



# **Connecting Indonesia with Global Opportunities**

Annual Report  
**2022**  
PT Bank HSBC Indonesia

## Disclaimer

This Annual Report contains financial conditions, operating results, projections, plans, strategies, policies, as well as the Bank's purpose, which is classified as future statements within the meaning of prevailing regulations, excluding historical matters. The statements have the prospective risk and uncertainties, which may lead to actual developments that are different from what has been written. Prospective statements in this Annual Report are composed based on various assumptions on current conditions and the forecast of future conditions of the Bank and the business environment in which the Bank conducts business activities. The Bank does not guarantee that all measures undertaken would bring specific results as expected. This Annual Report contains the word "Bank" which is defined as PT Bank HSBC Indonesia. Such word and "PT Bank HSBC Indonesia", will be used interchangeably throughout this Annual Report.

## Connecting Indonesia with Global Opportunities

As Indonesia bounced back from Covid-19 pandemic with a strong domestic economic growth, PT Bank HSBC Indonesia also recorded growth in its overall performance.

Against the backdrop of global interest rates hikes and inflation, HSBC Group remains committed to strengthen its presence in Indonesia. As an international bank with a full suite of products and solutions, our strength lies in our global network and our commitment to support the growth of its corporate and retail customers.

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# Key Highlights 2022

The banking sector continued its recovery in 2022, in line with economic growth driven by increasing consumption and exports. Loans grew and liquidity remained ample to support loan growth. PT Bank HSBC Indonesia saw positive performance, with healthy loan growth and strong capital.



Capital Adequacy Ratio (CAR)

**25.07 %**

CAR was at a healthy level and above regulatory requirement.



Total Deposits from Customer

**Rp90.19** Trillion

Total customer deposits increased 5.60% from Rp85.41 trillion in 2021.



Total Assets

**Rp125.98** Trillion

Total assets per 31 December 2022 increased 1.22% from Rp124.46 trillion in the previous year.



Gross Non-Performing Loan Ratio

**3.95 %**

Gross non-performing loan ratio improved from 4.64% in the previous year.



Total Loans to Customers - Gross

**Rp56.36** Trillion

Total loans in 2022 were Rp56.36 trillion, up 3.38% from Rp54.52 trillion in the previous year.



Return on Assets

**1.96 %**

Return on assets ratio increased from 1.53% in 2021.



Return on Equity

**10.69 %**

Return on equity ratio increased from 7.61% in 2021.



Operating Expenses to Operating Income (BOPO)

**73.55 %**

Operating Expenses to Operating Income improved from 78.03% in 2021.



Net Profit

**Rp1.90** Trillion

Net profit increased compared to Rp1.47 trillion in 2021.

# Financial Highlights

(in billion Rupiah, unless otherwise specified)

	2022	2021
<b>Statements of Financial Position</b>		
<b>Total Assets</b>	<b>125,982</b>	<b>124,462</b>
Total Productive Assets	112,821	115,841
Loans to Customers - Gross	56,361	54,516
Investment Securities	13,308	21,121
<b>Total Liabilities</b>	<b>108,231</b>	<b>104,321</b>
Deposits from Customers		
- Demand Deposits	43,087	45,584
- Savings Accounts	15,539	15,946
- Time Deposits and Deposits on Call	31,562	23,877
Borrowings and Subordinated Debts	8,718	7,269
<b>Total Equity</b>	<b>17,751</b>	<b>20,141</b>
<b>Statements of Comprehensive Profit or Loss</b>		
Interest Income	4,993	4,772
Interest Expenses	(1,246)	(1,255)
Net Interest Income	3,747	3,517
Non-Interest Income	2,280	2,416
Total Operating Income	6,027	5,933
Profits Before Tax	2,470	1,857
Net Profit for the Year	1,903	1,473
Other Comprehensive Income/(Expense), Net of tax	(435)	(120)
Total Comprehensive Income	1,468	1,353
Earnings per Share (in Rupiah, Full Amount)	N/A	N/A
<b>Financial Ratios</b>		
<b>Capital</b>		
Capital Adequacy Ratio (CAR)	25.07%	30.07%
<b>Productive Assets Quality</b>		
Non-Performing Productive and Non-Productive Assets to Total Productive and Non-Productive Assets Ratio	1.22%	1.32%
Non-Performing Productive Assets to Total Productive Assets Ratio	1.97%	2.18%
Allowance Provision on Earning Assets to Total Earning Assets	2.63%	2.78%
Non-Performing Loan Ratio - Gross	3.95%	4.64%
Non-Performing Loan Ratio - Net	0.64%	0.79%
<b>Profitability</b>		
Return on Assets (ROA)	1.96%	1.53%
Return on Equity (ROE)	10.69%	7.61%
Net Interest Margin (NIM)	3.46%	3.36%
Operating Expenses to Operating Income (BOPO)	73.55%	78.03%
Cost to Income Ratio (CIR)	67.92%	64.01%
<b>Liquidity</b>		
Loan to Deposit Ratio (LDR)	62.49%	63.83%
Macroprudential Intermediation Ratio (MIR)	60.53%	59.37%
Low-Cost Funding Ratio	65.00%	72.04%
Liability to Equity Ratio	609.72%	517.95%
Liability to Asset Ratio	85.91%	83.82%
<b>Compliance</b>		
Percentage of Violation of Legal Lending Limit		
a. Related Party	0.00%	0.00%
b. Non-Related Party	0.00%	0.00%
Percentage Lending in Excess of Legal Lending Limit		
a. Related Party	0.00%	0.00%
b. Non-Related Party	0.00%	0.00%
Minimum Reserve Requirement		
a. Primary Reserve Requirement - Rupiah *		
- Daily	0.00%	0.50%
- Average	12.84%	7.41%
b. Primary Reserve Requirement - Foreign Currency **	4.23%	4.18%
Net Open Position (NOP)	1.77%	1.63%

\* Minimum Reserve Requirement for rupiah currency per December 2022 is in accordance with PBI No. 20/3/PBI/2018 and its latest amendment in PBI No. 24/4/PBI/2022 as well as PADG No. 20/10/PADG/2018 and its latest amendment in PADG No. 24/8/PADG/2022, while December 2021 position is in accordance with PADG No. 22/10/PADG/2020.

\*\* Minimum Reserve Requirement for foreign currency per December 2022 is in accordance with PBI No. 20/3/PBI/2018 and its latest amendment in PBI No. 24/4/PBI/2022 as well as PADG No. 20/10/PADG/2018 and its latest amendment in PADG No. 24/8/PADG/2022, while December 2021 position is in accordance with PADG No. 22/2/PADG/2020.



# Strategic Actions in 2022

In 2022, PT Bank HSBC Indonesia continued the following strategic priorities to grow sustainably:

- Formulated and continued the best solution to minimise impacts for clients severely affected by the COVID-19 pandemic and to capture opportunities upon the recovery.
- Improved the customer-centric focus and experience by leveraging our unique digital capabilities.
- Leveraged international network to maximise the opportunities in cross-border business corridors.
- Increased capabilities and expanded market share for the Bank's competitive strengths, in particular in Multinational clients segment, Cash Management, Trade Finance, Wealth Manager, FX Provider and Securities Services.
- Actively promoted business opportunities in Indonesia and captured investment opportunities and infrastructure projects as well as quality credit growth in all categories of assets.
- Attracted, educated, and maintained existing talents, in addition to streamlining operations streamlining and strengthening oversight.

## AWARDS in 2022

- Best International Bank in Indonesia from Asiamoney Best Bank Awards 2022
- Indonesia Trade Finance Market Leader 2022 from Euromoney Trade Finance Survey
- Indonesia Best Trade Finance Services Provider 2022 from Euromoney Trade Finance Survey
- 1<sup>st</sup> in Wealth Management on Infobank Digital Brand Award 2022
- 1<sup>st</sup> in Internet Banking on Infobank Digital Brand Award 2022
- 2<sup>nd</sup> in Corporate Brand on Infobank Digital Brand Award 2022
- 2<sup>nd</sup> in Credit Cards on Infobank Digital Brand Award 2022
- 2<sup>nd</sup> as Private Creditors/Investors on Apresiasi Mitra BUMN Champion 2022
- Best Payments and Collections Solutions from The Asset Triple A – Treasury, Trade, SSC and Risk Management Awards 2022
- Best Service Provider – Transaction Bank from The Asset Triple A – Treasury, Trade, SSC and Risk Management Awards 2022
- Best Service Provider – Supply Chain from The Asset Triple A – Treasury, Trade, SSC and Risk Management Awards 2022
- Best Liquidity and Investments Solution – Regional from The Asset Triple A – Treasury, Trade, SSC and Risk Management Awards 2022
- Telecom Deal of the Year from The Asset Triple A – Sustainable Infrastructure Awards 2022
- Best Subcustodian ASEAN from The Asset Triple A - Sustainable Investing Awards for Institutional Investor, ETF and Asset Servicing Providers 2022
- Best Fund Administrator, Retail Funds from The Asset Triple A - Sustainable Investing Awards for Institutional Investor, ETF and Asset Servicing Providers 2022
- Best Wealth Manager 2018–2022 (5 consecutive years) from The Asset Triple A
- ESG Program of the Year - Bronze on ABF Retail Banking Awards 2022
- Wealth Management Platform of the Year - Indonesia on ABF Retail Banking Awards 2022
- Marketing & Brand Initiative of the Year - Indonesia on ABF Retail Banking Awards 2022
- Indonesia Technology Award for Digital Banking on Asian Technology Awards 2022
- Outstanding Customer Relations & Brand Engagement Initiative from The Digital Banker, Global Retail Banking Innovation Awards 2022
- Best Marketing Campaign of the Year - Credit Card from The Digital Banker, Global Retail Banking Innovation Awards 2022
- The Most Active Bank in Green Banking Practice - Private Banks Category on LPS Banking Awards 2022
- Green Financial Business of the Year at the Green Future Festival 2022 from SUN Energy, SUN Excellence Awards 2022



# Significant Events

February 2022

## HSBC Fusion UKM Outlook: 2022 Full of Opportunities, SMEs Arise and Upgraded

The Bank held a virtual event, "HSBC Fusion UKM Outlook: 2022 Full of Opportunities, SMEs Arise and Upgrade" with topics around policies, programs, and various new business opportunities to help Indonesian SMEs rise and advance in 2022. More than 700 participants attended the event.



March 2022

## HSBC Wealth Outlook 2022: Rising Together for Opportunities Amidst Indonesia's Economic Recovery

The HSBC Wealth Outlook 2022 was held with the theme "Seize a World Full of Opportunities in 2022: The Year of Great Reset", which emphasised that Indonesia's economic conditions improved but must be vigilant and cautious because the pandemic was not yet over.



February 2022

## Implementation of the COVID-19 Booster Vaccine

To support the health of employees and their families and curb the spread of Covid-19, the Bank collaborated with Kimia Farma to carry out the Covid-19 booster vaccination program. During the event, strict health protocols and arrival schedules were determined to avoid crowds.



March 2022

## Green Loan Facility to PT Eco Paper Indonesia

The Bank provided a green loan of IDR27 billion to PT Eco Paper Indonesia ("ECO") a manufacturing company engaged in the processing and production of recycled paper waste into various grades of reusable brown paper for industries.



# Significant Events

April 2022

## HSBC x BritCham ESG Webinar: Renewable Energy Potential in Indonesia

The Bank collaborated with Indonesia's British Chamber of Commerce (BritCham) holding a webinar titled "Why ESG Matters: Unlocking Indonesia's Renewable Energy Potential", which provided an overview of Indonesia's current and future energy roadmap, opportunities and challenges from a regulatory perspective, as well as efforts to update innovative sustainable financing solutions in the renewable energy sector.



April 2022

## Aligning Indonesia's Energy Sector Financing with the Paris Agreement

SEforALL conducted a webinar to discuss the findings from the knowledge brief, including the suitability of current energy sector investments against the Paris Agreement and the benchmark of financing innovations in each country. Experts from SEforALL, CPI, industry sector representatives and HSBC delegates from Indonesia and India were involved in the session.



April 2022

## Winner of HSBC Business Case Competition 2022: Ready to Perform at International Level

The Bank held the HSBC Business Case Competition 2022 in collaboration with the Putera Sampoerna Foundation. The competition provided business knowledge to students to solve unique cases quickly, equipping them with analytical, strategic, and critical thinking skills, which are highly beneficial for their professional career.



May 2022

## The Co-CEO HSBC Asia Pacific Visit to Support The Bank's Growth Agenda

Surendra Rosha, Co-CEO of HSBC Asia Pacific, visited Indonesia to meet our customers and expressed our commitment to support their growth, and to discuss how we can help with their journey to adopt ESG.



## May 2022

**Launch of HSBC Navigator: Southeast Asia Report**

The HSBC Navigator 2022 report captured the sentiments of more than 1,500 businesses from the world's six largest economies doing business in Southeast Asia or planning to do so.



## June 2022

**HSBC BWF: Indonesia Masters dan Indonesia Open 2022**

The Bank proudly supported international badminton tournaments returning to its primary home at Istora Senayan Jakarta, after a long hiatus because of the pandemic. HSBC has been partnering as a title sponsor globally with BWF since 2018.



## May 2022

**HSBC Roar Program: A Concrete Support for Women Entrepreneurs**

HSBC launched the Female Entrepreneur Fund ("Fund"), which is a USD1 billion loan program for women-owned businesses over 12 months. This initiative coincides with the introduction of the HSBC Roar program, which allows women entrepreneurs and Fund participants to access training classes, networking sessions, views from the investor community and the opportunity to pitch to angel investors.



## June 2022

**Inauguration of New Branch Office in Kelapa Gading Jakarta**

The Bank inaugurated the operation of a new branch office in the Kelapa Gading area, located at Jl Boulevard Blok FY-1 No 7-8, Kelapa Gading, Jakarta. The new branch office is in line with the Bank's efforts to continue investing in the development of individual potential or talent, digital banking and new banking products to meet the customers' financial needs for both individual and business standpoint. This branch is the first office to use solar panels in Indonesia.





# Significant Events

June 2022

## The Launch of Employee Banking Solution for Executive

Employee Banking Solution (EBS) for Executives is a customer proposition aimed at providing services to corporate directors and decision-makers through premium and exclusive services for directors and their families to grow, manage and preserve their wealth.



July 2022

## The Commemoration of World Badminton Day

The Badminton World Federation (BWF) had established July 5<sup>th</sup> as World Badminton Day. Therefore, the Bank celebrated for the first time by presenting an Indonesian badminton star, Liliyana Natsir. She shared stories about her early experiences with badminton and how the world of badminton has shaped her to this day.



June 2022

## HSBC Green Action in conjunction with the World Environment Day

WED in 2022 emphasised the importance of maintaining balance with nature through changes on how we eat, work and live according to the #OnlyOneEarth campaign, which carries the theme "Living Sustainably in Harmony with Nature". To celebrate WED, the Bank collaborated with several environmental-based organisations to hold a series of environmental care actions.



July 2022

## Signing of Sustainable Finance Agreement and Risk Management Participation

The Bank realised its commitment to helping clients transition to a low-carbon economy by signing a USD67 million Sustainable Finance agreement between the Bank and PT Bumi Menara Internusa (BMI) as the largest exporter of shrimp and fishery products in Indonesia to strengthen the local aquaculture industry in the long term. In addition, to support risk management related to this financing, the Bank partnered with the Asian Development Bank (ADB), which was stated through participation in risk management worth USD 20 million and is part of the collaboration that has existed for years between HSBC and ADB for various sustainable finance in the Asia Pacific region.



**August 2022****Support for the Bank Customer's Children Education**

The Bank held the 2022 HSBC Premier International Education Series at the Grand Ballroom of the Mulia Senayan Hotel. The event was the first offline meeting with loyal customers after more than 2.5 years of the pandemic. Through the International Education Series, HSBC Premier strives to be a trusted partner to helping customers prepare everything in a more focused manner through wealth management, education planning and lifestyle experience.

**September 2022****HSBC Summit 2022: The Importance of Accelerating the Transition Towards a Low Carbon Economy**

HSBC Summit 2022 was held with the theme "Powering the Transition to Net Zero (Indonesia's Pathway for Green Recovery)". This forum was opened by Francois de Maricourt, President Director of PT Bank HSBC Indonesia, featuring keynote speakers Mrs Sri Mulyani Indrawati, Minister of Finance of the Republic of Indonesia, and Mark Carney, Co-Chair of the Glasgow Financial Alliance for Net Zero and UN Special Envoy on Climate Finance and Action. This event discussed various policies, plans and strategies of the Government of Indonesia and the private sector in the transition towards a low-carbon economy.

**August 2022****Inauguration of the Tasikmalaya Batik Learning House**

PT Bank HSBC Indonesia and the Yayasan Cinta Anak Bangsa (YCAC Foundation), with the support of the Regional National Crafts Council (Dekranasda) and the Office of Industry and Trade (Disperindag) of West Java Province, inaugurated the Tasikmalaya Batik Learning House. Batik Learning House is an initiation program from the YCAC Foundation with partners to reduce unemployment among the productive disadvantaged people by providing batik skills training. These skills will later become important for them to be an entrepreneur or even create new jobs.

**September 2022****HSBC's Support in the Issuance of Indonesian Government Global Bonds**

HSBC received mandate as the Joint Bookrunner and Joint Lead Manager regarding the issuance of the Indonesian Government's global bonds worth USD 2.65 billion in three series with tenors of 5, 10 and 30 years in the SEC Shelf Registered format. This issuance is an achievement for the Government of Indonesia as one of the global issuers in Asia that actively issues global bonds and becomes the first Emerging Market country to issue global debt securities in USD since the end of August 2022.



# Significant Events

October 2022

## The Bank's Efforts to Support the Transition to Net Zero through the B20 Sustainability 4.0 Awards

To strengthen understanding about ESG as well as a venue to recognise businesses (large scale and MSMEs) who are starting to show concern for implementing sustainability values in running their business, the Swiss Chamber of Commerce (SwissCham), KADIN Indonesia and EuroCham held the B20 Sustainability 4.0 Awards for the first time in Indonesia. In this series of events, the Bank collaborated with Kompas Litbang to organise the HSBC Net Zero Transition Special Award to appreciate business actors who have contributed to a sustainable energy transition.



November 2022

## The Bank's Concrete Steps to Realise Energy Transition at the G20 Summit in Bali

The Bank was one of the panellists in the discussion at KADIN Net Zero Summit 2022, which discussed the urgency, challenges, opportunities and invitations for companies from various sectors to collaborate inclusively in efforts to accelerate decarbonisation.



October 2022

## The Bank's Support in the Launch of the Sustainability Framework of PT Semen Indonesia, Tbk

PT Semen Indonesia (Persero), Tbk (SIG) released a sustainability framework to support the company's vision in innovating to create products and solutions with regard to sustainability aspects. This initiative was the result of great collaboration between the Bank as the Sustainability Coordinator with Bank Mandiri and Mandiri Securities. This Sustainability Framework has also received a Second Party Opinion from Sustainalytics, a company recognised worldwide as a provider of ESG research, ratings and data.



November 2022

## The Bank's Concrete Steps to Realise Energy Transition at the G20 Summit in Bali

The Bank signed a Letter of Intent with PT Sarana Multi Infrastruktur at an event on the sidelines of the G20 meetings to affirm its commitment to support Indonesia modernising its energy infrastructure.

Additionally, at the G20 Summit, HSBC joined GFANZ Indonesia JETP Working Group to work closely with the Indonesian government and the International Partners Group, including the United States, Japan, the UK, the EU and other nations, towards mobilising and facilitating at least USD 20 billion in public and private finance over the next three to five years to support a long-term Just Energy Transition Partnership (JETP) in Indonesia.





November 2022

### Celebrating Diversity through HSBC Diversity & Inclusion Day 2022

The event reflects HSBC's celebration of diversity while building collaboration and nurturing the strength to continue growing by respecting differences that align with HSBC's value "We Value Difference".



November 2022

### The Bank's Staff Volunteered in Newtrees Program in Puncak, Bogor

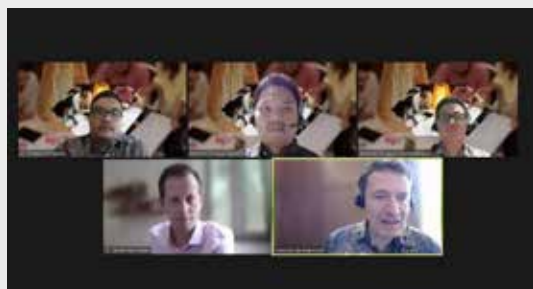
The action was a collaborative effort to mitigate climate change by restoring degraded ecosystems through replanting and rehabilitation. In this program, the Bank cooperated with the WWF Indonesia Foundation.



November 2022

### Indonesia Datathon: Develop Business Solutions through the Power of Data

The Bank hosted Datathon, a competition among the Bank's staff, individually and in groups, to propose innovation/solutions/ideas to solve business challenges by using the power of data.



November 2022

### HSBC's commitment to a net zero future

Francois de Maricourt, President Director of PT Bank HSBC Indonesia, appeared as a speaker at the Mandiri Investment Forum 2022 to convey the message that HSBC's climate ambition to become net zero in its operations and supply chain by 2030, and to align its financed emissions to net zero by 2050, is equal in every country it operates.





# Significant Events

December 2022

## The Launch of UniTransact

The Bank launched UniTransact - an innovation in the HSBCnet digital platform that provides convenience and increases the efficiency of cross-border and foreign exchange payment transactions for corporate customers.



December 2022

## Hexagon Jazz Night: Staff Year-End Gathering Event

Hexagon Jazz Night was a year-end event for the Bank colleagues to gather while enjoying jazz music from a well-known Indonesian band. Around 900 colleagues from Jakarta and surrounding areas, including the entire Board of Directors, enlivened the event.



December 2022

## Preserving Mangrove for a Sustainable Indonesia

The Bank, the Jakarta BKSDA and the Yayasan Konservasi Alam Nusantara (YKAN) hosted a volunteering activity to plant mangroves at Muara Angke Wildlife Reserve. This activity is part of the commitment to support mangrove conservation in Indonesia, which will significantly help reduce and sequestered carbon emissions in Indonesia.

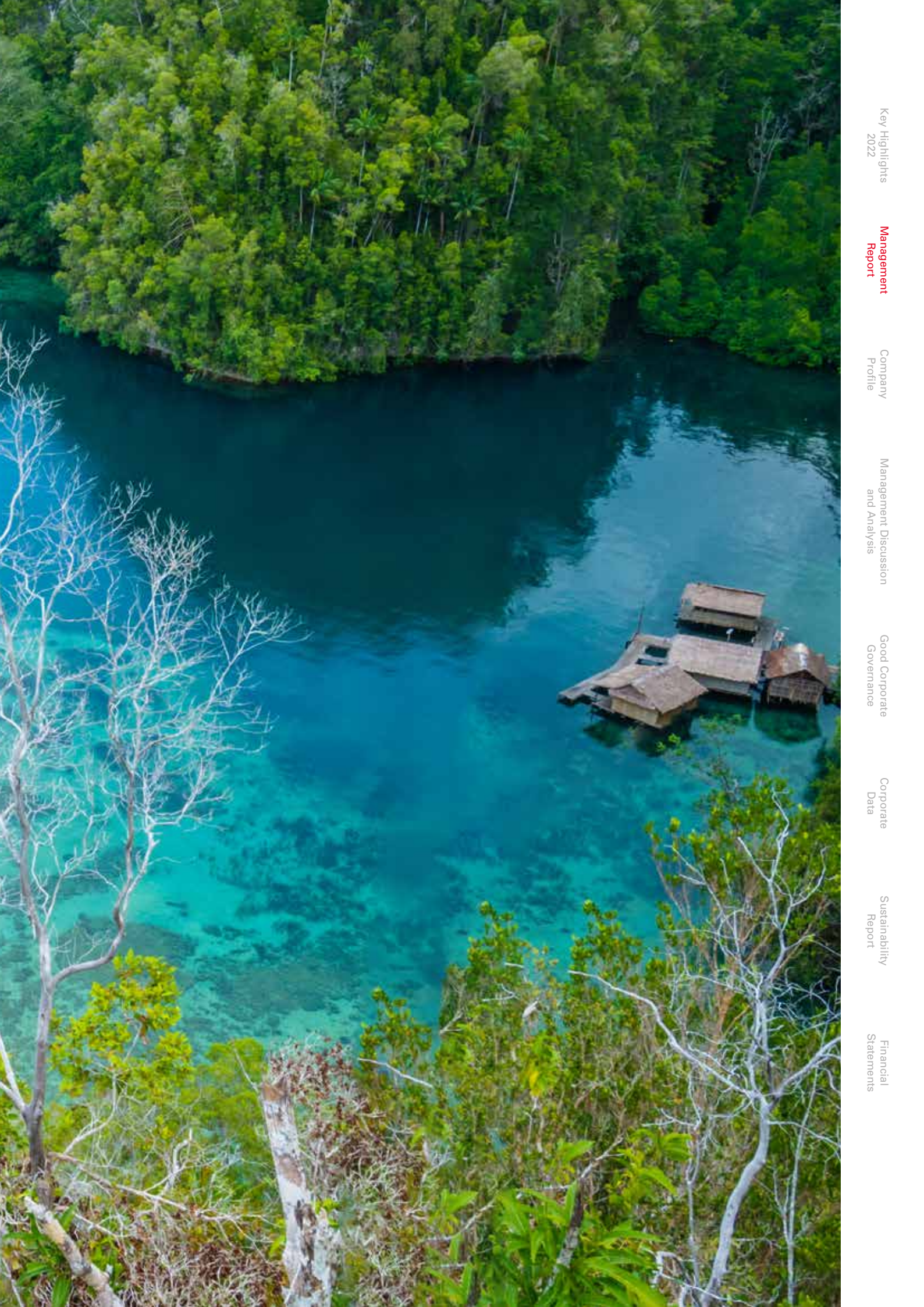




An aerial photograph of a tropical lagoon. The water is a vibrant turquoise color, reflecting the sky. The lagoon is surrounded by dense, lush green forest with many palm trees. A small wooden hut with a thatched roof is built on stilts in the middle of the lagoon. The forest extends to the edges of the water, with some bare tree branches visible in the foreground. A large red arrow-shaped graphic points from the bottom left towards the center of the image.

# Management Report





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# Report of the Board of Commissioners

**Martin John Haythorne**  
President Commissioner



The 2022 achievements demonstrate the capabilities of the Board of Directors to navigate the complex environment. The Bank disbursed quality loans to selected sectors, and the management was able to overcome the economic environment.

#### Respected Shareholders and Stakeholders,

Global economic growth in 2022 turned out to be lower than expected as the world faced rising inflation amid ongoing Russia - Ukraine conflict and supply chain issues. After expanding by 6.0% in 2021, growth moderated to 3.4% in 2022, with several countries facing a potential recession. Inflation became a major issue among policymakers, prompting central banks around the world to hike interest rates, which in turn led to capital outflows from emerging economies. In addition, China, the world's second-largest economy, continued to grapple with COVID-19 outbreaks and the real estate crisis.

In Indonesia, GDP growth rose to 5.3%, up from 3.7% in 2021, as household consumption accelerated and exports remained strong. The relaxation of pandemic-related restrictions allowed people to be more mobile, contributing to the economy. High global commodity prices supported export performance, but on the other hand, the rising crude oil price finally forced the government to raise fuel prices. This led to inflationary pressure, which hit people's purchasing power and noted Bank Indonesia in order to tame the inflation had raised the 7-Day Reverse Repo Rate to 5.50% as of December 2022, a 200 bps in total since August 2022. Indonesia also saw the Rupiah weakened as investors flew to safer assets. However, direct investment remained strong as businesses entered the lucrative base metals and mining sectors.

The domestic banking sector continued to see improving performance, with strong lending and ample liquidity. Lending grew 11.35%, more than doubled from the 5.24% growth in 2021, mainly driven by investment and working capital loans. The amount of non-performing loans was still manageable, with declining numbers of loans under the COVID-19 restructuring program. Capital-wise, the banking system remained resilient. The Financial Services Authority (OJK) required commercial banks to have a minimum core capital of Rp3 trillion by the end of 2022, to which only one small bank failed to comply.

#### Assessment of the Performance of the Board of Directors

Those external factors posed challenges. However, the management continued to deliver the Bank's purpose of opening up a world of opportunity for retail and wholesale clients in more than 21 cities nationwide. The objective remains to do business in a responsible, sustainable, and ethical way, providing fair value to customers and strengthening the communities.

That said, in 2022, PT Bank HSBC Indonesia managed to book an excellent performance, in line with the positive performance of the domestic banking sector. The Bank saw total loans grew 3.38%, with gross NPL declining to 3.95% – below the maximum regulatory tolerance of 5%, whereas customer deposits grew 5.60% with CASA ratio at a healthy 65%. The Bank's fundamentals remained strong, as indicated by the capital adequacy ratio of 25.07%, far above the minimum requirement. The Bank also managed to achieve profit before tax at Rp2,470 billion, which improved from Rp1,857 billion in 2021.

# Report of the Board of Commissioners

The Board of Commissioners believe that these results demonstrate the capabilities of the Board of Directors to navigate the complex environment. The Bank disbursed quality loans to selected sectors, and the management was able to overcome the rising interest rates environment. PT Bank HSBC Indonesia also stays committed to its role in promoting sustainable finance by providing sustainable finance products to support clients transition to a low-carbon economy.

All in all, the Board of Commissioners are confident that the Board of Directors will continue to drive this growth momentum in 2023.

## Supervision of Strategy Formulation and Implementation by the Board of Directors

Throughout 2022, the Board of Commissioners cooperated with the Board of Directors to ensure the strategy that had been set was well-formulated and well-implemented for the Bank's interests. The Board of Commissioners, with the support of committees under the Board of Commissioners, continuously monitored the Bank's operations, considering the external and internal factors that could have a potential impact.

The Board of Commissioners was involved in giving inputs in the design of the Bank's business plan, both for the current year and upcoming years. We believe that the strategy set for 2022 was well-executed in a complex and volatile business environment that we were in, which enabled us to record a good business performance.

## Frequency and Method of Advice to the Board of Directors

The Board of Commissioners and the Board of Directors had regular meetings where we discussed the operations and targets of the Bank. In 2022, there were 6 joint meetings between the Board of Commissioners and the Board of Directors. The Board of Commissioners was also available to be reached via other channels to support the Board of Directors whenever needed.

## View on Business Outlook

The global economy is expected to further slow in 2023, although the reopening of China's economy may provide an impetus for growth. Developed economies may have much slower growth while emerging markets will likely see improvement. The risks will likely still come from

the Russia - Ukraine conflict and tightening financial markets.

Domestically, Indonesia may have a slightly slower growth from 2022. Inflation seems to have reached its peak after the government raised fuel prices in September, which may be positive for household consumption that drives more than half of the GDP. Bank Indonesia stopped raising interest rates in February 2023, after 225 bps hikes during August 2022 to January 2023, as inflation is more controlled. The rupiah was among the best performing currency in Asia in early 2023.

The Financial Services Authority (OJK) forecast the banking sector to still have as strong growth as in 2022, with loan growth estimated between 10% and 12%. Liquidity in the financial system was still supportive of loan disbursements, with third party funds expected to grow between 7% and 9%. Bank Indonesia said strong loan growth was driven by adequate liquidity and loose lending standards in the banking industry, while demand for financing was supported by corporate demand, including MSMEs, and improving household consumption.

Having said that, we are confident the Bank can book an excellent performance in 2023. The Bank has solid fundamentals and sufficient liquidity to support loan growth. The strength of our global network is our competitive advantage to help Indonesian clients connect with global opportunities, and we remain committed to enabling all types of businesses to thrive.

## Sustainability

Since being founded, HSBC globally has recognized our wider commitments to the communities and understood the importance of sustainable growth. HSBC Group is committed to support its customers on their transition to net zero, so that the greenhouse gas emissions from clients portfolio reaches net zero by 2050, and also aim to be net zero in its operations and supply chain by 2030.

Our purpose is: 'Opening up a world of opportunity' and we are guided by our values to achieve our purpose and deliver our strategy in a way that is sustainable. We also need to build strong relationships with all of our stakeholders, who are the people who work for us, bank with us, own us, regulate us, and live in the societies we serve and on the planet we all inhabit.



The Board of Commissioners has continued advising the Board of Directors to factor in the aspect of sustainability in doing business. We feel this is the way forward. Today, our sustainability approach focuses on three main areas: sustainable finance, sustainable supply chains, and employability and financial capability.

### View on Corporate Governance

The Bank continuously works to improve corporate governance across business activities in compliance with the applicable laws and regulations and in line with global best practices. The Board of Commissioners monitors the Board of Directors in the implementation of Good Corporate Governance. Through its Compliance Unit, the Bank continuously updates on new and/or

updated regulations. As of December 2022, the self-assessed governance rating of the Bank was 2 (Good).

### Performance of the Committees under the Board of Commissioners

The Board of Commissioners is assisted by three committees: the Audit Committee, the Risk Oversight Committee, and the Remuneration and Nomination Committee. All committees have done their jobs to ensure the Bank's operations went as expected. The Audit Committee held 8 meetings in 2022, while the Risk Oversight Committee held 4 meetings, and the Remuneration and Nomination Committee held 5 meetings.

### Changes in the Composition of the Board of Commissioners

The latest composition of the Board of Commissioners as of end of March 2023 was:

Name	Designation	Profile Summary
Martin John Haythorne	President Commissioner	Martin has many years of experience in banking sector. He started his career in Midland Bank in the UK in 1982 and following the acquisition by the HSBC Group, has worked for the group since. He was appointed as President Commissioner on 20 August 2021 and has effectively served since 9 February 2022. Martin is 59 years old and is a British citizen.
Umar Juoro	Independent Commissioner	Umar has extensive experience in the private and public sectors. He was appointed as Independent Commissioner on 18 September 2017 and has effectively served since 18 May 2018. Umar is 63 years old and is an Indonesian citizen.
Catherinawati Hadiman Sugianto	Independent Commissioner	Catherinawati has worked in the banking sector for more than three decades. She was appointed as Independent Commissioner on 30 June 2020 and has effectively served since 7 October 2020. Catherinawati is 58 years old and is an Indonesian citizen.
Rita Mas'Oen	Independent Commissioner	Rita has extensive experience in the banking sector. She was appointed as Independent Commissioner on 24 June 2022 and has effectively served since 6 October 2022. Rita is 61-year old and is an Indonesian citizen.
Mark Trevor Surgenor	Commissioner	Mark is a seasoned banker with experience in various countries. He was appointed as Commissioner on 8 October 2020 and has effectively served since 23 March 2021. Mark is 50 years old and is a British citizen.
Philip David Fellowes	Commissioner	Phillip has worked in various roles within HSBC Group. He was appointed as Commissioner on 1 April 2022 and has effectively served since 20 July 2022. Philip is 41 years old and is a British citizen.

# Board of Commissioners



The Board of Commissioners appreciates Hanny Wurangian and Mark Thomas McKeown for their contribution as members of the Board. We welcome Rita Mas'Oen and Philip David Fellowes to the Board of Commissioners.

### Appreciation

The Board of Commissioners wishes to thank the Board of Directors and all individuals in PT Bank HSBC Indonesia for their work in growing the Bank's business over a challenging year. We also wish to express gratitude to our clients, shareholders, and stakeholders for their confidence and support. We hope that PT Bank HSBC Indonesia can further grow in a sustainable manner in the future.



**Martin John Haythorne**  
President Commissioner

# Report of the Board of Directors



Francois de Maricourt  
President Director

**PT Bank HSBC Indonesia managed to turn around loan performance in 2022. The HSBC Group continues to have a positive long-term view on Indonesia, with a lot of potential that we can tap into to meet our objective of sustainable long-term growth.**

#### Respected Shareholders and Stakeholders,

After navigating the difficult couple of years, the economy gradually continued its recovery in 2022. Domestic consumption increased as mobility restrictions were relaxed, and investment returned into Indonesia. The economic environment benefited PT Bank HSBC Indonesia, and we managed to grab the arising opportunities to boost growth while keeping our fundamentals intact.

#### Economic and Banking Condition

The global economy slowed in 2022 as inflation soared to the highest levels seen in several decades. The COVID-19 pandemic, which entered its third year, the Russia-Ukraine conflict, and the ongoing supply chain issue sparked economic uncertainties. Global economic growth is declining to 3.4%, nearly half of the 6.0% growth recorded in the previous year, with several countries on the brink of a recession.

The conflict between Russia and Ukraine has driven up prices from crude oil to commodities. Coupled with the supply chain issue due to pent-up demand, the global inflation rate almost doubled to reach 8.8% in 2022. Central banks worldwide attempted to tame inflation through interest rate hikes, but this led to capital reversal to developed economies from emerging markets, destabilising emerging assets and currencies.

The US saw GDP growth fell from 5.7% in 2021 to 2.1% in 2022, with high inflation and a cooling housing market. Meanwhile, China still wrestled with COVID-19 outbreaks and the real estate crisis. The world's second-largest economy saw GDP grew 3% in 2022, far below the 5.5% target and down from 8.4% in 2021.

In 2022, Indonesia benefited from rising commodity prices as well as recovering household consumption as people's mobility improved. The country also saw strong investment, particularly in the minerals sector. Rising global crude prices threatened macro stability, but the government moved quickly to cut fuel subsidies while Bank Indonesia raised interest rates to keep inflation in check. In 2022, Indonesia's GDP expanded by 5.3%, up from 3.7% in 2021.

Amid higher interest rates, the domestic banking sector remained resilient. Liquidity was still flush, and lending grew strong at 11.35% in 2022, more than doubled from 5.24% in 2021. Loans were mostly composed of investment and working capital loans, indicating stronger business activities, with a non-performing loan ratio at a low level of 2.44%. The capital adequacy ratio was high at 25.63% in December 2022, with the Financial Services Authority (OJK) requiring commercial banks to have minimum core capital of Rp3 trillion at the end of 2022 in an attempt to strengthen the banking sector.

# Board of Directors









# Report of the Board of Directors

## Bank Performance in 2022

PT Bank HSBC Indonesia managed to turn around loan performance in 2022, thanks to improving working capital loans. Businesses were more confident in expansion as the economy continued its recovery, which also supported our performance. Lending grew 3.38% in 2022 after the Bank saw total loans decline by 6.64% in 2021.

We remained prudent in channelling loans to debtors and economic sectors within our risk profile in order to maintain the Bank's fundamentals. The gross non-performing loan ratio improved to 3.95% in 2022. The

capital adequacy ratio remained strong at 25.07%, decreased by 5% but still far above the minimum requirement.

Liquidity continued to grow above projection, mostly in USD time deposits, mainly due to strong inflow from corporate customers. This led to lower portion of low-cost funds which stood at 65% of total third party funds in 2022, lower compared to 72% in 2021. Loan to deposit ratio dropped to 62.49% as deposits grew more than loans. Meanwhile, the net interest margin (NIM) slightly improved from 3.36% in 2021 to 3.46% in 2022.

## Targets vs Achievements

Area	Target	Achievement
Loan Growth	9.00%	3.38%
Third Party Fund Growth	(5.90%)	5.60%
ROA	1.55%	1.96%
ROE	7.87%	10.69%
NIM	3.49%	3.46%
CAR	26.05%	25.07%
BOPO	79.82%	73.55%

## Strategy and Strategic Policy

The HSBC Group continues to have a positive long-term view on Indonesia. We believe the country has a lot of potential that we can tap into to meet our objective of sustainable long-term growth. Our international network gives us a competitive advantage to support Indonesian clients in 21 cities across the archipelago for cross-border banking, from trade finance to wealth management.

PT Bank HSBC Indonesia's strategy aligns with the HSBC global strategy, which was refreshed in February 2021, focusing on four strategic pillars: 1) Focus on our strengths, 2) Digitise at scale, 3) Energise for growth, and 4) Transition to net zero.

Those pillars are the foundations of our annual business plan. We aim to meet the needs of corporates to expand their business as well as to continue supporting our customers to transition to a low-carbon economy. We focus on growth that can benefit the customers, the

communities, and the planet, while improving internally through digitalisation and creating a more agile and effective organisation.

## Role of the Board of Directors in Strategy Formulation and Implementation

The Board of Directors annually formulates the Bank's Business Plan with thorough analyses and discussions which reflect internal and external conditions, including the macro situations and market competitions. The Board of Directors then sets the targets and priorities to achieve the Business Plan, assigning them to executive levels with Key Performance Indicators as a benchmark.

In 2022, the Board of Directors held 13 meetings to ensure the Business Plan was implemented accordingly while monitoring the latest situations that could affect the Bank's business. The Board of Directors also sought input from the Board of Commissioners to ensure the Bank's strategy was well-formulated and well-implemented within our governance framework.

## Challenges

In general, the Indonesian economic landscape in 2022 was better from 2021. The COVID-19 pandemic was more under control, and business confidence improved. Consumers were more eager to spend as the government gradually lifted mobility restrictions nationwide. Certain business sectors, such as mining and plantation, also received a windfall from the rise in energy and commodity prices.

GDP growth improved gradually until the third quarter, when the government was forced to raise fuel prices in September due to rising global crude prices. This move, aimed to protect the fiscal deficit, hit people's purchasing power, the major driver of the economy. Bank Indonesia also increased the benchmark rate from July 2022 to January 2023, making borrowings more expensive. The economy slowed in the fourth quarter of 2022, but the GDP still grew for the full year from 2021. Medium-term growth potential remains strong. Indonesia is witnessing an investment boom in its downstream commodity sector, in particular the nickel supply chain. It is now the world's largest stainless steel exporter, and may eventually become a producer of electric vehicle and batteries.

The global economic challenges from the Russia-Ukraine conflict and the ongoing supply chain issue sparked economic uncertainties, impacting inflation rate.

PT Bank HSBC Indonesia continued monitoring the macro situations and interest rate changes to ensure the Bank could achieve its targets. We also focused on certain economic sectors that might be more pressured by external uncertainties. All in all, the Board of Directors feels HSBC Indonesia managed to overcome the challenges in 2022 to keep the Bank's fundamentals resilient.

## Organisational Structure

The Bank has a clear and defined organisational structure to support the Bank in implementing its business plan in line with its values. The Bank aims to place the right people in every layer of the organisation to ensure business sustainability. We want a connected workforce that helps us meet the needs of our customers and reflects the communities we are a part of. Details of the organisational structure can be seen in the chapter of the Company Profile.

## Key Activities and Products and Services

The Bank conducts banking business mainly in accepting funds from the public and providing loans to customers or other banks, as well as other related activities such as debt paper issuance, money transfer, custodian, and foreign exchange service. Our products and services are categorised into four major segments: Wealth & Personal Banking, Commercial Banking, Global Banking and Markets & Securities Services. More information about this can be found in the Company Profile section.

## Lending and Funding Rates

Prime Lending Rate by Segment					Funding Rate in Rupiah
Corporate Credit	Retail Credit	Micro Credit	Consumer Credit		
			Mortgage	Non-Mortgage	
6.75	8.50	-	8.00	-	

## Network and Business Partners

HSBC is one of the world's largest banking and financial services organisations. HSBC global businesses serve around 39 million customers worldwide through a network that covers 62 countries and territories.

As a part of a global network, the Bank combines international expertise and local know-how to deliver superior products and services to Indonesian clients. In 2022, the Bank had 41 branches in 21 cities across Indonesia, with over 2,800 employees. We cooperated with selected partners to add to our products and services.

# Report of the Board of Directors

## Share Ownership of the Board of Directors and the Board of Commissioners, or Shareholders

The Board of Directors and the Board of Commissioners did not hold any of the Bank's shares in 2022, as detailed in the Company Profile and the Good Corporate Governance sections.

## Commitment to Sustainable Finance

The Bank has continued to take steps to implement HSBC's climate ambition to become net zero in its operations and supply chain by 2030 and align its financed emissions to net zero by 2050.

The Bank has worked closely with stakeholders to put sustainability concepts into action. Not just in the private sector, but also in the public sector or the Indonesian government. In principle, the implementation of the Bank's strategy also aims to promote sustainable economic growth by harmonizing economic, social, and environmental goals.

The Bank develops and implements its strategy to realize its vision and mission, as well as its sustainable finance action plan (RAKB). The Bank defines sustainable finance and investment as any form of financial service that integrates ESG criteria into business or investment decisions, which includes financing, investing and advisory activities that support the achievement of UN Sustainable Development Goals ('SDGs'), including but not limited to the aims of the Paris Agreement on climate change.

The Bank's RAKB primary goal is to provide financing scheme that can be of help in the transition to a low-carbon economy while also aiding clients in managing the risks involved with that transformation. Credit facilities and loans, as well as consulting services and access to capital markets, are examples of sustainable finance operations.

## Sustainability and Bank Response

We understand that financial institutions have a critical role to play in achieving the transition to a net zero global economy. We believe the most significant contribution we can make is by mobilising finance to support our portfolio of customers in their transition to decarbonise.

In December 2022, HSBC Group published updated policy covering the broader energy system. The policy seeks to balance three related objectives: supporting the reduction of global greenhouse gas emissions; enabling an orderly transition that builds resilience in the longer term; and supporting a just and affordable transition. Central to our approach is our commitment to supporting clients who are taking an active role in the transition.

## Risk Management

In the implementation of risk management, among others, the Bank refers to the Financial Services Authority (OJK) Regulation Number 18/POJK.03/2016 and OJK Circular Letter Number 34/SEOJK.03/2016 concerning the Implementation of Risk Management for Commercial Banks and taking into account the recommendations of the Basel Committee on Banking Supervision.

In relation to the sustainable risk policy, the Bank has also adopted the Equator Principles of the financial sector which provides a framework for financial institutions to assess and manage the social and environmental impacts of large projects that have received financial facilities. The Bank is integrating sustainability risk into the supporting policies, processes and controls and we will continue to update these as our sustainability risk management capabilities mature over time.

## Sustainable Finance Achievements in 2022

In 2022, the Bank continued to expand the horizons of sustainable finance through our products, services and partnerships to help enable emissions reduction in the real economy:

- Supporting the Energy Transition. On the sidelines of the G20 meeting on 14 November 2022, PT Bank HSBC Indonesia signed a Letter of Intent with PT Sarana Multi Infrastruktur (Persero). This cooperation is about affirming the Bank's commitment to support Indonesia in upgrading its energy infrastructure, ensuring a fair and inclusive energy transition, while enabling the economy to continue to grow at the same time.
- In May 2022, the Bank assisted the Indonesian government to raise USD3.25 billion through Islamic bonds, known as Sukuk, of which, a sum of USD1.5 billion is appropriated exclusively for eligible purposes of realizing the United Nations (UN) Sustainable Development Goals, with the support of UNDP.

- We are also connecting and helping our clients in their commitment towards sustainability and transition to lower carbon operations. The summary of Sustainable Financing can be seen in the Sustainability Report page 207.

### Environmental, Social, Governance Elements

The Bank has realized a number of programs in environmental conservation, among other the Bank's Green Actions as part of HSBC global mission on Net-Zero emission. The action to support the mission in reducing carbon emission covered several sustainability projects, including solar panel installation at numerous branches, paper reduction, first electric car as executive car fleet, and interactive webinar series to increase staff awareness.

The Bank also participated in the Natural Climate Solutions Model through mangrove protection and restoration in Teluk Pambang, Bengkalis Regency, Riau Province and Muara Angke Wildlife Reserve, Jakarta to mitigate GHG emissions, improve coastal resilience, and community's livelihood that depends on the ecosystem.

### External Conditions and Challenges to Achieving Sustainable Finance

The Bank recognizes that the implementation of sustainable finance, particularly for banks, still faces many challenges. Stakeholders are still in the process of adapting to the implementation of sustainable finance principles.

Under such conditions, the Bank has implemented the principles of sustainable finance, as well as mobilized its implementation through cooperation with stakeholders. In fact, the Bank has now become one of the banking institutions involved in the Indonesian Sustainable Finance Initiative (IKBI). The Bank believes that the IKBI platform can leverage private finance to reduce risks associated with environmental, social and governance issues. Furthermore, together we can support a world transitioning to a low carbon economy.

### Material Changes at the Bank

There were no material changes at the Bank in 2022.

### Important Future Developments

The Bank aims to do business for the long term. Globally, we have the plan to prioritise financing and investment that supports the transition to a net zero global economy.

Along the way, we focus on doing business in a sustainable manner, from being prudent in lending and continuously improving our organisation to achieving a higher level of performance. This includes increasing the representation of women in senior roles, improving customer satisfaction, and upholding high standards of conduct worldwide.

### Business Outlook, Economic Development, and Target Market

The global economy is expected to slow in 2023 as the world faces high interest rates and ongoing conflict between Russia and Ukraine. The US may see GDP decline further, while China is expected to see growth improve after reopening the economy at the end of 2022.

The Indonesian government expects Indonesia's economic growth to remain strong in 2023, with Bank Indonesia setting a growth range between 4.3% and 5.3%. HSBC research tilts to the bottom range of 4.3%, considering the risks from a lower windfall from declining commodity prices and higher inflation from volatile foods. Indonesia will also see campaigns for the 2024 presidential and general elections beginning in end-2023, which may provide a boost in consumption but also may create some uncertainty.

The banking sector is expected to remain sturdy. The Financial Services Authority (OJK) expects loan growth to reach 10% to 12%, while third party funds are predicted to grow between 7% and 9%. Bank Indonesia stopped raising the benchmark rate in February 2023, maintaining the rate at 5.75% as it is confident the current rate is sufficient to keep core inflation in check.

# Report of the Board of Directors

The Bank has set moderate targets for 2023 after factoring all external situations and the Bank's strengths. We feel that 2023 will be another challenging year, but we believe we can overcome the challenges to meet our goals while maintaining the Bank's fundamentals.

## Human Resources and Information Technology

The Bank develops human resources and information technology in line with the HSBC global strategy.

In human resources, we aim to inspire a dynamic culture where the best people want to work, encourage an inclusive culture that fosters diversity, help our people develop future-ready skills, and be a simpler, more agile, and effective organisation. For example, we try to hire candidates from under-represented groups, and we continue to encourage employees to up-skill and develop themselves through training.

In information technology, we aim to deliver faster and more secure digital banking. We continuously work to create and deliver digital customer experiences, partner with technology innovators to enable new customer benefits, ensure the Bank is resilient and secure, and execute with speed and automate at scale.

## Corporate Governance

The Bank continuously improves Good Corporate Governance (GCG) by building awareness of GCG in all layers of the organisation. Regularly, the Bank reviews the standard operating procedures of GCG in accordance with relevant laws and regulations and strengthens governance-related infrastructure. The Bank aims to update its governance principles based on best practices and laws and regulations.

The Bank periodically self-assessed its 11 GCG Implementation Evaluation Aspects. The assessments are grouped into a governance system consisting of three areas: governance structure, governance process, and governance outcome. Our self-assessment rating for 2022 was Good.

## Performance of the Committees under the Board of Directors

In conducting its duties, the Board of Directors is assisted by the Credit Committee, the Assets and Liabilities Committee, the Risk Management Committee, the Information Technology Steering Committee, and the People Committee.

In 2022, the Board of Directors viewed all committees as having conducted their duties and responsibilities accordingly to ensure the Bank could do business as planned, considering all aspects related to capital, risks, liquidity, profitability, and so on.

## Changes in the Composition of the Board of Directors

The Bank, in 2022, appointed Lanny Hendra and Carlos, Isidro Quilis as members of the Board of Directors. We thank Eddy Tjahja Negara Darmohusolo and Eri Budiono for their contributions as members of the Board of Directors.

The latest composition of the Board of Directors as of end of March 2023 was:

Designation	Name
President Director	Francois de Maricourt
Director	Stephen Whilton Angell <sup>(1)</sup>
Director	Dio Alexander Samsoeri
Director	Lanny Hendra <sup>(2)</sup>
Director	Carlos, Isidro Quilis <sup>(3)</sup>
Director	Riko Adythia
Compliance Director	Nisha Asha Bhambhani
Director	James Rex Elwes
Director	Yardley

<sup>(1)</sup> Has submitted resignation letter on 7 March 2023. His resignation will be effective after obtaining approval from the General Meeting of Shareholders.

<sup>(2)</sup> Effectively served as Director of the Bank since 21 February 2023.

<sup>(3)</sup> Effective if and upon Indonesia Financial Services Authority's approval for the Fit and Proper Test or upon the issuance date of working permit, whichever comes later, with due observance to the prevailing laws and regulations.

## Appreciation

The Board of Directors expresses gratitude and appreciation to all employees for their efforts in 2022 amid the challenges faced by the Bank. We also thank the Board of Commissioners for their guidance, as well as shareholders and stakeholders for their continuous support.

The Board of Directors feels the performance in 2022 was resilient, and we can use the performance as a foundation to further grow our business in the coming years to benefit the customers and communities.



**Francois de Maricourt**  
President Director

# STATEMENT OF THE BOARD OF COMMISSIONERS REGARDING RESPONSIBILITY FOR THE 2022 ANNUAL REPORT AND SUSTAINABILITY REPORT OF PT BANK HSBC INDONESIA

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We, the undersigned, hereby declare that all information in the Annual Report and Sustainability Report of PT Bank HSBC Indonesia for the year 2022 has been presented in its entirety and that we assume full responsibility for the accuracy of the contents of the Company's Annual Report and Sustainability Report.

The statement is duly made in all integrity.

Jakarta, April 2023

**Board of Commissioners**



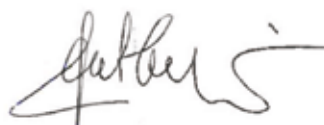
**Martin John Haythorne**  
President Commissioner



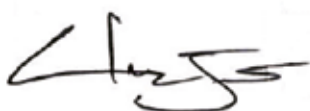
**Mark Trevor Surgenor**  
Commissioner



**Philip David Fellowes**  
Commissioner



**Catherinawati Hadiman Sugianto**  
Independent Commissioner



**Umar Juoro**  
Independent Commissioner



**Rita Mas'Oen**  
Independent Commissioner



# STATEMENT OF THE BOARD OF DIRECTORS REGARDING RESPONSIBILITY FOR THE 2022 ANNUAL REPORT AND SUSTAINABILITY REPORT OF PT BANK HSBC INDONESIA

We, the undersigned, hereby declare that all information in the Annual Report and Sustainability Report of PT Bank HSBC Indonesia for the year 2022 has been presented in its entirety and that we assume full responsibility for the accuracy of the contents of the Company's Annual Report and Sustainability Report.

The statement is duly made in all integrity.

Jakarta, April 2023

**Board of Directors**

**Francois de Maricourt**  
President Director

**Stephen Whilton Angell**  
Director

**Dio Alexander Samsoeri**  
Director

**Riko Adythia**  
Director

**Nisha Asha Bhambhani**  
Compliance Director

**James Rex Elwes**  
Director

**Yardley**  
Director





# Company Profile

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# Company Profile

The Bank serves customers through 41 offices in 21 cities in Indonesia, with the support of over 2,800 employees. Our focus is to support the development of a net zero economy by transforming ourselves and working together with customer in their transition.

## About HSBC Group

HSBC Group (HSBC) is one of the world's largest banking and financial services providers, operating in both established and emerging markets. Throughout its history, HSBC has been where the growth is, connecting customers to opportunities. We enable business to thrive and economies to prosper, helping people fulfil their hopes and dreams and realise their ambitions.

HSBC serves more than 39 million customers across the globe, from individual to major corporates, through three global businesses which are Commercial Banking, Global Banking and Markets, and Wealth and Personal Banking. HSBC network includes 62 countries throughout Europe, Asia, Middle East and North Africa, North America and Latin America. HSBC is committed to conducting its business in a responsible, sustainable and ethical way, providing fair value to customers and strengthening our communities.

HSBC Group highlights:

- HSBC was founded in Hong Kong on 3 March 1865.
- HSBC operates in 62 countries and territories.
- More than 39 million customers bank with HSBC around the world.
- HSBC employs 219,000 people around the world.
- HSBC Group reported profits before tax in 2022 of USD17.5 billion with total assets of USD3 trillion.

Through its global networks, HSBC also facilitated a number of Indonesian companies to connect with global opportunities. Key deals in 2022 include:

- Acted as the Joint Bookrunner, Joint Lead Manager, and Joint Green Structuring Advisor for Republic of Indonesia's (the "ROI") dual tranche USD1.75 billion 5-year and USD1.5 billion 10-year Green tranche 144A/Reg S Trust Certificates (the "Wakala Sukuk"). The 10-year Green tranche represents the fifth Green Sukuk offering and the first since the Republic published its SDGs Government Securities Framework in August 2021. The high quality and robust orderbook continued to grow post-FPG (Final Price Guidance) to reach USD10.8 billion at reoffer, allowed ROI to price USD1.75 billion with yield of 4.40% for the 5-year tranche and USD1.5 billion with yield of 4.70% for the 10-year tranche. The issuance totaled to USD3.25 billion, which is the largest ever Global USD Sukuk deal by ROI in history, a feat achieved amidst intraday volatility.





- Acted as joint Mandated Lead Arranger, Underwriter and Bookrunner (MLAUB) for USD1.4 billion Unsecured Syndicated Term Loan Facility for PT Pertamina, of which HSBC participated USD100.5 million. The transaction demonstrates our commitment to continue supporting Pertamina as one of strategic SOE in the country.
- Acted as Mandated Lead Arranger for USD1.3 billion equivalent Unsecured Corporate Loan Facility for PT Pertamina. The financing was arranged via a club deal. This transaction led to a great extent that PT Bank HSBC Indonesia was awarded as the second Best Creditor/Investor for the Global Private Bank category at the Indonesia's SOE Champion 2022 event.
- Acted as an MLAUB on PT Freeport Indonesia (PTFI)'s inaugural USD1 billion Senior Unsecured Syndicated Term & RCF Facility in July 2021 and an upsize of RCF tranche in April 2022 bringing the total facility to USD2 billion. The use of proceeds is for general corporate purposes, and working capital related to a National Strategic Project in the form of a Government Mandated construction of a 2 mtpa Copper Smelter Project in Gresik.

HSBC also acted as Joint Bookrunner for PTFI's USD3 billion Debut Global Bond issuance which received commitments of over USD15 billion from investors. The funds raised will be used to finance the 2 mtpa Copper Smelter Project, refinancing and general corporate purposes.

- HSBC entered 5 year IDR Club Deal Loan of IDR1,745 billion (circa USD120 million), to finance STT Group Data Center Construction in Indonesia. The two data center assets (the properties) mark PT STT GDC Indonesia's first expansion into Indonesia market. This construction is aligned with government objectives to increase proficiency in the local Indonesian market by helping to expand data center business even further, as expected also by potential digital growth trajectory. More importantly, this will be a momentous milestone for Indonesia's economy.

Learn more about HSBC by visiting:

[www.hsbc.com/about-hsbc](http://www.hsbc.com/about-hsbc)



# Company Profile

## About PT Bank HSBC Indonesia

As the pioneer of modern banking in Asian countries, HSBC has a long history in Indonesia. HSBC opened its first Indonesian office in Jakarta (formerly Batavia) in 1884 to facilitate sugar trade, which was an important commerce at the time. It then expanded operations to Surabaya in 1896.

Due to the turmoil in the Indonesian market, HSBC was forced to cease its activities during the Second World War and it re-opened when the war ended. After the closure of its business in the middle of 1960s, HSBC re-obtained a new banking licence in 1968. The Bank has since continued to grow and maintained its position as one of the biggest foreign banks operating in Indonesia.

In May 2009, HSBC acquired PT Bank Ekonomi Raharja Tbk with the aim to enhance HSBC's commercial banking business in Indonesia, expand retail presence

in the banking sector, and double HSBC's network in Indonesia. PT Bank Ekonomi Raharja changed its name to PT Bank HSBC Indonesia (the Bank) in October 2016.

HSBC integrated its foreign bank branch office (The Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch) into its local banking subsidiary (PT Bank HSBC Indonesia) on 17 April 2017, to support the Indonesian Government's agenda to consolidate the banking industry. HSBC was honoured to be the first international bank given approval to integrate its foreign branch.

The Bank currently serves customers through 41 offices in 21 cities in Indonesia. With the support of over 2,800 employees, the Bank provides banking services for Wealth and Personal Banking, Commercial Banking, Global Banking and Markets & Securities Services. The Bank's commitment towards Indonesian communities is reflected in various corporate sustainability activities organised by the Bank.

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# Vision, Mission, and Core Value

## Vision

### **Our purpose – opening up a world of opportunity**

We are here to mindfully use our unique expertise, capabilities, breadth and perspectives to open up new kinds of opportunities for our clients. We are bringing together the people, ideas and capital that nurture progress and growth, helping to create a better world – for our clients, people, investors, communities and the planet we all live, today and in the future.

## Mission

### **Our Mission**

To be the preferred international financial partner for our clients, by putting our clients' needs at the very heart of everything we do every day, helping them to thrive and bounce back stronger post pandemic era. With HSBC, we are connecting Indonesia to the world and the world to Indonesia.

# Our Values

## We value difference

We were born speaking different languages. We were founded on the strength of different experiences, attributes and voices; they are integral to who we are and how we work.

The greater our empathy and diversity, the better we reflect the worlds of our customers and communities – and the better we can serve them.

So we champion inclusivity. We listen. We remove barriers. And we seek out views different from our own.

## We succeed together

We offer our customers a unique breadth of opportunity.

And we can only deliver the full promise of this by being truly connected – across boundaries. With our customers and partners. Together as colleagues and as an organisation.

So, we collaborate across boundaries. We trust and support each other.

Together, we make possible what we cannot do alone.

## We take responsibility

What we do has a real impact on people's lives, communities and the planet. We take this responsibility seriously.

We set ourselves high standards and are each accountable for our actions. We always use good judgement. And if something doesn't feel right, as colleagues we speak up and act.

We build for tomorrow, today. We succeed only by taking the long view, by focusing on the sustainable interests of our customers, investors, and the planet we all share.

## We get it done

We create value for our customers and investors by always moving forward and making things happen.

We're entrepreneurial: we try new things, we learn and improve, and we take smart risks.

We're dynamic. We move at pace.

We're decisive: we make clear choices and take bold actions.

And we keep our word: we always do what we promise.

# Brand Philosophy

## BRAND PERSONALITY

Our personality is born of the values and experiences of HSBC Group. Over 150 years ago HSBC was established to serve the needs of emerging trade routes in Asia. Since then we have grown to become an international bank serving the needs of millions of people, businesses, and communities around the world.

## BRAND PURPOSE

Opening up a world of opportunity.

## BRAND PROMISE

If our purpose is what we do, and our personality is the style in which we deliver it, our brand promise is our commitment to customers.

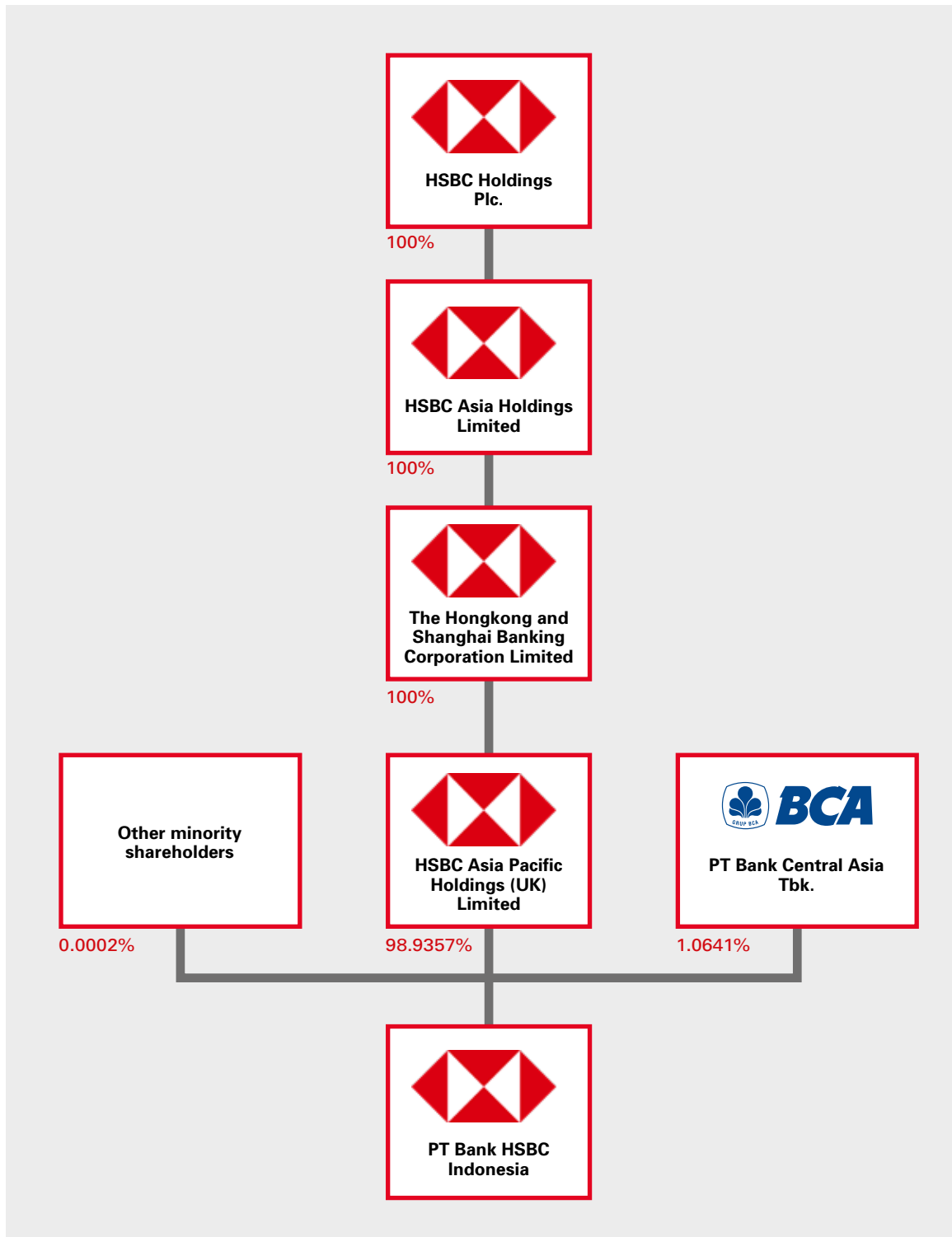
## OUR COMMITMENT

- **Focus on our strengths**  
We're focusing our energy and investments where we can make the greatest difference for our customers.
- **Digitise at scale**  
We're putting the full power of our bank in every customer's pocket, with easier and more secure digital banking.
- **Energise for growth**  
We're inspiring a dynamic and inclusive culture, and empowering our people by helping them develop future skills.
- **Transition to net zero**  
We're focused on helping to deliver a net zero global economy by transforming ourselves and working with our customers to make their own transition



# Shareholding Structure

The shareholding structure of the Bank as of 31 December 2022:



# Share Ownership

The composition of shareholders as of 31 December 2022 was as follows:

Shareholders	Amount of Shares	Shareholding Percentage
HSBC Asia Pacific Holdings (UK) Limited	10,473,719,274	98.9357%
PT Bank Central Asia Tbk.	112,653,737	1.0641%
Others	21,986	0.0002%
<b>Total</b>	<b>10,586,394,997</b>	<b>100.0000%</b>

# Products and Services



## Deposits

- Rupiah Current Account
- Rupiah and Foreign Currency Deposit
- Rupiah and Foreign Currency Saving Account
- HSBC High Rate Savings



## Wealth Management

### Investment

- Mutual Funds
- Bond
- Structured Products

### Insurance

- Care Invest Plus
- College Care
- Optima Care Invest
- Future Care
- Joint Life Care
- Premium Wealth Assurance
- Ultima Wealth Assurance
- Optima Protection Assurance PASTI
- Credit Pro Plus
- Smart Traveler
- AXA Pro Medicare
- AXA Medicare Essential

### Wealth Management

- Growing Wealth Planning
- Children's Education Planning
- Retirement Planning
- Protection Planning



## Credit Card

- HSBC Visa Signature
- HSBC Visa Platinum
- HSBC Platinum Cash Back
- HSBC Gold Card
- HSBC Premier Mastercard



## Loan

- Working Capital Loan
- Investment Loan
- Housing Loan
- Personal Instalment Loan
- Term Loan
- Revolving Loan
- Flexi Credit
- HSBC Overdraft
- Smart Money
- Investment Link
- Syndicated Loan
- Project Export Financing
- Green Loan
- Sustainability Linked Loan
- Social Loan



## Global Market

- Money Market-Loan & Deposit
- Repo - Reverse Repo
- FX - Spot
- FX - Forward
- FX - Swap
- FX - Option
- FX - Call Spread Option
- FX - DNDF
- Fixed Income - Government Bonds & Corporate Bonds - IDR & FX
- Derivatives - Interest Rate Swap
- Derivatives - Cross Currency Swap
- Dual Currency Investment

# Business Activities

As specified in the Company's Articles of Association, the purpose of the Bank's establishment is to conduct banking business in accordance with regulations.

The following are the Bank's business activities:

- Accepting funds from the public
- Providing loans
- Issuing debt paper
- Purchasing, selling, or guaranteeing on own-risk or for the interest of and upon orders of customers
- Money transfer for own account or customers' interest
- Placing funds to, borrowing fund from, or lending fund to other bank(s)
- Receiving payment from securities billing
- Providing custodial service
- Implementing factoring, credit card business, and trustee activities
- Performing activities in foreign exchange
- Performing share investment activities
- Conducting other activities that are generally carried out by banks, as long they do not contradict with any pertaining laws and regulations.



## Securities Services

- Accounting and valuation services
- Transfer agency
- Custodian services



## Global Payments Solutions (GPS)

### Channel

- HSBCnet
- HSBCnet Mobile
- HSBCConnect & Treasury API

### Payment

- In-house Transfer
- National clearing system (SKN)
- Real time gross settlement (RTGS)
- BI-FAST
- Telegraphic transfer
- Autopay
- Utility pay
- Tax payment

### Collection

- Digital Account Receivable Tools (DART)
- Omni Collect
- Virtual account
- Receivable Management Solution (RMS)

- Cheque collection
- Cash withdrawal/delivery
- Cash deposit/collection
- Post-dated cheque warehousing
- Direct debit

### Liquidity

- Interest Enhancement
- Cash concentration
- Liquidity Management Dashboard (LMD)
- Cash Flow Forecasting



## Global Trade and Receivables Financing (GTRF)

### Import

- Letter of Credit (Sight & Usance)
- UPAS & UPAU
- Import Documentary Collection
- Avalisation
- Shipping Guarantee

### Export

- Letter of Credit Advising
- Letter of Credit Export Bills Negotiation
- Non-Recourse / Prompt Non-Recourse Export Bills Discounting
- Letter of Credit Transfer
- Letter of Credit Confirmation
- Export Forfaiting

- Export Documentary Collection
- Documentary Collection Financing
- Financing against Avalised/Co-accepted Bills

### Trade Loans

- Pre-Shipment and Post-Shipment Seller Loan
- Pre-Shipment and Post-Shipment Buyer Loan
- Trade Working Capital – Buyer Loans

### Structured Trade Finance

- Supply Chain Financing
- Receivables Finance

### Bank Guarantee (BG) / Standby Letter of Credit (SBLC)

- Bid/Tender BG / SBLC
- Custom BG / SBLC
- Retention BG / SBLC
- Performance BG / SBLC
- Advance Payment BG / SBLC
- Financial BG / SBLC

### Commodities and Structure Trade Finance

- Borrowing Base Facility
- Pre-Export Finance
- Prepayment Finance
- Warehouse Finance

### Financial Institution (FI) Financing

- Export DC Reimbursement Finance

### Financial Institution (FI) Financing

- Green Trade Loan
- Sustainable Supply Chain Financing
- Sustainable Trade Instrument
- Sustainability Linked Trade Loan

# Profile of the Board of Commissioners



## **Martin John Haythorne**

President Commissioner

British citizen. 59 years old. His appointment as President Commissioner was conducted in Extraordinary General Meeting of Shareholders (EGMS) resolution on 20 August 2021 and has effectively served since 9 February 2022.

He obtained a Degree in Banking and Finance (BSc) from Loughborough University, UK.

He joined Midland Bank, United Kingdom in 1982 and following the acquisition by the HSBC Group, has worked for the HSBC Group since. Within HSBC Group, his prior roles include (i) at HSBC Bank Plc: Managing Director & Head of Client Management and Managing Director & Global Head of Credit and Lending, (ii) at The Hongkong and Shanghai Banking Corporation Limited (HSBC): Managing Director, Co-Head, Global Banking Asia Pacific, Managing Director, Global Head of Wholesale Credit & Lending, and Chief Risk Officer, Asia Pacific of Asia Pacific Risk Management.



## **Mark Trevor Surgenor**

Commissioner

British citizen, 50 years old. Appointed as Commissioner of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 8 October 2020 and has effectively served since 23 March 2021.

He obtained his BA (Hons) Business Studies, Marketing from Sheffield Hallam University Business School (UK) and Master of Science International Marketing from Sheffield Hallam University Business School (UK).

Appointments in HSBC: Chief Executive Officer Sri Lanka and Maldives, Group Head of Wealth Management, Group Wealth & Personal Banking, Regional Head of Wealth Management, RBWM Asia Pacific; Regional Head of Wealth Business Performance, RBWM Asia Pacific; Head of Wealth Sales, HSBC Singapore; Head of Premier and Wealth, HSBC Mexico; Board Member, HSBC Asset Management Mexico SA; Regional Head of Wealth Products of Europe, HSBC UK (France based).

Appointments in Lloyds Bank: Global Head of Products & Marketing of Lloyds International and Head of Marketing & Share dealing, Lloyds Wealth (UK).



### **Philip David Fellowes**

Commissioner

British citizen, 41 years old. Appointed as Commissioner of PT Bank HSBC Indonesia based on Annual General Meeting of Shareholders (AGMS) resolution on 1 April 2022 and has effectively served since 20 July 2022.

He obtained his Master of Business Administration from Columbia University (United States), London Business School (United Kingdom), The University of Hong Kong (Hong Kong).

Appointments in HSBC: Chief of Staff reporting to Co-Chief Executives of the Hong Kong and Shanghai Banking Corporation Limited, based in Hong Kong. Member of the Executive Committee. Chairman of HSBC Mauritius. Within HSBC Group, his prior roles include (i) Head of Liquidity & Cash Management, HSBC Bank Plc, based in London (ii) Head of Strategy Global Banking & Markets reporting to the CEO.

Prior to joining at HSBC, he was worked with the management consultancy Oliver Wyman.



### **Catherinawati Hadiman Sugianto**

Independent Commissioner

Indonesian citizen, 58 years old. Appointed as Independent Commissioner of PT Bank HSBC Indonesia based on Annual General Meeting of Shareholders (AGMS) resolution on 30 June 2020 and has effectively served since 7 October 2020.

She obtained her Bachelor's Degree in Accounting from Universitas Trisakti Jakarta and Bachelor's Degree in Business Administration from Universitas Atmajaya.

She started her career at KAP KPMG in 1989. In 1990, she joined PT Bank CIMB Niaga Tbk and worked for more than 22 years there and pursued various career fields: Consumer Banking, Treasury Commercial, and Corporate Banking. Her recent position at PT Bank CIMB Niaga was Vice President Director.

Prior to serving as the Independent Commissioner, she worked as Director of Commercial Banking at PT Bank HSBC Indonesia in 2017 and she worked as the Independent Commissioner at PT Bank Tabungan Negara Tbk.



## Profile of the Board of Commissioners



### **Umar Juoro**

Independent Commissioner

Indonesian citizen, 63 years old. His appointment as the Independent Commissioner was conducted in EGMS on 18 September 2017 and has effectively served since 18 May 2018.

He obtained his Bachelor's degree in Physics from Institut Teknologi Bandung (ITB) in 1985, before continuing his study and obtained Master of Arts in economy from the University of Philippines and Master of Arts in political economy from Boston University, USA. He continued his study in international economy in Kiel, Germany.

Prior to serving as the Independent Commissioner of PT Bank HSBC Indonesia, he has held numerous positions: Independent Commissioner of PT Bank Maybank Indonesia Tbk from 2008 to 2017 and Independent Commissioner at Bank Internasional Indonesia at 2002 to 2007, Guest Researcher (Senior Adjunct Fellow) Asian Competitive Institute, LKY School of Public Policy, National University of Singapore from 2012 to 2015, the Board of Trustee of Maybank Foundation (Kuala Lumpur) from 2012 to 2017, and the chairman of Supervisory Board of Bank Indonesia (BSBI) from 2010 to 2017.

He was an adviser of Barclays Capital Singapore in 2008 to 2009, an adviser of Credit Suisse Singapore in 2007 to 2009, adviser of and the assistant for economy, finance, and industry for former Indonesian Vice President/President B.J. Habibie from 1998 to 1999. He has also worked on various advisory projects with the World Bank, ADB, ILO, and UNDP.

**Rita Mas'Oen**

Independent Commissioner

Indonesian citizen, 61 years old. Appointed as Independent Commissioner of PT Bank HSBC Indonesia based on Annual General Meeting of Shareholders (AGMS) resolution on 24 June 2022 and has effectively served since 6 October 2022.

She obtained her Bachelor's Degree in Computer Science from Arizona State University (USA).

She started her career at Honeywell Inc-Phoenix, Arizona, USA in 1984. In 1985, she joined Citigroup for 20 years there and pursued various career fields: Consumer Banking, Corporate Banking, Transaction Banking, Quality and Innovation Catalyst, Transformation Office, and Operations and IT. Her last position at Citigroup was Director, Senior Country Operations Officer (Operations and Technology). She also served as Director of KSEI in 1998.

Prior to serving as the Independent Commissioner, she worked as Human Resources Director from 2009 to 2012 and later as the Operations and Information Technology Director from 2012 to 2020 at PT Bank CIMB Niaga Tbk. She also worked as Chief Operations Officer from 2005 to 2007 and as Operations and Information Technology Managing Director from 2007 to 2009 at Bank Internasional Indonesia. She was also the Commissioner and then Vice President Commissioner to PT. Wahana Ottomitra Multiartha Tbk. from 2005 to 2009.

# Profile of the Board of Directors



## **Francois de Maricourt**

President Director

French citizen, 51 years old. Appointed as President Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 27 February 2020 and has effectively served since 17 August 2020.

He has obtained a Post Graduate degree (DESS) in Banking and Finance from the University Robert Schuman and an MSc (Maitrise) in Economics from the University Paris Dauphine.

Francois has worked for HSBC Group for more than 25 years in various executive roles across Asia, Europe, the Middle East and Africa. His last role was Chief Executive Officer (CEO) - HSBC Bangladesh from 2014 to 2020.



## **Stephen Whilton Angell**

Risk Management Director

British citizen, 56 years old. Appointed as Risk Management Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 18 September 2017 and has effectively served since 20 April 2018.

He obtained a Bachelor of Science degree in Geography and Geology from Nottingham University.

His prior roles include CRO Private Banking ASP and Global CRO Private Wealth Solutions, HSBC Hong Kong; Regional Head Reputational Risk and Client Selection ASP HSBC Hong Kong; Regional Head of Wholesale Risk and Risk Strategy Audit HSBC Asia Pacific; and Regional Head of Credit Risk Review and Risk Identification, HSBC Asia Pacific.



### **Dio Alexander Samsoeri**

Finance Director

Indonesian citizen, 47 years old. Appointed as Finance Director of PT Bank HSBC Indonesia based on Annual General Meeting of Shareholders (AGMS) resolution on 28 May 2019 and has effectively served since 19 September 2019.

He obtained his Bachelor's Degree in Economics from the University of Indonesia.

His prior roles include Head of Internal Audit; Chief Financial Officer HSBC Brunei Darussalam; SVP Financial Controller and Chief Operating Officer Finance; VP Quality Control & Process Monitoring Personal Financial Services and a few other positions in Finance in HSBC Jakarta.

Prior to joining the Bank, he worked as Head of Country Finance at Standard Chartered Bank Indonesia; Manager Management Accounting and Business Planning at ABN AMRO Bank NV and as Auditor at Siddharta, Siddharta & Harsono member firm of KPMG International.



### **Riko Adyithia**

Global Banking Director

Indonesian citizen, 49 years old. Appointed as Global Banking Director of PT Bank HSBC Indonesia based on Annual General Meeting of Shareholders (AGMS) resolution on 30 June 2020 and has effectively served since 10 November 2020.

He obtained his Bachelor's Degree in Accounting from Universitas Padjadjaran and Master of Business Administration from Booth School of Business, University of Chicago.

His previous positions include Head of Global Banking at PT Bank HSBC Indonesia; Managing Director & Country Head of Global Subsidiaries Group at Citibank Indonesia; Managing Director & Country Head Treasury and Trade Solution, Citibank Indonesia; Director/COO and Treasury Trade Solution Product Head, Citibank Indonesia; Director Deputy Country CFO/Strategic Business Planning Head, Citibank Indonesia; VP Structured Trade Finance, Citibank New York; Cash Product Manager and several positions in Finance, Citibank Indonesia.

## Profile of the Board of Directors



### **Nisha Asha Bhambhani**

Compliance Director

Indonesian citizen, 45 years old. Appointed as Compliance Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 30 December 2020 and has effectively served since 22 February 2021.

She obtained her Bachelor's of Law from Universitas Padjadjaran.

Her previous positions include Director Country Compliance of Deutsche Bank; Compliance Director of Bank of America; Executive Director, Country Head of Legal at JPMorgan Chase Indonesia; SVP Compliance, VP Compliance, AVP Compliance, HSBC Jakarta Branch; AVP Legal at Standard Chartered Bank Indonesia; Legal Manager at HSBC Jakarta Branch; Senior Associate Lawyer of DNC Advocates Indonesia.



### **James Rex Elwes**

Operations & Information Technology Director

British citizen, 39 years old. Appointed as Operations and Information Technology Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 30 December 2020 and has effectively served since 30 April 2021.

He obtained his Bachelor's Degree in Business and Economics from University of Newcastle and Master of Business Administration from London Business School.

He has worked for HSBC across Asia Pacific, MENAT, UK and North America in multiple roles including Country COO, HSBC Qatar; COO Office, HSBC Turkey Commercial Banking; Area Director for Business Banking in Western and Wales Region UK and Senior Strategy Analyst, HSBC Global Commercial Banking.



**Yardley**

Human Resources Director

Indonesian citizen, 51 years old. Appointed as Human Resources Director of PT Bank HSBC Indonesia based on Annual General Meeting of Shareholders (AGMS) resolution on 30 June 2021 and has effectively served since 11 October 2021.

She obtained her Bachelor of Accounting from STIE Nusantara and Diploma from Universitas Tarumanagara.

She has over 25 years of working experience, 16 years of which are in the banking industry. Prior to joining HSBC, she worked in Citibank Indonesia for six years - as the Country HR Officer in the last five years.

Her other experiences include: SVP Business Human Capital – Global Banking & Retail Banking (HRBP) at BII Maybank, SVP Support & Small Businesses HR Head at Bank Danamon, Head of Resourcing at Standard Chartered Bank and few other positions at PT John Clements Consultants Indonesia.

## Profile of the Board of Directors



### **Lanny Hendra**

Wealth & Personal Banking Director\*

Indonesian citizen, 54 years old. Appointed as Wealth and Personal Banking Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 10 October 2022.

She obtained her Bachelor's Degree in Economics from Macquarie University and started her first career in Commonwealth Bank Australia Sydney as Graduate Trainee.

Prior to joining HSBC, her previous positions include: (i) Consumer Business Head at PT Bank Danamon Tbk, (ii) Executive officer, Head of Retail Banking at Standard Chartered Bank Indonesia and (iii) Segment Marketing Head at Citibank Indonesia.

\*) Has effectively served as Director of the Bank since 21 February 2023.

**Carlos, Isidro Quilis**

Designated Risk Management Director

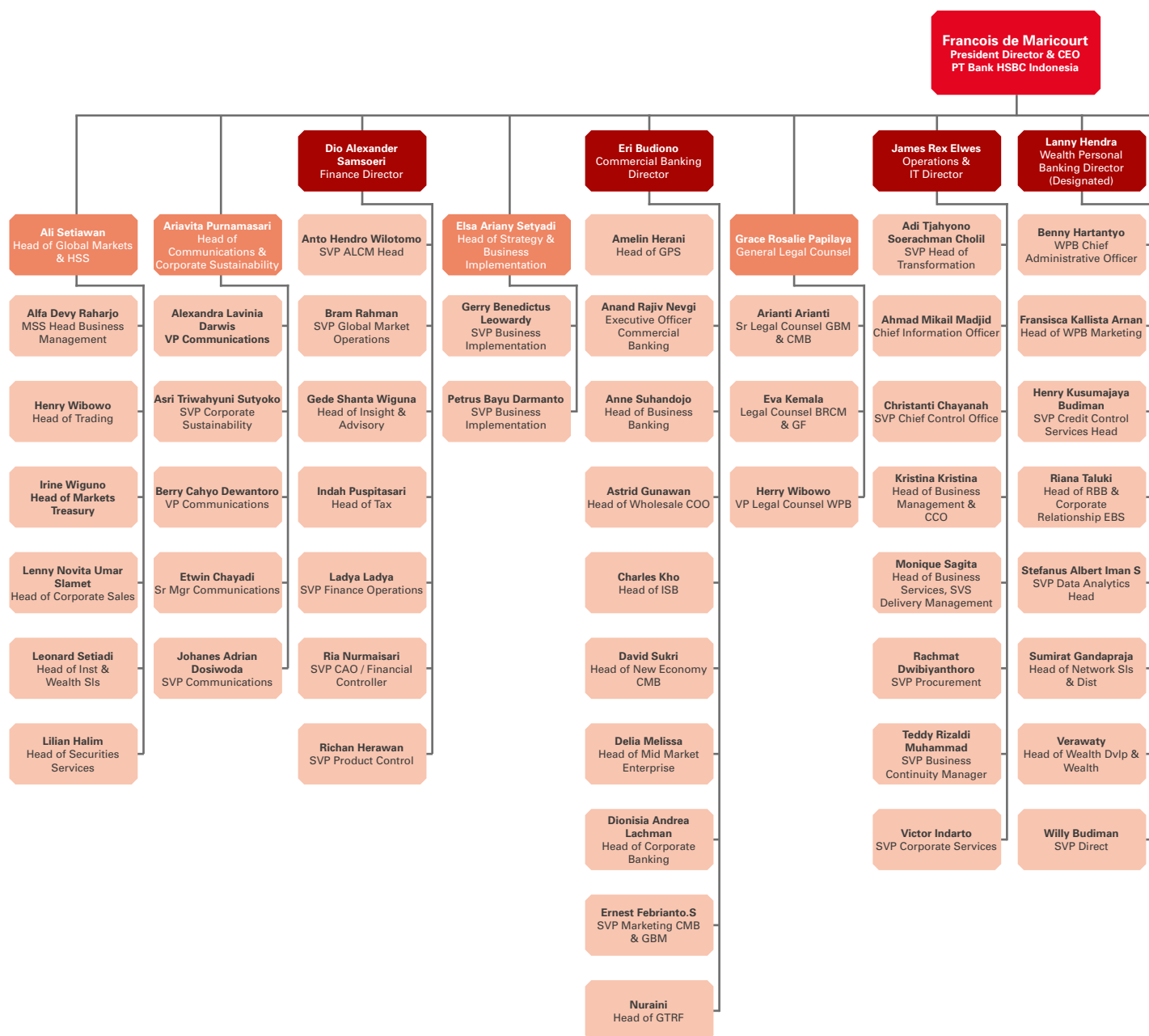
French citizen, 52 years old. Appointed as Designated Risk Management Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 10 October 2022 with an effective term of office from the date determined by the Company after the Company submit the plan in the 2023-2024 RBB and obtained approval from OJK on the RBB and received approval from the OJK for the Fit and Proper Test, and obtained the working permit from the relevant government institution, with due observance to the prevailing laws and regulations in Indonesia, and other approval in compliance with the prevailing laws and regulations in Indonesia.

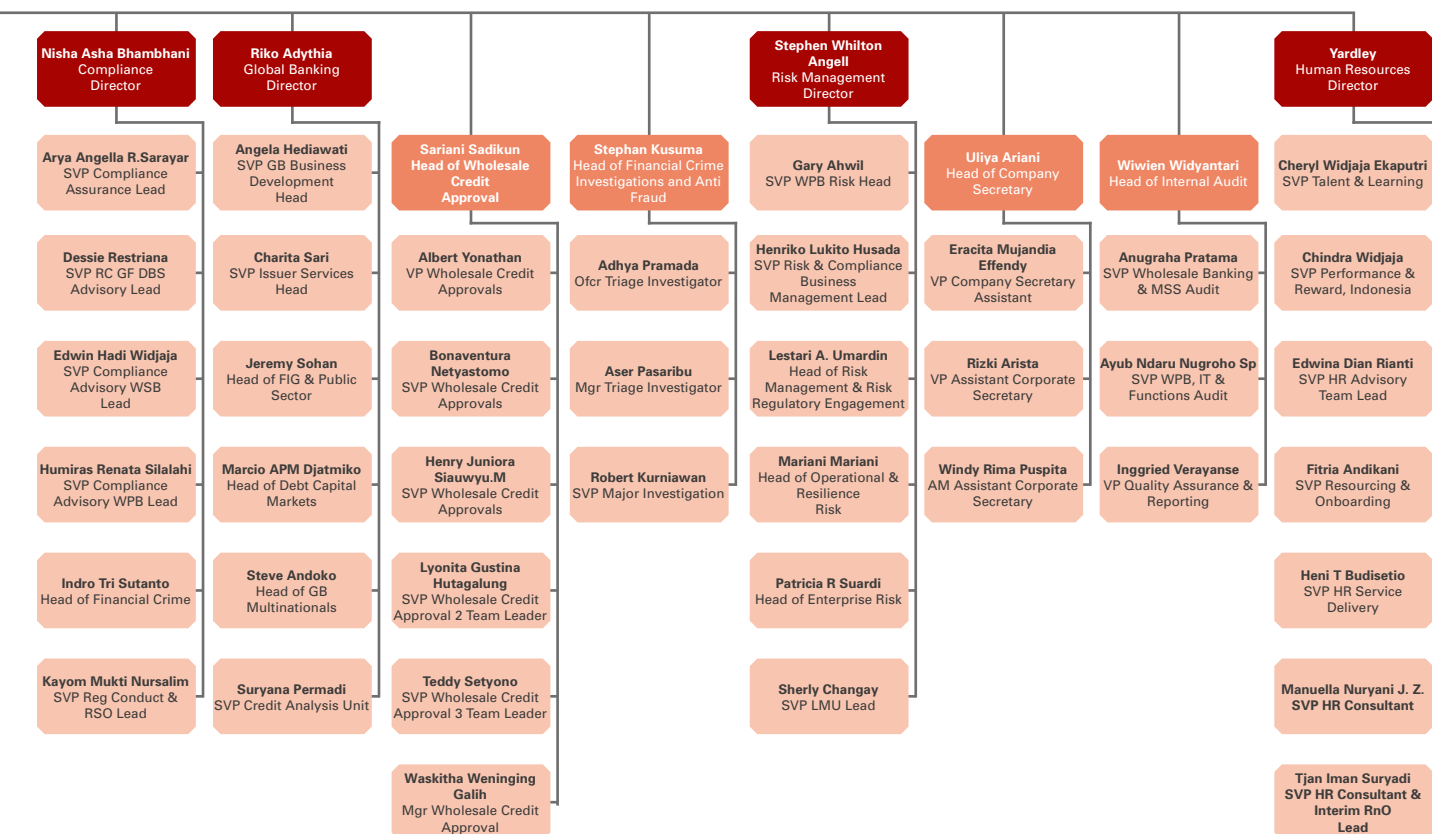
He obtained his Degree in Management School Diploma (Bachelor of Science equivalent) from Institut Supérieur du Commerce - Paris.

He has worked for HSBC for more than 23 years. His prior roles include Head of Wholesale Credit Risk Asia Pacific and Chief Credit Officer and Head of Wholesale Credit & Market Risk for HSBC Bank Canada.

# Organization Structure

as of 31 December 2022











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# Economic Industry Review

## Global Economic Review

The global economy experienced a sharper-than-expected slowdown in 2022 after a brief recovery in 2021. The world's economy saw inflation peaking to higher levels than seen in several decades, tightening financial conditions, the Russia-Ukraine conflicts, and the lingering COVID-19 pandemic. The International Monetary Fund (IMF) said global growth slowed to 3.4% in 2022 from 6.0% in 2021. The 2022 growth was the weakest since 2021, excluding the global financial crisis and the acute phase of the COVID-19 pandemic.

Global inflation reached 8.8% in 2022, rising from 4.7% in 2021. The IMF attributed the unexpected high inflation in 2022 to several factors, from the impact of the strong economic recovery due to pent-up demand to supply chain issues. The Russia-Ukraine conflict further disrupted global energy and food prices, making Russia a major oil, gas, and metals supplier.

Central banks worldwide responded the inflation threats by raising interest rates, which weighed on economic growth. The move by the US Federal Reserve to hike rates has led to a surge in the US Dollar, the highest since the early 2000s, resulting in global financial market uncertainty, which affected weaker capital inflow to developing countries, including Indonesia.

The Fed's aggressive rate hikes impacted business spending and home sales in the US. The US economy slowed in 2022, although the second half grew after shrinking in the first half. The US booked a GDP growth of 2.1% in 2022, down from 5.7% in 2021, with high inflation and a cooling housing market clouding the economy.

China, the world's second largest economy, still grappled with COVID-19 outbreaks. Its lockdown policy to curb COVID-19 has impacted global trade growth and commodity prices, although authorities relaxed it in early December 2022. China's real estate sector, one-fifth of its total GDP, also continued to decline as developers failed to secure liquidity to complete ongoing projects. China's GDP grew by 3% in 2022, missing the official target of 5.5% and down from 8.4% in 2021.

Meanwhile, the euro area saw GDP growth of an estimated 3.5% in 2022. Lower energy prices in late 2022 relieved the pressure on the region, which had been constrained by high food and energy costs following Russia's invasion of Ukraine. However, Germany and Italy, European's largest and third-largest economies, reported negative growth in the last quarter as they had some of the strongest links to Russian gas.

Since 2020, ASEAN has surpassed the EU to become China's largest trading partner so exports should also benefit from a rebound in China demand. But there are nuances. Indonesia and Malaysia will likely keep outperforming in exports as commodity prices stay high. Meanwhile, agriculture exports from Thailand, the Philippines and Vietnam will likely see considerable support from booming Chinese pent-up demand. Despite some pockets of resilience, however, ASEAN is sensitive to China's industrial cycle, which in turn is susceptible to global trade headwinds.

## Domestic Economic Review

Indonesia's economy continued to expand in 2022, with GDP growth reaching 5.3%, up from 3.7% in the previous year, led by stronger household consumption and still-elevated exports. Exports grew strongly, supported by high global commodity prices in which Indonesia is a major exporter, such as coal and palm oil. Household consumption, which drives more than half of the economy, also accelerated as the COVID-19 pandemic had been relatively under control.

The transportation and warehouse sector had the highest growth at 19.9%, according to the Central Statistics Agency (BPS). The manufacturing sector, which plays a dominant role in the economy, grew by 4.9%. Data from the IHS Markit Indonesia Manufacturing Purchasing Managers Index shows that Indonesian manufacturing continued to expand at the end of 2022. Rising demand drove an increase in output, as well as purchasing activity and employment. However, foreign demand continued to shrink as the global economy deteriorated.

The Russia-Ukraine conflicts further drove an increase in global energy prices, which impacted Indonesia. Rising global crude prices pressured the Indonesian government to raise fuel prices in September 2022 in order to reduce the ballooning fuel subsidies. The move hit people's purchasing power, which had yet to return to pre-pandemic levels. Bank Indonesia was also forced to hike interest rates to tackle rising inflation, with a total of 200 bps increase throughout the year to 5.5% as of December 2022.

Consumer Price Index (CPI) inflation in 2022 peaked at 5.95% in September due to rising fuel prices before falling to 5.51% at the end of 2022. CPI inflation in December 2021 was 1.87%. Bank Indonesia and the government strengthened cooperation to tame inflation, especially in the volatile foods category.

Indonesia's balance of payments in 2022 recorded a surplus of USD4 billion, supported by strong export performance, but down from a surplus of USD13.5 billion a year earlier. The current account surplus rose significantly to USD13.2 billion due to high commodity prices, but the capital and financial account saw a deficit of USD8.9 billion, in line with the global financial market uncertainty.

The rupiah weakened 9.2% during the year to reach Rp15,592 per US dollar on 30 December 2022 as investors moved to safer assets at times of uncertainty. The Jakarta Composite Index (JCI) still grew, but at a lower rate than in 2021. JCI rose 4.08% in 2022, compared to a 10.08% increase in the previous year. Meanwhile, foreign direct investment (FDI) surged 44.2% year-on-year, with investment flowing into base metals and mining as the government aimed to improve the added value of its minerals. Total FDI in 2022 amounted to Rp654.4 trillion.

## Banking Industry Review

The banking sector further improved in 2022, with loan growth reaching 11.35% year-on-year, up significantly from the 5.24% growth in the previous year. Loans grew across economic sectors and loan types, particularly investment and working capital loans. Banks remained prudent in channeling loans, as seen in the improvement of the gross non-performing loan ratio to 2.44%.

Banks were still flushed with liquidity, although third-party funds (DPK) growth slowed to 9.01% from 12.21% in 2021. The Capital Adequacy Ratio (CAR) stood at 25.63% in December 2022, a similar rate to 25.67% in 2021. Bank Indonesia is confident that Indonesia banking system remains resilient.

The Financial Services Authority (OJK) continued its move to strengthen the banking sector by requiring commercial banks to have a minimum core capital of Rp3 trillion by the end of 2022. For banks having difficulties in meeting the regulatory core capital, OJK encourages mergers between bank.

Banks continued facing intense competition driven by fast digital adoption in the market. Digital economic and financial transactions have developed rapidly since the pandemic, with some banks opting to form digital banks to win the competition. According to Bank Indonesia data, the value of electronic money transactions in 2022 grew 30.84% to reach Rp399.6 trillion, while the value of digital banking transactions increased 28.72% to reach Rp52,545.8 trillion.

The OJK also said the number of restructured loans under the Covid-19 credit restructuring relaxation policy continued declining, along with the fewer customers under the scheme. Loans to MSMEs remained robust, with the People's Business Loans (KUR) growing 29.66% in 2022.

# Business Review

## Wealth and Personal Banking (WPB)

The Bank accommodates various retail banking needs through several products and services. One of them is HSBC Premier, an exclusive product with a global network that offers a wide variety of exclusive banking services. In addition, the Bank offers wealth management services, which provide various global benefits and exclusive services for affluent customers.

The Bank also offers HSBC Advance as a complete banking and investment solution for all customers in the emerging affluent segment. It offers various mutual funds products that are managed by the best-in-class asset management firms in Indonesia.

The Bank also has mutual funds, bancassurance, Indonesian Government Bonds, and State-Owned Enterprises (SOE) Bonds. By offering various investment products, the Bank aims to become a leader in the wealth management market and a trusted partner for customers' investments. To achieve these goals, the Bank approaches and educates middle-upper customer groups to help them find suitable investment solutions.

## Personal Banking

Bank accounts in Rupiah and foreign currencies, as well as debit cards, remain the top products in the Personal Banking segment, whether as savings accounts, current accounts, or deposits. As for debit cards, the Bank has HSBC VISA Debit Card and HSBC National Payment Gateway (GPN) Debit Card.

In order to better serve and focus on the emerging affluent segment, the Bank has offered an updated HSBC Advance proposition to existing Personal Banking customers. The Bank continues to provide the best banking services while carrying out portfolio activities in a sustainable manner through various initiatives.

Throughout 2022, the Bank continued optimising its network to boost the growth of emerging affluent customers and strengthen the retail segment penetration.

## Personal Lending

For consumer loans, the Bank offers services and products such as Credit Card, Personal Loans, FlexiCredit, Housing Loans, Personal Overdraft, Smart Money, and Investment Link.

The Bank also offers various types of credit cards, including HSBC Premier Mastercard, HSBC Visa Signature, HSBC Visa Platinum, HSBC Visa Platinum Cash Back, and HSBC Visa / Mastercard Gold.

The Bank provides credit card options with different value propositions as part of efforts to improve credit card penetration. During the process, the Bank expanded its strategic partners to boost the brand and credit card usage in various cities in Indonesia and added more acquisition channels through Digital Online. It also improves penetration of banking products by targeting credit card customers and continuing to offer Premier credit cards to strengthen the proposition of middle-upper class customers.

To enhance usage and customer loyalty, the Bank also involves merchants and other strategic partners to provide programs, services, and facilities related to installment features or rewards points through HSBC credit cards.

## Retail Business Banking

Retail Business Banking (RBB) division provides business loans with collateral. The business loan schemes include Term Loans, Overdrafts, and Revolving loans. In March 2020, Retail Business Banking rebranded its services to HSBC Fusion, which aims to support the SME segment to scale up its business.

To accommodate customers' needs in the small and medium enterprises (SMEs) segment, Bank has developed types and varieties of banking products and services to better serve business owners in the Bank's geographic operational areas.

Furthermore, to support customers' business goals, the Bank has completed the feature and proposition of RBB services by simplifying the account opening and loan application process. RBB services are mostly introduced to personal banking customers with business needs.



In supporting the SME segment facing the COVID-19 pandemic, HSBC Fusion has actively participated in the National Economic Recovery Programme (PEN) launched by the Ministry of Finance through assistance and other stimulus programmes.

As of December 2022, HSBC Fusion has served more than 7,289 customers from the SME segment, with a loan growth of 29% compared to 2021.

### Wealth Management

To help customers manage their wealth, the Bank offers services and products for investment, insurance, and wealth management. The investment products include mutual funds, government securities, State-Owned Enterprises bonds, and Dual Currency Investments (DCI).

For insurance products, the Bank offers Care Invest Plus, College Care, Optima Care Invest, Future Care, Joint Life Care, Premium Wealth Assurance, Ultima Wealth Assurance, Optima Protection Assurance PASTI, and AXA ProMedicare. For wealth management services, the Bank offers services and products such as Managing and Growing Wealth, Children's Education Planning, Retirement Planning, and Protection Planning.

In 2022, the Bank continued to improve the penetration of Wealth Management to middle-upper-class customers by offering life necessities, including wealth management, children's education planning, family protection planning, and pension fund planning.

The Bank continued strengthening its established internal process, system, and infrastructure to have healthy growth in Third Party Funds. The Wealth Management products cover mutual funds, various series of government securities, and bonds issued by State-Owned Enterprises (SOEs). The Bank also participated as a selling agent in government retail bond issuances in the primary market (such as retail bonds and retail Sukuk) and the secondary market.

To support Wealth Management's business growth in 2022, the Bank held reviews and improvements pertaining to the processes, systems, and infrastructures related to investments.

### WPB Plans, Strategies, and Focus for 2023

The Bank responds to more intense individual banking business competition by formulating the following strategies for 2023:

- Expanding Wealth Management market penetration into the upper-middle class customer by providing products that can fulfil life necessities.
- Expanding branch network to boost growth of the middle to upper customer segment.
- Improving the penetration of banking or lending products to credit card users and the retail segment in cities where the Bank operates to serve banking needs of the general public.
- Improving the penetration of credit card products by offering attractive acquisition programmes and various options with varied value propositions, as well as opening new acquisition channels through online and partnership.
- Expanding strategic partnership to improve brand awareness and card usage in various cities in Indonesia.
- Strengthening sales penetration to corporate clients in Indonesia by providing products for their employees through Corporate Employee Program.
- Upgrading the quality of Internet Banking and Mobile Banking to provide more simple and user-friendly features, with capabilities for further development.
- Rebranding to HSBC Fusion and focusing on the SME segment to accommodate customer needs, both business and personal, with various facilities that support business activities and provide an integrated solution in the onboarding process, access to credit facility, and special service to the SME segment.
- Enhancing RBB product penetrations through digital service enhancement, which provides business owners access and convenience in making transactions via Internet Banking, while increasing the number of transactions and revenue from Digital Banking.

### Commercial Banking (CMB)

In commercial service, the Bank offers full banking services to various corporate clients, from upper business banking to big corporates, including subsidiaries of our global and regional corporate customers. The banking services cover the working capital loan, investment loan/project financing, foreign exchange and derivatives transactions, as well as trade finance and cash management facilities and services.

# Business Review

In 2022, the Bank continued its program to become the preferred international financial partner for its clients in Indonesia by collaborating closely with Global Trade and Receivables Finance (GTRF), Global Payments Solutions (GPS), Global Banking (GB) and Markets & Securities Services (MSS). To achieve this, the Bank focused on:

- Improving penetration into leading Indonesian companies and businesses.
- Strengthening partnership with local partners and targeting international customers in the Indonesian capital market.
- Coordinating with Global Banking and Markets (GBM) for cross-selling.

Trade Finance is one of the core offerings of the Commercial Banking business. To maximize trade finance solutions, the Bank offers customers access to Subject Matter Expert (SME) through the networks of its Relationship Manager and Trade Business Sales team.

Then, the Bank offers supply chain solutions by improving special financing services in particular sectors, including infrastructure, automotive, FMCG, IT, and retail businesses. This aims to maximize the expansion of trade networks, as seen from 116 new suppliers that joined the Supply Chain program in 2022.

The Bank also helps maximise the potential of Indonesian companies through digital propositions, through optimisation of the use of Internet Trade Service (ITS) to improve customer experiences in submitting documents for disbursement of facilities, especially during the limited mobility period due to the COVID-19 spread.

In line with the Bank's strategy and values to support business owners in carrying out business transitions to a low carbon economy, the Bank continues to develop new propositions in Sustainable Trade Financing to support this ambition.

HSBC's Global Payments Solutions offers comprehensive cash management solutions through cutting-edge digital technology and innovation to meet our client's evolving needs. In line with Bank Indonesia's initiative, the Bank launched the BI-FAST service in the first quarter of 2022. BI-FAST is a real-time payment system infrastructure launched by Bank Indonesia in December 2021.

In general, the Bank's Commercial Banking division recorded a stronger performance in 2022 compared with the previous year. This positive momentum can be seen in the growth of corridor businesses, ESG (Environmental, Social, and Governance) financing, and collaboration between business lines.

## Global Banking

In the Global Banking segment, the Bank provides complete banking services for a wide range of customers, such as multinational companies, big local companies, and financial institutions, including the public sector and government agencies. The Bank offers solution products and services, as well as international network capabilities that are supported by the the-best-in-class banking system. The Bank also provides services for State-Owned Enterprises (SOEs) as priority customers in a bid to continuously support the country's development. The banking services include working capital loans, project financing, as well as trade finance, and cash management services. Global Banking customers are assisted by the Bank's relationship managers, who also serve as product specialist that provides financial solutions for each customer in an effort to strengthen long-term relationships and support growth in Indonesia.

Despite the challenges, the Bank has managed to maintain a positive momentum of balance sheet growth amidst depressed margins conditions due to increasingly tight competition of local and international banks. Therefore, the Bank continues to implement prudence principles to maintain credit quality.

The Bank promoted and enhanced ecosystem solutions by providing one-stop banking solutions through collaborations with other business segments (Corporate Banking/CMB and Global Markets) to support sustainable customer growth.

The Bank participates in supporting ESG financing by leveraging its financing capabilities. Throughout 2022, the Bank successfully participated in green trade loans and green bond issuance. The Bank also continued building banker capability in the ESG space through focused training and webinar.

During the recovery period after the COVID-19 pandemic, the Bank continued its support to customers by prioritising digital banking services to help customers meet their needs for banking solutions.

The Bank focuses on developing connectivity with Global Relationship Bankers for the main corridors, such as China, Japan, South Korea, the USA, the UK, and France, as well as the Intra-ASEAN channel to support FDI and its growth in Indonesia.

In general, Global Banking delivered strong results in supporting both customers and the Government's key priorities in line with the SOE transformation agenda, as well as building strong momentum to continue its growth in 2023.

- **Commercial Banking and Global Banking Plans, Strategies, and Focus for 2023**

The Bank has reviewed its Commercial Bank and Global Banking business to understand the most effective business model to support our future strategy to be the leading international bank that supports large- and medium-sized local companies, as well as local small enterprises so they can expand internationally. Therefore, the Bank decided to combine Commercial Bank and Global Banking businesses into a Wholesale Banking (WSB) coverage model in Indonesia.

This consolidated business operating model has come into effect from 1 January 2023.

Wholesale Banking will focus on the following strategies to become the “Preferred International Bank” for customers in Indonesia, with international aspirations and global assistance to support their business growth

- The approach focuses on safe and sustainable growth by leveraging on top-tier customers to grow business from existing customers, as well as acquire NTB (New to Bank) customers on a large scale with focus on Middle Market Enterprise (MME) and Business Banking (BB) sectors.
- Promote Flows and Transaction Banking solutions (including Market & Securities Services) by leveraging digital capabilities and available product ranges.
- Leverage international networks to maximize business opportunities in cross-border business corridors.
- Focus on Ecosystem and Supply Chain solutions through identification, connection, and penetration of key industrial growth sectors (FMCG, Manufacturing, Pharmacy, Telecommunication, Financial Institution, as well as Infrastructure & Power), and key supply chain prioritized by the government and markets.
- Facilitate transition of existing portfolios to support customer transition by leveraging strength in international network and capabilities, including exploring ecosystems and supply chain in low carbon transition and other ESG-related solutions.
- Enhance synergy and collaboration between businesses (including PT HSBC Securities Indonesia) by serving clients with our unique product propositions and pursuing event deals.

- Build World Class Talent and Banker through the creation of a strong learning organization with structured curriculum to increase competitiveness and build customer-centric organisation.

### Global Markets & Securities Services

The Global Markets & Securities Services (MSS) division manages an integral part of the Bank’s operation and balance sheet, as well as treasury & custodian services for local and international customers.

The Global Markets team consists of several desks, including Trading, Markets-Treasury, Corporate Sales, and Institutional & Wealth Sales. The team provides complete product services and covers the needs of the Bank’s franchise business, such as corporations, financial institutions, and retail customers. The products offered include foreign exchange (FX), derivative, fixed income, and other money-market products. The Bank’s business strategy in Global Markets is to keep focusing on franchise business collaboration that benefits customers and increases international connectivity by supporting cross-border activities related to featured products, such as GTRF, GLCM, and Securities Services.

At the same time, the Bank continues supporting the deepening and development of local financial markets, in line with the visions of Bank Indonesia and OJK. The Bank offers a wide-range of treasury instruments to help customers in managing market risk exposure, while supporting business operational needs at the same time.

Securities Services is also part of key strategies in the Global Markets business. In Indonesia, the Bank offers end-to-end services form sub-custodian, fund administration, and transfer agents. The services give assurances that assets of local and international customers are under good supervision and administration. In line with the Bank’s sustainability commitment to support capital market transactions in Indonesia, Securities Services focuses on fulfilling clients’ needs by increasing assets and types of products that will be managed, investing in human resources and technology, as well as creating efficient operations to ensure the quality of services.

# Marketing Analysis

## Retail Banking

The Bank has a strong commitment to fulfilling customers' needs, both individual and corporate, by providing various banking products and services.

For individual customers, the Bank offers two segments, HSBC Premier and HSBC Advance, giving customers the choice of financial services according to their needs.

HSBC Premier is a banking and wealth management service for upper-class customers that provides global benefits and exclusive services. HSBC Advance is aimed at helping emerging affluent customers as trusted partners grow without worrying about their financial conditions.

The Bank also provides promotion programmes for HSBC credit cards to cater to the lifestyle of cardholders. The Bank offers various benefits for HSBC credit card holders in shopping, dining, and travelling across the world. Another benefit for HSBC credit card holders is the cashback feature or reward programme by collecting reward points from credit card transactions, as well as point exchange in the form of hotel vouchers, mileage programmes, shopping vouchers, or direct discounts in participating Instant Reward Merchants.

