

identification process includes assessing the business activities of both Bank Mandiri and its Subsidiaries, with particular attention to the complexity and interconnectedness of transactions.

To effectively measure Intra-Group Transaction Risk, the Bank employs a combination of qualitative and quantitative approaches as regulated in the prevailing regulations. Regular monitoring Intra-Group Transaction Risk is conducted to ensure ongoing compliance with established risk management policies and procedures.

INSURANCE RISK MANAGEMENT

Insurance risk arises from the inability of an insurance company to meet its obligations to policyholders due to inadequacies in underwriting, pricing, reinsurance usage, or claims handling.

Bank Mandiri manages this risk through its subsidiaries engaged in the insurance business. Bank Mandiri identifies and analyzes activities that may increase insurance risk exposure and impact the performance of the Bank. This risk identification process is tailored to the specific characteristics of the Subsidiaries' insurance business activities. To measure insurance risk, Bank Mandiri employs a combination of qualitative and quantitative approaches. These measurements are followed by periodic risk monitoring to ensure alignment with established procedures.

The assessment of the Integrated Insurance Risk Profile throughout 2025 was at Low to Moderate level. This reflects low potential loss faced by Financial Conglomerates due to Integrated Insurance Risk at a certain time in the future. The quality of the implementation of the Integrated Management of Insurance Risk is adequate, there are some weaknesses but these weaknesses can be resolved in the normal course of business.

ENVIRONMENTAL, SOCIAL, & GOVERNANCE (ESG) RISK MANAGEMENT

ESG RISK MANAGEMENT COVERAGE

Alignment of ESG aspects is also one of Bank Mandiri's priorities in long-term business transformation. Through the stream "Conduct Sustainable Business", Bank Mandiri has developed ESG frameworks, roadmaps and initiatives with a target focus on the transition to a low-carbon economy, emission reduction and net zero in bank operations and increasing social impact in achieving SDGs targets.

To achieve this target, particularly in fostering the transition to a low-carbon economy, Bank Mandiri continues to identify, measure and evaluate ESG risks

including climate risks, specifically in the financing aspect.

The ESG risk management system in the loan process includes Bank Mandiri's loan services for the wholesale and retail segments. Bank Mandiri establishes and implements Environmental and Social Risk Management (ESRM).

This is in line with the efforts made by the Financial Services Authority (OJK) regarding the Asset Quality Assessment of Commercial Banks, which regulates the assessment of the debtor's business prospects is also associated with the debtor's efforts in maintaining the environment.

ESG Risk Management System

ESG risk assessment on loan is carried out at each stage of loan disbursement end-to-end and integrated by the Business Unit, Credit Operation Unit and Credit Risk Management Unit. Each Business Unit conducts an assessment based on the Loan Portfolio Guideline then carries out a pre-approval process using credit risk tools including the application of ESG aspects, for the wholesale segment, the assessment is stipulated in the Industry Acceptance Criteria (IAC), while for the retail segment, the assessment is carried out through a credit risk scorecard, with reference to the Risk Acceptance Criteria of each product.

Bank Mandiri establishes risk appetite and industry appetite in line with ESG issues in the Bank's policies as outlined in the Industry Acceptance Criteria (IAC). Details of businesses covered is presented in the Environmentally Friendly Financing Policy section of this report and in full in the Sustainability Report.

The Bank periodically reviews and refines general credit policies, credit procedures per business segment and risk management tools, particularly sectors with high ESG and climate risks. Each Business Unit conducts a more detailed and in-depth assessment of each business activity to determine related ESG requirements in IAC and RAC, including based on input and involvement from regulators and resource persons.

Bank Mandiri has an early warning system through the initiation of the ALERT Forum, engaging the Business Unit and Risk Management Unit. The ALERT Forum functions to identify and monitor risks that could affect credit quality, including risks related to ESG aspects, financial performance, and industry prospects. In addition, this forum serves a role in evaluating the implementation of ESG practices by debtors, assessing business sustainability, and monitoring mitigation measures for the impacts of climate change.

