618,790	1,755,908	79,374,698

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

- Not under monitoring
  There is no doubt on the recovery of the financial assets;

- Under monitoring
  Bank Mandiri:
  There are certain considerations in relation to the debtor's ability in repaying the loan at maturity date. However, up to 31 December 2012 there was no late payment in term of principal instalment as well as interest at maturity date. This amount included credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptance receivables with Bank Indonesia's collectibility 2 but have no overdue as at 31 December 2012.

  Subsidiaries:
  Financial assets which have experienced past due in the past but no overdue as at 31 December 2012.

Financial assets that were past due, but not impaired can be disaggregated based on days overdue at 31 December 2012 as follows:

	2012			
	1 - 30 days	**31 - 60 days**	**61 - 90 days**	**Total**
Assets				
Other receivables - trade transactions	7,489	-	-	7,489
Loans				
Corporate	-	-	-	-
Commercial and Bussiness Banking	1,085,510	561,105	601,310	2,247,925
Consumer	2,410,667	575,942	465,329	3,451,938
Micro and Retail	596,201	255,981	257,577	1,109,759
Syariah	1,194,808	173,700	269,523	1,638,031
Consumer financing receivables	194,334	64,426	24,719	283,479
Net Investment in finance leases	20,544	-	-	20,544
	5,509,553	1,631,154	1,618,458	8,759,165

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(ii) Loans

The gross of impaired loans, along with the provision for impairment, by class of asset at 31 December 2012, is summarised in the tables below:

	2012				
	Corporate	**Commercial and Business Banking**	**Consumer**	**Micro dan Retail**	**Syariah**
Individually Impaired					
Gross amount	8,669,697	3,414,735	-	19,358	-
Impairment provision	(6,443,394)	(1,839,522)	-	(19,114)	-
Carrying amount	2,226,303	1,575,213	-	244	-
Collectively impaired					
Gross amount	1,997,350 *)	1,070,305	869,718	599,875	1,258,662
Impairment provision	(4,012)	(482,076)	(443,973)	(347,887)	(753,059)
Carrying amount	1,993,338	588,229	425,745	251,988	505,603
Total gross amount	10,667,047	4,485,040	869,718	619,233	1,258,662
Total impairment provision	(6,447,406)	(2,321,598)	(443,973)	(367,001)	(753,059)
Total carrying amount	**4,219,641**	**2,163,442**	**425,745**	**252,232**	**505,603**

*) Represent restructured debtors which had been subject to individual assessment but not impairment loss are recognised and therefore are collectively assessed.

(iii) Current accounts with other banks

	2012		
	Non-impaired (collective assesment)*)	**Impaired (individual assesment)**	**Total**
Rupiah	141,681	-	141,681
Foreign currencies	9,506,551	3,540	9,510,091
Total	9,648,232	3,540	9,651,772
Less: Allowance for impairment losses	(2,728)	(3,540)	(6,268)
	9,645,504	-	9,645,504

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	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 based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iv) Placement with Bank Indonesia and other banks

	2012		
	Non-impaired (collective assesment)*)	**Impaired (individual assesment)**	**Total**
Rupiah:			
Bank Indonesia	27,377,204	-	27,377,204
Call money	3,370,000	-	3,370,000
Time deposits	1,633,462	-	1,633,462
Saving	824	-	824
Total Rupiah	32,381,490	-	32,381,490
Foreign currencies:			
Bank Indonesia	9,637,500	-	9,637,500
Call money	4,013,557	50,198	4,063,755
"Fixed-Term" Placement	2,138,741	1,156	2,139,897
Time deposit	100,841	-	100,841
Total foreign currencies	15,890,639	51,354	15,941,993
Total	48,272,129	51,354	48,323,483
Less: Allowance for impairment losses	(33,904)	(51,354)	(85,258)
	48,238,225	**-**	**48,238,225**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	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	(78,606)	(68,123)	(146,729)
	51,393,062	**-**	**51,393,062**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(v) Marketable securities

	2012		
	Non-impaired (collective assesment)*)	**Impaired (individual assesment)**	**Total**
Government			
Foreign currencies:			
Treasury bills	297,925	-	297,925
Total Government	297,925	-	297,925
Non Government			
Rupiah:			
Investments in mutual fund	6,127,968	-	6,127,968
Bonds	2,140,996	86,527	2,227,523
Sharia Corporate bonds	646,728	137,000	783,728
Medium term notes	290,013	-	290,013
Export bills	135,584	-	135,584
Certificates of Bank Indonesia	39,254	-	39,254
Shares	16,037	-	16,037
Total Rupiah	9,396,580	223,527	9,620,107
Foreign currencies:			
Export bills	1,014,678	52,528	1,067,206
Treasury bills	55,144	-	55,144
Bonds	-	10,817	10,817
Shares	-	89	89
Total foreign currencies	1,069,822	63,434	1,133,256
Total non Government	10,466,402	286,961	10,753,363
Total	10,764,327	286,961	11,051,288
Less: Allowance for impairment losses	(14,547)	(266,966)	(281,513)
	10,749,780	**19,995**	**10,769,775**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	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 based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vi) Other receivables - trade transactions

	2012		
	Non-impaired (collective assesment)*)	**Impaired (individual assesment)**	**Total**
Rupiah:			
Usance L/C payable at sight	358,740	44,948	403,688
Others	864,110	1,776,258	2,640,368
Total Rupiah	1,222,850	1,821,206	3,044,056
Foreign currencies:			
Usance L/C payable at sight	2,394,155	356,388	2,750,543
Others	163,368	716,451	879,819
Total foreign currencies	2,557,523	1,072,839	3,630,362
Total	3,780,373	2,894,045	6,674,418
Less: Allowance for impairment losses	(19,661)	(1,105,354)	(1,125,015)
	3,760,712	**1,788,691**	**5,549,403**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	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 based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. *Credit Risk* (continued)

(vii) Acceptance receivables

	2012		
	Non-impaired (collective assesment)	Impaired (individual assesment)	Total
Rupiah	362,562	177,335	539,897
Foreign currencies	6,279,485	1,138,130	7,417,615
Total	6,642,047	1,315,465	7,957,512
Less: Allowance for impairment losses	(24,365)	(12,676)	(37,041)
	6,617,682	**1,302,789**	**7,920,471**

	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**

(viii) Consumer financing receivables

	2012		
	Non-impaired (collective assesment)	Impaired (individual assesment)	Total
Rupiah	3,861,424	57,722	3,919,146
Foreign currencies	-	-	-
Total	3,861,424	57,722	3,919,146
Less: Allowance for impairment losses	(73,483)	(17,294)	(90,777)
	3,787,941	**40,428**	**3,828,369**

	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**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(ix) Investment in finance lease

	2012		
	Non-impaired (collective assesment)	**Impaired (individual assesment)**	**Total**
Rupiah	329,447	-	329,447
Foreign currencies	-	-	-
Total	329,447	-	329,447
Less: Allowance for impairment losses	(1,767)	-	(1,767)
	327,680	**-**	**327,680**

	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**

(x) Estimated losses on commitments and contingencies

	2012		
	Non-impaired (collective assesment)*)	**Impaired (individual assesment)**	**Total**
Rupiah:			
Committed unused loan facilities granted	25,139,679	1,565,883	26,705,562
Bank guarantees issued	13,525,053	6,714,275	20,239,328
Outstanding irrevocable letters of credit	1,482,296	573,159	2,055,455
Standby letters of credit	2,302,326	-	2,302,326
Total Rupiah	42,449,354	8,853,317	51,302,671
Foreign currencies:			
Committed unused loan facilities granted	2,556,295	118,172	2,674,467
Bank guarantees issued	19,139,041	1,330,330	20,469,371
Outstanding irrevocable letters of credit	9,643,013	266,270	9,909,283
Standby letters of credit	5,586,995	1,542	5,588,537
Total foreign currencies	36,925,344	1,716,314	38,641,658
Total	79,374,698	10,569,631	89,944,329
Less: Allowance for impairment losses	(6,048)	(183,037)	(189,085)
	79,368,650	**10,386,594**	**89,755,244**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(x) Estimated losses on commitments and contingencies (continued)

	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**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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 when they due from its financing cash flows and/or highly quality liquid assets that 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 counterparty and loan commitment to debtors. Liquidity risk is also caused by inability of the Bank to provide liquidity at fair price that affects profitability and capital of the Bank.

