

These digital capabilities not only expand access and inclusion but also contribute to interest income and fee-based income growth, manage an optimal CASA ratio, and maintain competitive funding costs. By strengthening value chains across wholesale and retail ecosystems, we remain committed to executing Bank Mandiri's digital roadmap in a disciplined and measurable manner to sustain long-term growth.

STRATEGY AND STRATEGIC POLICIES

Strategy and Strategic Policies

The formulation of Bank Mandiri's strategy is aligned with the national development agenda as outlined in the Government's Medium-Term Development Plan, which aims to promote sustainable economic growth, enhance the quality of human capital, and strengthen overall societal welfare. In line with this direction, Bank Mandiri has established its Corporate Plan 2025–2029 vision: "To Become the Best Financial Institution in Southeast Asia".

To realize 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".

As a national financial institution with comprehensive capabilities across both wholesale and retail segments, Bank Mandiri continues to strengthen its role as the primary financial partner for corporations, State-Owned Enterprises (SOEs), financial institutions, government entities, and businesses of various scales. Business development is carried out through an ecosystem-based approach to optimize value chain potential and foster sustainable growth. At the same time, Bank Mandiri consistently expands access to financing and capacity-building initiatives for Micro, Small, and Medium Enterprises (MSMEs) as the backbone of the national economy, including through the enhancement of productive financing, service digitalization, and integration of MSMEs within the wholesale and retail customer ecosystem. The Bank also continues to develop comprehensive, technology-driven retail banking solutions through strengthened digital capabilities, wealth management services, and productive micro segments, while enhancing Mandiri Group synergy and reinforcing corporate fundamentals through human capital development, technology and operational transformation, implementation of Environmental, Social & Governance (ESG) principles, and disciplined and prudent risk management.

In pursuing its vision and mission, Bank Mandiri has established its 2025 strategic focus under the theme Integrated Strategic Growth and Transformational Leadership Driven by Orchestrating the Ecosystem. This strategic focus is directed toward strengthening Bank Mandiri's position as the bank of choice in fulfilling ecosystem-based transaction and financing needs, while enhancing the Bank's competitiveness and long-term resilience.

The strategic focus is translated into three Strategic Objectives for 2025 as follows:

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

The Board of Directors plays a central role in formulating Bank Mandiri's strategies and strategic policies by ensuring alignment with the Bank's vision, mission, and long-term direction as stipulated in the Corporate Plan and the Bank Business Plan (RBB). In carrying out this role, the Board of Directors actively engages in strategic communication and discussions with shareholders and across all levels of the organization to ensure alignment in execution.

The strategy formulation process is conducted comprehensively by considering the Bank's internal conditions, banking industry dynamics, macroeconomic developments, regulatory landscape, as well as various risk factors and opportunities that may affect the Company's performance. The Board of Directors, together with the Board of Commissioners, also takes into account external developments that need to be anticipated to ensure that strategies remain relevant and effectively implemented. The agreed strategies are subsequently formalized in the Bank Business Plan (RBB) and further elaborated in the Sustainable Finance Action Plan (RAKB).

The preparation and implementation of the RAKB reflect the Bank's response to the increasing emphasis on Environmental, Social & Governance (ESG) aspects, as well as its commitment to supporting the national development agenda and the achievement of the Sustainable Development Goals (SDGs). The Board of Directors ensures that sustainability initiatives go beyond regulatory compliance and are fully integrated into business decision-making and overall risk management.

Furthermore, the Board of Directors, together with the Board of Commissioners, establishes key performance parameters and indicators for all strategic programs set forth in the RBB and RAKB. These performance measures are determined in accordance with good corporate governance principles, aligned with the Company's core values, and supported by objective and measurable reward and consequence mechanisms. Through this approach, strategy implementation can be monitored and evaluated periodically to ensure optimal target achievement and sustainable value creation for all stakeholders.

Process Undertaken by the Board of Directors to Ensure Strategy Implementation

Under the direction and supervision of the Board of Commissioners, the Board of Directors coordinates the implementation of all strategic programs through a structured governance framework. Authority is delegated in accordance with the respective roles and responsibilities of each unit, while monitoring is conducted periodically through Board of Directors meetings and Executive Committee forums involving Division and Department Heads. This approach ensures that all initiatives remain aligned with the approved business strategy, risk appetite, and policies, thereby enabling disciplined, adaptive, and measurable strategy execution.

COMPARISON OF REALISATION AND TARGETS

In 2025, Bank Mandiri once again delivered positive performance, exceeding the targets set in the RKAP. Total assets (bank only) reached Rp2,228.1 trillion, growing 18.7% (yoy) from Rp1,877.3 trillion in 2024, and surpassing the 2025 RKAP target of Rp2,133.3 trillion.

Net profit (bank only) amounted to Rp51.5 trillion, increasing 0.8% (yoy) from Rp51.1 trillion in the previous year, surpassing the 2025 RKAP target of Rp51.4 trillion. This achievement was primarily supported by Net Interest Income of Rp78.3 trillion, growing 3.3% (yoy),

reflecting effective management of earning assets and funding structure.

On asset quality, the consistent application of prudent lending principles and regular monitoring resulted in an improvement of the gross NPL ratio (bank only) to 0.96% at year-end 2025, declining 1 bps from 0.97% in 2024, and outperforming the RKAP 2025 target of 1.05%. This performance underscores disciplined risk management and sustainable growth quality.

CHALLENGES AND MITIGATION MEASURES

The year 2025 marked by challenges including limited long-term funding sources, global trade tariff tensions, and the strengthening US dollar, which contributed to tight industry liquidity and pressure on asset quality. Nevertheless, these conditions were effectively managed by Bank Mandiri, as reflected in the stable CASA ratio, LDR, and sound gross NPL levels.

As part of mitigation efforts, Bank Mandiri consistently maintained prudent Allowance for Impairment Losses to anticipate potential deterioration in credit quality. The Bank also implemented action plans for debtors with potential downgrades in collectibility and continues to implement intensive recovery efforts. This proactive and measured approach enabled the Bank to maintain performance stability while reinforcing resilience against future risks.

BUSINESS PROSPECT ANALYSIS

The January 2026 WEO stated that global economic growth in 2026 is projected at 3.3%, relatively stable compared with 2025. Growth is supported by increased investment in technology sectors, including artificial intelligence, particularly in North America and Asia, alongside more adaptive fiscal and monetary policies across major economies. Global inflation is expected to decline from 4.1% in 2025 to 3.8% in 2026, creating potential for advanced economy central banks, including the Federal Reserve, to continue policy rate reductions.

Indonesia's key trading partners, including China, Singapore, Malaysia, South Korea, Vietnam, and the Philippines, are projected to record moderate growth in the range of 2.0%–8.0%, while the US economy is forecast to grow 2.4% in 2026, higher than 2.1% in the previous year.

Indonesia's economy is projected to remain resilient, growing within the range of 5.10%–5.40% (yoy), supported by strong domestic consumption, rising