



## REPORT OF THE BOARD OF DIRECTORS

The Non-Performing Finance (NPF) ratio decreased from 3.53% in 2021 to 2.33% in 2022. Additionally, the gearing ratio for financing companies in 2022 was 2.07, well below the threshold of 10 times.

During 2022, the insurance industry achieved an overall improvement in its performance. The total amount of premiums collected reached Rp27.63 trillion, with life insurance premiums increasing to Rp16.41 trillion and general insurance premiums increasing to Rp11.22 trillion. In addition, the capital of the insurance industry increased, with risk-based capital (RBC) reaching 484.22% and 326.99% for life insurance and general insurance, respectively. These levels are well above the minimum requirement of 120%.

### ANALYSIS OF THE COMPANY'S PERFORMANCE

Bank Mandiri had an exceptional year in terms of its overall performance in 2022, as evidenced by its enhanced efficiency, significantly increased business volume across all segments, and improved ratio of current account and savings account (CASA). These achievements are the direct result of Bank Mandiri's unwavering implementation of calculated and digitally optimized business strategies.

In 2022, Bank Mandiri surpassed the average performance of the national banking sector in several areas. The Bank's consolidated net profit increased by 46.89%

(yoy) to reach Rp41.17 trillion. The strong growth in Bank Mandiri's net profit can be attributed primarily to the double-digit growth in its intermediation function. In addition, Bank Mandiri's consolidated loans grew by 14.48% (yoy) to reach Rp1,202.23 trillion in 2022, which was higher than the banking industry's loan growth of 11.35%.

Bank Mandiri's wholesale banking segment, which is its core strength, posted a 12.20% increase in loan disbursements in 2022, amounting to Rp610.39 trillion. This achievement was driven by the performance of Corporate Banking with a loan disbursement of Rp364.16 trillion, reflecting a growth of 9.07% (yoy). Similarly, Commercial Banking also saw an increase of 12.97% (yoy) in loan disbursements to reach Rp196.30 trillion. Institutional Relations registered a significant growth of 48.24% (yoy) with loan disbursements of Rp44.12 trillion. However, International Banking & Financial Institutions (IBFI) witnessed a decline of 12.22% (yoy) in loan disbursements, amounting to Rp5.80 trillion. On the other hand, retail lending reached Rp322.25 trillion in 2022, a 13.42% increase (yoy) compared to 2021. Among retail lending, Consumer Loans grew by 11.58% (yoy) to reach Rp102.77 trillion.

Bank Mandiri is dedicated to promoting economic growth and recovery for MSMEs and other potential sectors in each region in order to maintain the momentum of economic growth. The Bank's

dedication is evident in its fulfillment of disbursing microfinance Loans (KUR), exceeding the government's goal of Rp40 trillion to over 351,000 borrowers in 2022. Bank Mandiri's KUR loans are primarily distributed to the production sector, which accounts for 59.73% or Rp23.9 trillion.

Bank Mandiri has observed a growing trend in the disbursement of KUR across all sectors in the productive sector. In 2022, the agriculture industry contributed 29.53% or Rp11.81 trillion of Bank Mandiri's total KUR disbursement. The production services industry followed with Rp8.03 trillion, making up about 20.07% of Bank Mandiri's KUR disbursement. Additionally, Bank Mandiri's MSME loans increased by 13.28% (yoy), from Rp103.5 trillion in 2021 to Rp117.3 trillion by the end of 2022.

Bank Mandiri counterbalanced its excellent loan performance with an improvement in asset quality, by reducing its NPL ratio on a bank-only basis to 1.88% at the end of 2022, a decrease of 93 basis points from the end of 2021. The Bank was proactive in managing its credit portfolio by anticipating potential deterioration and ensuring adequate reserves. Despite the decrease in NPL, Bank Mandiri increased its reserve ratio or NPL coverage ratio by 311% by the end of 2022. The Bank also improved the efficiency of its reserve expenses, resulting in a decrease in the cost of credit (CoC) from 1.91% to 1.22%, which is the lowest level in recent years.

