



Mrs. Esti Yuliana, BTPN Syariah financing customer of Sentra Bumi Waras 23, Lampung, together with her husband, working hand in hand to produce kemplang crackers to be distributed to their customers



## 02 management report

Fast and adaptive measures in the midst of the pandemic dynamics, as well as having a solid synergy with stakeholders were BTPN Syariah's significant actions to respond to the conditions and realize its aspiration of building a sharia-based digital ecosystem.



## president director report

“ Good intentions, mutual trust and collective efforts proved to be more predominant in our success in overcoming the enormous challenges in 2021.

BTPN Syariah, beyond business...”

**Hadi Wibowo**

President Director

Having and realizing good intentions as well as a solid synergy between #bankirpemberdaya and customers, is a defining factor in carrying out various significant strategies and actions to create opportunities for growth and a more meaningful life.

*Bismillahirrahmanirrahim*

*Assalamualaikum Warrahmatullahi Wabarakatuh*

Dear Shareholders and all Stakeholders,

The impact of the COVID-19 crisis persisted in 2021. Instead of declining, the COVID-19 virus is continuously evolving, spreading, and mutating beyond control. This crisis is quite different from others previously occurred in Indonesia. This has presented as a major challenge for all. Therefore, a joint effort of all parties is required to overcome it.

The situation that is still surrounded with uncertainties requires immediate and extraordinary policy responses, both from the health as well as the economic and financial perspectives. This also has been done by the Bank. Proactive and dynamic organizational priority adjustments to take significant measures in overcoming the pandemic, and anticipating constraints and challenges in servicing underprivileged communities were the focus of the Bank that became the priorities in 2021.

The pandemic has led all parties to focus on short-term needs, however, long-term needs such as digitalization remains critical and needs to be prepared, one of which is due to the fact that digitalization enables better and more efficient service and operational quality. Digitalization has now become a necessity, with no exception for the underprivileged communities who were once considered unbankable. Yet, they are the communities who are most severely impacted by the crisis. Having set the aspiration for the

future, they do not want to see their dreams and good intention to create a better life vanished due to lack of capital and lack of skills to start the business in the midst of pandemic. This condition presents a business opportunity and, at the same time, inspires a calling to do good for the Bank. The Bank now has an even more challenging responsibility, on one side to overcome the impact of the pandemic to the customers; and on the other side to bridge the gap of digital literacy of underprivileged customers by delivering digital education according to their capacity and ability to adapt.

In that context, and in line with the Bank Business Plan that had been prepared, BTPN Syariah has the aspiration to build sharia digital ecosystem within the next several years. Accordingly, in 2021, the Bank planned significant actions and executed strategy as outlined in the Bank Digital Journey, that elaborated the Bank plans in manifesting the aspiration of the ecosystem innovation.

### significant actions for meaningful impacts

The situation and challenges in 2021 necessitated the Bank to respond with the right strategy and plan. In the midst of uncertainties with severely arduous condition, it was crucial to have serenity and clarity of thought for the decision makers in formulating the strategic action to adapt and anticipate changes and unexpected situation.

Those actions included formulation and implementation of strategy by the Board of Directors and management in the planning stage in the journey of manifesting the great aspiration of the Bank. We realize that building sharia

digital ecosystem innovation is a long journey. It requires thorough planning and an adaptive way of working to enable the Bank to gradually build an information technology system with the right architecture to meet the current and future needs, a realistic and flexible services model, supporting elements and an integrated collaboration model, as well as being perceptive to the customers' needs and readiness.

From the perspective of information technology, it requires a system that is not only robust to ensure the operational activities function optimally in all office networks, but also have the capacity to reach all the customers, especially the 4 million underprivileged customers that are grouped into 200 thousand communities and spread in 23 provinces, to provide them with more ease and convenience in doing banking transactions through the digital platform of the Bank.

In 2021, the Bank continued to build digital infrastructure, on top of strengthening operational excellence through automation in all organizational layers. This year, the Bank prepared several foundations in the form of instruments, applications and digital system for customers, #bankirpemberdaya in the field and Mitra Tepat, that is the Agent who acts as the extended party of the Bank. Those initiatives have been implemented in stages. Some of them have already been rolled out and others are still awaiting the approval from the regulator.