HSBC credit cards also offer several additional programmes for certain types of credit cards with the aim of increasing usage and customer loyalty.

Throughout 2022, the Bank offered credit card promotion programmes with selected merchants, separated into 7 (seven) categories:

- Thematic Campaign that covers Chinese New Year, Ramadhan Program, and Year-End Holiday Program.
- E-Commerce online daily deals, discount and instalment program that is available in various e-commerce merchants on certain days.
- Home delivery dining and groceries programmes in form of discounts or cashback vouchers at various restaurants and supermarkets which cooperated.
- New promotion program on online medical services, in cooperation with Halodoc apps. Services including virtual doctor examination, home delivery pharmacy, COVID-19 Swab/PCR test reservation.
- Groceries offline program offers discounts on certain days.

- Home, Electronic & Gadget program offers discount and instalment 0%.
- Discount and special price programs in travel category, in collaboration with airline partners (ANA, Qantas) and various travel agents for offline purchases, as well as Traveloka and tiket.com for online purchases.

The Bank also offers Personal Loans with competitive interest rates, quick approval, and maturity starting from 1 year to 5 years. This financing facility is aimed at helping customers to fulfil short-term financing needs.

The Bank also provides housing loans for customers with middle-term and long-term needs on property purchases or take over from another bank. The housing loans have competitive interest rates, with easy approval, and adjusted to customers' financial needs.

The Bank also developed sophisticated banking technology through various financial distribution channels that are efficient and able to serve customers anytime and anywhere. This includes ATM provision, phone banking, personal internet banking facility for investment purposes and banking transactions, video banking, and mobile banking.

In Indonesia, the Bank has branches in 21 cities, including Jakarta, Bandung, Semarang, Surabaya, Medan, and other cities. Customers could also access Bank's services in more than 77,000 ATM Bersama networks and more than 100,000 ATMs through the PRIMA network.

Moreover, throughout 2022, the Bank also conducted several marketing programs for retail customers:

## Wealth Management

- Throughout 2022, the Bank held 36 education events on Wealth Management & HSBC Banking Capabilities in cities where the Bank's branches were located.
- In terms of investment, the Bank maintained partnerships with various strategic partners such as Investment Partners, State Owned Enterprise (SOE), as well as the government in promoting and offering various investment products such as equity mutual funds, corporate bonds, Sukuk, government bonds, including IPO bonds.



## Asset

- Continue partnership with e-commerce, groceries, dining, home living and health through promotion programs to strengthen spending in related merchants.
- Increasing product penetration to banking customers through product developments that can be enjoyed by Premier and Advance customers.
- Improving communication with banking customers on credit cards' offers and benefits to attract more customers to apply for credit cards.
- Opening new credit card acquisition channels through digital and strategic partnership.
- Published a series of paid articles covering digital product capabilities and also sustainable financing.
- Sponsored B20 Summit and Indonesia Chamber of Commerce series of event as part of the G20 summit event to increase the Bank's visibility in the market.
- Participated as a sponsor in the Sustainability Award with Swiss Chamber of Commerce
- Joint event with Euro Chamber of Commerce and Indonesia Chamber of Commerce for a sustainability event, with Jerry Sambuaga, Vice Minister for Trade as the keynote speaker

## Retail Business Banking (RBB)

- The Bank continues strengthening the brand of HSBC Fusion, specifically targeting the SME segment. The HSBC Fusion proposition aims to help business owners scale up their businesses and open world opportunities through UKM outlook, Business classes, and webinar series.
- The Bank continues to maintain a presence in digital and social media to promote HSBC Fusion. On top of that, partnership with e-commerce is initiated to reach wider small and medium business owners. HSBC Fusion won Retail Awards 2021 as "Marketing & Brand Initiative of the Year" by Asian Banking & Finance.

## Commercial Banking and Global Banking

Throughout 2022, the Bank conducted several marketing activities for corporate clients:

- Intensified presence in digital and social media as part of the initiative to digitize the Bank's marketing activities to promote the Bank's digital capabilities and solutions. Started the digital campaign by promoting the Business Banking segment and Digital Capabilities.
- Conducted a total of 25 webinar events and 5 hybrid events covering the Bank's capability and solution, market updates as well as social economic state.
- Hosted HSBC Summit 2022, a hybrid event that provided better understanding of Indonesia's latest economy, sustainable finance, investment outlook globally and its potential in the future with Sri Mulyani, Minister of Finance as the keynote speaker.

# Business Support Review

## HUMAN RESOURCES

The Bank continued to invest in human resources capabilities as it is set to grow in Indonesia. The Human Resources (HR) department achieved this by supporting the Bank's growth, adapted and aligned with market changes, particularly in the banking industry, to provide an exceptional experience for employees through continuous improvement of HR-related policies, governance, and risk management.

### Employee Profile

The Bank's employees as of 31 December 2022 were 2,855, or 9.5% lower compared to the previous year.

The composition of human resources as of 31 December 2022 by education levels was as follows:

#### Composition of Staff based on Educational Level

Education	2022		2021	
	Number of Employees	Percentage	Number of Employees	Percentage
Doctoral Degree	2	0.07%	2	0.06%
Master Degree	273	9.56%	276	8.75%
Bachelor Degree	2,539	88.93%	2,823	89.51%
Diploma 3	7	0.25%	8	0.25%
Diploma 1	30	1.05%	30	0.95%
Senior High School	4	0.14%	15	0.48%
<b>Total</b>	<b>2,855</b>	<b>100.00%</b>	<b>3,154</b>	<b>100.00%</b>

In 2022, more than 98% of staff held Bachelor degrees or higher, this is at par with previous year figure. The Bank maintains its demand for qualified and highly educated resources to increase the Bank's quality.

#### Composition of Staff based on Age

Age	2022		2021	
	Number of Employees	Percentage	Number of Employees	Percentage
18-30 years old	683	23.92%	903	28.63%
31-40 years old	1,210	42.38%	1,315	41.69%
41-50 years old	800	28.02%	782	24.79%
Above 50 years old	162	5.67%	154	4.88%
<b>Total</b>	<b>2,855</b>	<b>100.00%</b>	<b>3,154</b>	<b>100.00%</b>

In 2022, similar to 2021, the employee composition was still dominated by the productive age and dynamic young generation. More than 65% of the employees were under 40 years of age.

**Composition of Staff in the Organization**

Level	2022		2021	
	Number of Employees	Percentage	Number of Employees	Percentage
Top Management	8	0.28%	7	0.22%
Middle Management	112	3.92%	119	3.77%
Lower Management	789	27.64%	757	24.00%
Staff and Others	1,946	68.16%	2,271	72.00%
<b>Total</b>	<b>2,855</b>	<b>100.00%</b>	<b>3,154</b>	<b>100.00%</b>

On average, a Manager supervised 5 or 6 staff. The ratio is close to the directive, which recommends a manager to supervise 8 staff to ensure an efficient and effective organisational management.

**Composition of Staff based on Employment Status**

Employment Status	2022		2021	
	Number of Employees	Percentage	Number of Employees	Percentage
Permanent Employee	2,646	92.68%	2,857	90.58%
Contract Employee	209	7.32%	297	9.42%
<b>Total</b>	<b>2,855</b>	<b>100.00%</b>	<b>3,154</b>	<b>100.00%</b>

The number of Bank's contract employees declined 29.6% from 297 in 2021 to 209 in 2022, due to a large number of completed temporary jobs.

**Composition of Staff based on Gender**

Gender	2022		2021	
	Number of Employees	Percentage	Number of Employees	Percentage
Male	1,273	44.59%	1,399	44.36%
Female	1,582	55.41%	1,755	55.64%
<b>Total</b>	<b>2,855</b>	<b>100.00%</b>	<b>3,154</b>	<b>100.00%</b>

The composition of human resources by gender unchanged compared to previous year. The composition of female employees against male employees stood at 55.41% to 44.59%. It is evidence that the Bank provides an extensive opportunity for female employees to pursue a career in the Bank.

# Business Support Review

## Implementation of Remuneration Policy Including Material Risk Takers

In 2022, the Remuneration and Nomination Committee (RNC) completed below activities and obtained recommendation from the Board of Commissioners:

- Completed the review of annual performance and remuneration review for Directors, Head of Business and Functions as well as overall employees
- Provided studies related to emoluments/fees for Independent Commissioners and Independent Parties
- Provided recommendation on the one-year contract renewal for Independent Parties
- Completed the review of Material Risk Takers
- Provide recommendation to Board of Commissioner on the Resignation and the Appointment of new Commissioner
- Completed the review of strategic priorities and director performance scorecards
- Completed the review of annual RNC term of reference and committee membership
- Provided recommendation on the nomination of candidate for Wealth and Personal Banking Director
- Completed the review of Material Risk Takers (MRT) policy and identification resulting to 8 individuals appointed as MRT
- Completed the succession plan review and nomination for Risk Management director
- Completed the review of year-end timeline for 2022 performance year evaluation
- Completed the review of composition of the Board of Directors and the appointment of Wholesale Banking Director
- Completed the review of proposal for cessation of directorship

## Performance Management

A refreshment regarding Objective Setting has been communicated to all staffs which included the guidance on Employee Performance and Development (EPD), Continuous Performance and Continuous Feedback system. The latter essentially a module embedded under the existing HRDirect system to support and sustain the EPD culture

Performance and pay survey conducted in first quarter with focus on garnering employee insights on the annual performance and pay review process. Overall results were positive with uptrends in all indexes. Most improvement score was noted in the area of quality of performance conversations with manager.

Year-end reviews for performance year 2022 will commence from November 2022 with employee self-assessment until pay communication in February 2023.

## Employee Recruitment

By the end of 2022, the Bank had recruited 497 staff, which consisted of 381 permanent staff and 116 direct contract employees. There were 2 critical roles hired externally in 2022 which included: 1 Top Management position in Wealth Personal Banking and 1 Middle Manager position in Finance department.

In 2022 Recruitment and Onboarding (R&O) focused on optimizing career opportunities for employee to grow and advance their career in the Bank, with making some initiatives as below:

- Conduct HSBC Indonesia Internal Career Day 2022 which the event include Mini Job Fair with Interview Face to Face and Career Day Talk. The event was successfully attended by more than 200 employees both offline and online (due to health protocol).
- Launched Our Talent First Program as one of engagement method between recruitment team with employee to make individuals aware of a specific career opportunity and be encouraged to apply to drive greater internal mobility and engagement.

## Human Resources Development Strategy

In 2022, the Bank continue to grow and HR strategies are focused on three (3) key areas:

1. Build People Manager Capabilities for the future.
2. Foster an environment committed to well-being diversity and inclusion
3. Encourage, understand, and response to employee voice

## Training and Development

The Bank regularly and continuously develops training and development programmes to improve employee competencies, both internally and externally. To support the achievement of the Bank's business strategy, broadly the training and development programmes include the fields of hard skills/technical competencies, soft skills competencies, leadership education, and in-house training for specific fields of training. The programme is grouped into:

- Business or role specific technical/functional competency:  
Learning and development programme regarding specific competencies that are required by employees to do their tasks and perform their duties efficiently and effectively.

- Leadership competency:  
Learning and development programme regarding leadership and managerial topics, for employees who are in structural/leadership roles.
- Regulatory Compliance competency:  
Learning and development programme regarding risk management, wealth management, capital market, insurance, treasury and compliance certification in accordance to the role of employees.
- General competency:  
Learning and development programme regarding general competencies which reflects the value and attitude that must be possessed by all employees. This programme includes training in the field of values and culture.

During the COVID-19 pandemic in Indonesia, and to ensure employees' safety, several training programs in 2022 have been postponed or cancelled. The Bank optimised training and development programmes through e-learning or virtually:

- Seminar, workshop, and conference.
- Training and certification programmes obliged by regulators and the Bank, including Global Mandatory Training (GMT), Financial Crime Risk (FCR), Global Standard and Risk Management Certification, Treasury Certification, WAPERD, AAJI, WPPE and SPPUR.
- Introduction to the Future Skills Learning Programme.
- Training programme for new employees (induction).
- Socialisation programmes held internally and externally which cover products, processes, systems and procedures, policies and provisions.
- Introduction to the Corporate Culture and Leadership programme.
- Early talent identification programme for the best fresh graduates through Global Graduate Programme (GGP) and Corporate Functions Graduate Programme (CFGP).

Graduate Program is one of strategic program for the Bank to acquire potential talents graduated from top universities. This program is open and targeting top tier university graduates to participate in graduate development program for 18 – 24 months, where they would be given formal training, on the job learning and project assignment to support their career development.

## Talent Management Program

The talent management process is a process to prepare and develop talents that are ready to become successors to fill in critical positions at the Bank. With good talent management and succession, it is expected that the Bank can sustain the best talents that are ready to fulfil the leadership pipeline.

Talent Management process divided into 5 (five) main processes comprising:

- Talent Classification and Nomination
- Critical Role Identification and Succession Planning
- Talent Assessment
- Talent Development
- Talent Review

Some of development programmes provided for talents throughout 2022 included:

- Accelerating Female Leadership (AFL).
- Job Enhancement and Project Assignment.
- Networking activities for the Talents.
- Masterclass training provided particularly for the Talents. Focused on communication skills, situational adaption, design thinking and growth mindset.
- Launched UGrow Talent as new talent program in 2022 which specifically designed for VP/AVP Talents.
- Bank has identified critical roles and succession planning for these critical roles, where 92% of critical role already have their successors and 33% of critical roles have internal successors with 'Ready Now' and 'Develop in Role' readiness status.
- Bank also promote and empower gender equality through Female Talent Development within management succession. As of 31 December 2022, there are 53.33% of senior leadership roles (GCB3+) held by women.

## Graduate Programme

Graduate Program is a critical program for the Bank as part of early talent management strategy and develop potential future leaders for the Bank.

Graduate program is targeted for best fresh graduates from local or overseas university. The structured development program covers 18 – 24 months program by formal training, on the job learning and project assignment to support their career development.

During 2022, the Bank has organized 2 (two) batches Graduate program, including: Global Graduate Program (GGP) is designed for Wealth Personal Banking (WPB), Commercial Banking (CMB) and Global Banking (GB). While Corporate Functions Graduate Program is designed for Risk and Digital Business Services (DBS).



# Business Support Review

The comparison ratio of universities participation in the Graduate program is 56% of participants coming from domestic universities and 44% coming from foreign universities.

Following is number of Graduate program participants in 2022.

Graduate Programme	Number of Participants
GGP - CMB	2
GGP - WPB	12
GGP - GB	2
CFGB - DBS	9
CFGP - Risk	2
Total	27

## Employee Assistance Program (EAP)

Employee Assistance Program (EAP) is one of wellbeing program provided to all employees of the Bank to support and providing information about how to manage financial wellbeing and mental health, also providing counselling services for employees and their dependents that is treated with utmost confidential.

Following are EAP programs that have been held in 2022:

- Organized 10 webinar sessions related to EAP.
- Organized offline and online counselling services for employees. Counselling hour has reach 433 hours from 344 counselling sessions with total of 269 employees participation.
- Bank was also organizing wellbeing activities for employees which focused on mental health, physical wellbeing, financial wellbeing and social wellbeing.

## Diversity and Inclusion Programs

In 2022, the Bank developed diversity and inclusion programs to reflect and understand our customers, community, supplier and shareholders. The Bank also needs to represent and embrace ideas, styles, and perspectives from our employees who come from different backgrounds. The Bank's focus is on ensuring employees feeling valued, respected and supported to fulfil their potential. Therefore, in 2022, the Bank created several initiatives such as Diversity and Inclusion Day which include employee bazaar, folk song competition, ethnicity booth, table tennis competition, and dance and song by our ExCo and BOC. On top of that, the Bank also develops Employee Resource Group such as Generations and Balance.

## Training for Employees in 2022

In order to enhance employee competencies, the Bank in 2022 conducted development programmes with total 3,570 attendees, including resigned and outsourcing staff.

Number of Employee	Number of Training Hours	Training Hours per Employee	Number of Trained Staff*
2,855	113,409	31.77	3,570

\* Number of trained staff including resigned staff and outsourcing staff

Details of training hours based on type of trainings are as follows:

Training Type	Training Hours	Total Training Hours
<b>External Training</b>		<b>12,543</b>
Assessment	1,060	
ILT	734	
Virtual Classroom	10,749	
<b>Internal Training</b>		<b>100,866</b>
Assessment	1,664	
eLearning	89,568	
ILT	12	
Virtual Classroom	9,622	
<b>Total Training Hours</b>		<b>113,409</b>

### Training for the Board of Commissioners and Board of Directors 2022

To improve competencies and to support duties and responsibilities of the Board of Directors and the Board of Commissioners, members of the Board of Directors and the Board of Commissioners participated in several training programmes in 2022, including:

Training	Organizer	Time
<b>Board of Commissioners</b>		
Global Mandatory Training - Living our Values - Existing Employees	HSBC University	Jan-22
Introduction to Non Financial Risk	HSBC University	Jan-22
Living Our Values - Existing Employees	HSBC University	Jan-22
Discovery Global Induction Exemption	HSBC University	Jan, Feb 2022
Authorised Spokesperson 2022 Media Spokesperson	HSBC University	Feb, Mar 2022
Taking Responsibility	HSBC University	Mar-22
FCR4SL Classroom Exclusion	HSBC University	Jan, Mar, Apr, May 2022
FCR4SL Classroom Exclusion Item	HSBC University	Jan, Mar, Apr, May 2022
Employee Bankruptcy or Composition with Creditors and Offence involving Fraud and Dishonesty	HSBC University	May-22
HSBC Indonesia Interaction model: Practical guide	HSBC University	May-22
Change Sponsor Fundamentals	HSBC University	May-22
Data Privacy Basics - Handling Personal Data	HSBC University	May-22
Asia CEO Conference	HSBC University	Jun-22
ELP in Hampshire	HSBC University	Jun-22
Hiring & Selection: Getting it right	HSBC University	Jun-22
AML & Counter Terrorist Financing Statutory Obligations: for HBAP, its Branches and Subsidiaries Course	HSBC University	Jul-22
Anti Harassment and Discrimination Training	HSBC University	Jul-22
Anti-Money Laundering Controls over Tax Evasion	HSBC University	Jul-22
Guide to the Hk Code of Conduct for Employees and Contractors	HSBC University	Jul-22

# Business Support Review

Training	Organizer	Time
HSBC & Me: Existing Employee	HSBC University	Jul-22
Global Mandatory Training - HSBC and Me - Existing Employees	HSBC University	Jul-22
Swap dealer and security based swap dealer awareness training (2022)	HSBC University	Aug-22
2022 High Risk Role Learning - Senior Leaders Exclusion Item	HSBC University	Aug-22
Introducing Helios	HSBC University	Aug, Oct 2022
BCBS 239 Training	HSBC University	Sep-22
Financial Crime "Take another look" - existing employees	HSBC University	Sept, Oct, 2022
Global Mandatory Training - Financial Crime 'Take another look' - Existing Employees	HSBC University	Oct-22
Conduct approach - your role in bringing it to life	HSBC University	Oct-22
HBAP Board training for climate related risk and issues	HSBC University	Oct-22
HK ERM Round Table Meeting: Topics discussion including third party risk	HSBC University	Nov-22
NED Trimester 1	HSBC University	Nov-22
Management Briefing on Climate Scenario Analysis	HSBC University	Dec-22
ELC Virtual Connect	HSBC University	Dec-22
<b>Board of Directors</b>		
Global Mandatory Training - Living our Values - Existing Employees	HSBC University	Jan-22
eMail Security and Phishing Recognition 2	HSBC University	Jan-22
Managing Non-financial Risk as a Risk Steward	HSBC University	Jan-22
FCR4SL Classroom Exclusion Item	HSBC University	Jan-22
Non-financial Risk Control Owner Leader-Led post-read	HSBC University	Jan-22
Trusted Leader - Character Based Leadership Module	HSBC University	Feb-22
Authorised Spokesperson 2022 Media Spokesperson	HSBC University	Feb-22
Fusion Procurement	HSBC University	Feb-22
Fusion Expenses	HSBC University	Feb-22
Module 1: Sustainability and the Changing Global Context	HSBC University	Feb-22
Module 2: HSBC's Approach to Sustainability	HSBC University	Feb-22
Module 3: Thinking for the 21 <sup>st</sup> Century	HSBC University	Feb-22
Module 4: Connecting with Individual Purpose	HSBC University	Feb-22
Module 5: Sharing Leading Practice	HSBC University	Feb-22
Module 6: Creating Commercial Opportunities	HSBC University	Feb-22
Module 7: Creating Change	HSBC University	Feb-22
The Power of Good Communication in the Workplace	HSBC University	Feb-22
Trusted Leader - Support Materials	HSBC University	Feb-22
Importance of Good Communication at the Workplace   InCorp Group	HSBC University	Feb-22
Why Communication Is Today's Most Important Skill - Forbes	HSBC University	Feb-22
Google Cloud solutions for digital transformation	HSBC University	Feb-22
Innovation example: Banking industry	HSBC University	Feb-22
5 Steps to the Communication Process in the Workplace	HSBC University	Feb-22

Training	Organizer	Time
Trusted Leader - Creating the Conditions for Trust Module	HSBC University	Mar-22
Procurement Part 2: How to Manage Risk When Buying Goods or Services	HSBC University	Mar-22
Introducing Helios	HSBC University	Mar-22
Watch: Future of Work at HSBC	HSBC University	Mar-22
Cyber Stars for Business Level 1 With English Subtitles	HSBC University	Apr-22
Taking Responsibility	HSBC University	Apr-22
Compliance Cross-Border Training 2022 GBM and CMB	HSBC University	Apr-22
Asia Pacific Business Continuity Programme Training for Businesses and Functions 2022	HSBC University	Apr-22
DataVisa Tool Training	HSBC University	Apr-22
eMail Security and Phishing Recognition- 2022	HSBC University	Apr-22
Global Mandatory Training - HSBC and Me - Existing Employees	HSBC University	May-22
Introduction to Non-Financial Risk	HSBC University	May-22
Making the Most of Customer Feedback	HSBC University	May-22
Resolvability Assessment Framework	HSBC University	May-22
Combatting Tax Evasion - Managing Staff and Third Parties	HSBC University	May-22
Why is Sustainability important at HSBC	HSBC University	May-22
Hiring and Selection: Getting it Right	HSBC University	Jun-22
Sharing Leading Practice	HSBC University	Jun-22
Climate Risk at HSBC	HSBC University	Jun-22
High Risk Role Learning - Anti-Bribery and Corruption	HSBC University	Jul-22
Compliance Cross-Border Training 2022 GBM and CMB	HSBC University	Jul-22
Introduction to Product Governance - Module 1	HSBC University	Jul-22
Nostro Account Management	HSBC University	Jul-22
HSBC Indonesia Interaction Model - Practical Guide	HSBC University	Jul-22
Infographic : How to Manage Coaching	HSBC University	Jul-22
eMail Security and Phishing Recognition 3 - 2022	HSBC University	Jul-22
The New Age of Risk Management Strategy for Business	HSBC University	Aug-22
Emerging Financial Risk Management	HSBC University	Aug-22
Finance Foundations: Risk Management	HSBC University	Aug-22
2022 High Risk Role Learning - Senior Leaders Exclusion Item	HSBC University	Aug-22
Why A Growth Mindset Is Essential For Career Success	HSBC University	Aug-22
Design Thinking at HSBC	HSBC University	Aug-22
Growth Mindset vs Fixed Mindset	HSBC University	Aug-22
10 ways to have a better conversation	HSBC University	Aug-22
19 Brilliantly Effective Communication Techniques	HSBC University	Aug-22
How to Do Design Thinking Better	HSBC University	Aug-22
Global Mandatory Training - Financial Crime 'Take another look' - Existing Employees	HSBC University	Sep-22
Volcker Awareness Training 2022	HSBC University	Sep-22
Jennifer Zhu Scott - The Future of Data	HSBC University	Sep-22
Growth Mindset	HSBC University	Sep-22

# Business Support Review

Training	Organizer	Time
Executive Masterclasses: Inspirational Communication	HSBC University	Oct-22
Executive Masterclasses: Thinking the Unthinkable	HSBC University	Oct-22
High Risk Role Learning - Personal	HSBC University	Oct-22
Executive Masterclasses: Inclusive Leadership	HSBC University	Nov-22
CPT Briefing for GB&M - VILT	HSBC University	Nov-22
High Risk Role Learning - Personal	HSBC University	Nov-22
Global Mandatory Training - Creating value together - Existing Employees	HSBC University	Nov-22
AML & Counter-Terrorist Financing Statutory Obligations: for HBAP, its Branches and Subsidiaries Course	HSBC University	Nov-22
Advanced Competition Law - 'Upperhand Season 2'	HSBC University	Dec-22
Internal Audit National Seminar 2022 - Accelerating Digital Transformation and Harnessing ESG Implementation	HSBC University	Dec-22
How to start conversation with new customer	HSBC University	Dec-22
Julian Treasure: How to speak so that people want to listen	HSBC University	Dec-22
Celeste Headlee: 10 ways to have a better conversation	HSBC University	Dec-22
Chris Anderson: TED's secret to great public speaking	HSBC University	Dec-22
Effective Communication	HSBC University	Dec-22

## Global Mandatory Training (GMT) 2022

Global Mandatory Training (GMT) helps employees understand our Global Principles, the cornerstone of who we are and how we operate. In particular, GMT looks at the key risks faced by the Bank and how to manage them effectively, so that the Bank can provide the proper outcomes for customers and stakeholders.

### Global Mandatory Training (GMT) 2022

Trimester 1/2022 April - June	Trimester 2/2022 August - October	Trimester 3/2022 November - December
<b>HSBC and Me</b>	<b>Financial Crime – Take Another Look</b>	<b>Creating Value Together</b>
Risk Management at HSBC Sustainability Health, Safety and Well-being Cyber Security	Anti Money Laundering, Tax, Sanctions, Fraud and Anti-Bribery & Corruption	Values & Conduct How we manage data responsibly How we value differences
Assigned 26 May 2022- Complete 25 July 2022	Assign 8 September 2022- Complete 7 November 2022	Assign 27 November 2022- Complete 27 January 2023

## Financial Crime Mitigation Training Program 2022

These program are a series of modules designed to fulfil the learning requirements of employees in certain roles that involve activities with greater exposure to money laundering, sanctions and bribery, and corruption risks. As a result of this exposure, employees in such roles must develop and demonstrate the ability to identify, assess, manage and report financial crimes.

The Financial Crime Risk Training Programme held by HR Learning includes:

- **AML and Sanctions (AMLS)**

This training is mandatory for certain roles within the Bank and separated from the Global Mandatory Training (GMT) that all employees must take. The learning will help employees to effectively manage financial crime risk and provide the confidence and skills needed to identify and manage risks effectively in their roles. Both permanent and contract employees are required to complete the learning and post-course assessment. The e-Learning and post-course assessment are mandatory and employees have 90 days to complete the assigned modules.



- **Anti Bribery & Corruption (AB&C)**

This training programme is assigned to certain employees from each business and function, and these employees have completed the assigned curriculas.

### Leadership Training Programme 2022

The Bank has several flagship leadership training programmes, some of which are part of the HSBC University programme. In 2022, the number of employees participated reached 103 employees.

Leadership Programme	Global Business	Global Functions	DBS	Total
Coaching for Performance	5	3	5	13
Inclusive Leadership	6	5	5	16
Leading Authentically	6	6	3	15
Leading with Impact	4	1	1	6
Managing Your People Through Change	18	2	9	29
Module 1 Leading Change (GCB 2 and 3)	-	1	1	2
Module 1 Leading Change (GCB 4 and 5)	7	2	2	11
Module 2 Leading Change (GCB 2 and 3)	-	-	1	1
Module 2 Leading Change (GCB 4 and 5)	4	1	3	8
Virtual Leaders as Teachers	-	2	-	2
<b>Total</b>	<b>50</b>	<b>23</b>	<b>30</b>	<b>103</b>

### Future Skills Learning Programme

The Bank has conducted research to identify critical skills that could enable employees and HSBC to be successful in the future. Identification includes both current and future-focused skills, which have been categorised for easy reference. During 2022, the Future Skills Learning programme are available in 23 curriculums and the number of employees who have completed training are 1899 employees which is an increase of 80% compared to 2021.

Future Skills Curriculums	Global Business	Global Functions	DBS	Total
Agile Mindset	21	11	26	58
Data Storytelling for Business	23	16	12	51
Business Writing	17	23	33	73
Communicating with Impact	27	21	59	107
Connectivity	28	16	95	139
Creativity	18	7	79	104
Curiosity	9	13	115	137
Customer Engagement	41	6	45	92
Design Mindset	14	4	57	75
Growth Mindset	50	23	91	164
Influencing Skills	21	7	41	69
Interview Skills	15	14	30	59
Negotiation Skills	36	8	42	86
Presentation Skills	27	10	26	63

# Business Support Review

Future Skills Curriculums	Global Business	Global Functions	DBS	Total
Prioritisation	14	12	53	79
Resilience	13	15	38	66
Sense Making	35	11	34	80
Social Intelligence	21	14	38	73
Virtual Collaboration	9	11	18	38
Virtual Facilitation	3	6	10	19
The Data Science Mindset	46	32	26	104
The Developer Mindset	12	7	17	36
The Hacker Mindset	35	18	74	127
<b>Total</b>	<b>535</b>	<b>305</b>	<b>1,059</b>	<b>1,899</b>

## Banking Certification Programme 2022

To ensure compliance with the provision of the banking certification programme established by the Financial Services Authority (OJK), the Bank has conducted certification programmes as follows:

- **Risk Management Certification**

The number of employees who have been certified for risk management in accordance with their level of positions are 1,626 employees and 443 employees have completed risk management certification refresher programme during 2022

- **Treasury Certification**

The number of employees who have been certified for treasury certification in accordance with their level of positions are 22 employees and 6 employees have completed treasury certification refresher programme during 2022

- **WAPERD License**

WAPERD license is mandatory requirement for WPB sales employees who sell mutual fund products. The number of employees in WPB who have WAPERD license are 285 employees and 69 employees have completed WAPERD license refresher programme during 2022

- **AAJI License**

AAJI license is required for WPB sales employees who markets the bancassurance products. The number of WPB sales employees who have AAJI license are 307 employees.

- **WPPE License**

WPPE License is mandatory requirement for employees who sell security products. The number of employees who have WPPE license are 309 employees and 73 employees have completed WPPE license refresher programme during 2022

- **Payment Systems and Rupiah Operational Certification**

Refer to PBI No.21/16/PBI/2019 regarding The Implementation for Standardization of Competencies on Payment Systems Field and Rupiah Operational, Bank has reached the minimum requirement of SPPUR certificate ownership which has achieved the target for the year of 2022 with 651 employees in Operator Level, 27 employees in Supervisor Level, and 9 employees in Executive Level

Certification Programme	Business Functions					Total
	Commercial Banking	Global Banking & Markets	WPB	DBS	Others LOB's	
Risk Management Certification						
Level 1	49	50	348	174	36	657
Level 2	159	61	219	112	82	633
Level 3	37	26	53	33	123	272
Level 4	7	5	10	7	24	53
Level 5	1	3	-	1	6	11
RMC Refresher Programme	90	19	82	91	161	443
Treasury Certification						
Level Basic	-	16	-	-	-	16
Level Intermediate	-	3	-	-	-	3
Level Advance	-	2	-	-	1	3
Treasury Refresher Program	-	6	-	-	-	6
WAPERD Certification	-	-	285	-	-	285
WAPERD Refresher Program	-	-	69	-	-	69
AAJI Certification	-	-	307	-	-	307
WPPE-P Certification	-	10	299	-	-	309
WPPE Refresher Program	-	-	73	-	-	73
SPPUR Certification						
Executor Level	27	47	485	92	-	651
Supervisor Level	4	2	18	3	-	27
Executive Officer Level	1	1	7	-	-	9

## Training and Development Expenses 2022

Total expenses for training and development in 2022 stood at Rp43.4 billion, or 2.56% of total employee cost in 2022.

Description	2022 (in million)
Realization of Training Cost	43,400
Realization of Staff Cost	1,696,692
Training Cost against Staff Cost Ratio	2.56%

# Business Support Review

## TECHNOLOGY & OPERATIONS

### Strategy & Implementation in 2022

In 2022, the Bank continues developing its hardware, software and operational process to meet regulatory requirements, support business growth, reduce operating expenses, improve customer experience and risk management to the highest standards.

### Digitisation and Streamlining

The Bank continued to improve operational processes with automation, migration of customer transactions to electronic channels, mobile banking platform updates, simplify cross border payment process, the use of cloud data center. The initiatives resulted in increased scalability of operational capacity, speed, accuracy, and service to customers as well as reducing operational risk.

The Bank enhanced controls to improve conduct management, to align with HSBC best-practice for wealth and securities products and demise Deal-HUB to automate FX deals booking from Reuters to improve customer experience.

Corporate banking digital platform has implemented Smartserve Digital which provide end-to-end client on boarding, maintenance and Powerapps to provide semi-automated workflow solution for credit application creation, post credit approval process (CFA/Credit Facility Agreement), and limit set up. Global Disbursement has also been implemented to simplify the cross border payment process by reducing costs, minimizing risk and improving transparency.

### Data on-shoring

In accordance with regulations, the Bank has fulfilled on maintaining a Data Center onshore in Indonesia for the primary trading system in Global Market. For Card on-shoring, the Bank has carried out the migration process for data base duplication and Business Specification Document (BSD) sign off for Core Cards System Migration. The project continues and is expected to be completed by 2023.

### Compliance

The Bank continually ensures that data, systems, and processes complied with the latest regulations. To fulfil reporting requirements in financial crime mitigations, the Bank implemented integrated regulatory reporting into one platform by using standardisation metadata to have consistent data and prevent redundancy.

### Risk Management

The Bank continued to invest in infrastructure and processes related to financial and non-financial risk management as explained below:

- **Money Laundering and Sanctions**

The Bank continue to invest in its capabilities to detect, deter and prevent financial crime. The Bank uses a single platform as management information, intelligence database and workflow system utilized across the Bank's financial crime compliance investigation and intelligence.

- **Operational Resilience**

The Bank continued regular system health checked to ensure all systems is running in seamless condition in order to minimize operational risk. The Bank also constructed new collaboration space to support team collaboration in head office.

The Bank evergreen various software and hardware, to ensure that internal and external services are working properly and secure.

### Human Resources

The Bank remained committed to developing employee potentials by continuously providing internal or external training as well as adding insights of the international world.

The training balanced employees' soft skills and hard skills. Training was performed electronically and face to face meeting to provide convenience for employees. The Bank also cooperated with other digital platforms such as Degreed, LinkedIn Learning, Fit for Banking, and Coursera to provide opportunities for employees to learn online.

HSBCTalent Marketplace was launched as a new platform where employee can discover skills, career opportunities, and connect with new colleagues, through part-time projects and networking.

## Plan & Strategy in 2023

### Strategic Business Growth Plans

The Bank will continue invest in technology infrastructure & data commercialization capability to meet current and future business demand, including capitalizing on onshore Cloud provider, by implementing an entity wide data modernization programme on Data Analytics.

### Digitilisation and Streamlining

The Bank will continue to strive and optimize the use of technology. System development is performed in an integrated manner to provide sustainable, fast, efficient and high quality services to our customers and staff, with skills, technology and a working environment fit for the future.

### Risk Management

The implementation of disciplined risk management is the key to protecting the risks that may be faced by the Bank. The Bank always conducts active controls and implements the Non-Financial Risk Framework.

The Bank keep developing technology to improve system capabilities and risk mitigations. These include systems to detect and prevent financial crime, regulatory reporting automation to automate the remaining regulatory reporting process, and cybersecurity system enhancement to protect system integrity and customer data.

### Data on-shoring

In accordance with regulations, the Bank remains committed to maintaining a Data Center onshore in Indonesia. The Bank will continue on Card on-shoring which carried out in stages and aim to be completed by 2023.

### Operational Resilience

The Bank will continue to evergreen existing software and hardware while conducting regular health check to optimise service levels and enhance overall security.

### Human Resources

The Bank remains committed to improve staff knowledge and skill through various training programme, through e-learning (internal and external classroom training), development programme, mentoring talent, reward, recognition and leveraging the relationship with HSBC Group to provide international exposure and knowledge sharing.

The Bank will continue to embed Agile and DevOps methodologies for more efficient system development and implementation.

The Bank continues to apply Hybrid Working to ensure staff well-being as an opportunity to energise for growth by providing flexibility for individuals and choice in how and where they work, suitable to the roles and team to work in.

### Sustainability

Part of our ambition to be a net zero bank is to achieve net zero carbon emissions in our operations and supply chain by 2030 or sooner.

We have three elements to our strategy: reduce, replace and remove. We plan to first focus on reducing carbon emissions from consumption, and then replacing remaining emissions with low-carbon alternatives in line with the Paris Agreement. We plan to remove the remaining emissions that cannot be reduced or replaced by procuring, in accordance with prevailing regulatory requirements, high-quality offsets at a later stage.



# Financial Performance Review

The financial performance review refers to the Financial Statement for the year ended 31 December 2022. The Financial Statement has been audited by Certified Public Accountant Firm Tanudiredja, Wibisana, Rintis, & Partners and received unmodified opinion in all material aspects, the Bank's financial position, as well as financial performance and cash flow for the year ended 31 December 2022, in accordance with the Financial Accounting Standards in Indonesia.

## Statement of Financial Position

Financial Position	31 December 2022	31 December 2021	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
<b>Asset</b>				
Cash	429	430	(1)	-0.23%
Demand deposits with Bank Indonesia	11,942	8,418	3,524	41.86%
Demand deposits with other banks-net	4,350	3,363	987	29.35%
Placements with other banks-net	225	257	(32)	-12.45%
Placements with Bank Indonesia	18,682	19,135	(453)	-2.37%
Investment securities	13,308	21,121	(7,813)	-36.99%
Financial assets held for trading	1,248	2,704	(1,456)	-53.85%
Derivatives receivables	324	203	121	59.61%
Securities purchased with agreement to resell	14,037	10,060	3,977	39.53%
Export bills - net	2,063	1,837	226	12.30%
Acceptance receivables - net	2,062	2,598	(536)	-20.63%
Loans to customers - net	53,534	51,328	2,206	4.30%
Prepaid tax	831	850	(19)	-2.24%
Other assets - net	1,709	1,068	641	60.02%
Properties and equipments - net	840	833	7	0.84%
Intangible assets - net	72	44	28	63.64%
Deferred tax assets	326	213	113	53.05%
<b>Total Assets</b>	<b>125,982</b>	<b>124,462</b>	<b>1,520</b>	<b>1.22%</b>

Financial Position	31 December 2022	31 December 2021	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
Deposits from customers	90,188	85,407	4,781	5.60%
Deposits from other banks	3,357	5,940	(2,583)	-43.48%
Securities sold under repurchase agreements	42	-	42	100.00%
Derivative payables	466	188	278	147.87%
Acceptance payables	2,095	2,602	(507)	-19.49%
Income tax payables	34	19	15	78.95%
Accruals and provisions	543	422	121	28.67%
Other liabilities	2,339	2,014	325	16.14%
Borrowings	7,550	6,200	1,350	21.77%
Subordinated debt	1,168	1,069	99	9.26%
Employee benefits obligations	449	460	(11)	-2.39%
<b>Total Liabilities</b>	<b>108,231</b>	<b>104,321</b>	<b>3,910</b>	<b>3.75%</b>
<b>Equity</b>				
Share capital	10,586	10,586	-	0.00%
Additional paid-in capital	258	258	-	0.00%
Other Comprehensive Income/(Expense), Net of tax	(84)	351	(435)	-123.93%
Retained earnings				
Appropriated	77	62	15	24.19%
Unappropriated	6,914	8,884	(1,970)	-22.17%
<b>Total Equity</b>	<b>17,751</b>	<b>20,141</b>	<b>(2,390)</b>	<b>-11.87%</b>
<b>Total Liabilities and Equity</b>	<b>125,982</b>	<b>124,462</b>	<b>1,520</b>	<b>1.22%</b>

## FINANCIAL STATEMENT ANALYSIS

### Total Assets

As of 31 December 2022, the Bank's total assets reached Rp125,982 billion, increased by Rp1,520 billion or 1.22% from 2021. This increase was in line with higher third-party funds and primarily reflected on an increase of Rp2,206 billion in loan to customers – net.

As part of liquidity risk management and funding, the Bank has placed a surplus in commercial funds and maintained some of its assets in the form of liquid assets because if needed, they can be immediately disbursed any time.

The Bank managed around Rp62,973 billion of liquid assets in 2022, relatively stable compared to last year. These assets were in the form of cash and demand deposits with Bank Indonesia and other banks, placement with other banks and Bank Indonesia, investment securities, as well as securities purchased with agreement to resell.

# Financial Performance Review

Description	31 December 2022	31 December 2021	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
<b>Liquid Asset</b>				
Cash	429	430	(1)	-0.23%
Demand deposits with Bank Indonesia	11,942	8,418	3,524	41.86%
Demand deposits with other banks-net	4,350	3,363	987	29.35%
Placements with other banks-net	225	257	(32)	-12.45%
Placements with Bank Indonesia	18,682	19,135	(453)	-2.37%
Investment securities	13,308	21,121	(7,813)	-36.99%
Securities purchased with agreement to resell	14,037	10,060	3,977	39.53%
<b>Total</b>	<b>62,973</b>	<b>62,784</b>	<b>189</b>	<b>0.30%</b>

## Investment Securities

The Bank's Investment Securities as of 31 December 2022 reached Rp13,308 billion, decreased 36.99% compared to 2021. This was caused by maturing securities and sales of some securities during the year to anticipate price movement in the bond market following dynamics in the global market in 2022, which was affected by issues such as high inflationary pressures and interest rate hike.

## Loan to customers

The biggest composition of the Bank's total assets as of 31 December 2022 was loans to customer worth Rp53,534 billion (net), or accounted for 42.49%. Compared to a year earlier, the loan to customers (net) expanded by 4.30%. This increase was primarily due to higher working capital loan, which rose by Rp1,688 billion compared to 2021.

On the other hand, as at 31 December 2022, the non-performing loans (NPL) ratio were 3.95% (gross) and 0.64% (net), improved against 4.64% (gross) and 0.79% (net) respectively in 2021. This was mainly due to lower Non-Performing loan, which was down Rp304 billion or 12%, and an increase of overall loan to customer's balance.

## Loans composition by type

Type	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Working Capital	42,701	75.76%	41,033	75.27%	1,668	4.07%
Investment	9,749	17.30%	9,709	17.81%	40	0.41%
Consumer	3,287	5.83%	3,122	5.72%	165	5.29%
Employee	624	1.11%	652	1.20%	(28)	-4.29%
<b>Total</b>	<b>56,361</b>	<b>100.00%</b>	<b>54,516</b>	<b>100.00%</b>	<b>1,845</b>	<b>3.38%</b>

## Loans composition by economic sectors

Based on the economic sector, the largest loan disbursement was to the industrial sector, which was accounted for 46.1% of total lending or Rp 25,976 billion.

Details of the credit composition by economic sector can be seen in the note 17.b of financial statements in this annual report.

### Loan based on the classification of Bank Indonesia's Collectability

Collectability	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Performing Loan	54,134	96.05%	51,985	95.36%	2,149	4.13%
Current	52,933	93.92%	51,107	93.75%	1,826	3.57%
Special Mention	1,201	2.13%	878	1.61%	323	36.79%
Non-performing loan	2,227	3.95%	2,531	4.64%	(304)	-12.01%
Substandard	80	0.14%	108	0.20%	(28)	-25.93%
Doubtful	28	0.05%	42	0.08%	(14)	-33.33%
Loss	2,119	3.76%	2,381	4.36%	(262)	-11.00%
<b>Total Credit</b>	<b>56,361</b>	<b>100.00%</b>	<b>54,516</b>	<b>100.00%</b>	<b>1,845</b>	<b>3.38%</b>
<b>NPL Ratio – gross</b>	<b>3.95%</b>	<b>n/a</b>	<b>4.64%</b>	<b>n/a</b>	<b>-0.69%</b>	<b>n/a</b>
<b>NPL Ratio – net</b>	<b>0.64%</b>	<b>n/a</b>	<b>0.79%</b>	<b>n/a</b>	<b>-0.15%</b>	<b>n/a</b>

### Liability

Composition of Liabilities	31 December 2022	31 December 2021	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
Deposits from customers	90,188	85,407	4,781	5.60%
Deposits from other banks	3,357	5,940	(2,583)	-43.48%
Securities sold under repurchase agreement	42	-	42	100.00%
Derivative payables	466	188	278	147.87%
Acceptance payables	2,095	2,602	(507)	-19.49%
Income tax payables	34	19	15	78.95%
Accruals and provisions	543	422	121	28.67%
Other liabilities	2,339	2,014	325	16.14%
Borrowings	7,550	6,200	1,350	21.77%
Subordinated debts	1,168	1,069	99	9.26%
Employee benefits obligations	449	460	(11)	-2.39%
<b>Total Liabilities</b>	<b>108,231</b>	<b>104,321</b>	<b>3,910</b>	<b>3.75%</b>

The Bank's total liabilities amounted to Rp108,231 billion as of 31 December 2022. The liabilities in 2022 were dominated by customer deposits at 83.33%.

### Deposits from customers

Customer deposits reached Rp90,188 billion as of the end 2022, rising 5.60% from 2021. This is a result of strong liquidity position especially from corporate customers. The incremental balance mainly derived from the new mandates, deployment of continuous excess cash from existing customers as well as the impact of seasonality.

The increase was mainly contributed by higher balance of time deposit by Rp7,685 billion or 32.19%. The ratio of Demand Deposits and Savings to Time Deposits was 65%:35%.

# Financial Performance Review

Deposits from Customers	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Demand Deposits	43,087	47.77%	45,584	53.37%	(2,497)	-5.48%
Saving Accounts	15,539	17.23%	15,946	18.67%	(407)	-2.55%
Time Deposits and On Call Deposits	31,562	35.00%	23,877	27.96%	7,685	32.19%
<b>Total</b>	<b>90.188</b>	<b>100.00%</b>	<b>85,407</b>	<b>100.00%</b>	<b>4,781</b>	<b>5.60%</b>

## Demand Deposits

Based on currency, demand deposits in Rupiah had the largest contribution at 66.19% of the total, or Rp28,518 billion.

Currency	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Rupiah	28,518	66.19%	33,461	73.41%	(4,943)	-14.77%
Foreign currency	14,569	33.81%	12,123	26.59%	2,446	20.18%
<b>Total</b>	<b>43,087</b>	<b>100.00%</b>	<b>45,584</b>	<b>100.00%</b>	<b>(2,497)</b>	<b>-5.48%</b>

## Saving Accounts

The balance of savings as of 31 December 2022 was Rp15,539 billion. A majority of savings was in foreign currency, or accounted for 57 % of the total.

Currency	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Rupiah	6,681	43.00%	7,448	46.71%	(767)	-10.30%
Foreign currency	8,858	57.00%	8,498	53.29%	360	4.24%
<b>Total</b>	<b>15,539</b>	<b>100.00%</b>	<b>15,946</b>	<b>100.00%</b>	<b>(407)</b>	<b>-2.55%</b>

## Time Deposits and Deposits on Call

The balance of Time Deposits and Deposits on Call as of 31 December 2022 was Rp31,562 billion. Based on the contract term, time deposits were dominated by one-month period in 2022, which accounted for 73.31% of the total.

Contract Terms	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
1 month	23,138	73.31%	15,938	66.75%	7,200	45.18%
3 months	6,642	21.04%	4,231	17.72%	2,411	56.98%
6 months	1,210	3.83%	3,044	12.75%	(1,834)	-60.25%
12 months	572	1.82%	664	2.78%	(92)	-13.86%
<b>Total</b>	<b>31,562</b>	<b>100.00%</b>	<b>23,877</b>	<b>100.00%</b>	<b>7,685</b>	<b>32.19%</b>

## Equity

The Bank's equity stood at Rp17,751 billion at the end of 2022, decreasing by Rp2,390 billion or 11.87% from the previous year as a result of lower retained earnings and other comprehensive income. The fall in retained earnings was mainly due to dividend distribution of Rp3,858 billion, which was partially set off with net profit in the current year. Meanwhile, lower other comprehensive income was caused by lower balance of net changes in fair value on investment securities that are measured at fair value through other comprehensive income.



Even though the Bank recorded lower equity, its Capital Adequacy Ratio (CAR) remained at a healthy level of 25.07%.

Equity Composition	31 December 2022	31 December 2021	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
Share capital	10,586	10,586	-	0.00%
Additional paid-in capital	258	258	-	0.00%
Other Comprehensive Income/(Expense), Net of tax	(84)	351	(435)	-123.93%
Retained earnings:				
- Appropriated	77	62	15	24.19%
- Unappropriated	6,914	8,884	(1,970)	-22.17%
<b>Total Equity</b>	<b>17,751</b>	<b>20,141</b>	<b>(2,390)</b>	<b>-11.87%</b>

### Statement of Profit or Loss and Other Comprehensive Income

Description	31 December 2022	31 December 2021	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
Interest Income	4,993	4,772	221	4.63%
Interest Expenses	(1,246)	(1,255)	9	-0.72%
Net Interest Income	3,747	3,517	230	6.54%
Net Fees and commission income	1,141	1,265	(124)	-9.80%
Other operating income	1,139	1,151	(12)	-1.04%
Total operating income	6,027	5,933	94	1.58%
Impairment losses on financial assets - net	(33)	(748)	715	-95.59%
Total operating expenses	(3,524)	(3,328)	(196)	5.89%
Profit before tax	2,470	1,857	613	33.01%
Income tax expenses	(567)	(384)	(183)	47.66%
Net profit of the year	1,903	1,473	430	29.19%
Other Comprehensive Income/(Expense), Net of tax	(435)	(120)	(315)	262.50%
<b>Total comprehensive income for the year</b>	<b>1,468</b>	<b>1,353</b>	<b>115</b>	<b>8.50%</b>

### Interest Income

Interest income rose by 4.63% or Rp221 billion in 2022, mainly due to higher loan to customer balance and interest rate hike. In addition, higher interest income was also derived from placement of commercial surplus in various productive assets, especially securities purchased with agreement to resell and placement with Bank Indonesia.

Interest Income	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Loan to customers	3,074	61.57%	2,876	60.27%	198	6.88%
Investment securities	874	17.50%	1,250	26.19%	(376)	-30.08%
Securities purchased with agreement to resell	504	10.09%	370	7.75%	134	36.22%
Placements with Bank Indonesia	421	8.44%	193	4.04%	228	118.13%
Others	120	2.40%	83	1.75%	37	44.58%
<b>Total</b>	<b>4,993</b>	<b>100.00%</b>	<b>4,772</b>	<b>100.00%</b>	<b>221</b>	<b>4.63%</b>

# Financial Performance Review

## Interest Expenses

Interest expenses amounted to Rp1,246 billion, dropped slightly by 0.72% or Rp9 billion from 2021. Lower interest expenses in saving accounts and time deposits was partially offset by higher interest expenses from borrowings and subordinated debt.

Interest Expense	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Demand deposits	246	19.74%	195	15.54%	51	26.15%
Saving accounts	84	6.74%	117	9.32%	(33)	-28.21%
Time deposits and deposits on call	609	48.87%	742	59.12%	(133)	-17.92%
Borrowings and subordinated debt	249	19.98%	117	9.32%	132	112.82%
Others	58	4.67%	84	6.70%	(26)	-30.95%
<b>Total</b>	<b>1,246</b>	<b>100.00%</b>	<b>1,255</b>	<b>100.00%</b>	<b>(9)</b>	<b>-0.72%</b>

## Net Interest Income

The Bank managed to book net interest income of Rp 3,747 billion as of 31 December 2022. To maintain net interest income, the Bank has proactively reviewed its funding composition on a regular basis in a bid to control funding costs and maintain Net Interest Margin (NIM) at an optimum level.

## Non-Interest Income

In 2022, the Bank posted non-interest income of Rp2,280 billion, lower than the previous year which mainly driven by lower net fee and commission income by Rp124 billion compared to 2021.

Non-Interest Income	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Net fees and commissions income	1,141	50.04%	1,265	52.36%	(124)	-9.80%
Other operating income	1,139	49.96%	1,151	47.64%	(12)	-1.04%
<b>Total</b>	<b>2,280</b>	<b>100.00%</b>	<b>2,416</b>	<b>100.00%</b>	<b>(136)</b>	<b>-5.63%</b>

## Impairment Losses of Financial Assets - Net

The Bank's impairment losses of financial assets amounted to Rp33 billion in 2022, lower than Rp748 billion in 2021. This was inline with improving economic prospects and lower impairment charges on wholesale stage 3 customers.

## Operating Expenses

The Bank's operating expenses amounted to Rp3,524 billion in 2022, an increase of Rp196 billion or 5.89% from last year. The increase was derived from higher general and administrative expenses, and partially offset by lower depreciation and amortisation expenses. Higher general and administrative expenses was caused by expenses of several projects, whether they were one-off or related to technology development, which occurred during the year. The biggest expense was for employees, which accounted for 48.07% of the total.

The Bank continuously strives to manage costs effectively and efficiently to support sustainable growth.

Operating Expenses	2022		2021		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Employees expenses	1,694	48.07%	1,674	50.30%	20	1.19%
General and administrative expenses	1,615	45.83%	1,315	39.51%	300	22.81%
Depreciation expenses of properties and equipment	193	5.48%	281	8.44%	(88)	-31.32%
Amortisation expenses of intangible asset	22	0.62%	58	1.75%	(36)	-62.07%
<b>Total</b>	<b>3,524</b>	<b>100.00%</b>	<b>3,328</b>	<b>100.00%</b>	<b>196</b>	<b>5.89%</b>

### Profit Before Tax

The Bank's profit before tax was at Rp2,470 billion in 2022. The amount was higher than the previous year mainly due to lower impairment losses and higher interest income, partially off-set by higher operating expenses as explained above.

### Net Profit

The Bank recorded a net profit of Rp1,903 billion in 2022, increased by Rp430 billion or 29.19% from 2021, in line with the rise in profit before tax as explained earlier.

### Statement of Comprehensive Income

The Bank recorded a comprehensive income of Rp1,468 billion in 2022, increased by Rp115 billion from 2021, in line with higher net profit. Below is a statement of comprehensive income.

Description	31 December 2022	31 December 2021	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
Net profit for the year	1,903	1,473	430	29.19%
Other comprehensive income:				
Investment securities at fair value through other comprehensive income/available for sale				
- Loss during the year	(436)	(149)	(287)	192.62%
Remeasurements from post-employment benefits obligation				
- Actuarial profit during the year	1	29	(28)	(96.55%)
Other comprehensive expense, net of tax	(435)	(120)	(315)	262.50%
<b>Total Comprehensive Income for the Year</b>	<b>1,468</b>	<b>1,353</b>	<b>115</b>	<b>8.50%</b>

# Financial Performance Review

## Statement of Cash Flows

Description	31 December 2022	31 December 2021	Fluctuation	
	Rp Billion	Rp Billion	Rp Billion	%
Cash from Operations	(586)	16,859	(17,445)	-103.48%
Cash from Investment	6,955	(3,762)	10,717	-284.88%
Cash from Funding	(3,265)	(2,084)	(1,181)	56.67%
Net Increase in Cash and Cash Equivalent	3,104	11,013	(7,909)	-71.82%
Effect of Foreign Exchange Rate Fluctuation on Cash	921	164	757	461.59%
Cash and Cash Equivalent, January 1	31,604	20,427	11,177	54.72%
Cash and Cash Equivalent, December 31	35,629	31,604	4,025	12.74%

At the end of the 2022 period, the Bank recorded a final balance of cash and cash equivalents at Rp35,629 billion.

### Cash Flow from Operating Activities

Net cash flow used for operating activities amounted to Rp586 billion in 2022, while in 2021, net cash flow of Rp16,859 billion provided from operating activities. The decrease in cash from operations was mainly due to slower growth in third-party funds and higher cash disbursement to grow lending to customers. Moreover, in 2021, there was a significant increase in deposits from customers and other banks, as well as lower lending to customers. All of this is part of banking activities in general.

### Cash Flow from Investment

Net cash generated from investing activities was Rp6,955 billion in 2022, compared with Rp3,762 billion net cash used in 2021. The increase was in line with maturity of some securities and higher sales of investment securities during the year, as well as lower purchase of investment securities compared to prior year.

### Cash Flow from Financing Activities

Net cash used in financing activities amounted to Rp3,265 billion in 2022, rising by Rp 1,181 billion or 56.67% than the previous year. This was mainly due to higher cash dividend payment by Rp3,347 billion, which was partially offset by higher net cash flow from borrowings by Rp2,159 billion.

### Liquidity and Solvency

To measure the Bank's financial ability to meet its obligations as they are due, the Bank uses several liquidity ratios such as the Intermediary Macroprudential Ratio (RIM), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR). RIM reflects the amount of customer deposits and long-term loans used for providing financing to customers. The Bank's RIM ratio was 60.53% as of 31 December 2022.

The Bank also uses NSFR to monitor funding risks and LCR to monitor liquidity risks on a daily basis. As of 31 December 2022, the Bank's NSFR and LCR were at 182.17% and 343.11% respectively.

### Liquidity Ratio

Description	2022	2021
Intermediary Macroprudential Ratio (RIM)	60.53%	59.37%
Liquidity Coverage Ratio (LCR)	343.11%	297.15%
Net Stable Funding Ratio (NSFR)	182.17%	215.27%
Low-cost fund Ratio	65.00%	72.04%

The Bank also uses solvency ratio to measure its ability to meet all liabilities, by comparing these liabilities to total assets and liabilities to equity.

### Solvency Ratio

Description	2022	2021
Ratio of Liabilities to Total Assets	85.91%	83.82%
Ratio of Liabilities to Equity	609.72%	517.95%
Leverage ratio	12.04%	14.05%



# Other Material Financial Information

## Ability to Repay Debt and Accounts Receivable Collectibility

### Ability to Repay Debt

The Bank's ability to fulfil all obligations, including long term and short-term loans, is measured by liquidity and solvency ratio. Until the end of 2022, the Bank's ability to repay debt was categorised as good based on assessment from both ratios.

The Bank's liquidity level as measured by the ratio of loans to deposits (Intermediary Macroprudential Ratio/ RIM) was 60.53%. The Bank will always maintain the balance between the funding needs and the provisions of funds. The Bank also diversifies its funding by securing long-term borrowings to support the Bank's liquidity.

The Bank's Capital-to-Adequacy Ratio (CAR) was at 25.07% in 2022. This indicated that the Bank's capital structure has the capability to balance credit, market, and operational risks, as the ratio is much higher than the minimum capital adequacy ratio set by Bank Indonesia, which is at 9%-10%.

### Loan Collectability

The Bank's gross Non-Performing Loan (NPL) ratio as of 31 December 2022 was at 3.95%. The Bank's net NPL ratio was at 0.64%.

## Capital Structure and the Management's Policy on Capital Structure

In calculating the capital requirement for 2022, the Bank referred to the Financial Services Authority Regulation No. 11/POJK.03/2016 on "Minimum Capital Provision Requirement for Commercial Banks", which was effective since February 2, 2016 and as amended by POJK No. 34/POJK.03/2016. The required capital set by the regulator is analysed in two tiers as follows:

- Core Capital (Tier 1), which consists of main core capital and additional core capital. Main core capital includes issued and fully paid-up capital, additional paid-up capital, general reserves, profit in previous years and current year (100%), as well as other comprehensive income, such as the potential profit/loss from changes in fair value of financial assets in available-for-sale assets, from the difference in productive assets write-off based on applicable

regulations, and from impairment losses of productive assets. Deferred tax assets and intangible assets are the main factors that can reduce Tier-1 capital. The Bank does not have additional Tier-1 capital.

- Supplementary Capital (Tier 2) includes subordinated debt and general reserves of productive assets based on applicable regulations.

The Bank's Risk-Weighted Assets (RWA) is calculated based on several requirements that reflect various level of risks related to assets and exposures that are not reflected in the financial statement. Based on the applicable regulations, the Bank must consider credit, market, and operational risks in measuring the Bank's RWA.

The management uses the capital ratio required by the regulator to monitor the Bank's capital. These capital ratios remain as industry standard to measure capital adequacy. OJK's approach to the measurement is primarily based on monitoring the relationship between the Bank's risk profile and the availability of capital. Banks are required to provide minimum capital according to their risk profiles.

The provision of minimum capital mentioned is stipulated as follows:

1. For banks that are ranked 1st on risk profile, the lowest required minimum capital is 8% (eight percent) of the RWA;
2. For banks that are ranked 2nd on risk profile, the lowest required minimum capital is 9% (nine percent) to less than 10% (ten percent) of the RWA;
3. For banks that are ranked 3rd on risk profile, the lowest required minimum capital is 10% (ten percent) to less than 11% (eleven percent) of the RWA; and
4. For banks that are ranked 4th on risk profile, the lowest required minimum capital is 11% (eleven percent) to less than 14% (fourteen percent) of the RWA.

Several restrictions are also implemented for parts of capital that are required by regulators, such as Bank needs to have core capital (Tier-1) at the minimum of 6% (six percent) of RWA and the Common Equity Tier 1 at the minimum of 4.5% (four point five percent) of RWA.

The Bank has met all capital requirements set throughout the reporting period.

The capital positions required by Bank regulators in accordance with the applicable regulations as of 31 December 2022 are as follows:

### Minimum Capital Adequacy

(In billion Rupiah, unless otherwise specified)

<b>Tier 1 Capital</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Share Capital	10,586	10,586
Additional paid-in capital	258	258
General reserve	77	63
Retained earnings	5,011	7,411
Profit for the period	1,903	1,473
Other comprehensive income	(72)	363
Negative differences between regulatory provision and allowance for impairment losses on productive assets	-	-
Non-earning asset provision that should be calculated	(83)	(94)
Deferred tax calculation	(326)	(213)
Other intangible assets	(72)	(44)
<b>Tier 2 Capital</b>		
Capital instrument such as shares, subordinated debts or others meeting the requirement of Tier 2 capital	998	1,069
General allowance for earning assets	738	712
<b>Total Capital</b>	<b>19,018</b>	<b>21,584</b>
<b>RWA</b>		
Credit risk	62,461	57,405
Market risk	961	1,465
Operational risk	12,433	12,900
<b>Total RWA</b>	<b>75,855</b>	<b>71,770</b>
Capital Adequacy Ratio	25.07%	30.07%
CET 1 Ratio	22.78%	27.59%
Tier 1 Ratio	22.78%	27.59%
Tier 2 Ratio	2.29%	2.48%
Capital Conversion Buffer	2.50%	2.50%
Countercyclical Buffer	0.00%	0.00%
Domestically Systemically Important Bank	1.00%	1.00%
Required Capital Adequacy Ratio	9% to less than 10%	9% to less than 10%
Required minimum CET 1 Ratio	4.50%	4.50%
Required minimum Tier 1 Ratio	6.00%	6.00%

## Other Material Financial Information

The Bank calculates minimum capital based on the risk profile as of December 2022 by using the risk profile position in June 2022.

Based on the Bank's self-assessment, its risk profile is ranked 2nd. Therefore, the Bank is obliged to meet the minimum capital of 9% to less than 10%. As of 31 December 2022, the Bank's CAR was at 25.07%, which was much higher than the mandatory minimum capital of 9% to less than 10%.

### Information on Material Transactions with Conflicts of Interest or Transaction with Affiliated Parties/Related Parties

Throughout 2022, there were no material transactions that can cause conflict of interest.

Details on the nature of relationship and type of transactions with affiliated parties as of 31 December 2022 can be referred to note 42 of the audited Financial Statements.

### Dividend Policy

Based on the Articles of Association and Law on Limited Liability Companies, all shareholders have the same and equal rights, including to receive dividends. Dividends distribution will depend on the Bank's cash flows and investment plan, and will refer to Indonesian laws and other requirements. With the consideration of financial capability and condition from time to time, the Bank may revisit and change the dividend policy in accordance with prevailing laws and regulations.

In 2022, the Bank approved to distribute special cash dividends amounted to Rp2.97 trillion and also approved to distribute cash dividends amounted to Rp883.73 billion to the entitled shareholders.

### Employee Share Ownership Program

During 2022, the Bank did not implement the employee share ownership program.

### Information and Material Events Subsequent to Audit Report Date

There were no material events subsequent to the Audit Report date 28 March 2023.

### Changes in Accounting Policies Implemented in 2022

Unless described below, the accounting policies has been implemented consistently, with the financial statement for the year ended 31 December 2022 has met the Financial Accounting Standards in Indonesia.

The Board of Financial Accounting Standard -Indonesia Institute of Accountants (DSAK-IAI) has issued revisions on the following accounting standards which were effective as at 1 January 2022:

- Amendment to SFAS 22 "Business Combination" (References to the Conceptual Framework of Financial Reporting);
- Amendment to SFAS 57 "Provisions, Contingent Liabilities and Contingent Assets" related to Onerous Contracts - Cost of Fulfilling the Contracts;
- Annual improvements to SFAS 71 "Financial Instruments";
- Annual improvements to SFAS 73 "Lease";
- SFAS 24 Press Release "Employee Benefits";
- Amendment of SFAS 71 "Financial instrument", Amendment of SFAS 60 "Financial instrument: Disclosure", Amendment of SFAS 62 "Insurance contract", Amendment of SFAS 73 "Lease regarding Interest Rate Benchmark Reform - Phase 2".

The implementation of the above standards did not result in substantial changes to the Bank's accounting policies and had no material impact to the financial statements or the previous years.

In April 2022, The Indonesian Financial Accounting Standards Board (DSAK IAI) issued a press release regarding Attributing Benefits to Periods of Service. The press release was issued in relation to IFRS Interpretation Committee (IFRIC) IAS 19 Employee Benefits about Attributing Benefit to Periods of Service in May 2021.

DSAK IAI assesses that the fact pattern of the pension program based on the Labor Law currently in force in Indonesia is similar to the pattern of facts in the IFRIC Agenda Decision. With similarity of fact pattern, the accounting treatment in the IFRIC Agenda Decision is relevant to be applied in a pension program based on the Labor Law. In connection with the IFRIC Agenda Decision and DSAK IAI press release, the Bank has changed its accounting policy to conform to the IFRIC Agenda Decision and DSAK IAI press release. However, the impact is not material to the financial statements and charged to current period.

# Business Outlook

Global economic growth is projected to slow in 2023, though it may be less bleak than previously expected. The reopening of China's economy after ending its zero-COVID policy and the fall in global inflation could provide support to the world's economy. However, the risks from the Russia-Ukraine conflicts and tightening global financial markets might again hold back growth.

Developed economies are dragging down global growth in 2023, while emerging markets have seen growth bottom out in 2022. The IMF forecasts growth in developed economies to sharply decline to 1.2% in 2023, more than halved from 2.7% in 2022, as the Euro and the UK faced a living cost crisis. Meanwhile, emerging markets are expected to have a slightly higher growth in 2023 at 4.0%, from 3.9% a year earlier, supported by China which has fully reopened its economy.

The World Bank projected the global economy to grow 1.7% in 2023, with forecasts in 2023 revised down for 95% of advanced economies and nearly 70% of emerging markets. Growth in advanced economies is projected to slow from 2.5% in 2022 to 0.5% in 2023, while growth in emerging markets (excluding China) is expected to decelerate from 3.8% in 2022 to 2.7% in 2023, reflecting significantly weaker external demand compounded by high inflation, currency depreciation, tighter financing conditions, and other domestic headwinds. China's growth is projected at 4.3% in 2023.

Inflation, which became the main challenge in 2022, is expected to decline both in developed and emerging economies due to lower fuel and non-fuel commodity prices. The IMF forecasts 84% of countries to have lower CPI inflation in 2023. Global inflation is predicted to slow to 6.6% in 2023, from 8.8% a year earlier. Meanwhile, the World Bank estimates inflation has peaked in 2022 at 7.6% and expects inflation to fall to 5.2% in 2023 due to moderating prices for many commodities. Central banks worldwide have raised interest rates to tackle rising inflation and are expected to keep inflation in check.

Indonesia is still confident of growing as fast as 2022. In 2022, Indonesia's economy grew by 5.3% as exports performed strongly and household consumption accelerated in line with looser mobility restrictions. The government aims for GDP growth of 5.3% in 2023, spurred by exports and household consumption. President Joko

Widodo officially revoked the public mobility restrictions (PPKM) on 30 December 2022, which may help boost consumption. Meanwhile, HSBC Global Research said Indonesia has emerged as a robust economy over the past year, with macroeconomic stability remaining intact. The research forecast Indonesia's economy to slow to 4.6% in 2023, but supported by consumption and investment. The steps by authorities to make some macroeconomic adjustments in 2022 will likely provide resiliency for 2023.

Inflation has slowed in recent months after the government raised subsidised fuel prices in September 2022. This allowed Bank Indonesia to end the interest rate hikes in February 2023, after raising the benchmark 7-Day Reverse Repo Rate by 225 bps between July 2022 and January 2023. The BI7DRR stood at 5.75% in February 2023. Bank Indonesia targets CPI inflation to return from 2% to 4% in the second half of 2023. Inflation reached 5.47% year-on-year in February, according to data from the Central Statistics Agency (BPS).

The rupiah has appreciated in 2023 after falling 9.2% in 2022. Bank Indonesia mentioned the rupiah strengthened as foreign capital inflows returned to the domestic financial markets given the promising domestic economic outlook, accompanied by maintained stability, attractive yields on domestic financial assets and lesser global financial market uncertainty. Bank Indonesia expects the rupiah to continue appreciating as the economic outlook improves, easing inflationary pressures further. The currency has been one of the top performers among Asian currencies in early 2023, but further rate hikes by the US Federal Reserve may lead to capital outflows from emerging countries and pressure the rupiah.

The S&P Global Indonesia Manufacturing Purchasing Managers' Index remained expansive at 51.9 in March 2023, the 19th straight month of growth in factory activity and the highest pace since last September, with both output and new orders expanding the most in six months and employment growing for the second straight month. This may be an opportunity for manufacturers to accelerate output price increases, leading up to the annual festive season. Bank Indonesia's Retail Sales Survey shows respondents anticipate rising inflationary pressures in March 2023 due to higher prices during



the fasting month, before normalising in June 2023. Meanwhile, according to Bank Indonesia's survey, confidence strengthened in January 2023 to 123.0.

The Financial Services Authority (OJK) expects the banking system to perform as strongly in 2023 to support economic growth. Loans in early 2023 were still dominated by investment and working capital loans, similar to 2022 when investment and working capital loans grew across economic sectors to reach total loan growth of 11.35%. OJK forecasts loan growth of between 10% and 12% in 2023, and third party funds growth of 7% and 9%. Liquidity in the banking sector remains ample for loan disbursements. Non-performing loans are still low, with a declining number of customers under the COVID-19 credit restructuring program.

The digital economy has continued to expand rapidly. Consumers have become very convenient using digital payments since the pandemic, supported by the Quick Response Code Indonesia Standard (QRIS), launched on the 74th anniversary of Indonesia's Independence Day. According to Bank Indonesia, electronic money transactions in January 2023 grew 26.08% year-on-year to reach Rp36.57 trillion, while digital banking transactions grew 27.96% year-on-year to reach Rp4,900.6 trillion. Indonesia's internet economy was predicted to grow 22% to USD77 billion in 2023, driven by e-commerce, according to the e-Conomy SEA 2022 research by Google, Temasek, and Bain. A growing digital economy can help MSMEs that have benefited from the internet.

The Indonesian government has continued its ambition to add value to the economy. The government will ban bauxite ores and copper concentrates exports in June 2023, followed by tin ingots though there is no time frame yet. The government wants to be a major producer of Battery Electric Vehicles (BEV), having the largest nickel reserves globally. Foreign direct investment (FDI) into Indonesia jumped 44.2% in 2022, with the base metals sector drawing the most investment, according to the Investment Coordinating Board (BKPM). FDI is expected to expand 7.5% in 2023 to around USD49 billion.

Continuing its commitment towards clean energy, in November 2022 the Indonesia Energy Transition Mechanism (ETM) country platform, facilitated by ADB, was launched to act as the central coordination

mechanism to modernising Indonesia's energy infrastructure, ensuring a fair and inclusive energy transition and empowering the economy to keep growing. Concurrently Indonesia signed a Just Energy Transition Partnership (JETP), a coalition of countries including the US, Japan, Britain, and Canada that will mobilise USD20 billion to help its transition towards clean energy. Glasgow Financial Alliance for Net Zero (GFANZ) Working Group is part of the partnership, and HSBC as a member of GFANZ will work with other GFANZ members to discuss the plan for GFANZ engagement in JETP to support a long-term JETP in Indonesia.

President Jokowi's ambition to industrialise Indonesia has seen resistance from labourers and activists. The Constitutional Court ruled in November 2021 that the Omnibus Law on Job Creations, issued in 2020, should be revised within two years or cancelled. But the president issued a regulation-in-lieu-of-law to replace the Omnibus Law in December 2022 despite further public protests.

The year 2023 will also be effectively the last year of President Jokowi's reign. The 2024 general and presidential elections will be held on 14 February 2024. There may be some volatility as politicians are gearing up for the elections. The economy, meanwhile, may receive some boost in consumption from political parties and candidates.

HSBC Global Research views Indonesia was able to preserve macro stability while booking strong economic growth in 2022 contributed by combination of high commodity prices, rate hikes and subsidy cuts. We believe if the combination continues in 2023, it can help strengthen the economy in 2023 as well as over the medium term.

# Risk Management

## RISK EXPOSURE AND CAPITAL

### A. DETERMINING MODEL AND RISK PROFILE INTERACTIONS

Risk Appetite is the articulation of the level and types of risks that the Bank is willing to take in order to achieve its strategic objectives.

Risk Appetite enables senior management to optimally allocate capital, funding and liquidity to finance strategic growth within acceptable risk levels, while monitoring exposure and the cost impacts of managing risks, which may lead to sub-optimal performance and returns to shareholders, as well as to regulatory censure and reputational damage should exposures exceed the established thresholds.

In addition, the Bank has implemented various risk measurement parameters, both in measuring the Bank's risk level as well as other mechanisms accommodated in Risk Appetite Statement Monitoring.

Risk Appetite Statement is reviewed semi-annually and approved by the Board of Directors and the Board of Commissioners. Monitoring of risk appetite is performed monthly and reported to the Risk Management Committee as well as periodically (quarterly) to the Board of Commissioners through Risk Oversight Committee meeting. Thus, control and mitigation efforts are part of the Bank's internal processes to maintain risk profile at safe level. Risk Appetite Framework is reviewed periodically to keep a consistent approach in defining, measuring, and managing as well as reporting risk appetite and risk tolerance and outlining Three Lines of Defence roles and responsibilities in (3LOD).

### B. RISK GOVERNANCE STRUCTURE

#### Risk Management Working Unit (SKMR)

The Bank also has Risk Management Working Unit (Satuan Kerja Manajemen Risiko/ SKMR), which is an independent unit from operational working unit (risk taking units) and other working units that carry out the internal control function.

SKMR oversees management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Strategic Risk, Compliance Risk, Legal Risk, Reputational Risk, and Intra-Group Risk.

To support good corporate governance, SKMR performs risk assessments and analysis to support the Bank's business strategies. The main function of this unit is as the following:

- Monitoring the implementation of risk management strategy that was set up by the Risk Management Committee or approved by the Board of Directors;
- Monitoring overall positions/ exposures of risks;
- Conducting periodic review on the risk management process;
- Conducting stress test to find out the impact of the implementation of risk management policy and strategy;
- Reviewing proposals of new activities and/ or products which submitted or developed by a particular unit;
- Giving recommendation on the extent or maximum of risk exposure which shall be maintained to the Risk Management Committee;
- Evaluating accuracy and validity of data that are used for risk measurement; and
- Preparing and submitting a risk profile report to the Risk Management Director and the Risk Management Committee.

Head of SKMR directly reports to the Risk Management Director.

#### Active Supervision by the Board of Directors and Board of Commissioners

In risk management oversight, the Board of Directors and Commissioners are supported by these committees:

##### (i) Risk Management Committee (RMC)

The risk management process is evaluated by the Risk Management Committee, who reports to the Board of Directors on the activity, is responsible for the implementation and monitoring of overall risk management. This committee functions as governing body for the overall risk management of the Bank with focus on risk culture, risk appetite, risk profile, and alignment of risk management approach with the Bank's strategic objectives.

The committee is chaired by the Risk Management Director and consists of members of the Board of Directors as well as executive officers with expertise in their respective fields, such as Risk Management (SKMR) and Legal. The Committee has full responsibility for the establishment and implementation of enterprise-wide risk management and ensure that all risks of the Bank are properly managed.

#### Authority and Responsibilities of RMC

- To get information, discuss, consider, and address material key risks and enterprise-wide key issues as well as common themes identified across the Bank;
- To perform assessment and provide recommendation to the Board of Directors with respect to risk management which at least covering: a) formulation of risk management policy, strategy, and guidance with its amendments, b) enhancement or improvement of risk management implementation based on evaluation, c) establish guidelines related to business decisions which deviate from normal procedures;
- To consider relevant reports and updates pertaining to the key risks and issues across the Bank and across all the three lines of defence, commissioning further review where required;
- To ensure risk management practices support desired conduct and culture outcomes.

#### (ii) Integrated Risk Management Committee

In the implementation of a comprehensive Integrated Risk Management in accordance to the regulations of POJK No. 17/POJK. 03/2014 on the Implementation of Integrated Risk Management for Financial Conglomeration, the Main Entity which in this case is PT Bank HSBC Indonesia is required to establish an Integrated Risk Management Committee.

The Integrated Risk Management Committee is responsible for the monitoring of risk management and implementation of the risk management framework in the entity which included in the Financial Conglomeration.

The Integrated Risk Management Committee is chaired by Risk Management Director and consists of representatives from the Board of Directors who are appointed as members of the Main Entity, such as Compliance Director and Finance Director, Head of Risk Management & Risk Regulatory Engagement, as well as

other executive officers. Included in the membership are Directors or the designated representative of the entity included in the Financial Conglomeration (currently; PT HSBC Sekuritas Indonesia).

The Integrated Risk Management Committee's authority and responsibilities:

- Establishment of Integrated Risk Management policy; and
- Refinement of Integrated Risk Management policy based on evaluation of the implementation.

#### (iii) Risk Oversight Committee (ROC)

The Board of Commissioners establishes the Risk Oversight Committee to ensure that the risk management framework has provided an adequate mitigation against all risks faced by the Bank in conducting its business. The Risk Oversight Committee also plays a role in overseeing the development, implementation of risk management policies, and providing input on risk management strategies that the Bank should implement. The Risk Oversight Committee is chaired by an Independent Commissioner who is appointed by the Board of Commissioners and may have concurrent role as Chairman of 1 (one) other committee established under the Board of Commissioners. Committee membership consists of Independent Commissioners as well as independent party with expertise in risk management and independent party with expertise in finance.

#### Authority and Responsibilities of ROC

- To evaluate the consistency between policy on risk management and implementation of the Bank's policies.
- To monitor and evaluate the performance duties of Risk Management Committee and Risk Management Working Unit.
- To provide oversight and advice to the Board of Commissioners on:
  1. Risk related matter
  2. Risk Appetite
  3. Stress Testing
  4. Enterprise Risk Management Framework and Internal Control System
  5. Risk Management Director and Risk Management Function
  6. Internal Audit
  7. External Audit
  8. Annual Report

**Other Responsibilities of Risk Oversight Committee, including but not limited to:**

1. Annual Review of Terms of Reference and Committee Effectiveness

Risk Oversight Committee shall review annually its terms of reference and its own effectiveness and recommend to the Board of Commissioners any necessary changes.

Risk Oversight Committee shall report to the Board of Commissioners how Risk Oversight Committee has performed its responsibilities and will make recommendations on any action(s) needed to resolve concerns or make improvements.

2. Reporting to Board of Commissioners  
Risk Oversight Committee will report to the Board of Commissioners on the matters set out in its terms of reference and will provide additional oversight as it may reasonably required regarding the effectiveness of the risk management functions.

3. Overlapping responsibilities  
Where there is a perceived overlap of responsibilities between Risk Oversight Committee and another committee of the Board of Commissioners, the respective committee Chairs shall have the discretion to agree the most appropriate committee to fulfil any obligation. An obligation under the terms of reference of any committee will be deemed by the Board of Commissioners to have been fulfilled, provided it is dealt with by any other committee.

**C. RISK MANAGEMENT COMMUNICATION AND PROCEDURES**

**Adequacy of Risk Management Policies and Procedures**

**Overview of the Bank's Risk Management Policy**

Risk management policies and systems are regularly reviewed to adapt to changes in market conditions, products and services offered, as well as adhering to regulator's policy. Through various training and management standards and procedures, the Bank strives to develop risk management culture. The Bank also involves all employees so that they understand and participate in managing risks in accordance to their responsibilities.

**Risk Culture Guiding Principle**

The implementation of effective risk management through an establishment of the Bank's Risk Culture Guiding Principle ensures risk measurement reported is controlled and mitigated in accordance with the vision, mission, and business strategy of the Bank.

Moreover, the Bank's Risk Culture Guiding Principle is established to identify and analyse the existing risks within the Bank's operations in order to determine appropriate risk limits and controls, as well as monitor risks and compliance within the set limits.

**Risk Culture**

The Bank defines its risk culture as the collaborative attitudes, beliefs, values, and norms that shape the organization behaviour. The approach in managing risk culture is built upon a set of principles about culture and behaviour change. The Bank believes that behaviour is one of the clearest expressions of culture. This means the culture is not static. As new challenges and opportunities emerge, the culture has to adapt to help us achieve our strategic outcomes.

The Bank consider risk culture as a way of looking at how the culture supports or inhibits our ability to manage risk. The Principles regulate how the Bank's purpose, values and strategy connect with risk management.

Eight risk behaviours that describe the Bank's values are designed to support a wide range of outcomes – including a culture that is effective in managing risk and that leads to good conduct outcomes. Specifically:

• **We take responsibility**

1. We are all accountable for managing risk - "risk is everyone's business". The Bank's leaders set the tone from the top and we all understand, support and take our responsibilities;
2. We speak up when something is not right about how we are managing risks and escalate issues promptly without fear of retribution;
3. We make good judgements by looking at risk holistically and considering different perspective, always keeping in mind the outcome for customers and market. The decision-making framework can help us make good decisions.

• **We get it done**

4. We take risks carefully by balancing risk and financial return and not exceeding our risk appetite;

5. We actively manage risks by understanding and adhering to our policies, controls, and regulatory environment;
6. We have the curiosity to identify vulnerabilities, uncertainties, and emerging risks. We learn from our mistakes, share those learnings, and ensure we remediate issues quickly.

- **We value difference**

7. We champion diversity of viewpoints and inclusivity in risk policies, governance and decision making;

- **We succeed together**

8. We invest in our people and tools to help manage risk better and celebrate behaviours that support a strong risk culture.

### Three Lines of Defence

In order to strengthen Risk Culture, the Bank through Risk Culture Guiding Principle which consists of the concept for 'Three Lines of Defence', put a main focus to strengthen proactive risk management behaviour across First Line and Second Line in managing and oversight all Financial and Non-Financial Risk.

Three lines of defence model includes Business and Functional units as the First Line of Defence, Risk Steward units (that establish risk management policy and performs oversight function on certain risk including Operational and Resilience Risk Function) as the Second Line of Defence, and Internal Audit Function as the Third Line of Defence.

All units in each line are synergised in efforts to implement proactive risk management, including to fulfill existing compliance aspects of the working unit against applicable regulations and policies.

The First Line of Defence are business and function units that has a responsibility to become risk and control owner and applies proactive risk management in their daily activities. This concept was introduced to raise the awareness of the First Line of Defence about their critical role in managing operational risks while carrying out the Bank's day-to-day activities.

The Second Line of Defence is all the function units that establish risk management-related policies and conduct comprehensive oversight over certain risks. Due to the nature of the works, some Functions might also perform proactive management of risk which make the part of

the First Line of Defence. Proper segregation of roles is made in Functions to avoid the conflict between both Roles for similar risk. Second Line of Defence units are widely range between Financial Risk Oversight such as Wholesale and Market Risk, Retail Credit Risk and Non-Financial Risk Oversight for example Operational and Resilience Risk, Compliance, Human Resources, Finance, and Legal. The Second Line of Defence serves to provide input and challenge to the First Line of Defence units in managing their risk, as well as to ensure that risk management is undertaken in accordance to their respective controls.

The Third Line of Defence is Internal Audit Unit (SKAI), which provides independent assurance to management that the First and Second Line of Defence are executing their roles for risk management in compliance to the Bank's policy.

### Socialisation of Risk Management

The Bank is continuously socialising risk management to create risk awareness to all working units and branch offices. Socialisation activities have been thoroughly conducted to all employees in the form of e-learning training and classroom training (where permissible during the current working arrangement impacted by the pandemic) in order to increase risk management competence, such as Risk Management Certification Program as well as Risk Management Certification Maintenance/ Refreshment Program, as required and mandatory e-learning training related to risk awareness such as: Non-Financial Risk, Cyber Security Risk, Financial Crime Risk including Anti Money Laundering & Sanction, Anti Bribery & Corruption, and Compliance & Reputational Risk.

### D. SCOPE AND MAIN FEATURES OF RISK MEASUREMENT SYSTEM.

#### Adequacy of Risk Identification, Measurement, Monitoring and Control, and Risk Management Information System

##### Risk Identification

The purpose of risk identification is to identify all types of inherent risks to any functional activity that could potentially harm the Bank. Things to consider as follow: proactively covering all functional activities, combining and analysing risk information from all available sources, and analysing risk probability and its consequences.



## Risk Measurement

The implementation of risk measurement is aimed at measuring the Bank risk profile to obtain an overview of the risk management implementation effectiveness.

Several points that are measured include product/ activity sensitivity to changes in influencing factors, individual risk factors, and aggregate risk exposure with risk correlation consideration and all inherent risk to all transactions and products which are integrated in the Bank's management information system.

The method used by the Bank in risk measurement is related to the type, scale and complexity of business activities, capability of data collecting system, as well as capability of the relevant Bank Officer in understanding the limitation of the final results of the risk measurement system.

## Risk Monitoring

Risk monitoring is carried out to ensure risk limits while at setting and monitoring, have taken into consideration loss experience, ability of capital to absorb loss/ risk exposures and to ensure that positions that have exceeded prescribed limit receive immediate attention from Risk Management Working Unit, Risk Management Committee, and the Board of Directors.

## Risk Management Information System

As part of the risk management process, the Bank has a risk management information system to ensure:

- Risk exposure exact measured accurately, informatively and in a timely manner.
- Adherence of risk management implementation of related risk policies, procedures and limits.
- Availability of risk management implementation realization compared to target that has been set by the Bank.

## Comprehensive Internal Control system

The process of implementing effective Risk Management must be equipped with a reliable internal control system. The effective implementation of the internal control system shall help the Bank's management to safeguard the Bank's assets, ensure the availability of credible financial and managerial reporting, improve the Bank's compliance with statutory provisions and regulations, and reduce the risk of loss, deviation and violation of prudential aspects.

The implementation of a reliable and effective internal control system is the responsibility of all operational work units (risk-taking unit) and supporting work units

as well as the Internal Audit Unit. The implementation of the internal control system must at least be able to timely detect weaknesses and deviations that occur.

## E. RISK INFORMATION REPORTING PROCESS

Risk Information submitted to the Board of Directors and the Board of Commissioners is Enterprise Risk Report which consists of:

- Risk Appetite Statement Report,
- Risk Map Report including Top Risk, and
- Emerging Risks Report

which submitted to Risk Management Committee on monthly basis and to Risk Oversight Committee on quarterly basis.

## F. STRESS TESTING

The Bank regularly conduct stress tests to assess the resilience of our balance sheet and our capital adequacy, as well as to provide actionable insights into how key elements of our portfolios may behave during crises.

Stress testing scenarios can be in the form of changes in macroeconomic conditions or sensitivity analysis to specific factors (idiosyncratic). The Bank uses the outcome to calibrate our risk appetite and to review the robustness of our strategic and financial plans, helping to improve the quality of management's decision making. Stress testing analysis assists management in understanding the nature and existent vulnerabilities to which the Bank may be exposed. Known risks resulting from stress testing also drive recovery planning to enhance the Bank's financial stability under various scenarios.

## G. RISK MANAGEMENT STRATEGY AND PROCESS

In formulating risk management strategy, the Bank focuses on risk culture, risk appetite, risk tolerance, risk profile and conformity of the risk management approach with the Bank's strategic objectives.

The risk management strategy is set up:

1. To ensure the Bank's risk exposure is within or below the risk exposure level that is determined based on the Bank's internal policies and procedures as well as prevailing laws and regulations.
2. Based on the following general principles:
  - Able to control and manage the Bank's risks comprehensively;

- Achieve the expected capital structure and level, adequate resource allocation, as well as other objectives; and
- Must be sustainable and applicable in the long term in various economics conditions/ cycles.

3. By considering the following factors:

- Economic conditions and their impacts on the Bank's risks,
- The financial condition of the Bank and its organization, the ability to generate profit and identify, monitor, as well as control risks that are caused by changes in internal and external factors,
- The Bank's mixed and diversified portfolios.

## RISK MANAGEMENT PRACTICE

### Management of Eight Primary Risk Types

Risk Management Unit has identified eight key risks faced by the Bank: credit risk, market risk, liquidity risk, operational risk, legal risk, reputational risk, strategic risk, and compliance risk.

#### (i) Credit Risk

Credit Risk is a risk arising from the failure of borrowers or counterparties in fulfilling their obligations to the Bank. In managing credit risk, the Bank implements policies and guidances for the respective business segment, both for retail and corporations.

Credit risk is one of the main risks in the implementation of risk management. Credit risk management is to be performed by all units involved in the credit process, starting from Business, Operation, up to the Senior Management levels through the Credit Committee and Risk Management Committee forums.

### Organization of Credit Risk Management

Identification of credit risk is conducted by Business, Wholesale Credit Approval and Wholesale Risk Team for Wholesale Banking. As for Retail Banking, risk identification is carried out by the Business, Credit Underwriters and Wealth and Personal Banking Risk Team.

The Bank has established operating framework of Wholesale Risk and Retail Risk which have been aligned with relevant regulations about governance of credit risk management i.e. identification, measurement, monitoring, and management.

### Credit Risk Management Policy

#### a. Oversight

Oversight of all loan portfolios is carried out on a regular basis, including meetings of the Risk Management Committee led by the Risk Management Director, as well as other board committees as part of the Bank's risk management process.

As part of continuous management process, Bank has conducted Portfolio Oversight Council (POC) which will help the Bank to monitor credit portfolio at Wholesale Banking segment which can be used by the Bank as a basis to determine comprehensive credit risk mitigation policy.

In carrying out a more detailed supervision, the Bank has Wholesale Credit Risk Forum, which will help the Bank in conducting oversight of sound lending activity that adhere with applicable policies and procedures.

#### b. Adequacy of Policies, Procedures, and Limit

Credit policy is prepared by independent units to ensure that existing policies are supportive of the ongoing credit process at the Bank. In particular, each working unit also has a role to ensure the availability of procedures to confirm credit process standardisation and the availability of technical procedures to facilitate the working process of each working unit involved in the credit process.

The credit policy serves as the guideline used in the credit process prepared by the credit policy unit, and the policy is constantly reviewed and updated on a regular basis.

One of the credit policies applied and required by business units is related to the annual review process. Business units are required to undertake annual review of debtors or their retail credit program in a disciplined manner at least once a year. With the annual review, business units are able to monitor and ensure that the borrowers' business or their credit program operates as normal. In addition, any change in business conditions can be anticipated to mitigate the deterioration of credit quality. Meanwhile review related to credit program is aimed to document changes in business parameters to support product performance within the existing risk framework.

In addition to the establishment of policies and procedures, the Bank also sets limits in credit process in accordance with the Bank's risk appetite. The limits set are, among others, related to the credit approval limit authority, single group lending limit (in accordance with

the regulatory Legal Lending Limit - LLL), and industry Sectors Limits/ Referral Risk Appetite (RRA) Limit and so on.

#### **c. Adequacy of Credit Risk Identification Process**

The Bank can identify potential problem accounts with early warning signs on the deterioration in the financial health of the debtors. Early warning signs may be detected through the Bank systems; customer behavior, business activities, and interaction with the Bank, and external information (such as rating agencies, news, and media).

Business units have a primary responsibility to accurately identify high risk debtors and place their names on watchlist in accordance with the Bank's credit policies. Credit Approval and Wholesale Risk Unit have a crucial review and challenge' role to play in the watchlist process and may suggest debtors to be added (or removed) from the watchlist list or may reassess the watchlist status to align with changes in risk profile. It is to ensure the watchlist accounts which require remedial actions, adjustment of credit rating, and/or put under Special Mention are dealt with promptly, properly assigned in the watchlist status, and where appropriate, those accounts are timely transferred to Special Credit Unit (SCU) for recovery actions.

Watchlist is a risk management tool that identifies items for management attention, debtors' relationships with various levels of severity for review and is additional to the normal process of credit approval.

In retail credit, early identification of risk is carried out by retail credit team. Early identification is parameters derived from retail credit risk target plans, originating from retail credit Risk Appetite.

In addition, retail credit also applies a score card both in acquisition and portfolio management. The accuracy of this scorecard is monitored regularly in order to help identify risks of the portfolio comprehensively.

#### **d. Adequacy of Process Measurement, Monitoring, and Risk Control**

Risk measurement is conducted periodically through the preparation of the Bank's annual plan commencing with the establishment of the "Risk Appetite Statement" as a risk appetite and risk tolerance corridors acceptable to the Bank for the current year. Risk Appetite Statement proposal is submitted for recommendation to the Risk Management Committee prior to Board of Commissioner approval.

Key risk indicators are reported and monitored regularly up to Risk Management Committee level.

Risk performance is measured and evaluated each month by comparing the actual risk conditions with the Risk Appetite Statement, allowing for earlier detection and for determining necessary mitigation steps. Preventive and corrective measures are discussed in the committee including progress that has been achieved.

The Bank has systems and procedures to monitor the extent of risk exposure, risk tolerance, internal limit compliance, and stress testing results as well as consistency of implementation with established appetite, policies, and procedures.

One aspect that is reviewed periodically and approved by the Board of Directors is the determination of sector/ industry appetite which provides guideline for credit portfolio development.

Periodic portfolio stress test is conducted to respond to the impact of direct and indirect ongoing external factors that could have negative impact to credit portfolio. The result of this exercise is presented to business units, for them to take anticipatory measures such as consideration for inclusion into the watch list and discussed in the Worry, Watch, Monitor (WWM) forum.

The Bank has conducted stress testing to measure financial condition and management ability of the Bank to continue operating effectively in extreme economic conditions.

#### **Credit Concentration Management Policy**

Risks of credit concentration arise when a number of customers are involved in the same or similar business activity or conduct business in the same geographical area, or when customers have similar characteristics which impact on their collective ability to fulfill similar contractual obligations affected by changes in economic or other conditions.

The credit approval authority for customers is determined based on the amount of exposure per business group. Thus, the likelihood of credit concentrations exceeding the limits of one group of borrowers can be avoided.

The Bank also adheres to meet the Legal Lending Limit (LLL) in accordance with the OJK regulations.

In addition, the Bank has established limit industry cap/ Risk Referral Limit (RRA) for certain industries which deemed as high-risk industry.

### Policy, Procedure, and Appraisal proses and Collateral Management

The Bank has sufficient policy and procedure related with appraisal process and collateral management. This policy has regularly updated in order to inline with related regulation. In addition, for every credit proposal then the Bank has conducted re-appraisal for all collateral which accepted by the Bank in order to make sure for all collaterals has appropriated with existing policy and procedure.

Information regarding the Bank's policy for accepted collateral are stipulated in the Bank's procedure, Wholesale Credit Risk Guideline and Retail Business Loan and Mortgage Guideline.

### Policy on the use of ratings in calculating RWA for Credit Risk

The Bank measures credit risk using the standard method in accordance with OJK Circular No. 24/SEOJK.03/2021 regarding 'Perhitungan Aset Tertimbang Menurut Risiko Untuk Risiko Kredit Dengan Menggunakan Pendekatan Standar Bagi Bank Umum' (Risk Weighted Assets Calculation for Credit Risk with Standard Approach for Commercial Bank) which requires that all banks have to calculate Risk Weighted Assets (RWA) for credit risk using the Standard Approach. For internal purposes, the Bank uses a measurement based on an internal rating which is used as a tool in the credit decision making process.

The use of ratings in the calculation of the ATMR for credit risk, only used for types of claims from public sector entities, banks, and corporations.

### Matured Claims and Impaired Claims

Claims that are due are all receivables that are past due for more than 90 days, either for principal payments and/ or interest payments. Meanwhile, receivables with impairments are financial assets that have significant individual value and there is objective evidence that individual impairment occurs after the initial recognition of the financial assets.

### Establishment of Individual and Collective Allowances for Impairment Losses

The Bank has implemented the formation of individual and collective allowances for impairment losses in accordance with PSAK 71, the Bank has developed risk parameter modeling such as PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default) which are used as components in calculating expected credit losses/ impairment losses.

PSAK 71 requires Banks to classify Financial Assets into three stages of impairment (stage 1, stage 2 and stage 3) by determining whether there is a significant increase in credit risk.

The Bank measures the allowance for losses in the amount of 12 months expected credit losses for financial assets with low credit risk at the reporting date (stage 1) and lifetime credit losses for financial assets with a Significant Increase in Credit Risk (SICR) (stage 2) and financial assets which experience deterioration in credit and default, followed by history of late payment (stage 3).

In calculating CKPN, the Bank applies several macroeconomic scenarios which are determined by projecting several macroeconomic variables. In addition, the Bank also determines the weighting for the possibility of such a macroeconomic scenario. Various macroeconomic variables (MEV) are used in the modeling of PSAK 71 depending on the results of statistical analysis and suitability of MEV with historical data modeling impairment. Calculation of expected credit losses and the projections of macroeconomic variables are reviewed by the Bank on a regular basis.

### The Methods used to apply defined operating limits to internal capital for counterparty credit exposures and for Counterparty (CCP) exposures

The Bank participates in transactions exposing us to counterparty credit risk. Counterparty credit risk is the risk of financial loss if the counterparty to a transaction defaults before satisfactorily settling it. It arises principally from over-the-counter ('OTC') derivatives and securities financing transactions and is calculated in both the trading and non-trading books. Transactions vary in value by reference to a market factor such as an interest rate, exchange rate or asset price. The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the Credit Valuation Adjustment ('CVA').

### Policies related to guarantee and risk mitigation and assessment related to counterparty risk, including exposures toward CCP

The Bank manages the counterparty exposure on our OTC derivative contracts by using collateral agreements with counterparties. Currently, the Bank does not actively manage Bank's general OTC derivative counterparty exposure in the credit markets, although the Bank may manage individual exposures in certain circumstances. The Bank places strict policy restrictions on collateral types and as a consequence the types of collateral

received and pledged are, by value, highly liquid and of a strong quality, being predominantly cash. Where a collateral type is required to be approved outside the collateral policy, approval is required from a committee of senior representatives from markets, legal and risk.

#### **Policies related to wrong way risk exposure**

Wrong-way risk is an adverse correlation between the counterparty's probability of default and the mark-to-market value of the underlying transaction. The risk can either be general, perhaps related to the currency of the issuer country, or specific to the transaction concerned. When there is significant wrong-way risk, a trade specific approach is applied to reflect this risk in the valuation.

#### **(ii) Market Risk**

Market risk is the risk that movement in market risk factors such as foreign exchange rates, interest rates and credit spreads, will reduce the Bank's income or portfolio value. Market risk arises on financial instrument which are measured at fair value and those are measured at amortised cost.

The objective of market risk management is to manage and control market risk exposures to achieve an optimal return while maintaining risk level at acceptable risk.

Market Risk is managed by a working unit that independent from business and part of risk management working in the Bank, which has the responsibility to measure, monitor and report market risk exposures in daily basis.

The Bank categorises market risk exposures between the trading and banking portfolio (trading) and non-tradable (accrual). The traded portfolio includes positions arising from market formation, position-taking, and others set at market value. Non-tradable Banking portfolios include positions arising mainly from interest rate management of interest and interest-bearing assets, and assets classified as available for sale.

In managing market risk, the Bank divides it into interest rate risk and currency exchange rate risk. Interest rate risk in trading book is the risk that caused by the movement of market interest rate risk on interest rate risk instrument such as bond and interest rate derivative in the Bank's trading portfolio. Meanwhile, Interest rate risk in banking book mainly arises from Bank's balance sheet position on holding assets and liabilities - actual or notional - with different maturity dates or re-pricing dates, creating exposure to changes in the level of interest rates. An over-lent position - assets re-pricing later than liabilities - benefits if interest rates fall and loses if interest rates rise. An over-borrowed position -liabilities re-pricing later than

assets - benefits if interest rates rise and loses if interest rates fall. the currency exchange rate arises from the foreign currency exchange fluctuation that affected the Bank open position within trading and banking portfolio.

In the context of the process of implementing Risk Management, the Bank employs a range of tools to monitor and limit market risk exposures. These include position limit, sensitivity analysis, Value at Risk (VaR) and stress testing. Sensitivity analysis measures the impact of individual market factor movement on specific instruments or portfolios. The Bank uses this sensitivity measures to monitor the market risk positions within each type of risk. VaR is a technique for estimating potential losses on risk positions as a result of movement in market rates and prices over a specified time horizon and to a given level of confidence. The Bank in a regular basis conducts the accuracy tests of VaR model by back-testing the VaR metric against both actual and hypothetical profit and loss. In addition, the Bank also conducts stress testing to evaluate the potential loss impact on portfolio values of more extreme scenarios which the losses can be much greater than those predicted by VaR. For the purposes of calculating the Market Risk associated with the calculation of the Capital Adequacy Ratio (CAR), the Bank refers to the applicable provisions that stipulated by Financial Services Authority (OJK).

Market Risk Limit is managed and controlled through market risk limits approved by Board of Directors with recommendation from Risk Management Committee.

#### **(iii) Liquidity Risk**

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost, where the risk arises from mismatches in the timing of cash flows. To manage its liquidity, in addition to maintain Minimum Reserve Requirement (GWM) and Macroprudential Liquidity Buffer (PLM), the Bank also conducts daily monitoring on the Liquidity Coverage Ratio (LCR) report and Net Stable Funding Ratio (NSFR). The Bank also periodically conducts stress testing on liquidity conditions using the assumption of scenarios that may occur in the Indonesian banking system.

The main objective of the implementation of Liquidity Risk Management is to ensure adequate daily funding, both during normal conditions and to withstand under severe liquidity stresses. The liquidity framework is designed to be adaptable to changing business models, markets and regulations. The Bank maintains various sources of funding available and diversified funding base of core retail and corporate customer deposits as well as ensuring the availability of highly liquid assets portfolios.



Risk management applied by the Bank is as follows:

1. Daily monitoring of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), which includes daily monitoring of the Bank's liquid assets and daily cash out- and in-flows.
2. The Bank establishing the Macroprudential Liquidity Buffer (PLM) to maintain liquidity position of the Bank, including by placing excess funds into more liquid financial instruments.
3. Implementing the Asset Liabilities Committee (ALCO) function to regulate interest rate in increasing/reducing certain sources of funds related to maturity mismatch, to ensure compliance with local regulatory requirements and to establish liquidity and funding risk tolerance which is set out in the Risk Appetite Statement (RAS).
4. Implementing Contingency Funding Plan (CFP) and its mechanism, including by establishing crisis response teams to anticipate liquidity crises, consist of high-level responsibilities and actions that could be applied during liquidity stress scenarios and set out specific stages during a liquidity stress scenario.

In the liquidity risk management process, the Bank has used measurement parameter in accordance with Basel III standards, with signs that have been implemented so far made the Bank's liquidity position always maintained in a safe position.

In managing liquidity risk, the Bank has established an independent work unit that independent from business and part of risk management working unit in the Bank. The Board of Commissioners and the Board of Directors are actively participating in monitoring and ensuring the implementation of risk management is properly conducted through several committees like Asset and Liability Committee (ALCO), Risk Management Committee and Risk Oversight Committee. The changes in liquidity risk management, including the changes in key ratio limit are subject to regular review and discussed in ALCO meeting.

In addition to liquidity risk management function, the Bank also has internal risk control function for liquidity risks, which is conducted by Internal Audit Work Unit, to ensure that the Bank has implemented liquidity risk management that is in line with the regulator's provisions.

#### (iv) Operational Risk

Operational Risk is a risk that could occur due to inadequate and/ or ineffective internal processes, deliberate human error or negligence, failure of information technology systems and external factors such as fraud and other illegal acts.

The Bank has SKMR unit which coordinate with related units to ensure the implementation of risk management in accordance with the implementation standards as stipulated by Otoritas Jasa Keuangan. The related units are Subject Matter Expert (SME) for each risk profile which has to be analysed to ensure Operational Risk Management implementation. SKMR also provides input on Risk Self Assessment for operational risk analysis for new activities and products.

The Bank has set up Risk Appetite Statement as a standard reference and manage the operational risk profile of the Bank within risk appetite. Therefore, the Bank uses a comprehensive system consisting of Risk Control Assessment, Key Risk Indicator, Loss Event Database and Issue and Action Management in managing operational risks.

Implementation of risk management will be assisted by additional function that is developed by management, namely the function of CCO (Chief Control Officer), is expected to perform inherent monitoring on risk management in each unit, bridging First Line of Defense and Second Line of Defense. Management is expected to be more aware of its responsibility in managing risk with this concept.

Several methods or tools were introduced to each unit to manage risks in their respective areas. Methods that have been introduced includes self assessment of risk and control effectiveness, implementation of risk-based control assessment that is conducted by Control Owner, implementation of Key Indicators to improve control monitoring process, identification of existing risk or issues followed by monitoring on the agreed corrective action, and management of operational risk incidents that occurred. It is expected that the Bank will continue developing the concept in order to improve a sustainable risk management.

#### (v) Legal Risk

Legal Risk is the risk due to lawsuits and/or weakness of juridical aspect which can arise from, among others, the weakness of juridical aspect caused by the weakness of engagement done by the Bank, the absence and/ or amendment of law and regulation causing a transaction which has been done by the Bank become not in accordance with the provisions, and litigation process whether arising from a third-party lawsuit against the Bank or the Bank against a third party. To handle this risk, the Bank Legal Division, among other things, continuously performs legal aspect analysis procedures for new products and/ or activities, and also reviews the contracts and agreements between the Bank and other parties.

The legal risk management organisation undertaken by the Bank is by having a work unit, the Legal division, which functions as a legal watch. Broadly speaking, the Bank's Legal division has the following responsibilities:

- Providing advice and legal opinions to the Board of Directors and/ or other units in the Bank on matters pertaining to business, operating strategies, initiatives and legal issues.
- Providing advice and legal opinion to senior management members in establishing systems and procedures for controlling legal risks.

The Legal Division has several mechanisms in legal risk control, including but not limited to:

1. Have a written legal policy.
2. Carry out legal aspect's analysis of new or ongoing business activities or products, if necessary.
3. Assess the impact of changes in terms and regulations on legal risks.
4. Review of standard documents of contracts, contracts and other legal documents of the Bank with other parties in respect of the effectiveness of legal risk mitigation that may be incurred by such documents.
5. Monitor ongoing court cases.
6. Have an external legal counsel panel for corporate law and litigation that assists the Bank for legal risk control. There are currently 12 external legal counsels in the Bank's panel.

#### **(vi) Reputational Risk**

Reputational Risk is the risk associated with a negative perception of the bank's policies, procedures or issues that may damage the trust and confidence of the Bank's stakeholders.

Reputational risk in being coordinated by Communications department as the risk steward. To address this risk both internally and externally, the Communications department work hand-in-hand with Complaint Handling department, both for corporate and retail customers, as well as HR.

The continuously monitored perception-shaping factors include:

- a. The impact of the bank owners' and related companies' reputation
- b. Breach of business ethics
- c. Complexity of products and bank co-operations
- d. Frequency, intensity, materiality and scale of exposure of negative news of the bank
- e. Frequency and severity of customer complaints

The Bank uses several sources of information to identify

and measure the impact of Reputational Risk, including externally: mass media coverage and the Bank's website, social media analysis; customer complaints, and internally through the Exchange of information activities and the Snapshot Survey.

The functions that are collaborating to monitor and manage Reputational Risk include: Communication, Complaint Handling, Marketing and HR. All of these units communicate with the relevant stakeholders, which include: the public, customers, creditors, associations and employees.

The Communication department has the authority to provide opinions regarding features, programs and products before they are launched, as well as regarding customer complaints. Communication also works with Marketing to monitor conversations on social media, as well as with external parties to monitor news coverage in the media every day. The result will be taken into a periodic review of the communication strategy to create positive perceptions in the community.

The customer complaint reporting mechanism, which is also related with the reputation risk, is governed in the Complaint Handling Guidelines document and recorded by the Complaints Handling department through the Complaint Management System (CMS) system with automatic mechanism of escalation to the BoD (Senior Management) for handling process monitoring. Complaints that are recorded will be discussed regularly every month in the Complaint Handling meeting forum.

Internally, Human Resources continues to disseminate information to all employees to ensure understanding of risk management, including the Conduct, which can cause reputation risk. Furthermore, to monitor employees' awareness for reputation risk, HR also conducts a Snapshot Survey twice a year as well as an exchange of information activities which are conducted regularly in each line of businesses.

Written policies and procedures that meet the principles of transparency and the customer service quality improvements as well as that pertaining other stakeholders are made by the respective work units. Specifically for the Communications unit, there are written policies and procedures related to communication operational standards, regarding Communication Instruction Guide.

In managing crises, the Bank has a dedicated reputation management protocol to quickly anticipate an increased level of Reputational Risk in times of a crisis.

The assessment of these factors includes (a) Crisis Management Structure, and (b) Crisis Management Procedures / Manual, embedded in the Communication Instruction Guide.

In addition, the protocol also includes an early warning mechanism to alert the management so that the bank can deliver the necessary responses and mitigation steps

### (vii) Strategic Risk

Strategic Risk is the risk caused by inaccurate determination and implementation of the Bank's strategy, inappropriate business decisions, or the Bank's lack of responsiveness to external changes.

Strategic Risk is structured to ensure the Bank's ability to respond to environmental changes both internally and externally in the Bank's efforts to achieve its business targets. The Bank has established Risk Management Working Unit, Risk Management Committee and BoD meeting to monitor the implementation of the initiatives stated in the Bank's business plan.

The Bank has established guidelines for implementing the strategies that have been set to ensure the risk identification process and respond to any external or internal factors in the business environment. The Guidelines are formulated in the Bank's Business Plan (RBB) 2023-2025 and the Bank's Corporate Plan (RKB) 2021-2025 as guidelines for the bank's short, medium and long-term growth plans for the next 5 (five) years

Measurement mechanism and Strategic Control are conducted as such:

- Implementing supervision on the achievement of work plans on a regular basis
- Evaluating interim results achieved, along with factors preventing the Bank to meet targets and and risk mitigation.
- Revising the initial work plan, if required, to achieve targets.

### (viii) Compliance Risk

Compliance risk is the risk that arise where the Bank does not comply with the applicable provisions, laws and prevailing banking regulations.

The Bank manage its compliance risk by establishing a work unit, namely the Compliance Unit, which functions as second line of defence and acts both as control owner and risk steward.

The Bank has Risk Oversight Committee in Board of Commissioners level which runs in quarterly basis and Risk Management Committee in the Board of Directors

level which runs on a monthly basis. Compliance Director is a permanent member in both of the Committees.

The Bank is also responsible to ensure the implementation of the compliance culture in the Bank as well as ensuring that the Bank's activities including policy and procedure establishment are in accordance with the provisions of applicable laws and/or regulations under relevant regulatory authorities. Compliance Unit monitor and provide the regulations from Otoritas Jasa Keuangan, Bank Indonesia and other supervisory authorities that have been issued and related to operational activities in the Bank to senior management and respective units.