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Bank Mandiri has been continuously monitoring the pace of economic recovery in relation to its COVID-19-affected loan restructuring. The total loan restructuring impacted by COVID-19 on a bank-only basis at Bank Mandiri has decreased significantly to Rp35.90 trillion by the end of 2022 from Rp69.70 trillion at the end of 2021.

Bank Mandiri's consolidated total assets increased to Rp1,992.54 trillion in 2022, a growth of 15.47% from the previous year, largely due to its strong performance in lending. This is also the largest amount of assets the company has recorded in its history.

Bank Mandiri's strong performance in 2022 was reflected in its consolidated third-party funds, which increased to Rp1,490.84 trillion, representing a 15.46% (yoy) growth rate. This growth rate outpaced the growth of deposits in the national banking sector, which increased by 9.01% (yoy). The growth in Bank Mandiri's deposits was driven by an increase in CASA to Rp1,094.6 trillion, or 21.63% (yoy) growth, resulting in a shift from 69.70% in 2021 to 73.40% in 2022.

Bank Mandiri achieved an unprecedented market capitalization of Rp508 trillion on 6 December 2022 with a per-share price of Rp10,900 due to its exceptional performance in 2022. Compared to the JCI average growth rate of 4.1% and the Bank KBMI 4 growth rate of 19.0%, Bank Mandiri's share price increased by nearly 42% in 2022. The Bank's

strong stock performance can be attributed to its sustainable growth business plan amidst a significant digital transition. Bank Mandiri's performance is supported by its dynamic and prudent risk strategy.

### To be the Leading Bank in Digitalization

Bank Mandiri has been working Throughout 2022, Bank Mandiri has made significant efforts to develop and enhance its digital banking segment as a sustainable business by seizing opportunities in various sectors and prospective segments. The Bank has been working on implementing digital transformation since 2021 and has continued to do so in 2022. The Bank's persistent efforts have delivered positive results and led to new acquisitions that have had a positive impact on its overall performance. As a result of its initiatives to promote digital innovation through Livin', Kopra, and Smart Branch, Bank Mandiri has become the top bank in terms of digitization.

In 2022, Kopra and Livin' have demonstrated impressive performance. Kopra has been instrumental in Bank Mandiri's growth in three areas: revenue growth, which includes interest income and fee-based income, increasing the Bank's CASA, and maintaining a low cost of funds ratio. Furthermore, Kopra has enabled Bank Mandiri to extend the value chain potential of its wholesale ecosystem.

In 2022, the number of users of Mandiri's Kopra on mobile devices

nearly tripled to 83,000. The wholesale digital super platform generated Rp18,567 trillion in transactions, marking a 22% (yoy) growth. Kopra is a comprehensive digital platform that caters to a wide range of customers, including large corporations, medium-sized enterprises, and small- and medium-sized enterprises (SMEs). The platform's versatility allows it to meet various transactional needs at any time and place.

Bank Mandiri's Super App, Livin', has also played a significant role in contributing to the bank's improved performance. Livin' has helped to increase the bank's fee-based income by acquiring new savings account customers and growing payment and purchase activities. Moreover, Livin' is now available in 119 countries, including the United States, South Korea, United Arab Emirates, Singapore, and many others. This service, known as Livin' Around the World, simplifies access to Livin' by Mandiri for overseas Indonesian citizens (WNI) and enables them to create an account. Livin' by Mandiri has expanded its services with the addition of the Livin' Sukha feature, which allows customers to purchase concert tickets, flights, and trains, and even apply for loans, all within a single application.

Livin' by Mandiri has been downloaded more than 22 million times in the past 15 months, and various improvements implemented during the previous year have enabled it to service over 1.64 billion financial transactions. The transaction value of Livin' by