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and diligently implementing the
right strategy and initiatives, while
involving various parties in order to be
#resilienttogether.”

Kemal Azis Stamboel
President Commissioner/Independent

report of president commissioner

Bismillahirrahmanirrahim

Assalamualaikum Warrahmatullahi Wabarakatuh

Dear Shareholders and Stakeholders

2020 was a challenging year thanks to Covid-19 pandemic that has yet to show signs of slowing down. Restrictions in social and business activities have caused deceleration in economic growth. Almost all sectors could feel its impact, including the banking industry. BTPN Syariah, which focuses on serving the productive underprivileged families segment, has also faced the same challenges.

However, it did not take long for BTPN Syariah to show its resilience. The Board of Directors and the whole management rose up to the challenge and overcame the unprecedented changes bravely, quickly, and accurately, so BTPN Syariah was able to record a responsible performance in closing out the year 2020. On the other hand, we would also like to attribute this success to Government policies. We truly appreciate the quick response from the Government and Regulators in tackling the impact of Covid-19 pandemic through various National Economic Recovery (PEN) programs that have truly helped underprivileged communities.

The persistence of #bankirpemberdaya (empowering bankers) in continuing to assist the underprivileged customers has also managed to inspire optimism needed for them to keep their businesses moving forward. For BTPN Syariah the spirit of being #resilienttogether throughout this pandemic has become proof that our customer empowerment program that has been done continuously for over a decade has borne fruits sweeter than mere stories. They were able to quickly adapt, and continue to grow and inspire others, as well as becoming a force that energized BTPN Syariah.

This has proven that the work of empowering productive underprivileged customers bears real results, as some are still skeptical of its efficacy. It is in line with the efforts to improve the customers' skills and widening their opportunities for better lives.

performance of the board of directors

The Covid-19 pandemic was an unprecedented situation that no mitigation measures and actions were considered adequate to tackle it quickly and comprehensively, whether globally and in Indonesia. This, of course, had a huge impact on the global economy.

The International Monetary Funds (IMF) saw world economic growth slowed down to -3.5% in 2020. Just like many other countries in the world, Indonesia has also experienced the economic fallout from the pandemic.

During the first quarter of 2020, Indonesia's economic growth was still able to grow, with Gross Domestic Growth (PDB) of 2.97% YoY (year on year). Entering the second quarter of 2020, however, various social distancing policies slowed business activities. For the first time in the last two decades, Indonesia recorded a negative growth of -5.32% during this period.

The social distancing policy implementation in various areas in Indonesia had a big impact on the activities of customers who trade traditionally. Plenty of public places such as markets and schools were closed, as people's movements were restricted. This condition has also become a challenge for #bankirpemberdaya (empowering bankers) in reaching their customers and providing training on-site as they had been doing before the pandemic. This has greatly impacted the Bank's performance in its first semester.

But Government immediately took action by implementing the PEN program that was truly helpful for the productive underprivileged communities, including BTPN Syariah customers. The Bank also provided financing relaxation in line with the PEN stimulus from the Government and Regulators, by continuing to stand by its customers and motivate them by cultivating 4 exceptional behaviors that are Courage to Do Business, Discipline, Hard Work and Solidarity (or BDKS in Indonesian's acronym).

The situation in 2020 called for a different strategy and approach compared to the previous years in order to ensure that services and empowerment programs of millions of customers could still continue smoothly. In this regard, the Board of Commissioners commends the commitment and totality that Board of Directors has shown to overcome these seemingly never ending challenges. The Board of Directors has shown an incredible performance, not just in understanding the situation and problems, but also in solving them in an efficient and effective manner, with the support of human resources and technology.

The Board of Commissioners also deems that the Board of Directors has shown a solid sense of urgency and commitment that enabled them to decide on the right strategies and initiatives, and implement them accurately and diligently.

The Board of Commissioners appreciates all the efforts that the Board of Directors has undertaken in order to maintain the Bank's performance in the midst of the pandemic. Overall, BTPN Syariah was able to record a sound performance and growth, as attested by its sufficient capital ratio and reserves.

implementation of good corporate governance

As a financial institution, BTPN Syariah's work process has been in line with the sharia law, as well as complying with the policies and regulations from the Regulator and the Sharia Banking Supervisors. Compliance and Code of Ethics cannot be separated from BTPN Syariah's operations. Since it became a public company, Good Corporate Governance (GCG) has become more than just a set of principles; it has always been incorporated into the Bank's corporate culture. Being prudent is non-negotiable in BTPN Syariah, even in extraordinary circumstances caused by the Covid-19 pandemic.

The Board of Commissioners deems that the implementation of Good Corporate Governance and best practices of GCG principles have been conducted effectively and efficiently in BTPN Syariah, along with independent supervision on compliance implementation, risk management, and good internal control.

2021 prospects

Covid-19 pandemic throughout 2020 has provided a lesson for us all. The ability to adapt has given ways to a number of solutions on the many problems that have arisen. Now with the rollout of the Covid-19 vaccine and as the number of people who have recovered from the virus continues to climb, there is a renewed sense of optimism that we hope to impact the economy, both globally and in Indonesia. However, seeing that the domino effect from this pandemic will continue on in 2021, along with the economic recovery projection, we expect it will take some time before we can gradually and fully recover.

The resilience that has enabled BTPN Syariah to continue growing in 2020 will remain in 2021 with optimism and prudence, while we closely monitor the dynamics of the economy.

The Board of Commissioners believes BTPN Syariah is able to distribute financing for even more productive underprivileged customers, while still adhering to principles of prudence in every condition, managing financial risk well, and ensuring robust provisioning to create a steady growth for the Bank. The Board of Commissioners deems the efforts of the Bank to strengthen its technological aspects for the good of others have been in line with the continuing changes in the behavior of society that will be even more reliant on digital communication and technology. This strengthening will continue to be done with consideration of the impact and according to the needs of the productive underprivileged customers. The Board of Directors along with all #bankirpemberdaya (empowering bankers) have looked into the matters with a great empathy.

In facing the challenges and opportunities that 2021 brings, the Board of Commissioners is of the same mindset with the Board of Directors, to remain *istiqomah* in serving our customers, the productive underprivileged families wholeheartedly, while at the same time improving the Bank's service to create growth.

closing

All the praises and thanks to Allah SWT, BTPN Syariah could overcome all the challenges in 2020 while recording solid performance as it geared up towards 2021.

On behalf of the Board of Commissioners, I would like to express my appreciation for the motivation, support, as well as trust that all our Customers, Shareholders, Government, Regulators, and other Stakeholders have given.

We would also like to thank the supervision given by the Chair and members of the Sharia Supervisory Board, Mr. H. Ikhwan Abidin, MA and Mr. Muhammad Faiz, MA.

In closing, our deepest appreciation for the hard work, dedication, commitment, and integrity of the Board of Directors and management, as well as all #bankirpemberdaya who have shown remarkable resilience in realizing the goal to improve the welfare of millions of Indonesians.

Wassalamualaikum Warahmatullahi Wabarakatuh



Kemal Azis Stamboel
President Commissioner/Independent