In order to supervise and maintain the compliance of the Bank's business activities with applicable provisions, the Compliance Unit conducts the following steps:

- a) Consistently assess the implementation of the principles of prudence in providing loans to Large Debtors and related parties by utilizing Compliance Checklist in order to prevent violations of the regulations of Legal Lending Limit (LLL), the Bank's Credit Policy, the Bank's Asset Quality Assessment, the Restriction on Credit to Foreign Parties, and other provisions.
- b) Compliance Unit sits in the Board of Directors meeting, the Board of Commissioners meeting, Audit Committee meeting, Risk Monitoring Committee meeting, Assets and Liabilities Committee (ALCO) meeting, Risk Management Committee meeting, and Information Technology, Operational, and Services Steering Committee meeting.
- c) Assessment on Compliance Risk in each Business and Functions as per the operational risk management framework and control in the Bank, including the assessment on inherent risk, implementation of control and residual risk which is performed regularly and in continuous basis.
- d) Compliance Unit consists of Compliance Advisory, Financial Crime, and Conduct Compliance that are actively holding dissemination programs and ensuring that proper conduct in the Bank is well implemented, in order to apply the fair customer aspect as part of the Bank's culture. Compliance Assurance supports the management's direct supervision on business process. Compliance monitoring on procedures and analysis related to key risk indicators is carried out by the First Line of Defense.

Compliance Unit ensures the Bank's compliance with the commitment towards Financial Services Authority, Bank Indonesia, and other supervisory authorities, including the follow-up of audit findings and monitors the follow-up of the fulfillment of these commitments.

## INFORMATION DISCLOSURES OF RISK EXPOSURES AND CAPITAL

### 1. General - Key Metrics

No	Description
<b>Available Capital (amounts)</b>	
1	Common Equity Tier 1 (CET1)
2	Primary Capital (Tier 1)
3	Total Capital
<b>Risk Weighted Asset (amounts)</b>	
4	Total Risk Weighted Asset (RWA)
<b>Risk Based Capital Ratio in percentage compare to RWA</b>	
5	CET 1 Ratio (%)
6	Tier 1 Ratio (%)
7	Total Capital Ratio (%)
<b>Additional CET1 buffer requirements as a percentage of RWA</b>	
8	Capital conservation buffer requirement (2.5% from RWA) (%)
9	Countercyclical Buffer requirement (0 - 2.5% from RWA) (%)
10	Bank G-SIB and/or D-SIB additional requirements (1% - 2.5%) (%)
11	Total Bank CET1 specific buffer requirements (%) (row 8+row 9+row 10)
12	CET1 available after meeting the bank's minimum capital requirements (%)
<b>Basel III leverage ratio</b>	
13	Total Basel III leverage ratio exposure measure
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets
<b>Liquidity Coverage Ratio (LCR)</b>	
15	Total high-quality liquid assets (HQLA)
16	Total net cash outflow
17	LCR ratio (%)
<b>Net Stable Funding Ratio (NSFR)</b>	
18	Total available stable funding
19	Total required stable funding
20	NSFR (%)
<b>Qualitative Analysis</b>	
The Bank's common equity Tier 1, Tier 1 and total capital, as well as the liquidity and funding position for the last five quarters are above the minimum compliance ratio required.	

(in million Rupiah)

	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22	31-Dec-21
	17,281,273	16,955,164	16,729,906	20,166,371	19,802,435
	17,281,273	16,955,164	16,729,906	20,166,371	19,802,435
	19,017,775	18,744,986	18,538,165	21,957,751	21,583,533
	75,854,581	78,590,254	76,203,874	74,526,856	71,769,966
	22.78%	21.57%	21.95%	27.06%	27.59%
	22.78%	21.57%	21.95%	27.06%	27.59%
	25.07%	23.85%	24.32%	29.46%	30.07%
	2.50%	2.50%	2.50%	2.50%	2.50%
	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	1.00%	1.00%
	3.50%	3.50%	3.50%	3.50%	3.50%
	16.07%	14.85%	15.32%	20.46%	21.07%
	143,483,358	141,422,170	141,863,031	138,744,144	140,991,264
	12.04%	11.99%	11.79%	14.53%	14.05%
	12.04%	11.99%	11.79%	14.53%	14.05%
	12.01%	11.60%	11.55%	14.79%	14.14%
	12.01%	11.60%	11.55%	14.79%	14.14%
	55,429,529	52,774,091	55,051,666	57,577,325	58,489,603
	16,560,035	19,317,953	20,705,710	18,956,535	20,515,712
	334.72%	273.19%	265.88%	303.73%	285.10%
	76,352,128	73,875,198	72,176,829	75,485,282	74,885,511
	41,912,200	41,193,248	40,279,167	39,214,523	34,785,977
	182.17%	179.34%	179.19%	192.49%	215.27%



**2. General - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)**

Description	Carrying value as stated in the published financial statements	The carrying value is based on the precautionary principle
<b>Assets</b>		
Cash	428,680	428,680
Placement with Bank Indonesia	30,623,755	30,623,755
Placement with other banks	4,576,776	4,576,776
Spot and derivative/forward receivables	324,246	324,246
Securities	16,472,737	16,472,737
Securities sold under repurchase agreement (repo)	40,781	40,781
Securities purchased with agreement to resell (reverse repo)	14,037,231	14,037,231
Acceptance receivables	2,095,274	2,095,274
Loans to customers	56,361,168	56,361,168
Sharia financing	-	-
Equity investment	-	-
Other financial assets	820,660	820,660
Impairment on financial assets -/-	(2,958,778)	(2,958,778)
Intangible asset	370,148	370,148
Accumulated amortisation on intangible assets -/-	(298,044)	(298,044)
Properties and equipment	2,148,385	2,148,385
Accumulated depreciation on properties and equipment -/-	(1,308,524)	(1,308,524)
Non productive asset		
a. Abandoned property	-	-
b. Foreclosed assets	83,127	83,127
c. Suspense accounts	-	-
d. Interbranch assets	-	-
Other assets	2,164,422	2,164,422
<b>Total assets</b>	<b>125,982,044</b>	<b>125,982,044</b>
<b>Liabilities</b>		
Current account	43,086,745	43,086,745
Savings account	15,538,844	15,538,844
Time deposit	31,562,079	31,562,079
Electronic money	-	-
Liabilities to Bank Indonesia	-	-
Deposits from other banks	3,356,681	3,356,681
Spot and derivative/forward liabilities	466,359	466,359
Liabilities on securities sold under repurchase agreement (repo)	41,554	41,554
Acceptance liabilities	2,095,274	2,095,274
Issued securities	-	-
Loans received	8,717,800	8,717,800
Margin deposit	238,726	238,726
Interbranch liabilities	-	-
Other liabilities	3,127,269	3,127,269
Non-controlling interest	-	-
<b>Total liabilities</b>	<b>108,231,331</b>	<b>108,231,331</b>

(in million Rupiah)

The carrying amount of each risk				
Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the Securitisation Framework	Subject to the Market Risk Framework	Not subject to capital requirements or subject to deduction from capital
428,680	-	-	214,901	-
30,623,755	-	-	16,213,551	-
4,576,776	-	-	4,508,676	-
-	453,943	-	964,373	-
15,265,084	-	-	2,977,472	-
-	-	-	40,781	-
-	14,037,231	-	-	-
2,095,274	-	-	1,192,206	-
56,361,168	-	-	20,608,811	-
-	-	-	-	-
-	-	-	-	-
795,756	-	-	-	-
(2,803,316)	-	-	(1,131,529)	-
370,148	-	-	-	370,148
(298,044)	-	-	-	(298,044)
2,148,385	-	-	-	-
(1,308,524)	-	-	-	-
-	-	-	-	-
83,127	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,836,386	-	-	509,851	326,423
110,174,655	14,491,174	-	46,099,093	398,527
-	-	-	14,574,750	43,086,745
-	-	-	8,859,525	15,538,844
-	-	-	12,771,077	31,562,079
-	-	-	-	-
-	-	-	-	-
-	-	-	29,327	3,356,681
-	-	-	1,059,285	466,359
-	-	-	-	41,554
-	-	-	1,192,206	2,095,274
-	-	-	-	-
-	-	-	8,717,800	8,717,800
-	-	-	-	238,726
-	-	-	-	-
-	-	-	1,241,368	3,127,269
-	-	-	-	-
-	-	-	48,445,338	108,231,331

**3. General - Differences between carrying value in accordance with Indonesian Financial Accounting Standards with exposure value in accordance with Financial Services Authority (LI2)**

(in million Rupiah)

No.	Description	a	b	c	d	e
		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	125,982,044	110,174,655	-	14,491,174	46,099,093
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	108,231,331	-	-	-	48,445,338
3	Total net amount under regulatory scope of consolidation	17,750,713	110,174,655	-	14,491,174	(2,346,245)
4	Off-balance sheet amounts	87,465,947	8,544,394	-	-	3,817,723
5	Difference in valuation	-	-	-	-	-
6	Difference due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	(155,463)	(155,463)	-	-	-
8	Difference due to prudential filters	963,696	-	-	963,696	-
	<b>Exposure amounts considered for regulatory purposes</b>	<b>106,024,893</b>	<b>118,563,586</b>	<b>-</b>	<b>15,454,870</b>	<b>1,471,478</b>

**Qualitative Analysis**

The difference between the carrying amount based on the Financial Publication Report and the credit risk framework is in terms of the provision as a net value of the carrying value/outstanding, where based on the Financial Publication Report the carrying amount/outstanding is after deducting the total Allowance for Impairment Losses (CKPN) stage 1, 2, and 3, while according to the credit risk framework, it is recorded/outstanding value after deducting fees/CKPN stages 2 and 3 only. For counterparty credit risk, the difference between the carrying amount based on the Financial Publication Report and the credit risk framework is in terms of potential future exposure and credit valuation adjustment. The carrying amount based on the Published Financial Statements is the replacement cost. As for the credit risk framework, apart from replacement cost, potential future exposure is also taken into account.

#### 4. General - Explanations of Differences between Exposure Amounts in accordance with Financial Accounting Standards and OJK Regulations (LIA)

The Bank does not have insurance subsidiaries, so that no difference between carrying values under scope of regulatory principle and carrying value as reported in Published Financial Statements.

##### **Difference between the carrying value as stated in the Published Financial Statements and the carrying value subject to regulation**

The difference between the carrying value as stated in the Published Financial Statements and the carrying value subject to credit risk framework is in term of provision used as net off of carrying value/outstanding, where in the published financial statement, the carrying value/outstanding is net off with total provision/total Expected Credit Loss (ECL) stage 1, 2, and 3, while as per credit risk framework, carrying value/outstanding is net off with provision/ ECL stage 2 and 3 only.

For counterparty credit risk, the carrying value as stated in the Published Financial Statements differs from the exposure considered for regulatory purpose. The carrying value as stated in the Published Financial Statements represents replacement cost, while the carrying value subject to counterparty credit risk framework represents replacement cost and potential future exposure, multiplied by 1.4.

The Bank measures fair values using the following hierarchy:

- Level 1: Quoted market price: financial instruments with quoted prices (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation technique using observable inputs: financial instruments valued using quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in the markets that are considered less than active and financial instruments valued using models where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. This category includes instrument that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Bank uses a valuation model that refers to the discounted cash flow model after going through a validation process by an independent unit and an approval process by the Valuation Committee.

The market data sources used in valuation model goes through a verification process by an independent unit before it is used since the determination of market data sources. Furthermore, the verification process is carried out on inputting market data, including checking for stale & variance, and outliers on these market data on daily basis.

## 5. Capital - Composition of Capital as of 31 December 2022 (CC1)

(in million Rupiah)

No	Component	Amount	Reference from Consolidated Statement of Financial Position
<b>Common Equity Tier 1 Capital: Instruments and Reserves</b>			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	10,844,005	A
2	Retained earnings	6,913,908	B
3	Accumulated other comprehensive income (and other reserves)	5,014	C
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	N/A	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A	
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	17,762,927	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	72,104	D
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	N/A	
11	Cash-flow hedge reserve	N/A	
12	Shortfall of provisions to expected losses	N/A	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	N/A	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	N/A	
17	Reciprocal cross-holdings in common equity	N/A	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	N/A	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	N/A	
20	Mortgage servicing rights (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	N/A	
22	Amount exceeding the 15% threshold	N/A	
23	of which: Significant investments in the common stock of financials	N/A	
24	of which: Mortgage servicing rights	N/A	
25	of which: Deferred tax assets arising from temporary differences	N/A	
26	National specific regulatory adjustments		
a.	Difference between allowance for possible losses and allowance for impairment losses on earning assets	-	
b.	Allowance for losses on non productive assets required to be provided	83,127	
c.	Deferred tax asset	326,423	E
d.	Investments in shares of stock	-	
e.	Shortage of capital on insurance subsidiary company	-	
f.	Securitisation Exposure	-	
g.	Other deduction factor of common equity Tier 1	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to Common equity Tier 1	481,654	
29	Common Equity Tier 1 capital (CET1)	17,281,273	



## 5. Capital - Composition of Capital as of 31 December 2022 (CC1)

(in million Rupiah)

No	Component	Amount	Reference from Consolidated Statement of Financial Position
<b>Additional Tier 1 Capital : instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
31	of which: Classified as equity under applicable accounting standards	-	
32	of which: Classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	N/A	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: Instruments issued by subsidiaries subject to phase out	N/A	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	-	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
37	Investments in own Additional Tier 1 instruments	N/A	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	N/A	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	N/A	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A	
41	National specific regulatory adjustments		
	a. Investments in Instruments issued by the other bank that meet the criteria for inclusion in additional Tier 1	-	
42	<b>Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions</b>	-	
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	
44	<b>Additional Tier 1 capital (AT1)</b>	-	
45	Tier 1 capital (T1 = CET1 + AT1)	17,281,273	
<b>Tier 2 Capital: instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	998,119	
47	Directly issued capital instruments subject to phase out from Tier 2	N/A	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: Instruments issued by subsidiaries subject to phase out	N/A	
50	Provisions	738,383	
51	<b>Tier 2 capital before regulatory adjustments</b>	1,736,502	
<b>Tier 2 Capital: regulatory adjustments</b>			
52	Investments in own Tier 2 instruments	N/A	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	N/A	
54	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	N/A	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	N/A	

## 5. Capital - Composition of Capital as of 31 December 2022 (CC1)

(in million Rupiah)

No	Component	Amount	Reference from Consolidated Statement of Financial Position
56	National specific regulatory adjustments		
	a. Sinking fund	-	
	b. Investments in Instruments issued by the other bank that meet the criteria for inclusion in additional Tier 2	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	-	
58	<b>Tier 2 capital (T2)</b>	1,736,502	
59	Total capital (TC = T1 + T2)	19,017,775	
60	Total risk weighted assets	75,854,580	
	<b>Capital Ratios and Buffers</b>		
61	<b>Common Equity Tier 1 (as a percentage of risk weighted assets)</b>	22.78%	
62	<b>Tier 1 (as a percentage of risk weighted assets)</b>	22.78%	
63	<b>Total capital (as a percentage of risk weighted assets)</b>	25.07%	
64	<b>Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)</b>	3.50%	
65	of which: Capital conservation buffer requirement	2.50%	
66	of which: Bank specific countercyclical buffer requirement	0.00%	
67	of which: G-SIB buffer requirement	1.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	16.07%	
	<b>National minima (if different from Basel 3)</b>		
69	National Common Equity Tier 1 minimum ratio (if different from Basel 3 minimum)	N/A	
70	National Tier 1 minimum ratio (if different from Basel 3 minimum)	N/A	
71	National total capital minimum ratio (if different from Basel 3 minimum)	N/A	
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Non-significant investments in the capital of other financials	N/A	
73	Significant investments in the common stock of financials	N/A	
74	Mortgage servicing rights (net of related tax liability)	N/A	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A	
	<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	N/A	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	N/A	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N/A	
	<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		
80	Current cap on CET1 instruments subject to phase out arrangements	N/A	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	
84	Current cap on T2 instruments subject to phase out arrangements	N/A	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	

## 6. Capital - Reconciliation of Capital as of 31 December 2022 (CC2)

(in million Rupiah)

No	ACCOUNTS	Published Statements of Financial Position	Consolidated Statements of Financial Position under Regulatory Scope of Consolidation	Reference number
		31 December 2022	31 December 2022	
ASSETS				
1.	Cash	428,680	428,680	
2.	Placement with Bank Indonesia	30,623,755	30,623,755	
3.	Placement with other banks	4,576,776	4,576,776	
4.	Spot and derivative receivables	324,246	324,246	
5.	Securities	16,472,737	16,472,737	
6.	Securites sold under repurchase agreement (repo)	40,781	40,781	
7.	Securities purchased with agreement to resell (reverse repo)	14,037,231	14,037,231	
8.	Acceptance receivables	2,095,274	2,095,274	
9.	Loans to customers	56,361,168	56,361,168	
10.	Sharia financing	-	-	
11.	Equity investment	-	-	
12.	Other financial assets	820,660	820,660	
13.	Impairment on financial assets -/-			
	a. Securities	(125)	(125)	
	b. Loans	(2,827,043)	(2,827,043)	
	c. Others	(131,610)	(131,610)	
14.	Intangible assets	370,148	370,148	D
	Accumulated amortisation on intangible assets -/-	(298,044)	(298,044)	D
15.	Properties and equipment	2,148,385	2,148,385	
	Accumulated depreciation on properties and equipment -/-	(1,308,524)	(1,308,524)	
16.	Non productive assets			
	a. Abandoned property	-	-	
	b. Foreclosed assets	83,127	83,127	
	c. Suspense accounts	-	-	
	d. Interbranch assets	-	-	
	Deferred tax assets	326,423	326,423	E
17.	Other Assets	1,837,999	1,837,999	
TOTAL ASSETS		125,982,044	125,982,044	

## 6. Capital - Reconciliation of Capital as of 31 December 2022 (CC2)

(in million Rupiah)

No	ACCOUNTS	Published Statements of Financial Position	Consolidated Statements of Financial Position under Regulatory Scope of Consolidation	Reference number
		31 December 2022	31 December 2022	
LIABILITIES AND EQUITIES				
LIABILITIES				
1.	Current account	43,086,745	43,086,745	
2.	Savings Account	15,538,844	15,538,844	
3.	Time deposits	31,562,079	31,562,079	
4.	Electronic money	-	-	
5.	Liabilities to Bank Indonesia	-	-	
6.	Deposits from other banks	3,356,681	3,356,681	
7.	Spot and derivative liabilities	466,359	466,359	
8.	Liabilities on securities sold under repurchase agreement (repo)	41,554	41,554	
9.	Acceptance liabilities	2,095,274	2,095,274	
10.	Issued securities	-	-	
11.	Loans received			
	a. Recognized in AT1	7,550,237	7,550,237	
	b. Not recognized in capital	1,167,563	1,167,563	
12.	Margin deposits	238,726	238,726	
13.	Interbank liabilities	-	-	
14.	Other liabilities	3,127,269	3,127,269	
TOTAL LIABILITIES		108,231,331	108,231,331	

## 6. Capital - Reconciliation of Capital as of 31 December 2022 (CC2)

(in million Rupiah)

No	ACCOUNTS	Published Statements of Financial Position	Consolidated Statements of Financial Position under Regulatory Scope of Consolidation	Reference number
		31 December 2022	31 December 2022	
EQUITY				
16.	Paid in capital			
	a. Capital	20,000,000	20,000,000	A
	b. Unpaid capital -/-	(9,413,605)	(9,413,605)	A
	c. Treasury stock -/-	-	-	
17.	Additional paid in capital			
	a. Agio	257,610	257,610	A
	b. Disagio -/-	-	-	
	c. Fund for paid up capital	-	-	
	d. Others	15,209	15,209	
18.	Other comprehensive income			
	a. Translation adjustment from foreign currency	-	-	
	b. Potential gain from an increase in fair value of financial assets measured at fair value through other comprehensive income	(92,606)	(92,606)	C
	c. Effective portion of cash flow hedge	-	-	
	d. Gain from fixed asset revaluation	-	-	
	e. Portion of other comprehensive income from associates	-	-	
	f. Remeasurement of defined benefit pension plans	(41,372)	(41,372)	
	g. Income tax of other comprehensive income	-	-	
	g.1. In accordance with gain from increase of fair value of financial assets measured at fair value through other comprehensive income	20,372	20,372	C
	g.2. In accordance with remeasurement of defined benefit pension plans	9,102	9,102	
	h. Others	4,847	4,847	
19.	Reserves			
	a. General reserves	77,248	77,248	C
	b. Appropriated reserves	-	-	
20.	Gain/Loss			
	a. Previous years	8,868,890	8,868,890	B
	b. Current year	1,902,598	1,902,598	B
	c. Dividend paid -/-	(3,857,580)	(3,857,580)	B
TOTAL EQUITY ATTRIBUTABLE TO OWNER		17,750,713	17,750,713	
TOTAL EQUITY		17,750,713	17,750,713	
TOTAL LIABILITIES AND EQUITIES		125,982,044	125,982,044	



## 7. Capital - Main Features of Capital and TLAC - Eligible Instruments (CCA)

(in million Rupiah)

No	Questions	Answers	Answers
1	Issuer	PT Bank HSBC Indonesia	PT Bank HSBC Indonesia
2	Unique identifier	-	-
3	Governing law(s) of the instrument	Indonesian Legal	Indonesian Legal
	a. Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	N/A	N/A
Regulatory treatment			
4	Transitional Basel III rules	N/A	N/A
5	Post-transitional Basel III rules	CET 1	Tier 2
6	Eligible at solo/group/group and solo	Individually	Individually
7	Instrument type	Regular stock	Subordinated loan
8	Amount recognized in regulatory capital	10,844,005	998,119
9	Par value of the instrument	10,586,395	1,167,563 (USD 75 million)
10	Accounting classification	Equity	Liability - Amortised Cost
11	Original date of issuance	13-Apr-17	10-Apr-17
12	Perpetual or dated	No maturity	With maturity
13	Original maturity date	N/A	10-Apr-27
14	Issuer call subject to prior supervisory approval	N/A	N/A
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call option	N/A	N/A
Coupons/dividends			
17	Fixed or floating dividend/coupon	N/A	Floating
18	Coupon rate and any related index	N/A	USD LIBOR 3 months + 407 bps
19	Existence of a dividend stopper	No	No
20	Fully discretionary; partial or mandatory	N/A	Mandatory
21	Existence of step-up or other incentive to redeem	N/A	No
22	Non-cumulative or cumulative	N/A	Cumulative
23	Convertible or non-convertible	N/A	Non Convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	if convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	N/A	Yes
31	If writedown, writedown trigger(s)	N/A	According to OJK's provision
32	If writedown, full or partial	N/A	According to OJK's provision
33	If write-down, permanent or temporary	N/A	According to OJK's provision
34	If temporary write-own, description of writeup mechanism	N/A	N/A
34a	Type of subordination	No	Yes
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	N/A	Subordinated
36	Non-compliant transitioned features	N/A	No
37	If yes, specify non-compliant features	N/A	N/A

## 8. Leverage Ratio - Exposure in Leverage Ratio Report and Report of Leverage Calculation

### A. Exposure in Leverage Ratio Report

Bank Name : PT Bank HSBC Indonesia

Report Position : December 2022

(in million Rupiah)

No	Description	Total
1	Total assets on the balance sheet in published financial statement (gross value before deducting impairment provision)	128,940,822
2	Adjustment for investment in Bank, Financial Institution, Insurance Company, and/or other entities that consolidated based on accounting standard yet out of scope consolidation based on Financial Services Authority	-
3	Adjustment for portfolio of financial asset that have underlying which already transferred to without recourse securitisation asset as stipulated in OJK's statutory regulation related to Prudential Principles in Securitisation Asset Activity for General Bank. In the case of underlying financial asset mentioned has already deducted from the total asset on the financial report position, hence the number in this line is 0 (zero)	-
4	Adjustment to temporary exception of Placement to Bank Indonesia in accordance Statutory Reserve Requirement (if any)	-
5	Adjustment to fiduciary asset that recognized as balance sheet based on accounting standard yet excluded from total exposure in Leverage Ratio calculation	-
6	Adjustment to acquisition cost and sales price of financial assets regularly using trade date accounting method	-
7	Adjustment to qualified cash pooling transaction as stipulated in Financial Services Authority (OJK) regulation	-
8	Adjustment to exposure of derivative transaction	1,093,394
9	Adjustment to exposure on Securities Financing Transaction (STF) as example: reverse repo transaction	-
10	Adjustment to exposure of Off Balance Sheet transaction that already multiply with Credit Conversion Factor	16,931,389
11	Prudent valuation adjustments in form of capital deduction factor and impairment provision	(3,482,247)
12	Other adjustments	-
13	<b>Total exposure in Leverage Ratio Calculation</b>	<b>143,483,358</b>

Notes : Calculation of leverage ratio is based on POJK No.31/POJK.03/2019

**B. Leverage Ratio Calculation Report**  
Bank Name : PT Bank HSBC Indonesia  
Report Position : December 2022

(in million Rupiah)

No		Information	Period	
			December 2022	September 2022
On Balance Sheet Exposure				
1	On-balance sheet exposures excluding derivatives and securities financing transactions (SFTs) (gross value before deducting impairment provision)	114,538,565	117,387,593	
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the accounting standard	-	-	
3	(Deductions of receivable assets for cash variation margin provided in derivatives transaction)	-	-	
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-	
5	(Impairment provision those assets in line with accounting standard applied)	(2,958,778)	(2,972,721)	
6	(Asset amounts accounted as a deduction factor of main capital as stipulated in Financial Services Authority's regulation on the obligation of minimum capital for general bank)	(398,527)	(377,830)	
7	<b>Total asset exposure on the financial report</b> Total from line 1 to 6	111,181,260	114,037,042	
Derivative Exposure				
8	Replacement cost associated with all derivatives transaction both with margin variation within the requirement or with billateral netting to comply with particular conditions	453,943	767,489	
9	Add-on amounts for potential future exposure associated with all derivatives transaction	963,696	1,024,323	
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-	
11	(Adjusted effective national offsets and add-on deduction for written credit derivatives)	-	-	
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	
13	Total derivative exposures	1,417,639	1,791,812	
Securities financing transaction exposures				
14	Gross SFT assets	14,078,012	10,439,985	
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	
16	Counterparty credit risk exposure for SFT assets refers to Current Exposure Calculation stipulated in OJK's regulation annex	-	-	
17	Agent Transaction exposures	-	-	
18	<b>Total SFT exposures</b>	14,078,012	10,439,985	
Other off-balance sheet exposures				
19	Off-balance sheet exposure at gross national amount	87,465,948	81,040,042	
20	(Adjustment from the result of multiplying commitment payable or contigent payables with credit conversion factor and deducted with impairment provision)	(70,534,559)	(65,811,567)	
21	(Impairment provision for off-balance sheet in line with accounting standard)	(124,942)	(75,144)	

**B. Leverage Ratio Calculation Report**

Bank Name : PT Bank HSBC Indonesia

Report Position : December 2022

(in million Rupiah)

No	Information	Period	
		December 2022	September 2022
22	<b>Total Off-balance sheet</b> Total line 19-21	16,806,447	15,153,331
<b>Capital and Total Exposures</b>			
23	Tier 1 Capital	17,281,273	16,955,164
24	<b>Total Exposure</b> Total of line 7, 13, 18, and 22	143,483,358	141,422,170
<b>Leverage Ratio</b>			
25	Leverage Ratio, including the impact from adjustment to temporary exemption on the current account placement to Bank Indonesia in fulfilling minimum current account provision (if any), that included average value of accounted assets	12.04%	11.99%
25a	Leverage Ratio, including the impact from adjustment to temporary exemption on the current account placement to Bank Indonesia in fulfilling minimum current account provision (if any)	12.04%	11.99%
26	Minimum leverage ratio requirement	3%	3%
27	Applicable leverage buffers	N/A	N/A
<b>Disclosure of mean values</b>			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	14,506,948	15,138,167
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	14,078,012	10,439,985
30	Total exposures, including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets	143,912,294	146,120,351
30a	Total exposures excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets	143,912,294	146,120,351
31	Basel III leverage ratio, including the impact of any applicable temporary exemption of central bank reserve, incorporating mean values from row 28 of gross SFT assets	12.01%	11.60%
31a	Basel III leverage ratio, excluding the impact of any applicable temporary exemption of central bank reserve, incorporating mean values from row 28 of gross SFT assets	12.01%	11.60%
Notes : Calculation of leverage ratio is based on POJK No.31/POJK.03/2019			

## 9. Credit Risk - Disclosure of Net Receivables Based on Area

No.	Portfolio Category	31 December 2022					
		Net receivables Based on Region					
		Area 1	Area 2	Area 3	Area 4	Area 5	Total
1	Receivables on Government	58,074,065	-	-	-	-	58,074,065
2	Receivables on Public Sector Entities	6,387,363	-	-	-	-	6,387,363
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	7,097,129	10,559	-	-	1,728,532	8,836,220
5	Loans Secured by Residential Property	355,128	155	-	-	-	355,283
6	Loan Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Pensions Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	4,285,589	352,291	60,672	51,471	18,962	4,768,985
9	Receivables on Corporate	46,765,346	4,807,456	127,627	248,430	185,892	52,134,751
10	Past Due Receivables	131,128	39,874	8,278	1,495	2,167	182,942
11	Other Assets	3,236,340	66,452	31,891	14,237	88,101	3,437,021
	<b>Total</b>	<b>126,332,088</b>	<b>5,276,787</b>	<b>228,468</b>	<b>315,633</b>	<b>2,023,654</b>	<b>134,176,630</b>
<b>Notes :</b> Area 1 : Java; Area 2 : Sumatra ; Area 3 : Sulawesi Area 4 : Kalimantan; Area 5 : Others							

## 10. Credit Risk - Disclosure of Net Receivables based on Remaining Contract Period

No.	Portfolio Category	31 December 2022					
		Net Receivables by Remaining Contractual Maturity					
		≤ 1 year	>1 year to 3 year	>3 year to 5 year	> 5 year	Non Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Government	18,741,465	8,475,488	133,761	99,596	30,623,755	58,074,065
2	Receivables on Public Sector Entities	5,284,690	1,886	1,067,892	32,895	-	6,387,363
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	8,085,490	667,729	36,298	46,703	-	8,836,220
5	Loans Secured by Residential Property	1,737	20,363	55,581	277,602	-	355,283
6	Loan Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Pensions Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	1,652,892	1,308,035	1,070,989	737,069	-	4,768,985
9	Receivables on Corporate	44,702,790	2,721,070	2,651,306	2,059,585	-	52,134,751
10	Past Due Receivables	135,147	1,453	5,012	41,330	-	182,942
11	Other Assets	-	-	-	-	3,437,021	3,437,021
	<b>Total</b>	<b>78,604,211</b>	<b>13,196,024</b>	<b>5,020,839</b>	<b>3,294,780</b>	<b>34,060,776</b>	<b>134,176,630</b>



(in million Rupiah)

31 December 2021						
Net receivables Based on Region						
Area 1	Area 2	Area 3	Area 4	Area 5	Total	
61,768,421	-	-	-	-	61,768,421	
6,001,632	-	-	-	-	6,001,632	
-	-	-	-	-	-	
8,040,366	-	-	-	-	8,040,366	
531,930	-	-	-	-	531,930	
-	-	-	-	-	-	
-	-	-	-	-	-	
3,736,072	304,966	38,681	60,770	15,638	4,156,127	
44,475,991	3,939,822	283,027	333,473	84,136	49,116,449	
517,222	48,524	6,509	37,913	2,187	612,355	
2,800,017	40,952	73,745	2,019	-	2,916,733	
<b>127,871,651</b>	<b>4,334,264</b>	<b>401,962</b>	<b>434,175</b>	<b>101,961</b>	<b>133,144,013</b>	

(in million Rupiah)

31 December 2021						
Net Receivables by Remaining Contractual Maturity						
≤ 1 year	>1 year to 3 year	>3 year to 5 year	> 5 year	Non Contractual	Total	
(3)	(4)	(5)	(6)	(7)	(8)	
38,729,579	11,928,937	1,650,264	1,041,862	8,417,779	61,768,421	
6,001,632	-	-	-	-	6,001,632	
-	-	-	-	-	-	
4,256,324	239,553	123,417	57,079	3,363,993	8,040,366	
2,708	23,418	56,857	448,947	-	531,930	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,349,537	1,031,775	1,230,892	543,923	-	4,156,127	
48,708,100	274,018	132,990	1,341	-	49,116,449	
574,683	7,118	2,390	28,164	-	612,355	
-	-	-	-	2,916,733	2,916,733	
<b>99,622,563</b>	<b>13,504,819</b>	<b>3,196,810</b>	<b>2,121,316</b>	<b>14,698,505</b>	<b>133,144,013</b>	

## 11. Credit Risk - Disclosure of Net Receivables by Economic Sector

31 December 2022						
No.	Economic Sector	Receivables on Government	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Agriculture, Forestry, and Fisheries	-	-	-	-	-
2	Mining and Quarrying	-	1,507,318	-	-	-
3	Manufacturing	-	2,885,463	-	-	-
4	Electricity, gas, hot water, and cold air	-	-	-	-	-
5	Water Management, Waste Management and Recycling	-	-	-	-	-
6	Construction	-	1,753,263	-	-	-
7	Wholesale and Retail Trading; Car and Motorcycle Repair, and Maintenance	-	-	-	-	-
8	Transportation and warehousing	-	-	-	-	-
9	Accommodation, Food, and Drink Activities	-	-	-	-	-
10	Information and Communication	-	-	-	-	-
11	Financial and Insurance Activities	44,555,890	238,223	-	8,836,220	-
12	Real Estate	-	-	-	-	-
13	Professional, Scientific, and Technical Activities	-	-	-	-	-
14	Activities in Lease and Lease without Option Rights, Labor, Travel Agents, and Other Business Support	-	-	-	-	-
15	Government Administration, Defense, and Social Security	13,518,175	-	-	-	-
16	Education	-	-	-	-	-
17	Human Health Activities and Social Activities	-	-	-	-	-
18	Arts, Entertainment, and Recreation	-	-	-	-	-
19	Other Service Activities	-	-	-	-	-
20	Household Activities as livelihood	-	-	-	-	-
21	Activities of International Agencies and Other Extra International	-	-	-	-	-
22	Non-Business Field	-	3,096	-	-	-
23	Others	-	-	-	-	355,283
<b>Total</b>		<b>58,074,065</b>	<b>6,387,363</b>	<b>-</b>	<b>8,836,220</b>	<b>355,283</b>

(in million rupiah)

Loans secured by Commercial Real Estate	Employee/Pension Loans	Receivables on Micro, Small, Business and Retails Portfolio	Receivables on Corporates	Past Due Receivables	Other Assets
(8)	(9)	(10)	(11)	(12)	(13)
-	-	17,115	316,686	4,401	-
-	-	-	3,112,533	-	-
-	-	164,229	24,463,889	81,577	-
-	-	-	187,287	-	-
-	-	77	5,948	-	-
-	-	81,259	1,100,575	2,816	-
-	-	878,998	8,254,021	69,298	-
-	-	66,540	346,447	-	-
-	-	35,791	69,474	-	-
-	-	14,771	6,845,594	-	-
-	-	-	3,381,057	-	-
-	-	19,697	745,264	-	-
-	-	34,692	58,532	-	-
-	-	31,783	756,647	-	-
-	-	-	-	-	-
-	-	760	-	-	-
-	-	7,683	735,162	-	-
-	-	-	-	-	-
-	-	12,349	174,259	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	55,314	-	-
-	-	3,403,241	1,526,062	24,850	3,437,021
-	-	4,768,985	52,134,751	182,942	3,437,021

## 11. Credit Risk - Disclosure of Net Receivables by Economic Sector

31 December 2021						
No.	Economic Sector	Receivables on Government	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Agriculture, Forestry, and Fisheries	-	-	-	-	-
2	Mining and Quarrying	-	-	-	-	-
3	Manufacturing	-	5,595,233	-	-	-
4	Electricity, gas, hot water, and cold air	-	-	-	-	-
5	Water Management, Waste Management and Recycling	-	-	-	-	-
6	Construction	-	406,399	-	-	-
7	Wholesale and Retail Trading; Car and Motorcycle Repair, and Maintenance	-	-	-	-	-
8	Transportation and warehousing	-	-	-	-	-
9	Accommodation, Food, and Drink Activities	-	-	-	-	-
10	Information and Communication	-	-	-	-	-
11	Financial and Insurance Activities	37,612,911	-	-	8,040,366	-
12	Real Estate	-	-	-	-	-
13	Professional, Scientific, and Technical Activities	-	-	-	-	-
14	Activities in Lease and Lease without Option Rights, Labor, Travel Agents, and Other Business Support	-	-	-	-	-
15	Government Administration, Defense, and Social Security	24,155,510	-	-	-	-
16	Education	-	-	-	-	-
17	Human Health Activities and Social Activities	-	-	-	-	-
18	Arts, Entertainment, and Recreation	-	-	-	-	-
19	Other Service Activities	-	-	-	-	-
20	Household Activities as livelihood	-	-	-	-	-
21	Activities of International Agencies and Other Extra International	-	-	-	-	-
22	Non-Business Field	-	-	-	-	-
23	Others	-	-	-	-	531,930
<b>Total</b>		<b>61,768,421</b>	<b>6,001,632</b>	<b>-</b>	<b>8,040,366</b>	<b>531,930</b>

(in million rupiah)

Loans secured by Commercial Real Estate	Employee/ Pension Loans	Receivables on Micro, Small, Business and Retails Portfolio	Receivables on Corporates	Past Due Receivables	Other Assets
(8)	(9)	(10)	(11)	(12)	(13)
-	-	8,012	344,724	1,072	-
-	-	-	2,965,402	-	-
-	-	151,035	20,619,781	245,664	-
-	-	-	12,050	-	-
-	-	-	-	-	-
-	-	44,812	3,952,869	8,036	-
-	-	685,595	7,474,248	327,778	-
-	-	63,325	1,035,487	4,658	-
-	-	23,676	75,232	4,048	-
-	-	6,712	7,300,461	-	-
-	-	-	3,306,427	-	-
-	-	4,811	968,829	-	-
-	-	22,141	237,819	-	-
-	-	17,387	799,758	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,198	16,451	-	-
-	-	-	-	-	-
-	-	11,101	6,405	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,111,322	505	21,099	2,916,733
-	-	4,156,127	49,116,449	612,355	2,916,733

## 12. Credit Risk - Quantitative Disclosures of Receivables and Allowance by Region

(in million rupiah)

No.	Description	31 December 2022					
		Area					
		Area 1	Area 2	Area 3	Area 4	Area 5	Total
1	Receivables	121,413,637	5,223,008	188,561	283,695	197,304	127,306,205
2	Receivables with increased and impaired credit risk receivables (stage 2 and stage 3)						
	a. Non past due	7,393,666	652,278	25,324	118,225	80,749	8,270,242
	b. Past due	1,465,030	110,280	10,006	5,968	2,549	1,593,833
3	Allowance for Impairment Losses - Stage 1	137,972	5,257	209	258	106	143,802
4	Allowance for Impairment Losses - Stage 2	316,397	57,879	147	497	4,868	379,788
5	Allowance for Impairment Losses - Stage 3	2,256,192	126,254	5,373	46,676	694	2,435,189
6	Written-off receivables	325,104	46,419	-	-	-	371,523

(in million rupiah)

No.	Description	31 December 2021					
		Area					
		Area 1	Area 2	Area 3	Area 4	Area 5	Total
1	Receivables	122,264,907	4,270,830	369,239	249,532	104,574	127,259,082
2	Receivables with increased and impaired credit risk receivables (stage 2 and stage 3)						
	a. Non past due	21,238,852	2,060,486	116,787	45,515	85,459	23,547,099
	b. Past due	2,574,781	204,478	15,956	44,810	2,572	2,842,597
3	Allowance for Impairment Losses - Stage 1	178,372	13,279	874	1,432	85	194,042
4	Allowance for Impairment Losses - Stage 2	471,921	23,637	905	1,654	2,227	500,344
5	Allowance for Impairment Losses - Stage 3	2,286,395	180,563	40,858	6,763	385	2,514,964
6	Written-off receivables	810,138	5,789	-	-	4,751	820,678

### Note:

Area 1 : Java  
Area 2 : Sumatra  
Area 3 : Sulawesi  
Area 4 : Kalimantan  
Area 5 : Others



## 13. Credit Risk - Quantitative Disclosures of Receivables and Allowance by Economic Sector

(in million rupiah)

31 December 2022								
No.	Economic Sectors	Receivables	Receivables with increased and impaired credit risk		Allowance for Impairment Losses - Stage 1	Allowance for Impairment Losses - Stage 2	Allowance for Impairment Losses - Stage 3	Written-Off Receivables
			Non Past Due	Past Due				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Agriculture, Forestry, and Fisheries	358,809	331,078	10,632	27	8,952	14,992	-
2	Mining and Quarrying	3,824,805	33,303	-	4,338	77	-	-
3	Manufacturing	27,757,148	4,272,170	1,067,070	23,501	166,487	1,244,342	14,723
4	Electricity, gas, hot water, and cold air	2,164	-	-	1	-	-	-
5	Water Management, Waste Management and Recycling	-	-	-	-	-	-	-
6	Construction	2,711,499	1,387,259	3,387	1,514	50,297	627	2,857
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	7,826,936	1,596,938	213,389	7,008	41,452	725,773	168,137
8	Transportation and warehousing	361,398	19,494	-	571	45	4,883	-
9	Accommodation activities and Food and Drink	120,272	79,577	-	241	4,327	20,901	-
10	Information and Communication	6,112,651	41,605	274,205	5,246	169	274,205	-
11	Financial and Insurance Activities	54,186,608	523	-	5,129	2	-	-
12	Real Estate	768,758	31,845	-	722	-	10,751	-
13	Professional, Scientific, and Technical Activities	78,747	28,034	-	330	90	-	-
14	Activities in Lease and Lease without Option Rights, Labor, Travel Agents, and Other Business Support	689,629	372	-	852	1	-	-
15	Government Administration, Defense, and Social Security	13,308,441	-	-	-	-	-	-
16	Education	759	-	-	23	-	-	-
17	Human Health Activities and Social Activities	741,086	295	-	709	-	-	-
18	Arts, Entertainment, and Recreation	-	-	-	-	-	-	-
19	Other Service Activities	145,700	5,969	-	140	91	-	-
20	Household Activities as livelihood	-	-	-	-	-	-	-
21	Activities of International Agencies and Other Extra International	-	-	-	-	-	-	-
22	Non-Business Field	53,516	-	-	-	-	-	-
23	Others	8,257,279	441,780	25,150	93,450	107,798	138,715	185,806
<b>Total</b>		<b>127,306,205</b>	<b>8,270,242</b>	<b>1,593,833</b>	<b>143,802</b>	<b>379,788</b>	<b>2,435,189</b>	<b>371,523</b>

### 13. Credit Risk - Quantitative Disclosures of Receivables and Allowance by Economic Sector

(in million rupiah)

31 December 2021								
No.	Economic Sectors	Receivables	Receivables with increased and impaired credit risk		Allowance for Impairment Losses - Stage 1	Allowance for Impairment Losses - Stage 2	Allowance for Impairment Losses - Stage 3	Written-Off Receivables
			Non Past Due	Past Due				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Agriculture, Forestry, and Fisheries	368,510	243	15,728	1,899	73	14,655	-
2	Mining and Quarrying	2,370,585	1,362,910	-	5,424	8,329	-	-
3	Manufacturing	25,538,085	10,134,958	1,428,824	66,450	218,652	1,227,201	500,180
4	Electricity, gas, hot water, and cold air	-	-	-	-	-	-	-
5	Water Management, Waste Management and Recycling	-	-	-	-	-	-	-
6	Construction	4,111,588	3,527,044	34,049	2,008	4,066	28,164	44,006
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	7,929,196	2,390,006	1,046,334	31,911	42,887	819,972	37,833
8	Transportation and warehousing	559,781	150,266	12,698	2,123	1,271	83,626	5,789
9	Accommodation activities and Food and Drink	106,911	59,591	23,560	123	1,898	19,512	-
10	Information and Communication	7,827,892	5,072,038	274,205	13,317	120,879	274,178	-
11	Financial and Insurance Activities	45,693,110	45,000	-	29,582	2	-	-
12	Real Estate	763,666	37,481	-	3,900	-	12,207	4,752
13	Professional, Scientific, and Technical Activities	261,098	40,108	-	1,187	1,138	-	-
14	Activities in Lease and Lease without Option Rights, Labor, Travel Agents, and Other Business Support	823,551	254,565	-	3,041	6,407	-	-
15	Government Administration, Defense, and Social Security	24,155,510	-	-	-	-	-	-
16	Education	-	-	-	-	-	-	-
17	Human Health Activities and Social Activities	20,316	295	-	108	1	-	-
18	Arts, Entertainment, and Recreation	-	-	-	-	-	-	-
19	Other Service Activities	17,507	-	-	94	-	-	-
20	Household Activities as livelihood	-	-	-	-	-	-	-
21	Activities of International Agencies and Other Extra International	-	-	-	-	-	-	-
22	Non-Business Field	-	-	-	-	-	-	-
23	Others	6,711,776	472,593	7,199	32,875	94,741	35,449	228,118
<b>Total</b>		<b>127,259,082</b>	<b>23,547,098</b>	<b>2,842,597</b>	<b>194,042</b>	<b>500,344</b>	<b>2,514,964</b>	<b>820,678</b>

**14. Credit Risk - Disclosure of Detailed Changes in Allowances for Impairment Losses**

(in million rupiah)

No.	Description	31 December 2022		
		Stage 1	Stage 2	Stage 3
(1)	(2)	(3)	(4)	(5)
1	Beginning balance of allowance for impairment losses	215,103	518,831	2,519,276
2	Additional/reversal allowance for impairment losses during the year (net)	(156,520)	50,772	139,178
3	Allowance for impairment losses used to cover written off receivables during the year	-	-	(371,522)
4	Other additional (reversal) allowance during the year *)	108,128	(169,061)	256,708
<b>Ending Balance of Allowance for Impairment Losses</b>		<b>166,711</b>	<b>400,542</b>	<b>2,543,640</b>

\*) Recovery, FX rate exchange and transfer between staging

Note: Disclosure on detail movements of allowance for impairment losses is including movements of allowance for impairment losses on commitment and contingency and investment securities at fair value through other comprehensive income

**14. Credit Risk - Disclosure of Detailed Changes in Allowances for Impairment Losses**

(in million rupiah)

No.	Description	31 December 2021		
		Stage 1	Stage 2	Stage 3
(1)	(2)	(3)	(4)	(5)
1	Beginning balance of allowance for impairment losses	375,924	751,496	2,097,638
2	Additional/reversal allowance for impairment losses during the year (net)	(133,645)	(222,975)	1,104,674
3	Allowance for impairment losses used to cover written off receivables during the year	-	-	(820,678)
4	Other additional (reversal) allowance during the year *)	(27,176)	(9,690)	137,642
<b>Ending Balance of Allowance for Impairment Losses</b>		<b>215,103</b>	<b>518,831</b>	<b>2,519,276</b>

\*) Recovery, FX rate exchange and transfer between staging

Note: Disclosure on detail movements of allowance for impairment losses is including movements of allowance for impairment losses on commitment and contingency and investment securities at fair value through other comprehensive income

# 15. Credit Risk - Disclosure of Net Receivables based on Portfolio and Rating

No.	Portfolio Category	Long-Term Rating				
		Company Rating				
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-
		Moody's	Aaa	Aa1 to AA3	A1 to A3	Baaa1 to Baa3
		PT Fitch Rating Indonesia	AAA	AA+(idn) to. AA- (idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB- (idn)
		PT ICRA Indonesia	(ldr) AAA	(ldr) AA+ to (ldr) AA-	(ldr) A+ to (ldr) A-	(ldr) BBB+ to (ldr) BBB-
		PT Pemeringkat Efek Indonesia	ID AAA	idAA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Government		-	-	-	58,074,065
2	Receivables on Public Sector Entities		15,255	1,005,664	1,839,559	1,507,319
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		499,401	213,267	414,277	109,520
5	Loans Secured by Residential Property					
6	Loan Secured by Commercial Real Estate					
7	Employee/Pensions Loans					
8	Receivables on Micro, Small Business & Retail Portfolio		-	-	-	-
9	Receivables on Corporate		13,086	577,785	1,045,111	1,040,410
10	Past Due Receivables					
11	Other Assets					
Total			527,742	1,796,716	3,298,947	60,731,314

(in million Rupiah)

31 December 2022

Short-Term Rating							Unrated	Total
BB+ to BB-	B+ to B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
BB+ to BB-	B+ to B-	Lower than B-	F1+ to F1	F2	F3	Lower than F3		
Ba1 to Ba3	B1 to B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
BB+ (idn) to BB- (idn)	B+ (idn) to B- (idn)	Lower than B- (idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Lower than F3 (idn)		
(ldr) BB+ to (ldr) BB-	(ldr) B+ to (ldr) B-	Lower than (ldr) B-	(ldr) A1+ to (ldr) A1	(ldr) A2+ to (ldr) A2	(ldr) A3+ to (ldr) A4	Lower than (ldr) A3		
id BB+ to id BB	idB+ to id B-	Lower than id B-	id A1	id A2	id A3 to A4	Lower than id A4		
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	-	-	58,074,065
-	-	-	-	-	-	-	2,019,566	6,387,363
-	-	-	-	-	-	-	-	-
112,986	-	-	-	-	-	-	7,486,769	8,836,220
							355,283	355,283
							-	-
							-	-
-	-	-	-	-	-	-	4,768,985	4,768,985
1,552,285	1,292,986	-	-	-	-	-	46,613,088	52,134,751
							182,942	182,942
							3,437,021	3,437,021
1,665,271	1,292,986	-	-	-	-	-	64,863,654	134,176,630

# 15. Credit Risk - Disclosure of Net Receivables based on Portfolio and Rating

No.	Portfolio Category	Long-Term Rating				
		Company Rating				
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-
		Moody's	Aaa	Aa1 to AA3	A1 to A3	Baaa1 to Baa3
		PT Fitch Rating Indonesia	AAA	AA+(idn) to. AA- (idn)	A+ (idn) to A-(idn)	BBB+ (idn) to BBB- (idn)
		PT ICRA Indonesia	(ldr) AAA	(ldr) AA+ to (ldr) AA-	(ldr) A+ to (ldr) A-	(ldr) BBB+ to (ldr) BBB-
		PT Pemeringkat Efek Indonesia	ID AAA	idAA+ to id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Government		-	-	-	61,768,421
2	Receivables on Public Sector Entities		-	1,073,589	3,421,282	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	
4	Receivables on Banks		40,148	2,228,854	1,765,308	484,532
5	Loans Secured by Residential Property					
6	Loan Secured by Commercial Real Estate					
7	Employee/Pensions Loans					
8	Receivables on Micro, Small Business & Retail Portfolio		-	-	-	-
9	Receivables on Corporate		1,546,840	1,391,764	967,014	1,231,984
10	Past Due Receivables					
11	Other Assets					
<b>Total</b>			<b>1,586,988</b>	<b>4,694,207</b>	<b>6,153,604</b>	<b>63,484,937</b>



(in million Rupiah)

31 December 2021							Unrated	Total
Short-Term Rating								
BB+ to BB-	B+ to B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
BB+ to BB-	B+ to B-	Lower than B-	F1+ to F1	F2	F3	Lower than F3		
Ba1 to Ba3	B1 to B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
BB+ (idn) to BB- (idn)	B+ (idn) to B-(idn)	Lower than B- (idn)	F1+ (idn) to F1 (idn)	F2 (idn)	F3 (idn)	Lower than F3 (idn)		
(ldr) BB+ to (ldr) BB-	(ldr) B+ to (ldr) B-	Lower than (ldr) B-	(ldr) A1+ to (ldr) A1	(ldr) A2+ to (ldr) A2	(ldr) A3+ to (ldr) A4	Lower than (ldr) A3		
id BB+ to id BB	idB+ to id B-	Lower than id B-	id A1	id A2	id A3 to A4	Lower than id A4		
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	-	-	61,768,421
-	-	-	-	-	-	-	1,506,761	6,001,632
-	-	-	-	-	-	-	-	-
29,439	-	-	-	-	-	-	3,492,085	8,040,366
							531,930	531,930
							-	-
							-	-
							4,156,127	4,156,127
2,092,490	599,169						41,287,188	49,116,449
							612,355	612,355
							2,916,733	2,916,733
2,121,929	599,169	-	-	-	-	-	54,503,179	133,144,013

## 16. Credit Risk - Disclosures of Net Charges by Risks Weight After Considering Credit Risks Mitigating Impact

No.	Portfolio Category	Net receivable after		
		0%	20%	25%
(1)	(2)	(3)	(4)	(5)
<b>A Balance Sheet Exposure</b>				
1	Receivables on Government	44,141,929	-	-
2	Receivables on Public Sector Entities	-	1,005,664	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks	-	5,139,732	-
5	Loans Secured by Residential Property	-	225,439	90,587
6	Loans Secured by Commercial Real Estate	-	-	-
7	Employee loans/Pension	-	-	-
8	Receivables on Micro, Small Business, & Retail Portfolio	435,917	-	-
9	Receivables on Corporate	1,645,391	255,655	-
10	Past Due Receivables	500	-	-
11	Other Assets	428,680	-	-
<b>Total Balance Sheet Exposure</b>		<b>46,652,417</b>	<b>6,626,490</b>	<b>90,587</b>
<b>B Administrative Account Exposure</b>				
1	Receivables on Government	-	-	-
2	Receivables on Public Sector Entities	-	15,255	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks	-	25,451	-
5	Loans Secured by Residential Property	-	-	-
6	Loan Secured by Commercial Real Estate	-	-	-
7	Employee loans/Pension	-	-	-
8	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-
9	Receivables on Corporate	-	311,627	-
10	Past Due Receivables	-	-	-
<b>Total Administrative Account Exposure</b>		<b>-</b>	<b>352,333</b>	<b>-</b>
<b>C Counterparty Credit Risk Exposure</b>				
1	Receivables on Government	13,932,136	-	-
2	Receivables on Public Sector Entities	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks	-	808,552	-
5	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-
6	Receivables on Corporate	-	23,589	-
<b>Total Counterparty Credit Risk Exposure</b>		<b>13,932,136</b>	<b>832,141</b>	<b>-</b>

(in million Rupiah)

31 December 2022						RWA	Capital Charge
Credit Risks Mitigation							
35%	50%	75%	100%	150%	Others		
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	-	-	-		-	-
-	5,315,804	-	-	-		2,859,035	228,723
-	-	-	-	-		-	-
-	908,149	-	-	-		1,482,020	118,562
39,257	-	-	-	-		81,475	6,518
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	-	4,332,978	-	-		3,249,734	259,979
-	1,020,438	-	40,719,409	1,281,054		43,202,340	3,456,187
-	-	-	24,816	157,626		261,255	20,900
-	-	-	2,925,214	83,127		3,049,905	243,992
39,257	7,244,391	4,332,978	43,669,439	1,521,807	-	54,185,764	4,334,861
-	-	-	-	-		-	-
-	50,640	-	-	-		28,371	2,270
-	-	-	-	-		-	-
-	1,449,464	-	-	-		729,822	58,385
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	-	90	-	-		68	5
-	23,015	-	6,657,080	11,772		6,748,570	539,885
-	-	-	-	-		-	-
-	1,523,119	90	6,657,080	11,772	-	7,506,831	600,546
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	500,666	-	4,206	-		416,248	33,300
-	-	-	-	-		-	-
-	-	-	185,561	160		190,519	15,241
-	500,666	-	189,767	160	-	606,767	48,541

# 16. Credit Risk - Disclosures of Net Charges by Risks Weight After Considering Credit Risks Mitigating Impact

No.	Portfolio Category	Net receivable after		
		0%	20%	25%
(1)	(2)	(3)	(4)	(5)
<b>A Balance Sheet Exposure</b>				
1	Receivables on Government	51,708,129	-	-
2	Receivables on Public Sector Entities	-	1,002,073	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks	-	4,350,653	-
5	Loans Secured by Residential Property	-	217,927	165,415
6	Loans Secured by Commercial Real Estate	-	-	-
7	Employee loans/Pension	-	-	-
8	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-
9	Receivables on Corporate	-	3,546,890	-
10	Past Due Receivables	-	-	-
11	Other Assets	429,856	-	-
<b>Total Balance Sheet Exposure</b>		<b>52,137,985</b>	<b>9,117,543</b>	<b>165,415</b>
<b>B Administrative Account Exposure</b>				
1	Receivables on Government	-	-	-
2	Receivables on Public Sector Entities	-	72,169	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks	-	24,169	-
5	Loans Secured by Residential Property	-	-	-
6	Loan Secured by Commercial Real Estate	-	-	-
7	Employee loans/Pension	-	-	-
8	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-
9	Receivables on Corporate	-	583,882	-
10	Past Due Receivables	-	-	-
<b>Total Administrative Account Exposure</b>		<b>-</b>	<b>680,220</b>	<b>-</b>
<b>C Counterparty Credit Risk Exposure</b>				
1	Receivables on Government	10,060,292	-	-
2	Receivables on Public Sector Entities	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks	-	195,082	-
5	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-
6	Receivables on Corporate	-	7	-
<b>Total Counterparty Credit Risk Exposure</b>		<b>10,060,292</b>	<b>195,089</b>	<b>-</b>

(in million Rupiah)

31 December 2021						RWA	Capital Charge
Credit Risks Mitigation							
35%	50%	75%	100%	150%	Others		
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	-	-	-		-	-
-	4,576,019	-	-	-		2,488,293	199,063
-	-	-	-	-		-	-
-	482,535	-	-	-		1,111,399	88,912
148,588	-	-	-	-		136,945	10,956
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	-	4,149,930	-	-		2,851,351	228,108
-	857,069	-	38,877,250	575,654		40,639,880	3,251,190
-	-	-	2,129	610,226		915,730	73,258
-	-	-	2,348,443	138,434		2,556,095	204,488
148,588	5,915,623	4,149,930	41,227,822	1,324,314	-	50,699,693	4,055,975
-	-	-	-	-		-	-
-	352,025	-	-	-		190,446	15,236
-	-	-	-	-		-	-
-	2,274,491	-	21,622	-		1,163,701	93,096
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	-	6,188	-	-		4,641	371
-	104,918	-	4,369,180	22,516		4,572,190	365,775
-	-	-	-	-		-	-
-	2,731,434	6,188	4,390,802	22,516	-	5,930,978	474,478
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	-	-	-	-		-	-
-	685,319	-	6,496	-		388,171	31,053
-	-	9	-	-		7	1
-	2,600	-	176,483	-		177,784	14,223
-	687,919	9	182,979	-	-	565,962	45,277

# 17. Credit Risk - Disclosure of Net Receivables and Credit Risk Mitigation Techniques

(in million Rupiah)

31 December 2022							
No.	Portfolio Category	Net Receivables	Secured by			Unsecured Portion	
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3) - [(4)+(5)+(6)+(7)]
<b>A Balance Sheet Exposure</b>							
1	Receivables on Government	44,141,929	-	-	-		44,141,929
2	Receivables on Public Sector Entities	6,321,468	-	-	-		6,321,468
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	6,047,881	-	-	-		6,047,881
5	Loans Secured by Residential Property	355,283	-	-	-		355,283
6	Loans Secured by Commercial Real Estate	-	-	-	-		-
7	Employee loans/Pension	-	-	-	-		-
8	Receivables on Micro, Small Business, & Retail Portfolio	4,768,895	435,917	-	-		4,332,978
9	Receivables on Corporate	44,921,947	1,645,391	-	-		43,276,556
10	Past Due Receivables	182,942	-	-	-		182,942
11	Other Assets	3,437,021	-	-	-		3,437,021
<b>Total Balance Sheet Exposure</b>		<b>110,177,366</b>	<b>2,081,308</b>	-	-	-	<b>108,096,058</b>
<b>B Administrative Account Exposure</b>							
1	Receivables on Government	-					-
2	Receivables on Public Sector Entities	65,895	-	-	-		65,895
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	1,474,915	-	-	-		1,474,915
5	Loans Secured by Residential Property	-	-	-	-		-
6	Loans Secured by Commercial Real Estate	-	-	-	-		-
7	Employee loans/Pension	-	-	-	-		-
8	Receivables on Micro, Small Business, & Retail Portfolio	90	-	-	-		90
9	Receivables on Corporate	7,003,494	-	-	-		7,003,494
10	Past Due Receivables	-	-	-	-		-
<b>Total Administrative Account Exposure</b>		<b>8,544,394</b>	-	-	-	-	<b>8,544,394</b>
<b>C Counterparty Credit Risk Exposure</b>							
1	Receivables on Government	13,932,136	-	-	-		13,932,136
2	Receivables on Public Sector Entities	-	-	-	-		-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	1,313,424	-	-	-		1,313,424
5	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-	-		-
6	Receivables on Corporate	209,310	-	-	-		209,310
<b>Total Counterparty Credit Risk Exposure</b>		<b>15,454,870</b>	-	-	-	-	<b>15,454,870</b>
<b>Total (A+B+C)</b>		<b>134,176,630</b>	<b>2,081,308</b>	-	-	-	<b>132,095,322</b>



## 17. Credit Risk - Disclosure of Net Receivables and Credit Risk Mitigation Techniques

(in million Rupiah)

No.	Portfolio Category	31 December 2021					
		Net Receivables	Secured by			Unsecured Portion	
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3) - [(4)+(5)+(6)+(7)]
<b>A Balance Sheet Exposure</b>							
1	Receivables on Government	51,708,129	-	-	-		51,708,129
2	Receivables on Public Sector Entities	5,577,438	-	-	-		5,577,438
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	4,833,188	-	-	-		4,833,188
5	Loans Secured by Residential Property	531,930	-	-	-		531,930
6	Loans Secured by Commercial Real Estate	-	-	-	-		-
7	Employee loans/Pension	-	-	-	-		-
8	Receivables on Micro, Small Business, & Retail Portfolio	4,149,930	348,128	-	-		3,801,802
9	Receivables on Corporate	43,856,863	1,189,748	-	-		42,667,115
10	Past Due Receivables	612,355	-	-	-		612,355
11	Other Assets	2,916,733	-	-	-		2,916,733
	<b>Total Balance Sheet Exposure</b>	<b>114,186,566</b>	<b>1,537,876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,648,690</b>
<b>B Administrative Account Exposure</b>							
1	Receivables on Government	-					-
2	Receivables on Public Sector Entities	424,194	-	-	-		424,194
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	2,320,282	-	-	-		2,320,282
5	Loans Secured by Residential Property	-	-	-	-		-
6	Loans Secured by Commercial Real Estate	-	-	-	-		-
7	Employee loans/Pension	-	-	-	-		-
8	Receivables on Micro, Small Business, & Retail Portfolio	6,188	-	-	-		6,188
9	Receivables on Corporate	5,080,496	-	-	-		5,080,496
10	Past Due Receivables	-	-	-	-		-
	<b>Total Administrative Account Exposure</b>	<b>7,831,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,831,160</b>
<b>C Counterparty Credit Risk Exposure</b>							
1	Receivables on Government	10,060,292	-	-	-		10,060,292
2	Receivables on Public Sector Entities	-	-	-	-		-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	886,896	-	-	-		886,896
5	Receivables on Micro, Small Business, & Retail Portfolio	9	-	-	-		9
6	Receivables on Corporate	179,090	-	-	-		179,090
	<b>Total Counterparty Credit Risk Exposure</b>	<b>11,126,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,126,287</b>
	<b>Total (A+B+C)</b>	<b>133,144,013</b>	<b>1,537,876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,606,137</b>

# 18. Credit Risk - Credit Risk Calculation Standard Approach - Disclosure of Asset Exposure in Balance Sheet

## 1. Asset Exposure in the balance sheet, except on the security exposure

(in million Rupiah)

No	Portfolio Category	31 December 2022			31 December 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(3)	(4)	(5)
1	Receivables on Government						
	a. Receivables on the Government of Indonesia	44,141,929	-	-	51,708,129	-	-
	b. Receivables on Government of Other Countries	-	-	-	-	-	-
2	Receivables on Public Sector Entities	6,321,468	2,859,035	2,859,035	5,577,438	2,488,293	2,488,293
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks						
	a. Short-term Receivables	5,139,732	1,027,946	1,027,946	4,350,653	870,131	870,131
	b. Long-Term Receivables	908,149	454,074	454,074	482,535	241,268	241,268
5	Loans Secured by Residential Property	355,283	81,475	81,475	531,930	136,945	136,945
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee loans/Pension	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	4,768,895	3,576,672	3,249,734	4,149,930	3,112,447	2,851,351
9	Receivables on Corporates	44,921,947	44,847,732	43,202,340	43,856,863	41,833,597	40,639,880
10	Past Due Receivables						
	a. Loan Secured by Residential Property	24,816	24,816	24,816	2,129	2,129	2,129
	b. Other than Loan Secured by Residential Property	158,126	237,189	236,439	610,226	915,339	913,601
11	Other Assets						
	a. Cash, gold, commemorative coin	428,680		-	429,856		-
	b. Equity (other than factoring on capital deduction)			-			-
	1) Temporary equity capital on credit restructuring	-		-	-		-
	2) Equity capital on unlisted financial companies	-		-	-		-
	3) Equity capital on listed financial companies	-		-	-		-
	c. Fixed assets and net inventory	839,861		839,861	833,454		833,454
	d. Foreclosed collaterals (AYDA)	83,127		124,691	138,434		207,652
	e. Net interbranch	-		-	-		-
	f. Others	2,075,748		2,075,748	1,514,989		1,514,989
<b>Total</b>		<b>110,167,761</b>	<b>53,108,939</b>	<b>54,176,159</b>	<b>114,186,566</b>	<b>49,600,149</b>	<b>50,699,693</b>

## 18. Credit Risk - Credit Risk Calculation Standard Approach - Disclosure of Asset Exposure in Balance Sheet

### 2. Commitment/Contingency Exposure Obligation on Administrative Account Transaction, except for security exposure

(in million Rupiah)

No	Portfolio Category	31 December 2022			31 December 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(3)	(4)	(5)
1	Receivables on Government						
	a. Receivables on the Government of Indonesia	-	-	-	-	-	-
	b. Receivables on Government of Other Countries	-	-	-	-	-	-
2	Receivables on Public Sector Entities	65,895	28,371	28,371	424,194	190,446	190,446
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks						
	a. Short-term Receivables	194	39	39	-	-	-
	b. Long-Term Receivables	1,474,721	729,783	729,783	2,320,282	1,163,701	1,163,701
5	Loans Secured by Residential Property	-	-	-	-	-	-
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee loans/Pension	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	90	68	68	6,188	4,641	4,641
9	Receivables on Corporates	7,003,494	6,748,570	6,748,570	5,080,496	4,572,190	4,572,190
10	Past Due Receivables						
	a. Loan Secured by Residential Property	-	-	-	-	-	-
	b. Other than Loan Secured by Residential Property	-	-	-	-	-	-
<b>Total</b>		<b>8,544,394</b>	<b>7,506,831</b>	<b>7,506,831</b>	<b>7,831,160</b>	<b>5,930,978</b>	<b>5,930,978</b>

## 18. Credit Risk - Credit Risk Calculation Standard Approach - Disclosure of Asset Exposure in Balance Sheet

### 3. Asset Exposure in the balance sheet, except on the security exposure

(in million Rupiah)

No	Portfolio Category	31 December 2022			31 December 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(3)	(4)	(5)
1	Receivables on Government						
	a. Receivables on the Government of Indonesia	13,931,254	-	-	10,060,292	-	-
	b. Receivables on Government of Other Countries	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks						
	a. Short-term Receivables	105,977	21,195	21,195	-	-	-
	b. Long-Term Receivables	-	-	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-
6	Receivables on Corporates	-	-	-	-	-	-
<b>Total</b>		<b>14,037,231</b>	<b>21,195</b>	<b>21,195</b>	<b>10,060,292</b>	<b>-</b>	<b>-</b>

## 18. Credit Risk - Credit Risk Calculation Standard Approach - Disclosure of Asset Exposure in Balance Sheet

### 4. Exposure that does not cause Credit Risk because of Settlement Risk

(in million Rupiah)

No	Type of transaction	31 December 2022			31 December 2021		
		Exposure Value	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(3)	(4)	(5)
1	Delivery versus payment	-		-	-		-
	a. Capital charge 8% (5-15 days)	9,605		9,605	-		-
	b. Capital charge 50% (16-30 days)	-		-	-		-
	c. Capital charge 75% (31-45 days)	-		-	-		-
	d. Capital charge 100% (more than 45 days)	-		-	-		-
2	Non-delivery versus payment	-	-		-	-	
<b>Total</b>		<b>9,605</b>	<b>-</b>	<b>9,605</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 18. Credit Risk - Credit Risk Calculation Standard Approach - Disclosure of Asset Exposure in Balance Sheet

### 5. Securitisation Exposure

The Bank does not have securitisation exposure as of 31 December 2022 and 2021.

## 18. Credit Risk - Credit Risk Calculation Standard Approach - Disclosure of Asset Exposure in Balance Sheet

## 6. Derivative Exposure

(in million Rupiah)

No	Portfolio Category	31 December 2022			31 December 2021		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(3)	(4)	(5)
1	Receivables on Government						
	a. Receivables on the Government of Indonesia	882	-	-	-	-	-
	b. Receivables on Government of Other Countries	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks						
	a. Short-term Receivables	240,425	48,926	48,926	60,879	12,572	12,572
	b. Long-Term Receivables	967,022	346,127	346,127	826,017	375,599	375,599
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	9	7	7
6	Receivables on Corporates	209,310	190,519	190,519	179,090	177,784	177,784
7	Weighted exposure from CVA		161,815	161,815		208,834	208,834
<b>Total</b>		<b>1,417,639</b>	<b>747,387</b>	<b>747,387</b>	<b>1,065,995</b>	<b>774,796</b>	<b>774,796</b>

## 18. Credit Risk - Credit Risk Calculation Standard Approach - Disclosure of Asset Exposure in Balance Sheet

## 7. Total Credit Risk Measurement (1+2+3+4+5+6)

(in million Rupiah)

No	Description		31 December 2022	31 December 2021
1	<b>Total Credit Risk RWA</b>	(A)	62,461,177	57,405,467
2	<b>Deduction Factor Of Credit Risk RWA</b> Difference between general reserve of PPKA on productive assets that has to be calculated and 1.25% of RWA for Credit Risk	(B)	-	-
3	<b>Total Credit Risk RWA (A) - (B)</b>	(C)	62,461,177	57,405,467
4	<b>Total Capital Deduction Factor</b>	(D)	-	-

## 19. Credit Risk - Qualitative Disclosures of Counterparty Credit Risk (CCRA)

For more detail see page 107.

## 20. Credit Risk - Exposure Analysis of Counterparty Credit Risk (CCR1)

(in million Rupiah)

No	Description	31 December 2022					
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
1	SA-CCR (for derivative)	324,245	688,354		1.4	1,417,639	585,572
2	Internal Model Method (for derivative and SFT)					N/A	N/A
3	Basic Approach for credit risk mitigation (for SFT)					N/A	N/A
4	Comprehensive approach for credit risk mitigation (for SFT)						
5	VaR for SFT					N/A	N/A
<b>Total</b>							<b>585,572</b>

(in million Rupiah)

No	Description	31 December 2021					
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
1	SA-CCR (for derivative)	202,641	558,784		1.4	1,065,995	565,962
2	Internal Model Method (for derivative and SFT)					N/A	N/A
3	Basic Approach for credit risk mitigation (for SFT)					N/A	N/A
4	Comprehensive approach for credit risk mitigation (for SFT)						
5	VaR for SFT					N/A	N/A
<b>Total</b>							<b>565,962</b>



**21. Credit Risk - Capital Charge on Credit Valuation Adjustment (CCR2)**

(in million Rupiah)

No	Description	31 December 2022		31 December 2021	
		Net Receivables	RWA	Net Receivables	RWA
	Total portfolios based on Advanced CVA capital charge	N/A	N/A	N/A	N/A
1	(i) VaR components (includes 3x multiplier)		N/A		N/A
2	(ii) Stressed VaR Component (includes 3x multiplier)		N/A		N/A
3	All portfolios on Standardized CVA Capital Charge	1,417,639	161,815	1,065,995	208,834
4	Total based on CVA Capital Charge	1,417,639	161,815	1,065,995	208,834

## 22. Credit Risk - CCR Exposure based on Category Portfolio and Weighted Risk (CCR3)

Description		31 December 2022							
Portfolio Category	Risk Weight	0%	10%	20%	25%	50%	75%	100%	150%
<b>Indonesia</b>									
Receivables on Government and Central Bank	630	-	-	-	-	-	-	-	-
Receivables on Public Sector Entities	-	-	-	-	-	-	-	-	-
Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-
Receivables on Other Banks	-	-	501,839	-	357,618	-	3,004	-	-
Receivables on Securities Firms	-	-	-	-	-	-	-	-	-
Receivables on Corporate	-	-	16,849	-	-	-	132,543	115	-
Receivables on Micro, Small Business, & Retail Portfolio	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>630</b>	<b>-</b>	<b>518,688</b>	<b>-</b>	<b>357,618</b>	<b>-</b>	<b>135,547</b>	<b>115</b>	

## 23. Credit Risk - Exposure to net credit derivative receivables (CCR6)

The Bank has no exposure to net credit derivative receivables.

## 24. Qualitative Disclosure of Securitization Exposure (SECA)

The Bank does not have any securitization exposure in Bank book and trading book report.

## 25. Securitization Exposure on Banking Book (SEC1)

The Bank does not act as originator, sponsor, nor investor of securitization exposures.

## 26. Credit Risk - Securitization Exposure on Trading Book (SEC2)

The Bank does not act as originator, sponsor, nor investor of securitization exposures.

## 27. Credit Risk - Securitization Exposure on Banking Book and related to its capital requirement – Bank as Originator or sponsor (SEC3)

The Bank does not act as originator nor sponsor of securitization exposures

## 28. Credit Risk - Securitization Exposure on Banking Book and related to its capital requirement - Bank Investor (SEC4)

The Bank does not act as investor of securitization exposures.

(in million Rupiah)

			31 December 2021									
	Others	Total Net Receivables	0%	10%	20%	25%	50%	75%	100%	Others	Total Net Receivables	
	-	882	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
		1,207,447	-	-	139,344	-	489,513	-	4,640	-	886,895	
	-	-	-	-	-	-	-	-	-	-	-	-
	-	209,310	-	-	5	-	1,857	-	126,059	-	179,091	
	-	-	-	-	-	-	-	6	-	-	9	
	-	-	-	-	-	-	-	-	-	-	-	-
	-	1,417,639	-	-	139,349	-	491,370	6	130,699	-	1,065,995	

## 29. Disclosures of Market Risks Using Standard Method

(in million Rupiah)

No.		Type of Risk	31 December 2022		31 December 2021	
			Individual		Individual	
			Capital Charge	RWA	Capital Charge	RWA
(1)	(2)		(3)	(4)	(3)	(4)
1	Interest Rate Risk					
	a. Specific Risk		-	-	-	-
	b. General Risk		49,903	623,788	89,116	1,113,950
2	Foreign Exchange Risk		26,940	336,750	28,083	351,038
3	Equity Risk <sup>*)</sup>					
4	Commodity Risk <sup>*)</sup>					
5	Option Risk		-	-	-	-
TOTAL			76,843	960,538	117,199	1,464,988

\*) Applicable for Bank with subsidiary which has the aforementioned risk exposure

### 30. Implementation of Risk Management in IRRBB

In the implementation of IRRBB Risk Management, the Bank carries out the process of identifying, measuring, monitoring and controlling the movement of interest rates that can cause changes in the present value and timing of future cash flows that affect the Bank's economic value from assets, liabilities and administrative account transactions and may cause changes in net interest income.

In terms of risk control, the Bank determines Risk Appetite and Risk Tolerance for IRRBB measurements based on stress scenarios. The Bank uses historical data and hypothetical assumptions in determining Risk Appetite and Risk Tolerance. IRRBB measurement results will be discussed and monitored in ALCO and RMC meetings.

The implementation of Risk Management for IRRBB is implemented by the Bank in accordance with the objectives, business policies, size, strategy and complexity of the Bank's business which include Active Oversight by the Directors and Board of Commissioners; Determination of Risk Management Policies and Procedures and Risk Limits; Risk Identification, Measurement, Monitoring and Control and Risk Management Information System; Internal Control System.

In measuring IRRBB Risk, the Bank uses 2 methods:

- a) measurement based on changes in the economic value of equity (EVE), which is a method that measures the impact of changes in interest rates on the bank's economic value equity; and
- b) measurement based on changes in net interest income (NII), which is a method that measures the impact of changes in interest rates on the Bank's earnings.

In calculating IRRBB with EVE method, the Bank applies an interest rate shock scenario that reflects the bank's risk profile, referring to 6 standard scenarios as required by the Financial Service Authority (OJK). In the calculation of IRRBB with NII method, the Bank applies the volatility of an increase/decrease of 200bps interest rate on the Bank's static balance sheet.

The Bank uses modelling assumptions in accordance with the methods contained in the OJK Circular letter for calculation of EVE sensitivity. While the modelling assumptions used in the calculation of NII sensitivity, the Bank uses an internal model and this is also in accordance with OJK Circular letter.

At this time, the Bank does not perform hedging for IRRBB purpose.

- a) commercial margins and other spread components are excluded in calculations using the EVE method. The interest calculated is the interest rate based on Risk Free rate.
- b) The Bank uses historical data for the last one year to assess the frequency of repricing tenor on the interest bearing NMD products. Meanwhile, for non-interest bearing NMD products, the bank used a theoretical tenor. subsequently, the Bank will consider the ability of Balance Sheet Management(BSM) to hedge against the NMD. The final figure used as repricing maturities is after considering BSM hedging constraint.
- c) Currently, the Bank does not consider the prepayment rate and early withdrawal rate, since the exposure to the prepayment rate and early withdrawal is considered immaterial.
- d) The Bank does not have assumptions on behavior options issued in the calculation of EVE and NII Sensitivity.
- e) Significant currencies that apply to the Bank are LCY and USD. The Bank uses a standard method in accordance with the SEOJK in carrying out stress scenarios and aggregating the impact of significant currencies on stress scenarios.

EVE and NII Sensitivity Reporting is done on a quarterly basis using the standard method set by OJK.

Based on the bank's calculation methodology as of December 2022,  $\Delta$ EVE to Tier 1 Capital is at 5.92% (Low) and  $\Delta$ NII to Projected Income is at 8.52% (Low), both of which indicate a level of sensitivity that tends to be low. There was an increase in the sensitivity of NII from September 2022 to December 2022 of 1.26%. This was due to an increase in commercial surplus volume, offset by a decrease in lending volume in the December

2022 period. In addition, there was a decrease in EVE sensitivity from September 2022 to December 2022 by 2.66% due to a decrease in the average tenor of assets owned by the Bank where the decline was in the medium tenor, which is in the range of 6 months to 1.5 years. This is one of the Bank's strategies in responding to changes in interest rates that are currently occurring. There were no significant changes in the Bank's overall balance sheet in December 2022 compared to September 2022.

The average interest rate repricing applied for NMD in LCY is one year, this applies to Non-Interest Bearing Corporate NMD products and retail NMD products. Meanwhile, the average interest rate repricing applied for NMD in USD is three months.

#### Calculation of IRRBB

Bank Name : PT Bank HSBC Indonesia  
Report Position : December/2022  
Currency : Total

No	In Million Rupiah	ΔEVE		ΔNII	
	Period	T	T-1	T	T-1
1	Parallel up	909,370	1,283,865	(351,039)	(325,421)
2	Parallel down	(1,021,287)	(1,415,341)	587,107	485,822
3	Steepener	(239,336)	(461,203)		
4	Flattener	429,324	719,727		
5	Short rate up	749,068	1,144,634		
6	Short rate down	(805,753)	(1,231,133)		
7	Negative Maximum Value (absolute)	1,021,287	1,415,341	351,039	325,421
8	Tier 1 Capital (to ΔEVE) or Projected Income (to ΔNII)	17,243,358	16,494,133	4,118,855	4,478,903
9	<b>Maximum Value divided by Tier 1 Capital (to ΔEVE) or Projected Income (to ΔNII)</b>	<b>5.92%</b>	<b>8.58%</b>	<b>8.52%</b>	<b>7.27%</b>

### 31. Liquidity Risk - Disclosure of Liquidity Coverage Ratio (LCR) Quarter

No	Components		
		Q4 2022	
		Outstanding commitment and liabilities/contractual receivables	
1	Total data used in LCR calculation		
HIGH QUALITY LIQUID ASSET (HQLA)			
2	Total High Quality Liquid Asset (HQLA)		
CASH OUTFLOWS			
3	Retail deposits and deposits from Micro and Small Business customers, consist of:		
	a. Stable Deposit/Funding	8,891,005	
	b. Less stable deposit/funding	14,800,272	
4	Wholesale Funding, consist of:		
	a. Operational deposit	27,491,697	
	b. Non operational deposit and/or Other Non Operational liabilities	35,420,328	
	c. Marketable securities issued by bank	-	
5	Secured Funding		
6	Other cash outflow (additional requirement), consist of:		
	a. cash outflow from derivative transaction	166,763	
	b. cash outflow from additional liquidity requirement	-	
	c. cash outflow from liquidation of funding	-	
	d. cash outflow from disbursement of loan commitment and liquidity facilities	12,722,577	
	e. cash outflow from other contractual liabilities related to placement of funds	-	
	f. cash outflow from other funding related contingencies liabilities	106,057,991	
	g. other contractual cash outflow	-	
7	Total Cash Outflows		
CASH INFLOWS			
8	Secured lending		
		-	
9	Inflows from fully performing exposures		
		18,516,582	
10	Other Cash Inflow		
		192,757	
11	Total Cash Inflow		
12	Total HQLA		
13	Total Net Cash Outflows		
14	LCR (%)		

Notes:

<sup>1</sup> Adjusted values are calculated after the imposition of a reduction in value (haircut), run-off rate, and inflow rate as well as the maximum limit for HQLA components, for example the maximum limit for HQLA Level 2B and HQLA Level 2 and the maximum limit of cash inflows can be taken into account in LCR.

#### Analysis

LCR ratio as of the fourth quarter of 2022 became 334.72%, higher compared to the third quarter of 2022. This was due to the decrease in Net Cash Outflow by 14.28% and an increase in HQLA by 5.03%.

The increase in average HQLA was mainly due to the increase in average Placement with Bank Indonesia compared to the third quarter of 2022. On the other hand, the decrease in average total Net Cash Outflows was mainly contributed by:

- decrease in cash outflows from corporate and retail customer deposits and
- an increase in cash inflows which was mainly contributed by receivables from non-financial corporate customers and other entities.

For the fourth quarter of 2022 and third quarter of 2022, the Cash Inflows have directly impacted the net cash outflows due to the cash inflows for these two quarters did not exceed the upper threshold of imputed cash inflows, which is 75% of the Total Cash Outflows.

The components of the Bank's HQLA consist of cash, placements with Bank Indonesia and securities issued by the Central Government and Bank Indonesia. Meanwhile, the main component of Net Cash Outflow is third party funds. The Bank's main source of funding is third party funds consisting of current accounts, savings and time deposits.



(in million Rupiah)

INDIVIDUAL		
	Q3 2022	
	HOLA after haircut, outstanding commitment and liabilities times run- off rate or contractual receivables times inflow rate	HOLA after haircut, outstanding commitment and liabilities times run- off rate or contractual receivables times inflow rate
	65	65
	55,429,529	52,774,091
	444,550	3,176,063
	1,480,027	21,450,312
	-	-
	6,392,700	27,849,975
	19,049,467	37,133,190
	-	-
	166,763	102,411
	-	-
	-	-
	1,272,258	10,179,778
	-	-
	358,039	99,485,869
	-	-
	29,163,804	30,829,377
	-	-
	12,411,012	16,511,166
	192,757	93,442
	12,603,769	11,511,424
	TOTAL ADJUSTED VALUE <sup>1</sup>	TOTAL ADJUSTED VALUE <sup>1</sup>
	55,429,529	52,774,091
	16,560,035	19,317,953
	334.72%	273.19%

### 32. Liquidity Risk - Net Stable Funding Ratio (NSFR)

No.	ASF Component	Reporting Position (September / 2022)		
		Carrying Value By Residual Maturity (in million Rupiah)		
		No Specified Maturity	< 6 Months	≥ 6 Months - < 1 Year
1	Capital	17,627,925	-	-
2	Regulatory Capital as per POJK KPMM	17,627,925	-	-
3	Other capital instruments	-	-	-
4	Retail deposits and deposits from micro and small business customers:	17,829,300	9,835,353	238,032
5	Stable Deposits	7,782,182	1,637,674	60,439
6	Less Stable Deposits	10,047,117	8,197,679	177,593
7	Wholesale Funding:	45,549,555	18,517,163	124,763
8	Operational deposits	25,262,734	-	-
9	Other wholesale funding	20,286,821	18,517,163	124,763
10	Liabilities with matching interdependent assets	-	-	-
11	Other liabilities and equity:	-	-	-
12	NSFR derivative liabilities	-	-	-
13	All other liabilities and equity not included in the above categories	-	4,924,055	-

Reporting Position (December / 2022)						
	Weighted Value	Carrying Value By Residual Maturity (in million Rupiah)				Weighted Value
≥ 1 Year		No Specified Maturity	< 6 Months	≥ 6 Months - < 1 Year	≥ 1 Year	
1,033,861	18,661,785	18,418,183	-	-	998,119	19,416,301
1,033,861	18,661,785	18,418,183	-	-	998,119	19,416,301
-	-	-	-	-	-	-
1,755	25,588,185	16,749,410	10,465,141	293,323	-	25,230,424
755	9,007,035	7,793,486	1,613,684	59,561	-	8,993,395
1,000	16,581,150	8,955,924	8,851,458	233,763	-	16,237,030
4,264	21,778,859	45,232,859	20,743,588	60,025	-	24,119,215
-	12,631,367	27,483,117	-	-	-	13,741,559
4,264	9,147,492	17,749,742	20,743,588	60,025	-	10,377,657
-	-	-	-	-	-	-
-	-	-	-	-	-	-
60,917	-	-	41,793	-	121,012	-
7,385,338	7,385,338	-	5,463,617	6,515	7,582,929	7,586,187

No.	ASF Component	Reporting Position (September / 2022)		
		Carrying Value By Residual Maturity (in million Rupiah)		
		No Specified Maturity	< 6 Months	≥ 6 Months - < 1 Year
<b>14</b>	<b>Total ASF</b>	-	-	-
<b>15</b>	<b>Total NSFR HQLA</b>	-	-	-
<b>16</b>	Deposits held at other financial institutions for operational purposes	4,604,845	-	-
<b>17</b>	Performing loans and securities	-	53,085,712	3,757,490
<b>18</b>	to financial institutions secured by Level 1 HQLA	-	10,439,985	-
<b>19</b>	to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	2,756,741	1,078,734
<b>20</b>	to non- financial corporate clients, retail and small business customers, government of Indonesia, other Governments, Bank Indonesia, other central banks and public service entities, of which:	-	37,982,351	2,677,620
<b>21</b>	meet a risk weight of less than or equal to 35% under SE OJK RWA for credit risk	-	81,310	-
<b>22</b>	Unpledged residential mortgages, of which:	-	-	-
<b>23</b>	meet a risk weight of less than or equal to 35% under SE OJK RWA for credit risk	-	1,773	1,135
<b>24</b>	Securities that are unpledged, not in default and do not qualify as HQLA, including exchange-traded equities	-	1,823,553	-
<b>25</b>	Assets with matching interdependent liabilities	-	-	-
<b>26</b>	Other assets:	-	-	-
<b>27</b>	Physical traded commodities, including gold	-	-	-
<b>28</b>	Cash, securities and other assets posted as initial margin for derivative contracts or contributions to default funds of central counterparty (CCP)	-	-	-
<b>29</b>	NSFR derivative assets	-	341	4,356
<b>30</b>	NSFR derivative liabilities before deduction of variation margin posted	-	-	1,432
<b>31</b>	All other assets not included in the above categories	2,420,777	1,704,268	-
<b>32</b>	Off-balance sheet items	-	63,700,844	9,017,996
<b>33</b>	<b>Total RSF</b>	-	-	-
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>	-	-	-

Notes:

<sup>1</sup> Select based on the scope of the report.

<sup>2</sup> Other assets that are not included in the above categories include commemorative coins and notes, purchased/forfeited travellers' cheques, advances to customers, inkaso receivables, other receivables, deferred income from loan restructuring, interest income to be received, tax advances, prepaid expenses, deferred expenses, bailouts under government programs.

### Analysis

As of the fourth quarter of 2022, the NSFR ratio was 182.17%, increased by 4.31% compared to the third quarter of 2022. This was mainly due to the increase in the weighted value of the Available Stable Funding (ASF) component which increased by 4.00% higher than the increase in the weighted value of the Required Stable Funding (RSF) component by 1.54%.

The increase in ASF was mainly due to an increase in the weighted value of corporate customer deposits, mainly in the form of time deposits and an increase in capital. Meanwhile, the increase in RSF mainly came from the increase in loans categorised as Current and Performing and securities.

The Bank's NSFR ratio is above minimum requirement of 100% as stipulated by the Financial Services Authority (OJK).

Reporting Position (December / 2022)						
	Weighted Value	Carrying Value By Residual Maturity (in million Rupiah)				Weighted Value
≥ 1 Year		No Specified Maturity	< 6 Months	≥ 6 Months - < 1 Year	≥ 1 Year	
-	73,414,167	-	-	-	-	76,352,128
-	741,964	-	-	-	-	725,805
-	2,302,422	-	-	-	-	-
11,819,111	33,257,011	-	55,822,298	6,472,929	11,622,102	34,553,544
-	1,043,998	-	9,383,537	4,694,475	-	3,285,591
129,848	1,082,726	-	7,517,282	409,608	129,876	1,462,272
11,241,972	29,885,662	-	36,768,344	1,368,499	10,952,853	28,378,346
131,706	126,264	-	61,299	-	192,765	155,947
-	-	-	-	-	-	-
315,586	206,585	-	1,348	347	346,609	226,143
-	911,776	-	2,090,489	-	-	1,045,245
-	-	-	-	-	-	-
-	4,137,948	-	-	-	-	5,784,902
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,696	-	-	20,692	-	20,692
-	120,885	-	-	693	-	93,272
1,390,523	4,012,366	2,010,493	2,727,383	11,359	1,422,705	5,670,939
15,885,692	835,985	-	65,341,072	8,302,833	13,822,043	847,950
-	41,275,331	-	-	-	-	41,912,200
	177.86%					182.17%

### 33. Liquidity Risk - Encumbrance Asset (ENC)

No	Description			
		Encumbered	Assets held or agreed with the Central Bank but not yet used to generate liquidity	
1	Cash	-	-	
2	Placement with Bank Indonesia	-	30,623,755	
3	Securities	40,781	-	
4	Securities purchased with agreement to resell (reverse repo)	-	13,931,254	
5	Securities purchased with agreement to resell (reverse repo) with other banks	-	105,977	
6	<b>Total</b>	<b>40,781</b>	<b>44,660,986</b>	

#### Qualitative Analysis

- Encumbered assets are bank assets restricted, both legally and contractually by the Bank, for supporting liquidity under stress conditions. Encumbered assets do not include assets being placed with or pledged to Bank Indonesia but yet to be used to create liquidity, as stipulated by the POJK on Obligation to Fulfill the Liquidity Coverage Ratio for Commercial Banks.
- Unencumbered assets are assets that qualify as High Quality Liquid Asset (HQLA) as stipulated by the POJK on Obligation to Fulfill the Liquidity Coverage Ratio for Commercial Banks.
- Asset placed or pledged to Bank Indonesia but yet to be used to create liquidity are as referred to in the POJK concerning the obligation to meet the LCR for Commercial Bank.
- As 31 December 2021, the Bank did not have any HQLA position categorized as encumbered assets.

### 34. Operational Risk - Quantitative Disclosures of Operational Risk using Basic Indicator Approach

No	Indicator Approach	
(1)	(2)	
1	Basic Indicator Approach	
<b>Total</b>		

Operational risk RWA is calculated using standard approach where it is 12.5 times capital charges. Capital charges amounted to 15% of average gross income over the three last years. The increase in RWA for operational risk is caused by the increase of Bank's average gross income for the last three years.



(in million Rupiah)

31 December 2022			31 December 2021			
	Unencumbered	Total	Encumbered	Assets held or agreed with the Central Bank but not yet used to generate liquidity	Unencumbered	Total
	428,680	428,680	-	-	429,856	429,856
	-	30,623,755	-	27,552,619	-	27,552,619
	14,475,314	14,516,095	-	-	23,824,583	23,824,583
	-	13,931,254	-	10,060,292	-	10,060,292
	-	105,977	-	-	-	-
	<b>14,903,004</b>	<b>59,605,761</b>	-	<b>37,612,911</b>	<b>24,254,439</b>	<b>61,867,350</b>

(in million Rupiah)

	31 December 2022			31 December 2021		
	Average Gross Income in the last 3 years	Capital Charge	RWA	Average Gross Income in the last 3 years	Capital Charge	RWA
	(3)	(4)	(5)	(3)	(4)	(5)
	6,630,862	994,629	12,432,866	6,879,739	1,031,961	12,899,511
	6,630,862	994,629	12,432,866	6,879,739	1,031,961	12,899,511





# Good Corporate Governance

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# Good Corporate Governance

## THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE IMPLEMENTATION

The concept and practice of Good Corporate Governance (GCG) began in the 1990s following the financial crisis in Asia and Latin America. Experts argued that this crisis emerged due to the failure of corporates to implement effective corporate governance. Root causes of that failure included ineffective legal system, non-existent accounting and audit standards, poor banking practices, and inadequate attention to minority shareholders.

The demand for consistent and comprehensive GCG has risen since those failures. The principles of GCG, such as Transparency, Accountability, Responsibility, Independency, and Fairness, also concern for shareholders, were seen as critical for crisis-affected companies and economies to become healthier, more competitive, and more dynamic and professional in their management practices.

In early 1999, GCG started to attract attention in Indonesia. A Decree by the Coordinating Ministry of Economic Affairs (No. KEP.31/M.EKUI/08/1999) formed the National Committee on Governance (Komite Nasional Kebijakan Corporate Governance/KNKCG), which then published Indonesia's first GCG Guidelines.

The scope of work for KNKCG has been enlarged to incorporate the issue on public governance and change the name from KNKCG to KNKG (Komite Nasional Kebijakan Governansi), which is stated in the Decree by the Coordinating Ministry of Economic Affairs No. KEP-49/M.EKON/11/2004 and lastly amended by the Decree of Coordinating Minister of Economic Affairs No. 44 Year 2021 concerning National Committee on Governance Policy.

Thereafter, Bank Indonesia issued provisions on the implementation of GCG through Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006 regarding the Implementation of Good Corporate Governance for Commercial Banks, which was subsequently replaced by BI Regulation No. 8/14/PBI/2006 regarding the Amendment of PBI No. 8/4/PBI/2006 regarding Implementation of Good Corporate Governance for Commercial Banks and BI Circular Letter (SEBI) No. 15/15/DPNP dated 29 April 2013 regarding the Implementation of Good Corporate Governance for Commercial Banks. In December 2016, these PBI and SEBI were revoked and replaced by

the Indonesia Financial Services Authority (Otoritas Jasa Keuangan/OJK) Regulation No. 55/POJK.03/2016 juncto OJK Circular Letter No. 13/SEOJK.03/2017 dated 17 March 2017 regarding Implementation of Good Corporate Governance for Commercial Banks.

In line with the issuance of OJK Regulation No. 18/POJK.03/2014 regarding the Implementation of Integrated Governance for Financial Conglomeration juncto OJK Circular Letter No. 15/SEOJK.03/2015 dated 25 May 2015 regarding the Integrated Corporate Governance for Financial Conglomeration, and followed by the successful integration of the Bank with Foreign Bank Branch Office The Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch, the Bank has reviewed and made several adjustments as well as improvements to the structure and infrastructure, among others by establishing the Bank as the Main Entity in HSBC Financial Conglomeration in Indonesia.

## GOVERNANCE STATEMENT

The Bank's Governance Structures are based on the Law No. 40 Year 2007 on Limited Liability Company (Company Law), which consist of three bodies: the General Meeting of Shareholders (GMS) which is an ultimate forum for the shareholders, the Board of Commissioners, and the Board of Directors.

The Bank fully understands that the implementation of GCG principles to the Company's operation is a prerequisite for the organisation to grow in a healthy way. During 2022, the Bank continued its ongoing commitments to GCG consistently and in a sustainable manner. Accordingly, the Bank was able to improve financial performance and protect the interests of shareholders both in the short and long term without neglecting the interests of other stakeholders.

The Bank continues to align its governance structures and procedures in line with OJK regulations on GCG. This includes the Company's values, resources capacity, and approach to Risk.

## GOOD CORPORATE GOVERNANCE PRINCIPLES

The Bank is committed to the five principles of GCG. These underpin the implementation of GCG and are essential for the Bank to achieve its vision and goals.



**1. Transparency**

Transparency relates with the quality of information given by the Bank. This transparency principle also relates with transparent decision-making and open disclosure of information. In addition, Bank always provide accurate, comprehensible, and accessible information to the stakeholders. This transparency principle shall be referred by the Bank in conducting its business in an objective and professional manner in support of the Bank's customers.

**2. Accountability**

Accountability concerns the evaluation of the performance of the Bank's supervisory bodies, including the Board of Commissioners and the Board of Directors. Healthy, measurable and professional management are requirements for the Bank to be responsible in doing its performance in transparent and accountable manner.

**3. Responsibility**

Responsibility on the implementation of GCG principals is the Bank's commitment to comply with the prevailing regulations continuously. In addition, the Bank continuously implements healthy and accountable management of its people and environment.

**4. Independency**

Independence requires the Bank's management to be free from conflict of interests and third-party interventions that are inconsistent with the prevailing laws and regulations. Each of the Bank's departments and functions - and their subordinates - are independent to avoid undue dominance over fellow employees and ensure that staff can exercise their duty and responsibility with objectivity and professionalism, with undue influence from other parties.

**5. Fairness**

The principle of fairness is continuously implemented by the Bank in accordance with applicable agreements and regulations by providing fair and equal treatment and opportunities towards all stakeholders.

**THE OBJECTIVE OF GOOD CORPORATE GOVERNANCE IMPLEMENTATION**

To strengthen its competitiveness position, the Bank continuously implements strategies that are in line with the business plan. The advantage obtained from this competitive improvement will eventually attract customers' interest and trust. This will help the Bank to grow sustainably in the long term. Through the implementation of GCG, the Bank aims to improve the value added to all parties of interests with these following purposes:

1. Increasing efficiency and effectiveness; supporting the sustainability of organisations to improve the welfare of all shareholders, stakeholders, and employees; and providing effective solutions to face future challenges.
2. Establishing the Bank as a legitimate entity that's managed in fair, open, and responsible manners.
3. Maintaining and protecting all shareholders and stakeholders' rights and responsibilities.
4. Increasing the value of the Bank and all stakeholders.
5. Improving the efficiency and the effectivity of the performance of the Board of Commissioners, the Board of Directors, and the Company's management.

**GOVERNANCE ASSESSMENT**

The GCG assessment conducted by the Bank is to measure the success of GCG implementation towards the Bank performance by comparing it to the best practices and identifying GCG practices that need to be improved to reach the ideal results of GCG implementation. Every semester, the Bank conducts self-assessments on GCG in which the result is submitted to the regulator.

In the period between June and December 2022, the Bank's GCG assessment is within the composite of "2" or attained the "Good" category. The soundness level shows that the Bank overall has implemented the Good Corporate Governance. The Bank has conducted the Corporate Governance in good manners but will continue to improve to ensure a better corporate governance in place in accordance with the TARIF principles (Transparency, Accountability, Responsibility, Independency and Fairness). The improvement is monitored and performed effectively and efficiently by the management.

The Bank's business activities have been conducted in fair manners. Bank has applied GCG principles in all its business activities at all organizational levels, as well as reflecting the concrete manifestation of the Bank's high GCG commitments in terms of corporate governance, and the Bank's seriousness in complying with laws and regulations in effect. All are intended to increase efficiency, to improve performance and our service to stakeholders in adherence to the regulations on GCG implemented by Bank.

## **GOOD CORPORATE GOVERNANCE STRUCTURES**

To ensure that the principles of GCG are implemented smoothly, the Bank has formulated the GCG Structures. In formulating GCG Structure, the Bank always strives to complete all elements needed to implement GCG and achieve desired results. The structures include some important aspects that are needed to improve the control and the management of the Bank.

The structures consist of the main organs, which are the General Meeting of Shareholders, the Board of Commissioners, the Board of Directors, and the supporting organs, including Internal Audit, Corporate Secretary, the Committees under the Board of Commissioners, including Audit Committee (AC), Remuneration and Nomination Committee (RNC), and Risk Oversight Committee (ROC), Integrated Corporate Governance Committee (in implementation of integrated corporate governance for HSBC Indonesia financial conglomerate) and the Committees under the Board of Directors, such as (i) Credit Committee, (ii) Assets and Liabilities Committee, (iii) Risk Management Committee, (iv) Information Technology, Operational, and Services Committee, (v) People Committee, and (vi) Integrated Risk Management Committee.

The structures comply with the provisions on limited liability companies in Indonesia and the regulation on implementation of GCG for commercial bank.

## **GENERAL MEETING OF SHAREHOLDERS**

General Meeting of Shareholders (GMS) is the highest authority in the Bank. In the GMS, shareholders are authorised to evaluate the performance of the Board of Commissioners and the Board of Directors, to give approval for the annual report, to appoint and dismiss members of the Board of Commissioners and the Board of Directors, to specify compensation and allowances for the Board of Commissioners and the Board of Directors, and to appoint Independent Auditor. Annual GMS is held once every year and in 2022, the Bank has held Annual GMS on 24 June 2022.

Annual GMS held on 24 June 2022 approved the following agendas:

1. Approval and ratification of 2021 Company's Annual Report, including Company's Financial Statement, the Board of Directors report and Supervisory Duties of the Board of Commissioners Report, for the financial year ended 31 December 2021, and granting release and discharge ("volledig acquit et decharge") to all members of the Board of Directors and the Board of Commissioners for management and supervision performed in the financial year ended 31 December 2021;
2. Determination of the utilization of the Company's net profit for financial year ended 31 December 2021;
3. The change on the composition of members of the Board of Directors and the Board of Commissioners of the Company;
4. Approval and ratification of the remuneration package for the Board of Directors and the Board of Commissioners for 2022 financial year;
5. Appointment of the Public Accountant and Public Accountant Firm to audit the Company's Books and Records for the financial year ended 31 December 2022 and determination of relevant honorarium and other requirements related to the appointment;
6. Approval on the Revised Company's Recovery Plan Report, to comply with Article 31 of the Indonesia Financial Services Authority Regulation Number 14/POJK.03/2017; and
7. Report of the Company's Sustainable Finance Action Plan (RAKB), to comply with Article 6 of the Indonesia Financial Services Authority Number 51/POJK.03/2017.

The Bank has held 4 (four) Extraordinary GMS on (i) 1 April 2022, (ii) two Extraordinary GMS on 28 April 2022, and (iii) 10 October 2022.

Extraordinary GMS held on 1 April 2022 approved the following agendas:

1. Approval on the Updated Company's Recovery Plan Report, to comply with Article 31 of the Indonesia Financial Services Authority Regulation Number 14/POJK.03/2017; and
2. The change on the composition of members of the Board of Commissioners and the Board of Directors of the Company.

Extraordinary GMS (first) held on 28 April 2022 approved the agendas regarding Determination of the utilization of the Company's net profit for financial year 2017, 2018, 2019, and 2020.



Extraordinary GMS (second) held on 28 April 2022 approved the following agendas:

1. The proposed Initial Public Offering (IPO);
2. Change of the Company's status from a private company to a public company;
3. Change of the Company's name;
4. Amendment and restatement of all articles of association of the Company;

Extraordinary GMS held on 10 October 2022 approved the following agendas:

1. Approval on the Change of the Company's status and Company's Article of Association to comply with Articles 25 paragraph 2 Law Number 40 Year 2007 concerning Limited Liability Company;
2. Approval on the change of the Company's status from a private company to a public company and the amendment of Company's Articles of Association in relation to Initial Public Offering (IPO), as well as other matters relating to IPO;
3. Approval on the change of the Company's address; and
4. The change of the composition of the Board of Directors of the Company.

## BOARD OF COMMISSIONERS

Pursuant to the Company Law, the Board of Commissioners is an organ in Bank who responsible for supervising generally and/or specifically in accordance with the articles of association and advising the Board of Directors. The Board of Commissioners has the roles and responsibility to oversee and advise the Board of Directors in all matters concerning company policy. In performing its duties, the Board of Commissioners exercises its right to monitor and review the performance of the Board of Directors.

Based on Term of Reference of Board of Commissioners on Board of Commissioners Decree number 011/SK/DEKOM/VIII/2021 which has been approved by the Board of Commissioners at the Board of Commissioners meeting dated 26 August 2021, the roles and the responsibilities of the Board of Commissioners are as follows:

- a. Supervise the management of the company by the Board of Directors and give an approval to the Bank's annual work plan, at the latest prior to the starting of the next financial year.
- b. Perform duties as regulated by the Articles of Association, the applicable laws and regulations, and/or the decisions of the GMS.
- c. Conduct duties and responsibilities as regulated by the Bank's Articles of Association and GMS' decisions.
- d. Research and review the annual reports prepared by the Board of Directors, and as well as executing the annual report.
- e. Comply with the Articles of Association and laws & regulations, as well as implement the principles of professionalism, efficiency, transparency, independence, accountability, responsibility, and fairness.

In connection with the duties of the Board of Commissioners referred to above, the Commissioner is obliged to:

- a. Supervise the implementation of the Bank's annual work plan.
- b. Follow the development of the Bank's activities, and in the event the Bank shows significant underperformance trend, to immediately report it to the GMS and provide suggestions regarding corrective actions.
- c. Provide opinions and suggestions for GMS regarding every matter considered important in managing the Bank.
- d. Conduct other supervisory duties as determined by the GMS.
- e. Provide feedback on periodic reports prepared by the Board of Directors from time to time on the progress of the Bank.

## The Composition of the Board of Commissioners

The composition of the Bank's Board of Commissioners as of 31 December 2022 is as follows:

Designation	Name
President Commissioner	Martin John Haythorne
Independent Commissioner	Umar Juoro
Independent Commissioner	Catherinawati Hadiman Sugianto
Commissioner	Mark Trevor Surgenor
Commissioner	Philip David Fellowes
Independent Commissioner	Rita Mas'Oen

## Board of Commissioners Meeting

During 2022, the Board of Commissioners has held 10 (ten) meetings, consist of: (i) 6 (six) Board of Commissioners meetings with Board of Directors on 23 February 2022, 25 April 2022, 24 June 2022, 30 August 2022, 14 October 2022, 28 November 2022; and (ii) 4 (four) Board of Commissioners Meeting, without the Board of Directors, on 23 February 2022, 25 April 2022, 30 August 2022, and 14 October 2022. The percentage of attendance at the Board of Commissioners meetings is as follows:

No	Name	The Board of Commissioners Meeting		
		Number of Meeting in accordance with the Effective Period	Attendance	% Attendance
1	Matthew Kneeland Lobner*	-	-	-
2	Martin John Haythorne**	10	8	80%
3	Hanny Wurangian***	7	6	85%
4	Rita Mas'Oen****	3	3	100%
5	Mark Thomas McKeown*****	1	1	100%
6	Philip David Fellowes*****	5	5	100%
7	Umar Juoro	10	10	100%
8	Catherinawati Hadiman Sugianto	10	10	100%
9	Mark Trevor Surgenor	10	10	100%

\*) Effectively resigned as President Commissioner of the Bank as of 9 February 2022

\*\*) Effectively served as President Commissioner of the Bank as of 9 February 2022

\*\*\*) Honorably dismissal of him as Vice President Commissioner and Independent Commissioner of the Bank has been effective as of 6 October 2022

\*\*\*\*) Effectively serves as Independent Commissioner of the Bank as of 6 October 2022

\*\*\*\*\*) Effectively resigned as Commissioner of the Bank as of 22 April 2022

\*\*\*\*\*\*) Effectively serves as Commissioner of the Bank since 20 July 2022

## Committees Under the Board of Commissioners

In supporting the effectiveness of their supervisory roles and responsibility, the Board of Commissioners establishes Audit Committee, Risk Oversight Committee, and Remuneration and Nomination Committee.

### Audit Committee

The Audit Committee is formed by and is responsible to the Board of Commissioners in assisting the Board of Commissioners to perform duties and functions. The Audit Committee is chaired by an Independent Commissioner and at least consists of 2 (two) external independent parties with specific expertise as required by the regulations.

### Audit Committee Responsibilities

Based on Term of Reference of Audit Committee stipulated by Board of Commissioners Decree No. 003/SK.DEKOM/III/2020 which has been annually reviewed and approved to be used in Board of Commissioners Meeting dated 25 October 2021 and subject to OJK regulation No. 55/POJK.03/2016 regarding Implementation of Good Corporate Governance for Commercial Bank, Audit Committee shall be obligated to perform, at least:

1. To perform monitoring and evaluation upon the planning and performance of as well as monitoring upon the follow up of result of audit in the framework of assessing the adequacy of internal control, including adequacy of process of financial reporting.
2. In the framework of performing the duties as referred to the above paragraph, Audit Committee shall be obligated to perform monitoring and evaluation at least to the:
  - a. Performance of duties of internal audit work unit.
  - b. Conformity of performance of audit by public accounting firm with audit standards.
  - c. Conformity of financial statements with the financial accounting standards.
  - d. Performance of follow up by the Board of Directors upon the result of finding of internal audit work unit, public accountant, and result of OJK supervision,
 in order to provide recommendation to the Board of Commissioners.
3. Audit Committee shall be obligated to provide recommendations regarding the appointment of public accountant and public accounting firm to the Board of Commissioners to be submitted to the GMS

In relation with internal audit function Implementation, the Audit Committee is responsible:

- a. To monitor and review the effectiveness of the internal audit.
- b. To evaluate the performance of the Internal Audit function.
- c. To ensure the Internal Audit function communicates with the Board of Directors, the Board of Commissioners, external auditors, and OJK.
- d. To ensure that Internal Audit function works independently.
- e. To provide recommendations to the Board of Commissioners on preparation of the audit plan, scope and budget of the Internal Audit.
- f. To review audit reports and ensure the Board of Directors takes appropriate corrective actions immediately to overcome weaknesses in control, fraud, compliance issues to policies, laws and regulations, or other issues identified and reported by the Internal Audit.
- g. To provide recommendation to the Board of Commissioners regarding overall annual Internal Audit remuneration and performance rewards.
- h. To ensure Internal Audit upholds integrity.