ESG Risk Surveillance

The ESG Risk Management framework and governance at Bank Mandiri involves the active role of the Board of Commissioners and the Board of Directors. The Board of Directors monitors the implementation and fulfillment of ESG targets through the Risk Management Committee (RMC) forum, held quarterly with the topic of Sustainable Finance Action Plan (RAKB) performance. ESG trends, to discussion of critical issues in ESG aspects.

Furthermore, the Board of Commissioners supervises ESG implementation, fulfillment of ESG targets or commitments through the Risk Monitoring Committee (KPR) forum, which is with topics such as reviewing the effectiveness of ESG-related risk management and supervision in financing activities.

Bank Mandiri monitors compliance in lending related to ESG aspects in accordance with bank policy, with the following measures:

1. Periodically monitor the fulfillment of ESG requirements. Bank Mandiri reviews regularly to ensure that the progress of customer projects is in accordance with the action plan that has been set. To ensure compliance with lending policies and procedures, Bank Mandiri also conducts periodic reviews and audits. For debtors who have not been able to meet these minimum requirements, there will be a periodic monitoring mechanism, determination of action plans and schedules needed.
2. Implement the ALERT system (watchlist) as an early warning system to identify risks that can affect the debtor's credit quality to ensure that preventive actions can be taken immediately to prevent credit quality deterioration based on financial performance, industry prospects, and fulfillment of ESG requirements.
3. Conduct an annual review as a form of check and balance of compliance with the latest internal credit policy requirements, including ESG requirements.

CLIMATE RISKS

Climate risk is an emerging risk embedded in key financial risks. Bank Mandiri has assessed key financial risk accordingly and has considered ESG aspects in it. Climate risk is also embedded in every other type of risk managed by the Bank. Accordingly, Bank Mandiri conducts a comprehensive risk management process in accordance with established procedures, including those addressing climate risk.

Bank Mandiri has conducted an Pilot Project Climate Risk Management & Scenario Analysis in accordance with OJK guidelines. On credit risk, credit portfolios

that are potentially vulnerable to floods and forest fires have been identified; and sectoral portfolios that are characteristically classified as high emission sectors and are affected by government policies to control climate risk. For market risk, the Bank identifies market value movements in the Bank's securities portfolio which are included in the high emission sector category as a result of changes in government policy for carbon emissions.

Bank Mandiri manages climate-related financial aspects in an integrated manner, encompassing the identification, measurement, monitoring, and mitigation of climate-related risks, as well as the assessment of transition opportunities relevant to the Bank's business model. This approach is supported by the development of a risk management framework, the conduct of scenario analysis, and the integration of ESG aspects into internal business processes. The results of this assessment provide the basis for strengthening the Bank's resilience to climate change impacts while also identifying growth areas that may support portfolio diversification, funding diversification, operational efficiency, and the development of sustainable products and services. The impact of climate change on Bank Mandiri's sustainability across the relevant time horizons is as follows:

1. Short-Term (1–5 Years): Includes the target to complete the transition plan by 2025, strengthening credit policies for high-emission sectors, and preparing to achieve net-zero emissions for Scope 1 and Scope 2 through offsetting strategies currently under internal review.
2. Medium-Term (5–10 Years): Encompasses strategic planning to mitigate risks associated with evolving climate regulations while enhancing efforts toward net-zero. These initiatives include targeted investments in green technology, collaborative partnerships, and adjustments to operational practices to meet emerging regulatory standards.
3. Long-Term (10–36 Years): Focuses on achieving net-zero emissions in financing by 2060, guiding strategies to build a low-carbon economy through portfolio diversification, green product offerings for customers, and the development of a green ecosystem.