As planned, the pilot project of the Agent Model has been implemented by developing Agent Apps application and recruiting Mitra Tepat and Warung Tepat as the hub, that is, the place to do banking

transaction through digital platform. The pilot project was tested to 500 Agent of which most of them are the financing customers who have risen from subsistence level and met certain criteria.

Through this model, Mitra Tepat is expected to become a significant extension of the Bank, and in so doing, they will reap extra benefits, one of which is additional income from processing transactions of customers that they serve, as well as higher profit margin from daily sales. For financing customers, in addition to receiving digital literacy through products and services, they also gain easier process in banking transaction that can be done at any time through an application in the smartphone of Mitra Tepat.

This benefit is also enjoyed by more than 12.000 #bankirpemberdaya, the designation for the employees of BTPN Syariah, both those working in the head office and in the field. By using the application and digital instruments, customer servicing and empowerment activities become more efficient and more optimum. #bankirpemberdaya can better utilize their time to improve productivity, perform activities with more added value, and deepen customer engagement. Furthermore, with the use of the digital instruments, #bankirpemberdaya will benefit from increased competency in accordance to their passion and job roles that eventually will impact their career advancement.

During the piloting stage, the success of each element is measured and keep refined to ensure that each element achieve the target and deliver results and quality as expected, for the sake of productivity and service improvement and ease of transaction.

The other key element that inspires the Bank to persistently create the right and impactful working system is singled out in the ability of underprivileged customers to strive in the face of exceptionally strenuous situation. Their wholehearted confidence to the Bank has continuously motivates #bankirpemberdaya to serve the customers, in order to nurture the key behaviors that the Bank has inculcated since the beginning, namely, Courage to Do Business, Discipline, Hard Work, and Solidarity (BDKS). We believe, that it is those four behaviors, that, *Insyah Allah*, will strengthen the spirit of the financing customers to adapt to the arduous situation. Those four behaviors will make a difference and pave the way to a better life for our customers.

### the bank's participation to bring impact

Beyond operating business activities in 2021, the Bank has also actively supported and participated in the Government programs for economic recovery and provided relief program for business owners to sustain their businesses. The Bank always positions itself on the frontline of assisting customers, making sure those whose business is

impacted by the pandemic can gain immediate access to capital to prevent their business from falling deeper into decline.

Providing health and safety protection for #bankirpemberdaya and the customers to prevent the spread of COVID-19 remained the focus of the Bank. This was executed in a holistic and detailed manner, particularly due to the emergence of highly severe Delta variant in 2021. The Bank initiated a mass vaccination program involving more than 2,000 participants including underprivileged customers, customers' surrounding communities, educational institutions, and public figures. This activity was conducted in four cities, namely Palembang, Sukabumi, Sukoharjo, and Mataram, called Tepat Peduli Vaccination program.

The Bank's making health and safety a priority applies to not only customers but also #bankirpemberdaya. The Bank provided VGR vaccine to 12,000 #bankirpemberdaya. Every one of them was supplied with an oximeter, vitamin D3, and health supplements. A free PCR test and an exclusive telemedicine facility were made available to COVID-19 infected employees. They were also strictly monitored to ensure that they had access to healthcare and medicines that supported their recovery. In addition, the Bank worked with the Indonesian Red Cross Society (PMI) to provide convalescent plasma from recovered employees. All these actions were taken by the Bank based on a full awareness of its intention to create meaningful impacts.

## 2021 achievement

The persisting crisis in 2021 has changed our perspectives on fundamental matters that might seemingly be simple for some. Organizational achievement was manifested beyond the delivery of increased profit. The ability to act in harmony and build meaningful relationships with all stakeholders become very precious. The resilience demonstrated by our underprivileged customers has compelled the Bank to continuously learn, especially to learn to embody the character of humility and empathy. Humility to admit that we cannot cope with this crisis alone, and empathy to always start with good intentions in order to realize stakeholders' dreams faster.

*Alhamdulillah*, various initiatives and concrete actions in 2021 were carried out smoothly according to expectation. We were able to map the condition and make the policy on measuring work system in impactful and safe manner, as well as build resilience and collective strength. This served as a huge lesson for the Bank this year, which we consider a unique capability that may only be possessed by BTPN Syariah.



