



MESSAGE FROM THE BOARD OF DIRECTORS [102-14, 102-15]



Facing the challenges of the COVID-19 pandemic in 2020, BCA has strengthened its cooperation with all stakeholders and has continued to innovate by improving its digital technology-based financial services. BCA supports the Government in its efforts to provide a stimulus to the real sector for the national economic recovery (PEN) due to the impact of the COVID-19 pandemic through policy adjustments and strategies to stay with our customers in all situations. In addition, BCA also supports the Government's call to start shifting to a low-carbon economy. In response to this call, we are making adjustments to our credit policy with an environmental, social and governance (ESG) insight, as well as mapping our banking activities to start mitigating and adapting to climate change.

Dear Respected Stakeholders,

The message from the World Economic Forum on January 21-24, 2020, made us all aware that environmental risks are the main risks and will have an impact on world economic conditions. The call for a low-carbon economy and support for the achievement of the Sustainable Development Goals (SDGs) continues to resonate, especially during the COVID-19 pandemic. In line with the dynamics of Government policies and conditions during 2020, BCA has undertaken a number of initiatives to quickly adapt to the latest market needs.

The COVID-19 Pandemic Empathy Program and the #BankingFromHome Movement that prioritize digital features were two of the initiatives we put in place during 2020. These activities have had huge positive impacts amid the challenges, including breaking chain of the pandemic and reducing customer mobilization to the branch offices. All of our efforts enabled us to provide services that were safer, easier, more comfortable, and met customer needs. Anywhere and at anytime.

Policies to Respond to Sustainability Challenges

The health of our customers and employees was a sustainability challenge during the COVID-19 pandemic. We responded to this by adjusting our work activities and implementing strict health protocols, in line with the Government and WHO health protocols related to COVID-19. We encouraged our customers to make their transactions through the BCA mobile application and internet banking KlikBCA. In all branch offices, body temperatures were checked, hand sanitizers were provided and we implemented social distancing. Other preventive measures included implementing COVID-19 risk self-assessments, and disinfecting the facilities and

infrastructure in the banking hall, and the counter desks and waiting chairs on a regular basis.

Overall, the pandemic also had an impact on the challenges of managing the interrelated economic and social aspects. From an economic perspective, the spread of the COVID-19 outbreak directly and indirectly impacted debtor performance. To improve the weakening economic stimulus and to support the Government's policy, BCA issued a regulation for restructuring BCA debtors' loan facilities, for those affected by the spread of COVID-19. The provision was guided by the Financial Services Authority Regulation No. 11/POJK.03/2020 concerning the National Economic Stimulus as a Countercyclical Policy on the Impact of the Spread of Coronavirus Disease 2019. BCA also made adjustments to its BCA Credit Card provisions and implemented a BCA Credit Card Easing Program based on Bank Indonesia Letter No. 22/263/DKSP/Srt/B dated April 15, 2020 concerning the Policy for Implementing Credit Cards in Emergency Times for COVID-19. The provision for interest subsidies for MSME and BCA KPR loans was also instigated in the framework of the national economic recovery program (PEN).

BCA continued to provide banking services that could be accessed safely and comfortably by our customers. Education on technology-based banking services became more relevant with the increased variety of digital banking services provided by BCA. Online opening accounts via BCA mobile, and adjusting the limits for fund transfers, were some of the adjustments made to our banking services. Our customers no longer have to come to the branch offices to make these transactions, and debtors' businesses can continue to adapt to the new normal period.

Apart from challenges related to COVID-19, BCA continued to manage other sustainability challenges, one of which is the impact of climate change. BCA's support and inspiration to reduce the negative impacts of climate change is manifested by implementing financing policies that cover the environmental, social and governance (ESG) aspects. Overall, in response to the sustainability challenges, BCA has developed a Sustainable Governance with three pillars as a strategy for implementing Sustainable Finance. These three pillars cover the economic, environmental, and social aspects, which are reflected in the Pillars of Responsible Banking, Sustainability Culture, and Social Value Creation. In 2020, BCA has reviewed the Basic Bank Credit Policy (KDPB) of PT. BCA, Tbk with the addition of a new policy to prohibit lending to businesses with potential environment, social and governance (ESG) risks.

Sustainable Finance Implementation and Target Achievement Strategies

Throughout 2020, BCA continued to carry out its operational activities to the maximum extent possible, especially by remaining at the side of its customers. All BCA employees adapted and carried out their respective responsibilities, including serving the needs of all customers and implementing the principles of Sustainable Finance.

Sustainability performance includes the economic, social and environment sustainable finance performance. For economic performance, we recorded a net profit of Rp27.1 trillion, down 5.0% compared to last year. Loans disbursed in 2020 amounted to Rp574.6 trillion, a decrease of 2.1% YoY. Sustainable financing amounted to Rp127.0 trillion (an increase of 1.5% YoY), with non-MSMEs contributing Rp49.8 trillion and MSMEs contributing Rp77.2 trillion. The non-MSME Sustainable Financing helped increase the overall Sustainable Finance portfolio in 2020.

We appreciated the regulator's swift response in relaxing the restructuring policy as this helped the banks and customers through these difficult times. BCA has always been on the side of its customers during these economic challenges, helping them by restructuring their loans since the beginning of the pandemic. As of the end of December 2020, BCA's total loans restructured amounted to Rp104.2 trillion, or around 18% of the total loans, for approximately 100,000 customers.