The Audit Committee has authorities and responsibilities related with Financial Report as follow:

- a. Monitoring the integrity of and critically assessing the financial statements of the Company, Pillar 3 disclosures (if applicable), and any formal announcements and supplementary regulatory information relating to the Company's financial performance.
- b. Reviewing, and considering changes to, significant accounting policies, including Pillar 3 disclosure policies and practices, as applicable.
- c. Reviewing, and reporting to the Board of Commissioners on, significant accounting judgements and adjustments.
- d. Reviewing going concern assumptions and any qualifications.
- e. Reviewing, as applicable, compliance with accounting standards, listing rules, Pillar 3 disclosure requirements and other requirements.
- f. Reviewing disclosure that describes the work of the Committee and of areas of special interest.
- g. Reviewing comment letters from regulatory authorities.
- h. Reviewing matters as advised by Internal Audit, any other function or the external auditor.
- i. Reviewing any significant or unusual items that may need to be highlighted in the annual report, or its local equivalent, by the external auditor.
- j. Reviewing the adequacy of resources and expertise as well as succession planning for the local Finance function.
- k. Advising the Board of Commissioners that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- l. Reporting to the Board of Commissioners on the Company's compliance with all applicable corporate governance codes or standards in relation to financial reporting.
- m. Providing assurances to the Board of Commissioners regarding compliance by the Company with relevant regulations relating to financial reporting.

The Audit Committee has authorities and responsibilities related with Internal Audit as follow:

- a. Provide consideration on any major findings of internal investigations and management's response, to assist the Board of Commissioners and management in protecting the Group's assets, reputation and sustainability and ensure the effectiveness of relevant risk management and governance processes;

- b. Provide recommendation for the Board of Commissioners and the management's consideration in ensuring the alignment of the annual Internal Audit plan with the key risks of the business and budget allocation;
- c. Provide recommendation for the Board of Commissioners' consideration in the appointment and resignation of Internal Audit Head.
- d. Provide recommendation for the Board of Commissioners' consideration in approving the Internal Audit Charter.
- e. Provide recommendation for the Board of Commissioners' consideration of the appointment of external independent parties to perform periodic review of internal Audit performance.
- c. Review any annual report, and other reports as required by applicable laws and regulations, from the President Director and Finance Director that such persons have disclosed to the Audit Committee and to the external auditor all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which could adversely affect the Bank's ability to record and report financial data and any fraud, whether material or not, that involves management or other employees who have a significant role in internal financial controls.
- d. Endorse the content of the statement relating to internal financial controls in the annual report, or its equivalent, for submission to the Board of Commissioners.

The Audit Committee has authorities and responsibilities related with External Audit as follow:

- a. Review the terms of appointment, re-appointment, or removal of the external auditor and approve their remuneration and terms of engagement, subject to acknowledgement by the Board of Commissioners and approval by the Company's shareholder.
- b. Review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process, considering relevant professional, regulatory and other requirements.
- c. Oversee the rotation of audit partners/ external auditors.
- d. Review the external auditor's report on the progress of the audit, its management letter, any material queries raised by the external auditor to management (and their responses). Any material risk or internal control issues shall be referred to the Risk Oversight Committee, as appropriate.
- e. Discuss with the external auditor the approach, nature, and scope of their audit and reporting obligations throughout the audit process.
- f. Oversee the implementation by management of the HSBC Group policy for the engagement of former employees/contractors of the external auditor.

The Audit Committee has authorities and responsibilities related with Internal Control as follow:

- a. Review the effectiveness of the Company's internal financial controls.
- b. Consider any findings of major investigations of internal control over financial reporting matters, management's response and the conclusions of any testing carried out by internal or external auditors.

The Audit Committee has authorities and responsibilities related with Whistleblowing as follow:

- a. Oversee the implementation of the Group's policies and procedures as long as not conflicted with the prevailing rules and regulation for capturing and responding to whistleblower concerns.
- b. Oversee the implementation of appropriate procedures to ensure confidentiality, protection and fair treatment of whistleblowers.
- c. Routinely review reports arising from the operation of the whistleblowing policies and procedures.
- d. Ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.

Annually review the operation and effectiveness of the arrangements by, which staff may, in confidence, raise concerns secretly.

#### **Other Responsibilities of Audit Committee**

1. Half-Yearly Certificates to the Group Audit Committee  
To provide half-yearly certificates in the form required by the Group Audit Committee to the Audit Committee of a Principal Subsidiary in the region with oversight over the Bank by providing documentation or provide assurances as requested by the Group Audit Committee and/or the Audit Committee of a Principal Subsidiary in the region with oversight over the Company from time to time including: providing periodic certifications, adopting best practice, being forthcoming in sharing information as long as not conflicting with prevailing laws and regulations, and interacting with the Group Audit Committee and/or the audit committee of a Principal Subsidiary in the region with oversight over the bank and/or its Chair on a regular basis.

## 2. Annual Review of Terms of Reference and Committee Effectiveness

Audit Committee shall review annually its terms of reference and its own effectiveness and recommend to the Board of Commissioners any necessary changes.

Audit Committee shall report to the Board of Commissioners on how Audit Committee has discharged its responsibilities and will make recommendations on any action(s) needed to resolve concerns or make improvements.

## 3. Material Deviation

As long as not conflicting with prevailing rules and regulations, Audit Committee of a Principal Subsidiary in the region with oversight over the bank, will be requested to review and provide advice on material deviations from the core terms of reference.

## 4. Reporting to Board of Commissioners

Audit Committee will report to the Board of Commissioners on the matters set out in these terms of reference and will provide the Board of Commissioners such additional assurance as it may reasonably require regarding the effectiveness of the company's finance and audit functions.

## 5. Overlapping responsibilities

Where there is a perceived overlap of responsibilities between Audit Committee and another committee of the Board of Commissioners, the respective committee Chairs shall have the discretion to agree the most appropriate committee to fulfil any obligation. An obligation under the terms of reference of any committee will be deemed by the Board of Commissioners to have been fulfilled, provided it is dealt with by any other committee.

## Composition of Members of the Audit Committee

Audit Committee consists of five (5) independent members. As per 31 December 2022, the Audit Committee composition is as follow:

	Name	Title
1	Catherinawati Hadiman Sugianto	Chairman of the Audit Committee (Independent Commissioners)
2	Rita Mas'Oen	Member of the Audit Committee (Independent Commissioners)
3	Umar Juoro	Member of the Audit Committee (Independent Commissioners)
4	Ubaidillah Nugraha	Member of the Audit Committee (Independent party with expertise in finance)
5	Kartini Sally	Member of the Audit Committee (Independent party with expertise in banking)

## Meeting

During 2022, the Audit Committee has held 8 (eight) committee meetings on 23 February 2022, 25 April 2022, 27 June 2022, 26 July 2022, 30 August 2022, 19 September 2022, 13 October 2022 and 28 November 2022. The percentage of attendance at the Audit Committee meetings is as follows:

No	Name	Audit Committee Meeting		
		Number of Meetings	Attendance	% Attendance
1	Catherinawati Hadiman Sugianto	8	8	100%
2	Hanny Wurangian*	6	6	100%
3	Umar Juoro	8	8	100%
4	Rita Mas'Oen**	1	1	100%
5	Ubaidillah Nugraha	8	8	100%
6	Kartini Sally	8	8	100%

\*) Based on BOD Circular Resolution No. 022/SKS/DIR/XI/2022 dated 30 November 2022, his term of office as member of Audit Committee of the Bank has ended as of 6 October 2022.

\*\*) Based on BOD Circular Resolution No. 022/SKS/DIR/XI/2022 dated 30 November 2022, her appointment as member of Audit Committee of the Bank effective as of 6 October 2022.

## Risk Oversight Committee

The Risk Oversight Committee is formed by and is responsible to the Board of Commissioners in assisting the Board of Commissioners to perform duties and functions.

The Risk Monitoring Committee is in accordance with the OJK Regulation No. 55/POJK.03/2016 concerning Implementation of GCG for Commercial Banks.

### Risk Oversight Committee Responsibilities

Based on Term of Reference of Risk Oversight Committee on Board of Commissioners decree number 011/SK/KOM/V/2019 which has been annually reviewed and approved to be used in Board of Commissioners Meeting dated 25 August 2021 and subject to OJK regulation number 55/POJK.03/2016 concerning Implementation of Good Corporate Governance for Commercial Bank, Risk Oversight Committee has following responsibilities, authorities, and policies as follow:

1. Evaluation to the conformity between policy on risk management and implementation of policies of the Bank,
2. Monitoring and evaluation to the performance of duties of Risk Management Committee and risk management work unit, in order to provide recommendation to the Board of Commissioners.

The Committee shall be accountable to the Board of Commissioners and shall have responsibility for oversight and advice to the Board of Commissioners on:

#### 1. Risk-Related Matter

- a. To oversee and advise the Board of Commissioners on risk-related matters, including both financial and non-financial risks.
- b. To review and provide independent challenge on risk management reports, including the Bank's enterprise risk reports, which enable Risk Oversight Committee to:
  - i. Assess the Bank's risk profile and how the risks arising from the Bank's businesses are controlled, monitored and mitigated.
  - ii. Focus on current and forward-looking risks and enable Risk Oversight Committee to assess the Bank's vulnerability to unidentified risks.
  - iii. Oversee the conduct framework and outcomes, to ensure the Bank delivers fair outcomes for customers and does not disrupt the orderly and transparent operation of financial markets.

- iv. Provide such additional assurance as the Board of Commissioners may require regarding the reliability of risk information.

#### 2. Risk Appetite

- a. To satisfy itself that risk appetite informs the bank's strategy and business plans and that account has been taken of the macroeconomic and financial environment, drawing on financial stability assessments and other authoritative sources that may be relevant.
- b. To advise the Board of Commissioners on risk appetite and risk tolerance related matters.
- c. To review and recommend the Bank's Risk Appetite Statement at least annually to the Board of Commissioners for approval.
- d. To receive reports where appropriate, to ensure the Bank's approach to the determination of its risk appetite is in line with regulatory requirements.
- e. If and when requested by the Board of Commissioners, to consider and advise the Board of Commissioners on the risks associated with proposed strategic acquisitions/disposals and associated due diligence, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Bank.
- f. Upon the request of the Board of Commissioners or other committee that oversees remuneration matters, to advise on alignment of remuneration with risk appetite.
- g. To consider and advise the Board of Commissioners on the risks relating to cyber security and information security.
- h. To review and advise the Board of Commissioners on the risks relating to the Bank's IT and operational resilience programmes.

#### 3. Stress Testing

To review and satisfy itself that the Bank's stress testing framework, governance and related internal controls are robust.

#### 4. Enterprise Risk Management Framework and Internal Control System

- a. To annually review the Bank's enterprise risk management framework and satisfy itself that it is operating effectively across the Bank.
- b. To review the effectiveness of internal control systems (other than internal financial control system).
- c. To embed and maintain a supportive risk culture, which includes a strong internal control environment.



In executing the above, Risk Oversight Committee shall:

- a. Ensure there are adequate controls for compliance with HSBC Group and the Bank policies.
- b. Consider any material findings from regulators relating to risk governance, conduct of business, risk assessment or management processes.
- c. Ensure that the controls relating to regulatory compliance risk are adequate.

5. Risk Management Director and Risk Management Function

- a. To monitor the effectiveness and independence of Risk Management Director and to ensure the risk management function is of sufficient stature, is independent of the business and is adequately resourced.
- b. To recommend to the Board of Commissioners the appointment or removal of Risk Management Director.

6. Internal Audit

- a. To review reports from Internal Audit that provide assurance on the adequacy of internal control processes.
- b. To ensure that the Audit Committee is advised of Risk Oversight Committee's work in relation to Internal Audit reports and, in particular, any shortcomings perceived in the scope or adequacy of the work of Internal Audit.

7. External Audit

To review any issue raised by the external auditor in respect of the audit of Bank's annual report (and management's response) which relates to the management of risk or internal control system (other than internal financial control system).

8. Annual Report

Where applicable, to review and endorse the content of the Risk Management Committee report or statements contained in the annual report relating to internal controls (other than internal financial control systems) and viability, including the assessment of principal risks facing the bank. Risk Oversight Committee shall focus on the following:

- a. The Bank's risk disclosures, including the articulation of strategy within a risk management context, inherent risks to which the strategy exposes the bank, the associated risk appetite and tolerance and how actual risk appetite is assessed over time.

- b. Forward looking information indicating the expected impact of potential risks facing the Bank.

- c. The description of how risk is managed across the Bank and the role of Risk Oversight Committee in providing oversight.

**Other Responsibilities of Risk Oversight Committee**

- a. Half-yearly Certificates to the Group Risk Committee  
To provide half-yearly certificates in the form required by the Group Risk Committee to the risk committee of a Principal Subsidiary in the region with oversight over the Company by providing documentation or provide assurances as requested by the Group Risk Committee and/or the risk committee of a Principal Subsidiary in the region with oversight over the bank from time to time including: periodic certifications, adopting best practice, being forthcoming in sharing information as long as not conflicting with prevail laws and regulations, and interacting with the Group Risk Committee and/or the risk committee of a Principal Subsidiary in the region with oversight over the Company and/or its Chair on a regular basis.

- b. Annual Review of Terms of Reference and Committee Effectiveness  
Risk Oversight Committee shall review annually its terms of reference and its own effectiveness and recommend to the Board of Commissioners any necessary changes.

Risk Oversight Committee shall report to the Board of Commissioners how Risk Oversight Committee has discharged its responsibilities and will make recommendations on any action(s) needed to resolve concerns or make improvements.

c. Material Deviation

The Risk Committee of a Principal Subsidiary in the region with oversight over the Bank, will be requested to review and provide advice on material deviations from the core terms of reference.

d. Reporting to Board of Commissioners

Risk Oversight Committee will report to the Board of Commissioners on the matters set out in these terms of reference and will provide the Board of Commissioners such additional assurance as it may reasonably require regarding the effectiveness of the risk management functions.

e. Overlapping responsibilities

Where there is a perceived overlap of responsibilities between Risk Oversight Committee and another committee of the Board of Commissioners, the respective committee Chairs shall have the discretion to agree the most appropriate committee to fulfil any obligation. An obligation under the terms of reference of any committee will be deemed by the Board of Commissioners to have been fulfilled, provided it is dealt with by any other committee.

The Risk Oversight Committee consists of four (4) independent members. As per 31 December 2022, the Risk Oversight Committee's composition is as follow:

	Name	Title
1	Umar Juoro	Chairman of the Risk Oversight Committee (Independent Commissioners)
2	Catherinawati Hadiman Sugianto	Member of the Risk Oversight Committee (Independent Commissioner)
3	Ubaidillah Nugraha	Member of the Risk Oversight Committee (Independent party with expertise in finance)
4	Kartini Sally	Member of the Risk Oversight Committee (Independent party with expertise in risk management)

### Meetings

During 2021, the Risk Oversight Committee has held 4 (four) meetings on 23 February 2022, 25 April 2022, 30 August 2022, 13 October 2022. The percentage of attendance at The Risk Oversight Committee meetings is as follows:

No	Name	Risk Oversight Committee Meeting		
		Number of Meetings	Attendance	% Attendance
1	Umar Juoro	4	4	100%
2	Catherinawati Hadiman Sugianto	4	4	100%
3	Ubaidillah Nugraha	4	4	100%
4	Kartini Sally	4	4	100%

### Remuneration And Nomination Committee

In accordance with regulation of the Indonesian Financial Services Authorities and other banking authorities, the Board of Commissioners is required to establish among others, the Remuneration and Nomination Committee in order to support the implementation of their duties and responsibilities effectiveness. In the context of the implementation of the duties and responsibilities, the Remuneration and Nomination Committee shall have an internal policy which includes work guideline and procedure which should be known and bind every member of the Committee.

The purpose of this Committee is to oversight of matters related to remuneration impacting the Bank, particularly for:

1. Overseeing the implementation and operation of the Bank's remuneration framework;
2. Ensuring that the remuneration framework does not breach any law, policies or regulations;
3. Ensuring that the remuneration framework is in line with the risk appetite, business strategy, culture and values, and long-term interests of the Bank;

4. Ensuring that the remuneration framework is appropriate to attract, retain and motivate individuals of the quality required to support the success of the Bank.

### Duties and Responsibilities of the Remuneration and Nomination Committee

Based on Term of Reference of Remuneration and Nomination Committee on the Board of Commissioners decree number 007/SK/DEKOM/III/2020 dated 2 March 2020 which has been reviewed annually and approved for use by the Board of Commissioner in the meeting dated 26 August 2021, the Remuneration and Nomination Committee shall have the following responsibilities, powers, authorities and discretion:

1. To consider remuneration matters for the Bank in the context of the Bank's remuneration framework, and provide advice on the application of the framework to the Bank in the context of regulations and market conditions

2. To perform evaluation to remuneration guidance based on performance, risk, fairness compared to peer group, the Bank's long-term target and strategy, fulfilment of reserves as stipulated in the prevailing regulation;
3. To complete the annual pay review process of the Bank by:
  - a. Considering the relevant issues that were taken into account in agreeing remuneration funding and proposals relevant to the Bank, and escalate any matters of concern to the Board of Commissioner as applicable; and
  - b. Reviewing and recommend (prior to, in certain cases, final approval by the Board of Commissioner) performance-based remuneration and to provide feedback to the Board of Commissioner as appropriate.
4. To provide evaluation result and recommendation to the Board of Commissioners in respect of:
  - a. Remuneration policy for the member of the Board of Directors and the member of the Board of Commissioners to be proposed to the GMS;
  - b. Remuneration policy to all employee to be advised to the Board of Directors;
5. To ensure that remuneration policies, practices and procedures are in line with the business strategy, objectives, culture, values and long-term interests of the Bank;
6. To prepare and provide recommendations on the system and procedure of selecting and/or replacing the Board of Directors and the Board of Commissioners members to the the Board of Commissioners and reported in the GMS;
7. To provide recommendations on the candidate of the member to the Board of Directors and/or candidate of the member to the Board of Commissioners to the Board of Commissioners and reported in the GMS;
8. To provide recommendation on the candidate of the Independent Party who will assume the role as Audit Committee and Risk Oversight Committee to the the Board of Commissioners;
9. To ensure that personnel who provide services to the Company are remunerated in a way that supports sound and effective risk management and the long-term interests of the Bank;

10. To ensure that the remuneration policy as applied to the Bank comply with, and are subject to review as required by the prevailing regulations;

11. To review performance-based remuneration by reference to corporate goals and objectives resolved by the Board of Commissioners from time to time, and to consider the relevant issues, if any, in agreeing remuneration funding and proposals relevant to the Bank so as to complete the annual pay review process of the Bank.

#### Responsibility Related to Regulatory, Risk and Audit

1. Reviewing any matters relating to remuneration that need to be reported to Board of Commissioner, shareholders and regulators, and assessing that there are effective safeguards in place to ensure that remuneration policies, practices and procedures are:
  - a. Clearly aligned with the Bank's risk appetite;
  - b. Consistent with and promotes the sound and effective risk management of the Bank;
  - c. Avoid risk-taking that exceeds the level of tolerated risk of the Bank;
  - d. Avoid the Bank to bear any risk that would undermine its ability to comply with regulatory and other legislative requirements

This includes the review and approval of:

- a. the content of the Remuneration Report (if any) in the annual report and accounts (or equivalent) of the Bank for submission to the the Board of Commissioners as a whole; and
- b. any material report required by the regulators from the Remuneration and Nomination Committee on the Bank's remuneration approach;
2. To seek confirmation and advice from the Bank's Risk Management Committee or Risk Management Director, as appropriate, on the alignment of risk and remuneration and, as necessary, any relevant adjustments for risk to be considered in respect of the variable pay pool and remuneration outcomes. In the event of any difference of view, appropriate risk adjustments should be recommended by the President Commissioner for further consideration;
3. To ensure that the remuneration policies, practices and procedures:
  - a. are consistent with and promote the sound and effective risk management of the Bank;
  - b. do not encourage risk-taking that exceeds the level of tolerated risk of the Bank, and;
  - c. do not encourage the Bank to bear any risk that would undermine its ability to comply with any regulatory obligation;

### Operation of the Remuneration and Nomination Committee

1. The Remuneration and Nomination Committee shall review annually the Committee's terms of reference and its own effectiveness and recommend any necessary changes for approval of the the Board of Commissioners and in the case of any material deviation from the core terms of reference for subsidiary remuneration committees, notification to the the Board of Commissioners.
2. Annually, the Remuneration and Nomination Committee shall report and inform the Board of Commissioners on how the Remuneration and Nomination Committee has discharged its responsibilities and will make recommendations on any action(s) needed to resolve concerns or make improvements.
3. The Remuneration and Nomination Committee may retain special counsel, advisers, experts or other consultants from time to time to assist consideration of any other matters which the Remuneration and Nomination Committee believes are required in keeping its responsibilities. The Remuneration and Nomination Committee may obtain such professional external advice as it shall deem appropriate to take account of relevant experience outside the Company and challenge its analysis and assessment. Any such appointment shall be made through the Corporate Secretary, who shall be responsible, on behalf of the Remuneration and Nomination Committee, for the contractual arrangements and payment of fees by the Bank.
4. Where there is a perceived overlap of responsibilities between the Remuneration and Nomination Committee and another committee of the Board, the respective the Board of Commissioners shall have the discretion to agree the most appropriate committee to fulfil any obligation. An obligation under the terms of reference of any committee will be deemed by the the Board of Commissioners to have been fulfilled, provided it is dealt with by any other committee.

### Composition of Remuneration and Nomination Committee:

The Remuneration and Nomination Committee consists of five (5) members. As per 31 December 2022, the Remuneration and Nomination Committee composition is as follows:

	Name	Title
1	Umar Juoro	Chairman of the Committee (Independent Commissioner)
2	Martin John Haythorne	Member of the Committee (President Commissioner)
3	Philip David Fellowes	Member of the Committee (Commissioner)
4	Catherinawati Hadiman Sugianto	Member of the Committee (Independent Commissioner)
5	Heni T Budisetio	Member of the Committee (Executive officer responsible for Human Resources)

During 2022, the Remuneration and Nomination Committee has held 5 (five) committee meetings on 24 January 2022, 11 February 2022, 25 April 2022, 30 August 2022, 5 December 2022.

The percentage of attendance at the Remuneration and Nomination Committee meetings is as follows:

No	Name	Remuneration and Nomination Committee Meeting		
		Number of Meetings	Attendance	% Attendance
1	Umar Juoro	5	5	100%
2	Mark Thomas McKeown*	2	2	100%
3	Matthew Kneeland Lobner**	1	1	100%
4	Martin John Haythorne***	4	3	75%
5	Philip David Fellowes****	3	3	100%
6	Catherinawati Hadiman Sugianto	5	5	100%
7	Heni T Budisetio	5	5	100%

\* Based on BOD Circular Resolution No. 008/SKS/DIR/V/2022 dated 7 June 2022, his term of office as member of Remuneration and Nomination Committee has effectively ended as of 22 April 2022

\*\* Based on BOD Circular Resolution No. 008/SKS/DIR/V/2022 dated 7 June 2022, his term of office as member of Remuneration and Nomination Committee has effectively ended as of 9 February 2022

\*\*\* Based on BOD Circular Resolution No. 008/SKS/DIR/V/2022 dated 7 June 2022, effectively serves as member of Remuneration and Nomination Committee since 9 February 2022

\*\*\*\* Based on BOD Circular Resolution No. 008/SKS/DIR/V/2022 dated 7 June 2022, effectively serves as member of Remuneration and Nomination Committee since 20 July 2022

## BOARD OF DIRECTORS

Board of Directors is an organ that is fully responsible for the Bank's operational activities in accordance with the Articles of Association. The Board of Directors has collective duties and responsibilities regarding the management of the Bank to increase the added value and ensure the Bank can maintain the sustainability of its business.

### Duties and Responsibilities of the Board of Directors

The Board of Directors is responsible in performing its duties to achieve the Bank aims and objectives. The Board of Directors shall in good faith and with full responsibility carry out their duties, in compliance with the prevailing laws and regulations and the Articles of Association.

According to Term of Reference of Board of Directors on Board of Director Decree number 023/SK/DIR/VI/2019 dated 26 June 2019 which has been annually reviewed and approved to be used in the Board of Directors meeting dated 25 October 2021 the main duties of the Board of Directors are as follows:

1. To direct, to manage and to control the Bank in accordance with the objective of the Bank and shall consistently make every effort to improve the efficiency and effectiveness of the Bank.
2. To dominate, to maintain and to manage the property of the Bank.
3. To draw up the annual working plan which covers the annual budget of the Bank to be submitted to the Board of Commissioners for approval from the Board of Commissioners prior to the commencement of the next fiscal year.

Subject to OJK Regulation No. 55/POJK.03/2016 on Implementation of Good Corporate Governance for Commercial Bank, Board of Directors shall be obligated as follows:

1. To be fully responsible for the performance of management of the Bank.
2. To manage the Bank in accordance with the authorities and responsibilities of the Board of Directors as set out in articles of association and laws and regulations.
3. To apply the principles of Good Corporate Governance in every business activities of the Bank in all organisational levels or stages.
4. To follow up the findings of audit and recommendation of internal audit work unit of the Bank, external auditor, result of supervision of OJK and/or result of supervision of other authority.
5. To establish, at least:
  - a. Internal Audit function

- b. Risk management work unit and Risk Management Committee
- c. Compliance function

6. To hold responsible for the performance of duties to shareholders through GMS.
7. To disclose to the staffs regarding strategic policies of the Bank in the field of personnel affairs.
8. Board of Directors shall be prohibited to use individual advisor and/or professional service as consultant. The use of individual advisor and/or professional service as consultant may be performed in the event that it complies with the requirements:
  - a. For specific purpose project;
  - b. Based on a decisive work contract;
  - c. Constitutes Independent Party and has the qualification to perform the specific purpose project as referred to in letter a;
9. To provide accurate, relevant, and on time data and information to the Board of Commissioners.

In relation with internal audit function implementation, the Board of Directors is responsible:

1. To develop internal control framework to identify, measuring, monitoring and controlling all risks across the Bank.
2. To ensure the Internal Audit function obtain updated information on initiatives, projects, products, and operational changes and risks that have been identified and anticipated.
3. To ensure the appropriate corrective actions are taken in a timely manner for all findings and recommendations from SKAI.
4. To ensure Head of Internal Audit has sufficient resources and budget to carry out the duties and functions in accordance with the annual audit plan.

The Board of Directors shall represent the Bank at law or otherwise in connection with any subject matters and in any and all respects, to bind the Bank to any other party and any other party to the Bank, and to take any and all actions, relating to management as well as ownership, accepting the limitations specified in next paragraph, in compliance with prevailing regulations.

The Board of Directors is supported by the staff under him/her and the committees established by the Board of Director in implementing good GCG in the Bank's operational activities. The Board of Director supervises the implementation of GCG conducted the staff by holding periodic meetings with (i) Credit Committee, (ii) Assets and Liabilities Committee, (iii) Risk Management Committee, (iv) Information Technology, Operational, and Services Committee, (v) People Committee, and (vii) Integrated Risk Management Committee.

### Composition of the Board of Directors

The composition of the Bank's Board of Directors as of 31 December 2022 is as follows:

Designation	Name
President Director	Francois de Maricourt
Director	Dio Alexander Samsoeri
Director	Stephen Whilton Angell
Director	Riko Adythia
Compliance Director	Nisha Asha Bhambhani
Director	James Rex Elwes
Director	Yardley
Director	Lanny Hendra <sup>*)</sup>
Director	Carlos, Isidro Quilis <sup>**)</sup>

<sup>\*)</sup> Effectively serves as Director of the Bank since 21 February 2023.

<sup>\*\*)</sup> Effective from the date determined by the Company after the Company submit the plan in the RBB and obtained approval from the OJK on the RBB and receiving approval from the OJK for the Fit and Proper Test and obtained the working permit from the relevant government institution, with due observance to the prevailing laws and regulations, and other approval in compliance with the prevailing laws and regulations in Indonesia.

### Board of Directors Meeting

The Board of Directors carry out their duties and responsibilities independently of the controlling shareholder. All decisions of the Board of Directors are taken based on deliberation and consensus in the Board of Directors meeting which is held regularly, at least once a month. During 2022, The Board of Directors has held 13 (thirteen) meetings on 27 January 2022, 22 February 2022, 24 March 2022, 22 April 2022, 25 May 2022, 23 June 2022, 28 July 2022, 25 August 2022, 29 September 2022, 25 October 2022, 17 November 2022, 24 November 2022, and 16 December 2022.

The percentage of directors' attendance at the Board of Directors' meetings is as follows:

No	Name	The Board of Directors Meeting					
		Number of Scheduled BOD Meeting	Attendance of Scheduled BOD Meeting	% Attendance of Scheduled BOD Meeting	Number of Additional BOD Meeting	Attendance of Additional BOD Meeting	% Attendance of Additional BOD Meeting
1	Francois de Maricourt	12	9	75%	1	1	100%
2	Stephen Whilton Angell	12	10	83%	1	1	100%
3	Dio Alexander Samsoeri	12	11	92%	1	1	100%
4	Edhi Tjahja Negara Darmohusolo <sup>*)</sup>	3	3	100%	0	0	-
5	Eri Budiono <sup>**)</sup>	12	9	75%	1	0	0%
6	Riko Adythia	12	9	75%	1	1	100%
7	Nisha Asha Bhambhani	11	10	83%	1	1	100%
8	James Rex Elwes	12	10	83%	1	1	100%
9	Yardley	12	10	83%	1	0	0%

<sup>\*)</sup> His term of office as Director of the Bank has effectively ended as of 15 April 2022

<sup>\*\*)</sup> His term of office as Director of the Bank has effectively ended as of 31 December 2022



## Committees under the Board of Directors

In conducting their duties, the Board of Directors is assisted by 6 (six) Executive Committees, which are (i) Credit Committee, (ii) Assets and Liabilities Committee, (iii) Risk Management Committee, (iv) Information Technology, Operational, and Services Committee, (v) People Committee, and (vi) Integrated Risk Management Committee.

### A. Credit Committee

Credit Committee is formed to approve the proposal of loan distribution, including all processes related to the settlement process for non-performing loans. This is with consideration to the implementation of Good Corporate Governance and Risk Management in the credit process of the Bank.

#### Credit Committee Authorities and Responsibilities

Credit Committee is authorized to approve all matters related to the wholesale credit related matters, including but not limited to:

1. Decision on the draft credit decision submitted by the recommender / proposer.
2. Approval of all credit applications regardless of amount subject to compliance to all relevant governance and regulatory requirements.
3. Approval of all syndicated credit application as long as the Bank's position is not inferior to the other banks.
4. Approval for Loan Sales regardless to the amount subject to the condition of the transaction is transacted on arm's length basis.

#### The Members of Credit Committee

Credit Committee consists of:

Chairman : President Director

Member:

1. President Director
2. Finance Director
3. Commercial Banking (CMB) Director
4. Global Banking Director
5. Deputy to Commercial Banking Director
6. Head of Department from GB and CMB
7. Head of Wholesale Credit Approval
8. Wholesale Credit Approver Team Leader

Every Wholesale Credit Committee's decision must also state in writing and is approved by at least 3 (three) Credit Committee members as follows:

- Head of Wholesale Credit Approval; and
- Either one of Commercial Banking Director (CMB) or Deputy to Commercial Banking Director or Global Banking Director or their delegates; and
- 1 other Credit Committee member.

In the absence of Credit Committee meeting, it can be substituted by 3 (three) Credit Committee members' approval by document circulation or by e-mail circulation; with the same conditions as above.

In the case there is dissenting opinion from one of the Credit Committee members including from Head of Wholesale Credit Approval or Wholesale Credit Approval Team Leader, which is documented and provided to Credit Committee; Credit Committee's decision should be reached with approval from 3 (three) Credit Committee members which is consist of two Directors of Credit Committee members and one other Credit Committee member.

All credit proposals prior to be approved by Credit Committee require Risk Management Director's opinion or Head of Risk Management & Risk Regulatory Engagement in the absence of Risk Management Director.

Loan granted to the Bank's connected party must be approved by Board of Commissioners. Prior submission to Board of Commissioners, it must obtain Compliance's opinion.

In the absence of Head of Wholesale Credit Approval then the Credit Committee authority will be automatically delegate to Wholesale Credit Approval Team Leader.

In the absence of Commercial Banking Director or Global Banking Director then the Credit Committee authority will be automatically delegate to Head of Department from GB or CMB.

#### Meetings:

Meetings held by Credit Committee are in relation to credit proposal approvals.

In the absence of Credit Committee meeting, it can be substituted by 3 (three) Credit Committee member's approval by document circulation or by e-mail circulation; with the same conditions as above.

### B. Assets and Liabilities Committee (ALCO)

Assets and Liabilities Committee is a Committee under the Board of Directors that manages overall asset and liability of the Bank in order to maximize returns, to enhance profitability, to manage capital and funding, and to protect the Bank for any severe financial consequences arising from liquidity risk, interest rate risk, capital and funding, regulatory and market environment.

#### Assets and Liabilities Committee Responsibilities

1. Manage the balance sheet with a view to achieving efficient allocation and utilization of all resources, enhance economic profit by improving net profits and promoting efficiency in the use of capital and funding by enhancing return on risk assets in the context of a clearly defined growth policy and review all risks and ensure prudent management to include structural interest rate risk, structural foreign exchange risk, liquidity and funding risk.
2. Provide direction and ensure tactical follow-through to create an evolving balance sheet structure to meet performance objectives within prescribed risk parameters.
3. Monitor the external environment and measure the impact on future profitability, strategy and the balance sheet factors such as: interest rate volatility, market liquidity, exchange rate volatility, monetary and fiscal policies, customer behavior and competitor actions, and impact from accounting and regulatory changes.
4. Understand the interaction between different lines of business and portfolios in the financial positions and the issues affecting such as transfer pricing, behaviouralization and resource allocation.
5. Provide a forum for discussing ALCO issues and facilitate teamwork between different business/departments to resolve departmental inter-face issues such as transfer pricing.
6. Review overall sourcing and allocation of funding.
7. To be forward looking and determine the most likely banking environment for asset/liability forward planning and review contingency scenarios.
8. To evaluate alternative rate, pricing and portfolio mix scenario; review asset/liability distributions and maturities and Bank's rationalization.

#### The Members of Assets and Liabilities Committee

Assets and Liabilities Committee consists of:

Chairman: President Director

Secretary: ALCM

Mandatory Invitee: Corporate Secretary

Member:

1. Finance Director
2. Compliance Director
3. Commercial Banking Director

4. Wealth & Personal Banking Director
5. Global Banking Director
6. Head of Global Markets and Securities Services
7. Risk Management Director
8. Operations & IT Director
9. Head of Asset and Liability Capital Management
10. Head of Balance Sheet Management
11. Head of Risk Management and Risk Regulatory Engagement

#### Meetings

During 2022 ALCO Meeting has been held 11 times that is on 27 January, 23 February, 24 March, 22 April, 25 May, 23 June, 28 July, 25 August, 29 September, 25 October and 24 November.

#### C. Risk Management Committee

Risk Management Committee is established to ensure that the framework of risk management has provided adequate mitigation against all risks faced by the Bank.

The Purpose and the Scope of Risk Management Meeting  
Risk Management Committee serves as the governance body for the enterprise-wide risk management with particular focuses on risk culture, risk appetite, risk profile, and integration of risk management into the Bank's strategic objectives. The Risk Management Committee is established with having, among others, the following responsibilities:

- To be informed, discuss, consider, and address material key risks and enterprise-wide key issues as well as common themes identified across the Bank;
- To perform assessment and provide recommendation to the Board of Directors with respect to risk management which at least covering:
  - formulation of risk management policy, strategy, and guidance with its amendments;
  - enhancement or improvement of risk management implementation based on evaluation;
  - establish guidelines related to business decisions which deviate from normal procedures
- To consider relevant reports and updates pertaining to the key risks and issues across the Bank and across all the three lines of defense, commissioning further review where required
- To ensure that risk management practices support desired conduct and culture outcomes.

### Members of Risk Management Committee

Risk Management Committee in 2022 consists of:

Chairman: Risk Management Director

Members:

1. President Director
2. Finance Director
3. Operations and Information Technology Director
4. Global Banking Director
5. Head of Global Markets & Securities Services
6. Commercial Banking Director
7. Wealth & Personal Banking Director
8. Human Resources Director
9. Compliance Director
10. Head of Risk Management & Risk Regulatory Engagement
11. General Legal Counsel

### Meetings

Throughout 2022, The Risk Management Committee has held regular meeting 8 (eight) times, on 27 January 2022; 24 March 2022; 22 April 2022; 23 June 2022; 11 August 2022; 29 September 2022; 25 October 2022; 24 November 2022 and 1 (one) time ad-hoc meeting which was held on 5 October 2022.

## D. Information Technology, Operation, and Services Steering Committee

### Description

Information Technology, Operation, and Services Steering Committee is the committee that monitors the Information Technology, Operation and Services activities and giving recommendations to improve the efficiency of its operations and the quality of banking services to customers.

Authorities and responsibilities of Information Technology, Operation, and Services Steering Committee are as follows:

1. Plan the strategy of Information Technology, Operation, and Services that is in accordance with the strategic plan of the Bank's business activities.
2. Outline policies and main procedures of Information Technology, such as Information Technology security policies and risk management regarding the use of Information Technology in the Bank;
3. Determine the priority of Information Technology, Operation, and Services projects that are deemed critical and supervise the implementation of these projects;
4. Monitor risks in the Information Technology, Operation, and Services sector and reduce the impacts;

5. Monitor the performance of Information Technology, Operation, and Services that function as a catalyst in improving technology, productivity, and operational services;
6. Monitor the actual costs of the activities and the projects of Information Technology, Operation, and Services against the cost plan and the target of the Bank's financial performance.
7. Information Technology, Operation, and Services Steering Committee is involved in approving Information Technology projects.

### The Members of Information Technology, Operational, and Services Steering Committee

Information Technology, Operational, and Services Steering Committee consists of:

Chairman: Director responsible for Information Technology, Operation, and Services work unit

Member :

1. Commercial Banking Director
2. Global Banking Director
3. Wealth & Personal Banking Director
4. Finance Director
5. Risk Management Director
6. Compliance Director
7. Human Resources Director
8. Head of Global Market and Security Services

### Meetings

During 2022, Information Technology, Operation, and Services Steering Committee has held meetings 5 (five) times on 21 February, 21 April, 22 June, 22 August and 24 October.

## E. People Committee

People Committee is formed to review and carry out the people strategies, policies and initiatives in the Bank, whilst in compliance to regulations set by Regulators and Government Bodies. People Committee is to ensure satisfaction of shareholders and to maintain consistent activities for wider employees. People Committee is to support and ensure the strategic and objectives people activities, from recruitment, motivation and retention of quality employees.

People Committee assists the Board of Directors in reviewing and monitor significant and critical people strategies, policies and initiatives arisen, as well as came up by the shareholders for implementation in the Bank based on adherence to the laws and regulations imposed in the Republic of Indonesia.

People Committee drives the implementation of country-wide Human Resources plans on Resourcing, Talent & Development, Retention, Remuneration, Pay Review, Employee & Industrial Relations as well as Transformation, underpinning to the HSBC values, business principles, as well as law and regulations.

#### **Duties and Responsibilities**

Duties and responsibilities of People Committee include:

- Review and monitor the implementation of People Strategies within Indonesia, e.g. Diversity, International Mobility, Employee Engagement, Recruitment, Development, etc.
- Review and monitor the implementation of Business/ Functions People Strategies for local adoption in Indonesia.
- Review and monitor significant People Risks, including Personal Conduct Case (PCC) metrics, implementation of conduct management initiatives, voluntary attrition statistics and change programmes subsequently recommended.
- Review the implementation of HSBC Group Talent Management Strategy in Indonesia for local adaptation, including the approach and members of Local Talents.
- Review the implementation of the Talent Strategy in Indonesia for local adoption, including approach to, and membership of, the Country Talent Pool.
- Develop the Annual Succession Plan for cross business roles and make recommendations to the Board of Directors for critical executive positions and to Board of Commissioners for Board of Directors positions.
- Review and monitor progress updates against objectives defined in the people quadrant of the President Director's scorecard.
- Review an annual update of the implementation of the Performance and Reward strategy. This will include metrics around the Performance Management processes, Potential Assessment processes and Reward and Recognition processes and any other material reward strategies and policies.
- Review changes to organisation structures and related organisation design decisions as required.
- Notes minutes of the Diversity Committee and review activity as appropriate.

#### **People Committee Member**

People Committee consists of:

- a. Chairman: President Director
- b. Vice Chairman: Human Resources Director

c. Member:

1. Wealth & Personal Banking Director
2. Commercial Banking Director
3. Global Banking Director
4. Operations and Information Technology Director
5. Risk Management Director
6. Finance Director
7. Compliance Director
8. Head of Global Markets & HSBC Securities Services
9. Head of Company Secretary
10. Head of Communication
11. Head of Strategy and Business Implementation
12. General Legal Counsel
13. SVP HR Talent and Development

#### **Meetings**

During 2022, People Committee meeting had been held for 8 (eight) times and 1 (one) circulation only:

- 26 January 2022
- 23 March 2022
- 21 April 2022
- 25 May 2022
- 22 June 2022
- 22 August 2022
- 28 September 2022
- 23 November 2022
- 15 December 2022 (Circulation)

### **THE IMPLEMENTATION OF FINANCIAL CONGLOMERATES**

In line with the revocation of business license of Branch Office the Hongkong and Shanghai Banking Corporation Limited in Jakarta by the Otoritas Jasa Keuangan, there are changes on the member of HSBC Financial Conglomerates in Indonesia since 8 April 2019, where PT Bank HSBC Indonesia as the Main Entity with PT HSBC Sekuritas Indonesia as a sister company that become the member of HSBC Financial Conglomeration.

In order to comply with OJK Regulation No.17/POJK.03/2014 on Implementation of Integrated Risk Management for Financial Conglomerates and OJK regulation No.18/ POJK.03/2014 on Implementation of Integrated Governance for Financial Conglomerates, the Bank, as the Main Entity, always perform its duties and responsibilities well in accordance with the OJK regulation. As the Main Entity, the Bank has established Integrated Corporate Governance Committee and Integrated Risk Management Committee.

## A. Integrated Corporate Governance Committee

Integrated Corporate Governance Committee is established based on the resolution of the Board of Commissioners of Main Entity as stipulated in the Circular Resolution of the Board of Commissioners of Main Entity dated 8 August 2017, Integrated Corporate Governance Committee acts independently in performing their duties and reporting. Integrated Corporate Governance Committee is responsible to the Board of Commissioners of the Main Entity.

### Duties and Responsibilities of Integrated Corporate Governance Committee

Based on Integrated Corporate Governance Committee guidelines on the Board of Commissioners Decree No. 024/SK/KOM/VIII/2019 dated 27 August 2019 and based on OJK Regulation No 18/POJK.03/2014 and SEOJK No. 15/SEOJK.03/2015 regarding Implementation of Integrated Corporate Governance for Financial Conglomeration, the Committee of Integrated Corporate Governance has duties and responsibilities at the minimum include:

1. To evaluate Integrated Corporate Governance application through, at least, the assessment of internal control adequacy and integrated performance of compliance function;
2. To give recommendations to the Main Entity Board of Commissioners to enhance Integrated Corporate Governance Guidance;
3. Integrated Corporate Governance Committee must convene meetings at least once every semester.
4. Integrated Corporate Governance Committee meetings are conveyable via video conference.

5. The results of Integrated Governance Committee meetings are written up in the well documented minutes of meeting.
6. Any dissenting opinion that happens at Integrated Corporate Governance Committee meetings is clearly written up in the minutes of meeting as well as the reason therefore.

### Integrated Corporate Governance Committee Membership

1. Based on OJK Regulation No 18/POJK.03/2014 dan SEOJK No. 15/SEOJK.03/2015 regarding implementation of Integrated Corporate Governance Integrated Corporate Governance Committee consists, at least, of the following:
  - a. an Independent Commissioner being a Chairman of one of the Main Entity committees, as a Chairman with concurrent role as a member
  - b. an Independent Commissioner representing and appointed by a Financial Institution under the Financial Conglomeration, as a member
  - c. an independent party as a member.
2. The headcount and structure of Independent Commissioners being members of Integrated Corporate Governance Committee is commensurate with the needs, the efficiency and effectiveness of Integrated Governance Committee's discharged duties, having observed the representatively of each financial services sector.
3. An Independent Commissioner might be a permanent or non-permanent member in Integrated Corporate Governance Committee.

### Meetings

During 2022, The Integrated Corporate Governance Committee has held 2 (two) meetings on 18 February 2022 and 10 August 2022.

No	Name	The Integrated Corporate Governance Committee Meeting		
		Number of Meeting in accordance with the Effective Period	Attendance	% Attendance
1	Hanny Wurangian*	2	2	100%
2	Catherinawati Hadiman Sugianto	1	1	100%
3	Ubaidillah Nugraha	2	2	100%
4	Krishna Suparto	2	2	100%
5	Kartini Sally	1	1	100%
6	Rita Mas'Oen**	0	0	100%

\*) Based on BOD Circular Resolution No. 022/SKS/DIR/XI/2022 dated 30 November 2022, his term of office as member of Audit Committee of the Bank has ended as of 6 October 2022.

\*\*) Based on BOD Circular Resolution No. 022/SKS/DIR/XI/2022 dated 30 November 2022, her appointment as member of Audit Committee of the Bank effective as of 6 October 2022.

## **B. Integrated Risk Management Committee**

The Integrated Risk Management Committee is established to provide recommendations regarding integrated risk management policies to the Board of Directors of the Main Entity, which is the Bank.

The Integrated Risk Management Committee have the authorities and responsibilities to recommend to the Board of Directors of the Main Entity, in regards to:

1. Establishment of Integrated Risk Management policy.
2. Refinement of Integrated Risk Management policy base on evaluation of the implementation.

### **Main Role of the Members of Integrated Risk Management Committee:**

- a. To provide inputs to the Integrated Risk Management Committee in the form of topics along with meeting material that will be discussed in the Integrated Risk Management Committee meeting.
- b. To provide inputs in the form of information and analysis that are related to the topic that is discussed in the Integrated Risk Management Committee meeting.

### **The Integrated Risk Management Committee membership includes:**

- a. Risk Management Director of the Bank as chairman and member of the Integrated Risk Management Committee
- b. Finance Director of the Bank
- c. Compliance Director of the Bank
- d. Director / an appointed representative from PT HSBC Sekuritas Indonesia (HCID)
- e. Head of Risk Management & Risk Regulatory Engagement of the Bank
- f. Executive Officer

### **Meetings**

During the course of 2022, the Integrated Risk Management Committee has held meetings three times, on 18 February 2022, 10 August 2022 and 16 November 2022 respectively.

## **CORPORATE SECRETARY**

### **Corporate Secretary Profile**

The Bank's Corporate Secretary position is held by Uliya Ariani, Indonesian citizen. She has served as the Bank's Corporate Secretary since August 2017. She obtained her Bachelor's Degree in Law from University of Indonesia. She started her career as Legal Counsel in 2000. She started pursuing a career in the Banking Industry at PT Bank OCBC NISP Tbk, in 2003 and has

held various positions among others as Corporate Legal Head, as Corporate Secretary in 2008 to 2013 and as Executive Assistant to the Board of Commissioners in late 2013 to 2015. She also held positions as Corporate Secretary and Corporate Legal Division Head in PT Bank QNB Indonesia Tbk in early 2013 and also held positions as Corporate Secretary and Corporate Legal Division Head at PT Bank Mayora in January 2016 until July 2017.

The Corporate Secretary has responsibilities to disclose all accurate information regarding the Bank to stakeholders in time. The announcement regarding the Bank's condition and performance are conducted in accordance with applicable provisions of the Bank's Articles of Association.

The Corporate Secretary's functions and responsibilities are assisting the Board of Commissioners and the Board of Directors in implementing Good Corporate Governance, which covers:

- a. Provide advice to the Bank's Board of Commissioners and Board of Directors through the President Director and/or President Commissioner regarding Good Corporate Governance.
- b. Support the Board of Commissioners. The Committees under the Board of Commissioners, and the Board of Directors regarding Good Corporate Governance and capital market provisions if necessary.
- c. Understand and address the changes in Indonesia laws related to Good Corporate Governance and duties of Corporate Secretary.

## **COMPLIANCE FUNCTION**

The Bank continues to focus on improving the management of the risks faced by the Bank including, among others, compliance risk and financial crime, in order to have a strong foundation for future business growth, the role and function of compliance as well as the existing compliance work unit in the Bank is very necessary so that the potential risk of bank business activities can be detected early.

Internally, the Bank has Guidelines for the Establishment and Implementation of the Compliance Function to improve bank performance, improve compliance with applicable laws and regulations and generally accepted ethical values in the banking industry.

The Compliance Unit is under the responsibility of the Director in charge of Compliance. The Director in charge of the Compliance unit reports directly to the President Director.



In supporting the compliance function to run effectively and efficiently, the Bank's Compliance Unit consists of Compliance Advisory, Risk Steward Oversight and Regulatory Conduct, Compliance Assurance, and Financial Crime (FC).

Compliance Advisory supports all business lines and other functions in the Bank to identify and manage compliance risks, to monitor independently and objectively. Compliance Advisory provides advice and guidance to assist business lines and other functions at the Bank to ensure that the activities they carry out are in accordance with regulations.

Risk Steward Oversight and Regulatory Conduct (RSO) supports the Bank's Compliance Function to monitor the compliance risk management, implementation of Compliance programs, and facilitating the relation between the Bank and regulator, as well as ensuring the impact to customer and market integrity is being considered in every action/behaviour of the Bank and its employees.

FC is a dedicated working unit that supervises the Anti-Money Laundering and Prevention of Terrorist Financing (APU-PPT), Sanctions, Anti-Bribery and Corruption, as well as Tax Transparency programmes in all lines within the bank. This unit is also responsible for issuing the Anti-Fraud policy for the Bank.

Compliance Assurance supplements the management immediate supervision of business process, compliance monitoring (of procedure and analysis related to risk main indicators) towards the first line of defence.

In ensuring the implementation of the Compliance Function at the Bank, the Director of Compliance, assisted by the Compliance Unit :

- ensure the implementation of a Compliance Culture at all levels of the Bank's organization and business activities
- Managing Compliance Risk
- ensure that the policies, provisions, systems, and procedures as well as the business activities carried out by the Bank are in accordance with the provisions of the Financial Services Authority, Bank Indonesia and the prevailing laws and regulations
- ensure the Bank's compliance with the commitments made by the Bank to the Financial Services Authority, Bank Indonesia and/or other competent supervisory authorities.

Regarding integrated governance supervision, with the appointment of the Bank as the main entity of the HSBC financial conglomerate, the Bank's compliance unit formed an Integrated Compliance Unit to ensure the implementation of the compliance function is carried out properly in the Main Entity and also in other members of the conglomerate, namely PT HSBC Sekuritas Indonesia (HCID).

Through the 2023 – 2025 Business Plan that has been submitted to OJK on 28 November 2022, the Compliance Unit in 2023 will continue to focus on monitoring and maintaining that the Bank's business activities do not deviate from applicable regulations.

The Compliance Work Unit proactively focuses on carrying out supervision on the fulfillment of prudential banking principles, which includes the Capital Adequacy Ratio (CAR), Net Open Position (PDN), Minimum Statutory Reserves ( Rupiah and Foreign Currency), Daily Balance Position of Short Term Foreign Loans, Allowance for Impairment Losses, and Non-Performing Loans Ratio in accordance with applicable regulations

As part of compliance risk management, the Bank has implemented the Anti-Money Laundering and Prevention of Terrorism Financing (AML-CFT) includes 5 Pillars of AML-CFT risk management, namely: Active Management Supervision, Policy and Procedures, Internal Audit and Control Functions, Management Information Systems and Training/Human Resources. Through Decree No. 012/SK/DEKOM/VIII/2021 dated 26 August 2021 concerning Changes in Anti-Money Laundering Policy Implementation Policy (Anti-Money Laundering Policy) was issued as an improvement to the existing Anti-Money Laundering and Prevention of Terrorism Program Implementation in the Financial Services Sector based on an annual review conducted has been harmonized with OJK Regulation No.23/POJK.01/2019 concerning Amendments to OJK Regulation No. 12 /POJK.01/2017.

In implementing the APU PPT program above, in addition to the applicable provisions based on Bank Indonesia regulations and/or other regulations, the Bank also adopts provisions based on HSBC Group Global Standards, as long as they do not conflict with local regulations.

Compliance with this Policy and other related guidelines is essential to ensure that the Bank complies with laws and regulations related to Anti-Money Laundering, maintains the effectiveness and defense of the AML and CFT Program and manages AML and CFT risks properly. It is expected that all employees comply with this Policy and the applicable AML and CFT laws, rules and regulations in Indonesia. To ensure this, training and human resource development programs, especially those related to AML and CFT, are carried out from the start of employees entering the Bank, on an ongoing basis and are also carried out specifically for employees who have high exposure to the implementation of APU PPT in their duties and responsibilities.

## LEGAL ISSUES

As at 31 December 2022, there are 8 (eight) legal cases involving the Bank with frequency and/or financial impact are considered not significant enough in affecting the Bank's financial condition as well as toward its reputation.

As additional information, the 1 (one) case related to the Bank's non-customer that was previously reported as having significant financial value (but not affecting the Bank's financial conditions as a whole) has been closed, with court verdict favouring the Bank

Legal Issues	Number of Case	
	Civil	Criminal
Verdict given with permanent legal force	1	-
In progress	8	-
<b>Total</b>	<b>9</b>	<b>-</b>

## SHARE OPTIONS

The Bank did not have share options program throughout 2022.

## SHARE OWNERSHIP OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

No members of the Board of Commissioners and the Board of Directors, as an individual or a collective, owns shares of the Bank of 5% (five percent) or more from the capital deposited by the Bank.

## AFFILIATED RELATIONSHIPS

Information related to the Affiliated Relationships between the Board of Directors, the Board of Commissioners, and Shareholders of the Bank are as follows:

Name	Affiliated relationship with					
	Board of Commissioners		Board of Directors		Shareholders	
	Yes	No	Yes	No	Yes	No
Martin John Haythorne	-	√	-	√	√	-
Umar Juoro	-	√	-	√	-	√
Mark Thomas Mckeown	-	√	-	√	√	-
Catherinawati Hadiman Sugianto	-	√	-	√	-	√
Mark Surgenor	-	√	-	√	√	-
Philip David Fellowes	-	√	-	√	-	√
Rita Mas'Oen	-	√	-	√	-	√

Name	Affiliated relationship with					
	Board of Commissioners		Board of Directors		Shareholders	
	Yes	No	Yes	No	Yes	No
Francois de Maricourt	-	✓	-	✓	✓	-
Stephen Whilton Angell	-	✓	-	✓	✓	-
Dio Alexander Samsoeri	-	✓	-	✓	-	✓
Riko Adythia	-	✓	-	✓	-	✓
Nisha Asha Bhambhani	-	✓	-	✓	-	✓
James Rex Elwes	-	✓	-	✓	✓	-
Yardley	-	✓	-	✓	-	✓
Lanny Hendra*	-	✓	-	✓	-	✓
Carlos, Isidro Quilis**	-	✓	-	✓	✓	-

\*) Effective from the date determined by the Company after receiving approval from OJK for Fit and Proper Test with due observance to the prevailing laws and regulations in Indonesia.

\*\*) Effective from the date determined by the Company after the Company submit the plan in the RBB and obtained approval from the OJK on the RBB and receiving approval from the OJK for the Fit and Proper Test and obtained the working permit from the relevant government institution, with due observance to the prevailing laws and regulations, and other approval in compliance with the prevailing laws and regulations in Indonesia.

## SELF-ASSESSMENT

PT Bank HSBC Indonesia Self-Assessment for Good Corporate Governance Implementation period December 2022 is rated as 2. The rating 2 reflects that in general the Bank's management has implemented good governance.

The Bank has applied GCG principles in all its business activities at all organizational levels, as well as reflecting the concrete manifestation of the Bank's high GCG commitments in terms of corporate governance, and the Bank's seriousness in complying with laws and regulations in effect. All are intended to increase efficiency, to improve performance and our service to stakeholders in adherence to the regulations on GCG implemented by the Bank.

The Board of Directors composition of local to expatriate has met the regulatory requirement as well where majority of the Board members are Indonesian citizen.

The infrastructure at the Bank has been well implemented, where each function of the organizational structure has written and clear duties and responsibilities. Every operational implementation at the Bank is carried out with policies and procedures that are prepared by taking into account the principles of prudence, compliance with applicable regulations and risk management.

The Bank has implemented a good governance process supported by an adequate and effective governance structure in accordance with the complexity of the Bank business, statutory provisions, regulations of the Financial Services Authority, Bank Indonesia and

other monetary authorities. The Bank's operational activity is carried out by referring to the applicable laws and regulations in accordance with the functions and authorities of the Bank's structural organs which have been carried out properly. There is adequate structural and infrastructure support in accordance with the complexity of the Bank's business for the implementation of the governance process

As of 31 December 2022, the Bank continues to carry out ongoing supervision to maintain financial performance so that the financial results target can be achieved as stated in the Bank's Business Plan Realization Report

## INTERNAL AUDIT WORK UNIT (SKAI)

The Bank's SKAI is an integral part of the Bank's governance and control framework. The main task of SKAI is to assist the Board of Commissioners and Executive Management in securing the organization's assets, reputation, and sustainability. The SKAI provides independent and objective assurance of the adequacy of the design and implementation of risk management, risk control, and governance processes, as designed and represented by management.

The Bank has adopted a risk management and internal control structure, referred to as "Three Lines of Defence", to ensure the achievement of the commercial objectives, meeting regulatory and legal requirements, and also the fulfilment of all the responsibilities to the stakeholders. In the context of the risk management framework, SKAI acts as the Third Line of Defense and acts as a function independent of the First Line of Defense and Second Lines of Defense.

Within the organization, SKAI reports to the President Director and has access to the Board of Commissioners through the Audit Committee whenever required and reports to the Audit Committee on the state of risk management and internal control throughout the Bank. In order to ensure the independency and objectivity, Internal Audit must be independent to operational activities.

SKAI has, for the purpose of its work, unrestricted access at any time to all the records, personnel, property and operations of the Bank. Internal Audit also has authority to liaise with external auditor and attend all strategic meetings, such as the Board of Directors Meetings and Risk Management Meetings to convey the conclusion of the audit results and obtain the up-to-date information on issues arising and strategic development of the Bank.

SKAI provides independent assurance to management on the effectiveness of the processes in place to manage fraud. Where material fraud occurs, SKAI could review the nature of the incident and assess whether there is any control weaknesses that gave rise to the fraudulent opportunity could/should have been detected.

SKAI reviews management action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls.

## **EXTERNAL AUDIT**

The Bank establishes transparent cooperation with Public Accounting Firm. The Bank assigns Public Accounting Firm with robust reputation in accordance with the public accountant professional standard and affiliated with an International Public Accountant Firm. Legality of work agreement and scope of audit are covered in the Engagement Letter signed by the Bank and the Public Accounting Firm every year before the annual audit commenced. The Public Accounting Firm and Public Accountant assigned by the Bank, as external auditor registered in Otoritas Jasa Keuangan (OJK), will communicate directly with OJK about the condition of the Bank, in line with the preparation and implementation of the audit process.

The appointment of Public Accounting Firm for the Bank has been in accordance with the prevailing law and regulations. Based on power and authority granted by GMS to assign Public Accounting Firm registered in OJK, the Board of Commissioners has assigned KAP Tanudiredja, Wibisana, Rintis & Rekan as the Bank's

independent Public Accounting Firm that audits the Bank's Annual Report for 2022 based on recommendation from Audit Committee with due observation to the prevailing laws and regulations.

KAP Tanudiredja, Wibisana, Rintis & Rekan has completed their audit on the Bank's 2022 financial statements and provided audit report dated 28 March 2023 to the Bank and was capable to work independently, fulfilled the public accountant professional standard and the engagement agreement as well as the determined audit scope.

## **THE IMPLEMENTATION OF RISK MANAGEMENT**

The Bank performs an effort on Risk Management to fulfil requirements of Risk Management implementation as stated in the Financial Services Authority regulation no.18/POJK.03/2016 and Circular Letter No.34/SEOJK.03/2016 about the Risk Management Implementation for Commercial Bank considering the recommendations of the Basel Committee on Banking Supervision.

In line with this regulation, the Bank has implemented Risk Management policies which are aimed to ensure that the risks arising from business activities can be identified, measured, managed, and reported. As a result, the Bank is expected to conduct its business activities with a better performance. The implementation of risk management could provide a more accurate overview of the Bank's performance in the future, including the possibility of potential losses, and improve the method and the process of decision-making and risk assessment due to the availability of current information, which could improve the Bank's competitiveness and performance.

The Bank continues to develop and improve the system of Risk Management by upgrading the Management Information System (MIS) in order to anticipate risks earlier and implement necessary steps to minimize the impacts of the risk. Therefore, the process of risk management in identifying, measuring, supervising, and controlling risk can be conducted consistently. Expanding the framework of risk management is conducted by establishing Risk Management Work Unit.

Currently Risk Management Work Unit continuously ensuring that the process of Risk Management implementation is in good order and provides management with the overview of the Bank's risk profile.

Responsibilities of Risk Management Working Unit included the following:

- Monitors implementation of risk management strategy that has been decided in the Risk Management Committee meeting and approved by Board of Directors.
- Monitor overall positions/ exposures of risks, per type of risk or per business/functional activity.
- Conduct periodic review on the risk management process.
- Review proposals of new activities and/or products that are submitted or developed by a particular unit. The review focuses on the Bank's ability to perform new activities/products in terms of reliability of the system and procedural safety as well as its impact on Bank's risk exposure.
- Provide a recommendation on the extent or maximum of risk exposure that should be maintained by the Bank to the Risk Management Committee.
- Evaluate accuracy and validity of data that is used by the Bank for risk measurement.
- Prepare and submit a risk profile report to Risk Management Director and the Risk Management Committee in quarterly basis, or earlier for certain types of risk that may change rapidly in accordance with the changes in business condition.

As part of the active supervision of the Board of Commissioners and the Board of Directors regarding the implementation of the Bank's Risk Management policies, the Bank has established a Risk Management Committee that is independent of operational activities and is responsible to the Board of Directors and establish a Risk Oversight Committee that is responsible for assisting the Board of Commissioners supervisory functions.

## RISK PROFILE

Overall, the Bank's risk rating as of 31 December 2022 is at rank 2. All inherent risk ratings were Low to Moderate, except Credit Risk and Compliance Risk which are Moderate and Reputational Risk is Low.

### Risk Management Process

The implementation of risk management at the Bank is conducted in accordance with Financial Services Authority regulation. The implementation process starts from risk identification, risk measurement, risk monitoring and limits, risk management information system and reporting. The method used by the Bank in implementing risk management takes into account the type, scale and complexity of business activities, the capability of the data collection system and the ability of the relevant Bank Officials to understand the limitations of the final results of the risk measurement system used.

Risk Management Unit has identified eight key risks faced by the Bank: credit risk, market risk, liquidity risk, operational risk, legal risk, reputational risk, strategic risk, and compliance risk.

## RISK MANAGEMENT CERTIFICATION

The Bank's officials and employees have attended Risk Management Certification periodically. As of 2022, the number of employees who have been certified for risk management in accordance with their level of positions are 1,626 employees. Furthermore, 443 employees have completed risk management certification refresher programme during 2022.

## DETAILED LARGE FUNDING

Table of Fund Provision to Related Party and Large Exposure as of 31 December 2022

No	Fund Provision	Amount	
		Debtors	Nominal (Rp million)
1	To Affiliated *)	116	789,041
2	To Core Debtors		
	1. Individual	8	6,278,629
	2. Group	17	25,188,002

\*) Including fund provision to prime bank related parties

## REMUNERATION DISCLOSURES 2022

### Remuneration and Nomination Committee

#### Member name, composition, duties and responsibilities of the Remuneration and Nomination Committee

Member name, composition, duties and responsibilities, and number of meetings of the Remuneration and Nomination Committee can be seen on page 178.

#### Remuneration paid to the Remuneration and Nomination Committee members for 1 (one) year

No remuneration is paid to members of the Remuneration and Nomination Committee other than the honorarium and other allowances payments as Independent Commissioner

#### Remuneration policy formulation 2022

We have refreshed our remuneration strategy and proposition for the workforce in response to the elevated challenges we are facing internally as well as externally, including the cost of living pressures impacted by the rising inflation. The commitments we made to colleagues are critical to support us in energising for growth and delivering sustainable performance

#### Remuneration key principles

Principle	Our commitment in 2022
We will reward you responsibly	<ul style="list-style-type: none"> <li>• <b>We give you security;</b> our salaries and benefits give you protection and support your wellbeing</li> <li>• <b>We are competitive.</b> We provide competitive pay opportunity for your role, skills and experience</li> <li>• <b>We are unbiased.</b> We have processes to make sure our reward decisions are free from bias</li> </ul>
We will recognise your success	<ul style="list-style-type: none"> <li>• <b>We recognise achievements</b> that are in line with our purpose and values</li> <li>• <b>We reward performance.</b> We reward the success of HSBC, teams and individuals</li> <li>• <b>You will get feedback and recognition</b></li> </ul>
We will support you to grow	<ul style="list-style-type: none"> <li>• <b>You can learn.</b> We will work with you to identify the skills you need now, and the ones you will need for the future</li> <li>• <b>You are a priority.</b> We have a huge range of resources to support your mental, physical and social wellbeing</li> <li>• <b>There are lots of flexibility.</b> We provide choice in when, where and how you and your team work together to best serve our customers</li> </ul>

#### Independent Remuneration review 2022

The Remuneration and Nomination Committee (RNC) evaluates the performance and remuneration of member of the Board of Commissioners, member of the Board of Directors and employees ; provides recommendation on nomination and remuneration outcomes to the Board of Commissioners and reported in the Annual General Meeting of Shareholders

#### Remuneration policy scope and implementation 2022

The remuneration policy applies to all individuals, employees as well as member the Board of Commissioners and member of the Board of Directors;

In line with the refreshed remuneration strategy we have developed a roadmap to build on our strong benefits and wellbeing programme, including flexible working and more inclusive and sustainable proposition

In 2022, our colleagues faced a backdrop of increasing economic pressures, with rising energy prices and inflation, which increased their cost of living. While we continued to focus on making responsible reward decisions through the annual pay review, we also took action on pay security by allocating more to fixed pay increases than in prior years, and this was based on consistent principles to help address the impact of rising inflation

#### Remuneration Related to Risk 2022

The Bank implemented the alignment of risk and reward, and embedding HSBC's conduct and values expectations through a number of reward policies and programmes, as follows:

- Mandatory risk objectives are included in all employees' scorecards.



- Employee Recognition and Conduct framework. Under this framework, managers are able to make positive or negative adjustments to variable pay (in addition to any normal year-on-year changes related to performance) to reflect conduct
- At Our Best Recognition (AOBR) allows for recognition of positive behavior by colleagues, promoting a shared understanding of what HSBC values look like in practice. In 2022, we ran a spotlight on Environment, Social and Governance (ESG) to recognise exceptional actions of employees who contribute to concrete action on sustainability
- Reportable incidents and misconduct events were identified and reviewed as part of incentivisation of compliance and reported to the Remuneration and Nomination Committee.
- Material Risk Takers (MRTs) 2022 identified with qualitative and quantitative methodology set out by the Bank based on regulation and a portion of variable remuneration will be deferred by 3 to 4 years
- Malus and Clawback of unvested deferred variable remuneration applies to identified staff and MRTs allows for the recovery of vested and paid awards.

#### Performance assessment 2022

The focus on Bankwide performance management is to continue the embedding culture of Everyday Performance and Development (EPD) by having frequent and continuous performance conversations between employee and managers

All employees receive a behaviour rating to ensure they are assessed not just on what they achieve, but also how they achieve it. A mandatory risk objective is included in the performance objectives for all employees and specific risk and compliance objectives are included in Director scorecards

The performance evaluation of the members of the Board of Directors are performed by the Remuneration and Nomination Committee based on recommendation from the President Director. The results of the performance evaluation will guide the determination of remuneration and nomination of the respective Directors, reported to the Board of Commissioners and the shareholders at the Annual General Meeting of Shareholders.

#### Adjustment of the Remuneration associated with performance and risk 2022

In line with the implementation of risk-based remuneration, as stipulated in POJK No. 45/POJK.03/2015, concerning the implementation of governance in the provision of remuneration for commercial banks, the Bank has implemented remuneration policy based on prudential principles with detail as follows:

- a. For Material Risk Takers (MRTs), their portion of variable remuneration will be deferred from 10% if the total variable pay is greater than the amount equivalent to USD 75,000 which will vest in 3 to 4 years
- b. Malus and Clawback applies to all awards made to identified staff and Material Risk Takers" (MRTs).

#### External Consultants 2022

The Bank has engaged Steven & Mourits to obtain remuneration data from the banking industry based on our selected peer group, which includes fixed and variable compensation as well as benefits position.

#### Remuneration package and facilities received by the Board of Directors, and the Board of Commissioners 2022

The policy package received by the Bank's management is as follows:

- Fixed Remuneration: salary and fixed allowances.
- Variable pay: cash and deferred bonus
- Other facilities: company car and its maintenance, medical expenses reimbursement, medical check-up, club membership, etc.

Disclosure of the above remuneration package policy determined in the General Meeting of Shareholders

### The types of Remuneration and Facilities for the Board of Directors and Board of Commissioners of the Bank

Type of Remuneration and Facilities	Amount received in 1 year			
	Board of Directors		Board of Commissioners	
	Number of individuals	Rp Million <sup>(**)</sup>	Number of individuals <sup>(*)</sup>	Rp Million <sup>(**)</sup>
1 Remuneration (salary, bonus, routine allowances, tantiem, and other facilities in the form of non-natura)	8	67,028	3	6,302
2 Other facilities in the form of natura (housing, transportation, health insurance, etc.)	8	20,970	3	279
<b>TOTAL</b>		<b>87,998</b>		<b>6,582</b>

\* Number of commissioners received remuneration

\*\* Include directors/commissioners whose term of office ends before 31 December 2022

### The total members of the Board of Directors/the Board of Commissioners of the Bank who receives the remuneration package in one year classified into the range of income level

Total Remuneration per individual in 1 year <sup>(*)</sup>	Number of the Board of Directors	Number of the Board of Commissioners
Above Rp2 billion	7	-
Above Rp1 billion up to Rp2 billion	1	2
Above Rp500 million up to Rp1 billion	-	1
Below Rp500 million	-	-

\* Received in cash

### Variable Remuneration 2022

Variable remuneration that comprises of bonuses and incentives are awarded to drive and reward performance based on financial and non-financial measures consistent with the medium to long-term strategy, shareholder interests, and adherence to HSBC values. Awards are vary depending on individual performance achievement and Bank hold the full discretion to assess the extent to which performance has been achieved.

Awards can be in the form of cash and/or shares. A portion of the the annual award may be deferred and vested over a period of three to four years.

### Number or Directors, Commissioners, and Employee receiving Variable Remuneration in 1 (one) year

Variable Remuneration	Total Receive in 1 Year					
	Board of Directors		Board of Commissioners		Employees	
	Number of individuals	Rp Million <sup>(**)</sup>	Number of individuals <sup>(*)</sup>	Rp Million <sup>(**)</sup>	Number of individuals	Rp Million <sup>(**)</sup>
<b>TOTAL</b>	<b>8</b>	<b>12,262</b>	<b>0</b>	<b>0</b>	<b>2,240</b>	<b>186,038</b>

\* Number of commissioners received remuneration

\*\* Include directors/commissioners/employees whose term of office ends/resigned before 31 December 2022

### Positions of Material Risk Takers 2022

The 2022 Material Risk Takers (MRT) positions were identified based on quantitative and qualitative criteria set out by the Bank policy. The outcomes consist of 8 (eight) individuals appointed as MRT, they are::

1. President Director
2. Risk Management Director
3. Head of Global Market and HSS
4. Wealth and Personal Banking Director (designate)
5. Wholesale Banking Director
6. Operations and IT Director
7. Finance Director

**Ratio of highest and lowest salary**

Remarks	Ratio
Ratio of highest and lowest employee salary	1:132
Ratio of highest and lowest of Director salary	1:2.47
Ratio of highest and lowest Commissioner Honorarium	1:1.12
Ratio of highest Director salary and highest employee salary	1:1.23

**Amount of Variable Remuneration Guaranteed Without Condition**

Variable Remuneration Guaranteed without Condition	Total Receive in 1 Year					
	Board of Directors		Board of Commissioners		Employees	
	Number of individuals	Rp Million	Number of individuals	Rp Million	Number of individuals	Rp Million
<b>TOTAL</b>	-	-	-	-	-	-

**Number of Terminated Employees and Total Nominal of Severance Paid 2022**

57 employees were terminated with total severance pay of IDR 20,331 million in accordance with the criteria set forth in the Otoritas Jasa Keuangan Regulation No. 45/POJK.03/2015 regarding Good Corporate Governance Implementation in Providing Remuneration for Commercial Banks.

Total Nominal of Severance paid per employee during 1 year	Number of Employees
Above Rp1 billion	4
Above Rp500 million up to Rp1 billion	14
Below Rp500 million	39
<b>TOTAL</b>	<b>57</b>

**Deferred Variable Remuneration**

	2022	2020
Deferred Variable Remuneration (in Million Rupiah)	9,341	11,963

**Details total Remuneration provided in 1 (one) year for MRT**

	2022	
A. Fixed Remuneration (in Million Rupiah)		
1. Cash	37,362	
2. Shares or share-based instruments	-	
	Non Deferred	Deferred
B. Variable Remuneration (in Million Rupiah)		
1. Cash	10,920	2,249
2. Shares or share-based instruments	3,374	3,453

**Quantitative information about variable Remuneration for MRT**

Type of Variable Remuneration	Deferred amount	Total Adjustment During the Reporting Period		
		Explicit Adjustment (A)	Implicit Adjustment (B)	Total (A) + (B)
Cash (in Million Rupiah)	6,891	-	-	-
Shares or share-based instruments	10,601	-	-	-
<b>Total (in Million Rupiah)</b>	<b>17,492</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Internal Fraud

During 2022, there were no significant internal fraud cases committed by management, permanent, and non-permanent employees in relation to the Bank's business processes and operations.

## Customer Complaint Handling

The Bank has a system called CMS (Complaint Management System) that records and handles customer complaints, as well as monitors the progress of complaint from the first time complaint logged, until the day the complaint is solved and closed, to ensure complaints received are well managed in line with prevailing regulations with expectation to improve customer satisfaction to the Bank's products and services as well as to manage the reputational risk related to the complaints.

Bank also ensures that customers are made aware of the Bank's complaint procedure since the beginning of their banking relationship. Procedures shall include at the minimum:

- Clear explanation on how to file a complaint
- Expected turn-around time of Bank's response.
- Complaint process where 3<sup>rd</sup> party providers involved.
- Possibility of escalation the complaint to Mediator.

Likewise, Bank ensures that all employees are made aware of this customer complaint handling procedure by regularly conducting comprehensive training programs relating to complaint handling management.

The Bank has provided various channels for receiving complaints through Contact Centres, Branch Offices, HSBC Internet Banking, Online, and Social Media. Every complaint received will be followed up in accordance with regulations.

Detailed information can be referred to the website with the following link:

<https://www.hsbc.co.id/1/2/en/contact-us>

During 2022, the Bank has received a total of 3,358 complaints, of which most complaints received are related to the Payment System of ATM and/or Debit Cards and the Payment System of Credit Cards.

As at 31 December 2022, 98.12% of total complaint received had been resolved by the Bank, whilst the remaining 1.88% were still in the resolution process.

## CUSTOMER COMPLAINT HANDLING

Period January – December 2022

No	Types of Financial Transaction	Completed		In Process <sup>*)</sup>		Uncompleted		Total Complaints
		Total	%	Total	%	Total	%	
1	Fund gathering – Current Accounts	-	-	-	-	-	-	-
2	Fund gathering – Savings	4	100.00%	-	-	-	-	4
3	Fund gathering – Deposits	-	-	-	-	-	-	-
4	Fund gathering - Interbank	-	-	-	-	-	-	-
5	Fund gathering - Others	9	100.00%	-	-	-	-	9
6	Fund provision – Credit/Financing - Investment	-	-	-	-	-	-	-
7	Fund provision – Credit/Financing - Working Capital	-	-	-	-	-	-	-
8	Fund provision – Credit/Financing – Consumption (other than credit card)	15	100.00%	-	-	-	-	15
9	Fund provision - Interbank	4	100.00%	-	-	-	-	4
10	Fund provision - Others	26	100.00%	-	-	-	-	26

No	Types of Financial Transaction	Completed		In Process <sup>*)</sup>		Uncompleted		Total Complaints
		Total	%	Total	%	Total	%	
11	Payment System – ATM and/or Debit Cards	1,320	97.63%	32	2.37%	-	-	1352
12	Payment System – Credit Cards	1,067	97.80%	24	2.20%	-	-	1091
13	Payment System – Prepayment Cards	-	-	-	-	-	-	-
14	Payment System – Direct Debit	-	-	-	-	-	-	-
15	Payment System – Standing Instruction	1	100.00%	-	-	-	-	1
16	Payment System – Travelers' Cheque	-	-	-	-	-	-	-
17	Payment System - Clearing	4	100.00%	-	-	-	-	4
18	Payment System - RTGS	4	100.00%	-	-	-	-	4
19	Payment System – Electronic Banking	206	99.52%	1	0.48%	-	-	207
20	Payment System - Remittance	11	100.00%	-	-	-	-	11
21	Payment System - Others	21	100.00%	-	-	-	-	21
22	Joint Products - Bancassurance	-	-	-	-	-	-	-
23	Joint Products – Mutual Funds	-	-	-	-	-	-	-
24	Joint Products - Others	11	91.67%	1	8.33%	-	-	12
25	Other Product – Bank Guarantee	-	-	-	-	-	-	-
26	Other Product – Trade Finance	-	-	-	-	-	-	-
27	Other Product – Derivative	-	-	-	-	-	-	-
28	Other Product – Wealth Management	9	100.00%	-	-	-	-	9
29	Other Product – Safe Deposit	-	-	-	-	-	-	-
30	Other Product - Others	583	99.15%	5	0.85%	-	-	588
<b>TOTAL</b>		<b>3,295</b>	<b>98.12%</b>	<b>63</b>	<b>1.88%</b>	<b>0</b>	<b>0.00%</b>	<b>3,358</b>

\*) Data is as at 31 December 2022. At the time of publication, these customer complaints have been settled within the OJK requirement.

# Corporate Data

- 201 Senior Executive Profile
- 202 Address of Offices & Branches





# Senior Executive Profile

## ALI SETIAWAN

### Head of Global Markets & HSS

He has served as Head of Global Markets & HSS PT Bank HSBC Indonesia since 17 April 2017. He obtained Master of Commerce in Economic & Finance, and Bachelor's Degree in Accountancy and Finance, from Curtin University of Technology, Perth, Australia.

## ARIAVITA PURNAMASARI

### Head of Communications and Corporate Sustainability

She has served as Head of Communications and Corporate Sustainability since 15 March 2021. She obtained her Master's Degree in Business Administration from Monash University, Australia.

## WIWIEN WIDYANTARI

### Head of Internal Audit

She has joined as Head of Internal Audit PT Bank HSBC Indonesia since 25 November 2019. She obtained Master Degree in Commerce majoring in Banking and Finance from University of New South Wales, Australia.

## ULIYA ARIANI

### Head of Corporate Secretary

She has served as Head of Corporate Secretary PT Bank HSBC Indonesia since 7 August 2017. She obtained Bachelor's Degree in Law from Universitas Indonesia.

## ELSA ARIANY SETYADI

### Head of Strategy and Business Implementation

She has served as Head of Strategy and Business Implementation PT Bank HSBC Indonesia since 15 February 2021. She obtained Bachelor's Degree in Economics from Universitas Tarumanegara.

## GRACE ROSALIE PAPILAYA

### General Legal Counsel

She has served as General Legal Counsel PT Bank HSBC Indonesia since 3 July 2017. She obtained Bachelor's Degree in Law from Universitas Indonesia.

# Address of Offices & Branches

## **JAKARTA**

### **HSBC - KEBON JERUK**

Ground floor, Wisma AKR, Jl. Panjang No.5, West Jakarta, 11520

### **HSBC - PURI KENCANA**

Ruko Puri Kencana Niaga, Jl. Puri Kencana, Blok J1 No. 20 and 2P, Kel. Kembangan Selatan, Kec. Kembangan, Jakarta Barat, 11610

### **HSBC - MELAWAI**

Jl. Melawai Raya No. 26, Kel. Kramat Pela, Kec. Kebayoran Baru, Jakarta Selatan

### **HSBC - PONDOK INDAH**

Pondok Indah Office Tower 2, Lt GF Unit G01 & Lt Mezzanine Unit 101. Jl. Sultan Iskandar Muda Kav. V-TA, Pondok Indah, Jakarta Selatan

### **HSBC - TALAVERA**

Talavera Office Park GF Unit 1-01 and Mezzanine FL Unit 2-01 & 2-02; Jl. Letjen TB Simatupang Kav. 22-26, Jakarta Selatan 12430

### **HSBC - PLUIT**

Jl. Muara Karang Raya Blok B-8 Utara No.1, Jakarta Utara, 14440

### **HSBC - PIK**

Rukan Exclusive Mediterania Blok B No. 27A- 27B, Kel. Kamal Muara, Kec. Penjaringan, Jakarta Utara

### **HSBC - WISMA 46**

Gedung Wisma 46 - Kota BNI Ruang G.02 Lantai Dasar, Jl. Jendral Sudirman Kav.1, Jakarta Pusat

### **HSBC - SENAYAN**

Sentral Senayan Building I Unit No. 101 B, Ground Floor, Jl. Asia Afrika No.8 Senayan, Jakarta Pusat 10270

### **HSBC - WTC**

World Trade Center 1F Jalan Jendral Sudirman Kav 29-31, Jakarta Selatan 12920

### **HSBC - HAYAM WURUK**

Jl. Hayam Wuruk No. 106D, Kel. Maphar Kec. Taman Sari, Jakarta 11160

### **HSBC - KELAPA GADING BOULEVARD**

Jl. Raya Barat Boulevard Blok LC.6 Kaveling No. 39 dan 40, Jakarta Utara

### **HSBC - KELAPA GADING**

Jl. Boulevard Blok FY-1/7-8 Kelapa Gading, Jakarta, 14250

## **TANGERANG**

### **HSBC - BSD**

Jl. Pahlawan Seribu No. 8A-B, Lengkong Gudang, BSD Tangerang, 15321

### **HSBC - GADING SERPONG**

Ruko Rodeo Drive Blok A No 1, Jl Gading Serpong Boulevard, Kel. Pakulonan Barat, Kec. Kelapa Dua Tangerang 15810

## **BALIKPAPAN**

### **HSBC - BALIKPAPAN**

Jl. Jend. Sudirman No. 9 Balikpapan, 76112

## **PONTIANAK**

### **HSBC - PONTIANAK**

Jl. Ir. Juanda No. 37-39, Pontianak , 78117

## **SAMARINDA**

### **HSBC - SAMARINDA**

Jl. Jend. Sudirman No 28, Kel Pasar Pagi, Samarinda Kalimantan Timur 75242

## **DENPASAR**

### **HSBC - DENPASAR**

Ruko Sudirman Panjer, Jl. PB Sudirman, Kel. Panjer, Denpasar Selatan

## **MALANG**

### **HSBC - MALANG**

Jl. Pasar Besar 99, Malang , 65118

## **BANYUMAS**

### **HSBC - PURWOKERTO**

Jl. S. Parman No. 84, Kelurahan Purwokerto Kulon, Kecamatan Purwokerto Selatan, Banyumas , Jawa Tengah, 53141

**SEMARANG****HSBC - SISINGAMANGARAJA**

Jln. Sisingamangaraja no.27, Kelurahan Wonotingal,  
Kecamatan Candisari, Semarang 50253.

**HSBC - SEMARANG**

Wisma HSBC 1F, Jalan Gajah Mada 135, Semarang,  
50134

**SURAKARTA****HSBC - SOLO**

Jl. Slamet Riyadi No. 74 A, RT 002/RW 003, Kel.  
Kauman, Kec. Pasar Kliwon, Surakarta , 57112

**SURABAYA****HSBC - DARMO PARK**

Darmo Park I Blok A1-2, Jl. Mayjen Sungkono No 118-  
118A , Surabaya, 60256

**HSBC - BUKIT DARMO**

Ruko Office Park 2, Jl. Bukit Darmo Golf Blok B2-29, Kel.  
Pradah Kalikendal, Kec. Pakis, 60162

**HSBC - MANYAR**

Jln. Manyar Kertoarjo 31A-G, Surabaya, 60285

**HSBC - SURABAYA**

Graha HSBC, Jl. Jendral Basuki Rachmat No. 58 - 60,  
Surabaya, 60271

**YOGYAKARTA****HSBC - YOGYAKARTA**

Jl. P. Mangkubumi No. 63, Yogyakarta , 55232

**BATAM****HSBC - RADEN PATAH**

Komplek Sumber Jaya Blok: A No. 01 – 03, Jl. Raden  
Patah, Kel. Lubuk Baja Kota, Kec. Lubuk Baja, Daerah  
Kota Batam, 29444

**MEDAN****HSBC - MEDAN**

Wisma HSBC 1F, Jalan Diponegoro No. 11, Medan,  
20152

**HSBC - MEDAN CENTER POINT**

Jalan Jawa Kompleks Medan Centre Point Unit G10 -  
G11, Medan

**HSBC - PERINTIS**

Jl. Perintis Kemerdekaan No. 9, Kel. Gaharu, Kec. Timur,  
Medan, 20234

**PEKANBARU****HSBC - PEKANBARU**

Jl. Riau No. 2 A-C Kel. Tampan Kec. Payung Sekaki  
Pekanbaru

**JAMBI****HSBC - JAMBI**

Jl. Hayam Wuruk No. 46-47, Jelutung, Jambi, 36136

**BANDAR LAMPUNG****HSBC - TELUK BETUNG**

Jl. Ikan Bawal no 79 -81 Teluk Betung, Bandar Lampung,  
35223

**MAKASSAR****HSBC - MAKASSAR**

Jl. Dr. Sudirohusodo No. 42, Makassar, 90174

**MANADO****HSBC - MANADO**

Komplek Ruko Mega Mas Blok : C1 No. 15 - 16, Jalan  
Pierre Tendean Boulevard, Kel. Wenang Selatan, Kec.  
Wenang, Kota Manado, Sulawesi Utara, 95111

**PALEMBANG****HSBC - BASUKI RAHMAT**

Jl. Basuki Rahmat, no. 24, Palembang, 30125

**BANDUNG****HSBC - BANDUNG****ASIA AFRIKA**

Wisma HSBC, Jl. Asia Afrika No. 116, Bandung, 40261

**HSBC - BANDUNG****FLAMBOYAN**

Unit F1, 1st and 2nd floor, Jl.Sukajadi No. 232,  
Bandung, Jawa Barat, 40153

# **2022 Sustainability Report**



## SUSTAINABILITY OVERVIEW

This Sustainability Report of PT Bank HSBC Indonesia has been prepared by referring to the regulations set by the Financial Services Authority (OJK), as stipulated in the Financial Services Authority Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies. Moreover, the Bank also applies industry best practices in the implementation of its programs.

Since long, the Bank has been committed to sustainability in line with the policies of its parent company, HSBC Holdings Plc. We have continued to take steps to implement HSBC's climate ambition to become net zero in its operations and supply chain by 2030, and align its financed emissions to net zero by 2050.



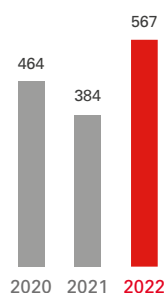
### Economic Aspects

The Bank seeks to distribute economic value to stakeholders, including through the payment of taxes and other obligations, as well as the implementation of the Bank's intermediary function in lending.

#### Distribution of Benefits to the Indonesia's Economy (Rp billion)

Income tax expenses

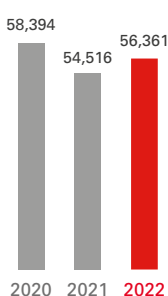
567



#### Banking Product Performance (Rp billion)

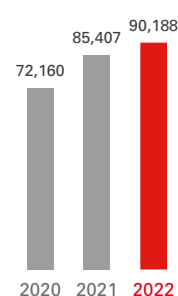
Credits Granted

56,361



Third-party funds

90,188



#### Economic Performance (Rp billion)

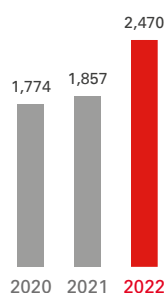
Operating  
Income

6,027



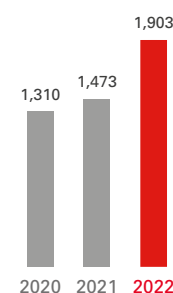
Profit  
before tax

2,470



Net  
Profit

1,903





## Environmental Aspects

The Bank's concern for environmental conservation is mainly realized through its operational activities.



Reduction in  
Paper Usage

**13.9%** ↓

The Bank was able to reduce paper usage by approximately 45 tons, from 323 tons to 278 tons. This success was mainly supported by the continuous development of automation in the implementation of operational activities within the Bank.



Electrical Energy  
Efficiency

**1,245** MWh ↓

The Bank succeeded in reducing electricity consumption by 19.1%, bringing it to 5,272 MWh, from the previous year's 6,517 MWh.



Reduction of GHG  
Emission

**793** Tonnes ↓

The Bank has reduced emissions from own operations, which covers our direct and indirect greenhouse gas emissions, known as scope 1, 2 and 3 (category 6/business travel) emissions. The emission generated in 2022 decreased by 15.4% to 4,374 tonnes from 5,140 tonnes in 2021.



## Social Aspects

In the social aspect, in addition to internal organizational concerns, the Bank also seeks to contribute to the general public, including through an emergency response program for victims of the Cianjur earthquake. The Bank's concern for vulnerable communities is realized through the provision of health equipment, access to basic needs, and economic resilience.



Gender Equality

**55.41%**

The Bank's commitment to realizing the principle of gender equality is realized from recruitment to career development. Thus, there are no gender barriers to developing within the Bank. In 2022, total female employees amounted to 1,582 people or 55.41% of total employees.



Employee Competency Development

**3,570** attendees

Employee competency development programs are part of the Bank's efforts to support sustainable performance. During 2022, various trainings facilitated by the Bank gained 3,570 attendees, with total training hours reaching 113,409 hours.

Number of Employee

**2,855**

Number of Training Hours

**113,409**

Training Hours per Employee

**31.77**





## SUSTAINABILITY ACHIEVEMENTS



### Supporting Indonesia's Energy Transition

On 14 November 2022, PT Bank HSBC Indonesia signed a Letter of Intent with PT Sarana Multi Infrastruktur (Persero) at an event on the side lines of the G20 meetings to affirm its commitment to support Indonesia modernising its energy infrastructure, ensuring a just and inclusive energy transition, but at the same time allowing the economy to continue to grow.

Additionally, at the G20 Summit, the Bank joined GFANZ Indonesia JETP Working Group to work closely with the Indonesian government and the International Partners Group, including the United States, Japan, the UK, the EU and other nations, towards mobilising and facilitating at least USD20 billion in public and private finance over the next three to five years to support a long-term Just Energy Transition Partnership (JETP) in Indonesia.

Francois de Maricourt, President Director, PT Bank HSBC Indonesia, said, "Transition finance requires unprecedented collaboration between public-private sources of funding. The establishment of the GFANZ Indonesia JETP Working Group aims to turn pledges into concrete actions and help Indonesia achieve its emissions reductions targets and development goals in a responsible way."

Today, we and many of our customers contribute to greenhouse gas emissions. We have a strategy to reduce our own emissions and to help our customers reduce theirs.

Find out more about our climate strategy <https://www.hsbc.com/who-we-are/our-climate-strategy>



### Connecting international investors to sustainable solutions

HSBC is connecting investors around the world with governments to support the transition to net zero.

In May 2022, HSBC helped the Indonesian government raise USD3.25 billion in an Islamic bond, known as a Sukuk, with USD1.5 billion of the proceeds dedicated to be used exclusively for eligible spending that delivers on the UN's Sustainable Development Goals, with guidance and support from the UNDP.

HSBC acted as joint lead manager and joint bookrunner, and were also mandated as green structuring adviser. The apportioned value of HSBC's participation in underwriting the issuance as bookrunner amounted to USD300 million.

The order book topped USD10 billion, with most of the buyers from Asia and the Middle East.

The deal demonstrated how our specialist expertise can build trusted relationships. We have been discussing green financing solutions with the Indonesian government since 2018 and were previously appointed to structure both its green and sustainability financing programmes.



### Sustainable Finance

We aim to connecting and helping our clients in their commitment towards sustainability and transition to lower carbon operations. Throughout 2022, we have been involved in Sustainable Finance related deals with limit as shown below.

### Sustainable financing summary\*

(USD Million)

	2022	2021	2020
Balance sheet-related transactions provided	290	2	-
Capital markets/advisory (facilitated)	300	366	300
Total contribution	590	368	300

\* This table has been prepared in accordance with HSBC's Sustainable Finance and Investment Data Dictionary 2022, which includes green, social and sustainability activities. The amounts provided and facilitated include: the limits agreed for balance sheet-related transactions provided (lending and guarantee provision) and the proportional share of facilitated capital markets/ advisory activities.

The background of the entire page is a photograph of a sunset over the ocean. The sun is a bright orange circle on the horizon, with its light reflecting on the water's surface. The sky transitions from a deep blue at the top to a warm orange near the horizon. A large, solid red arrow points from the left side of the image towards the right, partially overlapping the sunset scene. The text '2022 Sustainability Strategy' is written in white, bold, sans-serif font inside the red arrow.

# **2022 Sustainability Strategy**

Globally, HSBC has long had a commitment and policy in place to adopt sustainability principles. In relation to these worldwide policies, PT Bank HSBC Indonesia (the Bank) has been supporting and participating in the implementation of sustainability initiatives, particularly in Indonesia.

We have continued to take steps to implement HSBC climate ambition to become net zero in its operations and supply chain by 2030, and align its financed emissions to net zero by 2050. HSBC Group has made good progress on its net zero ambition, including publishing an updated energy policy as an important mechanism to meeting our financed emissions in December 2022. The policy seeks to balance three related objectives: driving down global greenhouse gas emissions; enabling an orderly transition that builds resilience in the longer term; and supporting a just and affordable transition.

In December 2022, HSBC also expanded its thermal coal phase-out policy, in which HSBC committed to not providing new finance or advisory services for the specific purposes of the conversion of existing coal-to-gas-fired power plants, or new metallurgical coal mines. These updated energy and thermal coal phase-out policies were drafted in consultation with leading independent scientific and international bodies and investors.

To that end, the Bank has been working closely with stakeholders. These include not only the private sector, but also the public sector or the Indonesian government. In principle, the implementation of the Bank's strategy aims to create sustainable economic growth through the alignment of economic, social and environmental interests.

In addition, the strategy implemented by the Bank is an effort to realize the vision and mission as well as the sustainable finance action plan. The Bank defines sustainable finance activities to include financing and investment activities necessary to support the Sustainable Development Goals (SDGs).

The main objective of the RAKB is to provide financing that enables the transition to a low-carbon economy and helps clients manage the risks associated with that transition. Sustainable finance activities include providing credit facilities and loans, as well as advisory services or access to capital markets.

The Bank believes that sustainable finance activities will help realize the business transition away from carbon-intensive activities, as well as develop the new

energy sources, technologies and infrastructure needed for a cleaner future. Banks play an important role in intermediating the provision of funds needed to help customers transition to low-carbon solutions.

The sustainable finance activities work plan is part of a broader effort to connect finance to the specific needs of the Indonesian and global economies and for the benefit of the world and society. This work plan specifically aims to:

1. Prioritize sustainability in risk management. Including environmental and social objectives in financial decision-making aiming to limit the financial impact in environmental and social risks.
2. Reorienting capital flows towards sustainable investments. Strategic investments are channeled into energy efficiency, environmental and resource projects, and social infrastructure.

The work plan for sustainable finance activities specifically emphasizes the urgency, and for this reason the Bank has established a working group in order to encourage the implementation of the RAKB. The working group has members from business and support units.

To ensure effective implementation, the working group will provide guidance and direction on priority activities and programs and will work closely with various stakeholders, including government, NGOs, and communities. The Bank also allocates budget in the form of donations and non-donations as a commitment to achieve short-term and long-term goals.

### Realization of RAKB 2022

The realization of the one-year plan for 2022 includes the following activities:

#### Priority activities target

We continue to develop the knowledge of our employees via training, seminar and other engagement related sustainable finance to support our client's in respond to climate change, risks and opportunities.

We continue to embed sustainability in our organization through series of programmes which will be held this year as well as years to come.

#### Success Indicator

Train Relationship Managers and other HSBC colleagues and provide the knowledge and tools to engage the customer and other stakeholders in climate change discussion.

Breakdown of Activities	Purpose of Activities	Indicators of Achievement
Conduct a quarterly meeting with green champion, relationship managers and team leaders on sustainable finance progress and update.	Knowledge improvement and share the information on sustainable finance best practices.	Monthly circulation on sustainable finance update including key deals/initiatives, events/thought leadership/awards, market and climate and ESG reports for relationship managers, team leaders, and staff.
Conduct workshop and training for internal staff on sustainable finance.	Improve sustainable finance understanding and knowledge.	Join webinar sessions and internal trainings on sustainable finance, such as: <ul style="list-style-type: none"> <li>• HSBC Green Action Webinar with topic Accelerating Circular Economy Implementation Indonesia and Business Forum on Achieving Net Zero and Renewal Energy Financing Study</li> <li>• HSBC Green Action Webinar with topic Reimagining Business Road to Net Zero, and Sustainable Practice of Green Energy Adoption.</li> <li>• New product launch and training on Social Loan</li> <li>• Knowledge sharing session with Morningstar Sustainalytics on ESG Risk Rating, Methodology, SPO Product Overview, SLB/SLL Opinion Methodology, and Indonesia Market Update.</li> </ul>

#### Priority Activities Target

Position the Bank as the recognized thought leader in sustainable finance.

#### Success Indicator

Proactive engagement with government, NGOs, investor and academia.

Breakdown of Activities	Purpose of Activities	Indicators of Achievement
Involve in conferences and sustainable finance activities, both internally and externally.	Improve knowledge and understanding of multi stakeholders on sustainable finance.	<ol style="list-style-type: none"> <li>1. Participated in series of webinar on Sustainability and Sustainable Finance along with Eurocham, Amcham and Britcham in Indonesia.</li> <li>2. Participated in Official Launch Paris Alignment of Power Sector Finance Flows; Indonesia and India, Energy Transition Amidst Energy Supply Shock; Ecofriendly Instrument for Payment System at Central Bank (BI) Executive Leadership Programme; FGD for Implementation and Reporting of Indonesia Green Taxonomy 1.0 at OJK; and UNEP FI-ICBI Sustainable Finance Training Course: Agriculture and Forestry Risk Management and Opportunities in Banking Sector.</li> <li>3. Participated in "Prospects, Strategy, and Potential Support for the Financial Services Sector to Vehicle Industry Development Battery-Based Electric Motorized in Indonesia"; Pilot Project Report Implementation of Green Taxonomy Indonesia 1.0; and held HSBC Summit 2022 – Powering the Transition to Net Zero, Indonesia's Pathway for Green Economy.</li> <li>4. Participated in the G20 West Java Investment Summit 2022, "Mapping the Financing Opportunities for Industrial Energy Transition in West Java" to promote the uptake of renewable energy in the commercial and industrial sectors.</li> <li>5. The Bank participated in the Indonesia Net Zero Summit 2022, a side event of B-20. The Summit, which was held in Nusa Dua, Bali, showcased the urgency, challenges and calls for industrial decarbonisation to Indonesian, regional and global companies from around the world.</li> </ol>

**Priority Activities Target**

Engaging with customers to understand which risks may affect their business and supporting them on their transition to a low carbon economy.

**Success Indicator**

Identifying which customers need to adapt rapidly to such a transition, helping them address climate-related issues and spotting potential business opportunities.

Breakdown of Activities	Purpose of Activities	Indicators of Achievement
Conduct a development and implementation of the client planning.	To understand, identify and support customer's business in transition to low carbon economy.	Sustainability and sustainable finance issues has been included in the monthly record of client planning.

**Priority Activities Target**

Supporting the transition to a low carbon economy, both via our own operations and by supporting customers in their transition strategies.

**Success Indicator**

Improve environmental performance of our own operations through reduction of energy use, waste management, and paper consumption.

Breakdown of Activities	Purpose of Activities	Indicators of Achievement
Set the environmental performance scorecard related energy consumption, waste management, and paper.	To monitor and support the achievement of carbon reduction target form our own operations.	Environmental performance scorecards related to energy consumption, waste management and paper, have been set and regularly monitor to ensure the effectiveness of related programmes. Several initiatives have been carried out this year such as: <ul style="list-style-type: none"> <li>the installation of solar rooftop panel in branches, replace residual lighting to energy efficient LED,</li> <li>transition of operational EXCO cars to electric vehicle,</li> <li>conversion paper to electronic using HSBCNet for wholesale customers</li> <li>reduce local data center footprint by utilizing cloud, and reduce paper consumption and migrate to digital channel.</li> </ul>

**Priority Activities Target**

Standard operational and procedure to integrate environmental, social and governance into banking practices especially on credit/lending priority sector have been developed.

**Success Indicator**

Implementation of standard operational and procedure for business to provides financial services to clients whose activities have or have the potential to have an adverse impact on the environment or society.

Breakdown of Activities	Purpose of Activities	Indicators of Achievement
Commercial financial service for clients (credit/ lending) in priority sector is provide based on sustainability risk policies.	To ensure the implementation of sustainability risk policies as part of bank commitment to integrate environmental, social and governance into banking practices.	Implementation of Sustainability Risk policies in priority sector such as agricultural commodities, chemical, energy, forestry, mining and metals, world heritage sites & Ramsar wetlands, defence equipment, and equator principles has been implemented in providing financial service to clients

## COMPANY PROFILE

As a globally operating bank and a pioneer of modern banking in Asian countries, HSBC Group has a long history in Indonesia. The first office in Indonesia was opened in Jakarta in 1884. Its purpose was to facilitate the sugar trade, which was an important trade at the time. In 1896, the Bank's operations were expanded to Surabaya.

During World War II, HSBC closed its operations in Indonesia. In 1968, HSBC was granted a new banking license and has since continued to grow as one of the leading foreign banks operating in Indonesia.

In May 2009, HSBC officially acquired PT Bank Ekonomi Raharja Tbk with the aim of enhancing HSBC's commercial banking business in Indonesia, expanding its retail banking business, and doubling HSBC's network

in Indonesia. In October 2016, PT Bank Ekonomi Raharja Tbk changed its name to PT Bank HSBC Indonesia.

On 17 April 2017, HSBC Group integrated its foreign bank branch (The Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch) into PT Bank HSBC Indonesia in support of the Government of Indonesia's banking consolidation agenda. The Bank is the first international banking financial institution to obtain a license to integrate a foreign branch.

As of financial year 2022, the Bank serves its customers through 41 offices in 21 cities in Indonesia. With the support of more than 2,800 employees, the Bank reaches out to customers with a variety of banking services: Wealth and Personal Banking, Commercial Banking, Global Banking and Markets and Securities Services.



HSBC defines sustainable finance and investment as any form of financial service that integrates ESG criteria into business or investment decisions. This includes financing, investing and advisory activities that support the achievement of UN Sustainable Development Goals ('SDGs'), including but not limited to the aims of the Paris Agreement on climate change.

### Vision

Our purpose – opening up a world of opportunity. We are here to mindfully use our unique expertise, capabilities, breadth and perspectives to open up new kinds of opportunities for our clients. We are bringing together the people, ideas and capital that nurture progress and growth, helping to create a better world – for our clients, people, investors, communities and the planet we all live, today and in the future.

### Our Values

Our values define who we are as an organisation and what makes us distinctive.

#### We value difference

- We were born speaking different languages. We were founded on the strength of different experiences, attributes and voices; they are integral to who we are and how we work.
- The greater our empathy and diversity, the better we reflect the worlds of our customers and communities – and the better we can serve them.
- So we champion inclusivity. We listen. We remove barriers. And we seek out views different from our own.

#### We succeed together

- We offer our customers a unique breadth of opportunity.
- And we can only deliver the full promise of this by being truly connected – across boundaries. With our customers and partners. Together as colleagues and as an organisation.
- So, we collaborate across boundaries. We trust and support each other.
- Together, we make possible what we cannot do alone.

### Mission

Our Mission - To be the preferred international financial partner for our clients, by putting our clients' needs at the very heart of everything we do every day, helping them to thrive and bounce back stronger post pandemic era. With HSBC, we are connecting Indonesia to the world and the world to Indonesia.

#### We take responsibility

- What we do has a real impact on people's lives, communities and the planet. We take this responsibility seriously.
- We set ourselves high standards and are each accountable for our actions. We always use good judgement. And if something doesn't feel right, as colleagues we speak up and act.
- We build for tomorrow, today. We succeed only by taking the long view, by focusing on the sustainable interests of our customers, investors, and the planet we all share.

#### We get it done

- We create value for our customers and investors by always moving forward and making things happen.
- We're entrepreneurial: we try new things, we learn and improve, and we take smart risks.
- We're dynamic. We move at pace.
- We're decisive: we make clear choices and take bold actions.
- And we keep our word: we always do what we promise.



## BUSINESS SCALE

(Rp Billion)

Description	2022	2021	2020
Assets	125,982	124,462	112,601
Liabilities	108,231	104,321	93,303
Equity	17,751	20,141	19,298

## TOTAL EMPLOYEES

The Bank has 2,855 employees as of the end of fiscal year 2022, of which 1,582 or 55.41% are female employees. In addition, most of the Bank's employees are of young generation, which reached 1,893 people or 66.30% of the total employees.

## MEMBERSHIP AT THE ASSOCIATION

The Bank joins various organisations or associations in accordance with the company's line of business. The following are the details of the association until the end of the 2022 financial year.

Name of Association	Purpose	Position in Association
IBCSO - Indonesia Business Council for Sustainable Development	By committing to acting and sharing experiences, our goal is to engage in sustainable development and gain insight into the business. We are also looking for business networks to build sustainability strategies and possible peer companies for greater collective impact.	Member
IKBI – Inisiatif Keuangan Berkelanjutan Indonesia	An industry-led association aims to create an efficient climate and economic resilient financial solutions and capture new business opportunities while connecting with green/sustainable funds, climate and related SDGs.	Member
Forum Komunikasi Direktur Kepatuhan (FKDKP)	Forum of communication and consultation for Compliance Directors in the Indonesian banking industry.	Member
Perhimpunan Bank-bank Internasional Indonesia (Perbina)	Association to channel the aspirations of international banks to the Government, Parliament, and banking industry regulators (OJK & BI).	Member
Perhimpunan Bank Swasta Nasional (Perbanas)	Association to channel banking aspirations to the government, Parliament and banking industry regulators (OJK & BI).	Member
Asosiasi Kartu Kredit Indonesia (AKKI)	Association to build a healthy and responsible credit card industry for credit card issuers, cardholders, merchants, key players (American Express, JCB International, Mastercard International, and Visa International) and other related parties.	Member
Asosiasi Sistem Pembayaran Indonesia (ASPI)	Association to accommodate the latest developments in the implementation of payment systems from various sides, both business and technical.	Member
Asosiasi Pengusaha Indonesia (APINDO)	Association to accommodate, initially, issues related to industrial affairs, but now also related to industry and national affairs.	Member
British Chamber of Commerce (Britcham)	To represent the common interest of the UK business community in promoting bilateral trade, services and investment between the UK and Indonesia, and the region.	Member
European Chamber of Commerce (EuroCham)	To represent the common interests of the European business community in promoting bilateral trade, services and investment between Europe and Indonesia, as well as the region.	Member

Name of Association	Purpose	Position in Association
American Chamber of Commerce (AmCham)	To represent the common interest of the American business community in promoting US-Indonesia commercial relations and is a primary source of information and business networking for its members.	Member
German-Indonesian Chamber of Industry and Commerce (EKONID)	To represent the common interests of the German business community in promoting German and Indonesian commercial relations, act as a strategic link between the German and Indonesian economies, represent the bilateral business interests of member companies and institutions, provide a platform for international knowledge transfer and open up trade and investment opportunities.	Member
Asosiasi Pelaku Reksa Dana dan Investasi Indonesia (APRDI)	Association of banks that manage mutual funds in Indonesia to discuss industry-related issues, and to serve as a collective voice to create representatives on behalf of the industry.	Member
Asosiasi Bank Kustodian Indonesia (ABKI)	An association of custodian banks in Indonesia to discuss industry-related issues, and to serve as a collective voice to represent on behalf of the industry.	Member
Indonesia Corporate Secretary Association (ICSA)	An association to improve the professionalism of Corporate Secretary in Indonesia and to support efforts to develop good corporate governance, through the development of knowledge and skills, exchange of information and communication forums for Corporate Secretary, regulators and other stakeholders.	Corporate Secretary as a Member
Indonesia Foreign Exchange Market Committee (IFEMC)	A committee to discuss issues related to the development of the Indonesian financial market between market players, associations related to financial markets, Bank Indonesia and the Financial Services Authority (OJK) to strengthen the Indonesian financial market's integrity and reputation well as support the national economy.	Co Chairman
ACI Financial Market Association of Indonesia	A professional institution that provides added value to the financial industry in Indonesia and Globally, institutions, individual members and society in general through education, socialisation and the establishment of professional and responsible Market Practices in Financial Markets.	Member
Indonesia Country Program (ICP)	A forum of dialogue and exchange of views for directors and country managers from various industries with various business objectives.	Member

## BOARD OF DIRECTORS REPORT

The Board of Directors' explanation regarding the Bank's commitment and implementation of sustainable finance is presented in the Board of Directors' Report section of this Annual Report.

A person is shown from the back, in silhouette, holding up three large, ornate, traditional Indonesian puppets (wayang) against a bright, warm light. The puppets are intricately carved and painted with various figures and patterns. The scene is set against a bright, warm light, possibly a sunset or sunrise, creating a dramatic and artistic atmosphere. The puppets are held up in a way that they appear to be floating or being presented. The overall composition is balanced and visually striking.

# **Sustainable Governance**

## **SUSTAINABLE GOVERNANCE**

The Bank believes that the implementation of governance in the aspect of sustainable finance is very important to maintain the sustainability of its business. The Bank takes the prevailing and relevant laws and regulations as well as best practices in the industry, including those of the HSBC Group, as references in implementing these governance principles.

The Bank is guided by OJK Regulation Number 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies and related regulations. The Bank has also adopted the guidelines set by its global parent company.

### **Sustainable Finance Implementation**

The implementation of sustainable finance within the Bank involves the role of the entire organization, including the Board of Commissioners and Board of Directors. In general, these two important organs of the Bank are always involved in the formulation of strategic policies and evaluations to achieve the objectives of implementing the principles of sustainable finance.