The Bank's liquidity risk indicators are measured through several indicators, which among others include primary reserve ratio (GWM ratio and cash), secondary reserve (liquidity reserve) and loan to deposit ratio (LDR) or dependent on large customer deposits. GWM is a minimum current account that should be maintained by the Bank in form of current accounts with Bank Indonesia or securities which set by Bank Indonesia based on certain percentage from total customer deposits.

As at 31 December 2012, the Bank maintained primary reserve of 8.00% from total outstanding deposit denominated in Rupiah in accordance with the regulated limit, LDR reserve of 0% and secondary reserve of 24.96% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.01% from the outstanding deposits denominated in foreign exchange in accordance with the required regulatory limit.

60. RISK MANAGEMENT (continued)

B. *Market Risk and Liquidity Risk* (continued)

(i) Liquidity Risk Management (continued)

Secondary reserve (liquidity reserve) is Bank's liquidity to support primary reserve as liquidity reserve to anticipate unexpected needs of fund. In managing secondary reserve, the Bank has liquidity reserve limit in form of safety level limit, which represent the Bank's liquidity reserve projection for three months ahead. As at 31 December 2012, the liquidity reserve balance is above safety level (unaudited).

LDR is a ratio of loan to third parties in Rupiah and foreign currency against total deposits. LDR is used to measure the portion of illiquid long-term asset in form of loans that are funded by deposits, which are usually short-term in nature. As at 31 December 2012, the Bank's LDR is 77.66%, which qualified as "very liquid" in the assessment of Bank Soundness (Tingkat Kesehatan Bank).

The Bank uses a liquidity gap to project the liquidity conditions in the future. 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. As at 31 December 2012, 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 Bank has Liquidity Contingency Plan (LCP) which cover funding strategy and pricing strategy. The funding strategy consists of money market lending, repo, bilateral loan, FX swap, sale of marketable securities. In LCP, determination of liquidity condition and funding strategies have considered internal and external condition.

In order to anticipate direct and indirect impact from European crisis to the Bank's liquidity condition and business, the Bank has activated Business Command Center (BCC) to manage and monitor intensively the liquidity condition and Loan to Deposit Ratio (LDR) in foreign currency. BCC manages the adequacy of Bank's liquidity and foreign currency LDR by providing foreign currency liquidity for selective credit disbursement and monitoring the movement of foreign currency source of fund on a daily basis. Therefore, foreign currency liquidity reserve can be maintained above the minimum liquidity reserve and LDR limits. BCC also coordinate programs to increase a cheap and stable foreign currency source of fund.

To increase awareness with unstable economic condition, either from crisis in Europe and various domestic issues, BCC also monitor external indicators among others: USD/IDR exchange rate, Indonesia's five year Credit Default Swap (CDS), Spread between 5 years ROI compared with 5 years UST, composite stock price index (IHSG), Rupiah interest rate and USD interbank, Non Delivery Forward (NDF) USD/IDR IM and update market informations.

Since the activation of BCC, the Bank foreign currency liquidity reserve can be controlled over the limit and foreign currency LDR realisation at maximum level of 85%.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The maturity profile as at 31 December 2012 and 2011, are based on the remaining period from these dates. Historically, there are a large portion of deposits to be renewed upon maturity. If there is a need for liquidity, Government bonds (fair value through profit and loss and available for sale) can be liquidated by selling or using it as collateral in interbank market. Steps taken by the Bank in managing maturity gap between monetary assets and liabilities is by setting a gap limit which has been adjusted with the Bank's and its Subsidiaries ability to obtain immediate liquidity.

The maturities profile of financial assets and liabilities presenting using discounted cash flows method is as follows:

				2012				
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**more than 3 years**
Assets								
Current accounts with Bank Indonesia	38,272,155	-	38,272,155	-	-	-	-	-
Current accounts with other banks - gross	9,651,772	-	9,648,232	-	-	-	3,540	-
Placements with Bank Indonesia and other banks - gross	48,323,483	824	46,472,339	1,624,674	155,792	18,500	51,354	-
Marketable securities - gross	11,051,288	1,192,664	558,915	539,062	395,725	220,875	6,640,568	1,503,479
Government Bonds	78,935,756	-	28,761,586	41,159,247	24,964	372,126	2,053,561	6,564,272
Other receivables-trade transactions - gross	6,674,418	-	1,730,657	2,592,343	1,518,925	16,781	234	815,478
Securities purchased under resale agreements - gross	14,515,235	-	7,161,097	7,219,189	134,949	-	-	-
Derivative receivables - gross	87,143	-	60,771	25,979	393	-	-	-
Policyholders' investment in unit-linked contracts	11,034,239	11,034,239	-	-	-	-	-	-
Loans - gross	384,581,706	-	5,672,166	47,819,275	31,718,462	68,733,843	72,358,451	158,279,509
Consumer financing receivables - gross	3,919,146	-	158,138	315,343	454,359	831,399	1,934,603	225,304
Net Investment finance lease	329,447	-	11,247	22,849	35,184	70,864	183,137	6,166
Acceptance receivables - gross	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Other assets - gross	4,273,356	-	3,288,194	985,162	-	-	-	-
	619,606,656	**12,227,727**	**143,274,159**	**105,969,727**	**36,599,082**	**70,916,305**	**83,225,448**	**167,394,208**
Allowance for impairment losses	(15,637,222)							
Total	**603,969,434**							
Liabilities								
Deposit from customers								
Demand deposits	113,907,856	-	113,907,856	-	-	-	-	-
Saving deposits	183,969,756	-	183,969,756	-	-	-	-	-
Time deposits	144,960,251	-	106,518,947	27,406,443	8,675,691	2,161,745	197,425	-
Deposits from other banks								
Demand and saving deposits	2,245,490	-	2,245,490	-	-	-	-	-
Interbank call money	327,100	-	278,913	48,187	-	-	-	-
Time deposits	11,444,247	-	10,822,774	400,775	173,453	46,345	900	-
Derivative payables	113,257	-	35,607	47,412	3,173	4,005	23,060	-
Acceptance payables	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Marketable securities issued	1,545,876	-	296,076	-	51,943	-	697,857	500,000
Accrued expenses	2,344,762	17,836	2,244,127	82,799	-	-	-	-
Other liabilities	5,329,913	33,120	2,312,427	1,908,393	1,075,973	-	-	-
Fund borrowings	11,608,832	-	286,508	643,749	9,805	4,375	3,577,573	7,086,822
Subordinated loans	5,137,950	-	2,763	17,153	-	13,415	1,430,730	3,673,889
	490,892,802	**50,956**	**424,399,906**	**34,221,515**	**12,150,367**	**2,881,802**	**5,927,545**	**11,260,711**
Maturity gap	**128,713,854**	**12,176,771**	**(281,125,747)**	**71,748,212**	**24,448,715**	**68,034,503**	**77,297,903**	**156,133,497**
Net position, net of allowance for impairment losses	**113,076,632**							

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. *Market Risk and Liquidity Risk* (continued)

(i) Liquidity Risk Management (continued)

The maturities profile of financial assets and liabilities presenting using discounted cash flows method is as follows (continued):