Climate Risk Mitigation

Bank Mandiri is committed to managing its business and operations by prioritizing ESG principles to become "Indonesia's Sustainability Champion for a Better Future". This commitment is Bank Mandiri's response in supporting the Government's aspirations towards a low-carbon economy.

In sectors that have high climate risk such as plantations, mining and energy, Bank Mandiri conducts intensive monitoring in fulfilling the ESG aspects that

have been required by the Bank. Going forward, Bank Mandiri strives to conduct more comprehensive climate risk impact measurements, such as conducting climate scenario analysis and testing credit portfolios for customers against climate risks including transition and physical risk.

In addition to risk mitigation measures, Bank Mandiri also responds to the transition toward a low-carbon economy through the development of sustainable financing solutions, the strengthening of the ESG Desk function to support customers' transition journeys, the optimisation of operational digitalisation, and the diversification of funding sources through sustainable funding instruments. This approach supports a balanced outcome between risk management, portfolio quality enhancement, cost of funds efficiency, and long-term value creation for the Bank.

Climate related Risks	Mitigation
Compliance with policies and regulations related to climate risk in Indonesia, as well as the legal responsibilities arising as part of the implementation of policies addressing climate change.	<ul style="list-style-type: none"> › Bank Mandiri implements sustainable finance in accordance with POJK 51/2017 and POJK 60/2017, and has developed a Sustainable Finance Action Plan (RAKB) for 2025–2029 to support the NZE 2060 target or an earlier achievement. › Bank Mandiri establishes an acceptable risk level (risk appetite) and industry-level standards (industry appetite) aligned with Environmental, Social, and Governance (ESG) aspects, as outlined in the Industry Acceptance Criteria (IAC) under Internal Regulation No. B3.P1.T16.IAC.
The impacts of climate change affecting debtors' financial conditions, the transition to low-emission technology products, changes in customer preferences, and negative publicity related to climate change management.	<ul style="list-style-type: none"> › In the lending process, Bank Mandiri has implemented Environmental and Social Risk Management (ESRM), starting from the pre-selection process (feasibility tests), loan analysis, legal and compliance reviews, loan approval, to the monitoring process. The ESG risk management system in the loan process covers all of Bank Mandiri's loan services (retail, treasury, corporate finance, and consumer finance segments). › Bank Mandiri accelerates the digitization of banking services to enhance public access through digital innovations such as Livin', Kopra, and Smart Branch. › Bank Mandiri minimizes reputational risk by analyzing news and public opinion with negative sentiment and providing strategic and structured responses.
Rising Temperatures, Sea Levels, and Extreme Weather.	<ul style="list-style-type: none"> › Conducting a Pilot Project on Climate Risk Stress Testing and creating a watchlist to regularly monitor customers affected by climate change-related issues. › The Business Continuity Management Group has implemented business continuity management in accordance with the international standard ISO 22301:2019 and applied the Business Continuity Management Framework to ensure organizational resilience through the readiness of components such as Building, Equipment, Technology, Human Resources, and Third Parties (BETH3).

Peluang Transisi Iklim

Sebagai respons terhadap peluang terkait iklim, Bank Mandiri mengintegrasikan agenda transisi ke dalam pengembangan bisnis, pendanaan, pendampingan nasabah, dan transformasi operasional. Hal ini dilakukan melalui penguatan solusi pembiayaan berkelanjutan, optimalisasi peran ESG Desk, perluasan akses pendanaan berorientasi ESG, serta pengembangan kapabilitas digital yang mendukung ekonomi rendah karbon. Langkah tersebut mendukung penguatan portofolio dan penciptaan nilai jangka panjang secara berkelanjutan.

