



02

management  
report



Service program for customers is continuously being enhanced in line with the development of technology that is suitable to meet customers' needs.



The effort to realize the sharia digital ecosystem that empower inclusive communities with a friendly financial service, access to market, and access to suppliers is a sincere endeavor of all #bankirpemberdaya for a more meaningful life of millions of Indonesians.

**Hadi Wibowo**  
President Director





## president directors' report

***Bismillahirrahmanirrahim***

***Assalamualaikum Warrahmatullahi Wabarakatuh***

**Esteemed Shareholders & Stakeholders,**

The year 2022 began with global recovery efforts from the danger of the newest COVID-19 variant, Omicron, followed by the surprising geopolitical challenges that shattered the world economy throughout the year. In Indonesia, the efforts to control COVID-19 pandemic were done by the government by risk-balancing through Community Activities Restrictions Enforcement and intensifying vaccination, to provide the best healthcare, and achieve herd immunity. Hopefully, this step was able to help protect the safety of the people so they could stay socially productive and recover the economy.

Thank God, the government's strategy worked well and Indonesia's economy could still record an excellent growth trend at 5.31% level, higher than most developed countries. Indonesia's economy continued to recover, public mobility slowly returned to normal, and the economy started to move again despite some uncertainties. The inflation rate was under the government's control so that prices of daily basic needs were stable and this generated new optimism among the MSMEs, including the ultra-micro who are considered to be most hard-hit by the mobility restrictions.

## initiation of sharia digital ecosystem

Since more than a decade ago, when it was first founded, BTPN Syariah positioned itself as a Public Sharia Bank that focuses on serving the inclusive communities, which are the productive women who live in small cities and villages. These women run individual businesses to meet their daily needs, as well as their families'.

These women who were, and still are, the main financing customers of BTPN Syariah. They not only receive banking services with a humanist touch from #bankirpemberdaya (the shared identity for BTPN Syariah employees), but are also provided with the complete package of measurable and sustainable empowerment, financing, and assistance to create better living. The Bank hopes that every effort that is a calling for every #bankirpemberdaya can help build key behaviors of Courage to Do Business, Discipline, Hard Work, and Solidarity (Berani Berusaha, Disiplin, Kerja Keras dan Saling Bantu or BDKS), so the inclusive communities can realize their good intentions faster, both for themselves, their families and their community.

In line with today's developments and learning from the COVID-19 pandemic, digital technology is well-proven to be effective and efficient to face many challenges. We can not forget the fact that the inclusive community has felt the benefit of digital technology during the pandemic, especially in education. They are proven to be able to adapt. This supports our believe to keep on innovating by utilizing technology that is fit for the needs of an inclusive community and is certainly in line the Bank's big aspiration, which is building a Sharia Digital Ecosystem for Inclusive Communities.

This aspiration has been started since several previous years by establishing the foundations, and supporting levels. Everything was built and oriented to the customers' readiness and ability to adapt, and answering customers' needs in the right way. The process design should be simple, down-to-earth, and suitable with the local wisdom.

The initiation of sharia digital ecosystem is focused on the service convenience and flexibility, that are related to financial services and other empowerment like skill enhancement, access to market, access to suppliers through assistance that is supported by the utilization of digital-based technology. At the moment, there are

Processing and growing together with the customers is a very valuable thing for the Bank in 2022.

four main application factors that are currently and planned to be used in this ecosystem; one is for the Bank's employees, one for Laku Pandai agents (called Mitra Tepat), one for partners who become empowerment facilitators, and another one for the Customers. These four applications have been and will be able to interact with each other, and therefore the relationship with Customers and Mitra Tepat will be close, because it occurs when the Customers have the need for financial services, support services, and other empowerment programs.

The application used by the employees is called Terra application that has been 100% used by all #bankirpemberdaya in the field. This application provides added values for the inclusive community through faster, more accurate, and efficient customer acquisition process, as well as financial approval and transaction.

In addition, Terra application could also be used in empowerment and digital literacy activities for the customers, and financial supporting activities for Mitra Tepat.

Mitra Tepat, who are the extension of the Bank are provided with Warung Tepat application. This application has many functions for Mitra Tepat to serve customers' financial transaction, working capital application for Mitra Tepat, access to suppliers, access to market, and have connectivity with Terra application. All of the above activities are designed to be done digitally. Therefore, the digital literacy education started from Mitra Tepat, and will slowly spread to the inclusive customers in each interaction between customers and Mitra Tepat on each community location.

