

Management Report





Message from Our Board of Commissioners



Ratna Yanti

Independent President Commissioner



BCAS is not only focused on achieving targets and positive performance but also on ensuring business sustainability through managing environmental, social, and governance (ESG) aspects, implementing prudential banking practices, complying with applicable regulations, and adhering to Sharia law. All of these goals are equally important and always remain our top priority.

*Bismillahirrahmanirrahim
Assalamu'alaikum Warahmatullahi Wabarakatuh*

Respected stakeholders,

We express our gratitude and offer praise to Allah SWT for the grace, mercy, and protection that has enabled BCA Syariah (hereinafter referred to as "BCAS" or "us") to maintain its good performance and sustainable growth throughout 2023. The Board of Commissioners will now present a monitoring report on BCAS management by the Board of Directors during the year.

Overview of Indonesia's Macro Economy and Banking Sector

In the year 2023, the global economy and geopolitics were still subject to high volatility. The International Monetary Fund (IMF) had projected that the global economy would continue to grow slowly at 3% in 2023 and 2.9% in the following year. However, according to IMF, the Indonesian economy was expected to grow at a rate of 5% in both 2023 and 2024. This projection was much higher than the IMF's global economic projection. Furthermore, Bank Indonesia (BI) estimated that Indonesia's economic growth in 2023 would range from 4.5% to 5.3%. In line with the projections of both the IMF and BI, the Indonesian economy continued to show its resilience and strength.

The Indonesian Government is highly committed to maintaining multiple prudent policies that will support the country's economic growth in the face of uncertainties. Data from BPS-Statistics Indonesia shows that Indonesia's economy continued to grow strongly in the third quarter of 2023, with a YoY growth rate of 4.94%. This growth rate was slightly lower than the previous quarter's rate of 5.17% YoY. The country's economic growth is mainly driven by domestic demand, including private consumption, government spending, and investment.

According to data from the Financial Services Authority (OJK), the national banking industry faced increased credit risk in October 2023 due to rising interest rates. This is evident from the key indicators such as credit growth and third-party funds, which amounted to 9.0% and 3.4%, respectively, compared to the same period in the previous year. However, Non-Performing Loans (NPL) improved to 2.42%.

Sharia banking has been experiencing positive growth and outperforming national banks. As per the OJK's data, in October 2023, Sharia banks' assets, third-party funds, and financing grew by 12.0%, 9.0%, and 14.7%, respectively. These percentages are higher than the corresponding percentages of

national banks, which were recorded at 4.9%, 3.4% and 9.0% respectively. Sharia banking liquidity and financing quality were maintained, as reflected by the Financing-to-Deposit Ratio (FDR) and Non-Performing Financing (NPF), which reached 84.19% and 2.17%, respectively. The NPF showed improvement compared to the previous year, which was recorded at 2.47%.

The Board of Directors' Performance and the Evaluation Basis

The Board of Commissioners oversaw the Board of Directors' performance throughout 2023 to ensure its alignment with the Bank's business plan. Our evaluation shows that, overall, the Board of Directors has effectively managed BCAS with results exceeding targets set for 2023, in line with BCAS's vision, mission, and business strategy. The Board of Directors implemented business strategies effectively and consistently ensured compliance with applicable laws and regulations as well as Sharia law.

BCAS, under the Board of Directors' guidance, focused on utilizing its resources, including human resources and information technology, to achieve its primary business strategy. This strategy was centred on rapidly increasing the customer base, particularly the customers using the Current Account Savings Account (CASA) product. The accelerated adoption of information technology in business and operational processes has significantly contributed to achieving the strategic targets of raising funds, distributing financing, and attaining operational excellence. The Board of Directors also continued to manage the Cost of Funds (CoF) optimally.

Overall, BCAS recorded positive growth in all performance target indicators for 2023, reflected in its key financial indicators, including assets, third-party funds, financing, and net profit. The Bank's total assets were recorded at Rp14.5 trillion, which is a growth of 14.2% YoY. Third-party funds reached Rp10.9 trillion, growing 15.5% YoY. Financing was recorded at Rp9.0 trillion, growing 18.8% YoY. Meanwhile, net profit reached Rp153.8 billion, a growth of 30.8% YoY. BCAS's improved performance was balanced by implementing prudential banking principles and sound risk management. This is reflected in the NPF, which was maintained at a low and healthy level of 1.04% gross and 0.00% net. We believe that the positive achievements in key financial indicators reflect the success of the Board of Directors in implementing business strategies and running the Bank's business effectively.

Monitoring the Implementation of the Bank's Strategy

The Board of Commissioners keeps a close eye on the strategies and actions taken by the Board of Directors to ensure that the Bank maintains excellent and sustainable performance. Based on our assessment, the Board of Directors managed BCAS in accordance with established business plan and strategic policies. They also consistently communicated with the Board of Commissioners to formulate strategic steps, implement policies, and respond to regulatory directives. Additionally, we believe that the Board of Directors actively monitored and observed the latest economic and banking trends, thereby keeping BCAS relevant to developments. We fully supported the Board of Directors in implementing the Bank's strategic policies in 2023.