				2011				
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**more than 3 years**
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	958,515	5,949,676
Government Bonds	78,459,449	-	15,020	7,530	-	138,229	1,160,640	77,138,030
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	-	-
Policyholders' investment in unit-linked contracts	9,044,266	9,044,266	-	-	-	-	-	-
Loans - gross	311,093,306	-	13,861,092	27,736,079	26,197,840	53,990,798	53,288,114	136,019,383
Consumer financing receivables - gross	3,248,560	-	118,089	237,479	355,160	695,439	1,725,325	117,068
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	-	-
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**	**58,004,560**	**219,224,157**
Allowance for impairment losses	(13,696,867)							
Total	**527,069,880**							
Liabilities								
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	-
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	-	400,307	822,884
Accrued expenses	600,545	-	600,545	-	-	-	-	-
Other liabilities	6,691,072	25,067	3,565,751	2,816,777	168,449	115,028	-	-
Fund borrowings	11,703,498	-	971,552	1,542,031	2,144,091	22,114	2,300,945	4,722,765
Subordinated loans	5,851,798	-	1,799	17,153	-	337,952	1,802,292	3,692,602
	430,821,470	**25,067**	**369,136,240**	**35,232,371**	**9,105,754**	**3,411,093**	**4,672,694**	**9,238,251**
Maturity gap	**109,945,277**	**9,536,001**	**(256,647,630)**	**17,193,179**	**21,906,221**	**54,639,734**	**53,331,866**	**209,985,906**
Net position, net of allowance for impairment losses	**96,248,410**							

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. *Market Risk and Liquidity Risk* (continued)

(i) Liquidity Risk Management (continued)

The following table provides information regarding maturities contractual undiscounted cash flows of liabilities at 31 December 2012:

	2012							
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**more than 3 years**
Liabilities								
Deposit from customers								
Demand deposits	114,562,058	-	114,562,058	-	-	-	-	-
Saving deposits	184,203,237	-	184,176,251	1,910	3,363	7,285	8,930	5,498
Time deposits	146,547,705	-	107,667,901	27,687,941	8,792,996	2,198,534	200,333	-
Deposits from other banks								
Demand and saving deposits	2,247,499	-	2,247,499	-	-	-	-	-
Interbank call money	369,971	-	321,703	48,268	-	-	-	-
Time deposits	12,038,348	-	11,412,693	402,536	174,837	47,378	904	-
Derivative payables	113,257	-	35,607	47,412	3,173	4,005	23,060	-
Acceptance payables	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Marketable securities issued	2,132,170	-	296,076	-	53,869	-	827,364	954,861
Accrued expenses	2,344,762	17,836	2,244,127	82,799	-	-	-	-
Other liabilities	5,329,913	33,120	2,312,427	1,908,393	1,075,973	-	-	-
Fund borrowings	12,566,156	-	286,820	644,633	10,052	4,421	4,543,353	7,076,877
Subordinated loans	7,153,490	-	2,875	18,222	-	18,741	1,482,380	5,631,272
Total	497,566,078	50,956	427,044,699	34,508,718	12,274,592	2,932,281	7,086,324	13,668,508

(ii) Interest Rate Risk Management

Market risk of banking book arises due to changes in interest rates and exchange rates in banking book activities. Banking book’s interest rate risk arises from movements in market interest rates as opposed to the position or transactions held by the Bank, which could affect the Bank's profitability (earnings perspective) as well as the economic value of the Bank's capital (economic value perspective).

Banking book’s market risk is managed by optimizing the structure of the Bank's statement of financial position to obtain maximum yield at risk level acceptable to the Bank. The controls over Banking book’s market risk is performed by setting a limit which refers to regulator’s requirements and the internal policies, and monitored on a weekly and monthly basis by the Market Risk Management Unit.

The sources of banking book’s interest rate risk is repricing risk (repricing mismatch between asset and liability components), basis risk (usage of different interest rate reference), yield curve risk (changes in the shape and slope of the yield curve) and the option risk (loan repayment or release of deposit before maturity). The Bank uses the repricing gap and performs sensitivity analysis to obtain the projected Net Interest Income (NII) and Economic Value of Equity (EVE).

a. Sensitivity to net income

The table below shows the sensitivity of net income to interest rate movement on Bank Mandiri as of 31 December 2012:

	Increased by 100 bps	**Decreased by 100 bps**
Impact to net income (Rp Billion)	640.74	(830.41)

The projections assumed that all other variables are held constant at reporting date.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

b. Sensitivity to unrealized gains on available for sale marketable securities

The table below shows the sensitivity of Bank Mandiri's unrealized gains on available for sale marketable securities to movement of interest rates on 31 December 2012:

	Increased by 100 bps	Decreased by 100 bps
Impact to unrealised gains on available for sale marketable securities	396.62	(380.82)

The projections assumed that all other variables are held constant at reporting date.

The above sensitivities of net income and unrealized gains on available for sale marketable securities do not incorporate hedging and actions that Bank Mandiri would take to mitigate the impact of this interest rate risk. In practice, Bank Mandiri proactively seeks to mitigate the effect of prospective interest movements.

c. Bank Mandiri exposure to interest rate risk (repricing gap)

The tables below summarise Bank Mandiri's financial asset and liabilities at carrying amounts categorized by earlier of contractual repricing date or maturity dates:

	2012									
	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	-	-	-	-	-	-	-	-	38,272,155	38,272,155
Current accounts with other banks	9,476,885	-	-	-	-	-	-	-	174,887	9,651,772
Placements with Bank Indonesia and other banks	45,065,894	1,624,674	174,293	-	-	-	-	-	1,458,622	48,323,483
Marketable securities	114,850	38,978	374,500	669,168	940,193	209,135	1,008,479	282,100	7,413,885	11,051,288
Government bonds	28,761,585	41,159,247	24,964	372,126	2,053,562	62,141	34,678	4,797,425	1,670,028	78,935,756
Other receivables - trade transactions	-	-	-	-	-	-	-	-	6,674,418	6,674,418
Securities purchased under resale agreements	7,161,097	7,219,189	134,949	-	-	-	-	-	-	14,515,235
Derivative receivables	-	-	-	-	-	-	-	-	87,143	87,143
Policyholders' investment in unit-linked contracts	-	-	-	-	-	-	-	-	11,034,239	11,034,239
Loans	68,683,956	236,418,147	14,941,234	1,682,319	1,885,480	3,276,383	1,881,256	11,385,894	44,427,037	384,581,706
Consumer financing receivables	158,139	315,343	1,285,758	1,239,453	695,150	208,949	16,354	-	-	3,919,146
Net investment finance lease	11,247	22,849	106,048	118,715	64,422	6,166	-	-	-	329,447
Acceptance receivables	-	-	-	-	-	-	-	-	7,957,512	7,957,512
Other assets - accrued income	-	-	-	-	-	-	-	-	4,273,356	4,273,356
	159,433,653	286,798,427	17,041,746	4,081,781	5,638,807	3,762,774	2,940,767	16,465,419	123,443,282	619,606,656
Deposits from customers										
Demand deposits	55,682	107,421,262	-	-	-	-	-	-	6,430,912	113,907,856
Saving deposits	257,287	182,785,869	10,648	6,598	2,332	2,027	806	2,665	901,524	183,969,756
Time deposits	106,518,947	27,406,443	10,837,436	197,425	-	-	-	-	-	144,960,251
Deposits from other banks										
Demand and saving deposits	8,482	2,199,032	-	-	-	-	-	-	37,976	2,245,490
Interbank call money	278,913	48,187	-	-	-	-	-	-	-	327,100
Time deposits	11,000,033	252,877	191,337	-	-	-	-	-	-	11,444,247
Derivative payables	-	1,180	5,735	23,060	-	-	-	-	83,282	113,257
Acceptance payables	-	-	-	-	-	-	-	-	7,957,512	7,957,512
Marketable securities issued	296,076	-	51,943	349,133	348,724	-	-	-	500,000	1,545,876
Accrued expenses	-	-	-	-	-	-	-	-	2,344,762	2,344,762
Other liabilities	-	-	-	-	-	-	-	-	5,329,913	5,329,913
Fund borrowings	286,508	643,749	14,180	386,834	3,190,739	4,804,907	1,439,588	242,327	600,000	11,608,832
Subordinated loans	2,763	17,153	13,415	1,401,136	29,593	32,356	3,503,382	138,152	-	5,137,950
	118,704,691	320,775,752	11,124,694	2,364,186	3,571,388	4,839,290	4,943,776	383,144	24,185,881	490,892,802
Total interest repricing gap	**40,728,962**	**(33,977,325)**	**5,917,052**	**1,717,595**	**2,067,419**	**(1,076,516)**	**(2,003,009)**	**16,082,275**	**99,257,401**	**128,713,854**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. *Market Risk and Liquidity Risk* (continued)