Category	Opportunity Factor	Strategy	Short-Term Impact	Medium-Term Impact	Long-Term Impact
Sustainable financial products	Development of innovative sustainable financial products that are relevant to customer needs	Provision of comprehensive sustainable financing solutions and products	Increase in product, system, and process development costs	Increase in financing volume and portfolio diversification	Stable and sustainable revenue growth
Access to funding	Improved access to funding from ESG-oriented investors	Bank Mandiri has established an ESG Desk that serves as a coordination and advisory hub for customers in their transition toward more sustainable business practices. Through the ESG Desk, Bank Mandiri helps customers understand sustainable financing needs, ESG readiness, and financing opportunities that support the transition agenda, thereby encouraging gradual and measurable growth in sustainable financing.	Initial costs for the issuance and management of sustainable funding instruments	Lower funding costs through access to ESG investors with medium- to long-term investment horizons	Improved long-term profitability through more efficient funding costs

Category	Opportunity Factor	Strategy	Short-Term Impact	Medium-Term Impact	Long-Term Impact
Operational efficiency	Operational efficiency through digitalisation and the use of environmentally friendly technology	Customer transition support through the ESG Desk	Higher capital expenditure for investment in digital technology and environmentally friendly infrastructure	Gradual reduction in operating costs in line with the optimisation of digital systems and energy efficiency	Improved profitability and greater resilience of the business model to regulatory changes and energy costs
Development of new business models	Development of new business models based on digital services and low-emission products	Bank Mandiri provides various comprehensive sustainable financing solutions and ESG-based products for both wholesale and retail customer segments. The availability of products such as green loans, sustainability-linked loans, and other financing solutions enables Bank Mandiri to address a wide range of customer needs while also encouraging greater adoption of sustainable financing across all business segments. On the funding side, Bank Mandiri issues Green Bonds and Sustainability Bonds in both domestic and international markets to support the financing of green and transition projects in line with international standards (ICMA, ASEAN Green Bond Standards) and national regulations.	Initial investment in product development, technology, and the digital ecosystem	Increase in transaction volume and non-interest income	Sustainable revenue growth and improved long-term profitability

Governance Bodies’ Involvement on Climate Risk

Coordination of ESG-related aspects, including climate risk, at Bank Mandiri is carried out by ESG Group under the Vice President Director who is authorized to manage the framework, alignment of provisions in line with ESG and climate change issues, sustainable portfolio management, and responsible operational strategies of the Bank, including communication and reporting functions to external and internal parties. Reports from the ESG Unit are regularly forwarded to the Board of Directors as needed, as well as to the Board of Commissioners.

In the implementation of ESG and climate management, the Board of Directors takes a role in strategic functions, to:

1. integrate ESG aspects bank-wide, establish the direction of Bank Mandiri’s Sustainable Finance (Sustainability) which includes Framework, Commitment, Strategy, Initiatives, Roadmap related to climate targets and SDGs achievement;
2. carry out supervisory functions related to ESG and climate risks and opportunities, implementation of Sustainable Finance, fulfillment of appropriate ESG targets and initiatives;
3. accountable in ensuring the achievement of sustainability aspirations to stakeholders; and
4. build the collaboration and partnership needed to accelerate the Company’s progress towards achieving SDGs and climate targets.

The Board of Directors in this case is assisted by Risk Management Committee (RMC). The forum with Risk Management Committee (RMC) is held quarterly on

the topic of Sustainable Finance Action Plan (RAKB) performance, ESG trends, including discussion of critical issues in ESG aspects.

The Company’s Board of Commissioners takes an important role in managing ESG and climate aspects, particularly to ensure the integration of ESG and climate aspects in Bank Mandiri’s long-term goals, including fostering efforts beyond compliance and adoption of best practices, and overseeing the management of risks and opportunities related to sustainability and climate. To carry out this task, the Board of Commissioners is supported by the Risk Oversight Committee (ROC). The Risk Oversight Committee (ROC) forum is held periodically including discussing the effectiveness of ESG-related risk management and supervision in financing activities.