The Board of Commissioners has directed the Board of Directors to maintain prudent banking principles and effective risk management when providing financing. This is reflected in BCAS's financing strategy, which involves considering potential businesses, financial performance, and inherent risks. BCAS achieved significant growth in financing, particularly in consumer financing, reaching Rp821.9 billion or growing by 95.3% YoY. MSME financing also increased 5.0% YoY, reaching Rp1.8 trillion and contributing 20.2% to the total financing portfolio. The Directors' commitment to implementing sustainable finance is also reflected in BCAS's success in recording growth in financing sectors in the Sustainable Business Activities category. The financing of sustainable businesses was recorded at Rp2.7 trillion, growing 4.7% YoY and contributing 30.1% to the total financing portfolio. This achievement is in line with the regulators' sustainable finance policy.

We wish to express our appreciation for the efforts made by BCAS in managing third-party funds. In particular, we acknowledge the significant acceleration in the number of customers with digital technology. The launch of the online account opening feature in 2023 led to an increase of up to 170.1% in customers. This growth in the number of customers contributed to the maintenance of the CASA composition at 38.1% of total third-party funds.

Good Corporate Governance

BCAS follows good corporate governance (GCG) practices and adheres to Sharia law in its business operations. In our opinion, BCAS's GCG practices are proper. We believe that the Board of Directors and other governance organs have implemented GCG optimally to ensure long-term business sustainability, maintain the Company's financial health, and uphold stakeholders' trust. The Board of Directors stays up-to-date with the latest regulatory developments related to GCG implementation and updates internal regulations accordingly. To ensure that GCG implementation remains at a high level, BCAS conducts

periodic self-assessments. The 2023 self-assessment results for GCG implementation received a composite rating of 'Very Good'. This indicates that corporate governance has been implemented in an orderly, effective, and comprehensive manner in every line of the organization. We always support the Board of Directors in enhancing BCAS's GCG practices and conduct regular evaluations of their GCG implementation.

The Board of Commissioners' View of and Role in the Whistleblowing System

Implementing the GCG whistleblowing system is a crucial step in upholding transparency within BCAS. This system plays a vital role in promoting a culture of compliance and supporting anti-fraud policies throughout the organization. We have established robust policies and procedures to effectively detect any fraud or violations committed by internal parties. A dedicated work unit is responsible for managing the whistleblowing system and reports directly to the President Director. Additionally, the work unit has direct communication links with the Board of Commissioners. By implementing these measures, BCAS demonstrates a strong commitment to transparency, compliance, and responsiveness to any possible organizational violations or fraud.

Overseeing and Advising the Directors

We actively oversee and advise the directors through regular meetings and discussions. We also maintain communication with the Sharia Supervisory Board to ensure compliance with Sharia regulations. In 2023, we organized 11 joint meetings with the Board of Directors. The purpose of these meetings was for the Board of Directors to report on the progress of its strategic plan implementation to the Board of Commissioners and for the Board of Commissioners to advise the Board of Directors on strategies, business management, risk management, audit, and compliance.

Evaluating the Performance of the Committees Under the Board of Commissioners

The Board of Commissioners receives support from three committees - the Audit Committee, Risk Monitoring Committee, and Remuneration and Nomination Committee - in carrying out its duties and responsibilities. Our evaluation shows that throughout 2023, these committees performed their duties excellently and significantly aided us in implementing governance standards at BCAS.

The Audit Committee's role is to assist the Board of Commissioners in supervising the implementation of both

internal and external audits. In addition, the Committee monitors the implementation of corporate governance, internal control systems, and compliance with applicable laws and regulations. To perform its functions, the Committee holds meetings with relevant work units, reviews audit results reports, and oversees BCAS's follow-up on audit findings. In 2023, the Committee held 17 meetings and attended internal audit exit meetings at branch offices and head office work units.

The Risk Monitoring Committee plays a crucial role in supporting the Board of Commissioners to ensure that BCAS's risk management system is effective in identifying, measuring, and mitigating all risks faced by the Bank. The Committee holds meetings, collaborates with relevant work units, and provides recommendations on policies related to the Bank's risk management. During 2023, the Committee held a total of 12 meetings. Additionally, the Committee regularly reviewed reports such as the quarterly Bank Risk Profile reports and the Company's monthly and quarterly financial reports.

The Remuneration and Nomination Committee has a primary responsibility to provide recommendations to us regarding the Bank's overall remuneration policy. The Committee also suggests nominees for BCAS management and independent Committee members. This process involves several meetings and discussions that contribute to our decision-making. The committee keeps us updated on the latest employment topics relevant to their duties, employment regulations, and human resource developments in the sharia banking industry. In 2023, the Committee organized four meetings.

Composition of the Board of Commissioners

Changes were made to the membership composition of the BCAS Board of Commissioners as decided in the Annual General Meeting of Shareholders (AGMS) held on 22 February 2023. The GMS decided that Ms. Tantri Indrawati and Ms. Ina Widjaja had completed their term as an Independent President Commissioner and a Commissioner, respectively, and appointed Mrs. Ratna Yanti as an Independent President Commissioner, Mr. Rickyadi Widjaja as a Commissioner, and Mrs. Inge Setiawati as an Independent Commissioner. As per the AGMS decision, the composition of the BCAS Board of Commissioners as of 31 December 2023 is as follows:

Independent President Commissioner	: Ratna Yanti
Commissioner	: Rickyadi Widjaja
Independent Commissioner	: Inge Setiawati

Business Prospects

According to data presented by the Ministry of Finance at the National Seminar on Indonesian Economic Outlook 2024, Indonesia's economy is expected to maintain a growth rate of over 5% in 2024. However, the country needs to remain

cautious in dealing with various global dynamics. The banking industry is expected to face multiple risks until next year, including the risk of high benchmark interest rates. As of the end of 2023, the Indonesian banking sector remained stable and strong despite the high global interest rates. This was due to the capital adequacy ratio (CAR) of 27.41%, a figure that was significantly higher than the average of other countries, which was below 20%. In light of these favourable conditions, we recommended that BCAS continue to conduct stress tests on several different scenarios to assess capital resilience, liquidity, and profitability in line with the established risk management principles.