The Bank's sustainable finance working group develops effective and fit-for-purpose methodologies and tools for measuring the progress and impact of sustainable finance initiatives. These methodologies and tools include:

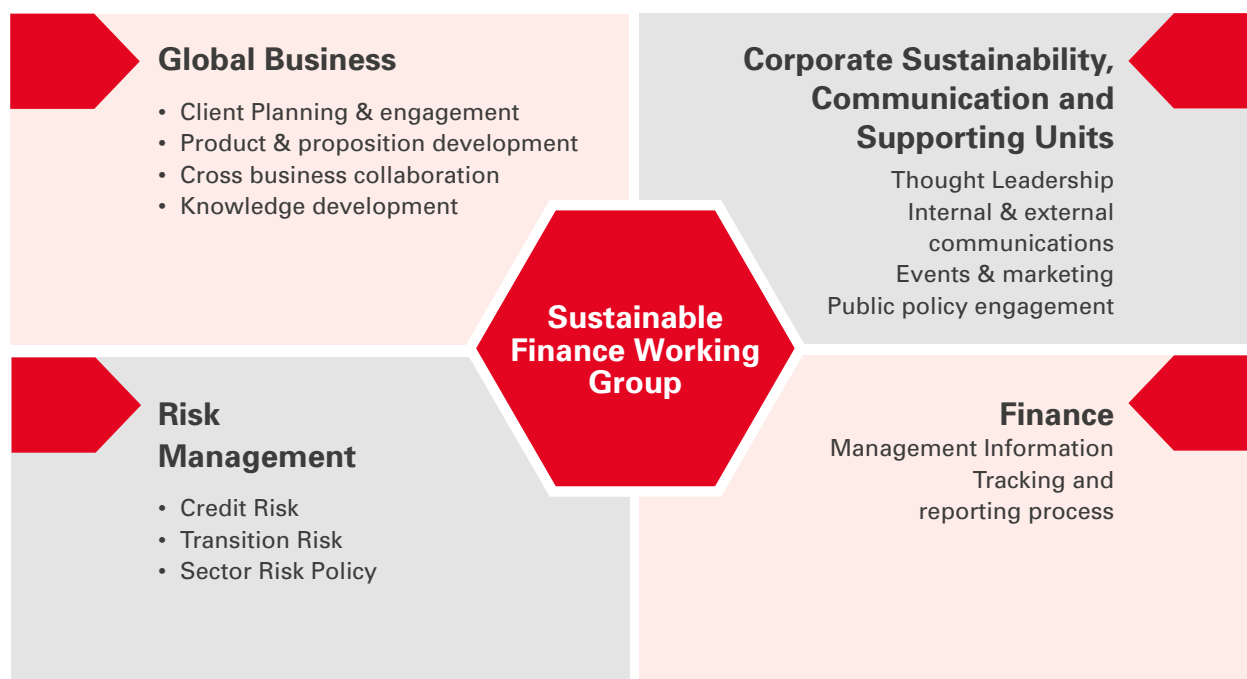
1. Analyze the approaches and indicators currently used to measure the implementation and impact of sustainable finance activities.

2. Provide options for the design of appropriate measurement frameworks to assess progress in areas such as: the mainstreaming of environmental and social considerations into risk management and business operations, financial flows to green projects, environmental and social impacts, and the effectiveness of different strategy options.

The Bank mobilizes all necessary resources for the implementation of sustainable finance. These include financial resources, human resources, and cooperation partners. Related to the source of funds used for the implementation of sustainable finance action plans comes from operational funds in the form of both donated and non-donated funds.

Human resources involved in the operational field are business units and support units in the organization that have a role in the implementation of sustainable finance action plans coordinated by the sustainable finance activity working group. While cooperation partners are business organizations, non-profits, government as cooperation partners in the implementation of sustainable finance action plans.

A full explanation of the duties, authorities and responsibilities of the Board of Directors and Board of Commissioners is provided in the "Good Corporate Government" section of this Annual Report.



### Sustainable Finance Competency Development

Competency development carried out by members of the Board of Directors, members of the Board of Commissioners, committees, employees and others is presented in full on page 229 of this Annual Report.

### Risk Assessment of Sustainable Finance Implementation

The Bank has a mechanism for risk identification, measurement, monitoring and control of the implementation of sustainable finance related to economic, social and environmental aspects. The Board of Directors and the Board of Commissioners also play a role in managing, reviewing, and assessing the effectiveness of the risk management process.

In the implementation of risk management, among others, the Bank refers to the Financial Services Authority (OJK) Regulation Number 18/POJK.03/2016 and OJK Circular Letter Number 34/SEOJK.03/2016 concerning the Implementation of Risk Management for Commercial Banks and taking into account the recommendations of the Basel Committee on Banking Supervision.

In accordance with these rules, the Bank has implemented a risk management policy that aims to ensure that risks arising in business activities can be identified, measured, managed and reported. This risk management provides benefits in the form of increased shareholder and public confidence, providing a more accurate picture of future performance. In addition, risk management is able to improve the Bank's performance and competitiveness as well as more efficient decision making.

In relation to sustainability, the Bank applies HSBC sustainability risk policies that cover agricultural commodities, chemicals, energy, forestry, mining and metals, thermal coal, UNESCO World Heritage Sites and Ramsar-designated wetlands. The Bank also applies the Equator Principles when financing projects.

These policies define our appetite for business in these sectors and seek to encourage customers to meet good international standards of practice. Where we identify activities that could cause material negative impacts, we will only provide finance if we can confirm clients are managing these risks responsibly. Such customers are subject to greater due diligence and generally require additional approval by sustainability risk specialists. These policies are aligned with HSBC's approach to climate risk, and net zero ambition.



The Bank continuously improves its risk management policies as technology, science, or societal expectations evolve. As such, the Bank consults with stakeholders in policy development and relies on their feedback to identify improvements that can be made.

Thus, utilization of various means of early recognition including identifying, measuring, monitoring, and controlling risks has been consistently performed and reported. The development of a broader framework in terms of risk management itself was done by the Risk Management Unit.

## Relationship with Stakeholders

In formulating strategies in implementing sustainable finance, the Bank cooperates and interacts with stakeholders. The activities are conducted periodically as a basis for identifying key issues from each stakeholder and providing solutions.

The Bank believes that a trusting relationship with various stakeholders will generate good values in society, and in the long run create benefits for stakeholders. The Bank realizes that the sustainability of the Bank's performance is also influenced by the Bank's engagement with stakeholders.

Stakeholder	Approach
<b>Customer</b> We recognise that the greater our understanding of our customers' needs, the better we can help support them to achieve their financial aims and succeed in our purpose and strategy.	<p>The Bank's customers can provide feedback, complaints, or simply request information related to the Bank's products and services at any time. In addition, the Bank also collects customer expectations that change in line with the development of social life to meet the needs and create customer satisfaction.</p> <p>The interaction space between the Bank and customers is carried out through:</p> <ul style="list-style-type: none"> <li>- Branch Offices</li> <li>- Internet Banking and Mobile Banking</li> <li>- Call Center</li> <li>- Website</li> <li>- Customer Experience Survey</li> <li>- Gathering Event with Customers</li> </ul> <p>The communication is mainly related to the Bank's efforts to create easier access for customers as well as effective and simple communication, while maintaining the security and privacy of customer data.</p>
<b>Shareholders</b> We seek to understand shareholder needs and sentiment through ongoing dialogue and a variety of engagements.	<p>The Bank submits regular reports to shareholders related to financial and operational performance, implementation of the Bank's strategy, corporate actions and strategies, and latest corporate information. These reports are submitted by the Bank through the General Meeting of Shareholders/RUPS (Annual GMS and Extraordinary GMS), Annual report, Sustainability Report.</p> <p>Interaction between shareholders and the Bank is conducted in accordance with the rights of shareholders as stipulated in the prevailing laws and regulations, including Law No. 40 of 2007 on Limited Liability Companies.</p>
<b>Regulators and Government</b> Maintaining constructive dialogue and relations with the relevant authorities in the markets in which we operate helps support the effective functioning of economies globally and the achievement of our strategic aims.	<p>Regulators and Governments related to the banking industry, especially Bank Indonesia and the Financial Services Authority in order to implement compliance with applicable laws and regulations. In the implementation of good corporate governance, the Bank always provides regular reports in accordance with applicable laws and regulations to regulators, among others related to reporting on Annual Reports and Sustainability Reports, reporting on compliance implementation.</p> <p>In addition, the Bank also attends meetings organized by regulators at certain times, among others, to discuss the fulfillment of the Bank's compliance, implementation of prudential principles and implementation of good corporate governance.</p> <p>Communication with regulators is carried out effectively and efficiently, such as actively consulting both in socialization organized by regulators and discussions initiated by the Bank.</p>
<b>Society</b> We seek to play an important role in supporting the communities in which we operate through our corporate social responsibility and broader engagement activities.	<p>The approach to the public, among others, is carried out in the form of information disclosure. The public can interact with the Bank on matters related to the principle of transparency.</p> <p>In addition, the Bank also conducts direct relationships with the community, among others through corporate social responsibility programs and financial literacy. These activities are consistently implemented every year, in line with the Bank's commitment to fulfill the mandate of laws and regulations and the Bank's concern for the community.</p>



Stakeholder	Approach
<b>Suppliers</b> We engage with suppliers, which helps us operate our business effectively and execute our strategy.	A mutually beneficial relationship between the Bank and its suppliers is facilitated through the development of fair and transparent cooperation in the provision of goods and services.
<b>Employees</b> We want to continue to be a positive place to work and build careers, with the success of the Bank's strategy dependent upon having motivated people with the expertise and skills required to deliver it.	The Bank's relationship with employees is facilitated through dialog between management and labor unions. Meanwhile, matters related to employee welfare, rights and obligations are carried out through several means of communication or regular meetings, including through training, socialization, HR Info via e-mail, employee gathering events and meetings between management and employees/ townhall, and e-mail.

### Challenges Faced

The Bank realizes that the implementation of sustainable finance for banks still faces many challenges. Stakeholders are still in the process of adapting to the implementation of sustainable finance principles.

Nevertheless, the Bank has implemented the principles of sustainable finance, as well as mobilized its implementation through cooperation with stakeholders. In fact, the Bank has become one of the banking institutions involved in the Indonesian Sustainable Finance Initiative (IKBI). The Bank believes that the IKBI platform can utilize private finance to reduce risks associated with environmental, social and governance issues. Furthermore, together we can support a world that is transitioning to a low-carbon economy.

The Bank is of the view that the financial sector also needs to be equipped and convinced with strong science-based materials to be ready to implement the necessary measures. The Bank is contributing to the studies, research, and experts that IKBI will provide to the banking industry.

At the same time, active involvement of regulators and government in financial literacy programs will greatly assist banks in meeting the challenges of sustainable finance. The Bank believes that the entire process that has been carried out by stakeholders will provide maximum results for a better future.



# Sustainable Performance

### Building a Culture of Sustainability

The Bank's efforts to build a culture of sustainability in the internal environment, among others, through the socialization of the Bank's sustainable performance policy as well as training, seminars, or other activities relevant to the implementation of sustainable finance. For employees, for example, the Bank seeks to develop knowledge and experience related to the principles of sustainable work.

The Bank also conducts campaigns in the field of sustainability by involving employees. For example, making employees as volunteers in activities related to climate change to collaborating with other stakeholders.

Through these efforts, the Bank hopes that the principles of sustainability will be internalized within the Bank's organization. Thus, the Bank has strong sustainable culture fundamentals in supporting partners and customers to respond to the climate change phenomenon, both in terms of risks and opportunities.

For other stakeholders, the Bank prepares communication channels to discuss various issues related to climate change. This policy is part of the socialization and engagement to realize a common goal, namely towards a low-carbon world and a better future by protecting the environment and providing benefits for social life.



## Economic Performance

### Approach

The Bank defines sustainable finance and investment as any form of financial service that integrates ESG criteria into business or investment decisions. This includes financing, investing and advisory activities that support the achievement of UN Sustainable Development Goals ('SDGs'), including but not limited to the aims of the Paris Agreement on climate change.

Moreover, the Bank aims to supporting financing related to other SDGs objectives, including community welfare development that is consistent with the Bank's vision. This effort is a part of the scheme to contribute to sustainable development.

The Bank works closely with customers to help them understand and manage their environmental and social impacts. The Bank applies HSBC sustainability risk policies that cover agricultural commodities, chemicals, energy, forestry, mining and metals, thermal coal, UNESCO World Heritage Sites and Ramsar-designated wetlands. The Bank also applies the Equator Principles when providing project funding.

The Bank ensures that these policies are implemented in a consistent manner by training risk managers and relationship managers on sustainable risk policy and their responsibility to provide directives regarding the

management of environmental and social risks. These initiatives play a significant role in the process of high-risk business relationships and transaction agreement processes.

The Bank invites customers to adopt sustainability practices. Central to our approach is our commitment to supporting clients who are taking an active role in the transition. If a client's transition plan is not produced, or if, after repeated engagement, is not consistent with our targets and commitments, we will not provide new finance and may withdraw existing financing.

This commitment is the Bank's approach to realizing the principles of sustainable finance.

### General Performance

The performance achievements of the Bank are a part of the implementation of sustainable practices associated with its business and operational activities.

As of 31 December 2022, the Bank's total assets reached Rp125,982 billion, increased by Rp1,520 billion or 1.22% from the 31 December 2021 position. This increase was in line with higher third party funds and primarily reflected on an increase of Rp2,206 billion in loan to customers – net.

The Bank's net profit reached Rp1,903 billion, a 29.19% increase from Rp1,473 billion in 2021. This increase in profit was mainly due to lower impairment losses and higher interest income, partially set off higher operating expenses.

A complete discussion of the Bank's performance during 2022 can be found in this Annual Report on page 84 - 97.

### Economic Value Received and Distributed by the Bank

The development and offering of the Bank's financial service products are not only aimed at earning profit for the Bank. In order to create sustainability, the Bank's goal is also to improve the level of convenience of the community when carrying out their financial activities, as well as promote positive impact on the stakeholders and shareholders.

Income from the Bank's business activities is equivalent to the economic value acquired by the Bank for its business activities. In line with the objective of financial sustainability, the acquired value is distributed to create sustainable values.

In 2022, economic benefits distributed by the Bank to its employees and for operating expenses reached Rp3,524 billion, a 5.89% increase from Rp3,328 billion in 2021.

Operational activities include the implementation of sustainable finance programs, one of which is system development. This initiative creates efficiency in the operational sector, which includes lower consumption of paper and electricity.

Employee development is an important part of sustainability in the context of welfare improvement. In 2022, the total costs incurred for personnel costs reached Rp1,694 billion, a 1.19% increase from Rp1,674 billion in 2021.

Within the framework of compliance, it is realized through the payment of income tax and other means. Throughout 2022, the total income tax expenses incurred by the Bank to the Government of Indonesia amounted to Rp567 billion, higher than 2021 which stood at Rp384 billion.

Tax payments are an important part of the implementation of sustainable finance. The Bank supports Indonesia's economic growth through its development activities.

The following is the economic value received and distributed by the Bank in the last three years.

**Economic Value Distribution Table**  
(Rp Billion)

Description	2022	2021	2020
<b>Economic Value Received</b>			
Interest Income	4,993	4,772	5,307
Fees and Commission Income	1,785	1,619	1,567
Trading Income	998	1,087	1,742
Other Operating Income	141	64	10
Total economic value received	7,917	7,542	8,626
<b>Economic Value Distributed</b>			
Interest Expenses	1,246	1,255	1,433
Fees and Commission Expenses	644	354	363
Employee Expenses	1,694	1,675	1,730
Other Operating Expenses*	1,830	1,653	1,608
Income tax expense	567	384	464
Total economic value distributed	5,981	5,321	5,601

\*) Including general and administrative expenses, depreciation expenses of properties and equipment and right-of-use assets, and amortization expenses of intangible assets.



In terms of banking product performance, in 2022 the Bank posted gross loan disbursements of Rp56,361 billion, a 3.38% increase from Rp54,516 billion in 2021. The disbursement of this financing is an important part of the economic benefits distributed by the Bank to external parties to support sustainable finance through economic activities.

**Table of Loan Disbursements by Type**  
(Rp Billion)

Credit Type	2022	2021	2020
Working Capital	42,701	41,033	44,933
Investment	9,749	9,709	9,392
Consumption	3,287	3,122	3,368
Employee	624	652	701
Total	56,361	54,516	58,394

Furthermore, in terms of third-party funds, the Bank was able to collect customer funds in the amount of Rp90,188 billion in 2022, an increase of 5.60% from Rp85,407 billion in 2021. The third-party funds collection indicates the Bank's contribution to financial inclusion in Indonesia.

**Table of Banking Product Performance**  
(Rp Billion)

Description	2022	2021	2020
Total Customer Deposits	90,188	85,407	72,160
- Demand Deposits	43,087	45,584	35,871
- Savings Accounts	15,539	15,946	15,281
- Time Deposits and On Call Deposits	31,562	23,877	21,008
Total Loan disbursements	56,361	54,516	58,394

The economic value received by the Bank is reflected by net profit which reached Rp1,903 billion in 2022, a 29.19% increase from Rp1,473 billion in 2021.

This increase in profit was mainly due to lower impairment losses and higher interest income, partially set off by higher operating expenses.

**Table of Economic Value Received by the Bank**  
(Rp Billion)

Description	2022	2021	2020
Interest Income – net	3,747	3,517	3,874
Profit before Tax	2,470	1,857	1,774
Net profit for the year	1,903	1,473	1,310



## Environmental Performance

The business activities carried out by the Bank are not directly related to environmental issues. Nevertheless, the Bank remains committed to providing support for the global transition to low carbon.

The Bank applies the principles of sustainability to the products and services provided in its business environment, including those related to the capital market, lending, transactions and investment. Moreover, the Bank implements strict risk management related to climate change in the energy, palm oil, and forestry sectors.

### Environmental Conservation

The Bank has realized a number of programs in environmental conservation. The action to support the mission in reducing carbon emission that covered several sustainability projects, including solar panel installation at numerous branches, paper reduction, first electric car as executive car fleet, and interactive webinar series to increase staff awareness.

The Bank continues to actively participate in sustainable environmental conservation programmes, such as the following:

No.	Programme	Activities	Programme Achievement	Fund Allocation (Rp)
1.	Natural Climate Solution Model for Mangroves in Indonesia	<p>The project aims to develop, promote, and implement Natural Climate Solutions through mangrove protection and restoration to mitigate GHG emissions, improve coastal resilience, and community's livelihood that depends on the ecosystem.</p> <p>The project implemented in in Teluk Pambang, Bengkalis Regency, Riau Province and Muara Angke Wildlife Reserve (Suaka Margasatwa Muara Angke – SMMA, Jakarta) for 3 (three years) with the expected total beneficiaries of 1,054 inhabitants/371 households.</p>	First year activity began with a workshop for stakeholders in Bengkalis Regency, Riau Province, in order to create a collaborative action that are supported by good planning and coordination to accelerate the recovery of the mangrove ecosystem in this area, continue with provision of basic data and information to develop mangrove restoration design document that supports community livelihood, and mangrove restoration in Suaka Margasatwa Muara Angke to improve public knowledge and engagement.	3,190,099,307



No.	Programme	Activities	Programme Achievement	Fund Allocation (Rp)
2	Clean Energy Village	Clean Energy Village implemented at Intaran Costumary Village, Sanur, South Denpasar, Bali, by connecting sustainable ecosystem among Sanur's coastal communities through rooftop solar PV installation in several productivity and livelihood hotspots such as shops, traditional market, public health centres and agriculture management centres in one integrated area.	This project is designed to improve coastal communities' access to low-carbon technologies that will improve their ways in doing their business.  4,000 people are targeted as direct beneficiaries with 18,500 people indirect beneficiaries.	4,757,560,000
3	New Trees	The project aims to improve the function and condition of the Ciliwung upstream area, improve its water catchment ability and reduce the risk of natural disaster through environmental conservation efforts, community empowerment and creation of a sustainable life. These activities are not only give ecological benefit for the community, but also economic benefits	The project covers rehabilitation of 5 hectares of degraded forest land through planting 2,000 trees together with local community and measure by impact analysis. In this quarter, around 100 HSBC employee directly involved along with local community performed a tree planting and environmental awareness.	601,466,668

### Environmentally – Friendly Materials

The use of environmentally-friendly materials is an important part of the Bank's operational activities. This commitment has long been realised and has continued in 2022. Among environmentally-friendly materials used by the Bank are paper products licensed by the Forest Stewardship Council (FSC). The Bank has also provided special bins, allowing staff to sort out the types of cans, paper and plastic waste.

### Efficient Energy Consumption

In 2022, the Bank continued to reduce emissions from our energy consumption and travel, achieving 793 tonnes reduction compared to 2021. The Bank also lowered its electricity consumption from last year by 1,245 Mega Watt hour (MWh). The reduction in energy consumption in 2022 is due to the Future of Work – Hybrid model and reduced number of branches in 2022.

The Bank also carries out its energy efficiency activities through the use of environmentally-friendly lighting devices. The Bank uses energy-friendly lamps such as LEDs and light sensors, which have reduced electricity consumption at head and branch offices.

Paper use continues to decrease. The Future of Work – Hybrid model and usage of SharePoint has helped reduce the number of paper consumption by 14% or 45 tonnes of paper. The water usage however was increased due to the return of staff to office following the easing of COVID-19 restrictions, however it remained 18% below the pre-pandemic levels in 2019 as baseline.

In 2022, the Bank's travel emissions remained below 75% of pre-pandemic levels in 2019 as baseline. We are closely managing the gradual resumption of travel through internal reporting and review of emissions, and through the introduction of internal carbon budgets, in line with our aim to halve travel emissions by 2030, compared with pre-pandemic levels. With hybrid working embedded across the organisation, the use of virtual working practices has reduced the need for our colleagues to travel to meet with other colleagues and customers. We continue to focus on reducing the environmental impact from the vehicles we use in our operations, and accelerate the use of electric vehicles.

Indicator	Metric	2022	2021	Change (%)
Total Greenhouse gas (GHG) emission	Tonne	4,347	5,140	-15.4%
- Scope 1	Tonne	133	155	-14.2%
- Scope 2	Tonne	3,951	4,867	-18.8%
- Scope 3 (category 6) business travel	Tonne	263	118	122.9%
Electricity Consumption	MWh	5,272	6,517	-19.1%
Paper Consumption	Tonne	278	323	-13.9%
Waste Produced	Tonne	20	17	17.6%
Recycling	%	42	47.6	-11.8%
Water Consumption	m <sup>3</sup>	16,068	9,746	64.9%
Travel	Km	1,914,426	1,285,659	48.9%

Note: Our environmental data for our own operations is based on a 12-month period to 30 September.

### Intensity of emission

The Bank calculates its emission intensity measured by GHG emissions in tonnes CO<sub>2</sub>e per FTE (full-time employee).

Indicator	Metric	2022	2021	Change (%)
Total Greenhouse gas (GHG) emission	Tonne	4,347	5,140	-15.4%
Emission Intensity	Tonne	133	155	-14.2%

### Solar Panel Installation to support Sustainability ambition

In line with HSBC's ambition to achieve net zero carbon emissions in own operations by 2030 or sooner, the Bank initiated the installation of solar panels at the Kelapa Gading Jakarta branch office and the Bank's executive residences in March 2022. To date, the solar panels have generated 35,164 KWh of green electricity, equivalent to 26.7 tons of carbon reduction.

This initiative is further expanded to 10 branch office locations spread across Medan, Jakarta, Surabaya, Denpasar, Makassar and Pontianak by the end of 2022 which is expected to generate 145,000 KWh of renewable energy and contribute to carbon reduction of 106 tons. Solar panel installations will continue on an ongoing basis and will cover other cities in Indonesia.

For the implementation of this solar panel installation initiative, the Bank was awarded ESG Program of the Year - Bronze in the Asian Banking and Finance Retail Banking Awards 2022 and Green Financial Business of the Year 2022 at the Green Future Festival held by SUN Energy.

### Procurement of Environmentally Friendly Transportation for Operational Activities

In addition to the installation of solar panels, the Bank also presented the first electric car to support operational needs for Senior Management. This is done as one of the efforts to reduce carbon in the Bank's operational scope.

This initiative has been initiated since the end of 2021, which began with conducting a feasibility study on electric cars or hybrid types according to the Bank's needs. Then, continued with the formation of cooperation with strategic partners in terms of providing these operational vehicles.

Furthermore, the Bank will increase efforts to transition to the use of electric or hybrid cars in line with the Bank's policy to no longer use cars with fossil fuels in the future.

### Environmental Care Action in the framework of World Environment Day

In connection with World Environment Day which is celebrated every June 5, the Bank collaborates with several environment-based organizations to hold a series of environmental action activities. The activities include employees to contribute to real change.

Together with the WWF Indonesia Foundation, the Bank organized volunteering activities on the banks of the Ciliwung River which involved working with the Saung Bambon Riverside community. The action took the form of cleaning up trash on the riverbanks, planting trees while learning about nature restoration efforts, measuring river water quality and discussing nature conservation to increase awareness of environmental sustainability.

In line with the agenda of the educational webinar series on sustainability, the Bank held a discussion session with Jejakin on the importance of commitment and collaboration of all stakeholders towards low carbon in addressing the increasingly urgent impacts of climate change. In this regard, employees were invited to understand the carbon footprint of their daily activities that can have an impact on the surrounding environment.

To help reduce household waste, the Bank also collaborated with Siklus to provide a refill station for various household necessities, such as detergents, soaps, and other cleaning materials for a certain period of time for employees and the general public in the World Trade Center office complex. This activity aims to reduce the use of plastic packaging in an effort to reduce waste and preserve the environment.

### Supporting ecosystem restoration in Bogor Peak Area

On 26 November 2022, around 70 employees of the Bank participated in a volunteer tree planting action in the NEWtress program with WWF Indonesia Foundation in the Megamendung area, Puncak Bogor in an effort to mitigate climate change and restore degraded ecosystems by planting 2,000 trees.

The program also involves local communities to provide alternative livelihoods by planting trees with economic value and fostering a sense of ownership of the surrounding forests and ecosystems.

The Bank and WWF Indonesia Foundation have been running the NEWtrees program since 2009, and have made efforts to rehabilitate 3,703 hectares of degraded forests across Indonesia, one of which is located in the upper reaches of the Ciliwung river.

### Preserving Mangrove Ecosystems in a Sustainable Way

As part of the Bank's participation in the Mangrove Ecosystem Restoration Alliance (MERA) program partnership since 2021, the Bank together with the DKI Jakarta Natural Resources Conservation Agency (BKSDA) and Yayasan Konservasi Alam Nusantara (YKAN) held a planting action of 200 mangrove trees at Muara Angke Wildlife Sanctuary on December 10, 2022 followed by invasive plant removal, mangrove nursery and various educational activities including the Mangrove Photography Competition 2022. This activity involved 100 Bank employees as volunteers with a total of 600 hours of time recording in carrying out sustainable actions to preserve the mangrove ecosystem.

Muara Angke Wildlife Sanctuary has an area of 25.02 hectares and is an important area that supports the lives of the people of DKI Jakarta and its surroundings in addition to being a habitat for a variety of flora and fauna.

In addition, the Bank also supports mangrove ecosystem restoration efforts in the assisted location of Teluk Pambang Village, Bengkalis Regency, Riau Province which is part of the MERA partnership. Riau Province has a coastal area dominated by swamp environments and mangrove forests covering more than 200,000 hectares, but the mangrove ecosystem in the location continues to be threatened by coastal development, wood extraction for charcoal and building materials and for shrimp farming.

### Environmental Complaints

The Bank has provided various channels for receiving complaints, namely through the Contact Center, Branch Offices, HSBC Internet Banking, Online and Social Media. Every complaint received, including those related to the environment, will be followed up in accordance with regulations.

Until the end of 2022, there were no complaints submitted to the Bank related to environmental issues.



## Social Performance

### The Bank's Commitment

The Bank is committed to providing equal products and services to all customers. This internal policy is in line with Financial Services Authority (OJK) Regulation No. 1/POJK.07/2013 on Customer Protection and OJK Circular Letter No. 12/SEOJK.07/2014 on Information Delivery in the Context of Marketing Financial Services Products and/or Services.

The regulation also pressures the Bank to provide fair results to customers. Information on products and services has also been made transparent.

In addition, the Bank, which is part of the HSBC Group that operates globally, has adopted a behavioral framework to ensure that every employee within the Bank treats customers equally and applies transparency in operational activities.

### A. EMPLOYMENT ASPECTS

#### Equality in Work Environment

The Bank views that employees are an important factor in supporting the successful achievement of the vision, mission and business targets that have been set. This also applies to the implementation of sustainable finance. Therefore, the Bank always encourages employees to express their views openly regarding policies, work environment conditions, and new ideas.

The Bank continues to invest in human resource capabilities, in line with the growth in the Indonesian banking industry. The realization of human resource management and development is carried out by the Human Resources Department.

An important principle applied by the Bank in managing human resources is inclusiveness. The Bank does not differentiate human resources in terms of ethnicity, religion, race, and intergroup. Likewise with gender differences or sex. All of them have the same opportunity to have a career and develop in the Bank.

In terms of the composition of human resources by gender, in 2022, the ratio between male and female employees is: 44.59% and 55.41%. This proves the Bank's commitment with regard to the implementation of equality in the work environment.

In addition, the Bank continues to promote and strengthen gender equality through "Female Talent Development" and succession management. By end of 2022, there are 53.33% of senior leadership roles (GCB3+) held by women.

#### Child Labor and Forced Labor

The Bank's policy in recruiting and managing employees primarily refers to Law No. 13 of 2003 on Manpower and other relevant laws and regulations. Based on the existing laws and regulations, the Bank does not employ employees who are not yet of working age or child labor.

In addition, the Bank aims to ensure that there is no forced labor within the Bank. This is demonstrated, among others, through the implementation of working hours that are in line with the laws and regulations.

#### Employee Minimum Wage

The Bank strives to structure remuneration to attract and motivate the best employees to develop, without distinction of gender, ethnicity, age, physical condition or other factors unrelated to performance or experience. The Bank has also provided a variety of inherent facilities, in accordance with regulatory requirements.

In setting remuneration, the Bank has considered the prevailing regional minimum wage standards. Every employee of the Bank has received an income above the minimum wage as stipulated by the government. In addition, to support welfare levels, the Bank also provides health and other facilities to employees.

The Bank periodically conducts evaluations, especially in order to fulfill the principle of equality in the provision of remuneration.

More information about remuneration is presented on page 194 of this Annual Report.

## Decent and Safe Working Environment

The Bank always strives to create a work environment that allows all employees to develop their potential to the fullest. For this reason, the Bank always maintains a balance between personal life and the world of work.

This commitment, among others, is realized through the implementation of long-term leave policies, such as sabbatical leave. This policy is expected to provide comfort for employees, thus potentially increasing productivity and loyalty in a comfortable work environment.

To create convenience, the Bank offers a complete open space work environment, including collaboration spaces to accommodate teamwork and employee engagement as well as technology support to create work effectiveness.

## Training and Competency Development

Training and competency development programs are part of HR management within the Bank. Therefore, the Bank regularly and continuously develops training and development programs to improve employee competencies, both internal and external.

The training and development program broadly covers hard skills or technical competencies, soft skills competencies, leadership education, and inhouse training for specific training areas.

In 2022, the Bank realized a development program with a total of 113,409 training hours.

### Training Realization

Year	Total Employees	Total Training Hours	Training Hours per Employee	Number of Trained Staff
2022	2,855	113,409	31,77	3,570
2021	3,348	60,412	18,04	4,034
2020	3,773	59,705	17,34	3,773

## Financial Crime Training Program

This program is a series of modules designed to meet the learning requirements for employees in certain roles, which involve activities with greater exposure to the risks of money laundering, sanctions and bribery, and corruption. To that end, employees in such roles must develop and demonstrate enhanced capabilities to identify, assess, manage and report financial crime.

Financial Crime related training programs held are:

- AML and Sanctions (AMLS)  
This training is mandatory for certain roles within the Bank. It is separate from the Global Mandatory Training (GMT) that all employees must take. The learning will help employees to effectively manage financial crime risks and give them the confidence and skills needed to identify and manage risks effectively in their roles.

Both permanent and contract employees must complete the learning as well as post-course assessments. The e-Learning and post-course assessments are mandatory and employees have 90 days to complete the assigned modules.

- Anti-Bribery & Corruption (AB&C)  
This training program was provided to certain employees from each business and function. These employees have completed the set curriculum.

A more complete discussion on human resources and training development is presented on page 72 of this Annual Report.

## B. SOCIAL ASPECTS

### Impact of Operations on the Surrounding Community

The Bank's operations, which are engaged in the financial sector, do not have a negative impact on the surrounding community. Nevertheless, the Bank always strives to balance with activities that provide support for the community, both through ongoing and immediate programs.

In addition, the Bank also allocates funds for programs aligned with corporate social responsibility (CSR) themes and activities to support responsible business. The Bank is committed to providing financial and other forms of assistance in response to unforeseen challenges, such as natural disasters and humanitarian crises.

#### Realization of Community Budget (Rp million)

Description	2022	2021	2020
Realization	17,445	21,958	25,568

### Social and Environmental Responsibility

The realization of the implementation of social and environmental responsibility programs carried out by the Bank, among others, aims to provide the community with knowledge and education in business and finance. This is in accordance with OJK's direction in the National Strategy Blueprint for Finance & Financial Literacy. The targeted stakeholders are universities, lecturers, teachers, students, communities, and the general public.

In line with this policy, by 2022, the Bank has implemented social and environmental responsibility activities in the community. These programs are in line with the Sustainable Development Goals (SDGs). The Bank is committed to supporting communities in the Bank's operational environment in particular, as well as society in general. This includes contributing to charities and non-profit organizations that run community projects across the country.

The following are programmes that were implemented in 2022:

#### Education

In line with the direction from OJK on the Blueprint of Indonesia's National Strategy for Financial Literacy, the Bank has implemented Financial literacy and business education programmes, which aim to improve the public's understanding of financial products and services.

The HSBC Business Case Competition is a business education where students are introduced to the business world which aims to improve students' analytical capacity and business intuition. The target of programmes are students (from elementary level to university), and teachers /lecturers.

For employability skills, the Bank introduced the Core Skills concept, also known as the 21st Century Skills that aims to assist students in facing challenges and changes on the job.



No	Programme	Activities	Programme Achievement	Fund Allocation (Rp)	Conformity with the Sustainable Development Goals (SDGs)
1	HSBC Business Case Competition	HSBC Business Case Competition is a unique education Programme aimed to grow young business talents in Indonesia. This programme provides opportunities for university students to implement and develop their quantitative, qualitative, and communication skills.	A series of educational activities has been carried out in four different cities in Indonesia: Jakarta, Bandung, Yogyakarta and Surabaya and involved more than 500 university students and 15 universities.	758,862,500	Goals 4: Quality Education
2	Bali Youth for Clean Energy	Bali Youth for Clean Energy is devised to improve the vocational high schools' education system to increase the students' competitiveness for green job opportunities, particularly in Solar PV business.	This programme will assist Bali in producing high-quality vocational high school graduates through a series of development of solar PV training and teaching modules.	1,024,664,177	- Goals 4: Quality Education - Goals 7: Affordable and Clean Energy

### Emergency Response for Cianjur Earthquake Programme

In 2022, the Bank conducted emergency response Cianjur earthquake programme as a form of our concern and care for the most vulnerable communities that focusses on providing immediate medical equipment, access to food, and economy resilience in Cianjur, West Java.

No.	Programme	Activities	Programme Achievement	Fund Allocation (Rp)
1.	Cianjur Earthquake Emergency Response	The programme is aim to support the community, victims of natural disaster Cianjur earthquake, especially to provide emergency needs including foods, medical supplies, clothes, and sanitarries as well as post-disater recovery effort.	More than 1,000 people received emergency response support donation including foods, medical supplies, clothes and sanitarries as well as post disaster recovery support.	320,000,000

### Public Complaint Mechanism

The Bank has standard operating procedures for handling complaints to ensure prompt, efficient, accurate, and courteous service to customers. This complaint handling should also protect the Bank from potential losses that could arise from customer complaints, through careful management of complaint handling, cohesive and effective.

The Bank has provided various channels for receiving complaints, namely through the Contact Center, Branch Offices, HSBC Internet Banking, Online and Social Media. We aim to follow up every complaint received in accordance with regulations.

Detailed information can refer to the website with the following link: <http://www.hsbc.co.id/1/2/id/hubungikami>.

### Number of Complaints

All public complaints are handled by each unit in the Bank. A complete report related to public complaints and follow-up is presented in the "Good Corporate Governance" section on page 198.



## Responsibility For Sustainable Product/Service Development

The Bank places customers as very important and strategic stakeholders in order to realize the principles of sustainable finance. Therefore, the Bank always strives to provide the best products and services for customers, so that the relationship created is mutually beneficial, while supporting sustainable development.

The Bank also strives to always consider the benefits of the products issued, both economic benefits in the narrow sense, namely providing benefits to customers, as well as in a broader sense, namely benefiting the country. Included in the consideration is the sustainable aspect, in accordance with the sustainable development goals that have become a commitment of the world community to create a better future for the world.

### Innovation and Development of Sustainable Financial Products/Services

The Bank has been involved in many activities in the financial services sector with regard to supporting sustainable development. Achievements related to products and services relevant to sustainability principles by 2022 are:

#### Green Sukuk and Government Green Bond

HSBC supported the Government of Indonesia with the development of its inaugural green framework back in 2017 and with Green Bonds and Sukuk issued every year under this framework.

In May 2022, HSBC acted as the Joint Bookrunner, Joint Lead Manager and Joint Green Structuring Advisor for Republic of Indonesia's (the "ROI") dual tranche USD1.75 billion 5-year and USD1.5 billion 10-year Green tranche 144A/Reg S Trust Certificates (the "Wakala Sukuk"). The 10-year Green tranche represents the fifth Green Sukuk offering and the first since the Republic published its SDGs Government Securities Framework in August 2021. The deal demonstrated that HSBC is at the forefront in supporting the country's sustainability agenda.

#### Government Retail Bond

Since 2019, the Bank became an electronic selling agent of the State Securities Paper (e-SBN), marketing various series of Retail Bonds issued by the Ministry of Finance to fund the Government's sustainability programmes or projects. This has had positive outcomes including helping to finance the Government's State Budget and Expenditure, giving the public access to bonds, and increasing the number of Domestic Investors.

## Sustainability Lending

As part of our strategy to build a net zero economy, the Bank has been supporting customers through their transition with the Bank's sustainable finance solutions.

Up to end of 2022, the Bank has several types of sustainable finance solutions:

- **Green Loans**  
Loans aligned to the Green Loan Principles (GLP) of the Loan Market Association (LMA), including any type of loan instrument made available exclusively for the finance or re-finance, in whole or in part, of new and/or existing eligible green projects.
- **Green Trade Finance**  
Global Trade and Receivables Finance (GTRF) lending facilities aligned to the Green Loan Principles (GLP) of the Loan Market Association (LMA) and made available exclusively to finance or re-finance eligible green trade activities as evidenced by underlying transaction documents. Refinancing in the same calendar year will be excluded. Relevant GTRF products include: (i) trade loans; (ii) receivables finance; (iii) import/export finance; distribution and commodity structured trade finance (CSTF).
- **Sustainable Trade Instruments**  
Global Trade and Receivable Finance (GTRF) contingent liability facilities aligned to HSBC's internal Sustainable Trade Instrument Principles (STIP) which are based on the Green Loan Principles (GLP) of the Loan Market Association (LMA) and reference the United Nations Sustainable Development Goals (SDGs). GTRF contingent liability products include (i) guarantees; (ii) standby letter of credit; and (iii) documentary credit.
- **Sustainable Supply Chain Finance (Sustainable SCF)**  
Supply Chain Finance (SCF) programme through which the characteristics of funding provided to the client's suppliers may vary based on predefined sustainability performance metrics and thresholds in order to promote the sustainability objectives of the client in its supply chain. The metrics applied should be material to the client's core sustainability and business strategy and address relevant environmental, social and/or governance challenges within its supply chain.

- **Sustainability Linked Loans (SLL)**  
Loans aligned with Sustainability Linked Loan Principles (SLLP) of the Loan Market Association (LMA), including any type of loan, mortgage, trade or supply chain instrument for which the financial and/or structural characteristics of the instrument may vary depending on whether the borrower achieves predefined sustainability performance targets (SPTs). SPTs should be ambitious and meaningful to the borrower's business and should be tied to a sustainability improvement in relation to a predetermined performance target benchmark.
- **Social Loans**  
Loans aligned to the Social Loan Principles (SLP) of the Loan Market Association (LMA), including any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible social projects.

## Information on Recalled Products

In the 2022 fiscal year, none of the Bank's financial products were withdrawn. Nevertheless, the Bank always conducts product evaluations in terms of risk management and compliance with all existing regulations. This ensures that products issued by the Bank provide a sense of security for its customers.

Accordingly, the Bank is not able to present information related to the number of products withdrawn.

## Customer Experience Survey

To improve customer experience, the Bank conducts customer surveys to determine whether its services have been up to their expectations. This is also done to evaluate the quality of the Bank's customer service, and ways in which it can be improved.

The customer survey is conducted by phone using the interaction Net Promoter Score (iNPS) method. Customers who have just visited a branch, contacted Call Center, login to Internet Banking, or customers who have Premier or RBB RM will be randomly selected from the database and then given questionnaires, where they rate how much they would recommend HSBC to family and friends based on their recent interactions with HSBC on a scale of 0-10.

Customers with a score of 0-6 are classified as detractors, customers with a score of 7-8 are classified as passive, and customers with a score of 9-10 are classified as promoters. The iNPS score is obtained by subtracting the percentage of detractors from the percentage of promoters, so the scale can run from -100 (if all respondents are detractors) to +100 (if all respondents are promoters).

The following are the survey results of Customer Experience Survey for the last 3 (three) years:

Channel	Interaction Net Promoter Score (scale of -100 to +100)		
	2022	2021	2020
Branch	+50.5	+44.1	+38.9
Call Center	+27.6	+17.9	+12.9
Premier RM	+38.0	+32.8	+25.7
RBB RM	+51.0	+44.6	+35.5
Internet banking	+17.3	+11.2	+12.2

## WRITTEN VERIFICATION

Until 2022, the Bank has not conducted any written verification from an independent party regarding the implementation of sustainable finance. As such, this information cannot be submitted.

## FEEDBACK SHEET

The Sustainable Finance Report of PT Bank HSBC Indonesia provides an overview of performance throughout the 2022 financial year. We look forward to your input, criticism and suggestions for the development of future performance, by sending this feedback sheet via e-mail or facsimile or post.

### Respondent Profile

Name (if desired) :  
Institution/Company :  
E-mail :  
Phone/Phone :

### Stakeholder Groups

- A. Shareholders and/or Investors
- B. Customers
- C. Labor Union
- D. Media
- E. Suppliers
- F. Business Organization
- G. Community Organization
- H. Government/Regulators (OJK/BI)

Choose the most appropriate answer below:

No	Question	Answer
1	This report is easy to understand	Yes/No
2	This report is useful to you	Yes/No
3	This report already describes the performance of the Sustainable Financial Report	Yes/No

Please rate the most important aspects of PT Bank HSBC Indonesia's sustainability with a score of 1-5, with 5 being the most important.

No	Question	Answer
1	Economic Performance	1 - 2 - 3 - 4 - 5
2	Bank business performance	1 - 2 - 3 - 4 - 5
3	Employment	1 - 2 - 3 - 4 - 5
4	Products	1 - 2 - 3 - 4 - 5
5	Training and Education	1 - 2 - 3 - 4 - 5
6	Local community	1 - 2 - 3 - 4 - 5
7	Customers	1 - 2 - 3 - 4 - 5
8	Anti-corruption	1 - 2 - 3 - 4 - 5
9	Energy	1 - 2 - 3 - 4 - 5

If there are other aspects, please let us know:

Thank you for your participation  
Please send to the address:  
PT Bank HSBC Indonesia  
World Trade Center 1  
Jl. Jenderal Sudirman Kav. 29-31  
Jakarta 12920 Indonesia



**PT BANK HSBC INDONESIA**

**LAPORAN KEUANGAN /  
*FINANCIAL STATEMENTS***

**31 DESEMBER/*DECEMBER* 2022**

**SURAT PERNYATAAN DIREKSI  
TENTANG  
TANGGUNG JAWAB ATAS LAPORAN KEUANGAN PADA TANGGAL 31 DESEMBER 2022  
DAN TAHUN YANG BERAKHIR 31 DESEMBER 2022  
PT BANK HSBC INDONESIA  
DIRECTORS' STATEMENT LETTER  
REGARDING  
THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022  
AND FOR THE YEAR ENDED 31 DECEMBER 2022  
PT BANK HSBC INDONESIA**

Kami yang bertandatangan di bawah ini/ *We, the undersigned:*

- |                              |   |
|------------------------------|---|
| 1. Nama/Name                 | : François-Pascal Marie Jacques du Mesnil de Maricourt                              |
| Alamat kantor/Office address | : Gedung World Trade Center 1 Lt. 3 Jl. Jend. Sudirman<br>Kav. 29-31, Jakarta 12920 |
| Nomor Telepon/Phone Number   | : (021) 25545800  |
| Jabatan/Position             | : Presiden Direktur / <i>President Director</i>                                     |
| 2. Nama/Name                 | : Dio Alexander Samsoeri  |
| Alamat kantor/Office address | : Gedung World Trade Center 1 Lt. 3 Jl. Jend. Sudirman<br>Kav. 29-31, Jakarta 12920 |
| Nomor Telepon/Phone Number   | : (021) 25545800  |
| Jabatan/Position             | : Direktur/Director   |

menyatakan bahwa:


*declare that:*

- |  |   |
|--|---|
| 1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan PT Bank HSBC Indonesia ("Bank");  | 1. <i>We are responsible for the preparation and presentation of the financial statements of PT Bank HSBC Indonesia (the "Bank");</i>             |
| 2. Laporan keuangan Bank telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;                                      | 2. <i>The Bank's financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;</i>          |
| 3. a. Semua informasi dalam laporan keuangan Bank telah dimuat secara lengkap dan benar;   | 3. a. <i>All information contained in the Bank's financial statements have been disclosed in a complete and truthful manner;</i>                  |
| b. Laporan keuangan Bank tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material; | b. <i>The Bank's financial statements do not contain misleading material information or facts, and do not omit material information or facts;</i> |
| 4. Kami bertanggung jawab atas sistem pengendalian intern Bank.  | 4. <i>We are responsible for the Bank's internal control system.</i>  |

Demikian pernyataan ini dibuat dengan *This statement has been made truthfully.*  
sebenarnya.

Jakarta, 28 Maret/March 2023

Atas nama dan mewakili Direksi/ *For and on behalf of Board of Directors*

  
**François-Pascal Marie  
Jacques du Mesnil de Maricourt**  
Presiden Direktur/  
*President Director*



  
**Dio Alexander Samsoeri**  
Direktur/  
*Director*

**PT Bank HSBC Indonesia**

Kantor Pusat – World Trade Centre 1, Lantai 3, Jl. Jendral Sudirman Kav. 29-31, Jakarta 12920, Indonesia  
Tel: +62 21 2554-5800, Fax: +62 21 5790-4461

Diterbitkan oleh PT Bank HSBC Indonesia yang terdaftar dan diawasi oleh Otoritas Jasa Keuangan (OJK)



**LAPORAN AUDITOR INDEPENDEN  
KEPADA PARA PEMEGANG SAHAM**

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF**

**PT BANK HSBC INDONESIA**

**Opini**

Kami telah mengaudit laporan keuangan PT Bank HSBC Indonesia ("Bank"), yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2022, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, serta catatan atas laporan keuangan, termasuk ikhtisar kebijakan akuntansi signifikan.

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan Bank tanggal 31 Desember 2022, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

**Basis opini**

Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Tanggung jawab kami menurut standar tersebut diuraikan lebih lanjut dalam paragraf Tanggung jawab auditor terhadap audit atas laporan keuangan pada laporan kami. Kami independen terhadap Bank berdasarkan ketentuan etika yang relevan dalam audit kami atas laporan keuangan di Indonesia, dan kami telah memenuhi tanggung jawab etika lainnya berdasarkan ketentuan tersebut. Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

**Informasi lain**

Manajemen bertanggung jawab atas informasi lain. Informasi lain terdiri dari informasi yang tercantum dalam laporan tahunan, tetapi tidak termasuk laporan keuangan dan laporan auditor kami. Laporan tahunan diharapkan akan tersedia bagi kami setelah tanggal laporan auditor ini.

Opini kami atas laporan keuangan tidak mencakup informasi lain, dan oleh karena itu, kami tidak menyatakan bentuk keyakinan apapun atas informasi lain tersebut.

**Opinion**

We have audited the financial statements of PT Bank HSBC Indonesia (the "Bank"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

**Basis for opinion**

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements paragraph of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

**Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan**

WTC 3, Jl. Jend. Sudirman Kav. 29-31, Jakarta 12920 – Indonesia

T: +62 (21) 5099 2901 / 3119 2901, F: +62 (21) 5290 5555 / 5290 5050, [www.pwc.com/id](http://www.pwc.com/id)

Nomor Izin Usaha: KEP-241/KM.1/2015.

00403/2.1025/AU.1/07/0229-2/1/III/2023





Sehubungan dengan audit kami atas laporan keuangan, tanggung jawab kami adalah untuk membaca informasi lain yang teridentifikasi di atas, jika tersedia dan, dalam melaksanakannya, mempertimbangkan apakah informasi lain mengandung ketidakakonsistensian material dengan laporan keuangan atau pemahaman yang kami peroleh selama audit, atau mengandung kesalahan penyajian material.

Ketika kami membaca laporan tahunan, jika kami menyimpulkan bahwa terdapat suatu kesalahan penyajian material di dalamnya, kami diharuskan untuk mengomunikasikan hal tersebut kepada pihak yang bertanggung jawab atas tata Kelola dan mengambil Tindakan tepat berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia.

#### **Tanggung jawab manajemen dan pihak yang bertanggung jawab atas tata kelola terhadap laporan keuangan**

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Dalam penyusunan laporan keuangan, manajemen bertanggung jawab untuk menilai kemampuan Bank dalam mempertahankan kelangsungan usahanya, mengungkapkan, sesuai dengan kondisinya, hal-hal yang berkaitan dengan kelangsungan usaha, dan menggunakan basis akuntansi kelangsungan usaha, kecuali manajemen memiliki intensi untuk melikuidasi Bank atau menghentikan operasi, atau tidak memiliki alternatif yang realistis selain melaksanakannya.

Pihak yang bertanggung jawab atas tata kelola bertanggung jawab untuk mengawasi proses pelaporan keuangan Bank.

#### **Tanggung jawab auditor terhadap audit atas laporan keuangan**

Tujuan kami adalah untuk memperoleh keyakinan memadai tentang apakah laporan keuangan secara keseluruhan bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan, dan untuk menerbitkan laporan auditor yang mencakup opini kami. Keyakinan memadai merupakan suatu tingkat keyakinan tinggi, namun bukan merupakan suatu jaminan bahwa audit yang dilaksanakan berdasarkan Standar Audit akan selalu mendeteksi kesalahan penyajian material ketika hal tersebut ada. Kesalahan penyajian dapat disebabkan oleh kecurangan maupun kesalahan dan dianggap material jika, baik secara individual maupun secara agregat, dapat diekspektasikan secara wajar akan memengaruhi keputusan ekonomi yang diambil oleh pengguna berdasarkan laporan keuangan tersebut.

*In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.*

*When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants.*

#### **Responsibilities of management and those charged with governance for the financial statements**

*Management is responsible for the preparation and fair presentation of the financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.*

*In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.*

*Those charged with governance are responsible for overseeing the Bank's financial reporting process.*

#### **Auditors' responsibilities for the audit of the financial statements**

*Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.*





Sebagai bagian dari suatu audit berdasarkan Standar Audit, kami menerapkan pertimbangan profesional dan mempertahankan skeptisisme profesional selama audit. Kami juga:

- Mengidentifikasi dan menilai risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan, mendesain dan melaksanakan prosedur audit yang responsif terhadap risiko tersebut, serta memperoleh bukti audit yang cukup dan tepat untuk menyediakan basis bagi opini kami. Risiko tidak terdeteksinya kesalahan penyajian material yang disebabkan oleh kecurangan lebih tinggi dari yang disebabkan oleh kesalahan, karena kecurangan dapat melibatkan kolusi, pemalsuan, penghilangan secara sengaja, pernyataan salah, atau pengabaian pengendalian internal.
- Memperoleh suatu pemahaman tentang pengendalian internal yang relevan dengan audit untuk mendesain prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal Bank.
- Mengevaluasi ketepatan kebijakan akuntansi yang digunakan serta kewajaran estimasi akuntansi dan pengungkapan terkait yang dibuat oleh manajemen.
- Menyimpulkan ketepatan penggunaan basis akuntansi kelangsungan usaha oleh manajemen dan, berdasarkan bukti audit yang diperoleh, apakah terdapat suatu ketidakpastian material yang terkait dengan peristiwa atau kondisi yang dapat menyebabkan keraguan signifikan atas kemampuan Bank untuk mempertahankan kelangsungan usahanya. Ketika kami menyimpulkan bahwa terdapat suatu ketidakpastian material, kami diharuskan untuk menarik perhatian dalam laporan auditor kami ke pengungkapan terkait dalam laporan keuangan atau, jika pengungkapan tersebut tidak memadai, harus menentukan apakah perlu untuk memodifikasi opini kami. Kesimpulan kami didasarkan pada bukti audit yang diperoleh hingga tanggal laporan auditor kami. Namun, peristiwa atau kondisi masa depan dapat menyebabkan Bank tidak dapat mempertahankan kelangsungan usaha.
- Mengevaluasi penyajian, struktur, dan isi laporan keuangan secara keseluruhan, termasuk pengungkapannya, dan apakah laporan keuangan mencerminkan transaksi dan peristiwa yang mendasarinya dengan suatu cara yang mencapai penyajian wajar.

*As part of an audit in accordance with Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:*

- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*



Kami mengomunikasikan kepada pihak yang bertanggung jawab atas tata kelola mengenai, antara lain, ruang lingkup dan saat yang direncanakan atas audit serta temuan audit signifikan, termasuk setiap defisiensi signifikan dalam pengendalian internal yang teridentifikasi oleh kami selama audit.

*We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.*

JAKARTA,  
28 Maret/March 2023

**Lucy Luciana Suhenda, S.E., Ak., CPA**  
Izin Akuntan Publik/License of Public Accountant No. AP.0229



00403/2.1025/AU.1/07/0229-2/1/III/2023



PT BANK HSBC INDONESIA

LAPORAN POSISI KEUANGAN

31 DESEMBER 2022

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2022

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan / Notes	31 Desember/ December 2022	31 Desember/ December 2021	
<b>ASET</b>				<b>ASSETS</b>
Kas	6,33	428.680	429.856	Cash
Giro pada Bank Indonesia	7,33	11.941.577	8.417.779	Demand deposits with Bank Indonesia
Giro pada bank-bank lain	8,33,42	4.351.343	3.363.992	Demand deposits with Other banks
Dikurangi: Cadangan kerugian penurunan nilai		(1.603)	(553)	Less: Allowance for impairment losses
		4.349.740	3.363.439	
Penempatan pada Bank Indonesia	9,33	18.682.178	19.134.840	Placements with Bank Indonesia
Penempatan pada bank-bank lain	10,33,42	225.433	257.379	Placement with other Bank
Dikurangi: Cadangan kerugian penurunan nilai		(75)	(29)	Less: Allowance for impairment losses
		225.358	257.350	
Efek-efek untuk tujuan investasi	11,33	13.308.441	21.120.592	Investment securities
Aset keuangan dalam kelompok diperdagangkan	12,23,33	1.248.435	2.703.991	Financial assets held for trading
Tagihan derivatif	13,33,36,42	324.246	202.641	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	14,33	14.037.231	10.060.292	Securities purchased with agreements to resell
Wesel ekspor	15,33,42	2.159.919	1.853.292	Export bills
Dikurangi: Cadangan kerugian penurunan nilai		(96.445)	(16.780)	Less: Allowance for impairment losses
		2.063.474	1.836.512	
Tagihan akseptasi	16,33	2.095.274	2.602.208	Acceptance receivables
Dikurangi: Cadangan kerugian penurunan nilai		(33.612)	(4.305)	Less: Allowance for impairment losses
		2.061.662	2.597.903	
Kredit yang diberikan kepada nasabah	17,22,33,42	56.361.168	54.515.823	Loans to customers
Dikurangi: Cadangan kerugian penurunan nilai		(2.827.043)	(3.187.683)	Less: Allowance for impairment losses
		53.534.125	51.328.140	
Pajak dibayar dimuka	40a	830.888	850.253	Prepaid taxes
Aset lain-lain - bersih	18,33,42	1.707.621	1.067.734	Other assets - net
Aset tetap - bersih	19	839.861	833.454	Properties and equipments - net
Aset takberwujud - bersih	20	72.104	44.221	Intangible assets - net
Aset pajak tangguhan	40h	326.423	212.799	Deferred tax assets
<b>JUMLAH ASET</b>		<b>125.982.044</b>	<b>124.461.796</b>	<b>TOTAL ASSETS</b>

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

PT BANK HSBC INDONESIA

**LAPORAN POSISI KEUANGAN**  
**31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**STATEMENTS OF FINANCIAL POSITION**  
**31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan / Notes	31 Desember/ December 2022	31 Desember/ December 2021	
<b>LIABILITAS DAN EKUITAS</b>				<b>LIABILITIES AND EQUITY</b>
<b>LIABILITAS</b>				<b>LIABILITIES</b>
Simpanan dari nasabah	21,33,42	90.187.668	85.406.778	Deposits from customers
Simpanan dari bank-bank lain	22,33,42	3.356.681	5.940.073	Deposits from other banks
Efek-efek yang dijual dengan Janji dibeli kembali	23,33	41.554	-	Securities sold under repurchase agreements
Liabilitas derivatif	13,33,36,42	466.359	188.060	Derivative payables
Utang akseptasi	16,33,42	2.095.274	2.602.208	Acceptance payables
Utang pajak penghasilan	40b	33.948	19.189	Income tax payable
Beban akrual dan provisi	24,33,42	543.273	422.388	Accruals and provisions
Liabilitas lain-lain	25,33,42	2.339.283	2.014.091	Other liabilities
Pinjaman yang diterima	26,33,42	7.550.237	6.199.838	Borrowings
Liabilitas imbalan kerja	27,38	449.491	459.563	Employee benefits obligation
Pinjaman subordinasi	28,33,42	1.167.563	1.068.937	Subordinated debt
<b>JUMLAH LIABILITAS</b>		<b>108.231.331</b>	<b>104.321.125</b>	<b>TOTAL LIABILITIES</b>
<b>EKUITAS</b>				<b>EQUITY</b>
Modal saham - nilai nominal Rp 1.000 (dalam Rupiah penuh) per saham; Modal dasar - 20.000.000.000 saham; Modal ditempatkan dan disetor penuh - 10.586.394.997 saham	29	10.586.395	10.586.395	Share capital - nominal value of Rp 1,000 (in Rupiah full amount) per share; Authorised capital - 20,000,000,000 shares; Issued and fully paid-up capital - 10,586,394,997 shares
Tambahan modal disetor - bersih	30	257.610	257.610	Additional paid-in capital - net
Cadangan program kompensasi berbasis saham	31	15.209	15.464	Share-based payment program reserves
Pengukuran kembali atas liabilitas imbalan pasca kerja		(32.270)	(33.653)	Remeasurements from post-employment benefits obligation
Perubahan nilai wajar bersih - efek-efek untuk tujuan investasi pada nilai wajar melalui penghasilan komprehensif lain - neto	11	(67.387)	368.717	Net changes in fair value - investment securities at fair value through other comprehensive income - net
Saldo laba:	32			Retained earnings:
- Telah ditentukan penggunaannya		77.248	62.519	Appropriated -
- Belum ditentukan penggunaannya		6.913.908	8.883.619	Unappropriated -
<b>JUMLAH EKUITAS</b>		<b>17.750.713</b>	<b>20.140.671</b>	<b>TOTAL EQUITY</b>
<b>JUMLAH LIABILITAS DAN EKUITAS</b>		<b>125.982.044</b>	<b>124.461.796</b>	<b>TOTAL LIABILITIES AND EQUITY</b>

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

PT BANK HSBC INDONESIA

**LAPORAN LABA RUGI DAN  
PENGHASILAN KOMPREHENSIF LAIN  
UNTUK TAHUN YANG BERAKHIR  
31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED  
31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan / Notes	31 Desember/ December 2022	31 Desember/ December 2021	
<b>PENDAPATAN OPERASIONAL</b>				<b>OPERATING INCOME</b>
Pendapatan bunga	34,42	4.992.508	4.771.632	Interest income
Beban bunga	34,42	(1.245.625)	(1.255.343)	Interest expenses
<b>Pendapatan bunga bersih</b>		<b>3.746.883</b>	<b>3.516.289</b>	<b>Net interest income</b>
Pendapatan provisi dan komisi	35,41,42	1.785.377	1.618.995	Fees and commissions income
Beban provisi dan komisi	35,42	(644.158)	(353.730)	Fees and commissions expenses
<b>Pendapatan provisi dan komisi bersih</b>		<b>1.141.219</b>	<b>1.265.265</b>	<b>Net fees and commissions income</b>
Pendapatan instrumen yang diperdagangkan - bersih	36	998.066	1.087.376	Trading income - net
Laba atas selisih kurs - bersih		34.410	29.337	Foreign exchange gain - net
Keuntungan penjualan efek-efek tujuan investasi		83.534	27.508	Gain on sale of investment securities
Rugi dari aset yang dimiliki untuk dijual - bersih		(1.450)	(924)	Loss from assets held for sale - net
Pendapatan/(beban) lainnya - bersih	42	24.259	7.877	Other income/(expenses) - net
<b>Jumlah pendapatan operasional</b>		<b>6.026.921</b>	<b>5.932.728</b>	<b>Total operating income</b>
Pembalikan/(pembentukan) penurunan nilai	37	(33.430)	(748.054)	Reversal/(provision) of impairment losses
<b>BEBAN OPERASIONAL</b>				<b>OPERATING EXPENSES</b>
Beban karyawan	27,38	(1.693.682)	(1.674.591)	Employees expenses
Beban umum dan administrasi	39,42,46	(1.614.872)	(1.314.621)	General and administrative expenses
Beban depresiasi aset tetap dan aset hak-guna		(193.336)	(280.949)	Depreciation expenses of properties, equipments and right-on-use assets
Beban amortisasi aset takberwujud		(21.928)	(57.806)	Amortisation expenses of intangible assets
<b>Jumlah beban operasional</b>		<b>(3.523.818)</b>	<b>(3.327.967)</b>	<b>Total operating expenses</b>
<b>LABA SEBELUM PAJAK</b>		<b>2.469.673</b>	<b>1.856.707</b>	<b>PROFIT BEFORE TAX</b>
Beban pajak penghasilan	40c	(567.075)	(383.818)	Income tax expense
<b>LABA BERSIH PERIODE/TAHUN BERJALAN</b>		<b>1.902.598</b>	<b>1.472.889</b>	<b>NET PROFIT FOR THE PERIOD/YEAR</b>
<b>PENDAPATAN/(BEBAN) KOMPREHENSIF LAIN</b>				<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>
Pos-pos yang akan direklasifikasi ke laba rugi: Efek-efek untuk tujuan Investasi pada nilai wajar melalui laba penghasilan komprehensif lain/tersedia untuk dijual:				Items that will be reclassified subsequently to profit or loss: Investment securities at fair value through other comprehensive income/available for sale:
- Perubahan nilai wajar periode/tahun berjalan - bersih	11	(474.700)	(134.712)	Changes in fair value for the period/during the year - net
- Cadangan kerugian kredit ekspektasian		(681)	(9.871)	Allowance for expected credit loss
- Keuntungan yang berasal dari penjualan atas efek-efek untuk tujuan investasi	11	(83.534)	(27.508)	Realised gain transferred to - profit or loss on disposal of investment securities
- Penyesuaian tarif pajak	11,40i	-	(12.559)	Adjustment on tax rate
- Pajak penghasilan terkait	40i	122.811	35.689	Related income tax
<b>Sub-total (lanjutan)</b>		<b>(436.104)</b>	<b>(148.961)</b>	<b>Sub-total (brought forward)</b>

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

PT BANK HSBC INDONESIA

**LAPORAN LABA RUGI DAN  
PENGHASILAN KOMPREHENSIF LAIN  
UNTUK TAHUN YANG BERAKHIR  
31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED  
31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan / Notes	31 Desember/ December 2022	31 Desember/ December 2021	
<b>PENDAPATAN/(BEBAN) KOMPREHENSIF LAIN (lanjutan)</b>				<b>OTHER COMPREHENSIVE INCOME (continued)</b>
Sub-total (dilanjutkan)		(436.104)	(148.961)	Sub-total (carried forward)
Pos-pos yang tidak akan direklasifikasi ke laba rugi: Pengukuran kembali atas liabilitas imbalan pasca kerja:				Items that will not be reclassified subsequently to profit or loss: Remeasurements from post- employment benefits obligation:
- Laba/(rugi) aktuarial periode berjalan		1.773	35.475	Actuarial gain/(loss) - during the period
- Penyesuaian tarif pajak	40i	-	1.574	Adjustment on tax rate -
- Pajak penghasilan terkait	40i	(390)	(7.805)	Related income tax -
		1.383	29.244	
<b>LABA/(RUGI) KOMPREHENSIF LAIN, BERSIH SETELAH PAJAK</b>		<b>(434.721)</b>	<b>(119.717)</b>	<b>OTHER COMPREHENSIVE INCOME/(EXPENSES), NET OF TAX</b>
<b>JUMLAH PENGHASILAN KOMPREHENSIF UNTUK PERIODE/TAHUN BERJALAN</b>		<b>1.467.877</b>	<b>1.353.172</b>	<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

## PT BANK HSBC INDONESIA

**LAPORAN PERUBAHAN EKUITAS  
UNTUK TAHUN YANG BERAKHIR  
31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**STATEMENTS OF CHANGES IN EQUITY  
AND FOR THE YEAR ENDED  
31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

Catatan/ Notes	Modal ditempatkan dan disetor penuh/ Issued and fully paid-up capital	Tambahan modal disetor - bersih/ Additional paid-in capital - net	Cadangan program berbasis saham/ Share-based payment program reserves	Perubahan bersih nilai wajar/ Net changes in fair value	Pengukuran kembali atas liabilitas imbalan pasca kerja/ Remeasurements from post- employment benefits obligation	Saldo laba/ Retained earnings		Jumlah ekuitas/ Total equity	
						Telah ditentukan penggunaannya/ Appropriated	Belum ditentukan penggunaannya/ Unappropriated		
<b>Saldo, 1 Januari 2021</b>	<b>10.586.395</b>	<b>257.610</b>	<b>15.602</b>	<b>517.678</b>	<b>(62.897)</b>	<b>49.419</b>	<b>7.934.728</b>	<b>19.298.535</b>	<b>Balance, 1 January 2021</b>
Cadangan umum dan wajib yang telah ditentukan penggunaannya	-	-	-	-	-	13.100	(13.100)	-	Appropriation for general and legal reserves
Pembayaran dividen	-	-	-	-	-	-	(510.898)	(510.898)	Dividend payment
Perubahan cadangan program berbasis saham	-	-	(138)	-	-	-	-	(138)	Movement of share-based payment program reserves
Jumlah penghasilan komprehensif tahun berjalan	-	-	-	-	-	-	-	-	Total comprehensive income for the year
Laba bersih tahun berjalan	-	-	-	-	-	-	1.472.889	1.472.889	Net profit for the year
Penghasilan komprehensif lain, bersih setelah pajak:	-	-	-	-	-	-	-	-	Other comprehensive income, net of tax:
- Pengukuran kembali atas liabilitas imbalan pasca kerja	-	-	-	-	27.670	-	-	27.670	Remeasurements from post-employment benefits obligation
- Perubahan nilai wajar (aset keuangan yang diukur pada nilai wajar melalui penghasilan komprehensif lain) yang direalisasikan	-	-	-	(21.456)	-	-	-	(21.456)	Realised changes in fair value - financial assets at fair value through other comprehensive income
- Perubahan nilai wajar (aset keuangan yang diukur pada nilai wajar melalui penghasilan komprehensif lain) yang belum direalisasikan	-	-	-	(105.075)	-	-	-	(105.075)	Unrealised changes in fair value - financial assets at fair value through other comprehensive income
- Cadangan kerugian kredit ekspektasian (efek-efek untuk tujuan investasi pada nilai wajar melalui penghasilan komprehensif lain)	-	-	-	(9.871)	-	-	-	(9.871)	Allowance for expected credit losses (investment securities at fair value through other comprehensive income)
- Dampak penyesuaian tarif pajak	-	-	-	(12.559)	1.574	-	-	(10.985)	Impact on tax rate adjustment -
Jumlah penghasilan komprehensif tahun berjalan	-	-	-	(148.961)	29.244	-	1.472.889	1.353.172	Total comprehensive income for the year
<b>Saldo, 31 Desember 2021</b>	<b>10.586.395</b>	<b>257.610</b>	<b>15.464</b>	<b>368.717</b>	<b>(33.653)</b>	<b>62.519</b>	<b>8.883.619</b>	<b>20.140.671</b>	<b>Balance, 31 December 2021</b>

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

**LAPORAN PERUBAHAN EKUITAS  
UNTUK TAHUN YANG BERAKHIR  
31 DESEMBER 2022**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

Catatan/ Notes	Modal ditempatkan dan disetor - penuh/ Issued and fully paid-up capital	Tambahkan modal disetor - bersih/ Additional paid-in capital - net	Cadangan program berbasis saham/ Share-based payment program reserves	Perubahan bersih nilai wajar/ Net changes in fair value	Pengukuran kembali atas liabilitas imbalan pasca kerja/ Remeasurements from post- employment benefits obligation	Saldo laba/ Retained earnings		Jumlah ekuitas/ Total equity	
						Telah ditentukan penggunaannya/ Appropriated	Belum ditentukan penggunaannya/ Unappropriated		
Saldo, 31 December 2021	10.586.395	257.610	15.464	368.717	(33.653)	62.519	8.883.619	20.140.671	Balance, 31 December 2021
Cadangan umum dan wajib yang telah ditentukan penggunaannya	-	-	-	-	-	14.729	(14.729)	-	Appropriation for general and legal reserves
Pembayaran dividen	-	-	-	-	-	-	(3.857.580)	(3.857.580)	Dividend payment
Perubahan cadangan program berbasis saham	-	-	(255)	-	-	-	-	(255)	Movement of share-based payment program reserves
Jumlah penghasilan komprehensif tahun berjalan:	-	-	-	-	-	-	-	-	Total comprehensive income for the year:
Laba bersih tahun berjalan	-	-	-	-	-	-	1.902.598	1.902.598	Net profit for the year
Penghasilan komprehensif lain, bersih setelah pajak:	-	-	-	-	-	-	-	-	Other comprehensive income, net of tax:
- Pengukuran kembali atas liabilitas imbalan pasca kerja	-	-	-	-	1.383	-	-	1.383	Remeasurements from post-employment benefits obligation
- Perubahan nilai wajar (aset keuangan Yang diukur pada nilai wajar melalui penghasilan komprehensif lain) yang direalisasikan	-	-	-	-	-	-	-	-	Realised changes in fair value - financial assets at fair value through other comprehensive income
- Perubahan nilai wajar (aset keuangan Yang diukur pada nilai wajar melalui penghasilan komprehensif lain) yang belum direalisasikan	-	-	-	(65.157)	-	-	-	(65.157)	Unrealised changes in fair value - financial assets at fair value through other comprehensive income
- Cadangan kerugian kredit ekspektasian (efek-efek untuk tujuan investasi pada nilai wajar melalui penghasilan komprehensif lain)	-	-	-	(370.266)	-	-	-	(370.266)	Allowance for expected credit - losses (investment securities at fair value through other comprehensive income)
Jumlah penghasilan komprehensif tahun berjalan	-	-	-	(681)	-	-	-	(681)	Total comprehensive income for the year
Saldo, 31 Desember 2022	10.586.395	257.610	15.209	(436.104)	1.383	77.248	1.902.598	17.750.713	Balance, 31 December 2022
				(67.387)	(32.270)		6.913.908		

*The accompanying notes form an integral part of these financial statements.*



PT BANK HSBC INDONESIA

**LAPORAN ARUS KAS  
UNTUK TAHUN YANG BERAKHIR  
31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan khusus)

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED  
31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan / Notes	31 Desember/ December 2022	31 Desember/ December 2021	
<b>ARUS KAS DARI</b>				<b>CASH FLOWS FROM</b>
<b>AKTIVITAS OPERASI</b>				<b>OPERATING ACTIVITIES</b>
Penerimaan pendapatan bunga		5.150.764	5.129.691	Receipts from interest income
Pembayaran beban bunga		(1.211.957)	(1.263.194)	Payments for interest expenses
Penerimaan provisi dan komisi		1.780.172	1.484.717	Receipts from fees and commissions
Pembayaran provisi dan komisi		(644.158)	(353.730)	Payments for fees and commissions
Penerimaan pendapatan operasional		1.031.147	1.116.450	Receipts from operating income
Pembayaran beban operasional		(3.528.351)	(3.143.649)	Payments for operating expenses
Pembayaran pajak penghasilan badan		(587.558)	(632.753)	Corporate income tax paid
Pengembalian pajak penghasilan badan		29.339	30.555	Corporate income tax refund
Perubahan aset operasi:				Changes in operating assets:
Aset yang diukur pada nilai wajar melalui laba rugi		1.455.556	(1.486.274)	Asset at fair value through profit or loss
Tagihan derivatif		(121.605)	468.857	Derivative receivables
Kredit yang diberikan kepada nasabah		(504.544)	3.396.428	Loans to customers
Efek-efek yang dibeli dengan janji dijual kembali		(3.976.939)	(767.444)	Securities purchased with agreements to resell
Aset lain-lain		180.341	499.288	Other assets
		(2.967.191)	2.110.855	
Perubahan liabilitas operasi:				Changes in operating liabilities:
Simpanan dari nasabah		2.793.009	12.885.074	Deposits from customers
Simpanan dari bank-bank lain		(2.583.392)	1.448.358	Deposits from other banks
Liabilitas derivatif		278.299	(471.466)	Derivative payables
Beban akrual dan provisi		58.421	16.499	Accruals and provisions
Liabilitas lain-lain		(185.028)	(1.498.777)	Other liabilities
		361.309	12.379.688	
<b>Kas bersih yang (digunakan untuk)/ diperoleh dari aktivitas operasi</b>		<b>(586.484)</b>	<b>16.858.630</b>	<b>Net cash (used in)/provided by operating activities</b>
<b>ARUS KAS DARI AKTIVITAS INVESTASI</b>				<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Pembelian efek-efek untuk tujuan investasi		(2.863.227)	(10.840.975)	Purchase of investment securities
Penerimaan dari efek-efek untuk tujuan investasi yang dijual dan yang jatuh tempo		9.957.287	7.188.696	Proceed from sale and maturity of investment securities
Hasil penjualan aset tetap	19	14.249	624	Proceeds from sale of properties and equipments
Perolehan aset tetap	19	(125.854)	(97.485)	Acquisition of properties and equipments
Perolehan aset takberwujud	20	(27.055)	(12.906)	Acquisition of intangible assets
<b>Kas bersih yang diperoleh dari (digunakan untuk) aktivitas investasi</b>		<b>6.955.400</b>	<b>(3.762.046)</b>	<b>Net cash provided by/ (used in) investing activities</b>

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

**PT BANK HSBC INDONESIA**

**LAPORAN ARUS KAS  
UNTUK TAHUN YANG BERAKHIR  
31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan khusus)

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED  
31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan / Notes	31 Desember/ December 2022	31 Desember/ December 2021	
<b>ARUS KAS DARI AKTIVITAS PENDANAAN</b>				<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>
Pembayaran pinjaman		(14.281.153)	(13.971.113)	Payment from borrowings
Perolehan pinjaman		14.996.178	12.526.613	Proceed from borrowing
Pembayaran dividen kas	32	(3.857.580)	(510.898)	Payments for cash dividend
Pembayaran liabilitas sewa		(122.271)	(128.174)	Payments for lease liabilities
<b>Kas bersih yang digunakan untuk aktivitas pendanaan</b>		<b>(3.264.826)</b>	<b>(2.083.572)</b>	<b>Net cash used in financing activities</b>
<b>KENAIKAN BERSIH KAS DAN SETARA KAS</b>		<b>3.104.090</b>	<b>11.013.012</b>	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>
<b>PENGARUH SELISIH KURS KURS MATA ASING PADA KAS DAN SETARA KAS</b>		<b>921.275</b>	<b>164.121</b>	<b>EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS</b>
<b>KAS DAN SETARA KAS, AWAL PERIODE/TAHUN</b>		<b>31.603.846</b>	<b>20.426.713</b>	<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD/YEAR</b>
<b>KAS DAN SETARA KAS, AKHIR PERIODE/TAHUN</b>		<b>35.629.211</b>	<b>31.603.846</b>	<b>CASH AND CASH EQUIVALENTS, ENDING OF THE PERIOD/YEAR</b>
Kas dan setara kas terdiri dari:				Cash and cash equivalents consist of:
Kas	6	428.680	429.856	Cash
Giro pada Bank Indonesia	7	11.941.577	8.417.779	Demand deposits with Bank Indonesia
Giro pada bank-bank lain	8	4.351.343	3.363.992	Demand deposits with other banks
Penempatan pada Bank Indonesia - jatuh tempo dalam 3 bulan sejak tanggal perolehan	9	18.682.178	19.134.840	Placements with Bank Indonesia - mature within 3 months from the date of acquisition
Penempatan pada bank-bank lain - jatuh tempo dalam 3 bulan sejak tanggal perolehan	10	225.433	257.379	Placements with other banks - mature within 3 months from the date of acquisition
		<u>35.629.211</u>	<u>31.603.846</u>	

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

PT BANK HSBC INDONESIA

**LAPORAN ARUS KAS  
UNTUK TAHUN YANG BERAKHIR  
31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan khusus)

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED  
31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

**Informasi tambahan arus kas:  
Rekonsiliasi utang bersih**

**Supplemental cash flows information:  
Net debt reconciliation**

	31 Desember/ December 2021	Arus kas/ Cash flows	Perubahan non-kas/ Non-cash changes	31 Desember/ December 2022	
Kas dan setara kas	31.603.846	3.104.090	921.275	35.629.211	Cash and cash equivalents
Rekonsiliasi liabilitas yang timbul dari aktivitas pendanaan:					Reconciliation of liabilities arising from financing activities:
- Pinjaman yang diterima	(6.199.838 )	(715.025 )	(635.376 )	(7.550.239 )	Borrowings -
- Pinjaman subordinasi	(1.068.937 )	-	(98.626 )	(1.167.563 )	Subordinated debt -
- Liabilitas sewa	(373.603 )	122.271	(103.417 )	(354.749 )	Lease liabilities -
<b>Utang bersih</b>	<b>23.961.468</b>	<b>2.511.336</b>	<b>83.856</b>	<b>26.556.660</b>	<b>Net debt</b>

	31 Desember/ December 2020	Arus kas/ Cash flows	Perubahan non-kas/ Non-cash changes	31 Desember/ December 2021	
Kas dan setara kas	20.426.713	11.013.012	164.121	31.603.846	Cash and cash equivalents
Rekonsiliasi liabilitas yang timbul dari aktivitas pendanaan:					Reconciliation of liabilities arising from financing activities:
- Pinjaman yang diterima	(7.516.750 )	1.444.500	(127.588 )	(6.199.838 )	Borrowings -
- Pinjaman subordinasi	(1.053.750 )	-	(15.187 )	(1.068.937 )	Subordinated debt -
- Liabilitas sewa	(278.567 )	128.174	(223.210 )	(373.603 )	Lease liabilities -
<b>Utang bersih</b>	<b>11.577.646</b>	<b>12.585.686</b>	<b>(201.864)</b>	<b>23.961.468</b>	<b>Net debt</b>

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

## PT BANK HSBC INDONESIA

### CATATAN ATAS LAPORAN KEUANGAN

31 DESEMBER 2022

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

### NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

(Expressed in millions of Rupiah, unless otherwise stated)

#### 1. UMUM

##### a. Pendirian dan informasi umum

PT Bank HSBC Indonesia (sebelumnya PT Bank Ekonomi Rahardja, atau "Bank" atau "Perseroan") didirikan dengan akta No. 31 tanggal 15 Mei 1989 yang dibuat di hadapan Winnie Hadiprodjo, S.H., selaku pengganti dari Kartini Muljadi, S.H., notaris di Jakarta. Berdasarkan akta No. 29 tanggal 8 September 1989 yang dibuat di hadapan Kartini Muljadi, S.H., notaris di Jakarta, nama Bank menjadi PT Bank Ekonomi Raharja. Kedua akta tersebut disahkan oleh Menteri Kehakiman Republik Indonesia (sekarang Menteri Hukum dan Hak Asasi Manusia) dengan Surat Keputusan No. C2-8787.HT.01.01.TH'89 tanggal 18 September 1989 dan diumumkan dalam Tambahan No. 2573 pada Berita Negara Republik Indonesia No. 84 tanggal 20 Oktober 1989.

Sesuai dengan Akta Notaris No. 101 tanggal 10 Agustus 2016 yang dibuat di hadapan Dr. Irawan Soerodjo, S.H., M.Si., notaris di Jakarta, para pemegang saham menyetujui perubahan nama Bank menjadi PT Bank HSBC Indonesia. Perubahan nama Bank ini disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-0014340.AH.01.02.Tahun 2016 tanggal 10 Agustus 2016 dan disetujui oleh Otoritas Jasa Keuangan (OJK) melalui keputusan Dewan Komisiner OJK No. 15/KDK.03/2016 tanggal 4 Oktober 2016 tentang Penetapan Penggunaan Izin Usaha Atas Nama PT Bank Ekonomi Raharja menjadi Izin Usaha Atas Nama PT Bank HSBC Indonesia.

Anggaran dasar Bank telah mengalami beberapa kali perubahan. Perubahan terakhir dilakukan dengan akta No. 91 tanggal 10 Oktober 2022 yang dibuat di hadapan Jose Dima Satria, S.H., M.Kn., Notaris di Jakarta, dimana pemegang saham Bank menyetujui perubahan dan pernyataan kembali Anggaran Dasar Perseroan. Perubahan ini disetujui Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. 0079123.AH.01.02.TAHUN 2022 tanggal 1 November 2022.

#### 1. GENERAL

##### a. Establishment and general information

*PT Bank HSBC Indonesia (formerly PT Bank Ekonomi Rahardja, or "the Bank" or "the Company") was established based on the notarial deed No. 31 dated 15 May 1989 of Winnie Hadiprodjo, S.H., substitute of Kartini Muljadi, S.H., notary public in Jakarta. Based on notarial deed No. 29 dated 8 September 1989 of Kartini Muljadi, S.H., notary public in Jakarta, the Bank's name was changed to PT Bank Ekonomi Raharja. Both notarial deeds were approved by the Minister of Justice of the Republic of Indonesia (currently the Minister of Law and Human Rights) in the Decision Letter No. C2-8787.HT.01.01.TH'89 dated 18 September 1989 and published in the Supplement No. 2573 to State Gazette of the Republic of Indonesia No. 84 dated 20 October 1989.*

*According to Notarial Deed No. 101 dated 10 August 2016 of Dr. Irawan Soerodjo, S.H., M.Si., notary in Jakarta, the shareholders approved the change of the Bank's name to PT Bank HSBC Indonesia. The change of Bank's name was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0014340.AH.01.02. Tahun 2016 dated 10 August 2016 and has been approved by Financial Services Authority (FSA) through the Board Commissioner Decision No. 15/KDK.03/2016 dated 4 October 2016 on The Confirmation to Use The Bank's Business License from PT Bank Ekonomi Raharja to PT Bank HSBC Indonesia.*

*The Bank's articles of association have been amended several times. The latest amendment was reflected on Notarial Deed No. 91 dated 10 October 2022 of Jose Dima Satria, S.H., M.Kn., Notary in Jakarta, whereby the Bank's shareholders agreed to the amendment and restatement of all Articles of Association of the Company. This was approved by the Minister of Law and Human Rights of the Republic of Indonesia through its Decision Letter No. 0079123.AH.01.02.TAHUN 2022 dated 1 November 2022.*

**PT BANK HSBC INDONESIA**

**CATATAN ATAS LAPORAN KEUANGAN**

**31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

**1. UMUM (lanjutan)**

**a. Pendirian dan informasi umum (lanjutan)**

Bank mulai beroperasi secara komersial pada tanggal 8 Maret 1990. Sesuai dengan pasal 3 anggaran dasar Bank, maksud dan tujuan didirikannya Bank adalah:

1. Menjalankan usaha di bidang bank umum.
2. Untuk mencapai maksud dan tujuan tersebut di atas, Bank dapat melaksanakan kegiatan usaha antara lain: menghimpun dana dari masyarakat, memberikan kredit, menerbitkan surat pengakuan utang, membeli, menjual atau memberikan jaminan atas risiko sendiri maupun untuk kepentingan dan atas perintah nasabah, melaksanakan kegiatan anjak piutang, usaha kartu kredit dan kegiatan wali amanat, melakukan transaksi dalam valuta asing sesuai dengan ketentuan Bank Indonesia, melakukan penyertaan modal pada bank atau lembaga keuangan lainnya dengan memenuhi ketentuan yang ditetapkan Bank Indonesia.

Izin usaha Bank diberikan oleh Menteri Keuangan Republik Indonesia dengan Surat Keputusan No. 104/KMK.013/1990 tanggal 12 Februari 1990. Bank juga memperoleh izin untuk menjalankan aktivitas sebagai bank devisa berdasarkan Surat Keputusan Direksi Bank Indonesia No. 25/64/KEP/DIR tanggal 16 September 1992.

Kantor pusat Bank berlokasi di World Trade Centre I, Jl. Jenderal Sudirman Kav. 29-31, Jakarta 12920. Pada tanggal 31 Desember 2022 dan 2021, Bank memiliki kantor cabang utama (termasuk kantor pusat) dan cabang pembantu di Indonesia sebagai berikut (tidak diaudit):

	<u>31 Desember/ December 2022</u>	<u>31 Desember/ December 2021</u>
Kantor cabang (termasuk kantor pusat)	29	31
Kantor cabang pembantu	13	25

Personil manajemen kunci mencakup Dewan Komisaris, Direksi dan Kepala Divisi tertentu yang memiliki kewenangan dan tanggung jawab signifikan untuk merencanakan, mengarahkan dan mengendalikan kegiatan Bank.

Pada tanggal 31 Desember 2022 dan 2021, jumlah karyawan Bank masing-masing sebanyak 2.864 dan 3.165 orang (tidak diaudit).

Induk perusahaan Bank adalah HSBC Asia Pacific Holdings (UK) Limited sedangkan pemegang saham pengendali Bank adalah HSBC Holdings plc, yang didirikan di Inggris. HSBC Holdings plc memiliki entitas anak dan perusahaan afiliasi yang tersebar di seluruh dunia.

**1. GENERAL (continued)**

**a. Establishment and general information (continued)**

The Bank started its commercial operations on 8 March 1990. In accordance with article 3 of the Bank's articles of association, the aims and objectives for the establishment of the Bank are as follows:

1. To carry out general banking business.
2. To achieve its aims and objectives, the Bank undertakes, among other things, the following: taking deposits from the public, granting loans, issuing promissory notes, buying, selling or providing guarantee for its own risk or for the interest of and on customer's order, conducting factoring, credit cards and trust activities, conducting foreign exchange activities that comply with Bank Indonesia regulations, and investing in banks or other financial institutions that comply with Bank Indonesia regulations.

The Bank's operating license was granted by the Minister of Finance of the Republic of Indonesia in the Decision Letter No. 104/KMK.013/1990 dated 12 February 1990. The Bank also obtained a license to engage in foreign exchange activities based on the Directors of Bank Indonesia's Decision Letter No. 25/64/KEP/DIR dated 16 September 1992.

The Bank's head office is located at World Trade Centre I, Jl. Jenderal Sudirman Kav. 29-31, Jakarta 12920. As of 31 December 2022 and 2021, the Bank has the following main branches (including the head office) and sub-branches in Indonesia (unaudited):

Branches (including head office)
Sub-branches

Key management personnel includes the Board of Commissioners, Board of Directors and certain Heads of Division having significant authority and responsibility for planning, directing and controlling the Bank's activities.

As of 31 December 2022 and 2021, the Bank has 2,864 and 3,165 employees, respectively (unaudited).

The Bank's direct holding company is HSBC Asia Pacific Holdings (UK) Limited while the ultimate holding company of the Bank is HSBC Holdings plc, which is incorporated in England. HSBC Holdings plc has subsidiaries and affiliates throughout the world.

**PT BANK HSBC INDONESIA**

**CATATAN ATAS LAPORAN KEUANGAN**

**31 DESEMBER 2022**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

(Expressed in millions of Rupiah, unless otherwise stated)

**1. UMUM (lanjutan)**

**a. Pendirian dan informasi umum (lanjutan)**

Susunan Dewan Komisaris dan Direksi Bank pada tanggal 31 Desember 2022 adalah sebagai berikut:

	<u><b>31 Desember/December 2022</b></u>
Presiden Komisaris	Martin John Haythorne <sup>1)</sup>
Komisaris Independen	Umar Juoro
Komisaris Independen	Catherinawati Hadiman S
Komisaris	Mark Trevor Surgenor
Komisaris	Philip David Fellowes <sup>2)</sup>
Komisaris Independen	Rita Mas' Oen <sup>3)</sup>
Presiden Direktur	François-Pascal Marie Jacques du Mesnil de Maricourt
Direktur	Stephen Whilton Angell
Direktur	Dio Alexander Samsoeri
Direktur	Riko Adyithia
Direktur Kepatuhan	Nisha Asha Bhambhani
Direktur	James Rex Elwes
Direktur	Yardley
Direktur	Lanny Hendra <sup>4)</sup>
Direktur	Carlos,
	Isidro Quilis <sup>5)</sup>

<sup>1)</sup> Efektif sebagai Presiden Komisaris sejak tanggal 9 Februari 2022.

<sup>2)</sup> Efektif sebagai Komisaris sejak tanggal 20 Juli 2022.

<sup>3)</sup> Efektif sebagai Komisaris Independen sejak tanggal 6 Oktober 2022.

<sup>4)</sup> Efektif sejak tanggal yang ditentukan oleh Perseroan setelah diperolehnya persetujuan dari Otoritas Jasa Keuangan (OJK) atas penilaian kemampuan dan kepatutan (Fit and Proper Test), dengan memperhatikan peraturan dan perundang-undangan yang berlaku.

<sup>5)</sup> Efektif sejak tanggal yang ditentukan oleh Perseroan setelah diperolehnya persetujuan dari OJK atas penguangan rencana penggantian tersebut dalam Rencana Bisnis Bank 2023–2024 (RBB) dan mendapatkan persetujuan OJK atas RBB tersebut, mendapatkan persetujuan Fit and Proper Test dari OJK dan mendapatkan ijin kerja dari instansi pemerintah terkait dengan memperhatikan peraturan perundang-undangan yang berlaku, serta persetujuan lain sesuai dengan peraturan dan perundang-undangan di Indonesia.

**1. GENERAL (continued)**

**a. Establishment and general information (continued)**

The composition of the Bank's Board of Commissioners and Board of Directors as of 31 December 2022 are as follows:

		<i>President Commissioner</i>
		<i>Independent Commissioner</i>
		<i>Independent Commissioner</i>
		<i>Commissioner</i>
		<i>Commissioner</i>
		<i>Independent Commissioner</i>
		<i>President Director</i>
		<i>Director</i>
		<i>Director</i>
		<i>Director</i>
		<i>Compliance Director</i>
		<i>Director</i>
		<i>Director</i>
		<i>Director</i>
		<i>Director</i>

<sup>1)</sup> Effective as President Commissioner since February 9, 2022.

<sup>2)</sup> Effective as Commissioner since July 20, 2022.

<sup>3)</sup> Effective as Independent Commissioner since October 6, 2022.

<sup>4)</sup> Effective from the date determined by the Company after obtaining approval from the Financial Services Authority (OJK) for the Fit and Proper Test, taking into account the prevailing laws and regulations.

<sup>5)</sup> Effective from the date determined by the Company after obtaining approval from the OJK for the inclusion of the replacement plan in the Bank's Business Plan 2023-2024 (RBB) and obtaining OJK approval of the RBB, obtaining Fit and Proper Test approval from the OJK and obtaining a work permit from the relevant government agency by taking into account the applicable laws and regulations, as well as other approvals in accordance with the laws and regulations in Indonesia.

	<u><b>31 Desember/December 2021</b></u>
Presiden Komisaris	Matthew Kneeland Lobner <sup>1)</sup>
Presiden Komisaris	Martin John Haythorne <sup>2)</sup>
Wakil Presiden Komisaris dan Komisaris Independen	Hanny Wurangian
Komisaris Independen	Umar Juoro
Komisaris Independen	Catherinawati Hadiman
Komisaris	Mark Thomas McKeown <sup>3)</sup>
Komisaris	Mark Trevor Surgenor
Presiden Direktur	François-Pascal Marie Jacques du Mesnil de Maricourt
Direktur	Stephen Whilton Angell
Direktur	Dio Alexander Samsoeri
Direktur	Edhi Tjahja Negara Darmohusolo <sup>4)</sup>
Direktur	Eri Budiono
Direktur	Riko Adyithia
Direktur Kepatuhan	Nisha Asha Bhambhani
Direktur	James Rex Elwes <sup>5)</sup>
Direktur	Yardley <sup>6)</sup>

<sup>1)</sup> Efektif mengundurkan diri jika dan sejak tanggal pengangkatan Tuan Martin John Haythorne sebagai Presiden Komisaris yang baru menjadi efektif

<sup>2)</sup> Efektif sebagai Presiden Komisaris setelah mendapat persetujuan Otoritas Jasa Keuangan (OJK)

<sup>3)</sup> Efektif mengundurkan diri sebagai Komisaris sejak 22 April 2022

<sup>4)</sup> Efektif mengundurkan diri sebagai Direktur sejak 15 April 2022

<sup>5)</sup> Efektif sejak 30 April 2021 setelah mendapat persetujuan dari Otoritas Jasa Keuangan (OJK)

<sup>6)</sup> Efektif sejak 11 Oktober 2021 setelah mendapat persetujuan dari Otoritas Jasa Keuangan (OJK)

<sup>1)</sup> Resignation become effective if and when the appointment of Mr. Martin John Haythorne as the new President Commissioner has become effective

<sup>2)</sup> Effectively appointed as President Commissioner after obtain an approval from the Financial Services Authorities (FSA)

<sup>3)</sup> Effective resigned as Commissioner since 22 April 2022

<sup>4)</sup> Effective resigned as Director since 15 April 2022

<sup>5)</sup> Effective since 30 April 2021 after obtain an approval from the Financial Services Authorities (FSA)

<sup>6)</sup> Effective since 11 October 2021 after obtain an approval from the Financial Services Authorities (FSA)



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**1. UMUM (lanjutan)**

**a. Pendirian dan informasi umum (lanjutan)**

Susunan Komite Audit Bank adalah sebagai berikut:

	<b>31 Desember/December 2022</b>
Ketua	Catherinawati Hadiman Sugianto
Anggota	Umar Juoro
Anggota	Rita Mas Oen
Anggota	Ubaidillah Nugraha
Anggota	Kartini Sally

	<b>31 Desember/December 2021</b>
Ketua	Catherinawati Hadiman Sugianto
Anggota	Hanny Wurangian
Anggota	Umar Juoro
Anggota	Ubaidillah Nugraha
Anggota	Kartini Sally

Pada tanggal 31 Desember 2022 dan 2021, Kepala Satuan Kerja Audit Internal Bank adalah Wiwien Widyantari.

Pada tanggal 31 Desember 2022 dan 2021, Sekretaris Perusahaan Bank adalah Uliya Ariyani.

**1. GENERAL (continued)**

**a. Establishment and general information (continued)**

*The composition of the Bank's Audit Committee are as follows:*

*Chairperson  
Member  
Member  
Member  
Member*

*Chairperson  
Member  
Member  
Member  
Member*

*As of 31 December 2022 and 2021, the Bank's Chief of Internal Audit Unit was Wiwien Widyantari.*

*As of 31 December 2022 and 2021, the Bank's Corporate Secretary was Uliya Ariyani.*

**2. DASAR PENYUSUNAN**

Laporan keuangan Bank telah disetujui untuk diterbitkan oleh manajemen pada tanggal 28 Maret 2023.

Berikut ini adalah dasar penyusunan laporan keuangan.

**a. Pernyataan kepatuhan dan dasar penyusunan laporan keuangan**

Laporan keuangan Bank disusun sesuai dengan Standar Akuntansi Keuangan (SAK) di Indonesia.

Laporan keuangan disusun berdasarkan harga perolehan, kecuali jika standar akuntansi mensyaratkan pengukuran nilai wajar.

Laporan keuangan disusun atas dasar akrual, kecuali laporan arus kas.

Laporan arus kas menyajikan perubahan dalam kas dan setara kas dari aktivitas operasi, investasi dan pendanaan. Laporan arus kas disusun dengan metode langsung. Untuk tujuan laporan arus kas, kas dan setara kas meliputi kas dan saldo yang tidak dibatasi penggunaannya di giro pada Bank Indonesia, giro pada bank-bank lain, penempatan pada Bank Indonesia yang jatuh tempo dalam waktu tiga bulan sejak tanggal perolehan dan penempatan pada bank-bank lain yang jatuh tempo dalam waktu tiga bulan sejak tanggal perolehan.

Laporan keuangan disajikan dalam Rupiah, yang merupakan mata uang fungsional dan pelaporan Bank. Seluruh angka dalam laporan keuangan ini disajikan dalam jutaan Rupiah yang terdekat, kecuali dinyatakan secara khusus.

**2. BASIS OF PREPARATION**

*The Bank's financial statements were authorised for issue by the management on 28 March 2023.*

*The basis of preparation of the financial statements are set out below.*

**a. Statement of compliance and basis for preparation of financial statements**

*The Bank's financial statements have been prepared in accordance with Indonesian Financial Accounting Standards (FAS).*

*The financial statements are prepared under the historical cost convention, except where the accounting standards require fair value measurement.*

*The financial statements have been prepared on the accrual basis, except for the statement of cash flows.*

*The statement of cash flows presents the changes in cash and cash equivalents from operating, investing and financing activities. The statement of cash flows is prepared using the direct method. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and unrestricted balances in demand deposits with Bank Indonesia, demand deposits with other banks, placements with Bank Indonesia mature within three months from the date of acquisition and placements with other banks mature within three months from the date of acquisition.*

*The financial statements are presented in Rupiah, which is the Bank's functional and reporting currency. Figures in these financial statements are rounded to and stated in millions of Rupiah, unless otherwise stated.*

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## 2. DASAR PENYUSUNAN (lanjutan)

## b. Penggunaan pertimbangan, taksiran dan asumsi

Penyusunan laporan keuangan sesuai dengan Standar Akuntansi Keuangan di Indonesia mengharuskan manajemen untuk membuat pertimbangan-pertimbangan, taksiran-taksiran, dan asumsi-asumsi yang mempengaruhi penerapan kebijakan akuntansi dan jumlah aset, liabilitas, pendapatan dan beban yang dilaporkan.

Walaupun taksiran ini dibuat berdasarkan pengetahuan terbaik manajemen atas kejadian dan kegiatan saat ini, hasil aktual dapat berbeda dari taksiran-taksiran tersebut.

Taksiran-taksiran dan asumsi-asumsi yang digunakan ditelaah secara berkesinambungan. Revisi atas taksiran akuntansi diakui pada periode dimana taksiran tersebut direvisi dan periode-periode yang akan datang yang dipengaruhi oleh revisi taksiran tersebut.

Informasi mengenai hal-hal penting yang terkait dengan ketidakpastian taksiran dan pertimbangan-pertimbangan penting dalam penerapan kebijakan akuntansi yang memiliki dampak yang signifikan terhadap jumlah yang diakui dalam laporan keuangan dijelaskan di Catatan 5.

## c. Perubahan kebijakan akuntansi

Kecuali dinyatakan di bawah ini, kebijakan akuntansi yang berakhir tanggal 31 Desember 2022 telah diterapkan secara konsisten dengan laporan keuangan tahunan untuk tahun yang berakhir 31 Desember 2021 yang telah sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia (DSAK IAI) telah melakukan revisi atas beberapa standar akuntansi yang berlaku efektif pada tanggal 1 Januari 2022, sebagai berikut:

- Amendemen PSAK 22 "Kombinasi Bisnis" (Rujukan kepada Kerangka Konseptual Laporan Keuangan);
- Amendemen PSAK 57 "Provisi, Liabilitas Kontinjensi, dan Aset Kontinjensi" tentang Kontrak Memberatkan - Biaya Pemenuhan Kontrak;
- Penyesuaian tahunan terhadap PSAK 71 "Instrumen Keuangan";
- Penyesuaian tahunan terhadap PSAK 73 "Sewa".
- Siaran Pers PSAK 24 "Imbalan Kerja";
- Amendemen PSAK 71 "Instrumen Keuangan", Amendemen PSAK 60 "Instrumen Keuangan: Pengungkapan", Amendemen PSAK 62 "Kontrak Asuransi", Amendemen PSAK 73 "Sewa tentang Reformasi Acuan Suku Bunga - Tahap 2".

## 2. BASIS OF PREPARATION (continued)

## b. Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Although these estimates are based on management's best knowledge of current events and activities, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements are described in Note 5.

## c. Changes in accounting policies

Except as described below, the accounting policies applied for the year-ended 31 December 2022 are consistent with those of the annual financial statements for the year ended 31 December 2021 which conform to the Indonesian Financial Accounting Standards.

The Indonesian Financial Accounting Standards Board (DSAK IAI) has issued revision of the following accounting standards which are effective on 1 January 2022, as follows:

- Amendment to SFAS 22 "Business Combination" (References to the Conceptual Framework of Financial Reporting);
- Amendment to SFAS 57 "Provisions, Contingent Liabilities and Contingent Assets" related to Onerous Contracts - Cost of Fulfilling the Contracts;
- Annual improvements to SFAS 71 "Financial Instruments";
- Annual improvements to SFAS 73 "Lease";
- SFAS 24 Press Release "Employee Benefits";
- Amendment of SFAS 71 "Financial instrument", Amendment of SFAS 60 "Financial instrument: Disclosure", Amendment of SFAS 62 "Insurance contract", Amendment of SFAS 73 "Lease regarding Interest Rate Benchmark Reform - Phase 2".

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**2. DASAR PENYUSUNAN (lanjutan)**

**c. Perubahan kebijakan akuntansi (lanjutan)**

Implementasi dari standar-standar tersebut tidak menghasilkan perubahan substansial terhadap kebijakan akuntansi Bank dan tidak memiliki dampak yang material terhadap laporan keuangan atau tahun sebelumnya.

Pada bulan April 2022, Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia (DSAK IAI) menerbitkan siaran pers mengenai Pengatribusian Imbalan Pada Periode Jasa. Siaran pers tersebut diterbitkan sehubungan dengan IFRS *Interpretation Committee* (IFRIC) *Agenda Decision* IAS 19 *Employee Benefits* mengenai *Attributing Benefit to Periods of Service* pada bulan Mei 2021.

DSAK IAI menilai bahwa pola fakta program pensiun berbasis Undang-Undang Ketenagakerjaan yang berlaku di Indonesia saat ini memiliki pola fakta serupa dengan pola fakta dalam IFRIC *Agenda Decision* tersebut. Dengan pola fakta yang serupa tersebut, maka perlakuan akuntansi dalam IFRIC *Agenda Decision* relevan untuk diterapkan dalam program pensiun berbasis Undang-Undang Ketenagakerjaan. Sehubungan dengan IFRIC *Agenda Decision* dan siaran pers DSAK IAI tersebut, Bank telah mengubah kebijakan akuntansinya untuk menyesuaikan dengan IFRIC *Agenda Decision* dan siaran pers DSAK IAI. Namun, perubahan tersebut tidak berdampak material terhadap laporan keuangan dan telah dibebankan pada periode berjalan.

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING**

Kebijakan-kebijakan akuntansi yang penting yang diterapkan dalam penyusunan laporan keuangan Bank adalah sebagai berikut:

**a. Aset dan liabilitas keuangan**

Aset keuangan Bank terutama terdiri dari kas, giro pada Bank Indonesia, giro pada bank-bank lain, penempatan pada Bank Indonesia dan bank-bank lain, efek-efek untuk tujuan investasi, aset keuangan dalam kelompok diperdagangkan, tagihan derivatif, efek-efek yang dibeli dengan janji dijual kembali, wesel ekspor, tagihan akseptasi, kredit yang diberikan kepada nasabah, dan aset keuangan lainnya yang disajikan sebagai bagian dari aset lain-lain.

Liabilitas keuangan Bank terutama terdiri dari simpanan dari nasabah, simpanan dari bank-bank lain, liabilitas derivatif, utang akseptasi, beban akrual, pinjaman yang diterima, pinjaman subordinasi dan liabilitas keuangan lainnya (uang jaminan) yang disajikan sebagai bagian dari liabilitas lain-lain.

**2. BASIS OF PREPARATION (continued)**

**c. Changes in accounting policies (continued)**

The implementation of the above standards did not result in substantial changes to the Bank's accounting policies and had no material impact to the financial statements or prior financial years.

In April 2022, The Indonesian Financial Accounting Standards Board (DSAK IAI) issued a press release regarding *Attributing Benefits to Periods of Service*. The press release was issued in relation to IFRS *Interpretation Committee* (IFRIC) *IAS 19 Employee Benefits Agenda Decision on Attributing Benefit to Periods of Service* in May 2021.

DSAK IAI assesses that the fact pattern of the pension program based on the Labor Law currently in force in Indonesia is similar to the pattern of facts in the IFRIC *Agenda Decision*. With similarity of fact pattern, the accounting treatment in the IFRIC *Agenda Decision* is relevant to be applied in a pension program based on the Labor Law. In connection with the IFRIC *Agenda Decision* and DSAK IAI press release, the Bank has changed its accounting policy to conform to the IFRIC *Agenda Decision* and DSAK IAI press release. However, the impact is not material to the financial statements and charged to current period.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of the Bank's financial statements are as follows:

**a. Financial assets and liabilities**

The Bank's financial assets mainly consist of cash, demand deposits with Bank Indonesia, demand deposits with other banks, placements with Bank Indonesia and other banks, investment securities, financial assets held for trading, derivative receivables, securities purchased with agreements to resell, export bills, acceptance receivables, loans to customers, and other financial assets that are presented as part of other assets.

The Bank's financial liabilities mainly consist of deposits from customers, deposits from other banks, derivative liabilities, acceptance payables, accruals, borrowings, subordinated debt and other financial liabilities (security deposits) that are presented as part of other liabilities.

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING**

**a. Aset dan liabilitas keuangan (lanjutan)**

**a.1. Klasifikasi**

Bank mengelompokkan aset keuangannya sesuai dengan PSAK 71 dalam kategori berikut pada saat pengakuan awal:

- i. Biaya perolehan diamortisasi;
- ii. Diukur pada nilai wajar melalui laba rugi (FVTPL);
- iii. Diukur pada nilai wajar melalui penghasilan komprehensif lain (FVOCI).

Liabilitas keuangan dikelompokkan ke dalam kategori berikut pada saat pengakuan awal:

- i. Diukur pada nilai wajar melalui laba rugi, yang memiliki 2 sub-klasifikasi, yaitu liabilitas keuangan yang ditetapkan demikian pada saat pengakuan awal dan liabilitas keuangan yang diklasifikasikan dalam kelompok diperdagangkan;
- ii. Liabilitas keuangan yang diukur pada biaya perolehan diamortisasi.

Aset keuangan diklasifikasikan menjadi kategori tersebut di atas berdasarkan model bisnis dimana aset keuangan tersebut dimiliki dan karakteristik arus kas kontraktualnya. Model bisnis merefleksikan bagaimana kelompok aset keuangan dikelola untuk mencapai tujuan bisnis tertentu.

Aset keuangan dapat diukur dengan biaya perolehan diamortisasi hanya jika memenuhi kedua kondisi berikut dan tidak ditetapkan sebagai FVTPL:

- Aset keuangan dikelola dalam model bisnis yang bertujuan untuk memiliki aset keuangan untuk tujuan mendapatkan arus kas kontraktual (*hold to collect*); dan
- Kriteria kontraktual dari aset keuangan yang pada tanggal tertentu menghasilkan arus kas yang merupakan pembayaran pokok dan bunga semata (SPPI) dari jumlah pokok terutang.

Pokok merupakan nilai wajar dari instrumen pada saat pengakuan awal. Bunga dalam hal ini merupakan kompensasi untuk nilai waktu uang dan risiko kredit terkait beserta kompensasi untuk risiko lain dan biaya yang konsisten dengan persyaratan dalam peminjaman standar dan margin laba.

Kategori aset ini membutuhkan penilaian persyaratan kontraktual pada saat pengakuan awal untuk menentukan apakah kontrak mengandung persyaratan yang dapat mengubah waktu atau jumlah dari arus kas yang tidak konsisten dengan persyaratan SPPI.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Financial assets and liabilities (continued)**

**a.1. Classification**

*The Bank classified its financial assets in accordance with SFAS 71 in the following categories on initial recognition:*

- i. Amortised cost;*
- ii. Fair value through profit or loss (FVTPL);*
- iii. Fair value through other comprehensive income (FVOCI).*

*Financial liabilities are classified into the following categories on initial recognition:*

- i. Fair value through profit or loss, which has 2 (two) sub-classifications, i.e. financial liabilities designated as such upon initial recognition and financial liabilities classified as held for trading;*
- ii. Financial liabilities measured at amortised cost.*

*Financial assets are classified into these categories based on the business model within which they are held and their contractual cash flow characteristics. The business model reflects how groups of financial assets are managed to achieve a particular business objective.*

*A financial asset is measured at amortised cost only if it meets both of the following conditions and it is not designated as at FVTPL:*

- The financial asset is held within a business model whose objective is to hold the asset to collect contractual cash flows (hold to collect); and*
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the outstanding principal amount.*

*Principal represents the fair value of the instrument at the time of initial recognition. Interest in this context represents consideration for the time value of money and associated credit risks together with compensation for other risks and costs consistent with a basic lending arrangement and a profit margin.*

*This requires an assessment at initial recognition of the contractual terms to determine whether it contains a term that could change the timing or amount of cash flows in a way that is inconsistent with the SPPI criteria.*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**a. Aset dan liabilitas keuangan (lanjutan)**

**a.1. Klasifikasi (lanjutan)**

Dalam menilai apakah arus kas kontraktual memiliki karakteristik SPPI, Bank mempertimbangkan persyaratan kontraktual atas instrumen tersebut. Hal ini termasuk dalam hal menilai apakah aset keuangan mengandung ketentuan kontraktual yang dapat mengubah waktu atau jumlah arus kas kontraktual sehingga tidak dapat memenuhi kondisi SPPI. Dalam melakukan penilaian, Bank mempertimbangkan:

- Kejadian kontinjensi yang akan mengubah jumlah dan waktu arus kas;
- Fitur leverage; dan
- Persyaratan pelunasan dipercepat atau perpanjangan fasilitas

Suatu instrumen utang diukur pada FVOCI, hanya jika memenuhi kedua kondisi berikut dan tidak ditetapkan sebagai FVTPL:

- Aset keuangan dikelola dalam model bisnis yang tujuan tercapai dengan mendapatkan arus kas kontraktual dan menjual aset keuangan (*held to collect and sell*); dan
- Kriteria kontraktual dari aset keuangan yang pada tanggal tertentu menghasilkan arus kas yang merupakan pembayaran pokok dan bunga semata dari jumlah pokok terutang.

Laba rugi yang belum direalisasi atas aset keuangan yang diklasifikasikan sebagai FVOCI ditangguhkan di pendapatan komprehensif lain sampai aset tersebut dihentikan.

Aset dapat dijual dari portofolio *held to collect* ketika terdapat peningkatan risiko kredit. Penghentian untuk alasan lain diperbolehkan namun jumlah penjualan tersebut harus tidak signifikan jumlahnya atau tidak sering.

