

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors' Role in Formulating Business Strategies and Policies

Bank Mandiri remains committed to developing a resilient corporate culture based on Good Corporate Governance (GCG) principles. The Bank achieves this through comprehensive strategic planning, policy integration, and program implementation, which generates a range of business scenarios aligned with the evolving requirements of the industry and business world. This approach ensures that strategic objectives are in line with the Bank's vision, mission, and plan, and the Board of Directors has communicated this work plan to shareholders and all levels of the Bank in 2022.

Bank Mandiri has initiated a plan to establish sustainable resilience by examining the factors that drive and impede the Bank's competitiveness, as well as mapping out its roadmap. In 2022, the Board of Directors and Board of Commissioners have developed strategies and initiatives that align with both the external (adaptive) and internal environment dynamics to achieve the resilience outlined in the Sustainable Finance Action Plan (RAKB) and the Bank's Business Plan (RBB). The Bank has

also integrated sustainability values into its Vision, Mission, and strategic plan, recognizing that business operations will be more efficient and sustainable when considering ESG factors.

Bank Mandiri has implemented a system of rewards and punishments for all levels of the Bank that aligns with the company's principles, business goals, and strategies. The system is based on performance measurements.

The Board of Directors' Mechanism in Ensuring Strategy Implementation

The Board of Directors ensures that Bank Mandiri follows its business strategy, risk appetite, and other policies approved by the Board of Commissioners. The Bank's business performance in 2022 has improved compared to the previous year, and the strategy is regularly reviewed and adjusted to align with the Bank's vision and mission, as well as the changing business environment. All Bank Mandiri executives participate in the discussion forum of the annual Corporate Work Plan and Budget (RKAP), Bank's Business Plan (RBB), and Corporate Plan (RJPP). The annual preparation of the Corporate Work Plan and Budget is approved by the Board of Commissioners and is in line with the Corporate Plan. The Bank has a continuous evaluation process to refine its strategy.

Comparison between Achievements and Targets

Bank Mandiri has demonstrated strong financial performance despite global economic instability, with its bank-only total assets increased by 15.84% (yoy) to Rp1,570.4 trillion in 2022, exceeding the RKAP target of Rp1,445.4 trillion. Additionally, Bank Mandiri's net income increased by 48.34% (yoy) from Rp25.4 trillion in 2021 to Rp37.7 trillion in 2022, surpassing the RKAP target of Rp30.1 trillion. The Bank's net interest income increased by 20.65% (yoy) to Rp65.1 trillion, while fee-based income reached Rp27 trillion in December 2022, up 7.0% (yoy) from Rp25.2 trillion in December 2021. The Bank was able to maintain company efficiency, as the cost-to-income ratio decreased by 434 basis points year on year to 38.16% in 2022. Furthermore, Bank Mandiri improved its credit quality by decreasing the NPL ratio to 1.88% in December 2022, decrease from 2.81% in December 2021, which is lower than the RKAP target of 2.67%.