(ii) Interest Rate Risk Management (continued)

c. Bank Mandiri exposure to interest rate risk (continued)

	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	39,999,048	11,089,227	200,786	-	-	-	-	-	250,730	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
Policyholders' investment in unit-linked contracts	-	-	-	-	-	-	-	-	9,044,266	9,044,266
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
	125,322,301	268,505,942	16,352,642	6,817,491	6,113,039	1,740,871	1,082,747	6,355,855	108,475,859	540,766,747
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
Accrued expenses	-	-	-	-	-	-	-	-	600,545	600,545
Other liabilities	-	-	-	-	-	-	-	-	6,691,072	6,691,072
Fund borrowings	1,045,493	1,527,269	2,422,475	5,699,558	258,703	-	-	-	750,000	11,703,498
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	21,209,000	431,008,500
Total interest repricing gap	**4,427,166**	**2,718,526**	**5,400,696**	**276,495**	**4,338,911**	**1,563,870**	**1,053,247**	**2,712,477**	**87,266,859**	**109,758,247**

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.

(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).

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(iii) Pricing Management (continued)

In setting interest rates, the Bank implement risk-based pricing to customers varies based on the level of credit risk. In order to minimize interest rate risk, the lending interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, lending interest rates are determined by considering overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Lending rates can be either a floating or a fixed rate.

(iv) Market Risk Management

Market risk is the risk of loss due to the movement of market factors, consist of interest rates and exchange rates on the trading portfolio which includes cash instruments and derivative instruments.

In the implementation of trading market risk management, the Bank applied segregation of duties principle by separating 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).

Market risk analysis over treasury trading activity is performed on a daily basis using available best practice approach and inline with the internal and external regulations.

(v) Foreign Exchange Risk Management

Exchange rate risk represents potential loss arising from unfavourable exchange rate movements in the market to when the Bank has an open position. The Bank applies a proper foreign exchange risk management to avoid loss arising from exchange rate changes or volatility. Exchange rate risk arises from foreign exchange currency transactions with customer or counterparty which led to an open position in foreign currency or structural positions in foreign currency due to capital investment. The Bank manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and the regulation of Bank Indonesia.

Net Open Position as at 31 December 2012 and 2011 is calculated 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 (Rupiah equivalent) and the net difference between receivables and payables from commitments and contingencies for each foreign currency (Rupiah equivalent) recorded in administrative accounts. The net open postion for financial position is the net difference between total assets and liabilities for each foreign currency (Rupiah equivalent).

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

a. Net Open Position

Below is the Net Open Position of Bank Mandiri, as at 31 December 2012 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-STATEMENTS OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	91,646,107	91,302,844	343,263
Euro	8,559,952	8,531,856	28,096
Singapore Dollar	1,176,785	1,076,614	100,171
Japanese Yen	550,803	522,610	28,193
Australian Dollar	497,472	465,117	32,355
Great Britain Pound Sterling	87,271	34,351	52,920
Hongkong Dollar	52,699	34,227	18,472
Others	643,712	463,492	180,220*)
Total			**783,690**
ON-STATEMENTS OF FINANCIAL POSITION			
United States Dollar	85,049,764	78,260,576	6,789,188
Euro	7,642,537	7,562,343	80,194
Singapore Dollar	1,105,806	814,043	291,763
Japanese Yen	429,138	362,634	66,504
Australian Dollar	257,101	98,857	158,244
Great Britain Pound Sterling	82,617	34,351	48,266
Hong Kong Dollar	50,000	30,285	19,715
Others	208,956	29,680	179,276**)
Total			**7,633,150**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 56)			**61,947,504**
NOP Ratio (On-Statements of Financial Position)			12.32%
NOP Ratio (Overall)			1.27%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2012 if calculated using November 2012 capital (unaudited):

Capital November 2012	62,500,222
NOP Ratio (On-Statements of Financial Position)	12.21%
NOP Ratio (Overall)	1.25%

*) 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)

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

a. Net Open Position (continued)

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 (STATEMENT OF FINANCIAL POSITION 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-STATEMENT OF FINANCIAL POSITION			
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 56)			**54,084,246**
NOP Ratio (On-Statements of Financial Position)			12.26%
NOP Ratio (Overall)			1.50%

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-Statement of Financial Position)	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)

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk

The table below summaries the Group's exposure to foreign currency exchange rate risk as at 31 December 2012 and 2011. Included in the table are the Group's financial instruments at carrying amount, categorised by currency.

	2012								
	United States Dollar	**Euro**	**Singapore Dollar**	**Yen**	**Australian Dollar**	**Hong Kong Dollar**	**Pound Sterling**	**Others**	**Total**
ASSETS									
Cash	653,745	241,245	474,819	58,618	100,798	5,650	12,494	105,155	1,652,524
Current accounts with Bank Indonesia	6,572,697	-	-	-	-	-	-	-	6,572,697
Current accounts with other banks	2,405,323	6,335,189	106,448	307,607	155,595	29,362	72,151	98,416	9,510,091
Placement with Bank Indonesia and other banks	15,727,220	52,627	161,512	-	-	-	-	634	15,941,993
Marketable Securities	1,317,293	4,342	85,539	17,291	-	6,716	-	-	1,431,181
Government Bonds	3,936,363	-	-	-	-	-	-	-	3,936,363
Other receivables - trade transactions	3,606,790	20,730	-	2,117	-	725	-	-	3,630,362
Derivatives receivable	77,317	8,454	36	-	1,336	-	-	-	87,143
Loans	51,515,270	120,383	287,361	14,527	-	-	1,146	-	51,938,687
Acceptances receivable	6,441,823	941,553	2,881	29,692	1,666	-	-	-	7,417,615
Investments in shares	-	-	1,060	-	-	-	-	-	1,060
Policyholders' investment in unit-linked contracts	33,877	-	-	-	-	-	-	-	33,877
Other assets	215,891	444	608	195	-	-	-	-	217,138
Total Assets	**92,503,609**	**7,724,967**	**1,120,264**	**430,047**	**259,395**	**42,453**	**85,791**	**204,205**	**102,370,731**
LIABILITIES									
Deposits from Customers									
Demand deposits	28,946,208	6,386,090	355,229	280,866	61,424	8,288	19,385	2,639	36,060,129
Saving deposits	15,027,052	-	273,694	8,926	-	-	-	66	15,309,738
Time deposits	14,639,843	70,453	138,800	83	23,046	8,794	6,809	-	14,887,828
Deposits from other banks									
Demand deposits	557,818	109,655	11,456	-	-	-	-	-	678,929
Inter bank call money	77,100	-	-	-	-	-	-	-	77,100
Time deposits	240,938	-	-	-	-	-	-	-	240,938
Derivative payable	59,217	22,849	-	-	563	-	-	654	83,283
Acceptances payable	6,441,823	941,553	2,881	29,692	1,666	-	-	-	7,417,615
Accrued Expenses	517,891	243	10,762	-	20	2,742	125	6	531,789
Other liabilities	2,052,474	39,531	4,319	5,756	459	1,893	812	839	2,106,083
Fund Borrowings	8,675,058	-	-	-	-	-	-	-	8,675,058
Subordinated Loans	179,594	-	-	-	-	-	-	-	179,594
Total liabilities	**77,415,016**	**7,570,374**	**797,141**	**325,323**	**87,178**	**21,717**	**27,131**	**4,204**	**86,248,084**
Net on statements of financial position	**15,088,593**	**154,593**	**323,123**	**104,724**	**172,217**	**20,736**	**58,660**	**200,001**	**16,122,647**
Administrative accounts - net	**(6,258,779)**	**(50,373)**	**(191,592)**	**(38,311)**	**(125,889)**	**(1,243)**	**(1,578)**	**944**	**(6,666,820)**

