



BOARD OF DIRECTORS REPORT

Assets to Non-Core Deposit (AL/NCD) ratio and Liquidity Assets to Third-Party Funds (AL/DPK) ratio stood at 112.87% and 25.59%, respectively, in December 2024, well above the regulatory thresholds of 50% and 10%. Moreover, the Liquidity Coverage Ratio (LCR) remained strong at 213.23%, reflecting solid liquidity resilience.

In contrast to the banking sector, Indonesia's capital market saw a downturn, mirroring the negative trend in global capital markets due to various economic challenges. The Jakarta Composite Index (IHSG) on the Indonesia Stock Exchange (IDX) declined by 2.65% at the end of 2024, falling to 7,079.90 from 7,272.80 at the end of 2023. Meanwhile, market capitalization reached Rp12,336.0 trillion at the end of 2024, marking a 5.36% increase from Rp11,708.0 trillion at the end of 2023. Market capitalization hit a record high of Rp13,475.0 trillion on 19 September 2024, before undergoing a correction.

The Non-Bank Financial Industry (IKNB) generally continued its growth trend across both the multifinance and insurance sectors. Multifinance receivables recorded a (yoy) growth of 6.92% as of December 2024, in line with the improved performance of the banking sector. This growth was primarily driven by an increase in investment financing, which expanded by 10.47% (yoy) in December 2024. In terms of financing quality, the gross non-performing finance (NPF) ratio stood at 2.70%, rising from 2.44% in December 2023. Meanwhile, the gearing ratio of financing companies remained at 2.31 times as of December 2024, well below the regulatory threshold of 10 times.

In the insurance sector, total premium collection grew by 4.91% (yoy) as of December 2024, or an increase of Rp15.77 trillion. This growth was driven by a Rp10.74 trillion (yoy) increase in life insurance premiums and a Rp5.03 trillion (yoy) increase in general insurance and reinsurance premiums. The capital adequacy of the insurance industry in 2024 also remained solid, with the risk-based capital (RBC) ratio for life insurance and general insurance and reinsurance standing at 420.67% and 325.93%, respectively, well above the regulatory threshold of 120%.

COMPANY PERFORMANCE ANALYSIS

Overall, Bank Mandiri successfully navigated the challenging and uncertain business environment in 2024, delivering solid performance. The Bank maintained its leadership position by recording total assets of Rp2,427.2 trillion, the largest in Indonesia, grew by 11.6% (yoy) as of December 2024. The asset growth was supported by sustained efficiency, a significant increase in business volume across all segments, and the strengthening of the low-cost funding ratio (Current Account and Savings Account/CASA). These achievements reflect Bank Mandiri's consistent execution of well-formulated business strategies, reinforced by the holistic optimization of digital initiatives.

Several key performance indicators of Bank Mandiri in 2024 once again recorded growth that exceeded the national banking industry average. Consolidated net profit reached Rp55.78 trillion, grew by 1.31% (yoy) compared to 2023. However, this net profit growth was constrained by increased interest expenses and other operating expenses. Bank Mandiri's consolidated loans continued to post double-digit growth trend, reaching Rp1,670.55 trillion, an increase of 19.5% (yoy), significantly higher than the banking industry's loan growth of 10.4% (yoy).

The wholesale banking segment, as Bank Mandiri's core competence, successfully disbursed loans amounting to Rp913.3 trillion, grew by 25.5% compared to the previous year. This increase was driven by the corporate segment, which provided Rp515.4 trillion in loans (+25.7% yoy), the commercial segment with Rp292.9 trillion (+23.0% yoy), institutional banking with Rp96.3 trillion (+32.4% yoy), and international banking with Rp8.7 trillion (+22.1% yoy).

Meanwhile, in the retail segment, Bank Mandiri recorded loan disbursements of Rp397.4 trillion, grew by 11.1% (yoy). The growth was primarily driven by the SME segment, which reached Rp86.7 trillion (+13.2% yoy), the micro segment at Rp188.0 trillion (+12.0% yoy), and the consumer loan segment at Rp122.8 trillion (+8.2% yoy).

BOARD OF DIRECTORS REPORT

The performance of loan expansion was balanced by Bank Mandiri's ability to maintain asset quality through the strict implementation of prudential principles. As a result, Bank Mandiri's NPL ratio (bank only) remained at a low level, reaching 0.97% in December 2024. Bank Mandiri also maintained adequate provisioning, with an NPL coverage ratio (consolidated) of 271%. The disciplined application of prudent risk management enabled Bank Mandiri (consolidated) to record a 6 bps decline in the cost of credit to 0.79% as of December 2024, an improvement from the previous period's 0.85%.

