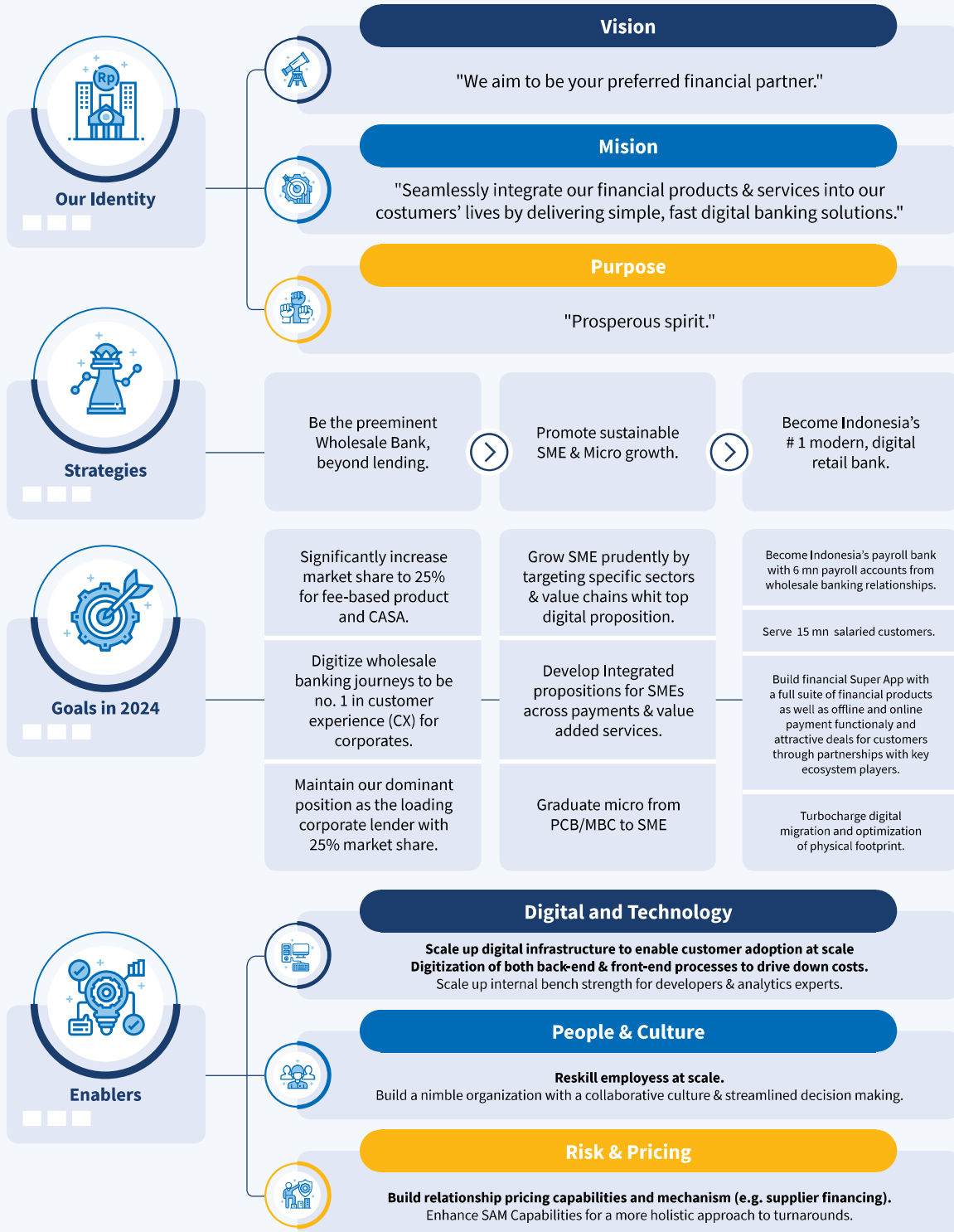




Operational Review

In general, Bank Mandiri's business activities focused on the public fund collection and redistribution in the form of credit and financing in addition to other banking service procurement.