Furthermore, to increase inclusive community capacity and capability, the Bank created an innovation for the empowerment program that can improve the customers' entrepreneurial skills through Bestee Tepat application. In 2022, the Bank cooperated with many parties to support the realization of a digital ecosystem, including with universities where the Bank offered opportunities for students to actively participate empowering inclusive communities. Thank God, this application has involved hundreds of students from all over Indonesia to assist ultra-micro financing customers as facilitators. Currently, the Bank is a partner of Ministry of Education, Culture, Research and Technology's Kampus Merdeka to offer the opportunity and encourage students to do internships at BTPN Syariah by directly assisting the businesses of the inclusive customers. This program has its own appeal for students who have the passion for contributing to empowering others. It is hoped with this program, the students involved would have the skills and critical thinking so that they are better prepared to enter the community as well as have a strong entrepreneurial spirit that will create jobs and be of benefit to many people. Bestee Tepat, in turn will also open opportunities for all stakeholders to be involved in measurable and sustainable empowerment programs.

Not only for Financing Customers, in 2022 the Bank has also enhanced the latest e-channel service for Funding Customers through Tepat Mobile Banking and Internet Banking for convenience and security in digital banking transactions, while at the same time being directly involved in empowering inclusive communities.

Another important milestone for the Bank as well as one of the elements that can accelerate the realization of the sharia digital ecosystem is the establishment of PT BTPN Syariah Ventura (“BTPN Syariah Ventura”) as a subsidiary of the Bank which has fully obtained its operations permit in 2022. BTPN Syariah Ventura is the first and only Islamic VC in Indonesia that focuses on improving the inclusive community welfare and only conducts investment capital participation in start-up companies with the same vision and mission, as well as the right digital competency. In 2022, BTPN Syariah Ventura has one investee company, Dagangan who could provide access to supply of necessity goods and access to market with wider coverage and segments, both online and offline. More than just providing convenience in obtaining goods needed, the Bank also facilitates inclusive customers to gain market access (access to market) for well-curated customer products.

Planning and implementation of these four accesses continue to be the pursuit of #bankirpemberdaya, who are the main driver in realizing a sharia digital ecosystem – the Bank’s big aspiration. Working meaningfully with passion and good intentions to transform the lives of millions of inclusive customers in Indonesia, #bankirpemberdaya consistently and diligently build a digital ecosystem for inclusive communities.

## 2022 achievements

The Bank looks at the entire process of realizing a sharia digital ecosystem as going through a new chapter. Essentially, innovating to widen access for the inclusive communities requires determination. Reflecting on all the results that have been achieved as well as those that are progressing well, are things to be grateful for. The targets were not only in the form of financial achievements, but also new initiatives that received regulatory support were successfully accomplished, and most importantly the targets to continue to have real social impacts on the lives of millions of inclusive communities. In this matter, processing and growing together with the inclusive communities is very valuable for the Bank and has become a learning curve in 2022.

## positive work performance in 2022

Thank God, innovations carried out by the Bank have brought positive and sustained growth. The Bank managed to disburse financing of Rp11.5 trillion to the inclusive customers. This figure increased 10% compared to 2021 which amounted to Rp10.4 trillion. The percentage of compensation for the collection and distribution of funds is recorded at 15%. Reserves for total financing in 2022 are recorded at IDR 769 billion.

Work efficiency and the use of appropriate technology by #bankirpemberdaya in providing service and assistance while disbursing financing also has contributed to reducing the Bank’s non-Performing Finance (NPF) ratio to 2.6%.

As of 31 December 2022, the Bank's total assets grew to Rp21.2 trillion, an increase of 14% from the previous Rp18.5 trillion in 2021. The Bank's improved operational efficiencies effectively reduced the Cost to Income Ratio to 58%. This achievement contributed to the generation of a net profit of Rp1.8 trillion, or a 21% growth from Rp1.5 trillion in 2021, while maintaining Capital Adequacy Ratio (CAR) of 53.7%.

The Financing to Deposit Ratio (FDR) was maintained at an optimal ratio of 95.7%. Return on Asset (RoA) of 11.4% and Return on Equity (RoE) of 24.2% indicated a healthy return due to an improved efficiency level resulting in the Bank maintaining AAA (Idn) rating with a stable outlook from PT Fitch Ratings Indonesia.

As of the end of 2022, BTPN Syariah Ventura had total assets of Rp313.5 billion and total equity of Rp311 billion. BTPN Syariah Ventura managed to perform capital participation to a strategic partner company in a total amount of Rp81 billion and recorded a Net Profit After Tax of Rp3.9 billion.