In addition to successfully maintaining credit quality, Bank Mandiri also recorded positive performance in fund accumulation. The Bank's consolidated third-party funds reached Rp1698.9 trillion in 2024, grew by 7.73% (yoy). The growth was driven by an increase in low-cost funds, namely savings and demand deposits, which grew by 8.49% (yoy) to reach Rp1271.2 trillion. This increase also contributed to a 52-basis-point rise in the low-cost fund ratio (CASA), from 74.3% in 2023 to 74.8% as of December 2024. With this achievement, Bank Mandiri's CASA market share (bank only) in the commercial banking industry continued to increase to 19.0%.

Bank Mandiri's solid fundamental performance received recognition from both the public and investors. This was reflected in the movement of Bank Mandiri's share, which continued to record gains despite the downward trend in the IHSG. By the end of 2024, Bank Mandiri's share closed at Rp5,700 per share, correcting by 5.8%, with a market capitalization of Rp532.0 trillion. The highest share price in 2024 was recorded on 23 September 2024, reaching Rp7,450 per share.

BECOMING THE LEADING AND MOST PROMINENT BANK IN DIGITALIZATION

Building on the success of its digital transformation, which began in 2021, Bank Mandiri continued to implement various digital initiatives in 2024 as part of its ongoing efforts to refine its digital banking roadmap to meet customer needs. The Bank consistently enhances its innovative digital services by launching new features and applications designed to serve industries and fulfill customer

demands through Kopra by Mandiri, Livin' by Mandiri, and Smart Branch. These initiatives further solidify Bank Mandiri's position as the leading and most prominent bank in digitalization.

In 2024, Bank Mandiri further enhanced the quality of its seamless experience through Kopra by Mandiri, which underwent significant improvements in both user interface (UI) and user experience (UX). Kopra was also enriched with various new features, including seamless onboarding options with simple or advanced settings, as well as dashboard, transfer, and payment features, among others. These innovations have been highly sought after by corporate customers, both in Indonesia and abroad, who require integrated digital financial services as part of their expanding business ecosystems. These efforts contributed to the growth of Kopra's user base, which reached over 247,000 users by the end of 2024, while also driving a 21.0% (yoy) increase in corporate digital transaction frequency. The total transaction value also continued to grow, surpassing Rp22,703 trillion.

Bank Mandiri also introduced new features in Livin' by Mandiri in 2024, including Livin' Mortgage, Livin' Auto, and Livin' Points. These features complement the existing services from previous years, designed to cater to lifestyle needs while enhancing customers' financial services. Consistent feature development has driven Livin' by Mandiri to be downloaded tens of millions of times, with more than 29 million registered users by the end of 2024. Throughout the year, Livin' by Mandiri processed over 3.88 billion transactions, reflecting a 37.8% (yoy) increase, with transaction value reaching Rp4,027.0 trillion, grew by 23.4% (yoy).

The increase in digital transaction frequency drove the growth of Bank Mandiri's digital fee-based income, which reached Rp5.0 trillion, grew by 15.0% (yoy). Digital transactions through Livin', which serves Bank Mandiri's retail customers, contributed Rp2.6 trillion, marking a 20.7% (yoy) increase compared to the same period in the previous year. Meanwhile, transactions from Bank Mandiri's wholesale customers through Kopra generated a fee-based income of Rp2.4 trillion, grew by 9.4% (yoy). Bank Mandiri's total fee-



BOARD OF DIRECTORS REPORT

based income (bank only) in 2024 stood at Rp31.7 trillion, reflecting a 2.5% decline, primarily due to a 33.0% decrease in cash recoveries during the reporting period. The Bank's digitalization initiatives also contributed to operational efficiency, as reflected in Bank Mandiri's operational expense to operating income ratio (BOPO) (bank only), which remained at 55.55% in 2024, compared to 51.88% in 2023, and remained significantly lower than the industry average.

We believe that the services offered through Kopra, Livin', and branchless banking support will continue to contribute positively to Bank Mandiri's growth, both in terms of interest income and fee-based income, while also driving an increase in the CASA ratio. Ultimately, this will help maintain a low cost of funds ratio. Kopra and Livin' are also expected to further expand the potential value chain within both the wholesale and retail banking ecosystems. As such, we remain committed to continuously implementing various digital service development programs as outlined in Bank Mandiri's digitalization roadmap.

STRATEGY AND STRATEGIC POLICIES

The formulation of Bank Mandiri's strategy refers to the achievement of the Government's Medium-Term Development Plan, with the objective of driving national growth and improving public welfare. With the conclusion of the 2020-2024 Corporate Plan, Bank Mandiri has developed and established the vision for the 2025-2029 Corporate Plan, which is to become "The Best Financial Institution in Southeast Asia".

To support this vision, Bank Mandiri has defined its mission: "Providing integrated and innovative financial solutions based on technology with excellent service, focused on customer satisfaction, financial inclusion, and increasing value for shareholders, to drive Indonesia's economic growth to be competitive on a global level."