## positive growth

*Alhamdulillah*, with various significant actions for meaningful impacts and the support from all parties without exception in 2021, the Bank managed to record a positive growth despite the very challenging situation. The Bank has provided financing of Rp10.4 trillion to underprivileged customers. This number was a 9.7% increase compared to that of 2020 of Rp9.5 trillion. The percentage of income from fund disbursement was up 15.8% from last year.

Provision to total financing in 2021 was booked at Rp699 billion. The customer servicing and empowerment by #bankirpemberdaya in the financing program contributed to reduce the Non-Performing Financing (NPF) to 2.37%.

As of 31 December 2021, the total assets of the Bank grew to Rp18.5 trillion, or a 12.8% increase from Rp16.4 trillion in 2020. The measures to improve operational efficiency of the Bank has reduced the Cost to Income Ratio to 60.0%. This achievement contributed to the generation of net profit of Rp1.5 trillion, or a 71.4% increase from Rp855 billion in 2020, while maintained the Capital Adequacy Ratio at 58.3%.

Financing to Deposit Ratio was maintained at optimum ratio of 95.2%. Return on Asset (RoA) of 10.7% and Return on Equity (RoE) of 23.7% represented sound return indicators owing to increasingly better efficiency level.

With the blessing and content of Allah SWT, Fitch Ratings affirmed the Bank's Rating at AAA (idn) with a stable outlook and the Bank closed 2021 with good performance.

## good corporate governance

The Bank continues to find new ways that are considered more effective and efficient in aligning every initiative of the Bank Business Plan with the measures to improve the quality of good corporate governance. The implementation of Good Corporate Governance of the Bank in 2021 went well in the right corridor by improving the quality of information disclosure to the shareholders in a timely and complete manner. Owing to the support of robust information technology, several processes and mechanism in the implementation of GCG have become more dynamics (agile) without sacrificing the quality of achievement and fulfillment according to regulations.

The objectives of the implementation of GCG in the Bank is to build a sound sharia banking industry to protect the interest of stakeholders, improve compliance to the prevailing regulations and to the generally accepted ethical values in the sharia banking industry. As a sharia commercial bank and as public company, the Bank sustainably pledges to remain accountable and transparent and to nurture the trust of shareholders and investors. Internally, the Bank ensures the sustained commitment for the implementation of GCG principles through the professional conduct of business and operational activities and keeps improving the quality of system that always abides by the prevailing provisions and sharia principles.

## significant changes in 2021

One of the significant changes in 2021 was the change of the Board of Directors composition by adding 1 (one) member of the Board of Directors. Additional new member is expected to accelerate the growth of the Bank to achieve the target performance.

## plan for 2022

The Bank is optimistic that 2022 will be a better year than 2021. Several policies and strategies for economic recovery have been implemented by the government to bring situation back to normal. The handling of COVID-19 through the availability of free booster vaccines for the society with certain probability of efficacy is expected to be able to induce improvement in the economy.

In the year 2022, the Bank will continue to focus in serving ultra-micro segment consisting of underprivileged women. The Bank will also massively roll out the initiatives that have been prepared to build sharia digital ecosystem through products, applications, and partnership model. The Bank will also begin to explore collaboration types with potential partners, as opportunities to synergize and become a new growth engine for the Bank, while also refine its organizational capacity to stay agile and relevant.

## appreciation

On behalf of the Board of Directors and management, I would like to express my gratitude to all stakeholders for continued trust and motivation extended to us thus far. My sincere appreciation to the Board of Commissioners for supervising our acts and providing valuable support. I would like to thank the Sharia Supervisory Board and regulators for their supervision to our compliance and adherence to sharia principles in our business activities. To the management and #bankirpemberdaya, I would like to express how I am truly grateful for the hard work, mutual trust, and dedication in living the mission in our soul to wholeheartedly empower and serve all BTPN Syariah customers.

Lastly, to all shareholders and all the people of Indonesia, I thank you for your trust in us. *Insha Allah*, God Willing, we will endeavor with all our strength and power to preserve the trust by delivering even better performance as a sharia commercial bank for financial inclusion that makes a difference for millions of Indonesians.

*Wabillahitaufik Walhidayah.*

*Wassalammu'alaikum Warahmatullahi Wabarakatuh.*



**Hadi Wibowo**  
President Director