The Board of Commissioners agrees with the Minister of Finance's projection that the Indonesian economy and national banking still hold long-term prospects despite relatively low literacy challenges that still obstruct the sharia banking industry. However, these obstacles can still be overcome by various opportunities and factors, such as Indonesia's demographics, which boast the world's largest Muslim population, the potential for global and local halal industry growth, and the significant role of MSMEs in the Indonesian economy. These opportunities can be leveraged by BCAS for maximum benefits.

OJK is committed to promoting financial literacy and inclusion, including sharia financial literacy and inclusion. They implement the KEJAR or One Account per Student program, which is consistently implemented and expanded every year. In response, we appreciate and support BCAS's efforts to improve financial literacy through ongoing education and training activities. Additionally, BCAS encourages inclusion through product development, funding and financing, and maximizing the development of digital infrastructure to facilitate public access to BCAS's services and products. This further fuels our optimism that the future prospects for the sharia banking business are very promising.

We have reviewed the growth targets specified in the business plan the Board of Directors prepared. We believe that these targets are relevant to the intermediate developments of the national economy. We have also considered various risks the company may face in the coming year. To achieve these targets, we urge the Directors to stay consistent in running the company in accordance with the strategies and plans that have been prepared. This includes focusing on increasing the composition of CASA and optimizing the Cost of Fund management. By following this strategy, BCAS can maintain its Net Benefits (NI) and improve its competitiveness in financing distribution. We hope BCAS will continuously optimize IT utilization across various fields by closely monitoring the capacity and capability of IT infrastructure and data security systems. It should also focus on developing innovative products and services to provide customers with the best solutions and experiences. By implementing a sustainability strategy, we are optimistic that BCAS can support national economic growth, drive change in the sharia banking industry, and provide sustainable added value to all our stakeholders.

Acknowledgements

We would like to express our gratitude to our shareholders and stakeholders for their unwavering trust and support for BCAS. We also extend our high appreciation to the Sharia Supervisory Board, our Directors, the management, and all employees for their dedication, contribution, and cooperation in encouraging BCAS to continue to develop and grow sustainably.

By maintaining increasingly strong cooperation and collaboration, we are confident that BCAS will continue to experience sustainable growth and become a pioneer in sharia banking development in Indonesia. We hope this success will bring progress and benefits to all parties involved. Amen.

*Wabillahi Taufik Wal Hidayah
Wassalamu'alaikum Warahmatullahi Wabarakatuh.*

Jakarta, February 2024
On behalf of the Board of Commissioners



Ratna Yanti
Independent President Commissioner

Inge Setiawati
Independent Commissioner

Rickyadi Widjaja
Commissioner

Ratna Yanti
Independent President Commissioner



Message from the Sharia Supervisory Board



**Prof. Dr. H. Fathurrahman
Djamil, M.A.**

Chairman of Sharia Supervisory Board

**Bismillahirrahmanirrahim
Assalamu'alaikum Warahmatullahi Wabarakatuh**

We thank and offer all our praise to Allah SWT for bestowing grace, guidance, and protection upon us. With Allah SWT's blessings, BCAS managed to navigate through 2023 and fulfil its responsibilities as a sharia-compliant bank that supports the nation's economic growth.

With respect, allow me to represent the Sharia Supervisory Board in submitting a report on our supervision of BCAS's Sharia principle implementation in its operations throughout 2023.

Implementation of Supervision Activities by The Sharia Supervisory Board in 2023

As the Sharia Supervisory Board, it is our responsibility to advise and guide the Directors in ensuring that the Bank's operations align with sharia law. Our supervisory function includes reviewing and ensuring that BCAS's operational and product guidelines comply with sharia law, overseeing that the Bank's new product development process adheres to the fatwa of the National Sharia Council – Indonesian Ulema Council, and conducting regular reviews to ensure that BCAS's mechanisms for collecting and distributing funds, as well as services, comply with sharia law.

We closely monitor BCAS's business developments and ensure they comply with sharia law. Our supervisory activities in 2023 include the following:

- Holding joint meetings with the Board of Commissioners, Directors, and relevant work units at least once a month. In 2023, we organized 29 meetings, including joint meetings with the Board of Commissioners, Directors and meetings with work units.
- Providing Sharia-compliant Opinions on fund-raising and financing distribution and BCAS's services. In 2023, we provided 33 opinions, as detailed in the Corporate Governance Report Chapter herein. We also consistently monitor the follow-up to the opinions we have issued.
- Supervising the development of new products.
- Assessing BCAS's compliance with sharia law through sampling.
- Reviewing reports submitted by or requested from the Directors, internal auditors, compliance unit, and risk management unit to evaluate the quality of BCAS's fund-raising and financing distribution and risk management activities as well as service delivery compliance with sharia law.
- Determining the number of sample transactions through an internal board meeting to be examined to see their compliance with sharia law. The number is then reported in writing to the Board of Directors and the Board of Commissioners.
- Examining transaction documents subject to peer testing to determine their compliance with sharia law as required by the bank's applicable internal regulations.
- Inspecting, observing, and requesting information or confirmation from BCAS employees and customers to strengthen document checks.
- Reviewing the Sharia-related SOPs to identify operation compliance and non-compliance with sharia law. We have reviewed the sharia aspects of the bank's internal procedures and regulations for operations - including fund-raising, financing distribution, and banking services - and

risk management.