Seluruh aset keuangan yang tidak diklasifikasikan sebagai diukur dengan biaya perolehan diamortisasi atau FVOCI sebagaimana ketentuan di atas diukur dengan FVTPL, dengan satu pengecualian untuk instrumen ekuitas tertentu yang tidak untuk diperdagangkan dan dimana pilihan telah ditetapkan untuk menyajikan keuntungan dan kerugian dari pergerakan nilai wajar dalam penghasilan komprehensif lainnya tanpa reklasifikasi ke laba rugi saat penghentian pengakuan aset tersebut. Aset keuangan dapat ditetapkan sebagai FVTPL hanya jika ini dapat mengeliminasi atau mengurangi *accounting mismatch*.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a. Financial assets and liabilities (continued)**

**a.1. Classification (continued)**

*In assessing whether the contractual cash flows have SPPI characteristics, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:*

- *Contingent events that would change the amount and timing of cash flows;*
- *Leverage features; and*
- *Accelerated prepayment and extension terms of facility*

*A debt instruments measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:*

- *The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset (held to collect and sell); and*
- *The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

*Unrealised gain or losses of financial assets held at FVOCI are deferred in other comprehensive income until the asset is derecognised.*

*Assets may be sold out of held to collect portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.*

*All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL, with one exception for certain equity instruments that are not held for trading and where an election has been taken to present gains and losses of fair value movements in OCI with no reclassification of fair value gains/losses to profit or loss on derecognition. Financial assets may be designated at FVTPL only if doing so eliminates or reduces accounting mismatch.*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**a. Aset dan liabilitas keuangan**

**a.2. Pengakuan**

Pembelian dan penjualan aset keuangan yang lazim (*regular*) diakui pada tanggal perdagangan dimana Bank memiliki komitmen untuk membeli atau menjual aset tersebut.

Pada saat pengakuan awal, aset keuangan atau liabilitas keuangan diukur pada nilai wajar ditambah/dikurang (untuk *item* yang tidak diukur pada nilai wajar melalui laporan laba rugi setelah pengakuan awal) biaya transaksi (jika ada) yang dapat diatribusikan secara langsung atas perolehan aset keuangan atau penerbitan liabilitas keuangan. Pengukuran aset keuangan dan liabilitas keuangan setelah pengakuan awal tergantung pada klasifikasi aset keuangan dan liabilitas keuangan tersebut.

Biaya transaksi hanya meliputi biaya-biaya yang dapat diatribusikan secara langsung untuk perolehan suatu aset keuangan atau penerbitan suatu liabilitas keuangan dan merupakan biaya tambahan yang tidak akan terjadi apabila instrumen keuangan tersebut tidak diperoleh atau diterbitkan. Biaya transaksi tersebut diamortisasi selama umur instrumen berdasarkan metode suku bunga efektif dan dicatat sebagai bagian dari pendapatan bunga untuk biaya transaksi sehubungan dengan aset keuangan atau sebagai bagian dari beban bunga untuk biaya transaksi sehubungan dengan liabilitas keuangan.

**a.3. Penghentian pengakuan**

Bank menghentikan pengakuan aset keuangan pada saat hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut kedaluwarsa, atau Bank mentransfer seluruh hak untuk menerima arus kas kontraktual dari aset keuangan dalam transaksi dimana Bank secara substansial telah mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan yang ditransfer. Setiap hak atau kewajiban atas aset keuangan yang ditransfer yang timbul atau yang masih dimiliki oleh Bank diakui sebagai aset atau liabilitas secara terpisah.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a. Financial assets and liabilities**

**a.2. Recognition**

*The regular way of purchases and sales of financial assets are recognised on the trade date at which the Bank commits to purchase or sell those assets.*

*A financial assets or financial liabilities are initially measured at fair value plus/less (for an item not subsequently measured at fair value through profit or loss) transaction costs (if any) that are directly attributable to the acquisition of financial assets or issuance of financial liabilities. The subsequent measurement of financial assets and financial liabilities depends on their classification.*

*Transaction costs only include those costs that are directly attributable to the acquisition of a financial asset or issuance of a financial liabilities and are incremental costs that would not have been incurred if the financial instrument had not been acquired or issued. Such transaction costs are amortised over the terms of the instruments based on the effective interest method and are recorded as part of interest income for transaction costs related to financial assets or interest expenses for transaction costs related to financial liabilities.*

**a.3. Derecognition**

*The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Bank transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which the Bank has substantially transfer all the risks and rewards of ownership of the financial asset. Any rights or obligation in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.*



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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**a. Aset dan liabilitas keuangan (lanjutan)**

**a.3. Penghentian pengakuan (lanjutan)**

Bank menghentikan pengakuan liabilitas keuangan pada saat kewajiban yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kedaluwarsa.

Bank menghapusbukkan saldo kredit dan efek untuk tujuan investasi, dan penyisihan kerugian penurunan nilai terkait, pada saat Bank menentukan bahwa kredit atau efek-efek tersebut tidak dapat ditagih. Keputusan ini diambil setelah mempertimbangkan informasi seperti telah terjadinya perubahan signifikan pada posisi keuangan debitur/penerbit sehingga debitur/penerbit tidak lagi dapat melunasi kewajibannya, atau hasil penjualan agunan tidak akan cukup untuk melunasi seluruh eksposur yang diberikan. Selisih lebih nilai tercatat kredit yang diberikan atas arus kas masuk dari eksekusi jaminan dibebankan sebagai kerugian penurunan nilai dalam laba rugi tahun berjalan.

**a.4. Saling hapus**

Aset keuangan dan liabilitas keuangan disalinghapuskan dan jumlah netonya dilaporkan pada laporan posisi keuangan ketika terdapat hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut dan adanya niat untuk menyelesaikan secara neto, atau untuk merealisasikan aset dan menyelesaikan liabilitas secara bersamaan. Hak saling hapus tidak kontingen atas peristiwa di masa depan dan dapat dipaksakan secara hukum dalam situasi bisnis yang normal dan dalam peristiwa gagal bayar, atau peristiwa kepailitan atau kebangkrutan Bank atau pihak lawan.

**a.5. Pengukuran biaya perolehan diamortisasi**

Aset atau liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi adalah jumlah aset atau liabilitas keuangan yang diukur pada saat pengakuan awal, dikurangi pembayaran pokok, ditambah atau dikurangi dengan amortisasi kumulatif dengan menggunakan metode suku bunga efektif yang dihitung dari selisih antara nilai awal dan nilai jatuh temponya, dan dikurangi penyisihan kerugian penurunan nilai.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a. Financial assets and liabilities (continued)**

**a.3. Derecognition (continued)**

*The Bank derecognises a financial liability when its contractual obligations are discharged or canceled or expired.*

*The Bank writes off a loan and investment security balance, and any related allowance for impairment losses when the Bank determines that the loan or security is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the debtor's/issuer's financial position such that the debtor/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Any excess of loans carrying amount over the cash flow from collateral execution is charged to impairment loss in the current year profit or loss.*

**a.4. Offsetting**

*Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the Bank or the counterparty.*

**a.5. Amortised cost measurement**

*Financial assets or liabilities measured at amortised cost is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, and minus any reduction for impairment.*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**a. Aset dan liabilitas keuangan (lanjutan)**

**a.6. Pengukuran nilai wajar**

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur (*orderly transaction*) antara pelaku pasar (*market participants*) pada tanggal pengukuran di pasar utama atau, jika tidak terdapat pasar utama, di pasar yang paling menguntungkan dimana Bank memiliki akses pada tanggal tersebut. Nilai wajar liabilitas mencerminkan risiko wanprestasinya.

Jika tersedia, Bank mengukur nilai wajar instrumen menggunakan harga kuotasi di pasar aktif untuk instrumen tersebut.

Instrumen keuangan dianggap memiliki kuotasi di pasar aktif jika harga kuotasi tersedia sewaktu-waktu dan dapat diperoleh secara rutin dari bursa, pedagang efek (*dealer*), perantara efek (*broker*), kelompok industri, badan pengawas (*pricing service* atau *regulatory agency*), dan harga tersebut mencerminkan transaksi pasar yang aktual dan rutin dalam suatu transaksi yang wajar. Jika kriteria di atas tidak terpenuhi, maka pasar aktif dinyatakan tidak tersedia. Indikasi-indikasi dari pasar tidak aktif adalah terdapat selisih yang besar antara harga penawaran dan permintaan atau kenaikan signifikan dalam selisih harga penawaran dan permintaan atau hanya terdapat beberapa transaksi terkini.

Bukti terbaik atas nilai wajar instrumen keuangan pada saat pengakuan awal adalah harga transaksi, yaitu nilai wajar dari pembayaran yang diberikan atau diterima. Jika Bank menetapkan bahwa nilai wajar pada pengakuan awal berbeda dengan harga transaksi dan nilai wajar tidak dapat dibuktikan dengan harga kuotasi di pasar aktif untuk aset atau liabilitas yang sejenis atau berdasarkan teknik penilaian yang hanya menggunakan data dari pasar yang dapat diobservasi, maka nilai wajar instrumen keuangan pada saat pengakuan awal disesuaikan untuk menanggukhan perbedaan antara nilai wajar pada saat pengakuan awal dan harga transaksi.

Setelah pengakuan awal, perbedaan tersebut diamortisasi dan diakui dalam laba rugi sepanjang umur dari instrumen tersebut.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a. Financial assets and liabilities (continued)**

**a.6. Fair value measurement**

*Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.*

*When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument.*

*A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.*

*The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.*

*Subsequently, that difference is amortised and recognised in profit or loss over the life of the instrument.*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**a. Aset dan liabilitas keuangan (lanjutan)**

**a.6. Pengukuran nilai wajar (lanjutan)**

Untuk instrumen keuangan yang tidak mempunyai harga pasar, estimasi atas nilai wajar ditetapkan dengan mengacu pada nilai wajar instrumen lain yang substansinya sama atau dihitung berdasarkan arus kas yang diharapkan terhadap aset bersih efek-efek tersebut.

Nilai wajar untuk semua instrumen keuangan lainnya ditentukan dengan menggunakan teknik penilaian. Dengan teknik ini, nilai wajar merupakan suatu estimasi yang dihasilkan dari data yang diobservasi dari instrumen keuangan yang sama, menggunakan model-model untuk mendapatkan estimasi nilai kini dari arus kas masa depan yang diharapkan atau teknik penilaian lainnya menggunakan *input* (sebagai contoh *LIBOR yield curve*, nilai tukar mata uang asing, volatilitas, dan *counterparty spreads*) yang tersedia pada tanggal laporan posisi keuangan.

**b. Giro pada Bank Indonesia dan bank-bank lain**

Giro pada Bank Indonesia dan bank-bank lain dicatat pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

**c. Penempatan pada Bank Indonesia dan bank-bank lain**

Penempatan pada Bank Indonesia dan bank-bank lain pada awalnya diukur pada nilai wajar ditambah biaya transaksi (jika ada) yang dapat diatribusikan secara langsung dan merupakan biaya tambahan untuk memperoleh aset keuangan tersebut, dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif.

**d. Kredit yang diberikan kepada nasabah**

Kredit yang diberikan kepada nasabah adalah penyediaan uang atau tagihan yang dapat disetarakan dengan kas, berdasarkan persetujuan atau kesepakatan pinjam-meminjam dengan debitur yang mewajibkan debitur untuk melunasi utang berikut bunganya setelah jangka waktu tertentu.

Jenis kredit yang diberikan terdiri dari kredit modal kerja, investasi, konsumsi dan karyawan.

Kredit dalam rangka pembiayaan bersama (kredit sindikasi) dinyatakan sebesar biaya perolehan diamortisasi sesuai dengan porsi risiko yang ditanggung oleh Bank.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a. Financial assets and liabilities (continued)**

**a.6. Fair value measurement (continued)**

For financial instruments with no quoted market price, a reasonable estimate of the fair value is determined by referring to the current market value of another instruments which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For all other financial instruments, fair value is determined by using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using inputs (for example, *LIBOR yield curve*, foreign exchange rates, volatilities, and counterparty spreads) existing at the date of the statement of financial position.

**b. Demand deposits with Bank Indonesia and other banks**

Demand deposits with Bank Indonesia and other banks are carried at amortised cost using the effective interest method.

**c. Placements with Bank Indonesia and other banks**

Placements with Bank Indonesia and other banks are initially measured at fair value plus incremental direct transaction costs (if any) which is directly attributable and is an additional cost to acquire the financial asset, and subsequently measured at their amortised cost using the effective interest method.

**d. Loans to customers**

Loans to customers represent provision of cash or cash equivalent based on agreements with debtors, where debtors are required to repay their debts with interest after a specified period.

The types of loans consist of working capital, investment, consumption and employee loans.

Syndicated loans are stated at amortised cost in accordance with the risk borne by the Bank.

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3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)

d. Kredit yang diberikan kepada nasabah (lanjutan)

Restrukturisasi pinjaman debitur yang mengalami kesulitan dalam memenuhi kewajibannya, dilakukan antara lain melalui perpanjangan jangka waktu pinjaman dan perubahan fasilitas pinjaman.

Kerugian yang timbul dari restrukturisasi pinjaman yang berkaitan dengan modifikasi persyaratan pinjaman diakui bila nilai sekarang dari jumlah penerimaan kas yang akan datang yang telah ditentukan dalam persyaratan pinjaman yang baru, termasuk penerimaan yang diperuntukkan sebagai bunga maupun pokok, adalah lebih kecil dari nilai pinjaman yang diberikan yang tercatat sebelum restrukturisasi.

e. Efek-efek yang dibeli dengan janji dijual kembali dan efek-efek yang dijual dengan janji dibeli kembali.

Efek-efek yang dibeli dengan janji dijual kembali (*reverse repo*) yang dimiliki Bank dengan tujuan untuk memperoleh arus kas kontraktual dengan janji untuk dijual kembali pada waktu dan harga yang telah ditentukan, bukan dengan tujuan untuk diperdagangkan, disajikan sebagai tagihan sebesar harga jual yang telah disepakati, dikurangi dengan selisih antara harga beli dan harga jual yang telah disepakati. Selisih antara harga beli dan harga jual kembali yang disepakati tersebut diamortisasi sebagai pendapatan bunga selama jangka waktu sejak efek-efek itu dibeli hingga saat dijual kembali dengan menggunakan metode suku bunga efektif. Efek-efek yang mendasari transaksi *reverse repo* tidak diakui di laporan posisi keuangan.

Efek-efek yang dijual dengan janji dibeli kembali disajikan sebagai liabilitas dalam laporan posisi keuangan sebesar harga pembelian kembali yang disepakati dikurangi dengan selisih antara harga jual dan harga beli kembali yang disepakati. Selisih antara harga jual dan harga pembelian kembali yang disepakati diamortisasi sebagai beban bunga selama jangka waktu sejak efek-efek tersebut dijual hingga dibeli kembali dengan menggunakan metode suku bunga efektif.

f. Aset dan liabilitas yang diukur pada nilai wajar melalui laba rugi

Aset dan liabilitas yang diukur pada nilai wajar melalui laba rugi terdiri dari aset dan liabilitas untuk diperdagangkan dan derivatif yang digunakan untuk tujuan manajemen risiko tapi karena beberapa alasan tidak memenuhi kriteria akuntansi lindung nilai.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Loans to customers (continued)

*Loan restructuring for debtors facing difficulties in fulfilling their obligation, is conducted through extension of loan period and changes of loan facilities.*

*Losses on loan restructuring in respect of modification of the terms of the loans are recognised only if the present value of total future cash receipts specified by the new terms of the loans, including both receipts designated as interest and those designated as loan principal, are less than the carrying amount of loans before restructuring.*

e. Securities purchased with agreements to resell and Securities sold under repurchase agreements.

*Securities purchased with agreements to resell (reverse repo) which are held by the Bank in order to collect contractual cash flows with a promise of reselling it at a predetermined time and price, rather than intention for trading, are presented as receivable at the agreed resale price less the difference between the purchase price and the agreed resale price. The difference between the purchase price and the agreed resale price is amortised as interest income over the period commencing from the acquisition date to the resale date using the effective interest rate method. The underlying securities on reverse repo transactions are not recognised in the statement of financial position.*

*Securities sold under repurchase agreements are presented as liabilities in the position report finances at the agreed buyback price minus interest is paid upfront that has not been amortized. The difference between the selling price and the buyback price the agreed one is treated as an upfront prepaid interest expense and is recognized as a burden interest over the period from the time the securities are sold until they are repurchased with using the effective interest rate method.*

f. Assets and liabilities at fair value through profit or loss

*Assets and liabilities at fair value through profit or loss consist of assets and liabilities held for trading and derivatives used for risk management purposes but which for various reasons do not meet the qualifying criteria for hedge accounting.*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**f. Aset dan liabilitas yang diukur pada nilai wajar melalui laba rugi (lanjutan)**

Aset dan liabilitas yang diukur pada nilai wajar melalui laba rugi diakui dan diukur pada nilai wajar di laporan posisi keuangan pada saat pengakuan awal dan setelah pengakuan awal, dengan biaya transaksi yang terjadi diakui langsung di dalam laba rugi. Semua perubahan nilai wajar aset dan liabilitas yang diukur pada nilai wajar melalui laba rugi diakui di dalam laba rugi tahun berjalan. Aset dan liabilitas yang diukur pada nilai wajar melalui laba rugi tidak direklasifikasi setelah pengakuan awal.

**g. Tagihan dan utang akseptasi**

Tagihan dan utang akseptasi dicatat pada biaya perolehan diamortisasi.

**h. Efek-efek untuk tujuan investasi**

Efek-efek untuk tujuan investasi terdiri dari Sertifikat Bank Indonesia (SBI), Surat Perbendaharaan Negara (SPN), obligasi pemerintah, dan sukuk.

Setelah pengakuan awal, efek-efek untuk tujuan investasi diukur sesuai dengan klasifikasinya masing-masing, baik diukur pada biaya perolehan diamortisasi atau diukur pada nilai wajar melalui penghasilan komprehensif lain (FVOCI).

1. Setelah pengakuan awal, investasi diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.
2. Setelah pengakuan awal, efek-efek untuk tujuan investasi dinyatakan pada nilai wajar dimana keuntungan dan kerugian yang belum direalisasi atas perubahan nilai wajar diakui sebagai penghasilan komprehensif lain. Perubahan pada kerugian kredit ekspektasian diakui laba rugi dan diakumulasi pada ekuitas. Pada saat penghentian pengakuan, akumulasi keuntungan atau kerugian nilai wajar bersih, setelah akumulasi cadangan kerugian penurunan nilai, ditransfer ke laba rugi.

**Investasi pada sukuk**

Bank menentukan klasifikasi investasi pada sukuk berdasarkan model usaha dengan mengacu pada PSAK 110 "Akuntansi Sukuk" sebagai berikut:

- a. Surat berharga diukur pada biaya perolehan disajikan sebesar biaya perolehan (termasuk biaya transaksi) yang disesuaikan dengan premi dan/atau diskonto yang belum diamortisasi. Premi dan diskonto diamortisasi selama periode hingga jatuh tempo.

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**f. Assets and liabilities at fair value through profit or loss (continued)**

Assets and liabilities at fair value through profit or loss are initially and subsequently recognised and measured at fair value in the statement of financial position, with transaction costs recognised directly in profit or loss. All changes in the fair value of assets and liabilities at fair value through profit or loss are recognised in profit or loss for the year. Assets and liabilities at fair value through profit or loss are not reclassified subsequent to their initial recognition.

**g. Acceptance receivables and payables**

Acceptance receivables and payables are carried at amortised cost.

**h. Investment securities**

Investment securities consist of Certificates of Bank Indonesia, Treasury Bills, government bonds, and sukuk.

Subsequent to initial measurement, investment securities are measured based on their respective classifications, as either measured at amortised cost or measured at fair value through other comprehensive income (FVOCI).

1. Subsequent to initial recognition, investment is measured at amortised cost using effective interest rate method.
2. Subsequent to initial measurement, investment securities are carried at fair value with all Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income. Changes in expected credit losses recognised in the profit or loss and are accumulated in equity. On derecognition, the cumulative fair value gains or losses, net of cumulative allowance for impairment losses, are transferred to the profit or loss.

**Investments in sukuk**

The Bank determines the classification of their investment in sukuk based on business model in accordance with SFAS 110 "Accounting for Sukuk" as follows:

- a. Investment securities are measured at cost and are presented at acquisition cost (including transaction costs) adjusted for unamortised premiums and/or discounts. Premiums and discounts are amortised over the period to maturity.

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**h. Efek-efek untuk tujuan investasi (lanjutan)**

**Investasi pada sukuk (lanjutan)**

Bank menentukan klasifikasi investasi pada sukuk berdasarkan model usaha dengan mengacu pada PSAK 110 "Akuntansi Sukuk" sebagai berikut (lanjutan):

- b. Surat berharga diukur pada nilai wajar melalui penghasilan komprehensif lain yang dinyatakan sebesar nilai wajar. Keuntungan atau kerugian yang belum direalisasi akibat kenaikan atau penurunan nilai wajarnya disajikan dalam penghasilan komprehensif lain tahun berjalan.

Untuk investasi pada sukuk yang diklasifikasikan sebagai diukur pada nilai wajar melalui penghasilan komprehensif lain, pada saat pengakuan awal, Bank mencatat investasi pada sukuk sebesar nilai wajar ditambah atau dikurangi biaya transaksi yang dapat diatribusikan secara langsung untuk perolehan investasi pada sukuk. Setelah pengakuan awal, investasi pada sukuk yang diukur pada nilai wajar melalui penghasilan komprehensif lain dinyatakan sebesar nilai wajar. Selisih antara biaya perolehan dan nilai nominal diamortisasi secara garis lurus selama jangka waktu sukuk dan diakui dalam laba rugi. Keuntungan atau kerugian dari perubahan nilai wajar diakui dalam penghasilan komprehensif lain.

Untuk investasi pada sukuk yang diklasifikasikan sebagai diukur pada nilai wajar melalui laba rugi, pada saat pengakuan awal, Bank mencatat investasi pada sukuk sebesar nilai wajarnya dan biaya transaksi diakui secara langsung ke dalam laporan laba rugi konsolidasian. Keuntungan dan kerugian yang timbul dari perubahan nilai wajar dan penjualan instrumen keuangan diakui di dalam laporan laba rugi konsolidasian dan dicatat masing-masing sebagai "Keuntungan/ (kerugian) dari perubahan nilai wajar instrumen keuangan" dan "Keuntungan/(kerugian) dari penjualan instrumen keuangan".

**i. Penjabaran transaksi dan saldo dalam valuta asing**

Transaksi-transaksi dalam valuta asing dijabarkan ke dalam Rupiah, mata uang fungsional Bank, dengan menggunakan kurs pada tanggal transaksi.

Saldo akhir tahun aset dan liabilitas moneter dalam valuta asing dijabarkan ke dalam Rupiah dengan kurs tengah *Reuters* pukul 16:00 WIB.

Seluruh keuntungan dan kerugian selisih kurs yang diakui dalam laporan laba rugi disajikan bersih dalam laporan laba rugi.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Investment securities (continued)**

**Investments in sukuk (continued)**

The Bank determines the classification of their investment in sukuk based on business model in accordance with SFAS 110 "Accounting for Sukuk" as follows (continued):

- b. Investment securities are measured at fair value through other comprehensive income which is stated at fair value. Unrealised gains or losses due to the increase or decrease in fair value are presented in other comprehensive income for the year.

For investments in sukuk classified as measured at fair value through other comprehensive income, the Bank records investments in sukuk initially at fair value plus or minus transaction costs that are directly attributable to the acquisition of investment in sukuk. Subsequent to initial recognition, investments in sukuk measured at fair value through other comprehensive income are stated at fair value. Difference between acquisition cost and nominal value is amortised using straight line during the sukuk time period and recognised in profit or loss. Gain or loss from fair value changes recognised in other comprehensive income.

For investments in sukuk classified as measured at fair value through profit and loss, at initial recognition, the Bank records investments in sukuk at fair value and transaction costs are taken directly to the consolidated statement of profit or loss. Gains and losses arising from changes in fair value and sales of these financial instruments are included directly in the consolidated statement of profit or loss and are reported respectively as "Gain/(loss) from changes in fair value of financial instruments" and "Gain/(loss) from sale of financial instruments".

**i. Foreign currency transactions and balances**

Transactions in foreign currencies are translated into Rupiah, the Bank's functional currency, using the spot exchange rate on the date of transaction.

Year-end balances of monetary assets and liabilities in foreign currencies were translated into Rupiah using the Reuters middle rates at 16:00 Western Indonesian Time.

All foreign exchange gains and losses recognised in the statement of profit or loss are presented net in the statement of profit or loss.



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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**i. Penjabaran transaksi dan saldo dalam valuta asing (lanjutan)**

Kurs valuta asing utama pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

	<b>31 Desember / December 2022</b>
1 Pound Inggris (GBP)	18.786,09
1 Euro (EUR)	16.581,72
1 Dolar Amerika Serikat (USD)	15.567,50
100 Yen Jepang (JPY)	11.781,00
1 Dolar Singapura (SGD)	11.592,88
1 Dolar Australia (AUD)	10.557,88
1 Dolar Hong Kong (HKD)	1.996,55

**j. Transaksi dengan pihak-pihak berelasi**

Bank melakukan transaksi dengan pihak berelasi. Sesuai dengan PSAK 7 - Pengungkapan Pihak-pihak Berelasi, yang dimaksud dengan pihak berelasi adalah orang atau entitas yang berelasi dengan entitas pelapor sebagai berikut:

- a. Orang atau anggota keluarga terdekatnya berelasi dengan entitas pelapor jika orang tersebut:
  - i. Memiliki pengendalian atau pengendalian bersama terhadap entitas pelapor;
  - ii. Memiliki pengaruh signifikan terhadap entitas pelapor; atau
  - iii. Personil manajemen kunci entitas pelapor atau entitas induk pelapor;
- b. Suatu entitas berelasi dengan entitas pelapor jika memenuhi hal-hal sebagai berikut:
  - i. Entitas dan entitas pelapor adalah anggota dari kelompok usaha yang sama (artinya entitas induk, entitas anak dan entitas anak berikutnya terkait dengan entitas lain);
  - ii. Suatu entitas adalah entitas asosiasi atau ventura bersama bagi entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu kelompok usaha, dimana entitas lain tersebut adalah anggotanya);
  - iii. Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama;
  - iv. Suatu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga;
  - v. Entitas tersebut adalah suatu program imbalan pasca kerja untuk imbalan kerja dari suatu entitas pelapor atau entitas yang terkait dengan entitas pelapor;
  - vi. Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam butir (a);

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i. Foreign currency transactions and balances (continued)**

The major rates of foreign exchange used as of 31 December 2022 and 2021 are as follows:

	<b>31 Desember / December 2021</b>		
	19.250,86	British Pound (GBP)	1
	16.112,46	Euro (EUR)	1
	14.252,50	United States Dollar (USD)	1
	12.377,00	Japanese Yen (JPY)	100
	10.554,67	Singapore Dollar (SGD)	1
	10.346,61	Australian Dollar (AUD)	1
	1.828,03	Hong Kong Dollar (HKD)	1

**j. Transactions with related parties**

The Bank has transactions with related parties. In accordance with SFAS 7 - Related Party Disclosure, the meaning of a related party is a person or entity that is related to a reporting entity as follow:

- a. A person or a close member of that person's family is related to a reporting entity if that person:
  - i. Has control or joint control over the reporting entity;
  - ii. Has significant influence over the reporting entity; or
  - iii. Is member of the key management personnel of the reporting entity or a parent of the reporting entity;
- b. An entity is related to a reporting entity if any of the following conditions applies:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of member of a company of which the other entity is a member);
  - iii. Both entities are joint ventures of the same third party;
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v. The entity is a post-employment benefits plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
  - vi. The entity controlled or jointly controlled by a person identified in (a);

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**j. Transaksi dengan pihak-pihak berelasi (lanjutan)**

- b. Suatu entitas berelasi dengan entitas pelapor jika memenuhi hal-hal sebagai berikut (lanjutan):
  - vii. Orang yang diidentifikasi, dalam butir (a) (i) memiliki pengaruh signifikan terhadap entitas atau anggota manajemen kunci entitas (atau entitas induk dari entitas);
  - viii. Entitas atau bagian dari grup dimana entitas merupakan anggotanya, menyediakan personil manajemen kunci kepada entitas pelapor atau kepada pemegang saham dari entitas pelaporan.

**k. Pajak penghasilan**

Bank menerapkan PSAK No. 46 tentang "Pajak Penghasilan", yang mengharuskan Bank memperhitungkan konsekuensi pajak kini dan pajak di masa depan (penyelesaian) dari jumlah tercatat aset (liabilitas) yang diakui dalam laporan posisi keuangan dan transaksi-transaksi serta peristiwa lain yang terjadi dalam tahun berjalan.

Beban pajak terdiri dari pajak kini dan pajak tangguhan. Pajak diakui dalam laporan laba rugi, kecuali jika pajak tersebut terkait dengan transaksi atau kejadian yang diakui di penghasilan komprehensif lain atau langsung diakui ke ekuitas. Dalam hal ini, pajak tersebut masing-masing diakui dalam penghasilan komprehensif lain atau ekuitas.

Manajemen Bank mengevaluasi secara periodik implementasi terhadap peraturan perpajakan yang berlaku terutama yang memerlukan interpretasi lebih lanjut mengenai pelaksanaannya termasuk juga evaluasi terhadap surat ketetapan pajak yang diterima dari kantor pajak. Lebih lanjut, Bank membentuk cadangan, jika dianggap perlu berdasarkan jumlah yang diestimasikan akan dibayarkan ke kantor pajak.

Bank menerapkan metode liabilitas laporan posisi keuangan (*balance sheet liability method*) untuk menentukan beban pajak penghasilan. Menurut metode liabilitas laporan posisi keuangan, aset dan utang pajak tangguhan diakui untuk semua perbedaan temporer antara nilai aset dan liabilitas yang tercatat di laporan posisi keuangan dengan dasar pengenaan pajak atas aset dan liabilitas tersebut pada setiap tanggal pelaporan. Metode ini juga mensyaratkan adanya pengakuan manfaat pajak di masa datang yang belum digunakan apabila besar kemungkinan bahwa manfaat tersebut dapat direalisasikan di masa yang akan datang.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j. Transactions with related parties (continued)**

- b. An entity is related to a reporting entity if any of the following conditions applies (continued):
  - vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**k. Income taxes**

The Bank applies SFAS No. 46 regarding "Income Tax", which requires the Bank to account for the current and future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in the statement of financial position and transactions and other events of the current period.

The tax expense comprises of current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the taxes are also recognised in other comprehensive income or directly in equity, respectively.

The Bank's management periodically evaluates the implementation of prevailing tax regulations especially those that are subject to further interpretation on its implementation, including evaluation on tax assessment letters received from tax authorities. Where appropriate the Bank establishes provisions based on the amounts expected to be paid to the tax authorities.

The Bank applies the balance sheet liability method to determine income tax expense. Under the balance sheet liability method, deferred tax assets and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amount in the statement of financial position at each reporting date. This method also requires the recognition of future tax benefits, to the extent that realisation of such benefits is probable.

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**k. Pajak penghasilan (lanjutan)**

Aset pajak tangguhan diakui apabila terdapat kemungkinan besar bahwa jumlah laba fiskal pada masa datang akan memadai untuk mengkompensasi aset pajak tangguhan yang muncul akibat perbedaan temporer tersebut.

Pajak tangguhan dihitung dengan menggunakan tarif pajak yang berlaku atau secara substansial diberlakukan pada periode dimana aset tersebut direalisasi atau liabilitas tersebut diselesaikan. Perubahan nilai tercatat aset dan liabilitas pajak tangguhan yang disebabkan oleh perubahan tarif pajak dibebankan pada laporan laba rugi dan penghasilan komprehensif lain tahun berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Koreksi atas liabilitas pajak diakui pada saat Surat Ketetapan Pajak diterima, atau apabila diajukan keberatan dan/atau banding, maka koreksi diakui pada saat keputusan atas keberatan dan/atau banding tersebut diterima. Manajemen juga dapat membentuk pencadangan terhadap liabilitas pajak di masa depan sebesar jumlah yang diestimasikan akan dibayarkan ke kantor pajak jika berdasarkan evaluasi pada tanggal laporan posisi keuangan terdapat risiko pajak yang *probable*. Asumsi dan estimasi yang digunakan dalam perhitungan pembentukan cadangan tersebut memiliki unsur ketidakpastian.

**l. Sewa**

Bank mengevaluasi pada saat permulaan sebuah kontrak apakah kontrak merupakan atau mengandung sewa, yaitu jika kontrak tersebut memberikan hak untuk mengendalikan penggunaan aset identifikasi selama suatu jangka waktu untuk dipertukarkan dengan imbalan.

Untuk menilai apakah kontrak memberikan hak untuk mengendalikan penggunaan aset identifikasi, Bank harus menilai apakah:

- Bank memiliki hak untuk mendapatkan secara substansial seluruh manfaat ekonomi dari penggunaan aset identifikasi; dan
- Bank memiliki hak untuk mengarahkan penggunaan aset identifikasi. Bank memiliki hak ini ketika Bank memiliki hak untuk pengambilan keputusan yang relevan tentang bagaimana dan untuk tujuan apa aset digunakan telah ditentukan sebelumnya dan:
  1. Bank memiliki hak untuk mengoperasikan aset;
  2. Bank telah mendesain aset dengan cara menetapkan sebelumnya bagaimana dan untuk tujuan apa aset akan digunakan selama periode penggunaan.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**k. Income taxes (continued)**

*Deferred tax assets are recognised only to the extent that is probable that future taxable income will be sufficient against which the temporary differences can be utilised.*

*Deferred tax is calculated using tax rates enacted or substantively applied to the period during which the asset is realised or the liability is settled. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to equity.*

*Amendments to taxation obligations are recorded when an Assessment Letter is received or, if appealed against, when the result of the appeal is determined. Management provides provision for future tax liability at the estimated amount that will be payable to the tax office if there is a probable tax exposure, based on management's assessment as of the date of statement of financial position. Assumptions and estimation used in the calculation of provision may involve elements of uncertainty.*

**l. Leases**

*The Bank assesses at inception of a contract whether a contract is or contains a lease that is if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.*

*To assess whether a contract conveys the right to control the use of an identified asset, the Bank shall assess whether:*

- *the Bank has the right to obtain substantially all the economic benefit from use of the asset throughout the period of use; and*
- *The Bank has the right to direct the use of the identified asset. The Bank has described when it has a decision-making rights that are the most relevant to changing how and for what purpose the asset is used are predetermined and:*
  1. *The Bank has the right to operate the asset;*
  2. *The Bank has designed the asset in a way that predetermine how and for what purpose it will be used during the period of use.*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**I. Sewa (lanjutan)**

Bank menyajikan aset hak-guna sebagai bagian dari "Aset tetap" dan liabilitas sewa sebagai bagian dari "Liabilitas lain-lain" di dalam laporan posisi keuangan.

Bank menetapkan maksimum masa sewa sebagai masa sewa yang tidak dapat dibatalkan ditambah dengan opsi perpanjangan satu masa sewa yang dieksekusi. Bank tidak dapat menentukan masa sewa lebih panjang dari maksimum tersebut karena tidak terdapat opsi kontraktual lebih lanjut yang dapat dievaluasi terhadap insentif ekonominya.

Liabilitas sewa pada tanggal permulaan diukur pada nilai kini pembayaran sewa yang belum dibayar pada tanggal tersebut, didiskontokan dengan menggunakan suku bunga implisit dalam sewa. Jika suku bunga tersebut tidak dapat ditentukan, maka Bank menggunakan suku bunga pinjaman inkremental. Umumnya Bank menggunakan suku bunga pinjaman inkremental.

Setelah tanggal permulaan, liabilitas sewa diukur dengan meningkatkan jumlah tercatat untuk merefleksikan bunga atas liabilitas sewa, mengurangi jumlah tercatat untuk merefleksikan sewa yang telah dibayar, dan mengukur kembali jumlah tercatat untuk merefleksikan penilaian kembali atau modifikasi sewa, atau untuk merefleksikan revisi pembayaran sewa tetap secara substansial.

Aset hak-guna pada tanggal pengakuan awal diukur pada biaya perolehan yang terdiri dari jumlah pengukuran awal liabilitas sewa, ditambah pembayaran sewa yang dilakukan pada atau sebelum tanggal permulaan, dikurangi dengan insentif sewa yang diterima, ditambah biaya awal langsung yang dikeluarkan dan estimasi biaya dalam membongkar, memindahkan dan merestorasi aset pendasar atau merestorasi tempat dimana aset pendasar berada.

**Modifikasi sewa**

Bank mencatat modifikasi sewa sebagai sewa terpisah jika:

- Modifikasi meningkatkan ruang lingkup sewa dengan menambahkan hak untuk menggunakan satu aset pendasar atau lebih;
- Imbalan sewa meningkat sebesar jumlah yang setara dengan harga tersendiri untuk peningkatan dalam ruang lingkup dan penyesuaian yang tepat pada harga tersendiri tersebut untuk merefleksikan kondisi kontrak tertentu.

Setelah tanggal pengakuan awal, aset hak-guna diukur pada biaya perolehan dikurangi dengan akumulasi penyusutan dan akumulasi kerugian penurunan nilai.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Leases (continued)**

*The Bank presents right-of-use assets as part of "Fixed assets" and leases liabilities as part of "Other liabilities" in the statement of financial position.*

*The Bank sets a maximum lease period as the non-cancellable period together with the exercise of extension options. The Bank would not determine a longer period, because there are no further contractual options to assess against any economic incentives.*

*The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate.*

*After initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.*

*The right-of-use asset is initially measured at cost which comprises the initial measurement of the lease liability, plus any lease payment made at or before the commencement date, less any lease incentive received, plus any initial direct costs incurred and any estimated cost of dismantling, removing and restoring the underlying asset or restoring the site where the asset is located.*

**Lease modification**

*The Bank accounts for a lease modification as a separate leases if both:*

- *The modification increases the scope of the leases by adding the right to use one or more underlying assets;*
- *The consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.*

*After initial recognition, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses.*

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3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)

I. Sewa (lanjutan)

Modifikasi sewa (lanjutan)

Sesuai PSAK 73, Bank telah memilih menggunakan cara praktis untuk tidak memisahkan komponen non-sewa dari komponen sewa, dan memilih mencatat masing-masing komponen sewa dan komponen non sewa terkait sebagai komponen sewa tunggal.

m. Aset tetap

m.1. Pengakuan dan pengukuran

Aset tetap pada awalnya diakui sebesar biaya perolehan. Biaya perolehan meliputi harga perolehannya dan biaya-biaya yang dapat diatribusikan secara langsung dengan perolehan aset tersebut. Perangkat lunak yang dibeli sebagai bagian integral dari fungsi perangkat terkait dikapitalisasi sebagai bagian dari perangkat tersebut.

Setelah pengukuran awal, aset tetap diukur dengan model biaya, yaitu dicatat sebesar biaya perolehan dikurangi akumulasi penyusutan dan akumulasi rugi penurunan nilai aset. Jumlah tercatat aset tetap dihentikan pengakuannya pada saat pelepasan atau ketika tidak terdapat lagi manfaat ekonomi masa depan yang diekspektasikan dari penggunaan atau pelepasannya.

Laba atau rugi dari penjualan aset tetap ditentukan dengan membandingkan penerimaan dari penjualan dengan nilai tercatat dari aset tetap terkait, diakui sebagai pendapatan/beban lainnya di dalam laba rugi tahun berjalan.

m.2. Pengeluaran selanjutnya

Biaya untuk renovasi dan penambahan yang jumlahnya signifikan dan memperpanjang masa manfaat aset tetap dikapitalisasi ke aset tetap yang bersangkutan. Beban perbaikan dan pemeliharaan dibebankan pada laba rugi tahun berjalan.

m.3. Penyusutan

Tanah dinyatakan sebesar harga perolehan dan tidak disusutkan.

Penyusutan aset lain dihitung dengan menggunakan metode garis lurus untuk mengalokasikan harga perolehan atau jumlah revaluasi sampai dengan nilai sisanya selama masa manfaat yang diestimasi, sebagai berikut:

Bangunan  
Perbaikan gedung  
Perabot dan perlengkapan kantor

20 tahun/years  
3-20 tahun/years  
3-20 tahun/years

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Leases (continued)

Lease modification (continued)

In accordance with SFAS 73, the Bank has elected to use a practical expedient not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

m. Properties and equipments

m.1. Recognition and measurement

Properties and equipments are initially recognised at cost. Cost includes its purchase price and any costs directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

After initial measurement, properties and equipments are measured using the cost model, i.e. carried at its cost less any accumulated depreciation and any accumulated impairment losses. The carrying amount of an item of properties and equipments is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of properties and equipments is determined by comparing the proceeds from disposal with the carrying amount of the item of properties and equipments, and is recognised as other income/other expenses in the profit or loss for the year.

m.2. Subsequent costs

The cost for renovation and improvements, which are significant and prolong the useful life of properties and equipments, is capitalised to the respective properties and equipments. Normal repair and maintenance expenses are charged to the profit or loss for the year.

m.3. Depreciation

Land is stated at cost and not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings  
Buildings improvement  
Office furniture and fixtures

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**m. Aset tetap (lanjutan)**

**m.3.Penyusutan (lanjutan)**

Metode penyusutan yang digunakan, masa manfaat dan nilai residu dikaji pada setiap akhir tahun buku dan, jika terjadi perubahan yang signifikan dalam ekspektasi pola pemakaian manfaat ekonomi masa depan dari aset tetap tersebut, maka metode penyusutan diubah untuk mencerminkan perubahan pola tersebut.

**n. Agunan yang diambil alih**

Agunan yang diambil alih merupakan agunan berupa aset tidak lancar yang diambil alih sehubungan dengan penyelesaian kredit yang mengalami penurunan nilai.

Aset tidak lancar diklasifikasikan sebagai dimiliki untuk dijual jika jumlah tercatat aset tersebut akan dipulihkan terutama melalui transaksi penjualan, aset ini harus berada dalam keadaan dapat dijual pada kondisinya saat ini dan penjualannya harus sangat mungkin terjadi.

Aset tidak lancar yang dimiliki untuk dijual diukur pada nilai yang lebih rendah antara jumlah tercatat dan nilai wajar setelah dikurangi biaya untuk menjualnya.

Selisih antara jumlah tercatat dan hasil penjualan dari agunan yang diambil alih diakui sebagai laba atau rugi dari agunan yang diambil alih pada saat penjualan aset tersebut dalam laba rugi tahun berjalan.

Manajemen mengevaluasi nilai agunan yang diambil alih secara berkala. Cadangan kerugian penurunan nilai agunan yang diambil alih dibentuk atas penurunan nilai agunan yang diambil alih.

Bila terjadi penurunan nilai yang bersifat permanen, maka nilai tercatatnya dikurangi untuk mengakui penurunan tersebut dan kerugiannya dibebankan pada laba rugi.

**o. Aset takberwujud**

Aset takberwujud merupakan perangkat lunak komputer yang dihasilkan secara internal dan/atau dibeli. Aset takberwujud dicatat pada harga perolehan dikurangi akumulasi amortisasi. Harga perolehan dari perangkat lunak yang dihasilkan secara internal terdiri atas semua biaya yang dapat diatribusikan secara langsung terhadap perancangan, pengembangan dan persiapan hingga perangkat lunak tersebut dapat digunakan sesuai intensi manajemen. Biaya yang terjadi dalam rangka pemeliharaan atas perangkat lunak tersebut diakui sebagai beban pada saat terjadinya.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m. Properties and equipments (continued)**

**m.3.Depreciation (continued)**

The depreciation method applied, useful lives and residual value are reviewed at each financial year-end and, if there is a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the depreciation method is changed to reflect the changed pattern.

**n. Foreclosed assets**

Foreclosed assets represent non-current assets which were foreclosed in conjunction with settlement of impaired loans.

Non-current assets are classified as held for sale when their carrying amounts will be recovered principally through a sale transaction, they must be available for sale in their present condition and their sale must be highly probable.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The difference between the carrying value and the proceeds from selling of foreclosed assets is recognised as gain or loss from foreclosed assets at the time of sale in the current year profit or loss.

Management evaluates the value of foreclosed assets periodically. Allowance for impairment losses on foreclosed assets is reserved on reduction of foreclosed assets value.

The carrying amount of foreclosed assets is written down to recognise a permanent decline in the value of the foreclosed assets, which is charged to current operations.

**o. Intangible assets**

Intangible assets represent computer software that was internally generated and/or purchased. Intangible asset is stated at cost less accumulated amortisation. The cost of internally generated software comprises of all directly attributable costs necessary to create, develop and prepare the software to be capable of operating in the manner intended by management. Costs incurred in the ongoing maintenance of software are expensed immediately as incurred.



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3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)

o. Aset takberwujud (lanjutan)

Aset takberwujud dihentikan pengakuannya jika dilepas atau ketika tidak terdapat lagi manfaat ekonomi masa depan yang diperkirakan dari penggunaan atau pelepasannya.

Amortisasi diakui pada laba rugi dengan menggunakan metode garis lurus selama taksiran masa manfaat dari perangkat lunak yang bersangkutan, sejak tanggal perangkat lunak tersebut siap untuk digunakan. Taksiran masa manfaat untuk perangkat lunak adalah 3-5 tahun.

p. Identifikasi dan pengukuran penurunan nilai aset keuangan

Kerugian Kredit Ekspektasian (*expected credit losses* atau ECL) diakui untuk pinjaman kepada bank dan nasabah, *non-trading reverse repurchase agreements*, aset keuangan lainnya yang dimiliki pada biaya diamortisasi, instrumen-instrumen utang yang diukur pada nilai wajar melalui pendapatan komprehensif lainnya ('FVOCI'), dan komitmen pinjaman tertentu serta kontrak jaminan keuangan. Pada saat pengakuan awal, penyisihan (atau provisi dalam hal komitmen pinjaman dan jaminan keuangan) ECL dibentuk sebagai hasil dari peristiwa gagal bayar yang mungkin terjadi dalam kurun waktu 12 bulan kedepan (ECL 12-bulan). Dalam hal terjadinya peningkatan risiko kredit yang signifikan, penyisihan (atau provisi) dibentuk untuk ECL yang berasal dari semua peristiwa gagal bayar yang mungkin terjadi sepanjang perkiraan umur instrumen keuangan (ECL sepanjang umur). Aset-aset keuangan dimana 12-bulan diakui dianggap sebagai berada pada *stage 1*; sementara aset-aset keuangan yang dianggap telah mengalami peningkatan signifikan dalam risiko kredit dikategorikan pada *stage 2*; dan aset-aset keuangan yang mana terdapat bukti objektif penurunan nilai sehingga dianggap sebagai kredit gagal bayar atau kredit memburuk adalah dikategorikan pada *stage 3*.

Untuk aset yang diukur pada biaya perolehan diamortisasi, saldo di neraca mencerminkan aset bruto dikurangi kerugian kredit ekspektasian. Untuk instrumen utang dalam kategori FVOCI, saldo di neraca mencerminkan nilai wajar dari instrumen, dengan cadangan kerugian kredit ekspektasian dibukukan terpisah sebagai cadangan pada pendapatan komprehensif lain.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Intangible assets (continued)

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Amortisation is recognised in profit or loss on a straight-line method over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is 3-5 years.

p. Identification and measurement of impairment of financial assets

Expected credit losses ("ECL") are recognised for loans and advances to banks and customers, non-trading reverse repurchase agreements, other financial assets held at amortised cost, debt instrument measured at fair value through other comprehensive income ("FVOCI"), and certain loan commitments and financial guarantee contracts. At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). Financial assets where 12-month ECL is recognised are considered to be *stage 1*; financial assets which are considered to have experienced a significant increase in credit risk are in *stage 2*; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in *stage 3*.

For assets measured at amortised cost, the balance sheet amount reflects the gross asset less the expected credit losses. For debt instruments held at FVOCI, the balance sheet amount reflects the instrument's fair value, with the expected credit loss allowance held as a separate reserve within other comprehensive income.

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3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)

p. Identifikasi dan pengukuran penurunan nilai aset keuangan (lanjutan)

Pengukuran ECL

Penilaian risiko kredit, dan estimasi ECL, adalah tidak bias dan probabilitas-tertimbang, dan menggabungkan semua informasi yang tersedia yang relevan terhadap penilaian termasuk informasi tentang peristiwa masa lalu, kondisi terkini dan prakiraan peristiwa masa depan yang wajar dan terdukung dan kondisi ekonomi saat tanggal pelaporan. Sebagai tambahan, estimasi ECL harus memperhitungkan nilai waktu dari uang.

Secara umum, Bank menghitung ECL menggunakan 3 komponen utama: *probability of default* ('PD') – probabilitas gagal bayar, *loss given default* ('LGD') – kerugian akibat gagal bayar, dan *the exposure at default* ('EAD') – eksposur saat gagal bayar

ECL 12-bulan dihitung dengan perkalian PD 12-bulan, LGD dan EAD. ECL sepanjang umur dihitung menggunakan PD sepanjang umur. PD 12-bulan dan PD sepanjang umur merepresentasikan probabilitas terjadinya gagal bayar dalam 12 bulan kedepan dan sisa jangka waktu maturitas instrumen keuangan.

a. *Probability of Default (PD)*

Probabilitas yang timbul di suatu waktu dimana debitur mengalami gagal bayar, dikalibrasikan sampai dengan periode 12 bulan dari tanggal laporan (Stage 1) atau sepanjang umur (Stage 2 dan 3) dan digabungkan pada dampak asumsi ekonomi masa depan yang memiliki risiko kredit. PD diestimasi pada *point in time* dimana hal ini berfluktuasi sejalan dengan siklus ekonomi.

b. *Loss Given Default (LGD)*

Kerugian yang diperkirakan akan timbul dari debitur yang mengalami gagal bayar dengan menggabungkan dampak dari asumsi ekonomi masa depan yang relevan (jika ada) dimana hal ini mewakili perbedaan antara arus kas kontraktual yang akan jatuh tempo dengan arus kas yang diharapkan untuk diterima. Bank mengestimasi LGD berdasarkan data historis dari tingkat pemulihan dan memperhitungkan pemulihan yang berasal dari jaminan terhadap aset keuangan dengan mempertimbangkan asumsi ekonomi di masa depan jika relevan.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Identification and measurement of impairment of financial assets (continued)

Measurement of ECL

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information that is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

In general, the Bank calculates ECL using three main components: a probability of default ('PD'), a loss given default ('LGD') and the exposure at default ('EAD').

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the financial instrument respectively.

a. *Probability of Default (PD)*

The probability at a point in time that a counterparty will default, calibrated over up to 12 months from the reporting date (Stage 1) or over the lifetime of the product (Stage 2 and 3) and incorporating the impact of forward-looking economic assumptions that have an effect on credit risk. PD is estimated at a point in time that means it will fluctuate in line with the economic cycle.

b. *Loss Given Default (LGD)*

The loss that is expected to arise on default, incorporating the impact of relevant forward looking economic assumptions (if any), which represents the difference between the contractual cash flows due and those that the Bank expects to receive. The Bank estimates LGD based on the historical recovery rates and considers the recovery of any collateral that is integral to the financial assets, taking into account forward looking economic assumptions if relevant.

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**p. Identifikasi dan pengukuran penurunan nilai aset keuangan (lanjutan)**

**Pengukuran ECL (lanjutan)**

**c. Exposure at Default (EAD)**

Perkiraan nilai eksposur neraca pada saat gagal bayar dengan mempertimbangkan bahwa perubahan ekspektasi yang diharapkan selama masa eksposur. Hal ini menggabungkan dampak penarikan fasilitas yang *committed* pembayaran pokok dan bunga, amortisasi dan pembayaran dipercepat, bersama dengan dampak asumsi ekonomi masa depan jika relevan.

**Kerugian kredit ekspektasian 12 bulan (Stage 1)**

ECL diakui pada saat pengakuan awal instrumen keuangan dan merepresentasikan kekurangan kas sepanjang umur aset yang timbul dari kemungkinan gagal bayar di masa yang akan datang dalam kurun waktu 12 bulan sejak tanggal pelaporan. ECL terus ditentukan oleh dasar ini sampai timbul peningkatan risiko kredit yang signifikan pada instrumen tersebut atau instrumen tersebut telah mengalami penurunan nilai kredit. Jika suatu instrumen tidak lagi dianggap menunjukkan peningkatan risiko kredit yang signifikan, maka ECL dihitung kembali berdasarkan basis 12 bulan.

**Peningkatan risiko kredit yang signifikan (Stage 2)**

Jika aset keuangan mengalami peningkatan risiko kredit yang signifikan ("SICR") sejak pengakuan awal, kerugian kredit ekspektasian diakui atas kejadian gagal bayar yang mungkin terjadi sepanjang umur aset. Peningkatan signifikan dalam risiko kredit dinilai dengan membandingkan risiko gagal bayar terjadi pada tanggal pelaporan dibandingkan pada saat pengakuan awal, dengan memperhitungkan informasi yang wajar dan didukung, termasuk informasi tentang peristiwa masa lalu, kondisi terkini dan kondisi ekonomi masa depan. Analisis risiko kredit adalah multifaktor dan penentuan apakah suatu faktor spesifik adalah relevan dan bobotnya dibanding dengan faktor-faktor lain bergantung pada tipe produk, karakteristik instrumen keuangan dan debitur, serta area geografis. Oleh karena itu, tidak mungkin untuk menyediakan satu set kriteria yang akan menentukan apa yang dianggap sebagai peningkatan signifikan dalam risiko kredit dan kriteria ini akan berbeda untuk tipe pinjaman yang berbeda, khususnya antara ritel dan *wholesale*.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**p. Identification and measurement of impairment of financial assets (continued)**

**Measurement of ECL (continued)**

**c. Exposure at Default (EAD)**

The expected balance sheet exposure at the time of default, taking into account that expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation and prepayments, together with the impact of forward looking economic assumptions where relevant.

**12-month expected credit losses (Stage 1)**

ECL are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to twelve months into the future from the reporting date. ECL continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, ECL will revert to being determined on a 12-month basis.

**Significant increase in credit risk (Stage 2)**

If a financial asset experiences a significant increase in credit risk ("SICR") since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset. Significant increase in credit risk is assessed by comparing the risk of default occurring at the reporting date compared to that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The analysis of credit risk is multifactor and the determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower, and the geographical region. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk and these criteria will differ for different types of lending, particularly between retail and *wholesale*.

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3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)

p. Identifikasi dan pengukuran penurunan nilai aset keuangan (lanjutan)

Pengukuran ECL (lanjutan)

Peningkatan risiko kredit yang signifikan (Stage 2) (lanjutan)

Akan tetapi, kecuali telah diidentifikasi lebih awal, semua aset keuangan dianggap telah mengalami peningkatan signifikan dalam risiko kredit ketika telah 30 hari menunggak.

Bank menggunakan berbagai pengukuran kualitatif dan kuantitatif dalam menilai SICR seperti berikut:

**Wholesale Banking**

a. Kriteria kuantitatif

Peningkatan yang signifikan pada risiko kredit di instrumen keuangan diidentifikasi dengan melihat pada perubahan risiko gagal bayar debitur antara penurunan nilai pada tanggal pelaporan dengan tanggal awal mulai instrumen. Peningkatan risiko kredit diukur dengan membandingkan estimasi RAT FPD (*Residual Term Average – Forward Probability of Default*) pada instrumen awal (RAT FPD awal) dengan RAT FPD pada periode pelaporan (RAT FPD pelaporan) dan menentukan apakah pergerakan antara keduanya melebihi ambang batas peningkatan signifikan dalam risiko kredit.

Perubahan CRR antara tanggal awal dan tanggal pelaporan, untuk melihat apakah perubahannya sudah melebihi ambang batas yang sudah ditentukan.

b. Kriteria kualitatif

Semua debitur yang digolongkan sebagai *Worry* atau *Watch* pada akhir periode pelaporan harus dialokasikan ke stage 2 untuk dilakukan perhitungan ECL sepanjang umur terlepas dari apakah indikator utama yang merupakan peningkatan signifikan dalam ambang batas risiko kredit telah dilanggar atau tidak. Ini juga mencakup semua fasilitas baru yang dapat diberikan kepada debitur setelah dimasukkan dalam daftar WWM (*Watch Worry Monitor*).

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Identification and measurement of impairment of financial assets (continued)

Measurement of ECL (continued)

Significant increase in credit risk (Stage 2) (continued)

However, unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due.

The Bank uses a number of qualitative and quantitative measures in assessing SICR as follows:

**Wholesale Banking**

a. Quantitative criteria

The significant increase in Credit Risk of financial instruments is quantified by looking at changes in obligors default risk between the impairment reporting data and the instrument's start data. The increase in credit risk is measured by comparing the RAT FPD (*Residual Term Average – Forward Probability of Default*) estimated at instrument origination (Origination RAT FPD) against RAT FPD at reporting period (Reporting RAT FPD) and determining if the movement between the two exceeds the significant increase in credit risk threshold.

CRR changes between origination and reporting data, to see whether the movement already exceed the threshold determined.

b. Qualitative criteria

All debtors classified as *Worry* or *Watch* at the end of reporting period must be allocated to stage 2 in order to receive a lifetime ECL calculation, irrespective of whether the primary indicator has breached the significant increase in credit risk threshold or not. This will also include any facilities that may be granted to the obligor after being put on the WWM (*Watch Worry Monitor*) list.

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3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)

p. Identifikasi dan pengukuran penurunan nilai aset keuangan (lanjutan)

Peningkatan risiko kredit yang signifikan (Stage 2) (lanjutan)

**Wholesale Banking** (lanjutan)

Bank menggunakan berbagai pengukuran kualitatif dan kuantitatif dalam menilai SICR seperti berikut (lanjutan):

b. Kriteria kualitatif (lanjutan)

Semua instrumen yang menunggak 30 hari pada akhir periode pelaporan harus dialokasikan ke stage 2 untuk dilakukan perhitungan ECL sepanjang umur, terlepas dari apakah indikator utama yang merupakan peningkatan signifikan dalam ambang batas risiko kredit telah dilanggar atau tidak, atau debitur ditempatkan pada daftar *Worry* atau *Watch*.

**Retail Banking**

a. Kriteria kuantitatif

Akun-akun dengan 30 hari tunggakan (DPD) atau yang masuk dalam segmen yang berada di bawah *marginal* segmen dianggap telah mengalami peningkatan risiko kredit yang signifikan. Segmentasi dilakukan secara berkala dengan menggunakan (namun tidak terbatas pada) DPD, *behavior score* maupun sisa jangka waktu pinjaman.

b. Kriteria kualitatif

Debitur dengan DPD kurang dari 30 hari yang telah direstrukturisasi atau berada dalam indikasi awal Risiko Tinggi pada portofolio Retail dianggap memiliki kenaikan signifikan atas kredit risiko.

Khusus untuk debitur yang terkena dampak COVID-19 dan dalam program restrukturisasi COVID-19, maka untuk perhitungan ECL tidak secara otomatis memicu peningkatan risiko kredit yang signifikan.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Identification and measurement of impairment of financial assets (continued)

**Significant increase in credit risk (Stage 2)** (continued)

**Wholesale Banking** (continued)

The Bank uses a number of qualitative and quantitative measures in assessing SICR as follows (continued):

b. Qualitative criteria (continued)

All instruments that are 30 days in arrears at the end of reporting period must be allocated to stage 2 in order to receive a lifetime ECL calculation, irrespective of whether or not the primary indicator has breached the significant increase in credit risk threshold, or the obligor has been placed on the *Worry* or *Watch* list.

**Retail Banking**

a. Quantitative criteria

Accounts that are 30 days past due (DPD) or accounts below marginal segment are considered to have experienced a significant increase in credit risk. Periodically segmentation performed based on (but not limited to) DPD, *behavior score* or remaining tenure of the loan.

b. Qualitative criteria

Debtors with DPD less than 30 days which have been restructured or included in High Risk early indicator in Retail portfolio are considered to have a significant increase in credit risk.

Specifically for debtors impacted by COVID-19 and under COVID-19 restructuring program, in term of the ECL calculation, it may not automatically trigger a significant increase in credit risk.

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**p. Identifikasi dan pengukuran penurunan nilai aset keuangan (lanjutan)**

**Eksposur yang mengalami penurunan nilai kredit atau gagal bayar (Stage 3)**

Bank menentukan bahwa suatu instrumen keuangan mengalami kredit memburuk dan masuk ke 'stage 3' dengan mempertimbangkan bukti objektif yang relevan, terutama apakah pembayaran kontraktual pokok ataupun bunga telah menunggak lebih dari 90 hari, apakah ada indikasi lain bahwa peminjam kemungkinan tidak dapat membayar seperti diberikannya konsesi kepada peminjam untuk alasan ekonomi atau hukum sehubungan dengan kondisi keuangan peminjam, atau pinjaman dianggap telah gagal bayar. Jika kemungkinan tidak dapat membayar tidak teridentifikasi pada tingkat awal, hal ini peminjam, atau pinjaman dianggap telah gagal bayar. Jika kemungkinan tidak dapat membayar tidak teridentifikasi pada tingkat awal, hal ini dianggap terjadi ketika eksposur telah 90 hari menunggak. Oleh karena itu definisi kredit memburuk dan gagal bayar disesuaikan sejauh mungkin sehingga stage 3 mewujudkan semua pinjaman yang dianggap telah gagal bayar atau kredit memburuk.

Pendapatan bunga diakui dengan mengaplikasikan suku bunga efektif pada jumlah biaya diamortisasi, yaitu jumlah tercatat bruto dikurangi penyisihan ECL.

**Periode ECL diukur**

Maksimum periode yang dipertimbangkan ketika mengukur ECL (12-bulan ataupun sepanjang umur) adalah periode maksimum kontraktual Bank terekspos risiko kredit. Akan tetapi, dimana instrumen keuangan termasuk komitmen yang telah ditarik maupun yang belum ditarik dan kemampuan kontraktual untuk meminta pembayaran kembali dan membatalkan komitmen yang belum ditarik tidak membantu membatasi eksposur Bank atas risiko kredit ke periode notifikasi kontraktual, maka periode kontraktual tidak menentukan periode maksimum yang dipertimbangkan. Melainkan, ECL diukur selama periode Bank tetap terekspos ke risiko kredit yang tidak dimitigasi oleh aksi manajemen risiko kredit.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**p. Identification and measurement of impairment of financial assets (continued)**

**Credit impaired (or defaulted) exposures (Stage 3)**

The Bank determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether contractual payments of either principal or interest are past due for more than 90 days, whether there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition, or the loan is otherwise considered to be in default. If such unlikelihood to pay is not identified at an earlier stage, it is deemed to occur when an exposure otherwise considered to be in default. If such unlikelihood to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Therefore the definitions of credit impaired and default are aligned as far as possible so that stage 3 represents all loans which are considered defaulted or otherwise credit-impaired.

Interest income is recognised by applying the effective interest rate to the amortised cost amount, i.e. gross carrying amount less ECL allowance.

**Period over which ECL is measured**

The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which the Bank is exposed to credit risk. However, where the financial instrument includes both a drawn and undrawn commitment and the contractual ability to demand repayment and cancel the undrawn commitment does not serve to limit the Bank's exposure to credit risk to the contractual notice period, the contractual period does not determine the maximum period considered. Instead, ECL is measured over the period the Bank remains exposed to credit risk that is not mitigated by credit risk management actions.



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p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)

**Input ekonomi *forward-looking***

Bank menerapkan beberapa skenario ekonomi global *forward-looking* yang ditentukan dengan referensi kepada distribusi perkiraan eksternal yang merepresentasikan perkiraan kondisi ekonomi. Pendekatan tersebut dinilai memadai untuk menghitung kerugian ekspektasian yang tidak bias di dalam berbagai lingkungan ekonomi. Dalam kondisi ekonomi tertentu, analisis tambahan diperlukan untuk memperoleh skenario-skenario tambahan, untuk mencerminkan berbagai kemungkinan-kemungkinan keluaran ekonomi yang memadai untuk estimasi yang tidak bias.

Akun kredit bermasalah dikelola oleh unit LMU. Ketika ada sejumlah kewajiban debitur yang dianggap tidak bisa diselesaikan, maka cadangan kerugian penurunan nilai kredit Stage 3 akan dibuat. Cadangan kerugian penurunan nilai Stage 3 ini adalah selisih antara jumlah pinjaman yang tercatat dan probabilitas tertimbang nilai sekarang dari estimasi arus kas masa depan yang telah dihitung menggunakan minimum dua skenario (antara lain dari hasil penyelesaian membaik, memburuk, sentral atau perkiraan dasar serta terburuk) dimana Bank akan memberikan bobot probabilitas individu untuk setiap skenario pemulihan yang diidentifikasi berdasarkan rencana *workout* untuk masing-masing debitur individu. Proyeksi arus kas juga mencakup jaminan yang dapat direalisasi, nilai-nilai yang digunakan akan memperhitungkan dampak dari informasi ekonomi di masa mendatang (*forward looking*). Keadaan dari masing-masing debitur secara individu dipertimbangkan ketika LMU memperkirakan arus kas masa depan dan kapan penyelesaian kewajiban diterima dengan memasukkan unsur pertimbangan yang signifikan.

**Komitmen Kredit dan Jaminan Keuangan**

Kerugian kredit ekspektasian atas komitmen kredit yang diberikan dan jaminan keuangan diakui pada liabilitas lain-lain. Jika instrumen keuangan mencakup komponen aset keuangan dan komitmen yang belum ditarik dan tidak dapat dipisahkan atas kerugian kredit ekspektasian pada komponen ini, jumlah kerugian kredit atas komitmen tersebut diakui bersamaan dengan kerugian kredit atas aset keuangan. Dalam kondisi jumlah kerugian kredit ekspektasian gabungan melebihi jumlah tercatat bruto dari aset keuangan, maka kerugian kredit ekspektasian diakui sebagai liabilitas lain-lain.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING  
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p. Identification and measurement of impairment  
of financial assets (continued)

**Forward-looking economic inputs**

The Bank applies multiple forward-looking global economic scenarios determined with reference to external forecast distributions representative of forecast economic conditions. This approach is considered sufficient to calculate unbiased expected loss in most economic environments. In certain economic environments, additional analysis may be necessary and may result in additional scenarios or adjustments, to reflect a range of possible economic outcomes sufficient for an unbiased estimate.

Credit impaired accounts are managed by the LMU unit. Where any amount is considered irrecoverable, a Stage 3 credit impairment provision is raised. This Stage 3 provision is the difference between the loan carrying amount and the probability weighted present value of estimated future cash flows, reflecting minimum 2 scenarios (among others typically the upside, downside, central or base case, and worst outcomes) where the Bank assigns individual probability weighting for each recovery scenario that has been identified based on the workout plan for each individual. The cash flows projection realisable collateral, the values used will incorporate the impact of forward looking economic information. The individual circumstances of each debtor are considered when the LMU estimates future cash flows and timing of future recoveries which involve significant judgment.

**Loan Commitment and Financial Guarantee**

Expected credit loss on loan commitments and financial guarantees is recognised as other liabilities. Where a financial instrument includes both financial asset and an undrawn commitment and it is not possible to separately identify the expected credit loss on these components, expected credit loss amounts on the loan commitment are recognised together with expected credit loss amounts on the financial asset. To the extent the combined expected credit loss exceeds the gross carrying amount of the financial asset, the expected credit loss is recognised as other liabilities.

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**q. Identifikasi, pengukuran penurunan nilai dan  
pengukuran nilai wajar aset non-keuangan**

Nilai tercatat aset non-keuangan, selain aset pajak tangguhan, ditelaah untuk mengetahui apakah telah terjadi penurunan nilai bilamana terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset tersebut tidak dapat terpulihkan. Kerugian akibat penurunan nilai diakui sebesar selisih antara jumlah tercatat aset dengan jumlah terpulihkan dari aset tersebut.

Jumlah terpulihkan atas sebuah aset adalah jumlah yang lebih tinggi antara nilai wajar dikurangi biaya pelepasan dengan nilai pakainya. Dalam rangka mengukur penurunan nilai, aset dikelompokkan hingga kelompok aset terkecil teridentifikasi yang menghasilkan arus kas terpisah.

Setiap tanggal pelaporan, aset non-keuangan yang telah mengalami penurunan nilai ditelaah kembali untuk menentukan apakah terdapat kemungkinan pemulihan penurunan nilai. Jika terjadi pemulihan nilai, maka langsung diakui dalam laba rugi, tetapi pemulihan tersebut tidak boleh menyebabkan nilai aset melebihi nilai tercatat neto setelah penyusutan atau amortisasi, seandainya aset tidak mengalami rugi penurunan nilai pada tahun-tahun sebelumnya.

Pengukuran nilai wajar aset non-keuangan memperhitungkan kemampuan pelaku pasar untuk menghasilkan manfaat ekonomis dengan menggunakan aset dalam penggunaan tertinggi dan terbaiknya (*highest and best use*) atau dengan menjualnya kepada pelaku pasar lain yang akan menggunakan aset tersebut dalam penggunaan tertinggi dan terbaiknya.

**r. Simpanan dari nasabah dan bank-bank lain**

Simpanan dari nasabah terdiri dari giro, tabungan dan deposito berjangka.

Simpanan dari bank-bank lain terdiri dari giro, *call money* dan deposito berjangka.

Simpanan pada awalnya diukur pada nilai wajar dikurangi biaya transaksi (jika ada) yang dapat diatribusikan secara langsung untuk perolehan simpanan, dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif, kecuali jika Bank memilih untuk mencatat liabilitas pada nilai wajar melalui laba rugi.

**s. Pinjaman yang diterima dan pinjaman subordinasi**

Pinjaman yang diterima dan pinjaman subordinasi merupakan dana yang diterima dari pihak berelasi dengan kewajiban pembayaran kembali sesuai dengan persyaratan perjanjian pinjaman dan pinjaman subordinasi.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**q. Identification, measurement of impairment  
and fair value of non-financial assets**

*The carrying amount of the Bank's non-financial assets, other than deferred tax assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount.*

*Recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the smallest identifiable group of assets that generates separately identifiable cash flows.*

*At each reporting date, non-financial assets that suffered impairment are reassessed for possible reversal of the impairment. If there is a reversal of impairment, it shall be recognised immediately to profit or loss, however the reversal amount shall not cause the carrying amount of an asset exceeds the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.*

*A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.*

**r. Deposits from customers and other banks**

*Deposits from customers consist of demand deposits, saving accounts and time deposits.*

*Deposits from other banks consist of demand deposits, call money and time deposits.*

*Deposits are initially measured at fair value less directly attributable transaction costs (if any), and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss.*

**s. Borrowings and subordinated debts**

*Borrowings and subordinated debts are funds received from a related party with payment obligation based on the borrowing and subordinated debts agreements.*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**s. Pinjaman yang diterima dan pinjaman subordinasi (lanjutan)**

Pinjaman yang diterima dan pinjaman subordinasi pada awalnya diukur pada nilai wajar dikurangi biaya transaksi yang dapat diatribusikan secara langsung untuk perolehan pinjaman, dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif.

**t. Imbalan kerja**

**t.1. Liabilitas imbalan kerja jangka pendek**

Liabilitas imbalan kerja jangka pendek merupakan bonus karyawan yang akan diselesaikan dalam jangka waktu satu tahun.

Liabilitas imbalan kerja jangka pendek diukur berdasarkan jumlah tidak terdiskonto dan dibebankan pada saat jasa tersebut diberikan.

Liabilitas diakui untuk jumlah yang akan dibayar sebagai bonus jangka pendek jika Bank memiliki kewajiban hukum atau kewajiban konstruktif atas pembayaran beban tersebut sebagai akibat dari jasa masa lalu yang diberikan oleh pekerja dan kewajiban tersebut dapat diestimasi secara handal.

**t.2. Liabilitas pembayaran berbasis saham**

Karyawan tertentu berhak atas instrumen ekuitas dari HSBC Holdings plc, pemegang saham pengendali, melalui program imbalan kerja berbasis saham. Transaksi ini diperlakukan sebagai transaksi yang diselesaikan dengan instrumen ekuitas karena HSBC Holdings plc adalah pihak yang memberikan instrumen ekuitasnya sendiri untuk semua program imbalan kerja berbasis saham dalam grup.

Biaya atas program pembayaran berbasis saham diukur dengan mengacu pada nilai wajar instrumen ekuitas pada tanggal pemberian. Dikarenakan adanya pengaturan pembebanan kembali antara Bank dan HSBC Holdings plc, liabilitas atas transaksi pembayaran berbasis saham diakui pada saat kewajiban untuk melakukan pembayaran disepakati secara kontraktual.

Liabilitas diukur berdasarkan pengaturan pembayaran berbasis saham. Perubahan atas nilai wajar dari liabilitas setelah pengakuan awal hingga penyelesaian diakui sebagai perubahan kontribusi modal (dicatat sebagai bagian dari tambahan modal disetor).

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**s. Borrowings and subordinated debts (continued)**

*Borrowings and subordinated debts are initially measured at fair value less directly attributable transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.*

**t. Employee benefits**

**t.1. Short-term employee benefits obligation**

*Short-term employee benefits obligation represents employees bonus which will be paid within one year.*

*Short-term employee benefits obligation is measured on an undiscounted basis and is expensed as the related service is provided.*

*A liability is recognised for the amount expected to be paid under short-term cash bonus if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.*

**t.2. Share-based payment liabilities**

*Certain employees are eligible for equity instruments in HSBC Holdings plc, the ultimate parent entity, under share-based compensation plan. These transactions are accounted as equity settled because HSBC Holdings plc is the grantor of its equity instruments for share-based compensation plans across the group.*

*The cost of the share-based payment arrangement is measured by reference to the fair value of equity instruments at grant date. Since a recharge arrangement exists between the Bank and HSBC Holdings plc, a liability for share-based payment transactions is recognised at the point the obligation to make the payment is contractually agreed.*

*The liability is measured in accordance with the share-based payment arrangement. Any changes in the fair value of the liability from initial recognition to settlement are recognised as a changes in of capital contribution (which is recorded as part of additional paid-in capital).*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**t. Imbalan kerja (lanjutan)**

**t.2. Liabilitas pembayaran berbasis saham (lanjutan)**

Nilai wajar ditetapkan dengan menggunakan harga pasar atau teknik penilaian, dengan mempertimbangkan syarat dan ketentuan pemberian instrumen ekuitas. Kondisi kinerja pasar dipertimbangkan dalam menaksir nilai wajar instrumen ekuitas pada tanggal pemberian, sehingga pemberian tersebut dianggap telah memenuhi kondisi *vesting* tanpa memperhatikan apakah kondisi kinerja pasar tersebut terpenuhi, selama kondisi lainnya terpenuhi.

Kondisi *vesting*, selain dari kondisi kinerja pasar, tidak dipertimbangkan dalam penaksiran awal nilai wajar pada tanggal pemberian. Kondisi tersebut dipertimbangkan dengan menyesuaikan jumlah instrumen ekuitas yang diperhitungkan dalam pengukuran transaksi, sehingga nilai yang diakui untuk jasa yang diterima sebagai imbalan atas instrumen ekuitas yang diberikan didasarkan pada jumlah instrumen ekuitas yang akhirnya menjadi *vesting*. Secara kumulatif, tidak ada beban yang diakui untuk instrumen ekuitas yang tidak *vesting* karena kegagalan dalam memenuhi kondisi kinerja non-pasar atau kondisi pemberian jasa.

Ketika syarat dan ketentuan pemberian instrumen ekuitas dimodifikasi, sekurang-kurangnya, beban dari pemberian awal tetap diakui seolah-olah syarat dan ketentuan tidak dimodifikasi. Jika dampak modifikasi mengakibatkan kenaikan nilai wajar dari instrumen ekuitas yang diberikan atau kenaikan jumlah instrumen ekuitas, kenaikan nilai wajar dari instrumen yang diberikan atau kenaikan nilai wajar dari ekuitas tambahan tersebut diakui sebagai tambahan atas beban pemberian awal yang diukur pada tanggal modifikasi untuk periode *vesting* yang dimodifikasi.

**t.3. Liabilitas imbalan pasca kerja**

Sejak Januari 2017, Bank menyelenggarakan program iuran pasti.

Program iuran pasti adalah program pensiun dimana Bank membayar iuran tetap kepada sebuah entitas terpisah. Iuran ini dicatat sebagai biaya karyawan pada saat terutang. Bank tidak lagi memiliki kewajiban pembayaran lebih lanjut setelah iuran tersebut dibayarkan.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**t. Employee benefits (continued)**

**t.2. Share-based payment liabilities (continued)**

*Fair value is determined by using market prices or appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. Market performance conditions are taken into account when estimating the fair value of equity instruments at the grant date, so that an award is treated as vested irrespective of whether the market performance condition is satisfied since all other conditions are satisfied.*

*Vesting conditions, other than market performance conditions, are not taken into account in the initial estimate of the fair value at the granted date. They are taken into account by adjusting the number of equity instruments included in the measurement of the transaction, so that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On a cumulative basis, no expense is recognised for equity instruments that do not vest because of a failure to satisfy non-market performance or service conditions.*

*When the terms and conditions of granting equity instruments are modified, the expense of the original award continues to be recognised as if it had not been modified. Where the effect of a modification is to increase the fair value of an award or increase the number of equity instruments, the incremental fair value of the award or incremental fair value of the extra equity instruments is recognised as an addition to the expense of the original grant measured at the date of modification, for the modified vesting period.*

**t.3. Post-employment benefits obligation**

*Since January 2017, the Bank has defined a contribution plan.*

*A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. Contributions are recognised as personnel expenses when they are due. The Bank has no further obligations once the contributions have been paid.*

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**t. Imbalan kerja (lanjutan)**

**t.3. Liabilitas imbalan pasca-kerja (lanjutan)**

Liabilitas imbalan pensiun Bank dihitung dengan membandingkan manfaat yang akan diterima oleh karyawan dari program pensiun pada usia pensiun normal dengan manfaat yang akan diterima berdasarkan UU Ketenagakerjaan No. 13/2003 dimana telah diperbaharui menggunakan UU Cipta Kerja No. 11/2020 berdasarkan Perjanjian Kerja Bersama yang telah diperbaharui pada akhir 2021 setelah dikurangi dengan akumulasi kontribusi karyawan dan hasil investasinya. Apabila manfaat pensiun lebih kecil dari pada manfaat menurut UU Cipta Kerja No. 11/2020, maka Bank membayar kekurangan tersebut.

Program pensiun imbalan pasti adalah program pensiun yang menetapkan jumlah imbalan pensiun yang akan diterima oleh karyawan pada saat pensiun, biasanya berdasarkan pada satu faktor atau lebih seperti usia, masa kerja dan kompensasi.

Liabilitas imbalan pasca kerja yang diakui dalam laporan posisi keuangan adalah nilai kini liabilitas imbalan pasti pada tanggal laporan posisi keuangan disesuaikan dengan keuntungan atau kerugian aktuarial.

Liabilitas imbalan pasti dihitung setiap tahun oleh aktuaris independen dengan menggunakan metode *projected unit credit*.

Nilai kini liabilitas imbalan pasti ditentukan dengan mendiskontokan arus kas estimasi menggunakan tingkat bunga obligasi pemerintah (dengan pertimbangan saat ini tidak ada pasar aktif untuk obligasi korporasi berkualitas tinggi) dalam mata uang yang sama dengan mata uang imbalan yang akan dibayarkan dan waktu jatuh tempo yang kurang lebih sama dengan waktu jatuh tempo liabilitas pensiun yang bersangkutan.

Biaya bunga bersih dihitung dengan menerapkan tingkat diskonto terhadap saldo bersih kewajiban imbalan pasti dan nilai wajar aset program. Biaya ini termasuk dalam beban imbalan kerja dalam laporan laba rugi.

Pengukuran kembali yang timbul dari perubahan pada asumsi-asumsi aktuarial yang dibebankan atau dikreditkan ke ekuitas di penghasilan komprehensif lain dan disajikan bagian dari penghasilan komprehensif lain di ekuitas.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**t. Employee benefits (continued)**

**t.3. Post-employment benefits obligation (continued)**

Bank's pension liability has been calculated by comparing the benefit that will be received by an employee at normal pension age from the pension plan with the benefit as stipulated under the Labor Law No. 13/2003 which has been updated using the Job Creation Act No. 11/2020 based on the Collective Labor Agreement which was renewed at the end of 2021 after deducting accumulated employee contributions and the results of its investments. If the pension benefits from the pension plan is less than the benefit as required by the Job Creation Act No. 11/2020, the Bank will have to pay such shortage.

A defined benefits plan is a pension plan program where the pension amount to be received by employees at the time of retirement will depend on one or more factors such as age, years of service and compensation.

The post-employment benefits liability recognised in the statement of financial position in respect of a defined pension benefits plan is the present value of the defined benefits obligation at the statement of financial position date adjusted for unrecognised actuarial gain or losses.

The defined benefits obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering currently there is no active market for high quality corporate bonds) that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefits obligation and the fair value of plan assets. This cost is included in employee benefits expenses in the statement of profit or loss.

Remeasurement arising from changes in actuarial assumptions are charged or credited to equity in other comprehensive income and presented as part of other comprehensive income in equity.

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**t. Imbalan kerja (lanjutan)**

**t.3. Liabilitas imbalan pasca-kerja (lanjutan)**

Perubahan nilai kini atas kewajiban imbalan pasti yang timbul dari amendemen rencana atau pembatasan langsung diakui dalam laporan laba rugi sebagai biaya jasa lalu.

**t.4. Provisi pemutusan hubungan kerja**

Provisi pemutusan hubungan kerja terutang ketika Bank memberhentikan hubungan kerja sebelum usia pensiun normal, atau ketika seorang pekerja menerima penawaran mengundurkan diri secara sukarela dengan kompensasi imbalan pesangon. Bank mengakui pesangon pemutusan hubungan kerja pada tanggal yang lebih awal antara: i) ketika Bank tidak dapat lagi menarik tawaran atas imbalan tersebut dan ii) ketika Bank mengakui biaya untuk restrukturisasi yang berada dalam ruang lingkup PSAK 57 dan melibatkan pembayaran pesangon.

Ketika Bank menyediakan pesangon sebagai penawaran untuk mengundurkan diri secara sukarela, pesangon pemutusan hubungan kerja diukur berdasarkan jumlah karyawan yang diharapkan menerima penawaran tersebut. Imbalan yang jatuh tempo lebih dari 12 bulan setelah periode pelaporan didiskontokan menjadi nilai kininya.

**u. Beban akrual dan provisi**

Beban akrual dan provisi terdiri dari beban operasional yang masih harus dibayar, bunga yang masih harus dibayar dan provisi untuk biaya restrukturisasi termasuk provisi pemutusan hubungan kerja.

Provisi untuk biaya restrukturisasi diakui hanya jika:

- i) Bank memiliki rencana formal rinci untuk restrukturisasi dengan mengidentifikasi sekurang-kurangnya usaha atau bagian usaha yang terlibat; lokasi utama yang terpengaruh; lokasi, fungsi, dan perkiraan jumlah pegawai yang akan menerima kompensasi karena pemutusan hubungan kerja; pengeluaran yang akan terjadi; dan waktu implementasi rencana tersebut.
- ii) Bank menciptakan perkiraan yang valid kepada pihak-pihak yang terkena dampak restrukturisasi bahwa Bank akan melaksanakan restrukturisasi dengan memulai implementasi rencana tersebut atau mengumumkan pokok-pokok rencana.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**t. Employee benefits (continued)**

**t.3. Post-employment benefits obligation  
(continued)**

Changes in the present value of defined benefits obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service cost.

**t.4. Termination provisions**

Termination provisions are payable when the Bank terminates employment before the normal retirement date, or when an employee accepts an offer of voluntary redundancy with termination benefits. The Bank recognises termination benefits at the earlier of: i) when the Bank can no longer withdraw the offer of the termination benefits and ii) when the Bank recognises costs for restructuring within the scope of SFAS 57 and involves payment of termination benefits.

When Bank provides termination benefits as an offer for voluntary redundancy, termination benefits are measured based on the number of employees expected to accept the offer. Benefits due for more than 12 months after the reporting period are discounted to their present value.

**u. Accruals and provisions**

Accruals and provisions consist of accrued operational expenses, accrued interest expenses and provision for restructuring costs including termination provisions.

Provision for restructuring costs are recognised only when:

- i) The Bank has a detailed formal plan for the restructuring identifying at least the business or part of a business concerned; the principal location affected; the location, function, and approximate number of employees who will be compensated for terminating their services; the expenditures that will be undertaken; and when the plan will be implemented.
- ii) The Bank has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.



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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**u. Beban akrual dan provisi (lanjutan)**

iii) Jika dampak nilai waktu bersifat material, Provisi diukur sebesar nilai kini dari estimasi terbaik manajemen atas pengeluaran yang diperkirakan diperlukan untuk menyelesaikan kewajiban kini pada akhir periode pelaporan. Tingkat diskonto yang digunakan untuk menentukan nilai kini adalah tingkat diskonto sebelum pajak yang mencerminkan penilaian pasar atas nilai waktu uang dan risiko yang terkait dengan kewajiban. Peningkatan provisi karena berjalannya waktu diakui sebagai beban bunga.

**v. Modal saham**

Saham diklasifikasikan sebagai ekuitas karena tidak terdapat kewajiban kontraktual untuk mentransfer kas atau aset keuangan lainnya.

**w. Beban emisi**

Beban emisi saham disajikan sebagai bagian dari tambahan modal disetor dan tidak diamortisasi.

**x. Pendapatan dan beban bunga**

Pendapatan bunga atas aset keuangan baik yang diukur dengan nilai wajar melalui penghasilan komprehensif lain atau biaya perolehan diamortisasi dan beban bunga atas seluruh liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi, diakui pada laba rugi berdasarkan suku bunga efektif.

Suku bunga efektif adalah suku bunga yang secara tepat mendiskontokan estimasi pembayaran dan penerimaan kas di masa datang selama perkiraan umur dari aset keuangan atau liabilitas keuangan (atau, jika lebih tepat, digunakan periode yang lebih singkat) untuk memperoleh nilai tercatat dari aset keuangan atau liabilitas keuangan. Pada saat menghitung suku bunga efektif, Bank mengestimasi arus kas di masa datang dengan mempertimbangkan seluruh persyaratan kontraktual dalam instrumen keuangan tersebut, tetapi tidak mempertimbangkan kerugian kredit di masa mendatang.

Perhitungan suku bunga efektif mencakup seluruh imbalan/provisi dan bentuk lain yang dibayarkan atau diterima yang merupakan bagian tak terpisahkan dari suku bunga efektif. Biaya transaksi meliputi biaya tambahan yang dapat diatribusikan secara langsung untuk perolehan aset keuangan atau penerbitan liabilitas keuangan.

Pendapatan dan beban bunga yang disajikan di dalam laporan laba rugi meliputi bunga atas aset keuangan dan liabilitas keuangan yang dicatat pada biaya perolehan diamortisasi dan bunga atas efek-efek untuk tujuan investasi yang dihitung menggunakan suku bunga efektif.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**u. Accruals and provisions (continued)**

iii) Where the effect of the time value of money is material, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**v. Share capital**

Shares are classified as equity as there is no contractual obligation to transfer cash or other financial assets.

**w. Issuance costs**

Share issuance costs are presented as part of additional paid-in capital and are not amortised.

**x. Interest income and expenses**

Interest income for financial assets held at either fair value through other comprehensive income or amortised cost and interest expense on all financial liabilities held at amortised cost are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset or issuance of a financial liability.

Interest income and expenses presented in the statement of profit or loss include interest on financial assets and liabilities at amortised cost and interest on investment securities calculated on an effective interest method.

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**x. Pendapatan dan beban bunga (lanjutan)**

Pendapatan bunga atas aset keuangan yang diukur dengan nilai wajar melalui penghasilan komprehensif lain atau biaya diamortisasi yang mengalami penurunan nilai setelah pengakuan awal (*stage 3*) diakui berdasarkan suku bunga efektif kredit yang disesuaikan. Tingkat bunga ini dihitung dengan cara yang sama dalam perhitungan suku bunga efektif kecuali bahwa cadangan kerugian kredit ekspektasian dimasukkan dalam arus kas ekspektasian. Oleh karenanya, pendapatan bunga diakui atas aset keuangan dalam klasifikasi biaya perolehan diamortisasi dihitung berdasarkan nilai bersih setelah dikurangi kerugian kredit ekspektasian. Dalam kondisi risiko kredit atas aset keuangan *stage 3* mengalami perbaikan sehingga aset keuangan tidak lagi dipertimbangkan mengalami penurunan nilai, pengakuan pendapatan bunga dihitung berdasarkan nilai tercatat bruto aset keuangan.

**y. Pendapatan dan beban provisi dan komisi**

Pendapatan dan beban provisi dan komisi yang signifikan dan merupakan bagian integral dari suku bunga efektif atas aset keuangan atau liabilitas keuangan dimasukkan dalam perhitungan suku bunga efektif.

Pendapatan dan beban provisi dan komisi lainnya, termasuk pendapatan provisi yang terkait kegiatan ekspor impor, pendapatan provisi atas manajemen kas, pendapatan provisi atas jasa dan/atau mempunyai jangka waktu tertentu dan jumlahnya signifikan, diakui sebagai pendapatan ditangguhkan/beban dibayar dimuka dan diamortisasi dengan menggunakan metode garis lurus selama jangka waktunya; jika tidak, pendapatan dan beban provisi dan komisi lainnya langsung diakui pada saat jasa diberikan. Atas komitmen kredit yang tidak diharapkan adanya penarikan kredit, provisi dari komitmen kredit tersebut diakui berdasarkan metode garis lurus selama jangka waktu komitmen.

Beban provisi dan komisi lainnya yang terutama terkait dengan provisi transaksi antar bank diakui sebagai beban pada saat jasa tersebut diterima.

**z. Pendapatan bersih instrumen yang diperdagangkan**

Pendapatan bersih instrumen yang diperdagangkan terdiri dari laba dikurangi rugi atas aset dan liabilitas keuangan yang dimiliki untuk diperdagangkan, dan termasuk perubahan nilai wajar yang sudah ataupun yang belum direalisasi, selisih kurs, serta pendapatan dan beban bunga yang terkait.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**x. Interest income and expenses (continued)**

Interest income for financial assets that are either held at fair value through other comprehensive income or amortised cost that have become credit impaired subsequent to initial recognition (*stage 3*) is recognised using the credit adjusted effective interest rate. This rate is calculated in the same manner as the effective interest rate except that expected credit losses are included in the expected cash flows. Therefore, interest income on financial assets measured at amortised cost is recognised based on the net amount after deducting with the expected credit losses. When the credit risk on a *stage 3* financial asset improve such that the financial asset is no longer considered credit impaired, interest income recognition reverts to a computation based on the rehabilitated the carrying value of the gross financial asset.

**y. Fees and commissions income and expenses**

Significant fees and commissions income and expenses that are integral to the effective interest rate on a financial assets or financial liabilities are included in the measurement of the effective interest rate.

Other fees and commissions income and expenses, including export import related fees, cash management fees, service fees and/or related to a specific period and the amount is significant, are recognised as unearned income/prepaid expenses and amortised based on the straight-line method over the terms of the related transactions; otherwise, they are directly recognised as the related services are performed. For loan commitments where there is no expected loan drawdown, the loan commitment provisions are recognised on a straight-line basis over the commitment period.

Other fees and commissions expenses which are mainly related to inter-bank transaction fees are expensed when the services are received.

**z. Net trading income**

Net trading income comprises gains less losses related to financial assets and liabilities held for trading, and includes all realised and unrealised fair value changes, foreign exchange differences, together with the related interest income and expenses.

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3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)

aa. Dividen

Pembagian dividen diakui sebagai liabilitas ketika dividen tersebut dideklarasikan dan disetujui oleh Rapat Umum Pemegang Saham. Pembagian dividen interim diakui sebagai liabilitas ketika dividen disetujui berdasarkan keputusan rapat Direksi sesuai dengan Anggaran Dasar Perseroan.

ab. Dampak reformasi IBOR

Setelah krisis keuangan, reformasi dan penggantian suku bunga acuan seperti USD LIBOR dan *Interbank Offered Rate* ("IBOR") yang lain telah menjadi prioritas bagi regulator global. Bank saat ini memiliki sejumlah kontrak yang mengacu pada USD LIBOR dengan periode jatuh tempo melampaui Juni 2023.

Kontrak-kontrak ini diungkapkan dalam tabel di bawah ini:

	31 Desember / December 2022	
	Aset / Assets	Liabilitas / Liabilities
Pinjaman subordinasi	-	1.167.563
Kredit	1.077.658	-
Total aset dan liabilitas yang terekspos terhadap USD LIBOR	1.077.658	1.167.563
Instrumen keuangan derivatif (nosional)	4.825.555	-

SOFR (*Secured Overnight Financing Rate*) akan menggantikan LIBOR USD. Terdapat perbedaan utama antara USD LIBOR dan SOFR. USD LIBOR adalah *term rate*, yang berarti diterbitkan untuk periode pinjaman (seperti: tiga bulanan atau enam bulanan) dan *forward looking*, karena diterbitkan pada awal periode pinjaman. Sementara SOFR merupakan *backward-looking rates* berdasarkan *overnight rates* dari transaksi aktual, dan diterbitkan pada akhir periode *overnight borrowing*. Selanjutnya, LIBOR mencakup *spread* kredit di atas tingkat bebas risiko, yang saat ini tidak dimiliki oleh SOFR. Untuk transisi dari kontrak dan perjanjian kini yang merujuk pada USD LIBOR ke SOFR, penyesuaian untuk perbedaan jangka waktu dan perbedaan kredit mungkin perlu diterapkan ke SOFR, untuk memungkinkan kedua suku bunga acuan menjadi setara secara ekonomi pada transisi.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

aa. Dividend

Dividend distributions are recognised as a liability when the dividends are declared and approved in the General Meeting of the Shareholders. Interim dividend distributions are recognised as a liability when the dividends are approved based on a Board of Directors' resolution in accordance with the Bank's Articles of Association.

ab. Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as USD LIBOR and *Interbank Offered Rate* ("IBOR") other has become a priority for global regulators. The Bank currently has a number of contracts which reference USD LIBOR and extend beyond June 2023.

These contracts are disclosed within the table below:

	31 Desember / December 2022	
	Aset / Assets	Liabilitas / Liabilities
Pinjaman subordinasi	-	1.167.563
Kredit	1.077.658	-
Total aset dan liabilitas yang terekspos terhadap USD LIBOR	1.077.658	1.167.563
Instrumen keuangan derivatif (nosional)	4.825.555	-

SOFR (*Secured Overnight Financing Rate*) will replace USD LIBOR. There remain key differences between USD LIBOR and SOFR. USD LIBOR is a *term rate*, which means that it is published for a borrowing period (such as: three months or six months) and is *forward looking*, because it is published at the beginning of the borrowing period. SOFR is currently a *backward-looking rate*, based on overnight rates from actual transactions, and it is published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which SOFR currently does not. To transition from existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition.

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**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**ab. Dampak reformasi IBOR (lanjutan)**

Selama tahun 2021, Bank menetapkan rencana proyek transisi LIBOR USD. Proyek transisi ini telah dinilai perubahan pada sistem, proses, manajemen risiko dan model penilaian, serta mengelola implikasi pajak dan akuntansi terkait. Pada tanggal 31 Desember 2022, perubahan yang diperlukan pada sistem, model dan proses masih berlangsung sesuai rencana internal Bank. Ada komunikasi dengan *swap* dan *debt counterparties*, namun diskusi lebih lanjut masih berjalan untuk konversi ke suku bunga acuan baru. Risiko yang timbul dari transisi terutama terkait dengan potensi dampak perbedaan suku bunga jika utang dan kontrak *swap* terkait tidak beralih ke suku bunga acuan baru pada saat yang sama dan/atau suku bunga bergerak dengan jumlah yang berbeda. Hal ini dapat mengakibatkan beban kas bersih ke Bank sebagai akibat dari transisi IBOR, khususnya di mana transisi *swap* di bawah protokol *International Swaps and Derivative Association* ('ISDA') pada tanggal yang lebih awal.

**4. MANAJEMEN RISIKO**

**a. Pendahuluan dan gambaran umum**

Bank memiliki eksposur terhadap risiko-risiko utama sebagai berikut:

- Risiko kredit;
- Risiko pasar;
- Risiko likuiditas;
- Risiko operasional.

Catatan ini menyajikan informasi mengenai eksposur Bank terhadap setiap risiko di atas, tujuan dan kebijakan yang dilakukan oleh Bank dalam mengukur dan mengelola risiko.

Direksi memiliki tanggung jawab penuh atas penetapan dan pengawasan kerangka manajemen risiko Bank untuk memastikan bahwa risiko Bank telah dikelola dengan tepat.

**Kerangka manajemen risiko**

Manajemen telah membentuk:

- Komite Audit;
- Komite Pemantau Risiko;
- *Assets and Liabilities Committee* (ALCO);
- Komite Manajemen Risiko (RMC);
- Komite Manajemen Risiko Terintegrasi.

Komite Audit dan Komite Pemantau Risiko masing-masing melapor kepada Dewan Komisaris (BOC), sedangkan ALCO dan RMC melapor kepada Direksi (BOD) atas kegiatannya.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ab. Effect of IBOR reform (continued)**

During 2021, the Bank established a USD LIBOR transition project plan. This transition project has been assessed changes to systems, processes, risk management and valuation models, as well as managing any related tax and accounting implications. As at 31 December 2022, changes required to systems, models, and processes are progressing as per the Bank's internal plan. There have been general communications with *swap* and *debt counterparties*, but further discussion for conversion to new benchmark rate is still progressing. Risks arising from the transition relate principally to the potential impact of rate differences if the debt and related swaps contracts do not transition to the new benchmark interest rate at the same time and/or the rates move by different amounts. This could result in a net cash expense to the Bank as a result of IBOR transition, in particular where swaps transition under the *International Swaps and Derivative Association* ('ISDA') protocols at an earlier date.

**4. RISK MANAGEMENT**

**a. Introduction and overview**

The Bank has exposure to the following main risks:

- Credit risk;
- Market risk;
- Liquidity risk;
- Operational risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives and policies for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework to ensure that the Bank's risks are managed in a sound manner.

**Risk management framework**

The Management has established:

- Audit Committee;
- Risk Oversight Committee;
- *Assets and Liabilities Committee* (ALCO);
- Risk Management Committee (RMC);
- Integrated Risk Management Committee.

Audit Committee and Risk Oversight Committee report to the Board of Commissioners (BOC), while ALCO and RMC report to the Board of Directors (BOD) on their activities.

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**4. MANAJEMEN RISIKO (lanjutan)**

**a. Pendahuluan dan gambaran umum (lanjutan)**

**Kerangka manajemen risiko (lanjutan)**

Selain itu, Bank juga telah membentuk Satuan Kerja Manajemen Risiko yang bertanggung jawab untuk mengembangkan dan memantau kebijakan manajemen risiko Bank atas masing-masing areanya.

Kebijakan manajemen risiko Bank dibentuk untuk mengidentifikasi dan menganalisis risiko-risiko yang dihadapi Bank, untuk menentukan batasan dan pengendalian risiko yang sesuai dan untuk mengawasi risiko dan kepatuhan terhadap batasan yang telah ditetapkan. Kebijakan dan sistem manajemen risiko dikaji secara berkala untuk mencerminkan perubahan pada kondisi pasar, produk dan jasa yang ditawarkan. Bank melalui berbagai pelatihan serta standar dan prosedur pengelolaan, berusaha untuk mengembangkan lingkungan pengendalian yang teratur dan konstruktif, dimana seluruh karyawan memahami peran dan tanggung jawab mereka.

Sesuai dengan Peraturan OJK mengenai Implementasi *Good Corporate Governance* bagi Bank Umum, Komite Audit memiliki tanggung jawab paling sedikit:

- (i) Melakukan pemantauan dan evaluasi atas perencanaan dan pelaksanaan audit serta pemantauan atas tindak lanjut hasil audit dalam rangka menilai kecukupan pengendalian intern, termasuk kecukupan proses pelaporan keuangan;
- (ii) Dalam rangka melaksanakan tugas sebagaimana dimaksud pada di atas, Komite Audit wajib melakukan pemantauan dan evaluasi paling sedikit terhadap:
  - a. Pelaksanaan tugas satuan kerja audit intern.
  - b. Kesesuaian pelaksanaan audit oleh kantor akuntan publik dengan standar audit.
  - c. Kesesuaian laporan keuangan dengan standar akuntansi keuangan.
  - d. Pelaksanaan tindak lanjut oleh Direksi atas hasil temuan satuan kerja audit intern, akuntan publik, dan hasil pengawasan Otoritas Jasa Keuangan, guna memberikan rekomendasi kepada Dewan Komisaris;

**4. RISK MANAGEMENT (continued)**

**a. Introduction and overview (continued)**

**Risk management framework (continued)**

*In addition, the Bank has also established Risk Management Working Unit who are responsible for developing and monitoring the Bank's risk management policies in their specified areas.*

*The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.*

*Subject to FSA regulation concerning the Implementation of Good Corporate Governance for Commercial Bank, the Audit Committee has main responsibilities at least:*

- (i) Audit Committee shall be obligated to perform monitoring and evaluation upon the planning and performance of as well as monitoring upon the follow up of result of audit in the framework of assessing the adequacy of internal control, including adequacy of process of financial reporting;*
- (ii) In the framework of performing the duties as referred to the above paragraph, Audit Committee shall be obligated to perform monitoring and evaluation at least to the:*
  - a. Performance of duties of internal audit work unit.*
  - b. Conformity of performance of audit by public accounting firm with audit standards.*
  - c. Conformity of financial statements with the financial accounting standards.*
  - d. Performance of follow up by the Board of Directors upon the result of finding of internal audit work unit, public accountant, and result of FSA supervision, in order to provide recommendation to the Board of Commissioners;*

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**4. MANAJEMEN RISIKO (lanjutan)**

**a. Pendahuluan dan gambaran umum (lanjutan)**

**Kerangka manajemen risiko (lanjutan)**

- (iii) Komite Audit wajib memberikan rekomendasi mengenai penunjukan akuntan publik dan kantor akuntan publik kepada Dewan Komisaris untuk disampaikan kepada RUPS.

Komite Pemantau Risiko memiliki tanggung jawab utama antara lain adalah:

- (i) Evaluasi tentang kesesuaian antara kebijakan manajemen risiko dengan pelaksanaan kebijakan Bank.
- (ii) Pemantauan dan evaluasi pelaksanaan tugas komite manajemen risiko dan satuan kerja manajemen risiko guna memberikan rekomendasi kepada Dewan Komisaris dalam hal:
  - a. Perihal yang Terkait Risiko
  - b. *Risk Appetite*
  - c. *Stress Testing*
  - d. Kerangka *Enterprise Risk Management* dan Sistem Pengendalian Intern
- e. Direktur Manajemen Risiko dan Fungsi Manajemen Risiko
- f. Audit Intern
- g. Audit Ekstern
- h. Laporan Tahunan

ALCO merupakan sarana utama untuk mencapai tujuan dalam mengelola aset, liabilitas dan modal sedemikian rupa dengan memperhatikan risiko terkait untuk tujuan penggunaan secara efisien dan optimum. Tujuan utama dari ALCO adalah:

- (i) Memberikan arahan dan meyakinkan penerapan strategi untuk mengelola komposisi posisi keuangan dan struktur pendanaan Bank pada kondisi normal dan *stress*;
- (ii) Memonitor risiko-risiko dan pengaruh dari kondisi pasar;
- (iii) Menyediakan sarana untuk mendiskusikan masalah ALCO;
- (iv) Memfasilitasi kerjasama antara bisnis/departemen yang berbeda;
- (v) Menyelesaikan isu antar departemen seperti *transfer pricing* dan alokasi sumber daya;
- (vi) Menelaah sumber dan alokasi pendanaan secara keseluruhan;
- (vii) Melakukan perencanaan ke depan dan menentukan lingkungan perbankan yang paling sesuai untuk perencanaan aset/liabilitas di masa depan dan menelaah skenario kontinjensi; dan
- (viii) Mengevaluasi skenario alternatif tingkat suku bunga, harga dan kombinasi portofolio; menelaah distribusi aset/liabilitas dan jatuh temponya.

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**4. RISK MANAGEMENT (continued)**

**a. Introduction and overview (continued)**

**Risk management framework (continued)**

- (iii) Audit Committee shall be obligated to provide recommendation regarding the appointment of public accountant and public accounting firm to the Board of Commissioners to be submitted to the General Meeting of Shareholders.

The Risk Oversight Committee has main responsibilities among others are:

- (i) Evaluation to the conformity between policy on risk management and implementation of policies of the Bank.
- (ii) Monitoring and evaluation to the performance of duties of risk management committee and risk management work unit in order to provide recommendation to the Board of Commissioners on:
  - a. Risk-Related Matter
  - b. *Risk Appetite*
  - c. *Stress Testing*
  - d. Enterprise Risk Management Framework and Internal Control System
- e. Risk Management Director and Risk Management Function
- f. Internal Audit
- g. External Audit
- h. Annual Report

The ALCO is the primary vehicle for achieving the objectives of managing assets, liabilities and capital with the consideration of related risks for the purpose of efficient and optimum utilisation. The main purposes of the ALCO are to:

- (i) Provide direction and ensure tactical follow-through to manage the Bank's balance sheet composition and funding structure under normal and stressed conditions;
- (ii) Monitor the risks and market influences;
- (iii) Provide a forum for discussing ALCO issues;
- (iv) Facilitate teamwork between different businesses/departments;
- (v) Resolve departmental interface issues such as transfer pricing and resource allocation;
- (vi) Review overall sourcing and allocation of funding;
- (vii) Plan and determine the most appropriate banking environment for asset/liability forward planning and review contingency scenarios; and
- (viii) Evaluate alternative rate, pricing and portfolio mix scenarios; review asset/liability distributions and maturities.



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## 4. MANAJEMEN RISIKO (lanjutan)

## a. Pendahuluan dan gambaran umum (lanjutan)

## Kerangka manajemen risiko (lanjutan)

Komite Manajemen Risiko dibentuk dengan tanggung jawab mencakup, di antaranya adalah:

- (i) Untuk mendapatkan informasi, diskusi, mempertimbangkan, dan membahas risiko utama yang material dan isu utama serta tema umum yang diidentifikasi oleh Bank;
- (ii) Untuk melakukan kajian dan memberikan rekomendasi kepada Direksi terkait manajemen risiko yang paling sedikit meliputi: a.) penyusunan kebijakan, strategi, dan pedoman penerapan Manajemen Risiko beserta perubahannya, b.) perbaikan atau penyempurnaan pelaksanaan Manajemen Risiko berdasarkan hasil evaluasi, c.) penetapan hal-hal yang terkait dengan keputusan bisnis dengan deviasi dari prosedur normal;
- (iii) Untuk mempertimbangkan laporan-laporan yang relevan dan informasi terkini terkait isu dan risiko utama Bank juga di seluruh 3 lini pertahanan, memberikan kewenangan untuk kajian lanjutan jika dibutuhkan;
- (iv) Mempromosikan dan menurunkan budaya yang mendukung manajemen risiko dan pengendalian, dan juga memastikan praktik manajemen risiko bank mendukung hasil berperilaku.

Satuan Kerja Manajemen Risiko Bank bertanggung jawab dalam penerapan manajemen risiko yang mencakup:

- (i) Melakukan pemantauan terhadap penerapan strategi manajemen risiko yang diputuskan dalam rapat Komite Manajemen Risiko atau yang telah disetujui Direksi;
- (ii) Melakukan pemantauan posisi/ eksposur risiko secara keseluruhan;
- (iii) Melakukan kaji ulang secara berkala terhadap proses manajemen risiko;
- (iv) Menerapkan stress testing guna mengetahui dampak dari implementasi kebijakan dan strategi manajemen risiko;
- (v) Melakukan kaji ulang terhadap usulan aktifitas baru dan/ atau produk baru yang diajukan atau dikembangkan oleh unit tertentu;
- (vi) Memberikan rekomendasi mengenai besaran atau maksimum eksposur risiko yang wajib dipelihara kepada Komite Manajemen Risiko;
- (vii) Melakukan evaluasi terhadap akurasi dan validitas data yang digunakan untuk keperluan pengukuran risiko; dan
- (viii) Penyusunan dan penyampaian laporan profil risiko kepada Direktur Manajemen Risiko dan Komite Manajemen Risiko.

## 4. RISK MANAGEMENT (continued)

## a. Introduction and overview (continued)

## Risk management framework (continued)

The Risk Management Committee is established with having, among others, the following responsibilities:

- (i) To be informed, discuss, consider, and address material key risks and enterprise wide key issues as well as common themes identified across the Bank;
- (ii) To perform assessment and provide recommendation to the BOD with respect to risk management which at least covering: a.) formulation of risk management policy, strategy, and guidance with its amendments, b.) enhancement or improvement of risk management implementation based on evaluation, c.) establish guidelines related to business decisions which deviate from normal procedures;
- (iii) To consider relevant reports and updates pertaining to the key risks and issues across the Bank and across all the three lines of defense, commissioning further review where required;
- (iv) To promote and cascade supportive culture in relation to risk management and controls as well as to ensure bank's risk management practices support the conduct outcomes.

The Bank's Risk Management Working Unit is responsible for applying risk management which comprises:

- (i) Monitoring the implementation of risk management strategy as approved by Risk Management Committee or Board of Directors;
- (ii) Monitoring overall positions/ exposures of risks;
- (iii) Conducting periodic review on the risk management process;
- (iv) Applying stress testing to find out the impact of the implementation of risk management policy and strategy;
- (v) Reviewing proposals of new activities and/ or products which submitted or developed by a particular unit;
- (vi) Giving recommendation on the extent or maximum of risk exposure which shall be maintained to the Risk Management Committee;
- (vii) Evaluating accuracy and validity of data used for risk measurement; and
- (viii) Preparing and submitting a risk profile report to the Risk Management Director and the Risk Management Committee.

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**4. MANAJEMEN RISIKO (lanjutan)**

**b. Risiko kredit**

Risiko kredit adalah risiko kerugian keuangan yang timbul jika nasabah, klien atau rekanan Bank gagal memenuhi kewajiban kontraktualnya kepada Bank. Risiko kredit Bank terutama berasal dari kredit yang diberikan kepada nasabah.

Manajemen risiko yang telah diterapkan oleh Bank adalah sebagai berikut:

- Menetapkan kebijakan mengenai kewenangan persetujuan kredit.
- Menerbitkan laporan pengendalian risiko, yang memungkinkan Bank untuk mengidentifikasi dan mengambil Langkah awal atas timbulnya tanda peringatan awal.
- Melaksanakan fungsi pengawasan oleh Direksi dan Dewan Komisaris melalui pertemuan membahas risiko secara berkala.
- Fungsi persetujuan kredit dijalankan secara independen dari bagian bisnis dalam melakukan penelaahan dan pengambilan keputusan.
- Pembentukan unit khusus untuk melakukan fungsi penilaian kualitas kredit untuk memastikan bahwa deviasi di dalam proses pemberian kredit bisa diidentifikasi lebih awal.

**Asumsi dan pertimbangan utama dalam menentukan kerugian kredit ekspektasian**

**Umur Aset Keuangan**

Kerugian kredit ekspektasian diestimasikan berdasarkan periode dimana Bank terpapar pada risiko kredit. Untuk produk *non-revolving*, hal ini sama dengan periode kontrak. Untuk produk *revolving*, Bank tidak mengikuti periode kontrak, yang dapat sesingkat satu hari. Oleh karena itu, periode dimana Bank terpapar pada risiko kredit untuk instrumen ini adalah berdasarkan *behavioral life*, yang menggabungkan ekspektasi perilaku nasabah dan/atau sejauh mana tindakan manajemen risiko kredit membatasi periode paparan tersebut. Pada umumnya, umur aset keuangan produk *revolving* tergantung pada jenis produk.

**Variabel Makro Ekonomi ("MEV")**

Lingkungan ekonomi yang berkembang adalah penentu utama dari kemampuan nasabah Bank untuk memenuhi kewajiban mereka saat jatuh tempo. Ini adalah prinsip dasar PSAK 71 bahwa potensi kerugian kredit di masa depan harus bergantung tidak hanya pada kesehatan ekonomi saat ini, tetapi juga harus memperhitungkan kemungkinan perubahan pada lingkungan ekonomi.