The functions and obligations of the Board of Directors and in the implementation of Bank Mandiri’s sustainable finance are stipulated in Board of Directors Decree No. KEP.DIR/028/2024 on Risk Management Committee (RMC) and Decree of the Board of Commissioners No. KEP.KOM/004/2023 dated 13 September 2023 on the Risk Monitoring Committee Charter. The specific organ, ESG Group, was established in accordance with the Decree of the Board of Directors of KEP.DIR/32/2022 dated 12 September 2022.

Climate Risk Resilience

In the reporting period, Bank Mandiri conducted a climate risk resilience assessment in accordance with OJK Letter No. S-37/D.03/2024, OJK Letter No. S-79/PB.01/2024, and OJK Letter No. S-134/PB.01/2024.

which require KBMI 3 and KBMI 4 banks to assess climate risks within their portfolios. In this assessment, climate-related risks were compared against the initial evaluation and aligned with other banking risks in relation to physical risk events and transition risk.

The assessment conducted provides an overview of potential losses and their impact on various bank risks. For transition risks, the assessment was carried out on portfolios in several high-emission sectors by projecting the impact of increased carbon emissions and changes in government policies on various bank risks and the Bank's capital. The transition scenario uses the NGFS scenario according to OJK guidelines, namely Net Zero 2050, Delayed Transition and Current Policies.

In credit risk, portfolios that are potentially vulnerable to floods and forest fires have been identified as well as sectoral portfolios that are classified as high emission sectors and affected by government policies to control climate risk. For market risk, the Bank identifies market value movements in the Bank's securities portfolio which are included in the high emission sector category as a result of changes in government policy for carbon emissions.

We analyze drought/forest fire/flood climate risk events to Bank Mandiri's operations and property which, based on the study, have the potential to cause damage and loss to the Bank's technology system and property, as well as disruption to employee mobility and health. In this scenario, the Bank already has a Disaster Recovery Plan mitigation plan that includes a contingency plan for catastrophic events.

Bank Mandiri will continue to develop climate risk stress testing in accordance with regulatory directives and the Bank's needs in planning climate risk management in the Company's portfolio. In accordance with technological advances, going forward it is necessary to develop specific models and analytics used in quantifying climate and environmental impacts, more detailed current data and information, scenarios and assumptions according to the direction of regulators.

RISK ASSESSMENT OF THE BANK

To comprehensively understand the risk exposures faced by the Bank, Bank Mandiri conducts regular assessments of the Bank Soundness Level and Risk Profile. The Bank Soundness Level assessment is performed and reported to the regulator every six months, while the Risk Profile assessment is conducted quarterly.

The Bank Soundness Level assessment complies with POJK No. 4/POJK.03/2016 and SEOJK No. 14/SEOJK.03/2017 on the Assessment of Commercial Bank Soundness Level. This assessment covers the Risk Profile, which includes an evaluation of inherent risks and the quality of risk management implementation, GCG, earnings, and capital. The Risk Profile assessment focuses on eight primary risks: credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputational risk. Moreover, the Integrated Risk Profile assessment includes two additional risks, namely insurance risk and intra-group transaction risk, ensuring a comprehensive understanding of the Bank's risk landscape and alignment with regulatory standards.

The assessment of Bank Mandiri Individual Risk Profile as of 31 December 2025 is categorized as rating 1 (Low Risk), with the assessment of Inherent Risk categorized as rating 2 (Low to Moderate) and the assessment of Quality of Risk Management Implementation categorized as rating 1 (strong), as follows:

Types of Risks	Inherent Risk Rating	KPMR Rating	Risk Level Rating
Credit Risk	Low to Moderate	Satisfactory	Low to Moderate
Market Risk	Low	Strong	Low
Liquidity Risk	Low to Moderate	Strong	Low
Operational Risk	Moderate	Satisfactory	Low to Moderate
Legal Risk	Low	Strong	Low
Strategic Risk	Low	Strong	Low
Compliance Risk	Low to Moderate	Strong	Low
Reputation Risk	Low	Satisfactory	Low
Composite Rating	Low to Moderate	Strong	Low

REVIEW OF RISK MANAGEMENT SYSTEM EFFECTIVENESS

The Risk Profile assessment of Bank Mandiri, both at the individual and consolidated/integrated levels throughout 2025, indicates that the risks faced by the Bank at both levels have been effectively managed. This enables Bank Mandiri to sustain its business development efforts while maintaining sound and effective risk management practices.