- Improving understanding of sharia aspects through information-sharing sessions about DSN-MUI's fatwas, fundraising, and financing distribution.
- Reporting our supervision results semi-annually to the Board of Directors and Board of Commissioners, which are then reported to the OJK.
- Attending meetings hosted by DSN-MUI, including the Pre-Ijtima Sanawi Sharia Supervisory Board and Ijtima Sanawi Sharia Supervisory Board workshops.

When overseeing a development process of a new product, the Sharia Supervisory Board also carries out the following activities:

- Requesting an authorized official from BCAS to provide details about the objectives, characteristics, and contracts involved in the new product being developed.
- Verifying whether the contract used for the new product development complies with the DSN – MUI fatwa.
- Reviewing the systems and procedures for the new product that will be launched to ensure their compliance with sharia law.
- Providing sharia opinions on the new product that will be launched.

In 2023, during the launch of BCAS's new products, we concluded, based on our supervision, that the contracts and procedures used did not conflict with the DSN-MUI Fatwa. We also found that there were no sharia-related issues in the features or provisions of the new product, and there were no other potential violations of sharia law.

As an integral part of our responsibilities, we support BCAS management in increasing sharia-related understanding across the organization. To this end, we regularly bring up the DSN-MUI Fatwa at meetings and discussions. We also organize training sessions and outreach programs and prepare training materials for BCAS employees to refresh and deepen their understanding of sharia. Moreover, we provide formal and informal consultations to relevant work units on sharia to ensure that the staff members are well-informed and knowledgeable about the subject.

Based on our supervision, we confirm that all BCAS activities in 2023 were compliant with sharia law, there are no activities violate sharia principles, especially in activities related to financing businesses prohibited by sharia law and receiving income from interest or conventional financial instruments. We have thoroughly supervised BCAS products, policies, and operations and have found them to be in compliance with sharia principles and the regulations issued by DSN-MUI, including applicable fatwas and legislation. We will continue to guide and encourage BCAS management to align the Bank's internal regulations with the applicable regulations and opinions we have issued.

We have submitted the results of our supervision of the BCAS Directors and Board of Commissioners in the 2023 financial year to the OJK and the National Sharia Council - Indonesian Ulema Council (DSN-MUI) per semester. Moreover, we participated in efforts to enhance the understanding and application of sharia law within the Bank's organization. We organized discussions with work units and raised their awareness of the DSN-MUI Fatwa to ensure consistent and thorough comprehension across all organization lines.

The Sharia Supervisory Board fully supports and appreciates management's efforts to strengthen the Bank's GCG practices. The efforts aim to provide a solid basis for BCAS's future progress and increase customers' and other stakeholders' trust.

Composition of the Sharia Supervisory Board

In 2023, there were no changes in the composition of the Sharia Supervisory Board, which remained the same as determined in the Annual General Meeting of Shareholders decision on 22 February 2023.

Composition of the Sharia Supervisory Board as of 31 December 2023 is as follows:

Chairman : Prof. Dr. H. Fathurrahman Djamil, M.A.
Member : Sutedjo Prihatono

Closing

As we bring this message to a close, we express our sincerest gratitude for the unwavering dedication and commitment of the entire team, management, Directors, and Board of Commissioners of BCAS, who have consistently endeavoured to ensure adherence to sharia law as well as all relevant laws and regulations. Our heartfelt prayer is that BCAS will continue to thrive and grow, ultimately becoming a sharia-compliant bank that will positively impact Indonesian society. Amen.

*Wabillahi Taufik Wal Hidayah
Wassalamu'alaikum Warahmatullahi Wabarakatuh.*

Jakarta, February 2024
On behalf of the Sharia Supervisory Board,



Prof. Dr. H. Fathurrahman Djamil, M.A.
Chairman of Sharia Supervisory Board

Sutedjo Prihatono
Member of Sharia Supervisory Board

Prof. Dr. H. Fathurrahman Djamil, M.A.
Chairman of Sharia Supervisory Board



Message from the Board of Directors



Yuli Melati Suryaningrum
President Director



Despite facing various challenges, the enthusiasm of all BCAS employees remained high as they worked diligently to deliver the best performance. *Alhamdulillah*, BCAS was able to end 2023 with positive results while always prioritizing ESG values for sustainable growth.

Bismillahirrahmanirrahim

Assalamu'alaikum Warahmatullahi Wabarakatuh

Respected stakeholders,

With expressions of praise and gratitude to Allah SWT for the grace and guidance, we ended 2023 with positive achievements. Despite global economic challenges due to geopolitical turmoil, BCAS has exceeded its performance targets, thanks to our customers' and stakeholders' trust and cooperation. Our total assets have grown by 14.2% to Rp14.5 trillion, and we have achieved a net profit of Rp153.8 billion, representing a growth of 30.8% compared to the end of 2022.