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)

	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
Acceptances payable	6,081,127	112,431	10,714	52,257	-	-	783	-	6,257,312
Accrued Expenses	386,677	275	9,995	1	34	2,806	437	1,015	401,240
Other liabilities	1,535,205	29,272	5,282	14,024	31	261	1,655	1,305	1,587,035
Fund Borrowings	8,900,462	-	-	-	-	-	-	-	8,900,462
Subordinated Loans	174,428	-	-	-	-	-	-	-	174,428
Total liabilities	**70,943,001**	**948,434**	**621,874**	**219,092**	**93,157**	**11,776**	**58,447**	**7,784**	**72,903,565**
Net on statements of financial position	**13,524,631**	**(108,512)**	**234,076**	**13,852**	**47,416**	**58,250**	**70,265**	**74,693**	**13,914,671**
Administrative accounts - net	**(5,969,549)**	**275,581**	**(192,608)**	**(43,035)**	**(52,814)**	**(63,062)**	**(105,052)**	**(30,065)**	**(6,180,604)**

c. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates on 31 December 2012:

	Increased by 5%	**Decreased by 5%**
Impact to net income	337,970	(337,970)

The projection only assumes that US Dollar foreign exchange rates move while others foreign exchange rates remain unchanged. US Dollars is the majority foreign exchange rates held by the bank. The projections also assumes that all other variables are held constant at reporting date.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

Valuation is also an important component to manage most of all risks in banking industry including market risk, credit risk and liquidity risk. Valuation process is performed on all trading book position including marketable securities owned by Group in available for sale portfolio.

The table below analyzes financial instruments carried at fair value based on method of valuation levels. The difference at each level of assessment methods are described as follows:

- Quoted prices in active market for the same/identical instrument (level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as a price) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable information) (Level 3);

The table below shows Group assets and liabilities that are measured at fair value at 31 December 2012:

	2012			
	Level 1	**Level 2**	**Level 3**	**Fair value**
Assets				
Marketable securities				
Fair value through profit or loss	1,529,239	424,599	-	1,953,838
Available for sale	5,416,076	644,726	-	6,060,802
Government Bonds				
Fair value through profit or loss	2,176,870	-	-	2,176,870
Available for sale	5,238,727	48,128,302	-	53,367,029
Policyholders' investment in unit-linked contracts	11,034,239	-	-	11,034,239
Derivatives Receivable	-	87,143	-	87,143
Total assets	**25,395,151**	**49,284,770**	**-**	**74,679,921**
Liabilities				
Derivative Payables	-	113,257	-	113,257
Total Liabilities	**-**	**113,257**	**-**	**113,257**

Marketable securities classified as illiquid amounting to Rp48.13 trillion represent government marketable securities with variable interest rate and classify as available for sale.

The fair value of financial instruments traded in active markets (such as trading securities and available-for-sale) is determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those prices reflect actual market transactions and a regular at a reasonable rate. Quoted market price for financial assets owned by the Group are now offering price. These instruments are included in level 1. The instruments included in level 1 generally include equity investments in IDX securities classified as held for trading and available for sale.

The fair value of financial instruments that are not traded in an active market (for example, derivatives over-the-counter) is determined by valuation techniques.

The valuation techniques maximize the use of observable market data when available and as far as possible to minimize the use-specific estimates of the entity. If all the inputs needed to determine the fair value of financial instruments are observable, the instrument is included in level 2.

(Expressed in millions of Rupiah, unless otherwise stated)

60. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

As at 31 December 2012 and 2011, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Marketable securities				
Held to maturity	2,091,936	2,080,890	2,250,577	2,275,486
At cost*)	663,199	683,124	-	-
Government Bonds				
Held to maturity	22,341,536	22,226,617	23,383,075	23,432,010
At cost*)	1,050,321	1,114,824	-	-
Loans	370,570,356	369,256,561	298,988,258	299,112,559
Consumer financing receivable	3,828,369	4,095,951	3,185,570	3,310,090
Net Investment finance lease	327,680	328,122	38,785	38,459
	400,873,397	**399,786,089**	**327,846,265**	**328,168,604**
Liabilities				
Marketable securities issued	1,545,876	1,542,669	2,211,588	2,205,643
Fund borrowings	11,608,832	11,598,667	11,703,498	11,692,345
Subordinated loans	5,137,950	5,440,943	5,851,798	6,145,477
	18,292,658	**18,582,279**	**19,766,884**	**20,043,465**

*) Marketable securities and Government bonds owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

(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.

60. 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. Effective operational risk management may reduce losses due to operational risk.

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 and Standard Operating Procedures (SOPs) which contains both the technical aspects of operational risk management governance and reporting systems.

In addition, the Bank has established procedures regarding risk management and mitigation measures on eight types of risks for New Products and Activities (PAB).

In order to improve the effectiveness of operational risk management, the Bank has performed the following initiatives: alignment of operational risk methodology with risk-based audit methodology through synchronization risk library, providing a communication tool with the President Director called "Letter to CEO" and serves as a Whistle Blower System, and implement a tool called Operational Risk Management Tools (ORM Tools).

60. RISK MANAGEMENT (continued)

C. *Operational Risk* (continued)

ORM Tools used for ORM implementation are as follows:

A. Risk & Control Self Assessment (RCSA)

RCSA is used for identification and assessment of inherent risks in Bank's activities, and assessing the quality of control.

B. Mandiri Form Operational Risk System (MFORs)

Bank use MFORs to record losses due to operational risk that occurs in each business unit of work.

C. Key Indicator (KI)

KI is a quantitative indicators used to provide an indication of inherent risk level in key processes within one business unit/supporting or end-to-end processing.

D. Issue & Action Management (IAM)

IAM is a tool used to document issue/problems related to operational risk. These issues/problems are analyze to determine the root causes as well as the action plan and execution monitoring of the action plan by the business unit.

With regard to operational risk management, Risk Management Unit acts as a second line of defense and Internal Audit as a third line of defense. Business Unit as a risk unit owner is the first line of defense who is responsible for operational risk management of each unit of the Bank.

As the output of Operational Risk Management process, each Business Unit produces an operational risk profile described operational risk exposure of the respective business unit which will be used as the basis in preparing the operational risk profile of the Bank. The Bank's 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 a calculation for Risk Weighted Assets for operational risk and the Minimum Capital Requirement respective.

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 2012 amounting to Rp3,870,770 (unaudited), obtained using the Basic Indicator Approach (BIA) and 15% alpha value. The Risk Weighted Assets for operational risk was amounting to Rp48,384,624 (unaudited).

61. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated Banking System Agreement with Vendor

On 15 January 2011, Bank Mandiri entered into an agreement to enhance the eMAS feature with a vendor based on the 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 USD907,643 (full amount, after VAT) and the Bank recorded fixed assets based on payment realisation amounting to USD907,643 (full amount, after VAT), so the project has been finished as at 31 December 2012.

On 14 September 2009, Bank Mandiri entered into an agreement to enhance the eMAS feature with a vendor based on the Application Management Services 2008 agreement with blanket order system for a maximum contract value of USD693,000 (full amount, after VAT). The agreement with blanket order system is based on estimated actual man-days by the vendor. On 31 December 2012, the contract value using approximation of payments realisation is amounting to USD627,000 (full amount, after VAT) and the Bank recorded fixed assets based on payment realisation amounting to USD627,000 (full amount, after VAT), so the project has been finished as at 31 December 2012.