To realize this vision and mission, Bank Mandiri has established three key focus areas:

1. **Strengthen Core Competence.** Aiming to position its core competence in Wholesale Banking as the benchmark for wholesale banks in Southeast Asia and reinforcing its role as the preferred bank for conglomerates, financial institutions, and the government.
2. **Achieve Urban Leadership.** *Focusing Retail Banking on capturing the full potential of retail business, including those derived from conglomerate networks and regional ecosystems. Retail Banking will act as an urban leader by providing integrated business solutions and serving as a key driver of economic growth at the regional level while promoting financial inclusion.*
3. **Extract Values from Subsidiaries.** Striving to position its subsidiaries as industry leaders that contribute to the growth of Mandiri Group's business while complementing Bank Mandiri with financial services that go beyond conventional banking.

To address the challenges and uncertainties in both the global and national economy in 2024 while ensuring sustainable performance growth, Bank Mandiri has implemented four strategic focus areas:

1. **Wholesale Acceleration.** Strengthening core competence in the wholesale segment and maximizing business potential from its ecosystem.
2. **Ecosystem Driven Growth.** Expanding in the retail segment through a value chain approach based on ecosystems and key sectors in each region.
3. **Digital Platform Optimization.** *Advancing progressive digital initiatives, including Livin', Livin' Merchant, Kopra, and Smart Branch, primarily to drive CASA growth.*
4. **Strengthen Group Synergy.** Enhancing synergy with subsidiaries through cross-selling, streamlining business processes by leveraging technology, and implementing prudent parent company risk management principles.

BOARD OF DIRECTORS REPORT

As part of the implementation of the 2025-2029 Corporate Plan, Bank Mandiri has defined its strategic focus for 2025, emphasizing Integrated Strategic Growth and Transformational Leadership Driven by Orchestrating the Ecosystem. This strategic focus is reflected in three Strategic Objectives for 2025:

1. Becoming the **“Main Transaction Bank”** for both Wholesale and Retail customers, where Bank Mandiri aims to dominate transaction market share by providing high-quality products and services, supported by a strong relationship management framework for principals, merchants, and individuals.
2. Establishing itself as the **“Leader in Low-Cost Funding”**, positioning Bank Mandiri as the preferred bank for transactions and the primary operational account for customers.
3. Becoming the **“Largest Lender”** in Wholesale and Retail lending based on an ecosystem approach while maintaining an optimal yield level

Role of the Board of Directors in Strategy Formulation and Strategic Policies

The formulation of Bank Mandiri's strategy and strategic policies is consistently aligned with the Bank's vision, mission, and strategic plan. The Board of Directors actively communicates the work plan to shareholders and all levels of the Bank.

Strategy formulation and development consider both driving and inhibiting factors for success, referencing the Bank's competitive advantage and incorporating a structured implementation roadmap. The Board of Directors, in collaboration with the Board of Commissioners, also takes into account external dynamics that need to be anticipated to ensure optimal strategy execution. The established strategies are then outlined in the Bank Business Plan (RBB) and, more specifically, in the Sustainable Finance Action Plan (RAKB). Bank Mandiri's RAKB is formulated, implemented, and evaluated in response to the growing global and national focus on sustainability issues. Additionally,

the RAKB reflects Bank Mandiri's commitment to supporting the Indonesian Government's sustainability programs in achieving the Sustainable Development Goals (SDGs).

The Board of Directors, with the Board of Commissioners, formulates and establishes performance measurement parameters for all programs outlined in the RBB and RAKB. The development of these parameters considers alignment with the Bank's core values and includes a rewards and punishment system for all levels of the organization. This approach ensures the optimal implementation of strategies by leveraging the Bank's full competencies.

Process Undertaken by the Board of Directors to Ensure Strategy Implementation

Under the guidance and supervision of the Board of Commissioners, the Board of Directors coordinates the execution of all programs and work plans outlined in the RBB and RAKB together with all relevant levels of the organization. The Board of Directors also delegates authority for executing each program in accordance with the assigned roles and responsibilities. Regular meetings are held with the Executive Committee, division heads, and department heads to ensure that the implementation of programs and the management of Bank Mandiri's business activities remain aligned with the approved business strategy, risk appetite, and policies established by the Board of Commissioners and the Board of Directors.

In addition to formulating decisions related to program implementation, these meetings also serve as a forum to discuss, evaluate, and establish the Annual Work Plan and Budget (RKAP), Bank Business Plan (RBB), Long-Term Corporate Plan (RJPP), and Sustainable Finance Action Plan (RAKB) for the upcoming period. This comprehensive approach has led to tangible achievements, ensuring the attainment of various performance targets set in advance.