Company Strategy





In facing business challenges and macroeconomic changes in the next few years, the Government issued Presidential Regulation (Perpres) Number 18 of 2020 concerning the 2020-2024 National Medium Term Development Plan (NMTDP). In this Presidential Regulation, the RPJMN functioned as a guideline for Ministries/Institutions in preparing strategic plans and became a reference for the community in implementing national development.

In preparing the 2020-2024 Corporate Plan, Bank Mandiri considered the 2020-2024 NMTDP as well as the 2020-2024 BUMN Roadmap which contained in 5 (five) priority formulations of the Ministry of SOEs which consisted of:

1. Economic and Social Value for Indonesia

Increasing economic value added and social impact on society and the Indonesian economy.

2. Business Model Innovation

Restructuring the business model through ecosystem development, cooperation, consideration of stakeholder needs, and focus on core business.

3. Technology Leadership

Leading globally in strategic technology and institutionalizing digital capabilities

4. Increasing Investment

Optimizing asset value and creating a healthy investment ecosystem.

5. Talent Development

Educating and training the workforce, developing quality human resources for Indonesia, professionalizing governance and HC selection systems.

Bank Mandiri as a state-owned bank took part in supporting the Government's program in implementing national development. Bank Mandiri prepared a Corporate Plan for the period 2020-2024 which would be a reference for Bank Mandiri's business growth in the next 5 (five) years, with the aim of the **Spirit of Prosperity of the Country**, the implementation of the 2020-2024 Corporate Plan would lead Bank Mandiri to realize its vision and mission:

Vision

To be your preferred financial partner

Mission

Providing Reliable, Simple Digital Banking Solutions, and Becoming Part of Customer Life (*"Seamlessly integrate our financial products and services into our customer's live by delivering simple, fast digital banking solutions"*)

Bank Mandiri focuses on three main targets, namely:

1. **Be the Preeminent Wholesale Bank**, beyond lending, namely by leveraging the strength of Bank Mandiri as a wholesale bank to go beyond lending, by acquiring new potential sources of income from customers through:

- a. Providing structured finance and trade and advisory solutions in collaboration with Bank Mandiri's subsidiaries, namely Mandiri Sekuritas and Overseas Offices.
- b. Improvement of transaction banking, cash management, forex and capital markets services and strengthening the capabilities of wholesale digital banking services.
- c. Focusing on penetration of anchor clients and selective industrial sectors.
- d. Enhancing the capabilities of the Relationship Manager (RM) in order to become a financial advisor for Bank Mandiri customers.

2. Encouraging Soundness and Sustainable Growth in SME and Micro through:

- a. Streamlining business processes and improving value chain processes as well as using technology in the process of accelerating acquisition and credit analysis.
- b. Integration of SME sales forces into the Bank Mandiri branch network.
- c. Digital loan application development.
- d. Development of micro customers to move up to the next grade.

3. Becoming the Best Modern Digital Bank through:

- a. Increasing payroll customer penetration and CASA Retail growth through the e-channels of Bank Mandiri and Bank at Work.
- b. Development of financial superstore apps that could serve the needs of Bank Mandiri customers digitally.
- c. Development of Bank Mandiri digital applications integrated into the bank-end core system.
- d. Increasing the capabilities of digital retail banking services by adding features for credit and investment products.
- e. Strengthening partnerships with various e-commerce in Indonesia.

4. Strengthening Enablers

Other than the previous business strategies, Bank Mandiri also prepared enablers or other bank-wide strategic support to be able to support the achievement of business targets and main aspirations, including through:

1. Increasing the capability of digital banking services, both back-end and front-end, to increase efficiency, as indicated by a decrease in the efficiency level of the ratio.
2. Alignment of risk management to balance growth and quality.
3. Development of Human Resources capabilities to support strategy achievement.
4. Enhancing the capabilities of Special Asset Management.