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 Rp96,519. 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 2012 and 2011 amounting to Rp2,015,906 and Rp1,337,544 respectively. As at 31 December 2012 and 2011, Bank Mandiri has provided a provision amounting to Rp562,698 and Rp574.623, respectively and believes that the provision has been adequate.

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 Tax (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, such as *Murabahah* financing should not be subjected to VAT. This is in accordance with Law No. 8 Year 1983 as amended by Law No. 18 Year 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 such as, *Murabahah* transaction shall not be included as a type of banking services.

61. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *Murabahah* Transactions (continued)

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 sharia principles are categorized as services which are not subject to VAT.

d. 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.

62. 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.

62. 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 41).

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 from 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 starting from 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 starting the date of 13 January 2009.

(Expressed in millions of Rupiah, unless otherwise stated)

63. ACCOUNTS RECLASSIFICATION

Certain accounts in the consolidated financial statements as at 31 December 2011 and 1 January 2011 have been reclassified to conform with the presentation of the consolidated financial statements as at 31 December 2012. Reclassified to comply with Bapepam and LK regulation No. VIII.G.7. dated 25 June 2012 regarding Financial Statements Presentation and Disclosure for Issuers or Public Companies.

The details of the accounts reclassifications are as follows:

	31 December 2011		
	Before Reclassification	Reclassification	After Reclassification
Consolidated statement of financial position			
Other Assets	7,249,901	(1,584,663)	5,665,238
Prepaid Expenses	-	1,404,758	1,404,758
Prepaid Taxes	-	21,540	21,540
Fixed Assets	12,051,832	(1,656,471)	10,395,361
Accumulated Depreciation - Fixed Assets	(5,462,238)	1,116,123	(4,346,115)
Intangible Assets	-	1,824,215	1,824,215
Amortisation - Intangible Assets	-	(1,125,502)	(1,125,502)
Other liabilities	15,378,187	(5,224,635)	10,153,552
Accrued Expenses	600,545	1,666,622	2,267,167
Employee Benefits Liabilities	-	2,829,919	2,829,919
Provision	-	728,094	728,094
Obligation due Immediately	1,830,798	(529,326)	1,301,472
Current Tax Payable	761,737	(761,737)	-
Tax Payable	-	1,291,063	1,291,063
Consolidated Statement of Cash Flows			
Cash flow from operating activities			
(Decrease)/increase in operating assets:			
Other assets	(1,407,896)	504,878	(903,018)
Prepaid expenses	-	(506,910)	(506,910)
Prepaid tax	-	2,032	2,032
(Increase)/decrease in operating liabilities and temporary *syirkah* funds:			
Obligation due immediately	414,966	129,041	544,007
Taxes payable	(221,991)	(129,041)	(351,032)
Cash flow from investing activities			
Proceeds from sale of fixed assets	50,084	(1,937)	48,147
Acquisition of fixed assets	(1,540,870)	321,476	(1,219,394)
Acquisition of intangible assets	-	(319,539)	(319,539)

	1 January 2011		
	Before Reclassification	Reclassification	After Reclassification
Consolidated statement of financial position			
Other Assets	5,384,797	(1,069,391)	4,315,406
Prepaid Expenses	-	897,848	897,848
Prepaid Taxes	-	23,572	23,572
Fixed Assets	10,827,137	(1,338,339)	9,488,798
Accumulated Depreciation - Fixed Assets	(5,300,137)	1,064,396	(4,235,741)
Intangible Assets	-	1,492,515	1,492,515
Amortisation - Intangible Assets	-	(1,070,601)	(1,070,601)
Other liabilities	10,338,954	(4,530,736)	5,808,218
Accrued Expenses	606,975	1,360,092	1,967,067
Employee Benefits Liabilities	-	2,512,058	2,512,058
Provision	-	658,586	658,586
Obligation due Immediately	1,415,831	(658,366)	757,465
Current Tax Payable	750,432	(750,432)	-
Tax Payable	-	1,408,798	1,408,798

64. SUBSEQUENT EVENTS

On 31 January 2013, PT Bank Mandiri (Persero) Tbk together with PT Taspen (Persero), PT Pos Indonesia (Persero), and PT Bank Sinar Harapan Bali ("BSHB"), a Subsidiary of Bank Mandiri, have signed "Kesepakatan Bersama tentang Kemitraan Strategis Guna Mewujudkan Sinergi Usaha antara PT Bank Mandiri (Persero) Tbk, dan PT Taspen (Persero) dan PT Pos Indonesia (Persero) dan PT Bank Sinar Harapan Bali".

The signing of the agreement is an early phase in which all parties principally agreed to conduct business synergy by investing in BSHB's shares, as joint venture vehicle, through right issue scheme with Bank Mandiri remain as the majority shareholder. The objective of this initiative is to optimize BSHB in delivering integrated financial service solution in Indonesia, especially to small-medium size segment.

65. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued revision on SFAS 38 - Business Combinations Involving Entities Under Common Control, which was effective as at 1 January 2013 and SFAS 60 - Improvements to SFAS 60, which was effective as at 1 January 2013, but early adoption is permitted.

Bank Mandiri and Subsidiaries early adopted improvements on SFAS 60 starting since 31 December 2012.

DSAK-IAI has also revoked the accounting standard of SFAS 51 (PPSAK 10) Quasi Reorganisation, which was effective as at 1 January 2013

Bank Mandiri and Subsidiaries are currently in the process of assessing the adoption of revised SFAS 38.

66. SUPPLEMENTARY INFORMATION

The information presented in Appendix 6/1 - 6/9 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 Appendix 6/10 concerning the reclassification to comply with Bapepam and LK regulation No. VIII.G.7.

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	31 December 2012	31 December 2011*)	1 January 2011*)
ASSETS			
Cash	14,131,136	10,259,053	8,799,241
Current Accounts with Bank Indonesia	35,955,368	34,035,401	23,392,421
Current Accounts with Other Banks			
Related parties	113,044	67,594	65,012
Third parties	9,305,627	9,056,883	7,874,206
	9,418,671	9,124,477	7,939,218
Less: Allowance for impairment losses	(3,540)	(4,690)	(4,811)
Current Accounts with Other Banks - net	9,415,131	9,119,787	7,934,407
Placements with Bank Indonesia and Other Banks			
Related parties	1,127,588	752,603	639,710
Third parties	42,590,618	45,042,876	25,355,374
	43,718,206	45,795,479	25,995,084
Less: Allowance for impairment losses	(83,558)	(144,913)	(135,985)
Placements with Bank Indonesia and Other Banks - net	43,634,648	45,650,566	25,859,099
Marketable Securities			
Related parties	677,172	3,248,776	72,500
Third parties	7,703,497	6,836,996	24,344,486
	8,380,669	10,085,772	24,416,986
(Less)/add: Unamortised discounts, unrealised gains/(losses) from increase/(decrease) in value of marketable securities and allowance for impairment losses	(122,438)	(154,759)	(60,698)
	8,258,231	9,931,013	24,356,288
Government Bonds	77,025,672	76,617,314	76,647,514
Other Receivables - Trade Transactions			
Related parties	3,784,548	2,752,711	564,800
Third parties	2,730,282	2,845,744	3,142,245
	6,514,830	5,598,455	3,707,045
Less: Allowance for impairment losses	(1,125,015)	(1,079,302)	(1,146,327)
Other Receivables - Trade Transactions - net	5,389,815	4,519,153	2,560,718
Securities Purchased under Resale Agreements			
Related parties	1,456,340	758,703	757,147
Third parties	12,866,022	11,412,207	8,220,556
Securities Purchased under Resale Agreements - net	14,322,362	12,170,910	8,977,703
Derivative Receivables			
Related parties	231	4,391	225
Third parties	86,901	105,683	36,271
Derivative Receivables - net	87,132	110,074	36,496
Loans			
Related parties	45,934,586	36,017,437	32,172,701
Third parties	294,039,104	237,944,664	186,859,782
Total loans	339,973,690	273,962,101	219,032,483
Less: Allowance for impairment losses	(12,740,561)	(11,111,571)	(10,379,434)
Loans - net	327,233,129	262,850,530	208,653,049