**4. RISK MANAGEMENT (continued)**

**b. Credit risk**

*Credit risk is the risk of financial loss, should any of the Bank's customers, clients or counterparties fail to fulfill their contractual obligations to the Bank. Credit risk in the Bank mainly arises from loans to customers.*

*The risk management applied by the Bank are as follows:*

- *Establishing policies on credit approval authority.*
- *Issuing risk control reports which allow the Bank to identify and take an early action on potential warning signs.*
- *Performing oversight function by Directors and Board of Commissioners through regular risk meetings.*
- *The credit approval function acts independently from business in its review and giving its decision.*
- *Establishment of a team to conduct the credit quality assessment to ensure that deviations in the credit initiation process can be identified at an early stage.*

**Key assumptions and judgments in determining expected credit loss**

**Lifetime of Financial Assets**

*Expected credit loss is estimated based on the period over which the Bank is exposed to credit risk. For non-revolving product, this equates to the contractual period. For revolving product, the Bank does not follow the contractual period, which can be as short as one day. Therefore, the period over which the Bank is exposed to credit risk for these instruments is based on their behavioral life, which incorporates expectations of customer behavior and/or the extent to which credit risk management actions curtails the period of that exposure. In general, revolving products lifetime depend on the type of product.*

**Macro Economic Variable ("MEV")**

*The developing economic environment is the key determinant of the ability of a Bank's customers to meet their obligations as they fall due. It is a fundamental principle of SFAS 71 that the potential future credit losses should depend not just on the health of the economy today, but should also take into account potential changes to the economic environment.*

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## 4. MANAJEMEN RISIKO (lanjutan)

## b. Risiko kredit (lanjutan)

## Sensitivitas MEV terhadap ECL (lanjutan)

Misalnya, jika Bank mengantisipasi perlambatan tajam dalam ekonomi dunia, Bank harus membentuk lebih banyak cadangan hari ini untuk menyerap kerugian kredit yang kemungkinan akan terjadi dalam waktu dekat.

Untuk menangkap efek perubahan pada lingkungan ekonomi, model PD digunakan untuk menghitung kerugian kredit ekspektasian, dengan memasukkan informasi *forward looking* dalam bentuk perkiraan nilai-nilai variabel ekonomi yang kemungkinan akan berdampak pada kemampuan pembayaran kembali debitur Bank.

Berbagai MEV digunakan untuk setiap model PD, tergantung pada hasil analisis statistik kesesuaian MEV dengan PD serta konsensus dari pakar kredit. Diantaranya adalah pertumbuhan Produk Domestik Bruto ("PDB"), angka pengangguran, pertumbuhan upah, indeks harga rumah, tingkat konsumsi, *fixed investment*, indeks harga saham, dan ekspor.

Bank menggunakan metode pemodelan regresi untuk memproyeksikan hubungan MEV dan tingkat gagal bayar di masa depan. Bank menggunakan 3 skenario MEV, yaitu *upside*, *central*, dan *downside*, namun demikian skenario ekonomi dapat disesuaikan apabila terdapat kondisi yang mempengaruhi kondisi ekonomi secara signifikan. Dalam hal ini sejak 2020, Bank menambahkan 1 skenario lagi yaitu *u-shape* (*downside severe*) karena adanya situasi pandemi yang disebabkan oleh COVID-19. Akibat terjadinya perang Rusia-Ukraina, terdapat tambahan skenario kelima sejak kuartal pertama 2022 yang dikembangkan untuk memperhitungkan implikasi dari perang Rusia-Ukraina yang berkepanjangan. Bank akan memperkirakan proyeksi MEV untuk setiap skenario tersebut dan memberikan bobot pada skenario tersebut dalam perhitungan kerugian kredit ekspektasian. Semua proyeksi diperbarui setiap tiga bulan.

Perhitungan cadangan kerugian penurunan nilai ("ECL") bergantung pada beberapa variabel dan pada dasarnya tidak linier dan tergantung pada portofolio, yang menyiratkan bahwa tidak ada analisis tunggal yang dapat sepenuhnya menunjukkan sensitivitas kerugian kredit ekspektasian terhadap perubahan dalam MEV. Bank berkeyakinan bahwa sensitivitas harus dilakukan terhadap seluruh variabel, bukan hanya variabel tunggal, karena hal ini sejalan dengan sifat multi-variabel dari perhitungan ECL.

Dalam menentukan kerugian kredit ekspektasian, Bank telah menggunakan MEV yang terkini, termasuk mempertimbangkan dampak COVID-19 dan berbagai informasi yang relevan termasuk arahan regulator.

## 4. RISK MANAGEMENT (continued)

## b. Credit risk (continued)

## Sensitivity of MEV to ECL (continued)

For example, if the Bank was to anticipate a sharp slowdown in the world economy, the Bank should make more provisions today to absorb the credit losses likely to occur in the near future.

To capture the effect of changes to the economic environment, PD model is used to calculate expected credit loss, by incorporating forward-looking information in the form of forecasts of the values of economic variables that are likely to have an effect on the repayment ability of the Bank's debtors.

Various of MEVs are used for each PD model, depending on the statistical analysis result of appropriateness of the MEV with PD as well as consensus from credit expert. Amongst others are Gross Domestic Product ("GDP") growth, unemployment rate, wage growth, house price index, private consumption, fixed investment, stock market index, and export.

The Bank uses regression modeling method to forecast the relationship between MEV and the NPL in the future. The Bank uses 3 MEV scenarios, i.e. upside, central, and downside, however the economic scenario can be adjusted if there are conditions that significantly impacting the economic situation. In this case since 2020, the Bank added one more scenario which is "u-shape" (downside severe) scenario due to pandemic situation caused by COVID-19. Due to the outbreak of the Russia-Ukraine war, an additional fifth scenario was developed in the first quarter of 2022 to capture the implications of a lengthy Russia-Ukraine war. The Bank will estimate the MEV projection for each of these scenarios and give weighting to these scenarios in calculating the expected credit loss. All projections are updated on a quarterly basis.

The Expected Credit Loss ("ECL") calculation relies on multiple variables and is inherently non-linear and portfolio-dependent, which implies that no single analysis can fully demonstrate the sensitivity of the expected credit loss to changes in the MEVs. The Bank believes that sensitivity should be performed to all variables, instead of single variable, as this aligns with the multi-variable nature of the ECL calculation.

In determining the expected credit loss, the Bank has implemented the updated MEV, including considering the impact of COVID-19 and various relevant information including direction from the regulator.

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## 4. MANAJEMEN RISIKO (lanjutan)

## b. Risiko kredit (lanjutan)

## i. Eksposur maksimum terhadap risiko kredit

Untuk aset keuangan yang diakui di laporan posisi keuangan, eksposur maksimum terhadap risiko kredit sama dengan nilai tercatatnya. Untuk bank garansi dan *irrevocable letter of credit* (L/C) yang diterbitkan, eksposur maksimum terhadap risiko kredit adalah nilai yang harus dibayarkan oleh Bank jika kewajiban atas bank garansi dan *irrevocable* L/C yang diterbitkan terjadi. Untuk komitmen kredit, eksposur maksimum atas risiko kredit adalah sebesar jumlah fasilitas kredit komitmen (*committed*) yang belum digunakan oleh nasabah.

Tabel berikut menyajikan eksposur maksimum Bank terhadap risiko kredit untuk instrumen keuangan pada laporan posisi keuangan bersih setelah cadangan kerugian penurunan nilai dan rekening administratif bersih, tanpa memperhitungkan agunan yang dimiliki atau peningkatan kualitas kredit lainnya.

## 4. RISK MANAGEMENT (continued)

## b. Credit risk (continued)

## i. Maximum exposure to credit risk

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their carrying amount. For bank guarantees and *irrevocable letter of credit* (L/C) issued, the maximum exposure to credit risk is the amount that the Bank would have to pay if the obligations of the bank guarantees and *irrevocable* L/C issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the unused committed credit facilities granted to customers.

The following table presents the Bank's maximum exposure to credit risk of financial instruments in the statement of financial position net after allowance for impairment losses and off-balance sheet net accounts, without taking into account any collateral held or other credit enhancement.

	31 Desember / December 2022	31 Desember / December 2021	
<b>Laporan posisi keuangan:</b>			<b>Statement of financial position:</b>
Giro pada			Demand deposits with
Bank Indonesia	11.941.577	8.417.779	Bank Indonesia
Giro pada bank-			Demand deposits with
bank lain	4.349.740	3.363.439	other banks
Penempatan pada			Placements with
Bank Indonesia	18.682.178	19.134.840	Bank Indonesia
Penempatan pada bank-			Placements with
bank lain	225.358	257.350	other banks
Efek-efek untuk tujuan			Investment
investasi	13.308.441	21.120.592	securities
Aset keuangan dalam			Financial assets
kelompok diperdagangkan	1.248.435	2.703.991	held for trading
Tagihan derivatif	324.246	202.641	Derivative receivables
Efek-efek yang dibeli			Securities purchased
dengan janji dijual kembali	14.037.231	10.060.292	with agreement to resell
Wesel ekspor	2.063.474	1.836.512	Export bills
Tagihan akseptasi	2.061.662	2.597.903	Acceptance receivables
	<u>68.242.342</u>	<u>69.695.339</u>	
<b>Laporan posisi keuangan:</b>			<b>Statement of financial position:</b>
Kredit yang diberikan			Loans to customers
kepada nasabah	53.534.125	51.328.140	Other assets
Aset lain-lain	707.738	612.114	
	<u>122.484.205</u>	<u>121.635.593</u>	
<b>Rekening administratif</b>			<b>Off-balance sheet</b>
<b>dengan risiko kredit:</b>			<b>accounts with credit risk:</b>
L/C yang tidak dapat dibatalkan	2.915.348	3.195.669	Irrevocable L/C
Fasilitas kredit yang belum			Unused credit
digunakan - <i>committed</i>	9.229.502	6.202.552	facilities - <i>committed</i>
Bank garansi yang diterbitkan	9.925.594	10.233.317	Bank guarantees issued
	<u>22.070.444</u>	<u>19.631.538</u>	
<b>Jumlah</b>	<b>144.554.649</b>	<b>141.267.131</b>	<b>Total</b>

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## 4. MANAJEMEN RISIKO (lanjutan)

## b. Risiko kredit (lanjutan)

- ii. Pembagian aset keuangan berdasarkan kualitas kredit

Lima klasifikasi kualitas kredit yang dinyatakan dibawah ini adalah mengacu pada ketentuan POJK no. 40/POJK/2019 Tentang Penilaian Kualitas Aset Bank umum.

Klasifikasi kualitas/ Quality classification	Kualitas Kredit/ BI Rating	Lama Tunggalan/ Pass Due
Lancar/Strong	BI Rating 1	0
Dalam Perhatian Khusus /With special attention	BI Rating 2	1 – 90 Days/Hari
Kurang Lancar/Sub-standard	BI Rating 3	> 90 - 120 Days/Hari
Diragukan/Doubtful	BI Rating 4	> 120 - 180 Days/Hari
Macet/Default	BI Rating 5	> 180 Days/Hari

Definisi dari kualitas kredit Bank berdasarkan ketentuan POJK adalah sebagai berikut:

- Lancar: Debitur melakukan pembayaran secara tepat waktu, perkembangan rekening baik, dan tidak ada tunggakan serta sesuai dengan persyaratan kredit.
- Dalam perhatian khusus: Terdapat tunggakan pembayaran pokok dan/atau bunga sampai dengan 90 (sembilan puluh hari); dan/atau jarang mengalami cerukan.
- Kurang lancar: Terdapat tunggakan pembayaran pokok dan/atau bunga yang telah melampaui (sembilan puluh) hari sampai dengan 120 (seratus dua puluh) hari; dan/atau terdapat cerukan yang berulang kali untuk menutupi kerugian operasional dan kekurangan kas.
- Diragukan: Terdapat tunggakan pembayaran pokok dan/atau bunga yang telah melampaui 120 (seratus dua puluh) hari sampai dengan 180 (seratus delapan puluh) hari; dan/atau terjadi cerukan yang bersifat permanen untuk menutupi kerugian operasional dan kekurangan arus kas.
- Macet: Terdapat tunggakan pokok dan/atau bunga yang telah melampaui 180 (seratus delapan puluh) hari.

Untuk kebijakan akuntansi tentang penurunan nilai aset keuangan, lihat Catatan 3p.

## 4. RISK MANAGEMENT (continued)

## b. Credit risk (continued)

- ii. Distribution of financial assets by their credit quality

The five credit quality classification define below refer to the POJK regulation no.40/POJK/2019 regarding to Assessment of Commercial Bank Asset Quality:

The Bank's credit quality definitions based on POJK regulation are as follows:

- Strong: Debtors make the payment in a timely manner, account development is good, and there's no pass due and in accordance with credit terms.
- With special attention: there are pass due in payment principal and/or interest for up to 90 (ninety) days to; and or rarely have overdrafts.
- Sub-standard: There are pass due in payment principal and/or interest that have exceed 90 (ninety) days up to 120 (one hundred and twenty) days; and/or there are repeated overdrafts to cover operational losses and cash shortages.
- Doubtful: there are pass due in payment of principal and/or interest that have exceed 120 (one hundred and twenty) days; and/or there's permanen overdraft to cover operational losses and cash flow shortfalls.
- Default: there are pass due of principal and/or interest that have exceed 180 (one hundred and eighty) days.

For details of our impairment policies on financial assets, see Note 3p.

#### 4. MANAJEMEN RISIKO KEUANGAN (lanjutan)

**b. Risiko kredit (lanjutan)**

ii. Pembagian aset keuangan berdasarkan kualitas kredit (lanjutan)

ii. *Distribution of financial assets by credit quality (continued)*

Pembagian aset keuangan berdasarkan kualitas kreditnya pada tanggal 31 Desember 2022 disajikan di bawah ini:

*Distribution of financial assets by staging based on credit quality as of 31 December 2022 is summarised as below:*

[illegible]



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## 4. MANAJEMEN RISIKO KEUANGAN (lanjutan)

## 4. FINANCIAL RISK MANAGEMENT (continued)

## b. Risiko kredit (lanjutan)

## b. Credit risk (continued)

## ii. Pembagian aset keuangan berdasarkan kualitas kredit (lanjutan)

## ii. Distribution of financial assets by credit quality (continued)

Pembagian aset keuangan berdasarkan kualitas kreditnya pada tanggal  
31 Desember 2021 disajikan di bawah ini:

Distribution of financial assets by staging based on credit quality as of 31  
December 2021 is summarised as below:

	2021										Aset lain-lain – pendapatan yang masih akan diterima/ Other assets – accrued income	Jumlah/ Total
	Giro pada Bank Indonesia/ Demand deposits with Bank Indonesia	Giro pada bank-bank lain/ Demand deposits with other banks	Penempatan pada Bank Indonesia/ Placements with Bank Indonesia	Penempatan pada bank- bank lain/ Placements with other banks	Efek-efek untuk tujuan investment/ securities	Aset keuangan dalam kelompok diperdagang kan/ Financial assets held for trading	Tagihan derivatif/ Derivative receivables	Wesel ekspor/ Export bills	Tagihan akseptasi/ Acceptance receivables	Kredit yang diberikan kepada nasabah/ Loans to customers		
Aset pada biaya perolehan diamortisasi	8.417.779	3.363.992	19.134.840	257.379	-	-	-	10.060.292	1.853.292	51.107.139	612.114	97.409.035
	-	-	-	-	-	-	-	-	-	878.249	-	878.249
	-	-	-	-	-	-	-	-	-	108.259	-	108.259
Dikurangi: cadangan kerugian penurunan nilai	-	-	-	-	-	-	-	-	-	41.996	-	41.996
	-	-	-	-	-	-	-	-	-	2.380.180	-	2.380.180
	-	-	-	-	-	-	-	-	-	54.515.823	612.114	100.817.719
Aset nilai wajar	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Jumlah aset keuangan	8.417.779	3.363.439	19.134.840	257.350	21.120.592	2.703.991	220.641	1.836.512	2.597.903	51.328.140	612.114	121.653.593
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

Assets at amortised cost

Current  
Good  
Sub-standard  
Doubtful  
LossLess: allowance for  
impairment lossAset at fair value  
Strong  
Good  
Sub-standard  
Doubtful  
Loss

Total Financial Assets

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**4. MANAJEMEN RISIKO (lanjutan)**
**b. Risiko kredit (lanjutan)**

- ii. Pembagian aset keuangan berdasarkan kualitas kredit (lanjutan)

Eksposur yang telah ditentukan sebagai telah jatuh tempo tetapi tidak mengalami penurunan nilai disajikan pada tabel di atas dalam klasifikasi terpisah sebagai "Aset keuangan yang telah jatuh tempo tetapi tidak mengalami penurunan nilai". Contoh-contoh eksposur yang telah jatuh tempo tetapi tidak mengalami penurunan nilai termasuk pinjaman yang terlambat melakukan pembayaran terakhir saat jatuh tempo tetapi tidak terdapat bukti adanya penurunan nilai; pinjaman korporasi yang sepenuhnya dijamin dengan agunan kas; fasilitas perdagangan jangka pendek yang telah jatuh tempo karena alasan-alasan teknis seperti keterlambatan dokumentasi, tetapi tidak merupakan sebuah kekhawatiran atas kemampuan membayar debitur.

- iii. Agunan

Agunan digunakan untuk memitigasi eksposur risiko kredit. Kebijakan mitigasi risiko menentukan jenis agunan yang dapat diterima. Umumnya jenis agunan yang diterima Bank untuk memitigasi risiko kredit diantaranya adalah kas, giro, tabungan, deposito berjangka, rumah tinggal, properti komersial dan industri, garansi bank, instrument surat berharga setara kas seperti deposito pemerintah, *mutual fund* yang didominasi obligasi pemerintah, dan *letters of credit*.

Untuk jenis pembiayaan tertentu, umumnya kredit pemilikan rumah dan pembiayaan aset, adanya hak untuk mengambil alih aset fisik merupakan hal penting dalam penentuan harga dan pemulihan yang dapat diperoleh dalam hal terjadi kegagalan pembayaran kredit.

Agunan dilaporkan sesuai dengan kebijakan mitigasi risiko Bank. Jika diperlukan, nilai agunan disesuaikan guna mencerminkan kondisi pasar terkini, probabilitas pemulihan agunan dan jangka waktu untuk merealisasikan agunan dalam hal terjadi pengambilalihan.

Persyaratan agunan bukanlah merupakan pengganti faktor kemampuan debitur dalam hal pembayaran kembali kredit, di mana hal ini menjadi pertimbangan utama dalam setiap keputusan pemberian kredit. Dalam menentukan dampak keuangan agunan terhadap kredit yang belum jatuh tempo dan belum mengalami penurunan nilai, Bank menilai signifikansi agunan terkait dengan jenis pembiayaan yang diberikan.

Agunan non-fisik, seperti garansi korporasi dan *letters of comfort* dapat juga dimiliki Bank untuk eksposur korporasi meskipun dampak keuangan untuk jenis agunan ini kurang signifikan dalam hal pemulihan kredit.

**4. RISK MANAGEMENT (continued)**
**b. Credit risk (continued)**

- ii. Distribution of financial assets by credit quality (continued)

*Exposure designated as past due but not impaired are disclosed in the table above in a separate classification as "Past due but not impaired financial assets". Examples of exposure designated as past due but not impaired include loans that have missed the most recent payment date but on which there is no evidence of impairment; corporate loans fully secured by cash collateral; short-term trade facilities past due for technical reasons such as delays in documentation, but where there is no concern over the creditworthiness of the debtor.*

- iii. Collaterals

*Collateral is held to mitigate credit risk exposures. Risk mitigation policies determine the eligibility of collateral types. Typically the Bank uses cash, current accounts, saving accounts, time deposits, residential, commercial and industrial property, bank guarantee, government bond and mutual fund with government bond domination, and letters of credit as eligible collateral to mitigate credit risk.*

*For certain types of lending, typically mortgages and asset financing, the right to repossess the assets is critical in determining appropriate pricing and recoverability in the event of default.*

*Collateral is reported in accordance with the Bank's risk mitigation policy. Where appropriate, collateral values are adjusted to reflect current market conditions, its probability of recovery and the period of time to realise the collateral in the event of repossession.*

*The requirement for collateral is not a substitute factor for the debtor's ability to pay, which is the primary consideration for any lending decisions. In determining the financial effect of collateral held against loans that are neither past due nor impaired, the Bank assessed the significance of the collateral held in relation to the type of lending.*

*Non-tangible collateral, such as corporate guarantees and letters of comfort, may also be held against Bank corporate exposures although the financial effect of this type of collateral is less significant in terms of recoveries.*

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4. MANAJEMEN RISIKO (lanjutan)

b. Risiko kredit (lanjutan)

iii. Agunan (lanjutan)

Untuk jenis eksposur tertentu seperti L/C dan garansi, Bank juga memperoleh agunan seperti kas yang terkait dengan penilaian internal risiko kredit untuk eksposur tersebut. Selain itu, untuk produk *trade finance* seperti *letters of credit*, dalam hal terjadi gagal bayar Bank juga memiliki hak hukum atas aset yang mendasarinya.

Tergantung dari peringkat kredit nasabah dan tipe produk, fasilitas kredit dapat diberikan tanpa agunan. Penempatan pada Bank Indonesia dan bank-bank lainnya, derivatif, efek-efek untuk tujuan investasi dari sektor pemerintah, dan pinjaman ritel lainnya yang terdiri dari pinjaman perseorangan, cerukan dan kartu kredit, semuanya adalah pinjaman tanpa agunan. Tetapi untuk pinjaman lainnya agunan umumnya diperlukan dan diperhitungkan dalam menentukan keputusan kredit dan harga.

Dalam hal terjadi kegagalan bayar, Bank dapat menggunakan agunan sebagai sumber pembayaran kembali. Tergantung dari fasilitas kreditnya, agunan dapat memberikan dampak keuangan yang signifikan dalam memitigasi eksposur risiko kredit.

Kredit properti

Khusus untuk Kredit Pemilikan Rumah, Bank wajib menjaga rasio *Loan to Value* (LTV). Rasio LTV dihitung berdasarkan nilai tercatat bruto dari kredit dan, jika ada, komitmen fasilitas kredit rekening administratif, terhadap nilai agunan. Metodologi untuk memperoleh nilai agunan properti pada umumnya ditentukan melalui kombinasi dari hasil jasa penilai profesional, indeks harga properti atau analisis statistik.

Nilai properti harus divalusi secara berkala sesuai ketentuan regulasi dengan metode yang disebutkan sebelumnya. Frekuensi penilaian dapat dilakukan lebih cepat di luar koridor waktu yang telah ditentukan oleh regulasi jika kondisi pasar atau kinerja portofolio mengalami pemburuan/perubahan yang signifikan atau ketika terdapat kredit yang teridentifikasi dan dinyatakan sebagai bermasalah.

Bank mematuhi rasio LTV kredit properti sebagaimana diatur oleh Peraturan Bank Indonesia yang terakhir berupa Peraturan Anggota Dewan Gubernur No. 22/21/PADG/2020 tentang rasio *Loan to Value* untuk kredit properti, rasio *Financing to Value* untuk pembiayaan properti, dan uang muka untuk kredit atau pembiayaan kendaraan bermotor (PADG LTV/FTV dan Uang Muka).

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4. RISK MANAGEMENT (continued)

b. Credit risk (continued)

iii. Collaterals (continued)

For certain types of exposures such as L/C and guarantees, the Bank also obtains collateral such as cash depending on internal credit risk assessments. In addition, for trade finance products such as letters of credit, the Bank will also hold legal title on the underlying assets should a default take place.

Depending on the customer's credit rating and the type of product, facilities may be provided unsecured. Placements with Bank Indonesia and other banks, derivatives, investment securities from government sectors, and other retail lending which consist primarily of personal lending, overdrafts and credit cards are all unsecured loans. However, for other lending a charge over collateral is normally obtained and considered in determining the credit decision and pricing.

In the event of default, the Bank may utilize the collateral as a source of repayment. Depending on its credit facility, collateral can have a significant financial effect in mitigating exposure to credit risk.

Mortgage lending

Specifically for mortgages, the Bank is required to maintain a *Loan to Value* (LTV) ratio. The LTV ratio is calculated as the gross on-balance sheet carrying amount of the loans and any off-balance sheet loan commitment at the balance sheet date divided by the value of collateral. The methodologies for obtaining property collateral values are typically determined through a combination of professional appraisals, property price indices or statistical analysis.

Property values should be appraised on a regular basis in accordance with regulatory requirements using previously mentioned method. Valuations can be conducted earlier out of the timeline determined by regulation when market conditions or portfolio performance are subject to significant deterioration/ change or when a loan is identified and assessed as impaired.

Bank complies with LTV ratio for mortgage lending as governed by Bank Indonesia regulation which the prevailing regulation is the Governor Members Regulation No. 22/21/PADG/2020 regarding *Loan to Value* ratio for mortgage lending, *Financing to Value* ratio for property lending and down payment for motor vehicle financing or lending (PADG LTV/FTV and Down Payment).

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## 4. MANAJEMEN RISIKO (lanjutan)

## b. Risiko kredit (lanjutan)

## iii. Agunan (lanjutan)

Kredit properti (lanjutan)

Pinjaman kepada nasabah korporasi ditentukan atas dasar evaluasi kredit dan pengujian penurunan nilai secara individual. Secara umum kemampuan membayar nasabah korporasi merupakan indikasi yang paling relevan terhadap kualitas kredit dari pinjaman yang diberikan dan merupakan pertimbangan yang utama dalam pengambilan keputusan pemberian kredit korporasi. Namun, agunan merupakan jaminan tambahan dan Bank dapat meminta nasabah korporasi untuk menyediakan agunan. Jenis-jenis agunan yang pada umumnya disyaratkan pada kredit korporasi dapat berupa hak tanggungan pertama atas properti, aset-aset korporasi dengan nilai dan kuantitas bergerak serta jaminan dan garansi lainnya.

Dalam aktivitas pembiayaan terhadap kredit korporasi, nilai agunan tidak berkorelasi langsung terhadap kemampuan membayar nasabah korporasi. Terlebih lagi, untuk beberapa jenis agunan yang umum dijamin pada kredit korporasi, seperti jaminan garansi korporasi, *letters of comfort* dan aset-aset korporasi dengan nilai dan kuantitas bergerak dimana nilai atas agunan tersebut tidak dapat ditentukan secara pasti.

Ketika kemampuan membayar nasabah korporasi memburuk dan perlu dilakukan evaluasi atas kemampuan pembayaran kembali melalui sumber jaminan lain yang tersedia, penilaian agunan secara umum akan dilakukan dengan frekuensi yang lebih sering. Ketika terdapat kredit korporasi yang teridentifikasi dan dinyatakan sebagai bermasalah, pengkinian nilai agunan kredit bermasalah tersebut dilakukan sedikitnya setiap 3 bulan, kecuali ditentukan lain oleh direktur yang berwenang.

## iv. Analisis konsentrasi risiko kredit

Konsentrasi risiko kredit timbul ketika sejumlah nasabah menjalankan kegiatan usaha yang sejenis, atau ketika nasabah memiliki karakteristik yang sejenis yang akan menyebabkan kemampuan mereka untuk memenuhi kewajiban kontraktualnya secara serupa dipengaruhi oleh perubahan kondisi ekonomi atau kondisi lainnya.

## 4. RISK MANAGEMENT (continued)

## b. Credit risk (continued)

## iii. Collaterals (continued)

Mortgage lending (continued)

Loans and advances to corporate customers are subject to individual credit assessment and impairment testing. General creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of the loan extended and is the primary consideration for any corporate lending decisions. Collateral however provides additional security and the Bank may request corporate customers to provide collateral. Types of collateral which are commonly taken for corporate lending may be in the form of a first charge of real estate, floating charges over corporate assets and other liens and guarantees.

For financing activities in corporate lending, collateral value is not directly correlated with principal repayment performance. Moreover, for some types of collateral commonly taken in corporate lending, such as corporate guarantees, letters of comfort and floating charges over corporate assets, the assignable value is insufficiently certain.

When a corporate customer's general credit performance deteriorates and it is necessary to assess the likely performance of secondary sources of repayment, the valuation of collateral will generally be conducted on a more frequent basis. When a corporate loan is identified and assessed as impaired, the collateral must be revalued at least every 3 months, unless otherwise determined by authorised director.

## iv. Concentration of credit risk analysis

Concentrations of credit risk arise when a number of customers are engaged in similar business activities, or when they have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

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**4. MANAJEMEN RISIKO (lanjutan)**

**4. RISK MANAGEMENT (continued)**

**b. Risiko kredit (lanjutan)**

**b. Credit risk (continued)**

**iv. Analisis konsentrasi risiko kredit (lanjutan)**

**iv. Concentration of credit risk analysis (continued)**

Tabel berikut menyajikan konsentrasi aset keuangan berdasarkan debitur:

The following table presents the concentration of financial assets by type of debtors:

31 Desember/ December 2022					
	Korporasi dan perorangan/ Corporate and Retail	Pemerintah dan Bank Indonesia/ Government and Bank Indonesia	Bank/ Banks	Jumlah/ Total	
Giro pada Bank Indonesia	-	11.941.577	-	11.941.577	Demand deposits with Bank Indonesia
Giro pada bank-bank lain - bersih	-	-	4.349.740	4.349.740	Demand deposits with other banks - net
Penempatan pada Bank Indonesia	-	18.682.178	-	18.682.178	Placements with Bank Indonesia
Penempatan pada bank-bank lain - bersih	-	-	225.358	225.358	Placements with other banks - net
Efek-efek untuk tujuan investasi	-	13.308.441	-	13.308.441	Investment securities
Aset keuangan dalam kelompok diperdagangkan	-	1.248.435	-	1.248.435	Financial assets held for trading
Tagihan derivatif	41.024	36	283.186	324.246	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	-	13.931.254	105.977	14.037.231	Securities purchased with agreement to resell
Wesel Ekspor - bersih	2.063.474	-	-	2.063.474	Export Bills - net
Tagihan akseptasi - bersih	2.061.662	-	-	2.061.662	Acceptance receivables - net
Kredit yang diberikan kepada nasabah - bersih	53.534.125	-	-	53.534.125	Loans to customers - net
Aset lain-lain	458.060	249.678	-	707.738	Other assets - net
Rekening administratif dengan risiko kredit - bersih	19.252.074	-	2.818.370	22.070.444	Off-balance sheet accounts with credit risk - net
<b>Jumlah</b>	<b>77.410.419</b>	<b>59.361.599</b>	<b>7.782.631</b>	<b>144.554.649</b>	<b>Total</b>
%	54%	41%	5%		%

31 Desember/ December 2021					
	Korporasi dan perorangan/ Corporate and Retail	Pemerintah dan Bank Indonesia/ Government and Bank Indonesia	Bank/ Banks	Jumlah/ Total	
Giro pada Bank Indonesia	-	8.417.779	-	8.417.779	Demand deposits with Bank Indonesia
Giro pada bank-bank lain - bersih	-	-	3.363.439	3.363.439	Demand deposits with other banks - net
Penempatan pada Bank Indonesia	-	19.134.840	-	19.134.840	Placements with Bank Indonesia
Penempatan pada bank-bank lain - bersih	-	-	257.350	257.350	Placements with other banks - net
Efek-efek untuk tujuan investasi	-	21.120.592	-	21.120.592	Investment securities
Aset keuangan dalam kelompok diperdagangkan	-	2.703.991	-	2.703.991	Financial assets held for trading
Tagihan derivatif	41.854	-	160.787	202.641	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	-	10.060.292	-	10.060.292	Securities purchased with agreement to resell
Wesel Ekspor - bersih	1.836.512	-	-	1.836.512	Export Bills - net
Tagihan akseptasi - bersih	2.597.903	-	-	2.597.903	Acceptance receivables - net
Kredit yang diberikan kepada nasabah - bersih	51.328.140	-	-	51.328.140	Loans to customers - net
Aset lain-lain - pendapatan yang masuk akan diterima	286.058	326.056	-	612.114	Other assets - net
Rekening administratif dengan risiko kredit - bersih	15.106.555	-	4.524.983	19.631.538	Off-balance sheet accounts with credit risk - net
<b>Jumlah</b>	<b>71.197.022</b>	<b>61.763.550</b>	<b>8.306.559</b>	<b>141.267.131</b>	<b>Total</b>
%	50%	44%	6%		%

Konsentrasi kredit yang diberikan kepada nasabah berdasarkan jenis kredit dan sektor ekonomi diungkapkan pada Catatan 17.

The concentration of loans to customers by type of loan and economic sector is disclosed in Note 17.

Manajemen Bank tidak mengalokasikan eksposur kredit berdasarkan area geografis.

The Bank's management does not allocate credit exposure based on geographic area.

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## 4. MANAJEMEN RISIKO (lanjutan)

## c. Risiko pasar

Risiko pasar adalah risiko terjadinya kerugian yang disebabkan oleh adanya perubahan variabel-variabel pasar seperti perubahan tingkat bunga dan nilai tukar mata uang. Pendapatan Bank berasal dari selisih antara bunga yang dihasilkan dari aset dengan bunga yang dibayarkan atas dana pihak ketiga. Perubahan tingkat bunga dapat menyebabkan menurunnya pendapatan bunga, sehingga mempengaruhi kinerja Bank. Selain itu, pendapatan Bank dapat berasal dari selisih kurs mata uang dalam transaksi jual beli valuta asing. Perubahan nilai tukar dapat menyebabkan penurunan pendapatan Bank yang pada akhirnya dapat mempengaruhi kinerja Bank.

Manajemen risiko yang telah diterapkan oleh Bank adalah sebagai berikut:

- Melaksanakan fungsi ALCO untuk membahas kondisi pasar dan menetapkan tindakan yang akan diambil.
- Memantau dan mengukur tingkat risiko pasar secara harian dan melakukan *stress tests* secara berkala.
- Memantau perubahan tingkat bunga dan kurs mata uang yang berlaku di pasar secara harian.
- Memantau pos-pos aset dan liabilitas sesuai dengan tanggal *repricing*.
- Melakukan analisis sensitivitas pendapatan bunga bersih terhadap perubahan tingkat bunga pasar dan kurs mata uang di pasar.
- Melakukan penyesuaian tingkat bunga kredit dan dana terhadap perubahan tingkat bunga pasar sesegera mungkin setelah terjadi perubahan tingkat bunga pasar.
- Mengelola dan memelihara Posisi Devisa Neto (PDN) selalu berada di bawah level maksimum dan memonitor PDN intra hari sesuai dengan peraturan yang berlaku.

Secara garis besar, risiko pasar dibagi menjadi:

## i. Risiko mata uang

Bank memiliki eksposur risiko mata uang melalui transaksi dalam valuta asing. Bank memonitor konsentrasi risiko yang terkait dengan setiap mata uang individual sehubungan dengan penjabaran transaksi, aset moneter dan liabilitas moneter dalam valuta asing ke dalam mata uang fungsional Bank, yaitu Rupiah.

Posisi Devisa Neto (PDN) Bank dihitung berdasarkan Peraturan Bank Indonesia yang berlaku. Sesuai dengan peraturan yang berlaku, bank diwajibkan untuk memelihara posisi devisa neto secara keseluruhan setinggi-tingginya 20% dari jumlah modal.

## 4. RISK MANAGEMENT (continued)

## c. Market risk

Market risk relates to the possibility of losses caused by fluctuations of the market variables, such as changes in interest rates and foreign exchange. The Bank's income is generated from the difference between interest income derived from assets and the interest paid to third party depositors. Changes in interest rates may reduce the interest income and consequently affect the Bank's performance. Likewise, the Bank may earn income from exchange rate differences in foreign exchange transactions. Changes in exchange rates may reduce the Bank's income and thereby affect the Bank's performance.

The risk management applied by the Bank is as follows:

- Implementing ALCO functions to review market conditions and to determine actions to be taken.
- Monitoring and measuring the level of market risk on daily basis and conducting regular stress tests.
- Monitoring interest rate and exchange rate movements in the market on a daily basis.
- Monitoring maturity of asset and liability accounts has aligned with repricing dates.
- Performing sensitivity analysis of net interest income relative to market interest rate and market exchange rate movements.
- Adjusting interest rates of credit and funds to promptly counter any changes in market interest rates.
- Managing and maintaining a Net Open Position (NOP) to be always below the maximum level and monitoring the NOP at all times (intra-day NOP) in accordance with the prevailing regulations.

In overall, market risk is divided into the following risks:

## i. Currency risk

The Bank is exposed to currency risk through transaction in foreign currencies. The Bank monitors any concentration of risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities into the Bank's functional currency, i.e. Rupiah.

The Bank's Net Open Position (NOP) was calculated based on the prevailing Bank Indonesia regulations. In accordance with the regulations, banks are required to maintain its aggregate net foreign exchange position at a maximum of 20% from its capital.



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## 4. RISK MANAGEMENT (continued)

## c. Risiko pasar (lanjutan)

## c. Market risk (continued)

## i. Risiko mata uang (lanjutan)

## i. Currency risk (continued)

PDN Bank pada tanggal 31 Desember 2022 dan 2021 berdasarkan mata uang adalah sebagai berikut:

The Bank's NOP as of 31 December 2022 and 2021 by currencies are as follows:

31 Desember/December 2022			Posisi devisa neto (nilai absolut)/Net open position (absolute amount)	
Aset/Assets	Liabilitas/ Liabilities			
<b>Mata uang</b>				<b>Currencies</b>
Keseluruhan (laporan posisi keuangan dan rekening administratif)				Aggregate (statement of financial position and off-balance sheet accounts)
Dolar Amerika Serikat	68.516.889	68.217.945	298.944	United States Dollar
Euro	1.796.214	1.818.146	21.932	Euro
Dolar Australia	1.057.555	1.057.372	183	Australian Dollar
Dolar Singapura	802.549	804.026	1.477	Singapore Dollar
Poundsterling Inggris	662.752	662.884	132	Great Britain Poundsterling
Yen Jepang	448.215	448.936	721	Japanese Yen
Yuan Cina Renminbi	248.725	248.375	350	Chinese Yuan Renminbi
Dolar Hong Kong	233.778	231.722	2.056	Hong Kong Dollar
Yuan Cina	125.194	127.785	2.591	China Yuan
Dolar Kanada	115.028	115.746	718	Canadian Dollar
Franc Swiss	82.643	81.973	670	Swiss Franc
Dolar Selandia Baru	31.121	31.498	377	New Zealand Dollar
Baht Thailand	4.156	-	4.156	Thailand Baht
Ringgit Malaysia	761	1	760	Malaysian Ringgit
Rupiah India	675	71	604	Indian Rupee
Krona Swedia	524	123	401	Swedish Krona
Krone Denmark	379	1	378	Danish Krone
Krone Norwegia	305	-	305	Norwegian Krone
<b>Jumlah</b>			<b>336.755</b>	<b>Total</b>
<b>Jumlah modal (Catatan 4f)</b>			<b>19.017.775</b>	<b>Total capital (Note 4f)</b>
<b>Posisi Devisa Neto</b>			<b>1,77%</b>	<b>Net Open Position</b>

31 Desember/December 2021			Posisi devisa neto (nilai absolut)/Net open position (absolute amount)	
Aset/Assets	Liabilitas/ Liabilities			
<b>Mata uang</b>				<b>Currencies</b>
Keseluruhan (laporan posisi keuangan dan rekening administratif)				Aggregate (statement of financial position and off-balance sheet accounts)
Dolar Amerika Serikat	49.962.194	49.654.632	307.562	United States Dollar
Euro	1.675.382	1.669.050	6.332	Euro
Dolar Australia	866.545	864.083	2.462	Australian Dollar
Dolar Singapura	697.231	683.051	14.180	Singapore Dollar
Poundsterling Inggris	576.884	577.930	1.046	Great Britain Poundsterling
Yen Jepang	497.196	494.796	2.400	Japanese Yen
Yuan Cina Renminbi	195.107	194.124	983	Chinese Yuan Renminbi
Dolar Hong Kong	192.887	190.503	2.384	Hong Kong Dollar
Yuan Cina	159.535	157.717	1.818	China Yuan
Dolar Kanada	132.839	132.169	670	Canadian Dollar
Franc Swiss	48.486	46.321	2.165	Swiss Franc
Dolar Selandia Baru	43.477	41.741	1.736	New Zealand Dollar
Baht Thailand	4.560	933	3.627	Thailand Baht
Krone Denmark	1.162	2	1.160	Danish Krone
Rupiah India	948	4	944	Indian Rupee
Ringgit Malaysia	895	127	768	Malaysian Ringgit
Krona Swedia	487	-	487	Swedish Krona
Krone Norwegia	383	72	311	Norwegian Krone
<b>Jumlah</b>			<b>351.035</b>	<b>Total</b>
<b>Jumlah modal (Catatan 4f)</b>			<b>21.583.533</b>	<b>Total capital (Note 4f)</b>
<b>Posisi Devisa Neto</b>			<b>1,63%</b>	<b>Net Open Position</b>

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## 4. MANAJEMEN RISIKO (lanjutan)

## 4. RISK MANAGEMENT (continued)

## c. Risiko pasar (lanjutan)

## c. Market risk (continued)

## ii. Risiko tingkat bunga

## ii. Interest rate risk

Kegiatan usaha Bank dipengaruhi oleh risiko fluktuasi tingkat bunga sepanjang aset berbunga dan liabilitas berbunga (bukan untuk tujuan diperdagangkan) jatuh tempo atau reprice pada saat yang berbeda-beda atau dalam jumlah yang beragam.

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities (not for trading purpose) that mature or reprice at different times or in differing amounts.

Tabel di bawah ini menyajikan aset berbunga dan liabilitas berbunga (bukan untuk tujuan diperdagangkan) Bank pada nilai tercatat yang dikategorikan menurut mana yang terlebih dahulu antara tanggal repricing atau tanggal jatuh tempo:

The table below summarises the Bank's interest-earning assets and interest-bearing liabilities (not for trading purpose) at carrying amounts categorised by the earlier of contractual repricing or maturity dates:

31 Desember/December 2022						
	Jumlah/ Total	Hingga 3 bulan/ Up to 3 months	>3 - 6 bulan/ months	>6 - 12 bulan/ months	>1 - 5 tahun/ years	>5 tahun/ years
Giro pada Bank Indonesia	11.941.577	11.941.577	-	-	-	-
Giro pada bank-bank lain	4.351.343	4.351.343	-	-	-	-
Penempatan pada Bank Indonesia	18.682.178	18.682.178	-	-	-	-
Penempatan pada bank-bank lain	225.433	225.433	-	-	-	-
Efek-efek untuk tujuan investasi	13.308.441	100.042	4.222.152	397.298	8.491.778	97.171
Efek-efek yang dibeli dengan janji dijual kembali	14.037.231	7.374.190	1.968.566	4.694.475	-	-
Wesel ekspor	2.159.919	1.859.180	300.739	-	-	-
Kredit yang diberikan kepada nasabah	56.361.168	40.806.738	3.203.525	1.324.919	8.144.001	2.881.985
	121.067.290	85.340.681	9.694.982	6.416.692	16.635.779	2.979.156
Simpanan dari nasabah	(90.187.668)	(89.206.288)	(628.031)	(353.349)	-	-
Simpanan dari bank-bank lain	(3.356.681)	(3.356.681)	-	-	-	-
Efek yang dijual dengan janji dibeli kembali	(41.554)	(41.554)	-	-	-	-
Pinjaman yang diterima	(7.550.237)	(7.550.237)	-	-	-	-
Pinjaman subordinasi	(1.167.563)	(1.167.563)	-	-	-	-
	(102.303.703)	(101.322.323)	(628.031)	(353.349)	-	-
	18.763.587	(15.981.642)	9.066.951	6.063.343	16.635.779	2.979.156
31 Desember/December 2021						
	Jumlah/ Total	Hingga 3 bulan/ Up to 3 months	>3 - 6 bulan/ months	>6 - 12 bulan/ months	>1 - 5 tahun/ years	>5 tahun/ years
Giro pada Bank Indonesia	8.417.779	8.417.779	-	-	-	-
Giro pada bank-bank lain	3.363.992	3.363.992	-	-	-	-
Penempatan pada Bank Indonesia	19.134.840	19.134.840	-	-	-	-
Penempatan pada bank-bank lain	257.379	257.379	-	-	-	-
Efek-efek untuk tujuan investasi	21.120.592	1.880.599	2.128.949	706.606	16.404.438	-
Efek-efek yang dibeli dengan janji dijual kembali	10.060.292	10.060.292	-	-	-	-
Wesel ekspor	1.853.292	1.611.430	241.862	-	-	-
Kredit yang diberikan kepada nasabah	54.515.823	22.483.041	20.868.327	8.616.731	2.488.047	59.677
	118.723.989	67.209.352	23.239.138	9.323.337	18.892.485	59.677
Simpanan dari nasabah	(85.406.778)	(81.698.824)	(3.043.553)	(664.401)	-	-
Simpanan dari bank-bank lain	(5.940.073)	(5.940.073)	-	-	-	-
Pinjaman yang diterima	(6.199.838)	(6.199.838)	-	-	-	-
Pinjaman subordinasi	(1.068.937)	(1.068.937)	-	-	-	-
	(98.615.626)	(94.907.672)	(3.043.553)	(664.401)	-	-
	20.108.363	(27.698.320)	20.195.585	8.658.936	18.892.485	59.677

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**4. MANAJEMEN RISIKO (lanjutan)**

**c. Risiko pasar (lanjutan)**

**ii. Risiko tingkat bunga (lanjutan)**

Berdasarkan perjanjian kredit dengan debitur/nasabah, Bank berhak mengubah besaran suku bunga sewaktu-waktu atas dasar pertimbangan Bank, kecuali untuk kredit-kredit tertentu yang sudah ditetapkan jangka waktu *repricing*.

Tabel di bawah ini mengikhtisarkan suku bunga rata-rata per tahun pada tanggal 31 Desember 2022 dan 2021 untuk masing-masing instrumen keuangan.

**4. RISK MANAGEMENT (continued)**

**c. Market risk (continued)**

**ii. Interest rate risk (continued)**

Based on the loan agreement with the debtors/customers, the Bank has the rights to change the interest rates at any time at its discretion, except for certain loans which repricing period have been determined.

The tables below summarise the average annual interest rates as of 31 December 2022 and 2021 for each financial instrument.

	<u>31 Desember/ December 2022</u>	<u>31 Desember/ December 2021</u>	
<b>Aset</b>			<b>Assets</b>
<b>Rupiah:</b>			<b>Rupiah:</b>
Giro pada bank-			Demand deposits with
bank lain	0,12%	0,24%	other banks
Giro pada bank			Demand deposits with
Indonesia	0,59%	0,50%	bank Indonesia
Penempatan pada			Placements with
bank lain	3,86%	2,85%	other banks
Penempatan pada			Placements with
bank Indonesia	3,04%	2,92%	bank Indonesia
Efek-efek untuk			Investment securities
tujuan investasi	5,42%	5,94%	Securities purchased with
Efek-efek yang dibeli dengan			agreement to resell
janji dijual kembali	3,95%	3,56%	Export bills
Wesel ekspor	3,92%	4,41%	
Kredit yang diberikan			Loans to customers
kepada nasabah	6,51%	6,66%	
<b>Mata uang asing:</b>			<b>Foreign currencies:</b>
Giro pada bank-			Demand deposits with
bank lain	0,02%	0,01%	other banks
Penempatan pada			Placements with
bank lain	1,44%	0,08%	other banks
Penempatan pada			Placements with
bank Indonesia	2,09%	0,01%	bank Indonesia
Wesel ekspor	2,90%	2,59%	Export bills
Kredit yang diberikan			Loans to customers
kepada nasabah	3,17%	2,20%	
<b>Liabilitas</b>			<b>Liabilities</b>
<b>Rupiah:</b>			<b>Rupiah:</b>
Simpanan dari nasabah:			Deposits from customers:
Giro	0,67%	0,61%	Demand deposits
Tabungan	1,09%	1,65%	Savings accounts
Deposito	2,64%	3,20%	Time deposits
Simpanan dari bank - bank lain	1,84%	0,93%	Deposits from other banks
<b>Mata uang asing:</b>			<b>Foreign currencies:</b>
Simpanan dari nasabah:			Deposits from customers:
Giro	0,13%	0,00%	Demand deposits
Tabungan	0,01%	0,01%	Savings accounts
Deposito	1,65%	0,11%	Time deposits
Simpanan dari bank - bank lain	0,04%	0,04%	Deposits from other banks
Pinjaman yang diterima dan			Borrowings and
pinjaman subordinasi	3,02%	1,53%	subordinated debts

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**4. MANAJEMEN RISIKO (lanjutan)****c. Risiko pasar (lanjutan)****iii. Value at Risk**

Bank memisahkan eksposur risiko pasar antara portofolio yang diperdagangkan dan tidak diperdagangkan. Portofolio yang diperdagangkan meliputi posisi yang timbul dari pembentukan pasar dan *position-taking* dan lainnya yang ditetapkan pada nilai pasar. Portofolio yang tidak diperdagangkan meliputi posisi yang timbul terutama dari manajemen tingkat suku bunga atas aset berbunga dan liabilitas berbunga, dan efek-efek yang diklasifikasikan sebagai tersedia untuk dijual.

Salah satu alat utama yang digunakan oleh Bank untuk memantau dan membatasi eksposur risiko pasar adalah *Value at Risk* (VaR). VaR adalah teknik yang digunakan untuk mengestimasi potensi kerugian yang mungkin terjadi atas posisi risiko yang diambil sebagai akibat dari pergerakan suku bunga pasar dalam jangka waktu tertentu dan dengan tingkat keyakinan tertentu.

Metodologi VaR yang digunakan oleh Bank adalah berdasarkan simulasi historis. Simulasi historis merupakan salah satu metode yang paling umum digunakan, dimana diasumsikan distribusi perubahan faktor risiko pasar masa depan yang diharapkan (seperti nilai tukar mata uang asing dan tingkat bunga) adalah identik dengan distribusi (terpisah) faktor risiko yang sama yang diobservasi selama periode historis yang telah ditentukan sebelumnya.

Meskipun VaR adalah panduan yang berharga untuk pemantauan risiko, akan tetapi VaR harus juga dilihat dalam konteks keterbatasannya, antara lain:

- Penggunaan data historis untuk mengestimasi peristiwa di masa depan mungkin tidak mencakup semua peristiwa yang mungkin terjadi, terutama peristiwa yang ekstrem sifatnya;
- Penggunaan asumsi posisi per hari, mengasumsikan bahwa semua posisi dapat dilikuidasi atau risiko dapat saling hapus dalam jangka waktu satu hari. Hal ini mungkin tidak mencerminkan risiko pasar yang timbul pada saat kondisi likuiditas sangat terbatas, ketika posisi satu hari tidak cukup untuk melikuidasi atau melakukan lindung nilai terhadap semua posisi Bank secara menyeluruh;
- Penggunaan tingkat keyakinan pada tingkat 99 persen, secara definisi, tidak memperhitungkan kerugian yang mungkin terjadi di luar tingkat keyakinan tersebut;
- VaR dihitung berdasarkan atas eksposur yang tercatat pada saat akhir hari dan dengan demikian tidak mencerminkan *intra-day exposures*.

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**4. RISK MANAGEMENT (continued)****c. Market risk (continued)****iii. Value at Risk**

The Bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include positions arising from market-making and position-taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of interest-earning assets and interest-bearing liabilities, and investment securities classified as available-for-sale.

One of the principal tools used by the Bank to monitor and limit market risk exposure is Value at Risk (VaR). VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence.

The VaR methodology used by the Bank is based on historical simulation. Historical simulation is one of the most commonly used method, it assumes the expected distribution of future changes in market risk factors (e.g. foreign exchange rates and interest rates) is identical observed (discrete) distribution of the same risk factors over a pre-specified historical period.

Although VaR is a valuable guidance for risk monitoring, VaR should always be viewed in the context of its limitations, among others:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- The use of position per day assumes that all positions can be liquidated or the risks offset in one-day. This may not fully reflect the market risk arising at times of severe liquidity, when the position per day may be insufficient to liquidate or hedge all positions fully hedge;
- The use of a 99 percent confidence level, by definition, does not take into account losses that might occur beyond this level of confidence;
- VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not reflect *intra-day exposures*.

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**4. MANAJEMEN RISIKO (lanjutan)**

**c. Risiko pasar (lanjutan)**

iii. *Value at Risk* (lanjutan)

VaR dari total portofolio dan portofolio yang diperdagangkan adalah sebagai berikut:

31 Desember/ December 2022			
Jumlah VaR / Total VaR	VaR untuk portofolio yang diperdagangkan / Trading VaR		
	Risiko Nilai Tukar / Foreign Exchange Risk	Risiko Suku Bunga / Interest Rate Risk	
7.515	1.710	7.083	

31 Desember/ December 2021			
Jumlah VaR / Total VaR	VaR untuk portofolio yang diperdagangkan / Trading VaR		
	Risiko Nilai Tukar / Foreign Exchange Risk	Risiko Suku Bunga / Interest Rate Risk	
17.121	5.649	18.131	

Bank melakukan validasi atas keakuratan model VaR dengan melakukan *backtesting* menggunakan hasil laba rugi aktual harian.

*VaR of the total and trading portfolios are as follows:*

*The Bank validates the accuracy of VaR model by performing backtesting using actual daily profit or loss results.*

**d. Risiko likuiditas**

Risiko likuiditas adalah risiko bahwa Bank tidak memiliki kemampuan finansial yang memadai untuk memenuhi kewajibannya pada saat jatuh tempo, atau memenuhi kewajiban tersebut tetapi dengan biaya yang tinggi. Risiko timbul dari ketidakselarasan waktu dari arus kas. Bank mempertahankan basis pendanaan yang stabil dan terdiversifikasi dari simpanan nasabah ritel inti dan simpanan nasabah korporasi serta portofolio aset yang sangat likuid. Tujuan dari kerangka kerja likuiditas Bank adalah untuk memastikan bahwa Bank dapat bertahan pada saat krisis likuiditas yang ekstrim. Kerangka kerja likuiditas dibentuk sedemikian rupa agar dapat beradaptasi terhadap perubahan bisnis model, pasar dan regulasi.

Bank mengelola risiko likuiditas dan pendanaan masing-masing dengan menerapkan sebuah kerangka kerja dan struktur limit yang ditetapkan oleh ALCO. Bank diharuskan untuk mempertahankan posisi likuiditas yang kuat dan mengelola struktur likuiditas aset, liabilitas dan komitmen untuk memastikan bahwa sumber likuiditas yang memadai, baik untuk jumlah dan kualitas, untuk memastikan bahwa tidak ada risiko yang signifikan dimana kewajiban tidak dapat dipenuhi saat jatuh tempo, dan untuk memastikan bahwa profil pendanaan struktural yang bijaksana dapat dipertahankan.

Manajemen lokal bertanggung jawab untuk memastikan kepatuhan terhadap peraturan lokal yang berlaku dan limit yang ditetapkan oleh ALCO. Likuiditas dikelola setiap hari oleh fungsi treasuri.

**d. Liquidity risk**

*Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. The risk arises from mismatches in the timing of cash flows. The Bank maintains a stable and diversified funding base of core retail and corporate customer deposits as well as portfolios of highly liquid assets. The objective of the Bank's liquidity framework is to allow the Bank to withstand very severe liquidity stresses. It is designed to be adaptable to changing business models, markets and regulations.*

*The Bank manages liquidity and funding risk on a stand alone basis, employing a centrally imposed framework and limit structure set by ALCO. The Bank is required to maintain strong liquidity positions and to manage the liquidity profiles of its assets, liabilities and commitments with the objective of ensuring that liquidity resources are adequate, both as to the amount and quality, to ensure that there is no significant risk that liabilities cannot be met as they fall due, and to ensure that a prudent structural funding profile is maintained.*

*It is the responsibility of local management to ensure compliance with local regulatory requirements and limits set by ALCO. Liquidity is managed on a daily basis by treasury functions.*

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4. MANAJEMEN RISIKO (lanjutan)

d. Risiko likuiditas (lanjutan)

Likuiditas dan toleransi risiko pendanaan diatur dalam *Risk Appetite Statement* (RAS) yang ditetapkan oleh ALCO dan dibahas dalam rapat bulanan *Risk Management Committee* (RMC).

*Net Stable Funding Ratio* (NSFR) digunakan untuk memantau risiko pendanaan dan *Liquidity Coverage Ratio* (LCR) digunakan untuk memantau risiko likuiditas secara harian untuk memastikan posisi NSFR dan LCR berada dalam limit internal.

Giro, tabungan dan deposito berjangka merupakan bagian signifikan dari keseluruhan pendanaan Bank. Bank menempatkan pentingnya stabilitas simpanan ini, yang dicapai melalui kegiatan perbankan ritel Bank dan dengan mempertahankan kepercayaan nasabah terhadap struktur modal Bank yang kuat. Pasar profesional diakses dengan tujuan untuk menyediakan pendanaan tambahan, mempertahankan keberadaan di pasar uang lokal dan mengoptimalkan jatuh tempo aset dan liabilitas.

Liquidity Coverage Ratio (LCR)

Untuk mengendalikan risiko likuiditas, Bank menggunakan skenario untuk memastikan bahwa kewajiban pembayaran yang jatuh tempo dapat dipenuhi. LCR menggunakan skenario bahwa pasar berada dalam keadaan *stress* selama 30 hari.

Posisi LCR berdasarkan peraturan OJK berdasarkan data 31 Desember dapat dilihat pada tabel di bawah ini:

	31 Desember/ December 2022
<i>Liquidity Coverage Ratio</i> - Dihitung berdasarkan peraturan OJK yang berlaku	343,11%

Berdasarkan kebijakan internal, ditetapkan limit sebesar 130% atas *Liquidity Coverage Ratio*, sedangkan limit sebesar 100% ditetapkan berdasarkan peraturan OJK yang berlaku.

Net Stable Funding Ratio (NSFR)

Bank menggunakan konsep NSFR dalam mendanai aset pada neraca, dimana Aset yang membutuhkan dana stabil (*required stable funding*) didukung oleh kewajiban dana stabil yang tersedia (*available stable funding*).

Posisi NSFR berdasarkan peraturan OJK berdasarkan data 31 Desember dapat dilihat pada tabel di bawah ini:

	31 Desember/ December 2022
<i>Net Stable Funding Ratio</i> - Dihitung berdasarkan peraturan OJK yang berlaku	182,17%

4. RISK MANAGEMENT (continued)

d. Liquidity risk (continued)

*Liquidity and funding risk tolerance is set out in the Risk Appetite Statement (RAS) established by ALCO and discussed in monthly Risk Management Committee (RMC) meeting.*

*Net Stable Funding Ratio (NSFR) use to monitor funding risk and Liquidity Coverage Ratio (LCR) use to monitor liquidity risk are assessed daily to ensure the positions of NSFR and LCR are within the internal limits.*

*Demand deposits, saving accounts and time deposits payable form a significant part of the Bank's overall funding. The Bank places considerable importance on the stability of these deposits, which is achieved through the Bank's retail banking activities and by maintaining depositor confidence in the Bank's capital strength. Professional markets are accessed for the purposes of providing additional funding, maintaining a presence in local money markets and optimising asset and liability maturities.*

Liquidity Coverage Ratio (LCR)

*To control liquidity risk, the Bank uses scenarios to ensure that the payment obligation could be met as they fall due. LCR uses scenario that represents a 30 days severe market stress.*

*LCR position based on FSA regulations as of 31 December are provided in the following table:*

	31 Desember/ December 2021	
	297,15%	<i>Liquidity Coverage Ratio - Calculated based on the prevailing FSA regulations</i>

*Based on internal policy, a limit of 130% is set for Liquidity Coverage Ratio, whilst a limit of 100% is set based on prevailing FSA regulation.*

Net Stable Funding Ratio (NSFR)

*The Bank uses NSFR concept in funding assets on balance sheet where assets assessed to require stable funding are supported by liabilities providing stable funding.*

*NSFR position based on FSA regulation as of 31 December are provided in the following table:*

	31 Desember/ December 2021	
	215,27%	<i>Net Stable Funding Ratio - Calculated based on prevailing FSA regulations</i>



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## 4. MANAJEMEN RISIKO (lanjutan)

## d. Risiko likuiditas (lanjutan)

Rencana Pendanaan Kontinjensi

Rencana Pendanaan Kontinjensi (CFP) memiliki fokus pada skenario stres *idiosyncratic* dan *market wide*. Skenario stres harus memiliki tingkat kesulitan yang bervariasi untuk menangani isu-isu yang berkembang dalam rentang waktu tertentu dan dihubungkan dengan kerangka risiko likuiditas dan asumsi stres.

CFP harus membentuk *Early Warning Indicators* dengan *trigger* yang telah ditentukan diawal untuk menginformasikan seluruh penilaian status RAG (*Red/Amber/Green*). CFP harus menguraikan secara singkat tanggung jawab dan tindakan yang dapat diterapkan dalam skenario stres likuiditas dan menetapkan tahapan-tahapan spesifik selama skenario stres tersebut.

Eksposur risiko likuiditas

Sisa umur atas arus kas kontraktual yang tidak didiskontokan atas liabilitas keuangan sampai dengan jatuh tempo pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

## 4. RISK MANAGEMENT (continued)

## d. Liquidity risk (continued)

Contingency Funding Plan

*Contingency Funding Plan (CFP) focus on idiosyncratic and market wide stress scenarios. Stress scenarios should vary in severity, address issues developing over a range of time horizons and be linked to liquidity risk framework and stress testing assumptions.*

*CFPs should establish a collection of Early Warning Indicators with predetermined warning triggers to inform an overall RAG (Red/Amber/Green) status assessment. CFP should seek to outline at a high level responsibilities and actions that could be applied during liquidity stress scenarios and set out specific stages during a liquidity stress scenario.*

Exposure to liquidity risk

*Maturity on contractual undiscounted cash flows of financial liabilities as of 31 December 2022 and 2021 are as follows:*

31 Desember/ December 2022						
	Nilai tercatat/ <i>Carrying amount</i>	Nilai nominal bruto arus kas masuk (keluar)/ <i>Gross nominal inflow/ (outflow)</i>	Hingga 1 bulan/ <i>Up to 1 month</i>	>1 - 3 bulan/ <i>months</i>	>3 bulan/ <i>months</i>	
<u>Liabilitas non-derivatif</u>						<u>Non-derivative payables</u>
Simpanan dari nasabah	(90.187.668)	(90.283.193)	(82.925.138)	(6.360.648)	(997.407)	Deposits from customers
Simpanan dari bank-bank lain	(3.356.681)	(3.356.681)	(3.356.681)	-	-	Deposits from other banks
Utang akseptasi	(2.095.274)	(2.095.274)	(687.723)	(990.808)	(416.743)	Acceptance payables
Pinjaman yang diterima	(7.550.237)	(8.084.866)	-	-	(8.084.866)	Borrowings
Pinjaman subordinasi	(1.167.563)	(1.611.560)	-	-	(1.611.560)	Subordinated debt
Liabilitas lainnya	(279.727)	(279.727)	(279.727)	-	-	Other liabilities
L/C yang tidak dapat dibatalkan	-	(2.919.149)	(271.802)	(2.061.473)	(585.874)	Irrevocable L/C
Fasilitas kredit yang belum digunakan - <i>committed</i>	-	(9.250.873)	(7.607.189)	(258.424)	(1.385.260)	Unused credit facilities - committed
	<u>(104.637.150)</u>	<u>(117.881.323)</u>	<u>(95.128.260)</u>	<u>(9.671.353)</u>	<u>(13.081.710)</u>	
<u>Liabilitas derivatif</u>						<u>Derivative payables</u>
Arus kas keluar	(466.359)	(80.769.545)	(53.490.081)	(20.909.952)	(6.369.511)	Cash outflow
Arus kas masuk	-	80.892.305	51.613.447	20.559.962	8.718.896	Cash inflow
	<u>(466.359)</u>	<u>122.760</u>	<u>(1.876.634)</u>	<u>(349.990)</u>	<u>2.349.385</u>	
	<u>(105.103.509)</u>	<u>(117.758.563)</u>	<u>(97.004.894)</u>	<u>(10.021.343)</u>	<u>(10.732.325)</u>	

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4. MANAJEMEN RISIKO (lanjutan)

d. Risiko likuiditas (lanjutan)

Eksposur risiko likuiditas (lanjutan)

Sisa umur atas arus kas kontraktual yang tidak didiskontokan atas liabilitas keuangan sampai dengan jatuh tempo pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut: (lanjutan)

4. RISK MANAGEMENT (continued)

d. Liquidity risk (continued)

Exposure to liquidity risk (continued)

Maturity on contractual undiscounted cash flows of financial liabilities as of 31 December 2022 and 2021 are as follows: (continued)

31 Desember/ December 2021						
	Nilai tercatat/ Carrying amount	Nilai nominal bruto arus kas masuk (keluar)/ Gross nominal inflow/ (outflow)	Hingga 1 bulan/ Up to 1 month	>1 - 3 bulan/ months	>3 bulan/ months	
<u>Liabilitas non-derivatif</u>						<u>Non-derivative payables</u>
Simpanan dari nasabah	(85.406.778)	(85.962.001)	(80.683.350)	(3.377.079)	(1.901.572)	Deposits from customers
Simpanan dari bank-bank lain	(5.940.073)	(5.940.222)	(5.940.222)	-	-	Deposits from other banks
Utang akseptasi	(2.602.208)	(2.602.208)	(870.516)	(1.209.124)	(522.568)	Acceptance payables
Pinjaman yang diterima	(6.199.838)	(6.234.699)	-	-	(6.234.699)	Borrowings
Pinjaman subordinasi	(1.068.937)	(1.118.749)	-	-	(1.118.749)	Subordinated debt
Liabilitas lainnya	(447.630)	(447.630)	(447.630)	-	-	Other liabilities
L/C yang tidak dapat dibatalkan	-	(3.197.228)	(1.301.128)	(1.610.393)	(285.707)	Irrevocable L/C
Fasilitas kredit yang belum digunakan - committed	-	(6.207.716)	-	-	(6.207.716)	Unused credit facilities - committed
	<u>(101.665.464)</u>	<u>(111.710.453)</u>	<u>(89.242.846)</u>	<u>(6.196.596)</u>	<u>(16.271.011)</u>	
<u>Liabilitas derivatif</u>						<u>Derivative payables</u>
Arus kas keluar	(188.060)	(64.318.961)	(39.800.477)	(17.737.071)	(6.781.413)	Cash outflow
Arus kas masuk	-	64.697.272	39.078.706	16.773.387	8.845.179	Cash inflow
	<u>(188.060)</u>	<u>378.311</u>	<u>(721.771)</u>	<u>(963.684)</u>	<u>2.063.766</u>	
	<u>(101.853.524)</u>	<u>(111.332.142)</u>	<u>(89.964.617)</u>	<u>(7.160.280)</u>	<u>(14.207.245)</u>	

Tabel di atas menyajikan arus kas yang tidak didiskontokan dari liabilitas keuangan Bank berdasarkan periode jatuh tempo kontraktual yang paling dekat. Arus kas atas instrumen keuangan yang diharapkan Bank bervariasi secara signifikan dari analisis ini. Sebagai contoh, giro dari nasabah diharapkan memiliki saldo yang stabil atau meningkat.

Nilai nominal bruto arus kas masuk/(keluar) yang diungkapkan pada tabel di atas menyajikan arus kas kontraktual yang tidak didiskontokan terkait dengan nilai pokok dan bunga dari liabilitas keuangan. Pengungkapan instrumen derivatif menunjukkan nilai bersih derivatif yang dapat diselesaikan secara neto, juga nilai bruto arus kas masuk dan keluar untuk derivatif yang diselesaikan bruto secara bersamaan (sebagai contoh kontrak berjangka valuta asing). Arus kas liabilitas derivatif seperti yang ditunjukkan di tabel di atas merupakan arus kas berdasarkan jatuh tempo kontraktual yang menurut Bank adalah penting untuk memahami waktu dari arus kas.

The table above shows the undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity. The Bank's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

The gross nominal inflow/(outflow) disclosed in the table above represents the contractual undiscounted cash flows relating to the principal and interest on the financial liability. The disclosure for derivatives shows a net amount for derivatives that are net settled, and a gross inflow and outflow amount for derivatives that have simultaneous gross settlement (e.g. currency forward). The cash flows of derivative payables as in the table above represent the cash flows based on contractual maturities which the Bank believes is essential for understanding of the timing of the cash flows.

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**4. MANAJEMEN RISIKO (lanjutan)**

**d. Risiko likuiditas (lanjutan)**

Eksposur risiko likuiditas (lanjutan)

Analisis jatuh tempo liabilitas keuangan bruto Bank (bukan untuk tujuan diperdagangkan) berdasarkan periode tersisa sampai dengan tanggal jatuh tempo kontraktual pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

**4. RISK MANAGEMENT (continued)**

**d. Liquidity risk (continued)**

Exposure to liquidity risk (continued)

The analysis of maturities of the Bank's gross financial liabilities (not for trading purpose) based on remaining period to contractual maturity as of 31 December 2022 and 2021 are as follows:

31 Desember/ December 2022							
	Tanpa tanggal jatuh tempo kontraktual/ No contractual maturity	Hingga 1 bulan/ Up to 1 month	>1 - 3 bulan/ months	>3 - 12 bulan/ months	1 - 5 tahun/ years	>5 tahun/ years	Nilai tercatat sebelum dikurangi penyisihan kerugian penurunan nilai/ Carrying amount before allowance for impairment Losses
<b>Liabilitas</b>							<b>Liabilities</b>
Simpanan dari nasabah	(58.625.589)	(24.257.027)	(6.323.672)	(981.380)	-	-	Deposits from customers
Simpanan dari bank-bank lain	(3.356.681)	-	-	-	-	-	Deposits from other banks
Efek-efek yang dijual dengan janji dibeli kembali	-	-	(41.554)	-	-	-	Securities sold under repurchase agreements
Utang akseptasi	-	(687.724)	(990.808)	(384.050)	(32.692)	-	Acceptance payables
Beban akrual dan provisi	-	(115.587)	-	-	-	-	Accruals and provisions
Liabilitas lain-lain	(279.727)	-	-	-	-	-	Other liabilities
Pinjaman yang diterima	-	-	-	-	(7.550.237)	-	Borrowings
Pinjaman subordinasi	-	-	-	-	(1.167.563)	-	Subordinated debts
<b>Jumlah liabilitas</b>	<b>(62.261.997)</b>	<b>(25.060.338)</b>	<b>(7.356.034)</b>	<b>(1.365.430)</b>	<b>(8.750.492)</b>	<b>-</b>	<b>Total liabilities</b>
31 Desember/ December 2021							
	Tanpa tanggal jatuh tempo kontraktual/ No contractual maturity	Hingga 1 bulan/ Up to 1 month	>1 - 3 bulan/ months	>3 - 12 bulan/ months	1 - 5 tahun/ years	>5 tahun/ years	Nilai tercatat sebelum dikurangi penyisihan kerugian penurunan nilai/ Carrying amount before allowance for impairment Losses
<b>Liabilitas</b>							<b>Liabilities</b>
Simpanan dari nasabah	-	-	(81.698.823)	(3.707.955)	-	-	Deposits from customers
Simpanan dari bank-bank lain	-	(5.940.073)	-	-	-	-	Deposits from other banks
Utang akseptasi	-	(870.516)	(1.209.124)	(522.568)	-	-	Acceptance payables
Beban akrual dan provisi	-	(65.770)	-	-	-	-	Accruals and provisions
Liabilitas lain-lain	(447.630)	-	-	-	-	-	Other liabilities
Pinjaman yang diterima	-	-	-	-	(6.199.838)	-	Borrowings
Pinjaman subordinasi	-	-	-	-	-	(1.068.937)	Subordinated debts
<b>Jumlah liabilitas</b>	<b>(447.630)</b>	<b>(6.876.359)</b>	<b>(82.907.947)</b>	<b>(4.230.523)</b>	<b>(6.199.838)</b>	<b>(1.068.937)</b>	<b>Total liabilities</b>

**e. Risiko operasional**

Risiko operasional adalah risiko kerugian yang disebabkan oleh kegagalan sistem teknologi informasi, kesalahan karena faktor manusia, kelemahan proses internal dan kejadian eksternal termasuk *fraud*. Risiko ini dapat menyebabkan terjadinya kerugian pada Bank sehingga akan mempengaruhi kinerja dan tingkat kesehatan Bank.

**e. Operational risk**

Operational risk is the potential losses arising from IT system failure, human error, deficiencies in internal process and external event including fraud. These risks may trigger losses for the Bank and consequently affect the Bank's performance and soundness.

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## 4. MANAJEMEN RISIKO (lanjutan)

## e. Risiko operasional (lanjutan)

Manajemen risiko operasional dan internal kontrol yang kuat adalah elemen inti dari strategi risiko operasional Bank dan semua karyawan bertanggung jawab untuk mengelola dan memitigasi risiko operasional dalam kegiatan sehari-hari. *Non Financial Risk (NFR) Guiding Principles* dan *NFR Technical User Guide* adalah pendekatan menyeluruh yang diterapkan oleh bank untuk mengelola risiko operasionalnya sesuai dengan bisnis dan strategi risiko operasional dan objektif dan juga *appetite* risiko operasional.

Bank mengelola risiko ini melalui lingkungan berbasis-pengendalian dimana proses didokumentasi, wewenang bersifat independen dan transaksi-transaksi dicocokkan dan dipantau. Hal ini didukung oleh program kajian berkala yang dilaksanakan secara independen oleh audit internal, dan dengan memantau peristiwa eksternal yang terkait dengan risiko operasional, yang memastikan bahwa Bank tetap sejalan dengan *best practice* di industri dan belajar dari kegagalan operasional dalam industri jasa keuangan yang telah dipublikasi.

- Risiko operasional merupakan tanggung jawab seluruh karyawan dan lini manajemen yang didukung oleh *Non Financial Risk (NFR) Guiding Principles* dan *NFR Technical User Guide*;
- Sistem informasi digunakan untuk mencatat pengidentifikasian dan penilaian risiko operasional dan untuk menghasilkan pelaporan manajemen yang tepat secara berkala;
- Penilaian dilaksanakan terhadap risiko operasional yang dihadapi oleh setiap unit bisnis, baik risiko yang melekat dan risiko residual dalam proses, kegiatan dan produk terkait. Penilaian risiko menyertakan kajian berkala atas risiko yang teridentifikasi untuk memantau perubahan signifikan;
- Data kerugian risiko operasional dikumpulkan dan dilaporkan kepada Direksi. Kerugian risiko operasional secara keseluruhan dicatat dan keterangan lengkap mengenai insiden di atas ambang material dilaporkan; dan
- Mitigasi risiko, termasuk asuransi, dipertimbangkan bilamana hal ini dipandang efektif dari segi biaya.

Bank menjaga dan menguji fasilitas kontinjensi untuk mendukung operasionalnya apabila terjadi bencana. Kajian dan uji tambahan dilaksanakan apabila terdapat kantor Bank yang terkena suatu kejadian merugikan, untuk menyertakan pelajaran yang didapat dalam pemulihan operasi dari situasi tersebut.

## 4. RISK MANAGEMENT (continued)

## e. Operational risk (continued)

*Strong operational risk management and internal control are core elements of the Bank's operational risk strategy and all staff are responsible for managing and mitigating operational risks in their day-to-day operations. Non Financial Risk (NFR) Guiding Principles and NFR Technical User Guide is the overarching approach adopted by the Bank to manage its operational risk in accordance with its business and operational risk strategies and objectives and accordingly its operational risk appetite.*

*The Bank manages this risk through a control-based environment in which processes are documented, authorisation is independent and transactions are reconciled and monitored. This is supported by an independent programme of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the Bank stays in line with industry best practice and takes account of lessons learnt from publicised operational failures within the financial services industry.*

- *Operational risk is primarily the responsibility of all employees and line management, supported by the Non Financial Risk (NFR) Guiding Principles and NFR Technical User Guide;*
- *Information systems are used to record the identification and assessment of operational risks and to generate appropriate, regular management reporting;*
- *Assessments are undertaken of the operational risks facing each business, both inherent and residual risks in its processes, activities and products. Risk assessment incorporates a regular review of identified risks to monitor significant changes;*
- *Operational risk loss data is collected and reported to Directors. Aggregate operational risk losses are recorded and details of incidents above a materiality threshold are reported; and*
- *Risk mitigation, including insurance, is considered where this is cost-effective.*

*The Bank maintains and tests contingency facilities to support operations in the event of disasters. Additional reviews and tests are conducted in the event that any Bank office is affected by a business disruption event, to incorporate lessons learnt in the operational recovery from those circumstances.*

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**4. MANAJEMEN RISIKO (lanjutan)**

**4. RISK MANAGEMENT (continued)**

**f. Manajemen modal**

**f. Capital management**

**Modal yang diwajibkan regulator**

**Regulatory capital**

Bank telah mematuhi semua persyaratan modal yang ditetapkan oleh pihak eksternal sepanjang periode pelaporan.

*The Bank has complied with all externally imposed capital requirements throughout the reporting period.*

Rasio Kewajiban Penyediaan Modal Minimum (KPMM) pada tanggal 31 Desember 2022 dan 2021 adalah:

*The Capital Adequacy Ratio (CAR) as at 31 December 2022 and 2021 are as follows:*

	<b>Catatan / Notes</b>	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>	
<b>Modal tier 1</b>	<b>29</b>	<b>10.586.395</b>	<b>10.586.395</b>	<b>Tier 1 capital</b>
Modal saham				Share capital
Tambahan modal disetor		257.610	257.610	Additional paid-in-capital
Cadangan umum	32	77.248	62.519	General reserve
Saldo laba	32	5.011.310	7.410.731	Retained earnings
Laba periode berjalan		1.902.598	1.472.889	Profit for the period
Penghasilan komprehensif lain		(72.234 )	363.189	Other comprehensive income
Penyisihan Penghapusan Aset (PPA) atas aset non-produktif yang wajib dihitung		(83.127 )	(93.878 )	Non-earning asset provision that should be calculated
Perhitungan pajak tangguhan		(326.423 )	(212.799 )	Deferred tax calculation
Aset tidak berwujud lainnya		(72.104 )	(44.221 )	Other intangible assets
		<u>17.281.273</u>	<u>19.802.435</u>	
<b>Modal tier 2</b>				<b>Tier 2 capital</b>
Pinjaman subordinasi	28	998.119	1.068.937	Subordinated debt
Cadangan umum aset produktif		<u>738.383</u>	<u>712.161</u>	General allowance for earning assets
Jumlah modal		<u>19.017.775</u>	<u>21.583.533</u>	Total capital
Aset Tertimbang Menurut Risiko				Risk Weighted Asset
Risiko kredit		62.461.177	57.405.467	Credit risk
Risiko pasar		960.538	1.464.988	Market risk
Risiko operasional		<u>12.432.866</u>	<u>12.899.511</u>	Operational risk
Jumlah Aset Tertimbang Menurut Risiko		<u>75.854.581</u>	<u>71.769.966</u>	Total Risk Weighted Assets

Rasio Kewajiban Penyediaan Modal Minimum (KPMM) pada tanggal 31 Desember 2022 dan 2021 adalah:

*The Capital Adequacy Ratio (CAR) as at 31 December 2022 and 2021 are as follows:*

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>	
Rasio Kewajiban Penyediaan Modal	25,07%	30,07%	Capital Adequacy Ratio
Rasio CET 1	22,78%	27,59%	CET 1 Ratio
Rasio Tier 1	22,78%	27,59%	Tier 1 Ratio
Rasio Tier 2	2,29%	2,48%	Tier 2 Ratio
Capital Conservation Buffer	2,50%	2,50%	Capital Conservation Buffer
Countercyclical Buffer	0,00%	0,00%	Countercyclical Buffer
Domestically Systemically Important Bank	1,00%	1,00%	Domestically Systemically Important Bank
Rasio Kewajiban Penyediaan Modal yang Diwajibkan	9% sampai dengan kurang dari 10%/9% to less than 10%	9% sampai dengan kurang dari 10%/9% to less than 10%	Required Capital Adequacy Ratio
Rasio CET 1 minimum yang diwajibkan	4,50%	4,50%	Required minimum CET 1 Ratio
Rasio Tier 1 minimum yang diwajibkan	6,00%	6,00%	Required minimum Tier 1 Ratio

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**4. MANAJEMEN RISIKO (lanjutan)****f. Manajemen modal (lanjutan)****Modal yang diwajibkan regulator (lanjutan)**

Melalui Surat OJK No. S-141/PB.33/2017 tanggal 23 November 2017, OJK telah memberikan persetujuan bagi Bank untuk memperhitungkan pinjaman subordinasi sebesar USD 75 juta dari HSBC Asia Pacific Holdings (UK) Limited (lihat Catatan 28) sebagai bagian dari komponen modal pelengkap (modal *Tier 2*) efektif mulai November 2017.

Berdasarkan Surat OJK No. SR-91/PB.33/2017 tanggal 23 November 2017, OJK menetapkan Bank sebagai salah satu *Domestically Systematically Important Bank (bucket 1)*. *Capital surcharge* yang dikenakan kepada Bank adalah sebesar 0,50% sejak 1 Januari 2017 hingga 31 Desember 2017, 0,75% sejak 1 Januari 2018, 1,00% sejak 1 Januari 2019 dan 1,00% sejak 1 Oktober 2021. Surat ini telah diperbaharui beberapa kali, terakhir berdasarkan surat Nomor SR-72/PB.33/2022 tertanggal 27 Oktober 2022.

Perhitungan Rasio Kewajiban Penyediaan Modal Minimum telah sesuai dengan Peraturan Otoritas Jasa Keuangan Nomor 27 Tahun 2022 menggantikan peraturan sebelumnya yaitu Peraturan Otoritas Jasa Keuangan Nomor 11/POJK.03/2016 tentang "Kewajiban Penyediaan Modal Minimum Bank Umum" yang berlaku sejak 2 Februari 2016 dan sebagaimana telah diubah dengan POJK Nomor 34/POJK.03/2016.

OJK berwenang menetapkan modal minimum lebih besar dari modal minimum dalam hal OJK menilai suatu bank menghadapi potensi kerugian yang membutuhkan modal lebih besar.

Bank menghitung modal minimum sesuai profil risiko untuk posisi 31 Desember 2022 dengan menggunakan peringkat profil risiko posisi 30 Juni 2022.

Profil risiko merupakan bagian dari tingkat kesehatan bank yang dinilai tiap semester.

Berdasarkan *self-assessment* Bank, profil risiko Bank dinilai berada pada peringkat 2. Oleh karena itu, Bank berkewajiban untuk memenuhi modal minimum sebesar 9% sampai dengan kurang dari 10%. Pada tanggal 31 Desember 2022, KPMM Bank berada pada level di atas modal minimum yang diwajibkan tersebut, yaitu sebesar 25,07%.

Tujuan manajemen permodalan Bank adalah untuk mempertahankan posisi modal yang kuat untuk mendukung pertumbuhan bisnis dan mempertahankan investor, deposan, pelanggan dan kepercayaan pasar. Dalam pengelolaan permodalan, Bank mempertimbangkan faktor-faktor seperti: pengembalian modal yang optimal pada pemegang saham, menjaga keseimbangan antara keuntungan yang lebih tinggi dengan *gearing ratio* serta keamanan yang diberikan oleh posisi modal yang sehat.

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**4. RISK MANAGEMENT (continued)****f. Capital management (continued)****Regulatory capital (continued)**

Through its letter No. S-141/PB.33/2017 dated 23 November 2017, the FSA has given their approval for the Bank to include the subordinated loan amounting to USD 75 million from HSBC Asia Pacific Holdings (UK) Limited (see Note 28) as supplementary capital (*Tier 2 capital*) component effectively since November 2017.

Based on FSA letter No. SR-91/PB.33/2017 dated 23 November 2017, the FSA has determined the Bank as one of the *Domestically Systematically Important Bank (bucket 1)*. The Bank is imposed with 0.50% capital surcharge from 1 January 2017 until 31 December 2017, 0.75% from 1 January 2018, 1.00% from 1 January 2019 and 1.00% from 1 October 2021. The letter has been amended several times, the recent FSA letter was dated 27 October 2022 Number S-72/PB.33.2022.

Calculation of Capital Adequacy Ratio in compliance with Financial Services Authority Regulation Number 27 Year 2022 that replaces the previous regulation, namely Financial Services Authority Regulation Number 11/POJK.03/2016 concerning "Minimum Capital Adequacy of Commercial Banks" which effective since 2 February 2016 as amended by POJK No. 34/POJK.03/2016.

FSA is authorised to stipulate minimum capital greater than minimum capital in terms of FSA assesses a bank as facing potential losses which requires a larger capital.

The Bank calculated the minimum capital requirement based on risk profile on 31 December 2022 by using 30 June 2022 risk profile rating.

The risk profile is part of the Bank's soundness which is assessed semi-annually.

Based on its self-assessment, the Bank's risk profile is assessed to be in rating 2. Therefore, the Bank is required to provide a minimum capital of 9% to less than 10%. As of 31 December 2022, the Bank's CAR was 25.07%, which was higher than the required minimum provision of capital.

The Bank's capital management objective is to maintain a strong capital position to support business growth and to sustain investor, depositor, customer and market confidence. In managing its capital, the Bank considers factors such as: providing optimal capital rate of return to shareholders and maintaining a balance between high return gearing ratio and safety provided by a sound capital position.

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## 5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN

Pengungkapan ini merupakan tambahan atas pembahasan tentang manajemen risiko keuangan (lihat Catatan 4).

## a. Sumber utama atas ketidakpastian taksiran

## a.1. Penyisihan kerugian penurunan nilai aset keuangan

Evaluasi atas kerugian penurunan nilai aset keuangan yang dicatat pada biaya perolehan diamortisasi dan nilai wajar melalui pendapatan komprehensif lainnya (FVOCI) dijelaskan di Catatan 3p.

Perhitungan ECL sesuai PSAK 71 memerlukan Bank untuk menggunakan pertimbangan, asumsi dan estimasi. Beberapa yang signifikan antara lain:

- Mendefinisikan peningkatan risiko kredit yang signifikan
- Menentukan saat pengakuan awal dan perkiraan umur instrumen cerukan dan kartu kredit
- Memilih dan mengkalibrasi model PD, LGD dan EAD, yang mendukung perhitungan, termasuk pertimbangan yang wajar dan didukung tentang bagaimana model bereaksi terhadap kondisi ekonomi saat ini dan masa depan
- Memilih model masukan dan prakiraan ekonomi, termasuk menetapkan apakah prakiraan ekonomi yang memadai dan tertimbang secara wajar dimasukkan dalam memperhitungkan kerugian ekspektasi yang tidak bias.

Cadangan kerugian penurunan nilai terkait dengan pihak lawan spesifik dalam seluruh cadangan kerugian penurunan nilai dibentuk atas tagihan yang penurunan nilainya dievaluasi secara individual berdasarkan taksiran terbaik manajemen atas nilai tunai arus kas yang diharapkan akan diterima. Dalam mengestimasi arus kas ini, manajemen membuat pertimbangan mengenai kondisi keuangan dari pihak lawan dan nilai bersih yang dapat direalisasi dari agunan yang diterima. Setiap aset yang mengalami penurunan nilai dievaluasi, dan strategi penyelesaiannya serta estimasi arus kas yang dinilai dapat diperoleh kembali secara independen disetujui oleh Departemen Kredit.

## 5. USE OF ESTIMATES AND JUDGMENTS

These disclosures supplement the commentary on financial risk management (see Note 4).

## a. Key sources of estimation uncertainty

## a.1. Allowances for impairment losses of financial assets

Financial assets accounted for at amortised cost and fair value through other comprehensive income (FVOCI) are evaluated for impairment on a basis described in Note 3p.

The calculation of the Bank's ECL under SFAS 71 requires the Bank to make a number of judgements, assumptions and estimates. The most significant are set out below:

- Defining what is considered to be a significant increase in credit risk
- Determining the lifetime and point of initial recognition of overdrafts and credit cards
- Selecting and calibrating the PD, LGD and EAD models, which support the calculations, including making reasonable and supportable judgements about how models react to current and future economic conditions
- Selecting model inputs and economic forecasts, including determining whether sufficient and appropriately weighted economic forecasts are incorporated to calculate unbiased expected loss.

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about the counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Department.



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**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)**

**a. Sumber utama atas ketidakpastian taksiran  
(lanjutan)**

**a.2. Penentuan nilai wajar**

Dalam menentukan nilai wajar atas aset keuangan dan liabilitas keuangan dimana tidak terdapat harga pasar yang dapat diobservasi, Bank harus menggunakan teknik penilaian seperti dijelaskan pada Catatan 3a.6. Untuk instrumen keuangan yang jarang diperdagangkan dan tidak memiliki harga yang transparan, nilai wajarnya menjadi kurang objektif dan karenanya, membutuhkan tingkat pertimbangan yang beragam, tergantung pada likuiditas, konsentrasi, ketidakpastian faktor pasar, asumsi penentuan harga, dan risiko lainnya yang mempengaruhi instrumen tertentu.

**a.3. Imbalan kerja karyawan**

Nilai kini kewajiban pensiun tergantung pada beberapa faktor yang ditentukan dengan dasar aktuarial berdasarkan beberapa asumsi. Asumsi yang digunakan untuk menentukan biaya/(penghasilan) pensiun neto mencakup tingkat diskonto dan kenaikan gaji di masa datang. Adanya perubahan pada asumsi ini akan mempengaruhi jumlah tercatat kewajiban pensiun.

Bank menentukan tingkat diskonto dan kenaikan gaji masa datang yang sesuai pada akhir periode pelaporan. Tingkat diskonto adalah tingkat suku bunga yang harus digunakan untuk menentukan nilai kini atas estimasi arus kas keluar masa depan yang diharapkan untuk menyelesaikan kewajiban pensiun. Dalam menentukan tingkat suku bunga yang sesuai, Bank mempertimbangkan tingkat suku bunga obligasi Pemerintah yang didenominasikan dalam mata uang imbalan akan dibayar dan memiliki jangka waktu yang serupa dengan jangka waktu kewajiban pensiun yang terkait.

**a.4. Aset pajak tangguhan**

Aset pajak tangguhan diakui atas jumlah pajak penghasilan terpulihkan (*recoverable*) pada periode mendatang sebagai akibat perbedaan temporer yang boleh dikurangkan. Justifikasi manajemen diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, sesuai dengan waktu yang tepat dan tingkat laba fiskal di masa mendatang sejalan dengan strategi rencana perpajakan ke depan.

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**5. USE OF ESTIMATES AND JUDGMENTS  
(continued)**

**a. Key sources of estimation uncertainty  
(continued)**

**a.2. Determining fair values**

*The determination of fair value for financial assets and liabilities for which there is no observable market price, the Bank requires the use of valuation techniques as described in Note 3a.6. For financial instruments that trade infrequently and have no price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.*

**a.3. Employee benefits**

*The present value of the pension obligations depends on several numbers of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate and future salary increase. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.*

*The Bank determines the appropriate discount rate and future salary increase at the end of each reporting period. The discount rate is interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Bank considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligations.*

**a.4. Deferred tax asset**

*Deferred tax assets are recognised for the future recoverable taxable income arising from temporary difference. Judgment of the management is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing on level of future taxable profits together with future strategic planning.*

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**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)**

**a. Sumber utama atas ketidakpastian taksiran  
(lanjutan)**

**a.5. Dampak atas hasil pemeriksaan pajak**

Penilaian yang signifikan diperlukan dalam menentukan dampak dari hasil pemeriksaan pajak yang sedang berlangsung. Bank mempertimbangkan risiko ini berdasarkan perkiraan apakah terdapat pajak tambahan yang akan ditagihkan.

**a.6. Penyusutan dan estimasi umur manfaat aset tetap**

Biaya perolehan aset tetap disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen Bank mengestimasi masa manfaat ekonomis aset tetap antara 3 (tiga) sampai dengan 20 (dua puluh) tahun.

Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya biaya penyusutan masa depan mungkin direvisi.

Nilai tercatat atas aset tetap Bank diungkapkan pada Catatan 19.

**a.7. Menentukan jangka waktu kontrak dengan opsi perpanjangan dan penghentian kontrak - Bank sebagai lessee**

Bank menentukan jangka waktu sewa sebagai jangka waktu sewa yang tidak dapat dibatalkan, bersama dengan periode yang dicakup oleh opsi untuk memperpanjang masa sewa jika dipastikan akan dilaksanakan, atau periode apa pun yang dicakup oleh opsi untuk menghentikan sewa, jika cukup wajar untuk tidak dilakukan.

Bank memiliki beberapa kontrak sewa yang mencakup opsi perpanjangan dan penghentian jangka waktu sewa. Bank menerapkan penilaian dalam mengevaluasi apakah dapat dipastikan jika akan menggunakan opsi untuk memperpanjang atau menghentikan sewa. Hal tersebut dilakukan dengan mempertimbangkan seluruh fakta dan keadaan yang relevan yang memberikan insentif ekonomi untuk melakukan perpanjangan atau penghentian sewa. Setelah tanggal dimulainya, Bank menilai kembali masa sewa, jika terdapat peristiwa atau perubahan signifikan dalam keadaan yang berada dalam kendali dan mempengaruhi apakah lessee cukup pasti untuk mengeksekusi opsi memperpanjang atau menghentikan sewa.

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**5. USE OF ESTIMATES AND JUDGMENTS  
(continued)**

**a. Key sources of estimation uncertainty  
(continued)**

**a.5. Impact on tax assessment**

Significant judgment is required in determining the impact of the ongoing tax assessment. The Bank considers this risk based on estimates whether the additional taxes will be due.

**a.6. Depreciation and estimated useful life of fixed assets**

Cost of acquisition of fixed assets are depreciated using the straight-line method based on their estimated economic useful life. Bank's management estimates the useful lives of the assets are between 3 (three) to 20 (twenty) years.

Changes in the level of usage and technological developments could affect the economic useful lives and residual value of assets, and therefore future depreciation charges may be revised.

The carrying value of the Bank's fixed assets is disclosed in Note 19.

**a.7. Determine the contract term with extension and contract termination options - the Bank as lessee**

The Bank determines the lease term as non-cancellable term, together with the period covered by the option to extend the lease if it is determined to be exercised, or any period covered by the option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and contract termination in the lease terms. The Bank applies its judgment in evaluating whether it is certain to exercise the option to extend or terminate the lease. This is done by considering all relevant facts and circumstances that provide economic incentives to extend or terminate the lease. After the commencement date, the Bank reassesses the lease term, if there is a significant event or change in circumstances which is under its control and affects whether the lessee is certain enough to exercise the option to extend or terminate the lease.

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5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)

b. Sumber akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank

b.1. Penilaian instrumen keuangan

Kebijakan akuntansi Bank untuk pengukuran nilai wajar dibahas di Catatan 3a.6.

**Kerangka penilaian**

Nilai wajar termasuk dalam kerangka penilaian yang dirancang untuk memastikan bahwa nilai wajar ditentukan dan divalidasi oleh bagian yang independen dari pengambil risiko.

Untuk semua instrumen keuangan dimana nilai wajar ditentukan oleh referensi harga kuotasi secara eksternal atau *input* yang dapat diobservasi yang digunakan di dalam model, penentuan dan validasi harga independen digunakan. Pada pasar yang tidak aktif, Bank akan mencari informasi pasar alternatif untuk melakukan validasi terhadap nilai wajar dari instrumen keuangan, dengan menekankan pada informasi yang dianggap lebih relevan dan andal.

Untuk menentukan kualitas dari *input* data pasar, faktor-faktor seperti sejauh mana harga bisa diharapkan untuk mewakili harga jual-beli sesungguhnya atau harga dimana instrumen dapat diperjualbelikan, tingkat keserupaan antar instrumen keuangan, tingkat konsistensi antar sumber yang berbeda, proses yang digunakan oleh *pricing provider* untuk memperoleh data, jarak antara tanggal data pasar terkait dan tanggal neraca serta bagaimana data tersebut diperoleh harus dipertimbangkan.

Untuk nilai wajar yang ditentukan melalui model penilaian, kerangka penilaian dapat berupa pengembangan atau validasi terhadap logis di dalam model penilaian oleh bagian pendukung yang independen, *input* untuk model dan beberapa penyesuaian yang dibutuhkan di luar model penilaian. Model penilaian dikaji secara berkala untuk memastikan bahwa hasil penilaian mencerminkan harga pasar.

Perubahan nilai wajar secara umum dimasukkan ke dalam proses analisis laba dan rugi. Proses ini memisahkan perubahan dalam nilai wajar ke dalam tiga kategori; (i) perubahan portofolio, seperti transaksi baru atau transaksi yang jatuh tempo, (ii) perubahan pasar, seperti perubahan kurs mata uang asing, dan (iii) lainnya, seperti perubahan penyesuaian nilai wajar.

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5. USE OF ESTIMATES AND JUDGMENTS  
(continued)

b. Critical accounting judgments in applying the Bank's accounting policies

b.1. Valuation of financial instruments

The Bank's accounting policy on fair value measurements is discussed in Note 3a.6.

**Valuation framework**

Fair values are subject to a valuation framework designed to ensure that they are either determined or validated by an independent function of the risk-taker.

For all financial instruments where fair values are determined by reference to externally quoted price or observable pricing inputs to model, independent price determination or validation is utilized. In inactive market, the Bank will search alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

To determine the quality of the market data inputs, factors such as the extent to which prices may be expected to represent genuine traded or tradeable prices, the degree of similarity between financial instruments, the degree of consistency between different sources, the process followed by the pricing provider to derive the data, the elapsed time between the date to which the market data relates and the balance sheet date and the manner in which the data was sourced are taken into consideration.

For fair values determined using valuation models, the valuation framework may include development or validation by independent support functions of the logic within valuation models, the inputs to those models and any adjustments required outside the valuation models. Valuation model is regularly reviewed to ensure that the result of the valuation reflects the market prices.

Changes in fair value are generally subject to a profit and loss analysis process. This process disaggregates changes in fair value into three high level categories; (i) portfolio changes, such as new transactions or maturing transactions, (ii) market movements, such as changes in foreign exchange rates, and (iii) other, such as changes in fair value adjustments.

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**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)**
**b. Sumber akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank  
(lanjutan)**
**b.1. Penilaian instrumen keuangan (lanjutan)**
**Kerangka penilaian (lanjutan)**

Bank mengukur nilai wajar menggunakan hierarki di bawah ini:

- Level 1: Kuotasi harga pasar: instrumen keuangan yang diukur dengan menggunakan harga kuotasian (tanpa disesuaikan) dalam pasar aktif untuk instrumen yang identik.
- Level 2: Teknik penilaian menggunakan input yang dapat diobservasi: instrumen keuangan yang diukur dengan menggunakan harga kuotasian untuk instrumen serupa dalam pasar aktif atau harga kuotasian untuk instrumen serupa atau identik dari pasar yang dipertimbangkan sebagai kurang aktif dan instrumen keuangan yang diukur menggunakan model dimana seluruh *input* signifikan dapat diobservasi secara langsung maupun tidak langsung dari data pasar.
- Level 3: Teknik penilaian menggunakan *input* signifikan yang tidak dapat diobservasi: instrumen keuangan dinilai menggunakan teknik penilaian dimana satu atau lebih *input* signifikan tidak dapat diobservasi. Kategori ini termasuk instrumen yang diukur berdasarkan harga kuotasi untuk instrumen serupa dimana penyesuaian atau asumsi signifikan yang tidak dapat diobservasi diperlukan untuk mencerminkan perbedaan di antara instrumen tersebut.

Nilai wajar aset dan liabilitas keuangan yang diperdagangkan di pasar aktif didasarkan pada harga kuotasi pasar atau harga kuotasian dari *dealer*. Untuk instrumen keuangan lainnya, Bank menentukan nilai wajar dengan menggunakan teknik penilaian.

Teknik penilaian termasuk nilai kini bersih dan model arus kas yang didiskonto, perbandingan dengan instrumen serupa dimana harga pasar yang dapat diobservasi tersedia dan model penilaian lainnya. Asumsi dan *input* yang digunakan dalam teknik penilaian termasuk bunga bebas risiko dan bunga acuan (*benchmark*), margin kredit dan premi lainnya yang digunakan untuk melakukan estimasi suku bunga diskonto, harga obligasi, nilai tukar valuta asing dan volatilitas dan korelasi harga yang diharapkan.

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**5. USE OF ESTIMATES AND JUDGMENTS  
(continued)**
**b. Critical accounting judgments in applying the Bank's accounting policies (continued)**
**b.1. Valuation of financial instruments  
(continued)**
**Valuation framework (continued)**

The Bank measures fair values using the following hierarchy:

- Level 1: Quoted market price: financial instruments with quoted prices (*unadjusted*) in an active market for an identical instrument.
- Level 2: Valuation technique using observable inputs: financial instruments valued using quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in the markets that are considered less than active and financial instruments valued using models where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. This category includes instrument that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines the fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which the market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rate, credit spreads and other premiums used in estimating discount rates, bond prices, foreign currency exchange rates and expected price volatilities and correlations.

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**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)**

**b. Sumber akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank  
(lanjutan)**

**b.1. Penilaian instrumen keuangan (lanjutan)**

**Kerangka penilaian (lanjutan)**

Tujuan dari teknik penilaian adalah menghasilkan penentuan nilai wajar yang mencerminkan harga dari instrumen keuangan pada tanggal pelaporan, yang mana akan ditentukan oleh pelaku pasar secara wajar (*arm's length*).

Bank menerapkan model penilaian yang secara umum digunakan untuk menentukan nilai wajar instrumen keuangan yang umum dan tidak kompleks seperti kontrak berjangka valuta asing yang hanya menggunakan data pasar yang dapat diobservasi dan hanya memerlukan sedikit pertimbangan dan estimasi manajemen. Harga yang dapat diobservasi dan *input* dalam model biasanya tersedia di pasar untuk obligasi yang terdaftar di bursa. Ketersediaan harga pasar yang dapat diobservasi dan *input* dalam model mengurangi kebutuhan untuk pertimbangan dan estimasi manajemen, dan juga mengurangi ketidakpastian yang terkait dengan penentuan nilai wajar. Ketersediaan harga pasar dan *input* bervariasi tergantung pada produk dan pasar, dan sangat dipengaruhi oleh perubahan berdasarkan kejadian tertentu dan kondisi umum pasar keuangan.

**Penyesuaian nilai wajar**

Penyesuaian atas nilai wajar diterapkan ketika Bank mempertimbangkan bahwa terdapat faktor-faktor tambahan yang dipertimbangkan oleh pelaku pasar tapi tidak terdapat di dalam teknik penilaian. Tingkat penyesuaian atas nilai wajar tergantung pada banyak faktor yang spesifik terhadap entitas, sejauh Bank berkeyakinan bahwa pelaku pasar pihak ketiga akan mempertimbangkan hal-hal tersebut dalam menentukan harga transaksi.

**b.2. Klasifikasi aset dan liabilitas keuangan**

Kebijakan akuntansi Bank memberikan acuan untuk menetapkan aset dan liabilitas keuangan ke dalam berbagai kategori pada saat pengakuan awal sesuai dengan standar akuntansi yang berlaku berdasarkan kondisi tertentu.

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**5. USE OF ESTIMATES AND JUDGMENTS  
(continued)**

**b. Critical accounting judgments in applying the Bank's accounting policies (continued)**

**b.1. Valuation of financial instruments  
(continued)**

**Valuation framework (continued)**

*The objective of valuation technique is to obtain a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.*

*The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like foreign exchange forward contracts that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt securities. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.*

**Fair value adjustments**

*Fair value adjustments are adopted when the Bank considers that there are additional factors that would be considered by a market participant that are not incorporated within the valuation model. The magnitude of fair value adjustments depends upon many entity-specific factors, to the extent that the Bank believes that a third party market participants would take them into account in pricing a transaction.*

**b.2. Financial asset and liability classification**

*The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.*

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**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN**  
(lanjutan)

**c. Pertimbangan akuntansi yang penting**

**c.1. Usaha yang berkelanjutan**

Manajemen Bank telah melakukan penilaian atas kemampuan Bank untuk melanjutkan kelangsungan usahanya dan berkeyakinan bahwa Bank memiliki sumber daya untuk melanjutkan usahanya di masa mendatang. Selain itu, manajemen tidak mengetahui adanya ketidakpastian material yang dapat menimbulkan keraguan yang signifikan terhadap kemampuan Bank untuk mempertahankan kelangsungan hidupnya. Oleh karena itu, laporan keuangan telah disusun atas dasar usaha yang berkelanjutan.

**c.2. Klasifikasi aset dan liabilitas keuangan**

Manajemen Bank menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan bila definisi yang ditetapkan PSAK No. 71 telah dipenuhi sejak 1 Januari 2020. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Bank seperti diungkapkan pada Catatan 3.a.1.

**5. USE OF ESTIMATES AND JUDGMENTS**  
(continued)

**c. Significant accounting judgements**

**c.1. Going concern**

The Management of the Bank has assessed the ability of the Bank and to continue its business and believes that the Bank has the resources to continue their business in the future. In addition, management is not aware of any material uncertainties that may cause significant doubt on the ability of the Bank to maintain its viability. Therefore, the financial statements have been prepared on the basis of a going concern.

**c.2. Classification of financial assets and liabilities**

The Management of the Bank determine the classification of certain assets and liabilities as financial assets and financial liabilities by considering whether the definitions set under SFAS No. 71 have been fulfilled since 1 January 2020. Accordingly, financial assets and financial liabilities are recognised in accordance with the accounting policy of the Bank and its Subsidiaries as disclosed in Note 3.a.1.

**6. KAS**

	<u>31 Desember/ December 2022</u>	<u>31 Desember/ December 2021</u>	
Rupiah	213.781	234.240	Rupiah
Mata uang asing	214.899	195.616	Foreign currencies
<b>Total</b>	<b>428.680</b>	<b>429.856</b>	<b>Total</b>

Saldo kas dalam mata uang Rupiah termasuk jumlah kas pada ATM masing-masing sebesar Rp 55.951 dan Rp 31.176 pada tanggal 31 Desember 2022 dan 2021.

Kas pada mesin ATM (*Automated Teller Machines*) telah diasuransikan terhadap risiko kecurian, pencurian dan risiko lainnya kepada PT AIG Insurance Indonesia dengan jumlah pertanggungan sebesar USD 15.000 tanggal 31 Desember 2022 dan 2021. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kerugian atas aset yang dipertanggungan.

**6. CASH**

Total cash in Rupiah currency included cash in ATMs amounting to Rp 55,951 and Rp 31,176 as of 31 December 2022 and 2021, respectively.

Cash in ATMs (*Automated Teller Machines*) are insured against theft, larceny and other possible risks with PT AIG Insurance Indonesia with coverage amount of USD 15,000 as of 31 December 2022 and 2021, respectively. Management believes that the insurance coverage is adequate to cover losses on the assets insured.

**7. GIRO PADA BANK INDONESIA**

	<u>31 Desember/December 2022</u>		
	<u>Jumlah nosional mata uang asing/ Notional amount foreign currency (Dalam ribuan/ In thousands)</u>	<u>Ekuivalen Rupiah/ Rupiah equivalent</u>	
Rupiah	10.112.396	10.112.396	Rupiah
Dolar Amerika Serikat	117.500	1.829.181	United States Dollar
<b>Jumlah</b>		<b>11.941.577</b>	<b>Total</b>

**7. DEMAND DEPOSITS WITH BANK INDONESIA**

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**7. GIRO PADA BANK INDONESIA (lanjutan)**

**7. DEMAND DEPOSIT WITH BANK INDONESIA  
(continued)**

<b>31 Desember/December 2021</b>	
<b>Jumlah nosional mata uang asing/ Notional amount foreign currency (Dalam ribuan/ In thousands)</b>	<b>Ekuivalen Rupiah/ Rupiah equivalent</b>
Rupiah	7.106.549
Dolar Amerika Serikat	92.000
<b>Jumlah</b>	<b>8.417.779</b>

Rupiah  
United States Dollar  
**Total**

Saldo giro pada Bank Indonesia disediakan untuk memenuhi persyaratan Giro Wajib Minimum (GWM) dari Bank Indonesia.

*Demand deposits with Bank Indonesia are provided to fulfill Bank Indonesia's Minimum Statutory Reserves requirements (GWM).*

Rasio Giro Wajib Minimum (GWM) dalam mata uang Rupiah dan valuta asing yang harus dipenuhi Bank pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

*The Minimum Statutory Reserves (GWM) ratios required to be maintained by the Bank in Rupiah and foreign currencies as at 31 December 2022 and 31 December 2021 are as follows:*

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>	
<b>Rupiah</b>			<b>Rupiah</b>
<b>GWM Primer</b>			<b>Primary GWM</b>
- Harian	0,00%	0,50%	Daily -
- Rata-rata	12,84%	7,41%	Average -
- Penyangga Likuiditas Makroprudensial	36,86%	35,65%	Liquidity Ratio - Macroprudential
<b>GWM valuta asing</b>			<b>Foreign currencies GWM</b>
- Harian	2,00%	2,00%	Daily -
- Rata-rata	2,23%	2,18%	Average -

GWM adalah jumlah dana minimum yang wajib dipelihara oleh Bank dalam bentuk saldo rekening giro pada Bank Indonesia, sedangkan Penyangga Likuiditas Makroprudensial (PLM) adalah cadangan likuiditas minimum dalam Rupiah yang wajib dipelihara oleh Bank berupa Sertifikat Bank Indonesia (SBI), Sertifikat Deposito Bank Indonesia (SDBI), Surat Utang Negara (SUN), dan/atau Surat Berharga Negara (SBN).

*Minimum Statutory Reserve is a minimum reserve that should be maintained by Bank in the current accounts with Bank Indonesia, while Macroprudential Liquidity Buffer (PLM) is a minimum reserve in Rupiah that should be maintained by Bank which comprises of Bank Indonesia Certificates (SBI), Bank Indonesia Deposit Certificates (SDBI), Government Debenture Debt (SUN), and/or Government Commercial Notes (SBN).*

Sesuai PBI No. 20/3/PBI/2018 dan perubahan terakhir dalam PBI No. 24/4/PBI/2022; No. 20/10/PADG/2018 dan perubahan terakhir dalam PADG No. 24/3/PADG/2022 yang efektif berlaku tanggal 1 Maret 2022 tentang Giro Wajib Minimum Dalam Rupiah dan Valuta Asing Bagi Bank Umum Konvensional, Bank Umum Syariah dan Unit Usaha Syariah, GWM dalam mata uang Rupiah ditetapkan sebesar 9% pada tahap 2 (sejak 1 September 2022) dari dana pihak ketiga dalam Rupiah. GWM dalam valuta asing ditetapkan sebesar 4% dari dana pihak ketiga dalam valuta asing.

*In accordance with PBI No. 20/3/PBI/2018 and its latest amendment in PBI No. 24/4/PBI/2022; PADG No. 20/10/PADG/2018 and its latest amendment in PADG No. 24/3/PADG/2022 which was effective since 1 March 2022 regarding Statutory Reserve Requirement (GWM) in Rupiah and Foreign Currency of Conventional Banks, Sharia Banks and Sharia Business Units for 9% on stage 2 (since 1 September 2022) of total third party funds in Rupiah. GWM in foreign currencies is set at 4% of total third party funds in foreign currencies.*

Bank telah memenuhi Peraturan Bank Indonesia yang berlaku tentang GWM Bank Umum Konvensional pada tanggal 31 Desember 2022 dan 2021.

*The Bank has fulfilled the prevailing Bank Indonesia's Regulation regarding GWM for Conventional Banks as at 31 December 2022 and 2021.*

Pada tanggal 31 Desember 2022 dan 2021, GWM RIM dan PLM Bank telah sesuai dengan PADG No. 23/27/PADG/2021 yang berlaku efektif 1 Mei 2021, PADG No.22/30/PADG/2020 yang berlaku efektif 5 Oktober 2020, PADG No. 21/22/PADG/2019 yang berlaku efektif 2 Desember 2019 dimana ketentuan parameter batas bawah dan batas atas adalah 0,15 dan 0.

