

in the world. RISSC noted that the Muslim population in Indonesia will reach 240.62 million people in 2023. As the country with the largest Muslim population, Indonesia's sharia financial industry has enormous potential. The concept of sharia banking is currently relevant to retail banking businesses such as mortgage financing and MSMEs, one of the arteries of the Indonesian economy. In line with the potential of national sharia banking, Bank BTN's Sharia Business Unit experiences unidirectional business growth. This is demonstrated by the performance that continues to grow and the ability of Bank BTN's Sharia Business Unit to grow amidst the challenges of the pandemic.

6. In the capital sector, to support healthy and sustainable business growth, strong capital support is needed by considering the fulfillment of the bank's minimum capital obligations in accordance with Basel III. In accordance with OJK Regulation No. 11/POJK.03/2016 dated January 29, 2016 concerning Minimum Capital Requirements for Commercial Banks, banks must provide capital in the form of minimum capital based on risk rating and additional capital as a buffer based on Basel III (there are 3 (three) types, namely capital conservation buffer, countercyclical buffer, and capital surcharge).
7. In the field of human capital, in order to realize "One of Homes of Indonesia's Best Talent", the development of Human Resources (HR) in the short and medium term is aligned with the Corporate Plan for 2021-2025. The medium-term plan in the HR sector aims to attract and retain the best talents who have superior capabilities and high productivity. As an effort to realize these aspirations, dimensions and parameters were formulated, namely Ability to Attract Top Talent, Ability to Retain Top Talents, Talent's Capability Readiness and Employee Productivity.
8. In the field of IT infrastructure, to support corporate plans, business aspirations and Bank BTN's vision "To be the Best Mortgage Bank in Southeast Asia by 2025", Bank BTN has prepared six themes in the IT strategic plan for 2021-2025. In 2023, Bank BTN carried the main theme, namely Expand the Transformation, which will continue the implementation of upgrade/replace and/or enhancement of identified critical systems. On this theme, Bank BTN continues to develop agile based systems (such as digital channels).
9. In the areas of good corporate governance (GCG), risk management and compliance, the Company continues to consistently strengthen its organizational structure and business processes based on GCG principles through strengthening the four main pillars of GCG implementation, namely: (i) Commitment on Governance; (ii) Governance Structure; (iii) Governance Process, and (iv) Governance Outcome.
10. In the field of network development (delivery channels), this is carried out through developing the quantity and variety of channels with a network expansion strategy focused on four main initiatives, namely regionalization strategies, branch expansion, agent banking and digital channels.

Achievement of Performance Target

Based on the strategy that has been implemented, in 2023 the Company has produced good performance in accordance with its target. The Company's performance analysis is presented as follows.

Operational and Financial Performance

From an operational perspective, the Company's business segments based on business type include 2 (two) main segments, namely the Conventional segment and the Sharia segment. The conventional segment consists of consumer products and commercial products. Distribution of Consumer Loan products in 2023 was IDR 42.45 trillion, an increase of 1.57% compared to 2022 which was IDR 41.79 trillion. This increase was mainly due to an increase in housing credit distribution from non-subsidized mortgages and other housing loans. The total value of Commercial Products in 2023 was IDR 286.66 trillion, an increase of 9.60% compared to 2022 which was IDR 261.55 trillion. This increase was mainly due to an increase in distribution of Commercial Credit products by 21.02% and Commercial Savings products by 7.68%. The value of Commercial Credit distribution in 2023 was IDR 42.96 trillion, an increase of 14.10% compared to 2022 which was IDR 37.65 trillion. The total funds for Commercial Savings products in 2023 grew 8.84% reaching IDR243.69 trillion; it increased compared to 2022 which reached IDR223.89 trillion. This increase was mainly due to growth in Commercial Current Accounts of 23.33%.

From the sharia side, the total position value of Sharia Financing distribution in 2023 grew to IDR37.11 trillion. This figure is an increase of 17.36% compared to financing distribution in 2022. This increase is due to an increase in the growth contribution from consumer financing of IDR5.59 trillion, which is an increase of 19.16% compared to 2022. The total position of Sharia Savings funds in 2023 increased to IDR41, 80 trillion, an increase of 20.68% compared to 2022 which reached IDR34.64 trillion. This increase was largely influenced by an increase in the nominal Sharia Giro by 55.59%. Sharia Savings and Sharia Deposits also experienced an increase of 12.26% and 6.99% respectively.

From a financial perspective, total profit for the current year in 2023 is IDR3.50 trillion, an increase of IDR455.92 billion or 14.97% compared to 2022 of IDR3.04 trillion. Total Interest Income and Profit Sharing in 2023 is IDR28.27 trillion, an increase of 9.21% from the total Interest Income and Profit Sharing in 2022 of IDR25.89 trillion. Along with the increase in interest income and profit sharing as well as the increase in profit for the year, Bank BTN's total assets also increased. Total assets in 2023 are IDR438.75 trillion, an increase of 9.10% compared to 2022 which was IDR402.15 trillion. Bank equity reached IDR 30.48 trillion, an increase of 17.64% from 2022 of IDR25.91 trillion.