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Appendix 6/10)

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	31 December 2012	31 December 2011*)	1 January 2011*)
ASSETS (continued)			
Acceptance Receivables			
Related parties	1,505,031	892,184	1,468,334
Third parties	6,452,481	5,658,919	2,482,172
	7,957,512	6,551,103	3,950,506
Less: Allowance for impairment losses	(37,041)	(40,667)	(171,097)
Acceptance Receivables - net	7,920,471	6,510,436	3,779,409
Investments in Shares - net of allowance for impairment losses of Rp22,532, Rp829 and Rp5,179, as at 31 December 2012 and 2011 and 1 January 2011	3,195,543	2,886,797	2,323,567
Prepaid Expenses	767,457	584,814	415,759
Prepaid Taxes	853	851	900
Fixed Assets - net of accumulated depreciation and amortisation of Rp4,226,501, Rp3,787,184 and Rp3,783,996 as at 31 December 2012 and 2011 and 1 January 2011	6,184,445	5,471,692	4,845,413
Intangible Assets- net of and amortisation of Rp1,173,596, Rp1,100,378 and Rp1,051,355 as at 31 December 2012 and 2011 and 1 January 2011	656,013	533,334	262,681
Other Assets - net of allowance for possible losses of Rp263,707, Rp277,942 and Rp717,353 as at 31 December 2012 and 2011 and 1 January 2011	5,150,539	4,206,312	2,893,767
Deferred Tax Assets - net of allowance of RpNil, RpNil and Rp1,065,606 as at 31 December 2012 and 2011 and 1 January 2011	3,777,111	3,648,627	4,262,422
TOTAL ASSETS	**563,105,056**	**489,106,664**	**406,000,854**

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Appendix 6/10)

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	31 December 2012	31 December 2011*)	1 January 2011*)
LIABILITIES AND EQUITY			
LIABILITIES			
Obligation due Immediately	1,694,231	1,287,074	730,228
Deposits from Customers			
Demand deposits			
Related parties	25,553,634	22,056,739	7,945,496
Third parties	82,276,072	67,096,131	56,574,390
	107,829,706	89,152,870	64,519,886
Saving deposits			
Related parties	926,505	748,157	355,095
Third parties	181,857,954	148,340,315	123,142,773
	182,784,459	149,088,472	123,497,868
Time deposits			
Related parties	21,595,937	28,651,516	31,643,459
Third parties	123,248,810	113,343,320	113,066,643
	144,844,747	141,994,836	144,710,102
Total Deposits from Customers	435,458,912	380,236,178	332,727,856
Deposits from Other Banks			
Demand and saving deposits			
Related parties	32,672	214,580	177,353
Third parties	2,166,360	2,352,147	1,691,071
	2,199,032	2,566,727	1,868,424
Inter-bank call money			
Related parties	327,100	150,000	85,000
Third parties	125,000	58,282	-
	452,100	208,282	85,000
Time deposits			
Third parties	11,467,747	9,664,215	5,307,789
Total Deposits from Other Banks	14,118,879	12,439,224	7,261,213
Derivative Payables			
Related parties	333	3,880	61
Third parties	112,924	160,830	32,186
Total Derivative Payables	113,257	164,710	32,247
Acceptance Payables			
Related parties	262,481	286,007	144,546
Third parties	7,695,031	6,265,096	3,805,960
Total Derivative Payables	7,957,512	6,551,103	3,950,506
Marketable Securities Issued - net of unamortised discount of RpNil, RpNil and RpNil as at 31 December 2012 and 2011 and 1 January 2011	296,076	416,177	467,744

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Appendix 6/10)

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT COMPANY ONLY
AS AT 31 DECEMBER 2012 AND 2011 AND 1 JANUARY 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	31 December 2012	31 December 2011*)	1 January 2011*)
LIABILITIES AND EQUITY (continued)			
LIABILITIES (continued)			
Estimated Losses on Commitments and Contingencies	186,114	231,663	368,063
Accrued Expenses	2,035,275	1,843,991	1,567,939
Current Tax Payable			
Income Tax	1,919,588	636,654	629,379
Other Tax	489,446	435,589	607,938
Total Tax Payable	2,409,034	1,072,243	1,237,317
Employee Benefits Liabilities	3,604,359	2,711,421	2,505,089
Provision	746,821	728,094	658,586
Other Liabilities	9,988,272	7,228,600	4,000,432
Fund Borrowings			
Related parties	9,102	252,504	284,421
Third parties	8,693,075	8,907,741	4,429,526
Total Fund Borrowings	8,702,177	9,160,245	4,713,947
Subordinated Loans			
Related parties	1,941,800	1,900,000	1,885,000
Third parties	3,201,150	3,956,798	4,177,187
Total Subordinated Loans	5,142,950	5,856,798	6,062,187
TOTAL LIABILITIES	**492,453,869**	**429,927,521**	**366,283,354**
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 2012 and 2011, 1 share Dwiwarna Series A and 20,996,494,741 common shares Series B as at 1 January 2011	11,666,667	11,666,667	10,498,247
Additional Paid-in Capital/Agio	17,195,760	17,195,760	6,960,680
Differences Arising from Translation of Foreign Currency Financial Statements	72,694	83,282	100,175
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	(427,599)	(547,381)	(428,087)
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	5,927,268	5,706,921
- Unappropriated	36,216,397	24,853,547	16,879,564
Total Retained Earnings	42,143,665	30,780,815	22,586,485
TOTAL EQUITY	**70,651,187**	**59,179,143**	**39,717,500**
TOTAL LIABILITIES AND EQUITY	**563,105,056**	**489,106,664**	**406,000,854**

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Appendix 6/10)

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF COMPREHENSIVE INCOME - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	2012	2011
INCOME AND EXPENSES FROM OPERATIONS		
Interest Income	36,800,542	33,041,031
Interest Expense	(12,636,628)	(13,743,018)
NET INTEREST INCOME	**24,163,914**	**19,298,013**
Other Operating Income		
Other fees and commissions	6,335,769	5,422,316
Foreign exchange gains - net	1,069,830	794,245
Others	3,283,344	4,291,728
Total Other Operating Income	10,688,943	10,508,289
Allowance for Impairment Losses	(2,990,221)	(2,840,190)
Allowance for Impairment Losses on Commitments and Contingencies	44,130	126,617
(Provision)/Reversal of alowance for Possible Losses	(26,143)	283,389
Unrealised Gains from Increase in Fair Value of Marketable Securities and Government Bonds	4,274	9,034
Gains on Sale of Marketable Securities and Government Bonds	287,327	121,945
Other Operating Expenses		
Salaries and employee benefits	(6,512,515)	(5,362,431)
General and administrative expenses	(6,385,697)	(5,198,585)
Others - net	(1,965,749)	(2,395,219)
Total Other Operating Expenses	(14,863,961)	(12,956,235)
INCOME FROM OPERATIONS	**17,308,263**	**14,550,862**
Non-operating Income - net	741,566	88,859
INCOME BEFORE TAX EXPENSE	**18,049,829**	**14,639,721**
Tax Expense		
Current	(3,906,338)	(2,619,107)
Deferred	158,410	(643,581)
Total Tax Expense - net	(3,747,928)	(3,262,688)
NET INCOME	**14,301,901**	**11,377,033**
Comprehensive Income		
Difference arising from translation of foreign currency financial statements	(10,588)	(16,893)
Unrealised net gains/(losses) from increase/(decrease) in fair value of available for sale financial assets	149,708	(149,080)
Income Tax related to other comprehensive income	(29,926)	29,786
Comprehensive Income After Tax	109,194	(136,187)
TOTAL COMPREHENSIVE INCOME	**14,411,095**	**11,240,846**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(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 2012	**11,666,667**	**17,195,760**	**83,282**	**(547,381)**	**5,927,268**	**24,853,547**	**30,780,815**	**59,179,143**
The establishment of general and special reserves of net profit in 2011	-	-	-	-	-		-	-
Dividends allocated from 2011 net income	-	-	-	-	-	(2,449,209)	(2,449,209)	(2,449,209)
Cooperative development fund program and community development reserve allocated from 2010 net income	-	-	-	-	-	(489,842)	(489,842)	(489,842)
Comprehensive income for the year ended 31 December 2012	-	-	(10,588)	119,782	-	14,301,901	14,301,901	14,411,095
Balance as at 31 December 2011	**11,666,667**	**17,195,760**	**72,694**	**(427,599)**	**5,927,268**	**36,216,397**	**42,143,665**	**70,651,187**