Overview of Indonesia's Macro Economy and Banking

The International Monetary Fund (IMF) had projected that the global economic growth rate would slow down to around 3% in 2023, followed by a further dip to 2.9% in the following year. This is due to the high volatility in the global economic and geopolitical sectors, which continue to overshadow. However, the IMF's outlook for the Indonesian economy was more favourable than that of the global economy. The Indonesian economy was expected to show stable growth, with a growth rate of 5% projected for both 2023 and 2024. Despite the challenging global economic climate, the Indonesian economy has demonstrated remarkable resilience and strength, consistent with the IMF's prediction.

Central banks in several countries, Indonesia included, have implemented more aggressive monetary policies in response to high inflation rates. Bank Indonesia's benchmark interest rate remained at 6% by the end of 2023 despite having increased in November 2023. Fortunately, inflation in the country has remained under control despite the increase. The price hike of agricultural commodities such as red chillies, cayenne peppers and shallots was caused by the impact of El Nino. This price increase continued after the previous increase in rice prices. Facing a range of uncertainties, the Indonesian Government implemented a series of policies aimed at further strengthening the economic foundation.

Based on data presented by BPS-Statistics Indonesia, Indonesia's economy performed well in the third quarter of 2023, with a growth rate of 4.94% (YoY). Although this is slightly lower than the previous quarter's growth rate, which

was 5.17% (YoY), it is still a solid performance. Bank Indonesia had projected that Indonesia's economic growth rate in 2023 would range from 4.5% to 5.3%. The projection shows promise, with strengthening expected to be driven by domestic demand, particularly in private consumption, government spending, and investment.

OJK data shows that national banking asset growth in October 2023 increased by 4.9% YoY. Third-party fund growth was recorded at 3.4% YoY, driven by the growth of deposit products by 5.7% YoY, savings products by 2.6% YoY, and current account products by 1.6% YoY. Meanwhile, the national banking credit growth in October 2023 was 9.0% YoY, lower than the previous year's credit growth of 12.0% YoY. This is due to the BI 7-day (Reverse) Repo Rate increase in 2023, resulting in decreased credit demand.

In October 2023, the sharia banking industry showed stronger growth than the national banking industry. Sharia banking assets increased by 12.0% YoY, deposits grew by 9.0% YoY, and financing distribution grew by 14.7% YoY. In the same month, the NPF was recorded at 2.17%, which is an improvement compared to the previous year's NPF of 2.47%.

Analysis of the Bank's Performance and Main Activities

Alhamdulillah, as of 31 December 2023, BCAS performed well in all of its key performance indicators. Here are the details:

- Total BCAS assets rose to Rp14.5 trillion, a growth of 14.2% from Rp12.7 trillion in the previous year. The growth was driven by an increase in deposits and expanded financing distribution.
- Third-party funds increased to Rp10.9 trillion, a growth of 15.5% from Rp9.5 trillion in the previous year. The growth was driven by our efforts to acquire new customers by adding the online account opening feature to the BCA Syariah Mobile app and intensifying our marketing activities.
- Financing increased to Rp9.0 trillion, a growth of 18.8% from Rp7.6 trillion in the previous year while maintaining a low and healthy level of gross NPF at 1.04% by the end of 2022.
- Income before tax rose to Rp191.4 billion, a growth of 30.9% from Rp146.2 billion in the previous year. Net income also increased to Rp153.8 billion, a growth of 30.8% from Rp117.6 billion in the previous year.

- BCAS's capital was solid, with a CAR of 34.8%, which is adequate to support its business expansion and the implementation of its strategic initiatives.
- Its FDR was at 82.3%, indicating the Bank's optimal level of liquidity and balance to manage its assets and liabilities.
- Its net returns rate was 4.7%, experiencing a correction of 0.4% from the previous year, which was 5.1%.

We put a lot of effort into expanding our customer base through e-channel development. As part of this strategy, we added an online account opening feature to the BCA Syariah Mobile app. We intensified our marketing activities through our branch network, marketing events, loyalty programs, digital media marketing, and partnerships. These consistent efforts have paid off, with the number of customers increasing significantly by 170.1% YoY. Moreover, the CASA composition has been maintained at 38.1%.

In 2023, we improved our financing distribution in the consumer segment by offering a range of product choices, competitive financing rates customized to suit individual customer needs, and extensive marketing through our branch network. BCAS worked closely with BCA to organize marketing events such as the BCA Expoversary and BCA Expo. These events are widely known and have become the primary choice of customers interested in purchasing new homes or vehicles.

We support the MSME segment by distributing financing to this segment, which amounted to Rp1.8 trillion in 2023, contributing 20.2% to the total BCAS financing portfolio. Additionally, since 2022, we have been offering education for micro, small and medium entrepreneurs through a program called WEpreneur. This program is designed to train and mentor female entrepreneurs who own and run MSMEs, with the aim of building their entrepreneurial capacity and spreading the knowledge among the female MSME community. We hope this program can contribute to the overall development of the MSME segment.

Complying with OJK's regulation on sustainable finance, BCAS is committed to allocating financing to projects that fall under the category of sustainable business activities. In 2023, we allocated Rp2.7 trillion, which accounted for 30.1% of the total financing that we disbursed, towards the sustainable business sector.

