



BUSINESS REVIEW

Bank Mandiri was able to generate good profit and grow by maintaining its asset quality. The increasing credit distribution was supported by sectors having recovered earlier from the recess and other sectors not impacted by the implementation of public activity restrictions.

By December 2021, Bank Mandiri (bank only) successfully recorded a net profit of Rp25.4 trillion or a 79.51% growth YoY. The main components of the net profit growth were net interest income that grew by 15.28% YoY, reaching Rp54.0 trillion and interest expenses that decrease by 30.42% YoY as well as a NPL Ratio at 2.81% which maintained asset quality. The improvement in the Bank's profitability brought an increase of 602bps or 14.31% in ROE after tax and ROA before tax increased by 89 bps YoY or 2.53%.

On operational performance by segment, the wholesale segment managed to record good loans. Corporate Banking grew by 7.82% YoY to reach Rp333.8 trillion, Commercial Banking grew by 11.02% YoY to reach Rp173.8 trillion, and Institutional Relations grew by 20.93% YoY to reach Rp29.7 trillion. From the retail segment, SME Banking loans grew

by 8.13% YoY to reach Rp60.2 trillion, micro segment grew by 9.30% YoY to reach Rp131.9 trillion, consumer loan segment grew by 5.83% YoY to reach Rp79.9 trillion. For Third-Party Funds, the Corporate Banking segment grew by 34.29% YoY to reach Rp219.8 trillion and the Commercial Banking grew by 30.48% YoY to reach Rp108.0 trillion. For retail segment, the highest growth generator for the Third-Party Funds is Micro Banking, which grew by 26.16% YoY to reach Rp40.1 trillion, then followed by SME Banking, which grew by 16.11% YoY to reach Rp238.2 trillion, and consumer loan, which grew by 9.21% YoY to reach Rp200.2 trillion.

Although the performance of Bank Mandiri showed acceleration, in the future the challenges will be bigger. In line with the post-pandemic normalization period, the pressure to recover will be heavier, which may cause, among other things, restrained banking liquidity and increasing competition in the finance industry that promises more efficient and convenient financial services. Several accommodative policies are also halted to stimulate global competitive climate. Besides, challenges may arise due to the ending of commodity super cycle which makes commodity prices

flat although still above the profit margins required by businesses, different rates of economic recovery globally, and a potential increase in the policy rate in the future.

However, in every challenge lies an opportunity to exploit in 2022. For example, global economy is predicted to rebound gradually in 2022, resting on the assumption that the COVID-19 pandemic will be better handled. Governments from around the world are likely to focus more on improving policies on health and economy and expanding job opportunities as well as supporting small businesses.

In Indonesia, national economic recovery continues on the back of the nation's successful handling of the COVID-19 pandemic. The national economic growth in 2022 is predicted to get better due to increasing mobility, acceleration of the COVID-19 vaccination programs, strong export, opening of more priority sectors, and continuous implementation of stimulating policies.