*) 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 2012 AND 2011
(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 CASH FLOWS - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	2012	2011*)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	35,147,725	31,741,141
Receipts from fees, commissions and premium - net	6,335,769	5,422,316
Payments of interest expense	(12,615,643)	(13,768,032)
Receipts from the sale of Government Bonds - fair value through profit or loss	62,709,922	40,419,121
Acquisition of Government Bonds - fair value through profit or loss	(63,177,702)	(41,295,128)
Foreign exchange gains - net	1,514,238	964,673
Operating income - others	732,308	807,235
Operating expenses - others	(1,671,815)	(2,180,666)
Salaries and employee benefits	(5,619,577)	(5,156,099)
General and administrative expenses	(5,938,233)	(4,858,581)
Non-operating income	741,566	55,131
Cash flow from operating activities before changes in operating assets and liabilities	18,158,558	12,151,111
(Increase)/decrease in operating assets:		
Placements with Bank Indonesia and other banks	(200,461)	279,377
Marketable securities - fair value through profit or loss	3,199,422	13,453,126
Other receivables - trade transactions	(916,375)	(1,891,411)
Loans	(67,357,344)	(56,913,155)
Securities purchased under resale agreements	(2,151,452)	(3,193,207)
Prepaid tax	(2)	49
Prepaid expenses	(182,643)	(169,055)
Other assets	(706,491)	(853,493)
Proceeds from collection of financial assets already written-off	2,550,099	3,587,722
Increase/(decrease) in operating liabilities:		
Demand deposits	18,051,209	25,175,958
Saving deposits	33,953,891	25,745,960
Time deposits	4,653,443	1,641,161
Inter-bank call money	243,818	123,282
Obligation due immediately	407,157	556,846
Taxes payable	58,427	(359,277)
Payment of corporate income tax	(2,598,048)	(2,454,690)
Other liabilities	3,718,178	4,027,585
Net cash provided by operating activities	**10,881,386**	**20,907,889**
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase/(decrease) in marketable securities - available for sale and held-to-maturity portfolio	(1,485,663)	375,582
Decrease in Government Bonds - available for sale and held-to-maturity portfolio	413,860	492,971
Proceeds from sale of fixed assets	94,665	37,540
Acquisition of fixed assets	(1,246,959)	(920,977)
Acquisition of intangible assets	(197,114)	(319,783)
Capital injection to PT Bank Syariah Mandiri (Subsidiary)	(300,000)	(500,000)
Capital injection to PT Mandiri Sekuritas (Subsidiary)	(29,512)	-
Acquisition of PT Mandiri AXA General Insurance (Subsidiary)	-	(60,000)
Net cash used in investing activities	**(2,750,723)**	**(894,667)**

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Appendix 6/10)

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(Expressed in millions of Rupiah, unless otherwise stated)

	2012	2011*)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in marketable securities issued	(120,101)	(51,567)
Increase in fund borrowings	(549,153)	4,461,414
Payments of subordinated loans	(713,848)	(205,388)
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
Payments of dividends, cooperative development fund Program and community development fund program	(2,939,051)	(3,182,704)
Net cash (used in)/provided by financing activities	**(4,322,153)**	**12,425,255**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,808,510**	**32,438,477**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**99,063,500**	**66,625,023**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**102,872,010**	**99,063,500**
Cash and cash equivalents at end of year consist of:		
Cash	14,131,136	10,259,053
Current accounts with Bank Indonesia	35,955,368	34,035,401
Current accounts with other banks	9,418,671	9,124,477
Placements with Bank Indonesia and other banks	43,366,835	45,644,569
Total Cash and Cash Equivalents	**102,872,010**	**99,063,500**
Supplemental Non-Cash Flow Information		
Activities not affecting cash flows:		
Unrealised losses from decrease in value of available for sale marketable securities and Government Bonds - net of deferred tax	(427,599)	(524,339)
Dividend receivable from Subsidiary	10,435	204,000
Acquisition of fixed assets - payable	(570,233)	(381,035)

*) Reclassified in accordance with SFAS 1 (Revised 2009) to adopt Bapepam and LK Regulation No. VIII.G.7 year 2012 (refer to Appendix 6/10)

PT BANK MANDIRI (PERSERO) Tbk.
PARENT COMPANY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011
(Expressed in millions of Rupiah, unless otherwise stated)

Accounts Reclassification

Certain accounts in the financial statements as at 31 December 2011 and 1 January 2011 have been reclassified to conform with the presentation of the financial statements as at 31 December 2012. Certain accounts is reclassificated to comply with Bapepam and LK regulation No. VIII.G.7. dated 25 June 2012 regarding Financial Statements Presentation and Disclosure for Issuers or Public Companies.

The details of the accounts reclassifications are as follows:

	31 December 2011		
	Before Reclassification	Reclassification	After Reclassification
Statements of Financial Position			
Other Assets	4,791,977	(585,665)	4,206,312
Prepaid Expenses	-	584,814	584,814
Prepaid Taxes	-	851	851
Fixed Assets	10,892,588	(1,633,712)	9,258,876
Accumulated Depreciation - Fixed Assets	(4,887,562)	1,100,378	(3,787,184)
Intangible Assets	-	1,633,712	1,633,712
Amortisation - Intangible Assets	-	(1,100,378)	(1,100,378)
Other liabilities	12,054,514	(4,825,914)	7,228,600
Accrued Expenses	457,592	1,386,399	1,843,991
Employee Benefits Liabilities	-	2,711,421	2,711,421
Provision	-	728,094	728,094
Obligation due Immediately	1,722,663	(435,589)	1,287,074
Current Tax Payable	636,654	(636,654)	-
Taxes Payable	-	1,072,243	1,072,243
Statements of Cash Flows			
Cash flow from operating activities			
(Increase)/decrease in operating assets:			
Other assets	(1,022,499)	169,006	(853,493)
Prepaid tax	-	49	49
Prepaid expenses	-	(169,055)	(169,055)
(Increase)/decrease in operating liabilities:			
Obligation due immediately	384,497	172,349	556,846
Taxes payable	(186,928)	(172,349)	(359,277)
Cash flow from investing activities			
Proceeds from sale of fixed assets	38,290	(750)	37,540
Acquisition of fixed assets	(1,241,510)	320,533	(920,977)
Acquisition of intangible assets	-	(319,783)	(319,783)

	1 January 2011		
	Before Reclassification	Reclassification	After Reclassification
Statements of Financial Position			
Other Assets	3,310,426	(416,659)	2,893,767
Prepaid Expenses	-	415,759	415,759
Prepaid Taxes	-	900	900
Intangible Assets	-	1,314,036	1,314,036
Amortisation - Intangible Assets	-	(1,051,355)	(1,051,355)
Fixed Assets	9,943,445	(1,314,036)	8,629,409
Accumulated Depreciation - Fixed Assets	(4,835,351)	1,051,355	(3,783,996)
Other liabilities	8,249,439	(4,249,007)	4,000,432
Accrued Expenses	482,607	1,085,332	1,567,939
Employee Benefits Liabilities	-	2,505,089	2,505,089
Provision	-	658,586	658,586
Obligation due Immediately	1,338,166	(607,938)	730,228
Current Tax Payable	629,379	(629,379)	-
Taxes Payable	-	1,237,317	1,237,317