Until the end of 2023, BCAS served its customers through 76 offices, including 14 branch offices, 18 sub-branch offices, and 44 Sharia service units across Java, Sumatra, and Sulawesi. In addition, we provided Sharia services through 100 Commercial Bank Sharia Service (LSBU) units as part of our synergy with BCA, with the aim of expanding the coverage of our sharia services. These units, in particular, facilitated our customers to deposit their hajj pilgrimage fees (BPIH). In 2023, BCAS expanded its branch network to deliver a broader range of services to customers. We opened the Metro Lampung Sub-branch Office and a Sub-branch Office for sharia services in Cimahi. Furthermore, we relocated several branch offices,

such as the Surabaya and Bandung Branch Offices, to make it easier for our customers to access our services. It is our honour that BCAS's presence in various regions of Indonesia can provide solutions to community members' financial needs and contribute to the economic growth of local communities.

Strategic Policy Implementation

Our Directors have formulated strategies and policies to implement our business plan. These include business targets, expansion plans, and technology and human resource development. We develop our strategies by considering the latest economic and banking trends, as well as applicable regulations and regulators' directives.

Strategic policies we implemented in the financial year of 2023 include the following:

Accelerate financing distribution

BCAS recorded Rp9.0 trillion in disbursed financing, which grew 18.8% from the previous year. This growth can be attributed to the active marketing carried out by our marketing units throughout our branch network and customer deepening, allowing us to serve new customers from the existing customer business ecosystem, both from the supply chain and customer business groups. In addition, BCAS works closely with its parent company, BCA, and utilizes the BCA Group ecosystem to capture opportunities for sharia-compliant financing needs from the BCA Group customers. We believe the key to successful financing distribution is the quality of service delivery and customer engagement. We understand that financing collaboration must be based on customer trust, and we strive to accompany our customers in achieving business growth.

Accelerate the increase of customer base

A bank's customer base is its biggest asset and plays a vital role in its long-term business sustainability. With this understanding, in 2023, we focused our efforts on increasing our customer numbers, particularly those who would use our CASA products. These efforts include adding an online account opening feature to the BCA Syariah Mobile app and collaborating with educational institutions, religious organizations, and associations to collectively open accounts for their members. We also actively marketed our products through our branch network, digital media, and promotional programs. We are very grateful that our customers give us feedback on the features and services they need. The launch of this online account opening feature is a concrete example of our commitment to listening to customer needs and providing solutions accordingly.

BCAS's touchpoints with its customers are physical and digital channels. Customer satisfaction, represented by the voices of customers who receive excellent service from BCAS, is a critical factor in expanding our customer base. To this end, we strive to provide exceptional service through physical and digital

channels. *Alhamdulillah*, we have continuously improved the quality of our service delivery, as shown by various customer satisfaction indicators. For example, we won the third rank among sharia-compliant banks in Satisfaction, Loyalty and Engagement in the Infobank Satisfaction Loyalty Engagement 2023 and the second Best Mobile Banking Sharia in the Infobank Digital Brand Awards 2023. We also received Golden Recognition for Five Consecutive Years in Service Excellence from Infobank Banking Service Excellence in 2023.

Accelerate Information Technology adoption

In order to accelerate financing distribution and increase the customer base, it is important to have a robust Information Technology (IT) infrastructure. To this end, BCAS implemented various initiatives in 2023 to modernize its IT systems and networks. This included increasing the capacity of our systems and networks to ensure faster customer transaction speed. We also developed multiple applications to improve process efficiency, such as the Financing Origination System, which processes financing digitally and automates the entire process. With this solution, the financing process becomes more efficient and accurate, with a better track record and minimal human error. In addition to process efficiency, we also focus on monitoring activities and have developed a digital dashboard. This solution makes the performance monitoring process more manageable by presenting data quickly and accurately, which can help in developing appropriate strategic decisions.

Directors' Ways to Ensure Strategy Implementation

Our Directors regularly communicate the Bank's strategic plans and key performance indicators to all work units and branch offices through formal and informal meetings. This is crucial to ensure that all BCAS employees have a shared understanding of the Bank's main strategy and work towards the same goal in harmony.

At regular intervals, we monitor the achievement of key performance indicators and risk parameters to make sure that BCAS's business processes align with the planned strategic direction and business objectives and that the associated risks are within acceptable limits. We also constantly monitor economic developments, trends in the banking industry, regulatory policy changes, and best banking practices. This helps us ensure BCAS adapts to the changing business and industrial environment and makes informed decisions to respond to these changes.

Throughout 2023, our Directors also intensively communicated with our work units to follow up on audit findings and thereby ensure that all the business processes at BCAS had considered the issues of concern raised by regulators and external and internal auditors. The purpose of this communication is to ensure that any corrective measures and follow-up actions to audit findings are appropriately and efficiently implemented. By

doing so, we aim to maintain compliance, increase operational efficiency, and ensure that BCAS continues to operate in accordance with all relevant standards and regulations.

Environment, Social, and Governance (ESG)

Building on our understanding that ESG aspects are in line with sharia law (*maqasid syariah*), we are committed to promoting and integrating ESG values into our day-to-day operations and activities. We believe that business management that prioritizes ESG aspects is crucial for ensuring long-term business sustainability.

BCAS upholds its ESG values through three pillars of sustainable financial policy. These pillars are as follows:

1. Sustainable Sharia Banking, focusing on implementing good corporate governance and delivering superior and innovative economic performance.
2. Contributive and Responsible Institutions, prioritizing supporting nature conservation and fulfilling business responsibilities towards the community by creating a positive impact on society.
3. Creating quality and prosperous human resources, emphasizing the importance of developing a workforce that is prosperous and of high quality, as an essential part of company sustainability.

By integrating these ESG values into business policies and practices, we ensure not only good financial performance but also a positive impact on the environment, society, and all our stakeholders.

