Bank Mandiri (Europe) Limited

UK Tax Strategy

Year ended 31 December 2017

This document outlines the UK tax strategy of the Bank Mandiri Limited in accordance with the requirements of Paragraph 16(2) Schedule 19 Finance Act 2016.

PT Bank Mandiri (Persero) Tbk is a leading banking group in Indonesia and was formed in 1998 after the collaboration of four former state-owned banks that date back as far as 1824. The Bank provides a wide range of financial services - both corporate and public - to a substantial and diversified global client base, placing particular significance on its corporate loan facilitation.

The UK presence originated in 1999 with the incorporation of Bank Mandiri (Europe) Limited ("the Bank"). The UK business concentrates its operations on discounting inter-group Usance-Payable-At-Sight ("UPAS") bills, maintaining a fixed-income bond and syndicated-loan portfolio, and offering treasury support to Indonesian traders.

The activities of the Bank are regulated by the UK Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA). As a UK regulated business, the Bank is committed to operating in a prudent and responsible manner alongside our external regulatory stakeholders, including the FCA, PRA and HM Revenue & Customs (HMRC).

The Bank is committed to interpreting UK tax law within the intention of parliament, having an open and transparent relationship with HMRC and thereby adhering to the UK Code of Practice on Taxation for Banks (The Code) and paying the right amount of tax. This tax strategy describes the Bank's approach to taxation in the UK.

Approach to Risk Management and Governance

Bank Mandiri's Risk Management Policy is the overarching risk management policy adopted throughout the group, with more specific policies and procedures implemented in the case of the Bank's risk-sensitive areas. The UK tax strategy is aligned to this framework.

The UK Board owns the tax strategy with day-to-day responsibility delegated to the Head of Finance & Operations.

Our key tax risks are outlined below:

- **Tax Compliance & Reporting** – In order to ensure we meet our UK tax filing obligations, both on a timely and accurate basis, we use external tax firms to advise or prepare our UK tax filings.
- **Transaction Risk** – If the Bank were to undertake any significant transaction, whether that be a new product, an acquisition, or a change in structure, we would use our external advisers to assess and advise of the tax risks.
- **Legislation Risk** – To ensure we stay up to date on relevant changes on UK tax matters we make sure we attend external tax seminars and we receive periodic updates from our tax advisers.

If the Bank did identify a significant tax risk this would be escalated to the UK Board.

Attitude to Tax Planning

The Bank's operations and activities are guided by commercial and business purposes only and contrived or intentional tax planning is not a key consideration in our decision making processes.

The Bank is committed to paying the correct amount of tax within the allocated time periods and will not artificially move profits to lower-tax jurisdictions for the sole purposes of propagating a tax advantage.

Risk Appetite

We pride ourselves on complying fully with the spirit and letter of the laws that govern us and we have a low appetite for tax risk. We have signed up to the UK Code of Practice on Taxation for Banks (the "Code"). Our governance structure ensures that our appetite and values surrounding risk are demonstrated throughout all levels of Bank Mandiri's hierarchy.

Approach to Dealing with HMRC

The Bank is committed to maintaining an open and transparent relationship with HMRC on UK tax matters, as envisaged by the Code. Where appropriate, we will seek to discuss any complex or non-standard items with HMRC at the earliest possible convenience. In situations where disagreements may arise, we work proactively and professionally in order to mitigate any discord before our tax filings are submitted.