Apart from lending, BCA also remained focused and committed to providing excellent service during the COVID-19 pandemic to both customers and employees.

We continued to serve all of our customers and partners with enthusiasm and inspiration. Transaction Banking BCA goes hand in hand to support the Financial Inclusion program. Through LAKU BCA, we served 152,678 customers in the regions, supported by 2,633 LAKU BCA agents who assist customers in non-bankable areas with their financial transactions. One significant impact of this financial inclusion service was the opening of access to financial services for migrant workers and their families, as well as access to financial services in remote areas. Customers with special needs also enjoyed equal services, and ease in making their transactions, through the ATM Wicara.

In providing services to our employees, throughout 2020, BCA continued their competency development through webinars, with 39,237 employees attending online training. Sustainable Finance Training was also held, and was attended by 874 employees. The employee competency management activities respected the concept of human rights and ensured equal opportunities and mutual respect for diverse backgrounds. This diversity and equality policy is contained in the 2019-2021 Collective Labor Agreement. BCA used internal communication media for this education and development, using Community of Practice (COP), BLIMS (digital library), Instagram @bcasemuaberes. In November 2020, BCA held a Sustainability Awareness Month to introduce the concept of environment, social, governance (ESG) to all BCA employees. About 24,500 BCA employees were exposed to the values of Sustainable Finance when BCA organized this event.

We truly appreciate the excellent service and solid performance provided by the BCA personnel during the pandemic situation, despite the adjustments they had to make in their work activities. The spirit of "One BCA" with the tagline "One Goal, One Soul, One Joy" united the determination, ideas, and dreams into their work, creating a feeling of goodness within BCA. One of BCA's forms of concern for employees' health was to improve facilities and implement health protocols, at a cost of Rp47.6 billion. We will continue to maintain this healthy and safe working environment to ensure that all BCA personnel are able to perform well.

BCA's social responsibility through its Bakti BCA Program continued to show BCA's concern for the communities. Throughout 2020 Bakti BCA Program, 396 students took part in the non-degree Accounting Education Program, and 172 students took part in the non-degree Technological Information Education Program. In addition, the total distribution of Bakti BCA scholarships was worth Rp5.45 billion, an increase



of 3.8% from last year. Bakti BCA also provided assistance to prevent the transmission of the COVID-19 virus by distributing funds of around Rp21.4 billion. Assistance was given to hospitals, local communities with donations of basic food, as well as assistance through mentoring.

From an internal environment perspective, BCA has started developing strategies for mitigating and adapting to climate change, both internally and externally, with reference to the Task Force on Climate related Financial Disclosures (TCFD). The development started by compiling a road map for initiative disclosures in reducing the negative impact of climate change, formulating strategies, and identifying the business sectors considered at high risk from extreme weather events.

The implementation of climate change mitigation and adaptation mapping began in six locations, namely Gedung Menara BCA, Wisma Asia II, Wisma BCA Pondok Indah, Wisma BCA Foresta, Landmark Pluit and Alam Sutera. These buildings have implemented various green office concepts including LED lighting, building automation system (BAS), eco-friendly air conditioning and wastewater management. These six buildings make up our initial study to explore how to implement green offices in other buildings gradually. In supporting the renewable energy concept, BCA has installed solar panels in two buildings, namely Wisma Asia II and KCU Gading Serpong.

In line with BCA's support for the implementation of Sustainable Finance, efforts were made to increase the amount of financing for ESG-minded businesses, and to encourage debtors to pay more attention to environmental sustainability. These debtors include palm oil companies with Indonesian Sustainable Palm Oil (ISPO) and/or Roundtable on Sustainable Palm Oil (RSPO) certificates; companies that follow the PROPER environmental performance appraisal with a minimum result of Blue PROPER; financing for Hydro Power Plant (PLTA) and Mini Hydro Power Plant (PLTMH) projects; and a biogas power plant (PLTBg). BCA ensures that all debtors comply with the labor, human rights, and Good Corporate Governance regulations.

Business Risks, Opportunities and Prospects

Many factors can trigger business risks and opportunities. When managing risks, BCA always applies prudential banking or the prudence principles. Throughout 2020, health risks and credit risks were our main concern, especially during the COVID-19 pandemic. On the

other hand, we saw business opportunities arising from digital banking and the development of IT-based system innovations. These business opportunities need safe and reliable digital banking service solutions that include maintaining the confidentiality of customer data, and we have implemented quality security management in line with ISO 27001 standards in our information security management systems.

We have seen that the prospects for sustainable financing are still wide open. The Government's agenda for infrastructure development in Indonesia is still ongoing, accompanied by calls for a transition to a low carbon economy. The potential for developing power plants using new and renewable energy sources is still ongoing. There are still financing opportunities for green buildings, green manufacturing, and other green projects in line with the increasing awareness of stakeholders in the environment, social and governance aspects.

Appreciation

We would like to express our appreciation to all of our customers, BCA employees, working partners, investors, and other stakeholders for their hard work, commitment and good cooperation in getting through this challenging year. Our appreciation also goes to regulators and the Government for policies that are responsive during pandemic. We are optimistic that we will soon welcome a new day, with fresh enthusiasm, and new innovations with even better performance. BCA will be here and we will continue to be alongside all of our stakeholders, to inspire Indonesia and bring about a sustainable economic future.

On behalf of the entire BCA Board of Directors, I would like to sincerely thank you. Let's continue to maintain the health and sustainability of the environment surrounding us.

Jakarta, February 2021

Jahja Setiaatmadja
President Director