Sustainable Financing

BCAS is committed to increasing its sustainable financing portfolio consistently. In 2023, BCAS's financing under the category of Sustainable Business Activities amounted to Rp2.7 trillion or 30.4% of total financing. This figure represents an increase of 4.7% (YoY) compared to the previous year, which was recorded at Rp2.6 trillion. The quality of BCAS's sustainable financing remained high, as reflected in its non-performing financing (NPF) ratio, which was maintained at 0.6%.

Community Engagement and Development

As part of its corporate social responsibility, BCAS contributes to community engagement and development through the BCA Syariah Care program and the distribution of zakat funds collected from the community. We have collaborated with SheStarts.id to build Indonesian female MSME owners' capacity and expand their network through a program called WEpreneur by BCA Syariah. The program, which ran from 2022 to 2023, featured 15 female MSME mentors (dubbed "Big Sistars") who received training and mentoring from experts and business people on various topics. By being directly involved in their respective communities through micro-mentoring activities,

the Big Sistas gained experience as business mentors. A total of 421 participants benefited from the micro-mentoring sessions and acquired knowledge about entrepreneurship.

Implementing Green Lifestyle

BCAS is committed to promoting a sustainability culture by implementing initiatives that will integrate eco-friendliness into BCAS employees' lifestyles. We have launched a green lifestyle program that aims to encourage BCAS employees to adopt eco-friendly practices such as using a digital signing and approval system to reduce paper use, promoting electricity and water savings, discontinuing the use of bottled water in the office premises, and sorting waste. Additionally, we measure our resource consumption, particularly electricity and water, and plan to expand the scope of these measurements over time.

We have also integrated eco-friendly practices into digital banking through e-channel development. The number of BCA Syariah Mobile users increased by 267.58% in 2023, reaching 373,753 users. Furthermore, the number of transactions made on the BCA Syariah Mobile app reached 9.9 million, indicating a significant increase compared to the previous year. By optimizing digital banking services, we aim to contribute to emission reductions and inclusive finance.

GCG Implementation

We are committed to implementing and maintaining GCG practices across the entire organization's value chain by referring to the relevant regulations. We believe that consistent implementation of GCG will enhance the trust of our customers, shareholders, and other stakeholders and ultimately have a positive impact on BCAS's business continuity.

At BCAS, we constantly review and enhance our risk management, governance, and operational policies to improve our GCG implementation. We regularly conduct self-assessments to measure the quality of our GCG implementation. In the first and second semesters of 2023, the results of our GCG self-assessment achieved a composite rating of "Very Good".

Human Resources

All of BCAS's performance achievements are the result of the contributions made by the people working at BCAS. Therefore, we are committed to creating professional and competent individuals in Sharia banking who have strong personal values. To achieve this goal, we focus on human resource management and development, which includes maintaining a fair recruitment system, improving competence, offering career development opportunities, and fostering healthy industrial relations. Recruitment is an essential aspect of maintaining the quality of human resources. Specific programs, such as the BCA Syariah Information Technology (BSIT) program and the BCA Syariah Development Program (BDP), are designed to fulfil HR needs for IT, marketing, and analysis functions. Meanwhile,

training programs are continuously carried out to develop the skills of existing human resources, and we ensure that all BCAS staff have received training in 2023.

The HR management at BCAS strives to maintain a healthy work-life balance and create a safe, comfortable and happy workplace for all employees. We provide worship and sports facilities to promote physical and spiritual well-being. As of 31 December 2023, BCAS had 771 employees from various age groups and education levels, all positively contributing to the Bank's growth. Further information about BCAS employees, training programs, and HR development is presented in the Company Profile chapter herein.

Performance of the Committees under the Board of Directors

Committees under our Directors play a crucial role in assisting us with our duties and responsibilities towards managing the Bank. These committees are: Assets and Liabilities Committee, Financing Policy Committee, Financing Committee, Risk Management Committee, Information Technology Steering Committee, Human Resources Committee, and Personnel Case Consideration Committee.

We would like to express our sincere appreciation to all members of the committees under the Board of Directors for their consistent performance and support in helping us carry out our duties and responsibilities throughout 2023. We believe that each committee demonstrated exemplary performance and provided contributions in accordance with their respective duties and responsibilities throughout 2023. They regularly organized meetings, actively participated in discussions, and provided recommendations to us on issues related to BCAS business management, target achievement, risk management, economic developments, and the latest regulations.

Composition of the Board of Directors

Changes were made to the composition of the Board of Directors in 2023. The Annual General Meeting of Shareholders held on 22 February 2023 decided that Mr. Rickyadi Widjaja had completed his term of office and appointed Ms. Ina Widjaja as a Directors until the closing of the 2025 GMS. The changes were made as part of BCAS's strategic direction to support the growth of business scale and complexity at a higher level. With these changes, the structure of the Board of Directors as of 31 December 2023 is as follows:

President Director	: Yuli Melati Suryaningrum
Director	: Ina Widjaja
Director	: Pranata
Director	: Lukman Hadiwijaya
Director for Compliance	: Houda Muljanti

Challenges and Target Achievement in 2023

In 2023, the global economy was still affected by uncertainty due to geopolitical turmoil in Europe and America. Meanwhile, the banking sector was also under pressure to adopt technological advancements quickly and meet customer expectations for convenience and speed in transactions. Despite numerous challenges, BCAS managed to perform exceptionally well due to the implementation of strategic policies, effective risk mitigation, and consistent corporate governance. Overall, BCAS exceeded the targets set at the beginning of the year. Here are the details:

- Assets reached Rp14.5 trillion, growing 14.2% from the previous year, exceeding the target range of 9-11%;
- Third-party funds rose to Rp10.9 trillion, exceeding the target range of 10-12% and representing a 15.5% increase from the previous year;
- Financing increased to Rp9.0 trillion, an 18.8% increase from the previous year, exceeding the target range of 10-12%; and
- Net income was recorded at Rp153.8 billion, which represents a 30.8% increase from the previous year and exceeded the target range of 17-19%.

