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performance of the banking sector. The growth in multifinance financing is mainly supported by investment, working capital, and consumer financing, each grew by 13.96%, 15.75%, and 14.19% (yoy) in October 2023. However, the quality of multifinance financing is affected by economic conditions, as reflected in the Non-Performing Finance (NPF) ratio, which tended to increase from 3.32% in 2022 to 2.57% in October 2023. Meanwhile, the gearing ratio of financing companies stood at 2.25 times in October 2023, well below the threshold of 10 times.

The performance of the insurance industry, on the other hand, is typically variable. As of October 2023, total premium collection increased by Rp19.92 trillion (yoy), while Life Insurance premiums decreased by Rp9.74 trillion (yoy) as of October 2023. However, General Insurance premiums increased by Rp16.96 trillion (yoy) as of October 2023. Meanwhile, the insurance sector witnessed a notable increase in capitalization in 2023, as evidenced by the Risk-Based Capital (RBC) of the life insurance and general insurance industries, which stood at 435.98% and 340.5%, respectively, surpassing the threshold of 120%.

PERFORMANCE ANALYSIS

Overall, Bank Mandiri has achieved outstanding performance in 2023. Bank Mandiri also made a milestone as the first bank in Indonesia to achieve Rp2.174 trillion in assets, which increased by 9.1% yoy. This asset growth is being driven by an increase in loan volume across all segments, with asset quality steadily improving. Bank Mandiri's consolidated loans reached Rp1.398 trillion, grew by 16.3% yoy with an NPL ratio of 1.19%, decreased 72 bps from the previous year. Additionally, amidst tightening liquidity conditions and a slowdown in industry third-party funds growth, Bank Mandiri successfully acquired third-party funds of Rp1.576 trillion, grew by 5.8% yoy. This growth was driven by low-cost funds, namely savings and current accounts, which grew by 7.05% yoy to reach Rp1,171.7 trillion, with

a CASA ratio reaching 74.3% on a consolidated basis and 79.4% on a bank-only basis. With these achievements, Bank Mandiri CASA market share among the banking industry continues to increase to 21.72%. Bank Mandiri has also been able to maintain its cost of funds low at 1.91%. Moreover, Bank Mandiri has been able to sustain profitability at a stable level, with a NIM ratio reaching 5.48%. As a result, Bank Mandiri successfully recorded a net profit of Rp55.06 trillion as of the end of 2023, or grew by 33.7% yoy.

Bank Mandiri's outstanding performance has been appreciated by the market, as reflected in its stock price, which grew by 21.9% year to date by the end of 2023. Bank Mandiri's market capitalization has also increased significantly, reaching 2.3 times during the last three years. This noteworthy achievement is unquestionably due to Bank Mandiri's perseverance in pursuing a well-planned business strategy.

Bank Mandiri successfully outpaced the national banking industry growth in 2023, allowing it to maintain its market dominance. The Wholesale segment, as the Bank's core competence, managed to disburse loans amounting to Rp727.7 trillion, grew by 19.2% yoy. This growth was driven by the excellent performance of the corporate segment, which disbursed loans amounting to Rp409.8 trillion (12.6% yoy). With this achievement, Bank Mandiri's corporate segment increasingly dominates the market in Indonesia, with a market share reaching 30.5% by the end of 2023. Additionally, the growth of Bank Mandiri's Wholesale segment was also supported by the growth of several other segments, including Commercial Banking with loans of Rp237.9 trillion (21.2% yoy), Institutional Relations with loans of Rp72.7 trillion (64.9% yoy), and International Banking with loans of Rp7.2 trillion (23.5% yoy).

In recent years, the Bank has also implemented a strategy to shift towards the high-yield segment. As a result, Bank Mandiri's retail segment recorded loan disbursements amounting to Rp358.1 trillion, grew by 11.1% yoy. This growth was driven by the

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SME segment amounting to Rp76.8 trillion (14.0% yoy), the productive micro segment amounting to Rp167.9 trillion (10.4% yoy), and the consumer loan segment amounting to Rp113.4 trillion (10.4% yoy).

Loan growth performance is balanced by the Bank's ability to maintain asset quality through a disciplined application of cautious principles. As a result, the NPL ratio (bank only) is maintained at a low level, even reaching an all-time low of 1.02% (-86bps) in December 2023. Bank Mandiri also continues to prepare sufficient allowances with an NPL Coverage Ratio (bank only) of 384.36%. The discipline in applying prudent risk management has led to a decrease in the cost of credit (bank only) by 58bps to 0.63% as of December 2023, improved significantly than the previous period of 1.21%.

Aside from the successful loan growth, the handling of COVID-19-affected loans has made substantial progress as the economic recovery momentum continues. By the end of 2023, the total restructuring of COVID-19-affected loans (bank only) had reached Rp17.2 trillion, a considerable decrease from the Rp35.90 trillion recorded at the end of 2022.

In addition to achieving significant growth in third-party funds acquisitions, the Bank also diversified its funding sources through various financial instruments, including bond issuances. In 2023, Bank Mandiri issued its fourth Global Bond program Euro Medium Term Notes (EMTN) with a par value of USD300 million on the Singapore Exchange (SGX) and Shelf-Registration Green Bonds I Phase I (Green Bonds in Rupiah) with a par value of Rp5 trillion on the Indonesia Stock Exchange (IDX). The bonds issued by Bank Mandiri received ratings of Baa2 (Moody's) and BBB- (Fitch) for USD-denominated bonds, and AAA.id from Pefindo for Rupiah-denominated bonds.