In addition, accordance with the Regulation of the Ministry of SOEs number PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises in article 74 paragraph 1 SOEs are required to conduct a risk maturity index assessment (Risk Maturity Index). The RMI assessment aims to measure the level of design quality and effectiveness of Risk Management implementation in protecting and creating value in SOEs.

In 2025 Bank Mandiri has carried out the RMI assessment and based on the assessment results, Bank Mandiri is in the Better Practice Phase where Bank Mandiri has strong practices (+) in risk management, which on average are close to or in line with global industry standard practices

Statements from the Board of Directors and/or the Board of Commissioners or the Audit Committee on the Adequacy of Risk Management System

The implementation of the internal control system at Bank Mandiri is assessed as effective and adequate. This effectiveness is reflected in the strong performance of key internal control functions, including internal audit, risk management, compliance, and financial and operational controls, which collectively ensure that the Bank's risk management framework operates efficiently.

RISK MANAGEMENT ACTIVITY REPORT IN 2025

During 2025, Bank Mandiri has conducted and reported the following assessments:

1. Individual Bank Soundness Level applies a risk-based approach/Risk-Based Bank Rating (RBRR), where the scope of assessment covers the following factors: Risk Profile, Good Corporate Governance, Earnings and Capital. The report for the position of 31 December 2024 and 30 June 2025 has been submitted to the Regulator in a timely manner.
2. Individual Risk Profile which is performed on 8 risks (Credit, Market, Liquidity, Operational, Legal, Strategic, Compliance, and Reputation Risk), for the position of 31 December 2024 and 31 March, 30 June, and 30 September 2025, has been submitted to the Regulator in a timely manner.

Implementation of Sustainable Finance, including Social Responsibility

The Bank implements sustainable finance in its business activities and formulates a Sustainable Finance Action Plan, while allocating a portion of its funds for Social and Environmental Responsibility in accordance with the Financial Services Authority regulations applicable to Financial Services Institutions, Issuers, and Public Companies. Further details on the implementation of Sustainable Finance and Social and Environmental Responsibility are presented in the ESG Implementation Report in Chapter 6 of this Annual Report.

WORST-CASE SCENARIO SIMULATION AND STRESS TESTING

To evaluate Bank Mandiri's resilience against plausible exceptional external events, the Bank conducts stress testing as part of its contingency planning and to meet regulatory requirements in Indonesia. Stress testing at Bank Mandiri aims to estimate potential losses the Bank might incur, assess its capital adequacy to absorb these losses, ensure sufficient liquidity to meet contractual or behavioral obligations, and identify necessary steps to mitigate risks while maintaining capital adequacy.

The Bank's stress testing encompasses analyses of key risks, including credit risk, market risk, and liquidity risk, using statistical and financial models developed internally in line with industry best practices. One example is the stress testing model and underlying assumptions that link changes in credit risk to macroeconomic factors, thereby providing a more comprehensive understanding of potential impacts.

In general, the result of stress testing throughout 2025 indicated that Bank Mandiri was remained capable of maintaining its capital sufficiency and liquidity by building immediate anticipation of assets and liabilities management and preparing policies and systems.

In addition to stress testing at the individual level, stress testing at the level of Mandiri Group along with its subsidiaries was also performed. The stress testing for the Mandiri Group was one of the ways to communicate integrated risk management, whose result was presented to the management of Bank Mandiri, the management of Subsidiaries, and regulators for getting feedback and insights regarding corporate risk management strategies in a scenario of economic collapse.