Along with the growth of financial performance, the Bank continues to strive to provide positive changes for the benefit of the customers' community through measurable and sustainable social impacts. In collaboration with various parties, in line with the increase in financing cycles for customers, there has been an increase in education number of customers' children who continue going to school, improved hygiene conditions and customers' household carbon emission, better quality of housing, and lower concentration of inclusive customers. This is in line with the PPI (Poverty Probability Index) report that is used to measure the progress out of poverty conducted by the Bank.

## good corporate governance

BTPN Syariah always ensures that the Bank implements the best practices of Good Corporate Governance (GCG) and complies with applicable regulations in carrying out its operational activities. The implementation of BTPN Syariah GCG in 2022 is kept within the corridor of sharia principles by seeking to improve the quality of information disclosure to stakeholders and regulators. Various new initiatives carried out by the Bank throughout 2022 have all been reported and obtained permission from the regulator.



In the implementation of GCG, digitalization also plays a role in updating methods to be more effective and efficient. With the continuous development of the use and benefit of technology, efforts to improve the quality of GCG fulfillment can be aligned to be more dynamic and comply with applicable regulations. The objective of GCG implementation in BTPN Syariah is always focused on developing a healthy sharia banking industry to protect the interests of stakeholders, improving compliance with prevailing regulations and ethical values accepted in the sharia banking industry.

### significant changes

In 2022, there was a significant change in the organizational structure of BTPN Syariah, namely changes in the composition of the Board of Commissioners with the appointment of a new member of the Board, Mr. Ongki Wanadjati Dana.

### business prospect for 2023

Global economic turmoil still overshadows various countries in 2023, including Indonesia. Especially after International Monetary Fund lowered its economic growth projection for 2023 to 2.7% from the previous 2.9%. The uncertainty of when the Russia-Ukraine war will end is considered a factor in the global food and energy crisis, soaring global inflation, and the scarring effect of the COVID-19 pandemic which has not yet been fully resolved, is a very well-founded concern for business players, high inflation can affect various industrial sectors and people's purchasing power.

However, with excellent economic performance in 2022, Indonesia has the provision to remain optimistic that its economy will grow well even though it must remain vigilant and tighten its monetary policy. With the national economy ready to face challenges in 2023, Indonesia is predicted to be The Bright Spot in Asia.

Indonesia's economy will remain resilient albeit being shadowed by the global economic recession. It takes hard work from every element of the nation to keep and maintain this achievement.

In line with the government, BTPN Syariah implements the principle of prudence and efficiency at all levels to anticipate conditions that are predicted to remain very challenging in 2023. The Bank's optimism for economic recovery needs to be strengthened by remaining alert to the spread of global uncertainty, including the risk of an economic slowdown, high inflation, and even a global economic recession. The Bank will focus on things that can grow the business, by serving more inclusive customers, by expanding the coverage area, and providing financing according to their business growth as well as exploring new products. In addition, the Bank continuously improves and develops digital technology that supports the realization of a sharia digital ecosystem at the next level for inclusive communities.

In line with the above, synergy and innovation are believed to be the keys to facing the turbulences and challenges in the future. The Bank will continue to open opportunities for cooperation and collaboration with parties that can support the development of the sharia digital

ecosystem. The Bank and its subsidiary, BTPN Syariah Ventura, will continue to explore new opportunities and seek candidates for strategic partners with the same mission and vision in the improvement of the welfare of millions in inclusive communities and generate positive impact for millions of Indonesians.

These plans are expected to support the financial inclusion for the ultra-micro segment and inclusive customers in line with Bank Business Plan.

## appreciation

Lastly, on behalf of the Board of Directors and management of BTPN Syariah, I would like to convey our gratitude to the government, financial regulators, and other stakeholders for their support and trust in the Bank so far. I would also like to extend our appreciation to the Board of Commissioners for their supervisory function, as well as to the Sharia Supervisory Board for supervising the implementation of compliance and business operations to adhere to sharia principles.

Our gratitude and greetings of respect for every BTPN Syariah customer who has stayed with us and consistently motivates us to work better and wholeheartedly through the products and services. Our next gratitude of course also goes to all #bankirpemberdaya for the commitment, dedication, and determination in executing the mission of empowering and serving all customers, including realizing the Bank's big aspiration to create a Sharia Digital Ecosystem for Inclusive Communities in Indonesia.

And also, not forgetting the shareholders and the people of Indonesia, their trust and support have kept our spirit alive to maintain this work performance mandate which, God willing, can be even better than before. May Allah SWT bless and protect every good intention that we have to help one another and create a more meaningful life for millions of Indonesians.

**Wabillahitaufik Walhidayah**  
**Wassalammu'alaikum Warahmatullahi**  
**Wabarakatuh.**



**Hadi Wibowo**

President Director