In implementing the 2020-2024 Corporate Plan, it was necessary to strengthen Bank Mandiri's Corporate Plan 2020-2024 strategy through 3 (three) main strengths, namely:

1. Integration of Wholesale and Retail Business by maximizing the value chain potential in the Wholesale customer ecosystem (Corporate, Commercial and Institutional segments).



2. Growing and optimizing business potential in the regions and sectors in Indonesia as well as sectors recovering faster and increasing total collaboration between the Wholesale, Retail and Subsidiaries segments.
3. Continuing digital acceleration through the development of digital solutions, process improvements, channel modernization and enhancement of core banking capabilities to support customer banking activities in a faster and more reliable manner.

2020-2021 period

In this period, the main focus of Bank Mandiri in 2020 was as follows:

1. Encouraging Credit Growth in Sectors That Have Relatively Fast Recovery

- a. Bank Mandiri continued to expand its credit prudently to potential and stable industrial sectors in accordance with portfolio guidance by taking into account the potential, capacity and capability of each segment.
- b. Optimization of value chain programs to capture business potential in the customer's business ecosystem.

2. Optimizing fee-based income to boost revenue

The current condition of the Indonesian economy was still uncertain when it would recover normally as a result of the COVID-19 pandemic so that banks were expected to be able to achieve optimal sources of fee-based income through:

- a. Increasing productivity of e-channels such as ATM, EDC and Mobile and Internet Banking (Mandiri Online) in line with the limited Operational schedules of branches since the COVID-19 pandemic.
- b. Encouraging recurring fee-based income growth through:
 - Increasing cash management revenue through host-to-host integration for E-Commerce customers.
 - Optimizing e-channel with a focus on channel intensification and expansion by increasing sales volume and transactions.
 - Increasing partnerships with the fintech industry and strategic solutions.
- c. Increasing the intensification of existing customers and focus on top players in each industry group including:
 - Creating customer-based products to produce tailored solutions for customers on hedging, structured funding, and other customer needs related to treasury transactions through Client Advisory Sales.
 - Encouraging derivative transactions for both hedging and investment with call spread instruments, IRS, CCS, and deposit swaps.
 - Increasing the intensification of trade products for anchor customers in the Corporate and Commercial segments and develop structured solutions to meet their trade needs.

3. Operational Cost Control

With a long-term business growth orientation, Operational cost control became one of the main priorities of the Corporate Plan. The use of fees would be more focused on developing service networks that supported transaction growth and developing more efficient digital-based infrastructure by:

- a. Productivity
Optimization through productivity resources, for example by making it easier for employees to do remote working and development through various virtual trainings.
- b. Prioritization
Prioritizing the use of fees for strategic initiatives that are in line with the long-term strategy and are able to generate added value for Bank Mandiri.
- c. Digitization
Utilizing shifting customer behavior by providing more scalable digital services, as well as making continuous business process improvements.

Marketing Aspect

The marketing aspect became an important factor that could be the key to success for Bank Mandiri in mapping market share. In addition, by recognizing these aspects, Bank Mandiri could also analyze market needs so that the marketing strategy run successfully. The following describes the marketing strategy and market share implemented by Bank Mandiri.

Marketing Strategy

During 2020, Bank Mandiri focused on marketing campaign activities to support government programs such as #dirumahaja (#keepstayingathome) and Proud to be Made in Indonesia. Campaign activities were carried out in an integrated manner in digital and non-digital media. The message to be conveyed was how Bank Mandiri could support the transaction activities of existing and prospective new customers during #dirumahaja activities, as well as contribute to the National Economic Recovery by shopping for domestic products.

Digital and Non Digital Media Integration

Bank Mandiri optimized the use of digital media such as social media platforms as well as non-digital media such as Commercial TV, print media, radio, and Out of Home. The themes carried in the Bank Mandiri campaign were #dirumahaja, #antimatigaya, and Proud to be Made in Indonesia.