Analysis of Business Prospects and Strategy

The Indonesian Minister of Finance has projected that Indonesia's economy will maintain a growth rate above 5% in 2024. However, the banking sector, including in Indonesia, may face certain risks due to global challenges. One of the main risks is the impact of high benchmark interest rates. Despite these risks, the Indonesian banking sector has a high capital adequacy ratio (CAR) of 27.41%, which is well above the average CAR of other countries. At the end of 2023, the average CAR of other countries was below 20%. This means that national banking is still monitored to be adequately resilient and is indicated to remain prospective in the long term.

In addition to economic uncertainty, sharia banking faces the challenge of low sharia banking literacy. Nevertheless, we are optimistic that sharia banking will still have great potential in 2024. This optimism is supported by the continuously growing sharia banking market share, opportunities such as Indonesia's demographics, and the global and local halal

industry's constantly increasing potential. sharia banking has products and services that are its hallmark and if supported by technology adoption, they will become sharia banking's strength to grow and meet increasingly complex and specific customer needs.

Despite future challenges, BCAS is committed to maintaining its growth rate. Our strategic focus for 2024 is to increase the number of customers and CASA composition through expansive but prudent financing distribution. We will achieve this goal by leveraging the capacity and capability of our human resources and strong IT infrastructure while adhering to global corporate governance standards. Additionally, we are dedicated to expanding access and affordability of services through various digital solutions, including fund and financing products.

We have set growth targets for the upcoming year, taking into account the future economic prospects and the business strategies that will be implemented. Several growth indicators that BCAS has set for 2024 include:

- Assets grow between 9.0 and 10.0%
- Third-party funds grow between 10.0 and 12.0%
- Financing grows between 10.0 and 12.0%
- Net income grows between 9.0 and 11.0%

Acknowledgements

To conclude this message, on behalf of the BCAS Board of Directors, I would like to express our deepest gratitude to all our customers for placing their trust and loyalty in BCAS. We would also like to extend our sincere appreciation to our shareholders and stakeholders, including Bank Indonesia and OJK, for their support and trust that has enabled us to achieve a positive performance in 2023. We have maintained sustainable growth while always adhering to relevant regulations. We would also like to acknowledge the Board of Commissioners and the Sharia Supervisory Board for their exemplary supervisory function in accordance with corporate governance principles. This has helped BCAS to be managed by implementing best practices in the banking industry. Last but not least, we would like to thank all employees for their outstanding contribution and excellent performance in a positive and happy working atmosphere. With your combined efforts, BCAS was able to get through 2023 with exceptional performance and achievements.

Inshallah, with guidance and protection from Allah SWT and our customers' and stakeholders' trust and support, we pour our enthusiasm, cooperation, sincerity, and joy into building BCAS. Our goal is to optimize growth accelerations and maintain quality performance, all to meet customers' financial needs with excellent service. We aim to become a trusted and reliable sharia bank preferred by the people.

*Wabillahi Taufik Wal Hidayah
Wassalamu'alaikum Warahmatullahi Wabarakatuh.*

Jakarta, February 2024
On behalf of the Board of Directors



Yuli Melati Suryaningrum
President Director

Lukman Hadiwijaya
Director

Houda Muljanti
Director

Pranata
Director

Yuli Melati Suryaningrum
President Director

Ina Widjaja
Director



Approval from the Boards of Commissioners and Directors

Accountability of the 2023 Annual Report

We, the undersigned, hereby declare that all information in the Annual Report 2023 of PT Bank BCA Syariah has been disclosed completely and we are fully responsible for the accuracy of all contents of this Annual Report. This Annual Report also contains the Company's Financial Statements for the years ending 31 December 2023 and 31 December 2022.

This statement has been made truthfully.

Jakarta, February 2024

Board of Commissioners



Ratna Yanti

Independent President Commissioner



Inge Setiawati

Independent Commissioner



Rickyadi Widjaja

Commissioner

Board of Directors



Yuli Melati Suryaningrum

President Director



Ina Widjaja

Director



Houda Muljanti

Director



Pranata

Director



Lukman Hadiwijaya

Director



Embracing Sustainability

We support responsible production and the use of eco-friendly materials. Additionally, we encourage the empowerment of female MSME owners to drive a sustainable economy. Our concern for sustainability is evident in our clothing as presented in the picture herein.

Wardrobe by Ageman Ecoprint


ECO
Eco Print

We use nature-inspired patterns, such as cosmos caudatus leaves, yerba plants, castor oil leaves, frangipani flowers, pine leaves, and grapes.


Eco Dye

We use natural dyes from Indigofera and curcuma domestica (turmeric) plants.



Natural Fabric

Our clothing is made of 100% natural fiber.



Zero Waste

Waste is reused for the painting, crafts, and organic fertilizer organic.