The outstanding fundamental performance of the Bank has been appreciated by both the public and investors. This is reflected in the stock performance

of Bank Mandiri, which recorded the highest stock price in its history, reaching Rp6,125 per share on 4 October 2023 (after the stock split on 6 April 2023).

To Become the Leading and Best Bank in Digitalization

Bank Mandiri continues to demonstrate its consistency in developing the Digital Banking segment to support digital transformation as a sustainable business, aiming to seize every opportunity across all sectors and potential segments. Building on the success of digital transformation initiatives started in 2021, Bank Mandiri has realized various digitalization initiatives in 2023 as part of an evolving digital banking roadmap tailored to customer needs. Bank Mandiri continues to develop innovative digital services by launching new features and applications to meet industry demands and fulfill customer needs through KOPRA by Mandiri, Livin' by Mandiri, and Smart Branch, aiming to establish Bank Mandiri as the forefront and best bank in digitalization.

In 2023, Bank Mandiri introduced a new breakthrough as evidence of its commitment to providing a seamless experience through KOPRA Beyond Borders. This innovation is aimed at meeting the needs of corporate customers in Indonesia and overseas for integrated digital financial services as an expansion of the customer's business ecosystem. The new innovation is believed to contribute to the increase in KOPRA users, which by the end of 2023 had reached more than 182 thousand users and had successfully increased the frequency of corporate digital transactions by 19.4% yoy with transaction value exceeding Rp19,100.0 trillion.

Bank Mandiri also introduced new features in Livin' by Mandiri such as Livin' Sukha to fulfill lifestyle needs and Livin' Investasi feature to complement customer financial services. Livin' Sukha currently offers new features, enriching entertainment content accessible to all Livin' by Mandiri users. The consistent development of these features has

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led Livin' by Mandiri to be used by nearly 23 million users by the end of 2023, managing over 2.82 billion transactions, a 45.0% increase yoy, with transaction value reaching Rp3.271 trillion, grew by 32% yoy.

The increase in digital-based transactions has led to a continuous high growth in Bank Mandiri's Fee Based Income (FBI). The total FBI of Bank Mandiri (bank only) in 2023 reached Rp32.5 trillion, grew by 20.2% yoy. Digital transactions through Livin' that serves the Bank's retail customers contributed Rp2.2 trillion, grew by 25% yoy compared to the same period the previous year. Meanwhile, transactions from the Bank's wholesale customers through KOPRA recorded fee-based income of Rp2.2 trillion, grew by 8% yoy. Bank Mandiri's digitization has also improved the efficiency of its operational activities, as evidenced by a decrease in the ratio of operating expenses to operating income (BOPO) of Bank Mandiri (bank only) from 63.61% in 2022 to 58.13% in 2023.

We believe that KOPRA, Livin', and Branchless Banking will continue to drive Bank Mandiri's growth in three key areas: increasing revenue, both interest and fee-based revenue, and improving Bank Mandiri's CASA ratio, which will ultimately impact keeping the cost of funds low. KOPRA and Livin's services are also projected to further broaden the potential value chain of both wholesale and retail banking ecosystems. As such, we are committed to continuously implementing the various digitalization service development programs outlined in Bank Mandiri's digitalization roadmap.

Strategies and Strategic Policies

Bank Mandiri's strategic direction aligns with the achievement of the Government's Medium-Term Development Plan aimed at driving national growth and enhancing the country's prosperity. Bank Mandiri has established the Corporate Plan Vision 2020-2024, which is to "Be Your Preferred Financial Partner". Bank Mandiri complements this vision by setting the mission of "Providing Reliable, and

Simple Digital Banking Solutions that Become a Part of Customer Life." To realize this vision and mission, Bank Mandiri has identified **three main focus** areas:

1. Become the Prominent Wholesale Bank, beyond lending, by leveraging Bank Mandiri's strength as a Wholesale bank to go beyond lending, by acquiring potential new revenue streams from customers.
2. Drive Robust and Sustainable Growth in the SME & Micro segments.
3. Become the Best Modern Digital Bank by developing comprehensive digital banking solutions to meet customer needs.

Bank Mandiri also remained consistent in implementing the 3-3-1 strategy throughout 2023 in order to achieve these three main focus areas, drive sustainable growth, and build a holistic customer ecosystem. This strategic direction, which optimizes 3 strengths, 3 main focuses, and 1 gesture, aimed at accelerating the development of Digital Banking innovations to suit customers' dynamic financial service needs. Furthermore, to address the uncertain global and national economic conditions in 2023 and secure sustained performance growth, Bank Mandiri developed and implemented three main strategic focuses. These include a focus on sustainable growth, optimal margin and liquidity management, and progressive undertaking of initiatives.

The strategy for sustainable growth is implemented through effective liquidity management and low cost of funds, achieved by executing several strategic initiatives. One of these initiatives involves increasing market share in loan disbursement and third-party funds acquisition both in the Wholesale Banking segment with its unique all-rounder ecosystem potential, and Retail Banking, which is supported by an extensive network such as 241 Smart Branches, Livin', and KOPRA.