*As of 31 December 2022 and 2021, the Bank's GWM RIM and PLM are in compliance with PADG No. 23/27/PADG/2021 effective per 1 May 2021, PADG No.22/30/PADG/2020 effective per 5 October 2020, PADG No. 21/22/PADG/2019 effective per 2 December 2019 in which the requirement for disincentive parameter at bottom line and upper line is 0.15 and 0.*



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## 8. GIRO PADA BANK-BANK LAIN

## a. Berdasarkan mata uang

	31 Desember/ December 2022	31 Desember/ December 2021
Rupiah	68.098	58.867
Valuta asing	4.283.245	3.305.125
Sub-total	4.351.343	3.363.992
Cadangan kerugian penurunan nilai	(1.603)	(553)
<b>Jumlah</b>	<b>4.349.740</b>	<b>3.363.439</b>

## b. Mutasi nilai tercatat bruto

Mutasi nilai tercatat bruto giro pada bank-bank lain pada biaya perolehan diamortisasi adalah sebagai berikut:

	31 Desember/December 2022			
	Stage 1	Stage 2	Stage 3	Jumlah/ Total
1 Januari 2022	3.312.401	51.591	-	3.363.992
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	(153)	153	-	-
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	50.429	(50.429)	-	-
Perubahan bersih pada eksposur dan pengukuran kembali	910.705	(792)	-	909.913
Selisih kurs	77.438	-	-	77.438
<b>31 Desember 2022</b>	<b>4.350.820</b>	<b>523</b>	<b>-</b>	<b>4.351.343</b>

	31 Desember/December 2021			
	Stage 1	Stage 2	Stage 3	Jumlah/ Total
1 Januari 2021	3.740.740	-	-	3.740.740
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	(51.591)	51.591	-	-
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-
Perubahan bersih pada eksposur dan pengukuran kembali	(423.767)	-	-	(423.767)
Selisih kurs	47.019	-	-	47.019
<b>31 Desember 2021</b>	<b>3.312.401</b>	<b>51.591</b>	<b>-</b>	<b>3.363.992</b>

## c. Cadangan kerugian penurunan nilai

Mutasi nilai cadangan kerugian penurunan nilai giro pada bank-bank lain adalah sebagai berikut:

	31 Desember/December 2022			
	Stage 1	Stage 2	Stage 3	Jumlah / Total
1 Januari 2022	372	181	-	553
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	179	(179)	-	-
Perubahan bersih pada eksposur dan pengukuran kembali	995	-	-	995
Selisih kurs	55	-	-	55
<b>31 Desember 2022</b>	<b>1.601</b>	<b>2</b>	<b>-</b>	<b>1.603</b>

## 8. DEMAND DEPOSITS WITH OTHER BANKS

## a. By currency

Rupiah	Rupiah
Foreign currencies	Foreign currencies
Sub-total	Sub-total
Allowance for impairment losses	Allowance for impairment losses
<b>Total</b>	<b>Total</b>

## b. The changes in the gross carrying amount

The changes in the gross carrying amount on demand deposits with other banks are as follows:

	31 Desember/December 2022			
	Stage 1	Stage 2	Stage 3	Jumlah/ Total
1 Januari 2022	3.312.401	51.591	-	3.363.992
Transfer to lifetime expected credit loss (stage 2)	(153)	153	-	-
Transfer to credit impaired (stage 3)	-	-	-	-
Transfer to 12 months expected credit losses (stage 1)	50.429	(50.429)	-	-
Net change in exposure and remeasurement	910.705	(792)	-	909.913
Exchange rate differences	77.438	-	-	77.438
<b>31 Desember 2022</b>	<b>4.350.820</b>	<b>523</b>	<b>-</b>	<b>4.351.343</b>

## c. Allowance for impairment losses

The changes in the allowance for impairment losses on demand deposits with other banks are as follows:

	31 Desember/December 2022			
	Stage 1	Stage 2	Stage 3	Jumlah / Total
1 Januari 2022	372	181	-	553
Transfer to lifetime expected credit loss (stage 2)	-	-	-	-
Transfer to credit impaired (stage 3)	-	-	-	-
Transfer to 12 months expected credit losses (stage 1)	179	(179)	-	-
Net change in exposure and remeasurement	995	-	-	995
Exchange rate differences	55	-	-	55
<b>31 Desember 2022</b>	<b>1.601</b>	<b>2</b>	<b>-</b>	<b>1.603</b>

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**8. GIRO PADA BANK-BANK LAIN (lanjutan)**

**c. Cadangan kerugian penurunan nilai (lanjutan)**

Mutasi nilai cadangan kerugian penurunan nilai giro pada bank-bank lain adalah sebagai berikut (lanjutan):

	<b>31 Desember/December 2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Jumlah / Total</b>
1 Januari 2021	107	-	-	107
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	(181)	181	-	-
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-
Perubahan bersih pada eksposur dan pengukuran kembali	497	-	-	497
Selisih kurs	(51)	-	-	(51)
<b>31 Desember 2021</b>	<b>372</b>	<b>181</b>	<b>-</b>	<b>553</b>

Manajemen Bank berkeyakinan bahwa saldo penyisihan kerugian penurunan nilai yang dibentuk cukup untuk menutupi penurunan nilai giro pada bank-bank lain pada tanggal 31 Desember 2022 dan 2021.

**8. DEMAND DEPOSITS WITH OTHER BANKS (continued)**

**c. Allowance for impairment losses (continued)**

The changes in the allowance for impairment losses on demand deposits with other banks are as follows (continued):

	<b>31 Desember/December 2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Jumlah / Total</b>
January 1, 2021	107	-	-	107
Transfer to lifetime expected credit loss (stage 2)	(181)	181	-	-
Transfer to credit impaired (stage 3)	-	-	-	-
Transfer to 12 months expected credit losses (stage 1)	-	-	-	-
Net change in exposure and remeasurement	497	-	-	497
Exchange rate differences	(51)	-	-	(51)
<b>31 Desember 2021</b>	<b>372</b>	<b>181</b>	<b>-</b>	<b>553</b>

The Bank's management believes that the balance of allowance for impairment losses provided is adequate to cover impairment on demand deposits with other banks as of 31 December 2022 and 2021.

**9. PENEMPATAN PADA BANK INDONESIA**

Penempatan pada Bank Indonesia berdasarkan jenis dan mata uang adalah sebagai berikut:

	<b>31 Desember/December 2022</b>
<b>Rupiah</b>	
Term Deposit	
Bank Indonesia	2.498.520
Deposit Facility	
Bank Indonesia	1.799.288
	4.297.808
<b>Mata uang asing</b>	
Dolar Amerika Serikat	
Term Deposit	
Bank Indonesia	14.384.370
Lainnya	
Bank Indonesia	-
	14.384.370
<b>Jumlah</b>	<b>18.682.178</b>

Penempatan pada Bank Indonesia seluruhnya dengan pihak ketiga.

Seluruh penempatan pada bank lain pada tanggal 31 Desember 2022 dan 2021 diklasifikasikan sebagai lancar berdasarkan kolektibilitas Bank Indonesia.

Tidak terdapat penempatan pada Bank Indonesia yang digunakan sebagai jaminan pada tanggal 31 Desember 2022 dan 2021.

**9. PLACEMENTS WITH BANK INDONESIA**

Placements with Bank Indonesia by type and currencies are as follows:

	<b>31 Desember/December 2021</b>
<b>Rupiah</b>	
Term Deposit	
Bank Indonesia	8.496.396
Deposit Facility	
Bank Indonesia	2.899.336
	11.395.732
<b>Foreign Currency</b>	
United States Dollar	
Term Deposit	
Bank Indonesia	2.137.875
Others	
Bank Indonesia	5.601.233
	7.739.108
<b>Total</b>	<b>19.134.840</b>

All placements with Bank Indonesia are held with third parties.

All placements with other banks as of 31 December 2022 and 2021 are classified as current based on Bank Indonesia collectibility.

There were no placements with Bank Indonesia pledged as collateral as of 31 December 2022 and 2021.

**10. PENEMPATAN PADA BANK-BANK LAIN**

Penempatan pada bank-bank lain berdasarkan jenis penempatan dan mata uang adalah sebagai berikut:

	<b>31 Desember/December 2022</b>	<b>31 Desember/December 2021</b>
Rupiah	-	-
Valuta asing	225.433	257.379
Cadangan kerugian penurunan nilai	(75)	(29)
	<b>225.358</b>	<b>257.350</b>

**10. PLACEMENTS WITH OTHER BANKS**

Placements with other banks by types of placements and currencies are as follows:

Rupiah	
Foreign currencies	
Allowance for impairment losses	

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**10. PENEMPATAN PADA BANK-BANK LAIN (lanjutan)**

Seluruh penempatan pada bank lain pada tanggal 31 Desember 2022 dan 2021 diklasifikasikan sebagai lancar berdasarkan kolektibilitas Bank Indonesia.

Mutasi nilai tercatat bruto penempatan pada bank-bank lain pada biaya perolehan diamortisasi adalah sebagai berikut:

**10. PLACEMENTS WITH OTHER BANKS (continued)**

All placements with other banks as of and 31 December 2022 and 2021 are classified as current based on Bank Indonesia collectibility.

The changes in the gross carrying amount on placements with other banks are as follows:

31 Desember/December 2022					
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
1 Januari 2022	257.379	-	-	257.379	January 1, 2022
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(29.622)	-	-	(29.622)	Net change in exposure and remeasurement
Selisih kurs	(2.324)	-	-	(2.324)	Exchange rate differences
<b>31 Desember 2022</b>	<b>225.433</b>	<b>-</b>	<b>-</b>	<b>225.433</b>	<b>31 December 2022</b>

31 Desember/December 2021					
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
1 Januari 2021	10.654.314	-	-	10.654.314	January 1, 2021
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(10.400.532)	-	-	(10.400.532)	Net change in exposure and remeasurement
Selisih kurs	3.597	-	-	3.597	Exchange rate differences
<b>31 Desember 2021</b>	<b>257.379</b>	<b>-</b>	<b>-</b>	<b>257.379</b>	<b>31 December 2021</b>

Mutasi nilai cadangan kerugian penurunan nilai penempatan pada bank-bank lain diukur pada biaya perolehan diamortisasi adalah sebagai berikut:

The changes in the allowance for impairment losses on placements with other banks measured at amortised cost are as follows:

31 Desember/December 2022					
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
1 Januari 2022	29	-	-	29	January 1, 2022
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	47	-	-	47	Net change in exposure and remeasurement
Selisih kurs	(1)	-	-	(1)	Exchange rate differences
<b>31 Desember 2022</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>31 December 2022</b>

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**10. PENEMPATAN PADA BANK-BANK LAIN (lanjutan)**

**10. PLACEMENTS WITH OTHER BANKS (continued)**

	<b>31 Desember/December 2021</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Jumlah / Total</b>	
1 Januari 2021	375	-	-	375	January 1, 2021
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(347)	-	-	(347)	Net change in exposure and remeasurement
Selisih kurs	1	-	-	1	Exchange rate differences
<b>31 Desember 2021</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>31 December 2021</b>

Manajemen Bank berkeyakinan bahwa saldo penyisihan kerugian penurunan nilai yang dibentuk cukup untuk menutupi kemungkinan penurunan nilai penempatan pada bank-bank lain pada tanggal 31 Desember 2022 dan 2021.

The Bank's management believes that the balance of allowance for impairment losses provided is adequate to cover possible impairment on placements with other banks as of 31 December 2022 and 2021.

Tidak terdapat penempatan pada bank lain yang digunakan sebagai jaminan pada tanggal 31 Desember 2022 dan 2021.

There were no placements with other banks pledged as collateral as of 31 December 2022 and 2021.

**11. EFEK-EFEK UNTUK TUJUAN INVESTASI**

**11. INVESTMENT SECURITIES**

Rincian efek-efek berdasarkan jenis dan mata uang adalah sebagai berikut:

Securities classified according to type and currency are as follows:

	<b>31 Desember/December 2022</b>		
	<b>Nilai nominal/ Par value</b>	<b>Nilai tercatat/ Carrying value</b>	
<b>Diukur pada nilai wajar melalui penghasilan komprehensif lain (FVOCI)</b>			<b>Measured at Fair value through other comprehensive income (FVOCI)</b>
Rupiah			Rupiah
Obligasi pemerintah	7.718.862	7.882.553	Government Bonds
Obligasi pemerintah - Sukuk	4.245.485	4.228.108	Government Bonds - Sukuk
	<b>11.964.347</b>	<b>12.110.661</b>	
<b>Biaya perolehan diamortisasi</b>			<b>Amortized cost</b>
Rupiah			Rupiah
Obligasi pemerintah	496.383	502.925	Government Bonds
Obligasi pemerintah - Sukuk	698.481	694.855	Government Bonds - Sukuk
	<b>1.194.864</b>	<b>1.197.780</b>	
<b>Jumlah</b>	<b>13.159.211</b>	<b>13.308.441</b>	<b>Total</b>
	<b>31 Desember/December 2021</b>		
	<b>Nilai nominal/ Par value</b>	<b>Nilai tercatat/ Carrying value</b>	
<b>Diukur pada nilai wajar melalui penghasilan komprehensif lain (FVOCI)</b>			<b>Measured at Fair value through other comprehensive income (FVOCI)</b>
Rupiah			Rupiah
Obligasi pemerintah	13.381.226	14.228.152	Government Bonds
Obligasi pemerintah - Sukuk	6.726.150	6.892.440	Government Bonds - Sukuk
<b>Jumlah</b>	<b>20.107.376</b>	<b>21.120.592</b>	<b>Total</b>

Pada tanggal 31 Desember 2022 dan 2021 semua efek-efek untuk tujuan investasi merupakan transaksi dengan pihak ketiga.

As of 31 December 2022 and 2021 investment securities were all made with third parties.

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11. EFEK-EFEK UNTUK TUJUAN INVESTASI  
(lanjutan)

Rincian efek-efek berdasarkan penerbit adalah sebagai berikut:

	31 Desember/ December 2022	31 Desember/ 31 December 2021
Negara Republik Indonesia	13.308.441	21.120.592
<b>Jumlah</b>	<b>13.308.441</b>	<b>21.120.592</b>

Rincian efek-efek berdasarkan peringkat adalah sebagai berikut:

11. INVESTMENT SECURITIES (continued)

Securities classified according to issuer are as follows:

Securities classified according to rating are as follows:

31 Desember/December 2022				
Rupiah	Lembaga pemeringkat/ Credit rating agency	Rating/ Rating	Nilai tercatat/ Carrying value	Jatuh tempo/ Maturity
Obligasi Pemerintah	Standard and Poors	BBB-	8.385.478	Bervariasi dari 15-Mei-2023 sampai dengan 15-Aug-2028 / Various dates from 15-May-2023 until 15-Aug-2028
Obligasi Pemerintah - Sukuk	Standard and Poors	BBB-	4.922.963	Bervariasi dari 10-Mar-2023 sampai dengan 15-Jul-2024 / Various dates from 10-Mar-2023 until 15-Jul-2024
			<b>13.308.441</b>	
31 Desember/December 2021				
Rupiah	Lembaga pemeringkat/ Credit rating agency	Rating/ Rating	Nilai tercatat/ Carrying value	Jatuh tempo/ Maturity
Obligasi Pemerintah	Standard and Poors	BBB-	14.228.152	Bervariasi dari 15-Mei-2022 sampai dengan 15-Apr-2026 / Various dates from 15-May-2022 until 15-Apr-2026
Obligasi Pemerintah - Sukuk	Standard and Poors	BBB-	6.892.440	Bervariasi dari 15-Jan-2022 sampai dengan 15-Okt-2025 / Various dates from 15-Jan-2022 until 15-Oct-2025
			<b>21.120.592</b>	

Obligasi pemerintah - Sukuk yang dimiliki oleh Bank merupakan obligasi yang diterbitkan Pemerintah Republik Indonesia dan Perusahaan Penerbit SBSN (Surat Berharga Syariah Negara) berdasarkan prinsip syariah dengan pembayaran bagi hasil tetap.

Seluruh efek-efek memiliki kolektibilitas lancar sesuai peraturan Bank Indonesia.

Tidak ada efek-efek untuk tujuan investasi yang dijaminkan.

Government bonds - Sukuk held by the Bank are the bonds issued by the Government of Republic of Indonesia and Perusahaan Penerbit SBSN (Surat Berharga Syariah Negara) under the sharia principle with fixed revenue sharing payment.

All securities are classified as current according to collectability rules set by Bank Indonesia.

There were no investment securities pledged as collateral.

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11. EFEK-EFEK UNTUK TUJUAN INVESTASI  
(lanjutan)

Mutasi rugi/laba yang belum direalisasi dari perubahan nilai wajar efek-efek untuk tujuan investasi untuk tahun yang berakhir pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

	31 Desember/ December 2022	31 Desember/ December 2021
Saldo awal - sebelum pajak penghasilan tangguhan	465.629	627.849
Perubahan nilai wajar periode/tahun berjalan - bersih	(474.700)	(134.712)
Laba yang direalisasi selama periode/tahun berjalan	(83.534)	(27.508)
Jumlah - sebelum pajak penghasilan tangguhan	(92.605)	465.629
Penyesuaian tarif pajak	-	(12.559)
Pajak penghasilan tangguhan	20.371	(89.881)
<b>Saldo akhir - bersih</b>	<b>(72.234)</b>	<b>363.189</b>

## 11. INVESTMENT SECURITIES (continued)

The movement of unrealised loss/gain from the change in fair value of investment securities for the years ended 31 December 2022 and 2021 are as follows:

Beginning balance - before deferred income tax  
Changes in fair value for the period/ during the year - net  
Realised gain from sale during the period/year - net  
Total - before deferred income tax  
Tax rate adjustment  
Deferred income tax

Ending balance - net

Mutasi nilai tercatat bruto efek-efek untuk tujuan investasi adalah sebagai berikut:

The changes in the gross carrying amount on investment securities are as follows:

	31 Desember/December 2022			Jumlah / Total
	Stage 1	Stage 2	Stage 3	
1 Januari 2022	21.120.592	-	-	21.120.592
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	-	-	-	-
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-
Perubahan bersih pada eksposur dan pengukuran kembali	(7.812.151)	-	-	(7.812.151)
Selisih kurs	-	-	-	-
<b>31 Desember 2022</b>	<b>13.308.441</b>	<b>-</b>	<b>-</b>	<b>13.308.441</b>

January 1, 2022  
Transfer to lifetime expected credit loss (stage 2)  
Transfer to credit impaired (stage 3)  
Transfer to 12 months expected credit losses (stage 1)  
Net change in exposure and remeasurement  
Exchange rate differences  
31 December 2022

	31 Desember/December 2021			Jumlah / Total
	Stage 1	Stage 2	Stage 3	
1 Januari 2021	17.860.822	-	-	17.860.822
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	-	-	-	-
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-
Perubahan bersih pada eksposur dan pengukuran kembali	3.259.770	-	-	3.259.770
Selisih kurs	-	-	-	-
<b>31 Desember 2021</b>	<b>21.120.592</b>	<b>-</b>	<b>-</b>	<b>21.120.592</b>

January 1, 2021  
Transfer to lifetime expected credit loss (stage 2)  
Transfer to credit impaired (stage 3)  
Transfer to 12 months expected credit losses (stage 1)  
Net change in exposure and remeasurement  
Exchange rate differences  
31 December 2021

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11. EFEK-EFEK UNTUK TUJUAN INVESTASI  
(lanjutan)

Mutasi nilai cadangan kerugian penurunan nilai efek-efek untuk tujuan investasi adalah sebagai berikut:

## 11. INVESTMENT SECURITIES (continued)

The changes in the allowance for impairment losses on investment securities are as follows:

31 Desember/December 2022				
	Stage 1	Stage 2	Stage 3	Jumlah / Total
1 Januari 2022	5.528	-	-	5.528
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-
Perubahan bersih pada eksposur dan pengukuran kembali	(681)	-	-	(681)
Selisih kurs	-	-	-	-
31 Desember 2022	4.847	-	-	4.847

31 Desember/December 2021				
	Stage 1	Stage 2	Stage 3	Jumlah / Total
1 Januari 2021	15.399	-	-	15.399
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-
Perubahan bersih pada eksposur dan pengukuran kembali	(10.175)	-	-	(10.175)
Selisih kurs	304	-	-	304
31 Desember 2021	5.528	-	-	5.528

Manajemen Bank berkeyakinan bahwa saldo cadangan kerugian penurunan nilai yang dibentuk adalah cukup untuk menutupi penurunan nilai efek-efek untuk tujuan investasi pada tanggal 31 Desember 2022 dan 2021.

The Bank's management believes that the allowance for impairment losses was adequate to cover impairment on investment securities as of 31 December 2022 and 2021.

## 12. ASET KEUANGAN DALAM KELOMPOK DIPERDAGANGKAN

Aset keuangan dalam kelompok diperdagangkan terdiri dari:

## 12. FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading consist of the following:

31 Desember/December 2022				
	Nilai nominal/Par value	Nilai tercatat/Carrying value		
Obligasi pemerintah			Government Bonds	
Rupiah	1.012.127	983.078	Rupiah	
Dolar Amerika Serikat	77.262	70.790	United States Dollar	
	1.089.389	1.053.868		
Obligasi pemerintah - Sukuk			Government Bonds - Sukuk	
Rupiah	136.039	128.295	Rupiah	
Dolar Amerika Serikat	69.898	66.272	United States Dollar	
	205.937	194.567		
<b>Jumlah</b>	<b>1.295.326</b>	<b>1.248.435</b>	<b>Total</b>	



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**12. ASET KEUANGAN DALAM KELOMPOK DIPERDAGANGKAN (lanjutan)**

Aset keuangan dalam kelompok diperdagangkan terdiri dari (lanjutan):

**12. FINANCIAL ASSETS HELD FOR TRADING (continued)**

Financial assets held for trading consist of the following (continued):

	<b>31 Desember/December 2021</b>		
	<b>Nilai nominal/Par value</b>	<b>Nilai tercatat/Carrying value</b>	
Obligasi pemerintah			Government Bonds
Rupiah	2.026.552	2.206.419	Rupiah
Dolar Amerika Serikat	95.620	102.717	United States Dollar
	<u>2.122.172</u>	<u>2.309.136</u>	
Obligasi pemerintah - Sukuk			Government Bonds - Sukuk
Rupiah	384.059	394.855	Rupiah
	<u>384.059</u>	<u>394.855</u>	
<b>Jumlah</b>	<b><u>2.506.231</u></b>	<b><u>2.703.991</u></b>	<b>Total</b>

Pada tanggal 31 Desember 2022 dan 2021 semua aset keuangan dalam kelompok diperdagangkan merupakan transaksi dengan pihak ketiga.

As of 31 December 2022 and 2021 financial assets held for trading were all made with third parties.

Rincian aset keuangan dalam kelompok diperdagangkan berdasarkan penerbit uang adalah sebagai berikut:

Financial assets held for trading classified according to issuer are as follows:

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>	
Negara Republik Indonesia	1.248.435	2.703.991	Republic of Indonesia
<b>Jumlah</b>	<b><u>1.248.435</u></b>	<b><u>2.703.991</u></b>	<b>Total</b>

Rincian aset keuangan dalam kelompok diperdagangkan berdasarkan peringkat adalah sebagai berikut (dinyatakan dalam Rupiah):

Financial assets held for trading classified according to rating are as follows (expressed in Rupiah):

	<b>31 Desember/December 2022</b>				
	<b>Lembaga pemeringkat/ Credit rating agency</b>	<b>Rating/ Rating</b>	<b>Nilai tercatat/ Carrying value</b>	<b>Jatuh tempo/ Maturity</b>	
<b>Rupiah</b>					<b>Rupiah</b>
Obligasi Pemerintah	Standard and Poors	BBB-	983.080	Bervariasi dari 9-Feb-2023 sampai dengan 15-Aug-2051 / Various dates from 9-Feb-2023 until 15-Aug-2051	Government Bond
<b>Mata uang asing</b>					<b>Foreign currency</b>
Obligasi Pemerintah	Standard and Poors	BBB-	70.788	Bervariasi dari 15-Apr-2023 sampai dengan 12-Mar-2051 / Various dates from 15-Apr-2023 until 12-Mar-2051	Government Bond
<b>Rupiah</b>					<b>Rupiah</b>
Obligasi Pemerintah - Sukuk	Standard and Poors	BBB-	128.295	Bervariasi dari 10-Mar-2023 sampai dengan 15-Jun-2047 / Various dates from 10-Mar-2023 until 15-Jun-2047	Government Bond - Sukuk
<b>Mata uang asing</b>					<b>Foreign currency</b>
Obligasi Pemerintah - Sukuk	Standard and Poors	BBB-	66.272	Bervariasi dari 1-Mar-2023 sampai dengan 23-Jun-2030 / Various dates from 1-Mar-2023 until 23-Jun-2030	Government Bond - Sukuk
			<u>1.248.435</u>		

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12. ASET KEUANGAN DALAM KELOMPOK DIPERDAGANGKAN (lanjutan)

Rincian aset keuangan dalam kelompok diperdagangkan berdasarkan peringkat adalah sebagai berikut (dinyatakan dalam Rupiah) (lanjutan):

12. FINANCIAL ASSETS HELD FOR TRADING (continued)

Financial assets held for trading classified according to rating are as follows (expressed in Rupiah) (continued):

31 Desember/December 2021					
	Lembaga pemeringkat/ Credit rating agency	Rating/ Rating	Nilai tercatat/ Carrying value	Jatuh tempo/ Maturity	
Rupiah					Rupiah
Obligasi Pemerintah	Standard and Poors	BBB-	2.206.419	Bervariasi dari 15-Mei-2022 sampai dengan 15-Aug-2051 / Various dates from 15-May-2022 until 15-Aug-2051	Government Bond
Mata uang asing					Foreign currency
Obligasi Pemerintah	Standard and Poors	BBB-	102.717	Bervariasi dari 29-Mar-2022 sampai dengan 09-Jun-2051 / Various dates from 29-Mar-2022 until 09-Jun-2051	Government Bond
Rupiah					Rupiah
Obligasi Pemerintah - Sukuk	Standard and Poors	BBB-	394.855	Bervariasi dari 10-Mar-2022 sampai dengan 15-Jun-2026 / Various dates from 10-Mar-2022 until 15-Jun-2026	Government Bond - Sukuk
			2.703.991		

Seluruh aset keuangan dalam kelompok diperdagangkan memiliki kolektibilitas lancar sesuai peraturan Bank Indonesia.

All financial assets held for trading are classified as current according to collectability rules set by Bank Indonesia.

Pada tanggal 31 Desember 2022 dan 2021 semua aset keuangan dalam kelompok diperdagangkan merupakan transaksi dengan pihak ketiga.

As of 31 December 2022 and 2021 financial assets held for trading were all transactions with third parties.

Pada tanggal 31 Desember 2022, Aset keuangan dalam kelompok diperdagangkan termasuk obligasi pemerintah dengan nilai tercatat Rp 40.781 (nilai nominal sebesar Rp 40.000) yang sesuai dengan perjanjian, Bank harus membeli kembali obligasi pemerintah tersebut pada tanggal 9 Februari 2023 dan 21 Februari 2023. Jumlah kewajiban pada nilai tercatat efek-efek yang dijual dengan janji dibeli kembali pada laporan posisi keuangan sebesar Rp 41.554 (Catatan 23) pada tanggal 31 Desember 2022.

As of 31 December 2022, financial assets held for trading included government bonds with a carrying value of Rp 40,781 (par value of Rp 40,000) according to the agreement, The Bank must buy back the government bonds on 9 February 2023 and 21 February 2023. Total liabilities at carrying amount securities sold under agreements to repurchase on the statement of financial position amounted to Rp 41,554 (Note 23) as of 31 December 2022.

13. TAGIHAN DAN LIABILITAS DERIVATIF

Dalam melakukan usaha bisnis, Bank melakukan transaksi keuangan derivatif seperti kontrak berjangka mata uang asing, swap mata uang asing, swap atas suku bunga dan transaksi spot untuk keperluan pembiayaan, perdagangan dan lindung nilai.

Risiko pasar dari transaksi derivatif timbul sebagai akibat dari adanya perubahan nilai potensial fluktuasi kurs mata uang, sedangkan risiko kredit timbul dalam hal pihak lain tidak dapat memenuhi liabilitasnya kepada Bank.

Jangka waktu dari pembelian dan penjualan berjangka valuta asing pada tanggal 31 Desember 2022 dan 2021 sebagai berikut:

13. DERIVATIVE RECEIVABLES AND PAYABLES

In the normal course of business, the Bank entered into transactions involving derivative financial instruments such as foreign currency forward contracts, currency swaps, interest rate swaps and spot transactions for financing, trading and hedging purposes.

The market risk of derivative transactions arise from potential changes in value due to fluctuations in foreign exchange rates, while credit risk is the possibility that a loss may occur due to the failure of a counterparty to fulfill its obligations.

According to the terms of the contracts as of 31 December 2022 and 2021 the Bank's derivative instruments have terms as follows:

	31 Desember/ December 2022	31 Desember/ December 2021	
Tagihan derivatif	2 hari sampai 907 hari/ 2 days to 907 days	4 hari sampai 1.644 hari/ 4 days to 1,644 days	Derivative receivables
Liabilitas derivatif	2 hari sampai 1.279 hari / 2 day to 1,279 days	3 hari sampai 1.272 hari/ 3 days to 1,272 days	Derivative payables

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## 13. TAGIHAN DAN LIABILITAS DERIVATIF (lanjutan)

Rincian tagihan dan liabilitas derivatif pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

## 13. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

The details of derivative receivables and payables as of 31 December 2022 and 2021 are as follows:

31 Desember/December 2022				
Nilai wajar/Fair values				
	Jumlah nosional/ Notional amount	Tagihan derivative/ Derivative receivables	Liabilitas derivative/ Derivative payables	Instruments
Instrumen				
Tidak dikategorikan sebagai lindung nilai				Not designed as hedges
Kontrak valuta berjangka	47.194.987	156.337	231.336	Currency forward contracts
Kontrak swap suku bunga	4.951.988	83.172	140.988	Interest rate swap contracts
Kontrak cross currency swap	1.649.106	78.393	82.389	Cross-currency swap contracts
Kontrak tunai valuta asing	3.164.335	6.344	11.646	Currency spot contracts
		324.246	466.359	

31 Desember/December 2021				
Nilai wajar/Fair values				
	Jumlah nosional/ Notional amount	Tagihan derivatif/ Derivative receivables	Liabilitas derivatif/ Derivative payables	Instruments
Instrumen				
Tidak dikategorikan sebagai lindung nilai				Not designed as hedges
Kontrak valuta berjangka	26.282.443	111.255	95.935	Currency forward contracts
Kontrak cross currency swap	3.909.156	50.774	71.961	Cross-currency swap contracts
Kontrak swap suku bunga	7.213.392	40.000	17.809	Interest rate swap contracts
Kontrak tunai valuta asing	3.004.346	610	2.353	Currency spot contracts
Kontrak currency option	1.119	2	2	Currency option contracts
		202.641	188.060	

Kolektibilitas tagihan derivatif pada tanggal 31 Desember 2022 dan 2021, berdasarkan kolektibilitas Bank Indonesia adalah sebagai berikut:

The collectability of the derivative receivables as of 31 December 2022 and 2021, based on Bank Indonesia's collectability is as follows:

	31 Desember/ December 2022	31 Desember/ December 2021	Derivative receivables
Tagihan derivatif			Current
Lancar	324.241	202.641	
Dalam perhatian khusus	5	-	Special attention
	<b>324.246</b>	<b>202.641</b>	

## 14. EFEK YANG DIBELI DENGAN JANJI DIJUAL KEMBALI

Efek-efek yang dibeli dengan janji dijual kembali terdiri dari:

## 14. SECURITIES PURCHASED WITH AGREEMENTS TO RESELL

Securities purchased with agreement to sell consist of the following:

31 Desember/December 2022							
Pihak lawan/ Counterparty	Jenis efek/ Security type	Tanggal dimulai/ Starting date	Tanggal jatuh tempo/ Maturity date	Tingkat suku bunga/ Interest rate	Nilai jual kembali/ Resale value	Pendapatan bunga yang belum direalisasi/ Unrealised interest income	Nilai bersih/ Carrying amount
Bank Indonesia	FR0098	29-Dec-22	30-Mar-23	6,25	1.889.994	28.759	1.861.235
Bank Indonesia	VR064	30-Dec-22	29-Sep-23	6,62	1.498.726	71.392	1.427.334
Bank Indonesia	VR034	30-Dec-22	06-Jan-23	5,5	957.416	877	956.539
Bank Indonesia	VR045	30-Dec-22	30-Jun-23	6,48	954.575	30.119	924.456
Bank Indonesia	VR072	29-Dec-22	26-Jan-23	6,02	692.017	2.996	689.021
Bank Indonesia	FR0052	2-Dec-22	2-Jun-23	6,35	593.980	15.609	578.371
Bank Indonesia	FR0072	3-Oct-22	02-Jan-23	5,05	504.141	141	504.000
Bank Indonesia	VR036	30-Dec-22	13-Jan-23	5,76	479.265	995	478.270
Bank Indonesia	VR049	30-Dec-22	31-Mar-23	6,25	475.100	7.309	467.791
Bank Indonesia	VR065	25-Nov-22	25-Aug-23	6,53	486.125	20.037	466.088
Bank Indonesia	VR077	25-Nov-22	24-Nov-23	6,66	494.018	28.262	465.756
Bank Indonesia	VR086	25-Nov-22	26-May-23	6,35	477.734	11.994	465.740
Bank Indonesia	VR073	21-Nov-22	20-Feb-23	6,05	469.501	3.990	465.511
Bank Indonesia	VR061	21-Oct-22	20-Jan-23	5,55	466.566	1.434	465.132
Bank Indonesia	VR083	9-Dec-22	08-Sep-23	6,53	484.436	21.095	463.341
Bank Indonesia	VR041	9-Dec-22	8-Dec-23	6,65	492.430	29.261	463.169
Bank Indonesia	FR0093	2-Dec-22	01-Sep-23	6,53	470.415	19.938	450.477
Bank Indonesia	FR0089	29-Nov-22	28-Feb-23	6,06	445.286	4.379	440.907
Bank Indonesia	FR0083	2-Dec-22	1-Dec-23	6,66	254.426	14.848	239.578
Bank Indonesia	FR0083	2-Dec-22	1-Dec-23	6,65	254.404	14.826	239.578
Bank Indonesia	FR0083	2-Dec-22	1-Dec-23	6,64	254.381	14.803	239.578
Bank Indonesia	FR0083	2-Dec-22	1-Dec-23	6,63	254.359	14.781	239.578
Bank Indonesia	FR0096	23-Dec-22	20-Jan-23	6,03	239.409	799	238.610
Bank Indonesia	VR057	29-Dec-22	26-Jan-23	6,02	238.237	1.031	237.206
Bank Indonesia	VR068	23-Dec-22	06-Jan-23	5,75	232.216	222	231.994
Bank Indonesia	VR068	23-Dec-22	06-Jan-23	5,74	232.216	222	231.994
Bank Rakyat Indonesia	FR0090	23-Dec-22	9-Jan-23	5,00	106.109	132	105.977
							<b>14.037.231</b>

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**14. EFEK YANG DIBELI DENGAN JANJI DIJUAL KEMBALI (lanjutan)**

**14. SECURITIES PURCHASED WITH AGREEMENTS TO RESELL (continued)**

31 Desember/December 2021							
Pihak lawan/ Counterparty	Jenis efek/ Security type	Tanggal dimulai/ Starting date	Tanggal jatuh tempo/ Maturity date	Tingkat suku bunga/ Interest rate	Nilai jual kembali/ Resale value	Pendapatan bunga yang belum direalisasi/ Unrealised interest income	Nilai bersih/ Carrying amount
Bank Indonesia	FR0077	31-Dec-21	7-Jan-22	3,50	3.675.802	2.500	3.673.302
Bank Indonesia	FR0043	30-Dec-21	6-Jan-22	3,50	1.767.804	1.031	1.766.773
Bank Indonesia	FR0056	27-Dec-21	3-Jan-22	3,50	1.570.120	458	1.569.662
Bank Indonesia	FR0070	28-Dec-21	4-Jan-22	3,50	1.375.130	535	1.374.595
Bank Indonesia	FR0046	29-Dec-21	5-Jan-22	3,50	954.559	464	954.095
Bank Indonesia	VR042	29-Dec-21	5-Jan-22	3,50	722.216	351	721.865
							<b>10.060.292</b>

Seluruh efek yang dibeli dengan janji dijual kembali berlokasi di Jakarta.

*All securities purchased with agreements to resell are located in Jakarta.*

Seluruh efek yang dibeli dengan janji dijual kembali pada tanggal 31 Desember 2022 dan 2021 diklasifikasikan sebagai lancar berdasarkan kolektibilitas Bank Indonesia.

*All securities purchased with agreements to resell as of 31 December 2022 and 2021 are classified as current based on Bank Indonesia collectability.*

Manajemen Bank berkeyakinan bahwa efek-efek yang dibeli dengan janji dijual kembali tidak mengalami penurunan nilai dan tidak ada penyisihan kerugian penurunan nilai yang perlu diakui pada tanggal 31 Desember 2022 dan 2021.

*The Bank's management believes that securities purchased with agreements to resell were not impaired and there was no allowance for impairment losses to be recognised as of 31 December 2022 and 2021.*

**15. WESEL EKSPOR**

**15. EXPORT BILLS**

Wesel ekspor berdasarkan jenis adalah sebagai berikut:

*Export bills classified by type is as follows:*

	31 Desember/ December 2022	31 Desember/ December 2021	
<b>Rupiah</b>			<b>Rupiah</b>
Wesel Ekspor	151.060	446.461	Export Bills
Surat Kredit Berdokumen Dalam Negeri (SKBDN)	383.944	881.329	Domestic letters-of-credit (SKBDN)
Lainnya (Tagihan atas negosiasi letters-of-credit)	182.198	124.128	Others (Receivables for letters-of-credit negotiations)
	<u>717.202</u>	<u>1.451.918</u>	
<b>Mata uang asing</b>			<b>Foreign currencies</b>
Wesel Ekspor	1.058.240	230.014	Export Bills
Surat Kredit Berdokumen Dalam Negeri (SKBDN)	326.101	96.680	Domestic letters-of-credit (SKBDN)
Lainnya (Tagihan atas negosiasi letters-of-credit)	58.376	74.680	Others (Receivables for letters-of-credit negotiations)
	<u>1.442.717</u>	<u>401.374</u>	
	2.159.919	1.853.292	
Cadangan kerugian penurunan nilai	(96.445)	(16.780)	Allowance for impairment losses
<b>Jumlah</b>	<b>2.063.474</b>	<b>1.836.512</b>	<b>Total</b>

Wesel ekspor berdasarkan mata uang adalah sebagai berikut:

*Export bills classified by currency is as follows:*

	31 Desember/ December 2022	31 Desember/ December 2021	
Rupiah	717.202	1.451.918	Rupiah
Mata uang asing	1.442.717	401.374	Foreign currencies
<b>Jumlah</b>	<b>2.159.919</b>	<b>1.853.292</b>	<b>Total</b>
Cadangan kerugian penurunan nilai	(96.445)	(16.780)	Allowance for impairment losses
	<b>2.063.474</b>	<b>1.836.512</b>	

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**15. WESEL EKSPOR (lanjutan)**

Wesel ekspor pada tanggal 31 Desember 2022 dan 2021 berdasarkan kolektibilitas Bank Indonesia adalah sebagai berikut:

**15. EXPORT BILLS (continued)**

Export bills as of 31 December 2022 and 2021 based on Bank Indonesia's collectability is as follows:

	31 Desember/ December 2022	31 Desember/ December 2021	
Lancar	2.029.115	1.733.038	Current
Dalam perhatian khusus	130.804	120.254	Special attention
Jumlah	2.159.919	1.853.292	Total
Cadangan kerugian penurunan nilai	(96.445)	(16.780)	Allowance for impairment losses
	<b>2.063.474</b>	<b>1.836.512</b>	

Mutasi nilai tercatat bruto wesel ekspor adalah sebagai berikut:

Movement in the gross carrying amount for export bills are as follows:

31 Desember/December 2022					
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
1 Januari 2022	1.853.292	-	-	1.853.292	January 1, 2022
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	(3.875)	3.875	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	(120.254)	-	120.254	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	212.742	7.771	5.679	226.192	Net change in exposure and remeasurement
Selisih kurs	75.114	450	4.871	80.435	Exchange rate differences
<b>31 Desember 2022</b>	<b>2.017.019</b>	<b>12.096</b>	<b>130.804</b>	<b>2.159.919</b>	<b>31 December 2022</b>

31 Desember/December 2021					
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
1 Januari 2021	928.428	-	-	928.428	January 1, 2021
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	919.832	-	-	919.832	Net change in exposure and remeasurement
Selisih kurs	5.032	-	-	5.032	Exchange rate differences
<b>31 Desember 2021</b>	<b>1.853.292</b>	<b>-</b>	<b>-</b>	<b>1.853.292</b>	<b>31 December 2021</b>

Perubahan cadangan kerugian penurunan nilai untuk wesel ekspor adalah sebagai berikut:

Movement in the allowance for impairment losses are as follows:

31 Desember/December 2022					
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
1 Januari 2022	16.780	-	-	16.780	January 1, 2022
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	(35)	35	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	(1.089)	-	1.089	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(15.529)	(1)	95.166	79.636	Net change in exposure and remeasurement
Selisih kurs	-	-	29	29	Exchange rate differences
<b>31 Desember 2022</b>	<b>127</b>	<b>34</b>	<b>96.284</b>	<b>96.445</b>	<b>31 December 2022</b>

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**15. WESEL EKSPOR (lanjutan)**

Perubahan cadangan kerugian penurunan nilai untuk wesel ekspor adalah sebagai berikut (lanjutan):

**15. EXPORT BILLS (continued)**

Movement in the allowance for impairment losses are as follows (continued):

	31 Desember/December 2021				
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Jumlah / Total</u>	
1 Januari 2021	6.843	-	-	6.843	January 1, 2021
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	-	-	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	9.937	-	-	9.937	Net change in exposure and remeasurement
Selisih kurs	-	-	-	-	Exchange rate differences
<b>31 Desember 2021</b>	<b>16.780</b>	<b>-</b>	<b>-</b>	<b>16.780</b>	<b>31 December 2021</b>

Manajemen Bank berkeyakinan bahwa saldo cadangan kerugian penurunan nilai yang dibentuk adalah cukup untuk menutupi penurunan nilai wesel ekspor pada tanggal 31 Desember 2022 dan 2021.

The Bank's management believes that the allowance for impairment losses were adequate to cover impairment on export bills as of 31 December 2022 and 2021.

**16. TAGIHAN DAN UTANG AKSEPTASI**

Tagihan dan liabilitas akseptasi berdasarkan jenis dan mata uang adalah sebagai berikut:

**16. ACCEPTANCE RECEIVABLES AND PAYABLES**

Acceptance receivables and payables classified by type and currency are as follows:

	31 Desember/December 2022		
	<u>Tagihan akseptasi/ Acceptance receivables</u>	<u>Utang akseptasi/ Acceptance payables</u>	
Rupiah	910.168	(910.168)	Rupiah
Mata uang asing	1.185.106	(1.185.106)	Foreign currencies
	2.095.274	(2.095.274)	
Jumlah			Total
Cadangan kerugian penurunan nilai	(33.612)	-	Allowance for impairment losses
<b>Jumlah</b>	<b>2.061.662</b>	<b>(2.095.274)</b>	<b>Total</b>

	31 Desember/December 2021		
	<u>Tagihan akseptasi/ Acceptance receivables</u>	<u>Utang akseptasi/ Acceptance payables</u>	
Rupiah	849.608	(849.608)	Rupiah
Mata uang asing	1.752.600	(1.752.600)	Foreign currencies
	2.602.208	(2.602.208)	
Jumlah			Total
Cadangan kerugian penurunan nilai	(4.305)	-	Allowance for impairment losses
<b>Jumlah</b>	<b>2.597.903</b>	<b>(2.602.208)</b>	<b>Total</b>

Seluruh tagihan dan liabilitas akseptasi pada tanggal 31 Desember 2022 dan 2021 diklasifikasikan sebagai lancar berdasarkan kolektibilitas Bank Indonesia.

All acceptance receivables and payables as of 31 December 2022 and 2021 are classified as current based on Bank Indonesia collectibility.

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**16. TAGIHAN DAN UTANG AKSEPTASI (lanjutan)**

Mutasi nilai tercatat bruto tagihan akseptasi adalah sebagai berikut:

**16. ACCEPTANCE RECEIVABLES AND PAYABLES (continued)**

The changes in the gross carrying amount for acceptance receivables are as follows:

<b>31 Desember/December 2022</b>					
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Jumlah / Total</b>	
1 Januari 2022	1.931.030	671.178	-	2.602.208	January 1, 2022
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	(181.796)	181.796	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	1.902	(1.902)	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(450.059)	(144.604)	-	(594.663)	Net change in exposure and remeasurement
Selisih kurs	56.857	30.872	-	87.729	Exchange rate differences
<b>31 Desember 2022</b>	<b>1.357.934</b>	<b>737.340</b>	<b>-</b>	<b>2.095.274</b>	<b>31 December 2022</b>

<b>31 Desember/December 2021</b>					
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Jumlah / Total</b>	
1 Januari 2021	2.047.057	-	-	2.047.057	January 1, 2021
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	(264.497)	264.497	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	137.903	403.008	-	540.911	Net change in exposure and remeasurement
Selisih kurs	10.567	3.673	-	14.240	Exchange rate differences
<b>31 Desember 2021</b>	<b>1.931.030</b>	<b>671.178</b>	<b>-</b>	<b>2.602.208</b>	<b>31 December 2021</b>

Mutasi nilai cadangan kerugian penurunan nilai efek-efek untuk tagihan akseptasi adalah sebagai berikut:

The changes in the allowance for impairment losses on acceptance receivables are as follow:

<b>31 Desember/December 2022</b>					
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Jumlah / Total</b>	
1 Januari 2022	1.223	3.082	-	4.305	January 1, 2022
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	(407)	407	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	4	(4)	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	281	28.930	-	29.211	Net change in exposure and remeasurement
Selisih kurs	(291)	387	-	96	Exchange rate differences
<b>31 Desember 2022</b>	<b>810</b>	<b>32.802</b>	<b>-</b>	<b>33.612</b>	<b>31 December 2022</b>



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**16. TAGIHAN DAN UTANG AKSEPTASI (lanjutan)**

Mutasi nilai cadangan kerugian penurunan nilai efek-efek untuk tagihan akseptasi adalah sebagai berikut (lanjutan):

**16. ACCEPTANCE RECEIVABLES AND PAYABLES  
(continued)**

The changes in the allowance for impairment losses on acceptance receivables are as follow (continued):

	<b>31 Desember/December 2021</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Jumlah / Total</b>	
1 Januari 2021	25.398	-	-	25.398	January 1, 2021
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	(2.680)	2.680	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	-	-	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(21.352)	402	-	(20.950)	Net change in exposure and remeasurement
Selisih kurs	(143)	-	-	(143)	Exchange rate differences
<b>31 Desember 2021</b>	<b>1.223</b>	<b>3.082</b>	<b>-</b>	<b>4.305</b>	<b>31 December 2021</b>

Manajemen Bank berkeyakinan bahwa saldo cadangan kerugian penurunan nilai yang dibentuk adalah cukup untuk menutupi penurunan nilai tagihan akseptasi pada tanggal 31 Desember 2022 dan 2021.

The Bank's management believes that the allowance for impairment losses was adequate to cover impairment on acceptance receivables as of 31 December 2022 and 2021.

**17. KREDIT YANG DIBERIKAN KEPADA NASABAH**

Kredit yang diberikan kepada nasabah pada biaya perolehan diamortisasi:

**a. Berdasarkan jenis kredit**

**17. LOANS TO CUSTOMERS**

Loans to customers at amortised cost:

**a. By type of loan**

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>	
<b>Rupiah</b>			<b>Rupiah</b>
Modal kerja	24.843.790	22.141.231	Working capital
Investasi	7.080.195	6.433.335	Investment
Konsumsi	3.282.772	3.102.687	Consumer
Karyawan	623.838	651.855	Employee
Jumlah - Rupiah	35.830.595	32.329.108	Total - Rupiah
<b>Mata uang asing</b>			<b>Foreign currencies</b>
Modal kerja	17.857.825	18.892.173	Working capital
Investasi	2.668.996	3.275.631	Investment
Konsumsi	3.752	18.911	Consumer
Jumlah - valuta asing	20.530.573	22.186.715	Total - foreign currencies
Jumlah kredit yang diberikan kepada nasabah	56.361.168	54.515.823	Total loans to customers
Cadangan kerugian penurunan nilai	(2.827.043)	(3.187.683)	Allowance for impairment losses
<b>Jumlah kredit yang diberikan kepada nasabah - bersih</b>	<b>53.534.125</b>	<b>51.328.140</b>	<b>Total loans to customers - net</b>

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17. KREDIT YANG DIBERIKAN KEPADA NASABAH  
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## 17. LOANS TO CUSTOMERS (continued)

b. Berdasarkan sektor ekonomi dan klasifikasi  
Bank Indonesiab. By economic sector and Bank Indonesia  
Classification

31 Desember/ December 2022							
	Lancar/ Current	Dalam perhatian khusus/ Special mention	Kurang lancar/ Substandard	Diragukan/ Doubtful	Macet/ Loss	Cadangan kerugian penurunan nilai/ Allowance for impairment losses	Jumlah/ Total
<b>Rupiah</b>							
Perindustrian	10.088.473	406.610	-	-	511.752	(615.716)	10.391.119
Perdagangan, restoran dan hotel	5.484.075	21.759	11.080	997	412.660	(375.981)	5.554.590
Pengangkutan, pergudangan dan jasa komunikasi	237.885	1.999	-	3.186	-	(5.346)	237.724
Konstruksi	1.616.784	-	-	-	3.387	(30.694)	1.589.477
Jasa-jasa usaha	10.254.160	38.320	1.183	-	274.205	(284.299)	10.283.569
Jasa-jasa sosial dan masyarakat	881.576	5.969	-	-	-	(963)	886.582
Pertanian, perkebunan dan sarana perkebunan	17.099	-	-	-	20.241	(15.019)	22.321
Pertambangan	1.630.587	-	-	-	-	(1.586)	1.629.001
Lainnya	3.642.695	164.156	31.238	23.247	45.272	(243.634)	3.662.974
	33.853.334	638.813	43.501	27.430	1.267.517	(1.573.238)	34.257.357
<b>Mata uang asing</b>							
Perindustrian	14.138.126	-	6.119	-	825.205	(806.829)	14.162.621
Perdagangan, restoran dan hotel	1.199.537	562.659	-	-	26.222	(422.902)	1.365.516
Pengangkutan, pergudangan dan jasa komunikasi	118.329	-	-	-	-	(152)	118.177
Konstruksi	568.019	-	-	-	-	(735)	567.284
Jasa-jasa usaha	536.256	-	30.662	-	-	(11.399)	555.519
Pertanian, perkebunan dan sarana perkebunan	321.469	-	-	-	-	(8.952)	312.517
Pertambangan	2.194.218	-	-	-	-	(2.828)	2.191.390
Lainnya	3.752	-	-	-	-	(8)	3.744
	19.079.706	562.659	36.781	-	851.427	(1.253.805)	19.276.768
<b>Jumlah</b>	<b>52.933.040</b>	<b>1.201.472</b>	<b>80.282</b>	<b>27.430</b>	<b>2.118.944</b>	<b>(2.827.043)</b>	<b>53.534.125</b>
31 Desember/ December 2021							
	Lancar/ Current	Dalam perhatian khusus/ Special mention	Kurang lancar/ Substandard	Diragukan/ Doubtful	Macet/ Loss	Cadangan kerugian penurunan nilai/ Allowance for impairment losses	Jumlah/ Total
<b>Rupiah</b>							
Perindustrian	7.707.468	35.537	-	-	202.476	(306.619)	7.638.862
Perdagangan, restoran dan hotel	4.859.323	29.367	51.181	16.450	494.971	(504.703)	4.946.589
Pengangkutan, pergudangan dan jasa komunikasi	5.610.915	72.704	-	-	283.544	(465.541)	5.501.622
Konstruksi	3.417.862	4.335	-	-	36.549	(33.136)	3.425.610
Jasa-jasa usaha	5.169.454	3.457	1.546	-	-	(31.240)	5.143.217
Jasa-jasa sosial dan masyarakat	401.292	-	-	-	-	(16.206)	385.086
Pertanian, perkebunan dan sarana perkebunan	60.671	-	-	-	15.728	(14.982)	61.417
Pertambangan	76.266	-	-	-	-	(366)	75.900
Listrik, gas dan air	1.834	-	-	-	-	(10)	1.824
Lainnya	3.590.281	132.017	12.578	25.546	15.756	(163.143)	3.613.035
	30.895.366	277.417	65.305	41.996	1.049.024	(1.535.946)	30.793.162
<b>Mata uang asing</b>							
Perindustrian	13.565.246	54.639	7.489	-	1.271.217	(1.197.385)	13.701.206
Perdagangan, restoran dan hotel	1.813.876	539.155	2.988	-	59.939	(411.405)	2.004.553
Jasa-jasa usaha	989.525	-	32.477	-	-	(16.182)	1.005.820
Pengangkutan, pergudangan dan jasa komunikasi	870.626	7.039	-	-	-	(11.288)	866.377
Pertambangan	2.292.887	-	-	-	-	(13.387)	2.279.500
Pertanian, perkebunan dan sarana perkebunan	287.765	-	-	-	-	(1.551)	286.214
Konstruksi	372.935	-	-	-	-	(438)	372.497
Lainnya	18.912	-	-	-	-	(101)	18.811
	20.211.772	600.833	42.954	-	1.331.156	(1.651.737)	20.534.978
<b>Jumlah</b>	<b>51.107.138</b>	<b>878.250</b>	<b>108.259</b>	<b>41.996</b>	<b>2.380.180</b>	<b>(3.187.683)</b>	<b>51.328.140</b>

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17. KREDIT YANG DIBERIKAN KEPADA NASABAH  
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## 17. LOANS TO CUSTOMERS (continued)

## c. Berdasarkan stage

## c. By stage

31 Desember/December 2022					
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
Saldo awal	28.828.205	22.454.193	3.233.425	54.515.823	Beginning balance
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	(1.117.739)	1.118.053	(314)	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	(44.352)	(73.378)	117.730	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	4.294.301	(4.291.476)	(2.825)	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	13.748.989	(13.270.523)	(262.710)	215.756	Net change in exposure and remeasurement
Penghapusan	-	-	(300.158)	(300.158)	Written-off
Selisih kurs	1.668.450	119.906	141.391	1.929.747	Exchange rate difference
<b>Saldo akhir</b>	<b>47.377.854</b>	<b>6.056.775</b>	<b>2.926.539</b>	<b>56.361.168</b>	<b>Ending balance</b>

31 Desember/December 2021					
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
Saldo awal	43.193.878	12.080.590	3.119.703	58.394.171	Beginning balance
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	(13.181.301)	13.193.349	(12.048)	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	(329.133)	(643.925)	973.058	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	4.200.337	(4.158.763)	(41.574)	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(5.242.698)	1.858.724	(14.482)	(3.398.456)	Net change in exposure and remeasurement
Penghapusan	-	-	(820.678)	(820.678)	Written-off
Selisih kurs	187.122	124.218	29.446	340.786	Exchange rate difference
<b>Saldo akhir</b>	<b>28.828.205</b>	<b>22.454.193</b>	<b>3.233.425</b>	<b>54.515.823</b>	<b>Ending balance</b>

- d. Kredit modal kerja terdiri dari pinjaman rekening koran dan pinjaman dengan surat sanggup.

Kredit investasi adalah pemberian fasilitas kepada debitur yang tujuan penggunaannya untuk investasi dan jangka waktunya disesuaikan dengan jangka waktu investasinya. Kredit investasi diberikan dalam bentuk *term-loan*.

Kredit konsumsi terdiri dari kredit pemilikan rumah, kredit kendaraan bermotor, *personal loans*, dan kartu kredit.

- e. Kredit sindikasi merupakan kredit yang diberikan kepada debitur di bawah perjanjian pembiayaan bersama dengan bank-bank lain. Partisipasi Bank dalam pinjaman sindikasi adalah berkisar antara 1,08% - 30,00% pada tanggal 31 Desember 2022 dan 1,08% - 33,40% pada tanggal 31 Desember 2021.
- f. Pada tanggal-tanggal 31 Desember 2022 dan 2021, Bank melakukan negosiasi kembali kredit dengan perpanjangan jangka waktu serta mengubah persyaratan pokok dan/atau bunga.

Program restrukturisasi terkait dengan COVID-19 juga dikategorikan sebagai kredit yang direnegosiasi.

- d. *Working capital loans consist of demand deposits loans and loans with promissory notes.*

*Investment loans are the facilities given to debtors for investment purposes with terms depend on the investment period. Investment loans consist of term-loans.*

*Consumer loans consist of housing, motor vehicle ownership loans, personal loans, and credit cards.*

- e. *The syndicated loans represent loans granted to debtors under syndicated loan agreements with other banks. The Bank's participation in syndicated loans is ranging from 1.08% - 30.00% as of 31 December 2022 and 1.08% - 33.40% as of 31 December 2021.*
- f. *As of 31 December 2022 and 2021, the Bank renegotiated loans through the extension of the period and modification of terms on principal and/or interest.*

*COVID-19 restructuring program was also categorised as renegotiated loans.*

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17. KREDIT YANG DIBERIKAN KEPADA NASABAH  
(lanjutan)

Berdasarkan jenis kredit yang telah dinegosiasikan kembali:

	31 Desember/ December 2022	31 Desember/ December 2021
Investasi	587.564	588.397
Konsumsi	85.989	167.231
Modal kerja	176.505	154.497
	<u>850.058</u>	<u>910.125</u>
Penyisihan kerugian penurunan nilai	(396.892)	(374.584)
<b>Jumlah kredit yang telah dinegosiasikan kembali - bersih</b>	<b><u>453.166</u></b>	<b><u>535.541</u></b>

Berdasarkan klasifikasi Bank Indonesia:

	31 Desember/ December 2022	31 Desember/ December 2021
Lancar	341.334	387.601
Dalam perhatian khusus	32.289	57.172
Kurang lancar	46.519	42.057
Diragukan	6.149	13.604
Macet	423.767	409.691
	<u>850.058</u>	<u>910.125</u>
Penyisihan kerugian penurunan nilai	(396.892)	(374.584)
<b>Jumlah kredit yang telah dinegosiasikan kembali - bersih</b>	<b><u>453.166</u></b>	<b><u>535.541</u></b>

By type of renegotiated loans:

Investment  
Consumer  
Working capital

Allowance for impairment losses

Total of renegotiated  
loans - net

By Bank Indonesia classification:

Current  
Special mention  
Substandard  
Doubtful  
Loss

Allowance for impairment losses

Total of renegotiated loans - net

- g. Pada tanggal 31 Desember 2022 dan 2021, Bank telah memenuhi ketentuan Batas Maksimum Pemberian Kredit (BMPK), baik untuk pihak berelasi maupun untuk pihak ketiga.
- h. Rasio *Non-Performing Loan* (NPL) pada tanggal 31 Desember 2022 dan 2021 masing-masing adalah sebagai berikut:

	31 Desember/ December 2022	31 Desember/ December 2021
NPL bruto	3,95%	4,64%
NPL neto	0,64%	0,79%

Gross NPL  
Net NPL

- i. Pada tanggal 31 Desember 2022 and 2021, kredit yang diberikan yang dijamin dengan jaminan tunai sebesar Rp 2.093.817 dan Rp 3.257.400.
- j. Mutasi nilai cadangan kerugian penurunan nilai kredit yang diberikan kepada nasabah adalah sebagai berikut:

- g. As of 31 December 2022 and 2021, the Bank complied with Legal Lending Limit (LLL) requirements for both related parties and third parties.
- h. As of 31 December 2022 and 2021 the Non-Performing Loan (NPL) ratios are as follows:

- i. As of 31 December 2022 dan 2021, loans collateralised by cash collateral amounted to Rp 2,093,817 and Rp 3,257,400.

- j. The changes in the allowance for impairment losses on loans to customers are as follows:

	31 Desember/December 2022				
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
Saldo awal	175.639	497.078	2.514.966	3.187.683	Beginning balance
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	(44.877)	44.944	(67)	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	(9.181)	(10.602)	19.783	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	155.041	(154.698)	(343)	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(135.995)	14.407	(145.552)	(267.140)	Net change in exposure and remeasurement
Penghapusan	-	-	(300.158)	(300.158)	Written-off
Pemulihan	-	-	118.666	118.666	Recovery
Selisih kurs	561	(44.178)	164.128	120.511	Exchange rate difference
Penjualan kredit	-	-	-	-	Debt sales
Transfer dari instrumen keuangan lainnya	-	-	-	-	Transfer from other financial instrument
Efek diskonto	-	-	(32.519)	(32.519)	Discount effects
<b>Saldo akhir</b>	<b><u>141.188</u></b>	<b><u>346.951</u></b>	<b><u>2.338.904</u></b>	<b><u>2.827.043</u></b>	<b>Ending balance</b>

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**17. KREDIT YANG DIBERIKAN KEPADA NASABAH**  
(lanjutan)

**17. LOANS TO CUSTOMERS (continued)**

	<b>31 Desember/December 2021</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Jumlah / Total</b>	
Saldo awal	310.774	695.975	2.052.836	3.059.585	<i>Beginning balance</i>
Transfer ke kerugian kredit ekspektasian sepanjang umumnya (stage 2)	(86.727)	90.842	(4.115)	-	<i>Transfer to lifetime expected credit loss (stage 2)</i>
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	(5.087)	(70.932)	76.019	-	<i>Transfer to credit impaired (stage 3)</i>
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	222.504	(207.618)	(14.886)	-	<i>Transfer to 12 months expected credit losses (stage 1)</i>
Perubahan bersih pada eksposur dan pengukuran kembali	(245.037)	4.978	1.083.417	843.358	<i>Net change in exposure and remeasurement</i>
Penghapusan	-	-	(289.376)	(289.376)	<i>Written-off</i>
Pemulihan	-	-	137.051	137.051	<i>Recovery</i>
Selisih kurs	(20.788)	(16.167)	43.189	6.234	<i>Exchange rate difference</i>
Penjualan kredit	-	-	(531.302)	(531.302)	<i>Debt sales</i>
Transfer dari instrumen keuangan lainnya	-	-	19.267	19.267	<i>Transfer from other financial instrument</i>
Efek diskonto	-	-	(57.134)	(57.134)	<i>Discount effects</i>
<b>Saldo akhir</b>	<b>175.639</b>	<b>497.078</b>	<b>2.514.966</b>	<b>3.187.683</b>	<i>Ending balance</i>

Manajemen Bank berkeyakinan bahwa penyisihan kerugian penurunan nilai yang dibentuk adalah cukup untuk menutupi penurunan nilai kredit yang diberikan kepada nasabah.

*The Bank's management believes that the allowance for impairment losses provided is adequate to cover any impairment on loans to customers.*

- k. Bank memiliki perjanjian pembiayaan dengan beberapa lembaga pembiayaan sebesar Rp 3.485.000 dan Rp 3.210.173 masing-masing pada tanggal 31 Desember 2022 dan 2021.

- k. The Bank has financing arrangements with several multi-finance companies amounting to Rp 3,485,000 and Rp 3,210,173 as of 31 December 2022 and 2021, respectively.*

- l. Bank memiliki agunan atas pinjaman yang diberikan dalam bentuk kas, deposito, agunan yang diikat dengan hipotik, garansi serta jaminan dalam bentuk aset lainnya.

- l. The Bank holds collateral against loans in the form of cash, deposits, registered mortgages, guarantees and other assets held as collaterals.*

**18. ASET LAIN-LAIN**

**18. OTHER ASSETS**

Pada tanggal 31 Desember 2022 dan 2021, aset lain-lain Bank adalah sebagai berikut:

*As of 31 December 2022 and 2021, Bank's other assets are as follows:*

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>	
Pendapatan yang masih akan diterima	680.722	612.114	<i>Accrued income</i>
Transaksi dalam proses penyelesaian	824.383	144.971	<i>Transaction in process of settlement</i>
Agunan yang diambil alih - setelah dikurangi dengan provisi sebesar Rp 5.228 pada 31 Desember 2022 dan Rp 69.392 pada 31 Desember 2021	83.127	138.434	<i>Foreclosed assets - net of provisions amounting Rp 5,228 as of 31 December 2022 and Rp 69,392 as of 31 December 2021</i>
Jaminan setoran	34.138	64.669	<i>Security deposits</i>
Beban dibayar dimuka	19.864	29.243	<i>Prepayments</i>
Tagihan transaksi <i>Letter-of-Credit</i>	27.016	27.743	<i>Letter-of-Credit transactions</i>
Lainnya	38.371	50.560	<i>Others</i>
<b>Jumlah</b>	<b>1.707.621</b>	<b>1.067.734</b>	<i>Total</i>

Pendapatan yang masih akan diterima terutama berasal dari piutang bunga kredit yang diberikan kepada nasabah dan efek-efek untuk tujuan investasi.

*Accrued income is mostly comprised from accrued interest of loans to customers and securities for investment purpose.*

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**18. ASET LAIN-LAIN (lanjutan)**

Transaksi dalam proses penyelesaian sebagian besar merupakan piutang penjualan efek-efek yang masih diterima dan piutang dari ATM Bersama, ATM Prima serta piutang kartu kredit dan kartu debit yang sehubungan dengan transaksi kartu kredit dan kartu debit.

**Agunan yang diambil alih**

Pada tanggal 31 Desember 2022 dan 2021, rincian saldo cadangan kerugian penurunan nilai aset yang diambil alih adalah sebagai berikut:

	31 Desember/ December 2022	31 Desember/ December 2021
Saldo awal tahun	69.392	69.447
Provisi selama tahun berjalan	2.045	124
Penjualan	(66.209)	(179)
<b>Saldo akhir tahun</b>	<b>5.228</b>	<b>69.392</b>

Manajemen Bank berkeyakinan bahwa saldo provisi yang dibentuk adalah cukup untuk menutupi penurunan nilai agunan yang diambil alih pada tanggal 31 Desember 2022 dan 2021.

**18. OTHER ASSETS (continued)**

Transactions in the process of settlement are mostly comprised of receivable from sale of marketable securities and receivable from ATM Bersama, ATM Prima, also receivable from credit cards and debit cards that related with credit cards and debit cards transaction.

**Foreclosed assets**

As of 31 December 2022 and 2021, details for the balance of allowance for impairment losses foreclosed assets are as follows:

Beginning balance of  
the year  
Provision during  
the year  
Sales  
**Balance, end of the year**

The Bank's management believes that the allowance for provisions was adequate to cover impairment on foreclosed assets as of 31 December 2022 and 2021.

**19. ASET TETAP**

Rincian aset tetap terdiri dari:

**19. PROPERTIES AND EQUIPMENTS**

The fixed assets consist of the following:

	31 Desember/December 2022					
	Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Reklasifikasi/ Reclassifications	Saldo akhir/ Closing balance	
<b>Harga perolehan</b>						<b>Cost</b>
Tanah	130.994	-	(273)	-	130.721	Land
Bangunan	33.790	-	(1.098)	-	32.692	Buildings
Perbaikan gedung	462.184	554	(30.212)	39.934	472.460	Buildings improvement
Perabot dan perlengkapan kantor	854.188	6.093	(27.648)	34.078	866.711	Office furniture and fixtures
	1.481.156	6.647	(59.231)	74.012	1.502.584	
Aset dalam penyelesaian	647	124.011	-	(78.815)	45.843	Construction in progress
Aset hak guna	563.382	114.473	(77.897)	-	599.958	Right-of-use assets
	2.045.185	245.131	(137.128)	(4.803)	2.148.385	
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Bangunan	(22.491)	(1.012)	1.098	-	(22.405)	Buildings
Perbaikan gedung	(291.431)	(39.561)	25.172	(28.516)	(334.336)	Buildings improvement
Perabot dan perlengkapan kantor	(694.472)	(73.803)	26.471	33.466	(708.338)	Office furniture and fixtures
	(1.008.394)	(114.376)	52.741	4.950	(1.065.079)	
Aset hak guna	(203.337)	(67.389)	27.281	-	(243.445)	Right-of-use assets
	(1.211.731)	(181.765)	80.022	4.950	(1.308.524)	
<b>Nilai buku bersih</b>	<b>833.454</b>				<b>839.861</b>	<b>Net book value</b>

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19. ASET TETAP (lanjutan)

Rincian aset tetap terdiri dari (lanjutan):

19. PROPERTIES AND EQUIPMENTS (continued)

The fixed assets consist of the following (continued):

	31 Desember/December 2021					
	Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Reklasifikasi/ Reclassifications	Saldo akhir/ Closing balance	
<b>Harga perolehan</b>						<b>Cost</b>
Tanah	130.994	-	-	-	130.994	Land
Bangunan	33.790	-	-	-	33.790	Buildings
Perbaikan gedung	472.698	34.464	(58.506)	13.528	462.184	Buildings improvement
Perabot dan perlengkapan kantor	834.317	62.680	(42.809)	-	854.188	Office furniture and fixtures
	1.471.799	97.144	(101.315)	13.528	1.481.156	
Aset dalam penyelesaian	13.834	341	-	(13.528)	647	Construction in progress
Aset hak guna	475.795	137.595	(50.008)	-	563.382	Right-of-use assets
	1.961.428	235.080	(151.323)	-	2.045.185	
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Bangunan	(21.386)	(1.105)	-	-	(22.491)	Buildings
Perbaikan gedung	(292.549)	(44.870)	45.988	-	(291.431)	Buildings improvement
Perabot dan perlengkapan kantor	(601.082)	(134.567)	41.177	-	(694.472)	Office furniture and fixtures
	(915.017)	(180.542)	87.165	-	(1.008.394)	
Aset hak guna	(156.382)	(85.132)	38.177	-	(203.337)	Right-of-use assets
	(1.071.399)	(265.674)	125.342	-	(1.211.731)	
<b>Nilai buku bersih</b>	<b>890.029</b>				<b>833.454</b>	<b>Net book value</b>

Rincian penjualan aset tetap Bank adalah sebagai berikut:

The detail of the sale of Bank's fixed assets are as follows:

	31 Desember/ December 2022	31 Desember/ December 2021	
Aset tetap:			Fixed assets:
Harga perolehan	(13.968)	(101.315)	Cost
Akumulasi penyusutan	13.662	87.165	Accumulated depreciation
Nilai buku bersih	(306)	(14.150)	Net book value
Harga jual	14.249	624	Selling price
Laba (rugi) penjualan aset tetap	13.943	(13.526)	Gain (loss) on sales of fixed assets

Pada tanggal 31 Desember 2022 dan 2021, semua aset tetap yang dimiliki Bank merupakan kepemilikan langsung.

As of 31 December 2022 dan 2021, all fixed assets held by the Bank are direct ownership.

Beban penyusutan untuk periode tahunan yang berakhir pada tanggal-tanggal 31 Desember 2022 dan 2021 masing-masing sebesar Rp 181.765, dan Rp 265.674 dicatat pada beban umum dan administrasi pada laporan laba rugi.

Depreciation expense for the annual periods ended 31 December 2022 and 2021 and the years ended amounted to Rp 181,765 and Rp 265,674 are recorded on general and administrative expenses in the statement of profit or loss.

Pada tanggal 31 Desember 2022 dan 2021, manajemen berkeyakinan bahwa tidak terdapat penurunan nilai aset tetap yang dimiliki Bank karena manajemen berpendapat bahwa nilai tercatat aset tetap tidak melebihi estimasi nilai yang dapat diperoleh kembali.

As at 31 December 2022 and 2021, management believes that there is no impairment in the value of fixed assets owned by the Group because management believes that the carrying amounts of fixed assets do not exceed the estimated recoverable amount.

Bank memiliki beberapa bidang tanah dengan hak legal berupa Hak Guna Bangunan dan Hak Pakai yang akan jatuh tempo sampai dengan tahun 2052. Manajemen berpendapat tidak terdapat masalah dengan perpanjangan hak atas tanah karena seluruh tanah diperoleh secara sah dan didukung dengan bukti kepemilikan yang memadai.

The Bank owns several pieces of land with Building Use Right (HGB) and 1 with Right of Use as well as expiring years up to 2052. Management believes that there will be no difficulty in the extension of the land rights since all the land are acquired legally and supported by sufficient evidence of ownership.



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19. ASET TETAP (lanjutan)

Tidak ada aset tetap yang dijaminkan.

Aset tetap kecuali tanah telah diasuransikan terhadap risiko kebakaran, pencurian dan risiko lainnya kepada PT AIG Insurance Indonesia. Pada tanggal 31 Desember 2022 dan 2021, jumlah nilai pertanggungan yang diasuransikan adalah masing-masing sebesar Rp 2.065.334 dan Rp 1.538.446. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

Pada tanggal 31 Desember 2022 dan 2021, selain tanah dan bangunan, tidak terdapat perbedaan yang signifikan antara nilai wajar aset tetap dengan nilai tercatatnya.

Penilaian atas nilai pasar tanah dan bangunan dilakukan oleh penilai independen eksternal KJPP Rengganis, Hamid & Rekan. Pada tanggal 31 Desember 2022 dan 2021 masing-masing sebesar Rp 323.769 dan Rp 341.313.

Pada tanggal 31 Desember 2022 dan 2021, tidak terdapat perubahan umur ekonomis aset tetap.

Pada tanggal 31 Desember 2022 dan 2021, Manajemen berpendapat bahwa tidak terdapat indikasi terjadinya penurunan nilai permanen aset tetap.

19. PROPERTIES AND EQUIPMENTS (continued)

There were no fixed assets pledged as collateral.

Premises and equipment, except for land, are insured against fire, theft and other possible risks with PT AIG Insurance Indonesia. As of 31 December 2022 and 2021, the total sum insured was Rp 2.065.334 and Rp 1,538,446, respectively. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

As of 31 December 2022 and 2021, there is no significant difference between the fair value and carrying value of fixed assets other than land and buildings.

The valuations of land and building was performed by KJPP Rengganis, Hamid & Rekan, an external, independent appraiser. As of 31 December 2022 and 2021 end the year ended, the amounted to Rp 323,769 and Rp 341,313.

As at 31 December 2022 and 2021, there are no changes in the useful life of fixed assets.

As at 31 December 2022 and 2021, Management believes that there is no indication of permanent impairment in the value of fixed assets.

20. ASET TAKBERWUJUD

Pada tanggal 31 Desember 2022 dan 2021, aset takberwujud terdiri dari:

20. INTANGIBLE ASSETS

As of 31 December 2022 and 2021, Bank's intangible assets consist of the following:

31 Desember/December 2022						
	Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Reklasifikasi/ Reclassifications	Saldo akhir/ Closing balance	
<b>Harga perolehan</b>						<b>Cost</b>
Perangkat lunak	295.914	-	-	27.930	323.844	Software
Aset takberwujud dalam penyelesaian	19.473	51.047	(1.089)	(23.127)	46.304	Intangible assets in progress
	315.387	51.047	(1.089)	4.803	370.148	
<b>Akumulasi amortisasi</b>						<b>Accumulated amortisation</b>
Perangkat lunak	(271.166)	(21.928)	-	(4.950)	(298.044)	Software
	(271.166)	(21.928)	-	(4.950)	(298.044)	
<b>Nilai buku bersih</b>	<b>44.221</b>				<b>72.104</b>	<b>Net book value</b>
31 Desember/December 2021						
	Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Reklasifikasi/ Reclassifications	Saldo akhir/ Closing balance	
<b>Harga perolehan</b>						<b>Cost</b>
Perangkat lunak	322.524	3.056	(29.666)	-	295.914	Software
Aset takberwujud dalam penyelesaian	9.623	9.850	-	-	19.473	Intangible assets in progress
	332.147	12.906	(29.666)	-	315.387	
<b>Akumulasi amortisasi</b>						<b>Accumulated amortisation</b>
Perangkat lunak	(243.026)	(57.806)	29.666	-	(271.166)	Software
	(243.026)	(57.806)	29.666	-	(271.166)	
<b>Nilai buku bersih</b>	<b>89.121</b>				<b>44.221</b>	<b>Net book value</b>

Seluruh aset takberwujud yang ada pada tanggal 31 Desember 2022 dan 2021 digunakan untuk menunjang aktivitas operasi Bank.

All of the intangible assets as at 31 December 2022 and 2021 are fully used to support Bank's operation activities.

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**21. SIMPANAN DARI NASABAH**

Simpanan dari nasabah, berdasarkan jenis pada tanggal 31 Desember 2022 dan 2021 terdiri dari:

	31 Desember/ December 2022	31 Desember/ December 2021
<b>Rupiah</b>		
Giro	28.517.448	33.461.663
Deposito berjangka dan <i>deposits on call</i>	18.789.612	20.370.790
Tabungan	6.680.710	7.448.071
	<u>53.987.770</u>	<u>61.280.524</u>
<b>Mata uang asing</b>		
Giro	14.569.297	12.122.813
Deposito berjangka dan <i>deposits on call</i>	12.772.466	3.505.725
Tabungan	8.858.135	8.497.716
	<u>36.199.898</u>	<u>24.126.254</u>
<b>Jumlah</b>	<u><b>90.187.668</b></u>	<u><b>85.406.778</b></u>

Pada tanggal 31 Desember 2022 dan 2021, termasuk di dalam simpanan dari nasabah yang diblokir dan dijadikan jaminan untuk kredit yang diberikan kepada nasabah masing-masing sebesar Rp 3.008.137 dan Rp 3.185.385.

**21. DEPOSITS FROM CUSTOMERS**

*Deposits from customers, classified by type, as of 31 December 2022 and 2021 consisted of the following:*

<b>Rupiah</b>	
<i>Demand deposits</i>	
<i>Time deposits and deposits on call</i>	
<i>Saving accounts</i>	
<b>Foreign currencies</b>	
<i>Demand deposits</i>	
<i>Time deposits and deposits on call</i>	
<i>Saving accounts</i>	
<b>Total</b>	

*As of 31 December 2022 and 2021, included in deposits from customers which are blocked and pledged as collaterals for loans to customers amounted Rp 3,008,137 and Rp 3,185,385 respectively.*

**22. SIMPANAN DARI BANK - BANK LAIN**

Simpanan dari bank-bank lain berdasarkan jenis pada tanggal 31 Desember 2022 dan 2021 terdiri dari:

	31 Desember/ December 2022	31 Desember/ December 2021
<b>Rupiah</b>		
Giro	3.321.901	5.905.350
<b>Mata uang asing</b>		
Giro	34.780	34.723
<b>Jumlah</b>	<u><b>3.356.681</b></u>	<u><b>5.940.073</b></u>

<b>Rupiah</b>	
<i>Demand deposits</i>	
<b>Foreign currencies</b>	
<i>Demand deposits</i>	
<b>Total</b>	

**22. DEPOSITS FROM OTHER BANKS**

*Deposits from other banks, classified by type, as of 31 December 2022 and 2021 consisted of the following:*

**23. EFEK YANG DIJUAL DENGAN JANJI DIBELI KEMBALI**

Efek-efek yang dijual dengan janji dibeli kembali terdiri dari:

31 Desember/December 2022							
<i>Pihak lawan/ Counterparty</i>	<i>Jenis efek/ Security type</i>	<i>Tanggal dimulai/ Starting date</i>	<i>Tanggal jatuh tempo/ Maturity date</i>	<i>Nilai Nominal/ Nominal amount</i>	<i>Nilai beli kembali/ Repurchase value</i>	<i>Beban bunga yang belum diamortisasi/ Interest expense unamortized</i>	<i>Nilai bersih/ Carrying amount</i>
Bank Indonesia	FR0046	22-Nov-22	21-Feb-23	10.000	10.544	163	10.381
Bank Indonesia	FR0046	10-Nov-22	9-Feb-23	30.000	31.624	452	31.173
							<u><b>41.554</b></u>

**23. SECURITIES SOLD UNDER REPURCHASE WITH AGREEMENTS**

*Securities sold under repurchase agreements consist of the following:*

**24. BEBAN AKRUAL DAN PROVISI**

	31 Desember/ December 2022	31 Desember/ December 2021
Beban yang masih harus dibayar	401.971	347.991
Bunga yang masih harus dibayar	115.587	65.770
Provisi pemutusan hubungan kerja	25.715	8.627
<b>Jumlah</b>	<u><b>543.273</b></u>	<u><b>422.388</b></u>

Beban yang masih harus dibayar terkait iuran OJK dan transaksi operasional kegiatan Bank antara lain seperti biaya pemasaran, teknologi informasi, biaya *event* dan *campaign*, konsultan, pemeliharaan gedung dan biaya *training*.

**24. ACCRUALS AND PROVISIONS**

<i>Accrued expenses</i>	
<i>Accrued interest expenses</i>	
<i>Termination provisions</i>	
<b>Total</b>	

*Accrued expenses are comprised of FSA-related dues and transactions related to the operational activities of the Bank; which include, among other activities, marketing expenses, information technology, event and campaign expenses, consultancy, building maintenance and training expenses.*

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24. BEBAN AKRUAL DAN PROVISI (lanjutan)

Bunga yang masih harus dibayar merupakan bunga yang masih harus dibayar atas simpanan, simpanan dari bank lain, pinjaman yang diterima dan pinjaman subordinasi.

24. ACCRUALS AND PROVISIONS (continued)

Accrued interest expenses represent interest payable on deposits, deposits from other banks, borrowings and subordinated debt.

25. LIABILITAS LAIN-LAIN

	31 Desember/ December 2022	31 Desember/ December 2021
Rekening suspense	385.670	464.679
Liabilitas sewa	354.749	373.603
Transaksi dalam proses penyelesaian	302.194	48.318
Pendapatan ditangguhkan	247.965	253.170
Uang jaminan	238.726	406.970
Cadangan kerugian penurunan nilai atas komitmen dan kontinjensi	147.266	38.333
Utang pajak lainnya	145.653	206.166
Transfer Inkaso dan Kliring	41.001	40.660
Kewajiban transaksi Letter of Credit	27.016	27.743
Lainnya	449.043	154.449
<b>Jumlah</b>	<b>2.339.283</b>	<b>2.014.091</b>

Transaksi dalam proses penyelesaian sebagian besar merupakan utang yang timbul dari transaksi pembelian efek-efek pada tanggal perdagangan dimana Bank memiliki komitmen untuk membeli aset tersebut dan utang yang timbul dari transaksi nasabah.

Uang jaminan termasuk uang yang diberikan oleh nasabah kepada Bank sebagai jaminan atas L/C impor masing-masing sebesar Rp 237.879 dan Rp 405.215 pada tanggal 31 Desember 2022 dan 2021.

Rekening *suspense* sebagian besar merupakan utang yang timbul dari transaksi nasabah dan transaksi pihak ketiga lainnya.

Pendapatan ditangguhkan sebagian besar merupakan pendapatan provisi dan komisi yang belum diamortisasi antara lain terkait dengan bank garansi, asuransi, biaya tahunan kartu kredit dan pinjaman yang tidak dapat diatribusikan secara langsung dengan penarikan pinjaman.

Lain-lain terutama terdiri dari liabilitas terkait transaksi perdagangan, titipan dan transaksi yang masih harus diselesaikan.

Pengungkapan mutasi cadangan kerugian penurunan nilai atas komitmen dan kontinjensi pada tanggal 31 Desember 2022 dan 2021 sebagai berikut:

	31 Desember/December 2022				
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
Saldo awal periode	15.532	18.491	4.310	38.333	Beginning balance
Transfer ke kerugian kredit ekspektasi sepanjang umurnya (stage 2)	(920)	920	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kredit yang mengalami penurunan nilai (stage 3)	-	-	-	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasi 12 bulan (stage 1)	7.772	(7.772)	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	(5.636)	7.436	118.200	120.000	Net change in exposure and remeasurement
Selisih kurs	1.314	1.678	(14.059)	(11.067)	Exchange rate differences
<b>Saldo akhir</b>	<b>18.062</b>	<b>20.753</b>	<b>108.451</b>	<b>147.266</b>	<b>Ending balance</b>

25. OTHER LIABILITIES

Suspense accounts  
Lease liability  
Transaction in process of settlement  
Deferred income  
Security deposits  
Allowance for impairment losses of  
commitments and contingencies  
Tax Payable  
Transfer, Collection, and Clearing  
Letter of Credit transaction payables  
Others  
Total

Transactions in the process of settlement are mostly comprised of liabilities derived from securities purchase transaction on trade date at which the Bank commits to purchase and liabilities derived from customer transactions.

The security deposits included deposits from customers for collateral on import L/C of Rp 237,879 dan Rp 405,215 as of 31 December 2022 and 2021, respectively.

The suspense accounts are mostly comprised of liabilities derived from customers transactions and transactions with other third party.

Deferred income are mostly comprised of unamortised fees and commissions income related to among others bank guarantee, insurance, credit cards annual fee and loans that are not directly attributable to the loan drawdown.

Others mainly consist of liabilities related to trade transactions, deposit and transaction remains to be settled.

The disclosure of allowance for impairment losses of commitments and contingencies as of 31 December 2022 and 2021 are as follows:

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25. LIABILITAS LAIN-LAIN

Pengungkapan mutasi cadangan kerugian penurunan nilai atas komitmen dan kontinjensi pada tanggal 31 Desember 2022 dan 2021 sebagai berikut (lanjutan):

	31 Desember/December 2021				
	Stage 1	Stage 2	Stage 3	Jumlah / Total	
Saldo awal periode	17.028	55.521	44.801	117.350	Beginning balance
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (stage 2)	(3.751)	3.751	-	-	Transfer to lifetime expected credit loss (stage 2)
Transfer ke kerugian kredit mengalami penurunan nilai (stage 3)	(1)	(33)	34	-	Transfer to credit impaired (stage 3)
Transfer ke kerugian kredit ekspektasian 12 bulan (stage 1)	349	(349)	-	-	Transfer to 12 months expected credit losses (stage 1)
Perubahan bersih pada eksposur dan pengukuran kembali	2.142	(40.647)	(35.761)	(74.266)	Net change in exposure and remeasurement
Selisih kurs	(235)	248	(4.764)	(4.751)	Exchange rate differences
<b>Saldo akhir</b>	<b>15.532</b>	<b>18.491</b>	<b>4.310</b>	<b>38.333</b>	<b>Ending balance</b>

Manajemen Bank berkeyakinan bahwa saldo cadangan kerugian penurunan nilai yang dibentuk adalah cukup untuk menutupi kemungkinan penurunan nilai komitmen dan kontinjensi pada tanggal 31 Desember 2022 dan 2021.

The disclosure of allowance for impairment losses of commitments and contingencies as of 31 December 2022 and 2021 are as follows (continued):

The Bank's management believes that the allowance for impairment losses was adequate to cover possible impairment on commitments and contingencies as of 31 December 2022 and 2021.

26. PINJAMAN YANG DITERIMA

Rincian pinjaman yang diterima Bank adalah sebagai berikut:

	31 Desember/ December 2022	31 Desember/ December 2021	
The Hongkong and Shanghai Banking Corporation Limited	7.550.237	6.199.838	The Hongkong and Shanghai Banking Corporation Limited

Jumlah saldo pinjaman pada tanggal 31 Desember 2022 dan 2021 masing-masing adalah sebesar Rp 7.550.237 (USD 485 juta) dan Rp 6.199.838 (USD 435 juta).

Pada tanggal 29 Oktober 2021, Bank telah menandatangani perjanjian dengan The Hongkong and Shanghai Banking Corporation Limited atas pinjaman dengan nilai maksimum fasilitas sebesar USD 1,4 milyar (dalam Dolar AS penuh) untuk penarikan pinjaman jangka panjang dan USD 200 juta (dalam Dolar AS penuh) untuk penarikan pinjaman jangka pendek. Penandatanganan ini menggantikan perjanjian sebelumnya tertanggal 9 September 2016 dan novasi tertanggal 16 Maret 2017.

Pada tanggal 12 Juli 2022, Bank telah menandatangani perjanjian dengan The Hongkong and Shanghai Banking Corporation Limited atas pinjaman dengan nilai maksimum fasilitas sebesar USD 1,2 milyar (dalam Dolar AS penuh) untuk penarikan pinjaman jangka panjang dan USD 200 juta (dalam Dolar AS penuh) untuk penarikan pinjaman jangka pendek. Penandatanganan ini menggantikan perjanjian sebelumnya tertanggal 29 Oktober 2021. Fasilitas ini berlaku untuk jangka waktu 10 tahun sejak tanggal penandatanganan.

Fasilitas pinjaman bersifat modal kerja dan bertujuan untuk kegiatan penyaluran kredit kepada nasabah dan pemenuhan ketentuan likuiditas dan pendanaan.

26. BORROWING

The details of Bank's borrowing is as follows:

The borrowing amount as of 31 December 2022 and 2021 are Rp 7,550,237 (USD 485 million) and Rp 6,199,838 (USD 435 million), respectively.

On 29 October 2021, the Bank has signed an agreement with The Hongkong and Shanghai Banking Corporation Limited for the borrowing with maximum facility amounted USD 1.4 billion (in full USD). This signing amended the previous agreement dated 9 September 2016 and novation dated 16 March 2017.

On 12 July 2022, the Bank has entered into an agreement with The Hongkong and Shanghai Banking Corporation Limited for a loan with a maximum facility value of USD 1.2 billion (in full US Dollar) for the withdrawal of long-term loans and USD 200 million (in full US Dollar) for the withdrawal of short-term loans. This signing replaces the previous agreement dated 29 October 2021. This facility is valid for a period of 10 years from the date of signing.

The loan facility is for working capital and intended for lending activities to customers and to support liquidity and to fulfill the funding requirements.

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**26. PINJAMAN YANG DITERIMA (lanjutan)**

Pada tanggal 31 Desember 2022, saldo terhutang atas fasilitas ini adalah sebesar Rp 7.550.237 (USD 485 juta) dan memiliki tingkat suku bunga mengambang, yaitu SOFR ditambah dengan spread berkisar 57 bps (*basis point*). Tanggal jatuh tempo pinjaman ini mulai dari Juni 2024 sampai dengan Agustus 2024 dan memiliki kisaran tingkat suku bunga sebesar 4,66%-4,75%.

Pada tanggal 31 Desember 2021, saldo terhutang atas fasilitas ini adalah sebesar Rp 6.199.838 (USD 435 juta). Pinjaman ini memiliki tingkat suku bunga mengambang, yaitu SOFR ditambah dengan spread berkisar 50 bps (*basis point*). Tanggal jatuh tempo pinjaman ini mulai dari Maret 2023 sampai dengan Juni 2023. Kisaran suku bunga sebesar 0,54%-0,60%.

Tidak ada aset yang ditempatkan sebagai jaminan atas pinjaman ini. Selain itu, tidak terdapat persyaratan keuangan yang wajib dipenuhi oleh Bank.

**26. BORROWING (continued)**

As of 31 December 2022, the outstanding amount from this facility was Rp 7,550,237 (USD 485 million) and bears a floating interest rate of SOFR plus spread circa 57 bps (*basis point*). The maturity dates of the borrowing balances are ranging from June 2024 to August 2024 with interest rates ranging from 4.66%-4.75%.

As of 31 December 2021, the outstanding amount from this facility was Rp 6,199,838 (USD 435 million). This borrowing bears a floating interest rate of SOFR plus spread circa 50 bps (*basis point*). The maturity dates of the borrowing balances are ranging from March 2023 to June 2023. Range of interest rate 0.54%-0.60%.

There is no asset put as collateral for this borrowing. In addition, there are no financial covenants which need to be fulfilled by the Bank.

**27. LIABILITAS IMBALAN KERJA**

Liabilitas imbalan kerja pada tanggal 31 Desember 2022 dan 2021 terdiri dari:

	31 Desember/ December 2022
Liabilitas imbalan kerja jangka pendek	207.683
Liabilitas imbalan pasca-kerja	241.808
<b>Liabilitas imbalan kerja</b>	<b>449.491</b>

Sebelum Januari 2022, Bank menyelenggarakan program pensiun iuran pasti untuk seluruh karyawan tetapnya dan dikelola serta diadministrasikan oleh Dana Pensiun Lembaga Keuangan Manulife Indonesia. Bank telah menempatkan dana untuk mendukung pemenuhan liabilitas imbalan pasca kerja karyawan masing-masing pada tahun yang berakhir 31 Desember 2022 dan 2021 masing-masing sebesar Rp 88.732 dan Rp 73.771.

Sejak Januari 2022, Bank mengganti pengelola program pensiun iuran pasti untuk seluruh karyawan tetapnya dari sebelumnya Dana Pensiun Lembaga Keuangan (DPLK) Manulife Indonesia menjadi Dana Pensiun Lembaga Keuangan Allianz Indonesia.

Iuran untuk dana pensiun dihitung berdasarkan persentase tertentu dari gaji pokok karyawan.

Jumlah karyawan yang ikut serta dalam program iuran pasti pada tanggal 31 Desember 2022 dan 2021 masing-masing adalah 2.593 dan 2.679 karyawan.

Bank memberikan imbalan pasca kerja minimum kepada karyawannya sesuai dengan undang-undang ketenagakerjaan yang berlaku. Selain itu, ada karyawan yang memenuhi kriteria menurut kebijakan perusahaan yang berhak atas imbalan pasca kerja yang lebih tinggi dari yang diatur dalam peraturan perundangan yang berlaku.

**27. EMPLOYEE BENEFITS OBLIGATION**

Employee benefits obligation as of 31 December 2022 and 2021 consisted of the following:

	31 Desember/ December 2021	
	199.352	Short-term employee benefits obligation
	260.211	Short-term employee benefits obligation
<b>Employee benefits obligation</b>	<b>459.563</b>	

Before January 2022, the Bank has a defined contribution pension plan that covers all permanent employees and managed by Dana Pensiun Lembaga Keuangan Manulife Indonesia. The Bank has placed some funds to support the fulfillment of its post-employment benefits obligation for the years ending 31 December 2022 and 2021, amounting to Rp 88,732 and Rp 73,771, respectively.

Starting January 2022, Bank changed the management of the defined contribution pension plan for all permanent employees from Dana Pensiun Lembaga Keuangan (DPLK) Manulife Indonesia to Dana Pensiun Lembaga Keuangan Allianz Indonesia.

The contribution of a pension plan is calculated based on a certain percentage of employees' basic salary.

The number of employees participated in defined contribution retirement programs as at 31 December 2022 and 2021 are 2,593 and 2,679 employees, respectively.

The Bank provides a minimum of defined post-employment benefits to its employees in accordance with the applicable Labor Law. In addition, there are employees who meet certain criteria according to company policies who are eligible for higher post-employment benefits than those required by applicable law and regulation.

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**27. LIABILITAS IMBALAN PASCA-KERJA (lanjutan)**

Tabel berikut menyajikan perubahan nilai kini kewajiban dan liabilitas imbalan pasca-kerja Bank yang tercatat di laporan posisi keuangan pada tanggal 31 Desember 2022 dan 2021, dan perubahan liabilitas imbalan pasca-kerja dan beban yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain untuk tahun yang berakhir pada tanggal 31 Desember 2022 dan 2021:

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>
Nilai kini liabilitas pada awal tahun	260.211	321.003
Beban selama tahun berjalan (catatan 38)	33.366	10.834
Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya akibat: Perubahan asumsi demografi	-	1.615
Perubahan asumsi ekonomis	(7.784)	(18.664)
Perubahan dari penyesuaian pengalaman	6.011	(18.426)
Imbalan yang dibayar	(49.996)	(36.151)
<b>Liabilitas imbalan pasca-kerja</b>	<b>241.808</b>	<b>260.211</b>
Biaya imbalan kerja yang dibebankan Bank pada laporan laba rugi: Biaya jasa kini	22.014	32.916
Biaya jasa lalu - amendemen program	-	(31.791)
Keuntungan atas penyelesaian	-	(6.962)
Biaya bunga	12.705	16.671
Penyesuaian atas perubahan metode atribusi manfaat (Catatan 2c)	(1.353)	-
<b>Jumlah beban yang diakui</b>	<b>33.366</b>	<b>10.834</b>

Perhitungan liabilitas imbalan pasca-kerja pada tanggal 31 Desember 2022 dan 2021 dilakukan oleh aktuaris independen, Kantor Konsultan Aktuarial Steven & Mourits (KKA S&M), dengan laporan aktuaris masing-masing tertanggal 10 Januari 2023 dan 23 Desember 2021 dengan menggunakan asumsi utama sebagai berikut:

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>
Tingkat diskonto	6,70%	5,60%
Kenaikan gaji	5,00%	5,00%
Metode aktuarial	Projected unit credit	Projected unit credit
Umur pensiun normal	55 tahun/years	55 tahun/years
Tingkat kematian	Tabel Mortalitas Indonesia 2019 (TMI 2019)/ Indonesian Mortality Table 2019 (TMI 2019)	Tabel Mortalitas Indonesia 2019 (TMI 2019)/ Indonesian Mortality Table 2019 (TMI 2019)
Tingkat cacat	10% dari TMI 2019/ 10% of TMI 2019	10% dari TMI 2019/ 10% of TMI 2019
Tingkat pengunduran diri	20% per tahun pada usia 25 dan menurun secara linear sampai 0% per tahun pada usia 55/ 20% p.a. at 25 and reducing linearly to 0% p.a. at age 55	20% per tahun pada usia 25 dan menurun secara linear sampai 0% per tahun pada usia 55/ 20% p.a. at 25 and reducing linearly to 0% p.a. at age 55

Tabel-tabel dibawah menunjukkan sensitivitas atas kemungkinan perubahan tingkat kenaikan gaji dan tingkat diskonto terhadap kewajiban imbalan pasca kerja pada 31 Desember 2022 dan 2021:

	<b>31 Desember/December 2022</b>	
	<b>Peningkatan/ Increase by 100 bps</b>	<b>Penurunan/ Decrease by 100 bps</b>
Tingkat diskonto	(7.529)	8.112
Kenaikan gaji	22.324	(18.729)

**27. POST-EMPLOYMENT BENEFITS OBLIGATION (continued)**

The following table presents the movement in the present value of obligation and the post-employment benefits obligation of the Bank as recorded in the statement of financial position as of 31 December 2022 and 2021, and movement in obligation and expenses recognised in the statements of profit or loss and other comprehensive income for the year-ended 31 December 2022 and 2021:

Present value of the liability at the beginning of year
Expenses recognised during the year (Note 38)
Remeasurement recognised as other comprehensive income due to: Change in demographic assumptions
Change in financial assumptions
Change from experience adjustment
Benefits paid
<b>Post-employment benefits obligation</b>
Employee benefits expense charge to profit and loss by the Bank:
Current service cost
Past service cost – program amendment
Settlement gain
Interest cost
Adjustment on changes of benefit attribution method (Note 2c)
<b>Total recognised cost</b>

The calculation of post-employment benefits obligation as of 31 December 2022 and 2021 was done by independent actuary, Steven & Mourits (KKA S&M) actuarial consulting, with actuarial reports dated 10 January 2023 and 23 December 2021, respectively, using major assumptions as follows:

Discount rates  
Salary increases  
Valuation cost Method  
Normal retirement age  
Mortality rates

Disability rates

Resignation rates

The following tables represent the sensitivity analysis of a reasonably possible change in salary increase and discount rate of obligation to post-employment benefits obligation as of 31 December 2022 and 2021:

Discount rates  
Salary increment

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**27. LIABILITAS IMBALAN PASCA-KERJA (lanjutan)**

Tabel-tabel dibawah menunjukkan sensitivitas atas kemungkinan perubahan tingkat kenaikan gaji dan tingkat diskonto terhadap kewajiban imbalan pasca kerja pada 31 Desember 2022 dan 2021 (lanjutan):

	<b>31 Desember/December 2021</b>	
	<b>Peningkatan/ Increase by 100 bps</b>	<b>Penurunan/ Decrease by 100 bps</b>
Tingkat diskonto	(9.058 )	9.760
Kenaikan gaji	25.226	(21.361 )
		<i>Discount rates Salary increment</i>

Durasi rata-rata tertimbang durasi dari liabilitas program pensiun imbalan pasti pada tanggal 31 Desember 2022 dan 2021 masing-masing adalah 5,54 tahun dan 5,50 tahun.

**27. POST-EMPLOYMENT BENEFITS OBLIGATION (continued)**

The following tables represent the sensitivity analysis of a reasonably possible change in salary increase and discount rate of obligation to post-employment benefits obligation as of 31 December 2022 and 2021 (continued):

The weighted average duration of the defined benefit pension obligations at 31 December 2022 and 2021 is 5.54 years and 5.50 years, respectively.

Analisis jatuh tempo tidak terdiskonto yang diharapkan dari manfaat pensiun adalah sebagai berikut:

Undiscounted expected maturity analysis of pension benefits are as follows:

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>	
Dalam 10 tahun kedepan	362.253	387.073	<i>Within next 10 years</i>
Dalam 10 sampai 20 tahun kedepan	96.163	106.372	<i>Within next 10 to 20 years</i>
Dalam 20 dan seterusnya kedepan	2.266	2.532	<i>Within next 20 and beyond</i>

**28. PINJAMAN SUBORDINASI**

Rincian pinjaman subordinasi Bank adalah sebagai berikut:

	<b>31 Desember/ December 2022</b>	<b>31 Desember/ December 2021</b>
HSBC Asia Pacific Holdings (UK) Limited	1.167.563	1.068.937

HSBC Asia Pacific Holdings (UK)  
Limited

Pada tanggal 10 April 2017, Bank menandatangani perjanjian pinjaman subordinasi dengan HSBC Asia Pacific Holdings (UK) Limited (HAPH), pihak berelasi, dan telah menerima dana sebesar USD 75 juta yang jatuh tempo pada tanggal 10 April 2027. Pinjaman subordinasi ini memiliki tingkat suku bunga mengambang, yaitu USD LIBOR 3 bulan ditambah 407 bps (*basis point*). Pada tanggal 31 Desember 2022, saldo terutang atas fasilitas ini adalah sebesar Rp 1.167.563 (USD 75 juta). Pinjaman subordinasi ini ditujukan untuk mendukung Modal Pelengkap (*Tier 2*). Tidak terdapat perubahan saldo terutang dalam mata uang USD sampai dengan 31 Desember 2022.

**28. SUBORDINATED DEBT**

The details of Bank's subordinated debt is as follows:

On 10 April 2017, the Bank entered into a subordinated loan agreement with the HSBC Asia Pacific Holdings (UK) Limited (HAPH), a related party, and has already received funding amounting to USD 75 million which maturing on 10 April 2027. This subordinated debt bears a floating interest rate of 3 month USD LIBOR plus 407 bps (*basis points*). As of 31 December 2022, the outstanding amount from this facility was Rp 1,167,563 (USD 75 million). The subordinated debt is intended to support Supplementary Capital (*Tier 2*). No changes of the original USD amount until 31 December 2022.

Pada tanggal 6 Januari 2023, Bank menandatangani perubahan perjanjian pinjaman subordinasi dengan HSBC Asia Pacific Holdings (UK) Limited (HAPH), pihak berelasi, terkait perubahan tingkat suku bunga acuan dari LIBOR menjadi SOFR. Tanggal perubahan berlaku sejak 10 Januari 2023. Perubahan tingkat suku bunga acuan tidak mengubah syarat dan kondisi lainnya atas fasilitas pinjaman subordinasi. Pinjaman subordinasi ini memiliki tingkat suku bunga mengambang, yaitu SOFR ditambah dengan *spread* berkisar 430 bps (*basis point*).

On 6 January 2023, the Bank entered into a subordinated loan amendment agreement with the HSBC Asia Pacific Holdings (UK) Limited (HAPH), a related party, in relation with the interest rate benchmark update from LIBOR to SOFR. The switch date is effective from 10 January 2023. The interest rate benchmark update does not change the term and other conditions over subordinated debt facility. This subordinated debt bears a floating interest of SOFR plus 430 bps (*basis point*).

Pinjaman ini dipergunakan sebagai modal tambahan (*Tier 2 Capital*) berdasarkan regulasi OJK No. 11/POJK.03/2016 tentang Kewajiban Penyediaan Modal Minimum Bank Umum di Indonesia.

This borrowing to be used as supplementary capital (*Tier 2 Capital*) under FSA regulation No. 11/POJK.03/2016 on Minimum Capital Requirement for Commercial Banks in Indonesia.



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**28. PINJAMAN SUBORDINASI (lanjutan)**

Bank harus melunasi pinjaman ini dalam satu (1) jumlah pada tanggal jatuh tempo, yaitu 10 April 2027. Jika pelunasan menyebabkan ketidakpatuhan pada rasio KPMM sebagaimana yang diatur dalam peraturan yang berlaku, maka pembayaran pokok pinjaman dan/atau bunga akan ditunda dan diakumulasikan. Selanjutnya jadwal pelunasan pinjaman akan dinegosiasikan ulang antara Bank dan HAPH.

Persyaratan – persyaratan penting dalam perjanjian pinjaman Bank antara lain:

- Rasio modal inti utama (CET1) lebih rendah atau sama dengan 5,125% dari aset tertimbang menurut risiko (ATMR); dan/atau
- Terdapat rencana dari otoritas yang berwenang untuk melakukan penyertaan modal kepada Bank ketika kelangsungan usahanya dinilai berpotensi terganggu; dan
- Terdapat perintah dari Otoritas Jasa Keuangan untuk melakukan *write down*.

Per tanggal 31 Desember 2022 dan 2021, Bank selalu membayar beban bunga yang timbul terkait pinjaman ini dan tidak ada kejadian yang dapat berdampak pada kondisi *going concern* sebagaimana diatur dalam perjanjian pinjaman. Sebagai tambahan, tidak terdapat pembatasan yang dipersyaratkan dalam kontrak perwalianamanatan.

Tidak ada aset yang ditempatkan sebagai jaminan atas pinjaman ini.

**29. MODAL SAHAM**

Pada tanggal 20 Oktober 2008, HSBC Asia Pacific Holdings (UK) Limited (HAPH) menandatangani *Conditional Sale and Purchase Agreement* dengan beberapa pemegang saham utama untuk mengakuisisi 88,89% kepemilikan saham Bank. Berdasarkan perjanjian tersebut, HAPH mengakuisisi 38,84% kepemilikan saham dari PT Lumbung Artakencana, 38,60% dari PT Alas Pusaka dan 11,45% dari beberapa pemegang saham individu. Akuisisi ini berlaku efektif pada saat terjadinya penutupan transaksi.

Pada tanggal 22 Mei 2009, terjadi penutupan transaksi penjualan dan pembelian saham sehingga akuisisi tersebut menjadi efektif.

Sesuai dengan Peraturan Bapepam-LK tentang Pengambilalihan Perusahaan Terbuka, akuisisi oleh HAPH di atas dianggap sebagai pengambilalihan perusahaan terbuka yang menyebabkan HAPH harus melaksanakan penawaran tender atas maksimum 270.000.000 saham yang dimiliki oleh pemegang saham publik yang mewakili 10,11% dari seluruh modal disetor dan ditempatkan penuh Bank. Penawaran tender dilaksanakan sesuai dengan syarat-syarat dan ketentuan Pernyataan Penawaran Tender yang dinyatakan efektif oleh Bapepam-LK.

**28. SUBORDINATED DEBT (continued)**

*The Bank shall repay the borrowing in one (1) amount on the maturity date which is 10 April 2027. If the repayment gives rise to non-compliance to the required level of CAR as prescribed by the prevailing regulations then the payment of principal and/or interest will be deferred and accumulated. Thus, the repayment schedule will be renegotiated between the Bank and HAPH.*

*Significant requirements in the Bank's loan agreement include the following:*

- *Common Equity Tier 1 (CET1) ratio is lower than or equal to 5.125% from Risk weighted asset (RWA); and/or*
- *There is a plan of the competent authority to make capital injection to the Bank when its business continuity is considered to be potentially disrupted; and*
- *There is an order from the Financial Services Authority to carry out a write down.*

*As at 31 December 2022 and 2021, the Bank always paid the interest expense derived from this borrowing and no event which could affected its going concern as stated in the agreement. In addition, there was no limitation which required under a trustee agreement.*

*There is no asset put as collateral for this borrowing*

**29. SHARE CAPITAL**

*On 20 October 2008, HSBC Asia Pacific Holdings (UK) Limited (HAPH) entered into a Conditional Sale and Purchase Agreement with several major shareholders to acquire 88.89% share ownership of the Bank. Under the terms of the agreement, HAPH acquired 38.84% stake from PT Lumbung Artakencana, 38.60% from PT Alas Pusaka and 11.45% from several individual shareholders. The acquisition became effective upon the closing of the transaction.*

*On 22 May 2009, the shares sale and purchase transactions were completed and thus, the acquisition became effective.*

*In accordance with Bapepam-LK rule regarding Take-Over of Public Companies, the above mentioned acquisition by HAPH constitutes a take-over of a public listed company which resulted in HAPH having to conduct a tender offer for a maximum of 270,000,000 shares held by the public shareholders representing 10.11% of the total issued and fully paid-up capital of the Bank. The tender offer was conducted with terms and conditions of the Tender Offer Statement which was declared effective by Bapepam-LK.*

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**29. MODAL SAHAM (lanjutan)**

Penawaran tender dilaksanakan sejak tanggal 24 Juni 2009 hingga 23 Juli 2009 dengan harga penawaran tender sebesar Rp 2.652 (dalam Rupiah penuh) per saham. Selama penawaran tender, sebanyak 269.012.500 (dalam nilai penuh) saham ditawarkan untuk dibeli sesuai dengan syarat-syarat dan ketentuan Pernyataan Penawaran Tender.

Penawaran tender yang diwajibkan Bapepam-LK diselesaikan pada tanggal 12 Agustus 2009. Pembayaran kepada pemegang saham dilakukan pada tanggal 4 Agustus 2009. Setelah penyelesaian penawaran tender, HAPH memiliki 2.642.312.500 (dalam nilai penuh) saham di Bank yang mewakili 98,96% dari seluruh modal ditempatkan dan disetor penuh Bank.

Sehubungan dengan privatisasi, HAPH melakukan penawaran tender yang dimulai pada tanggal 2 Juli 2015 dan berakhir pada tanggal 4 Agustus 2015. Melalui penawaran tender, HAPH membeli sebanyak 1.619.000 lembar saham dari Pemegang Saham Publik sebesar Rp 10.000 (dalam Rupiah penuh) per saham. Selanjutnya saham tersebut dijual kepada PT Bank Central Asia Tbk.

Pada bulan November 2015, Bank merubah nilai nominal saham dari Rp 100 (dalam Rupiah penuh) menjadi Rp 1.000 (dalam Rupiah penuh) serta meningkatkan modal dasar dari sebesar Rp 800.000.000.000 (dalam Rupiah penuh) menjadi sebesar Rp 3.000.000.000.000 (dalam Rupiah penuh), dengan modal ditempatkan dan disetor dari sebesar Rp 267.000.000.000 (dalam Rupiah penuh) menjadi sebesar Rp 1.586.394.997.000 (dalam Rupiah penuh). Peningkatan modal tersebut dilakukan dengan menerbitkan saham baru sebanyak 1.319.394.997 (dalam nilai penuh) saham dengan nominal masing-masing saham sebesar Rp 1.000 (dalam Rupiah penuh).

Perubahan modal saham tersebut di atas dituangkan dalam Akta No. 97 tanggal 16 November 2015 yang dibuat di hadapan Dr. Irawan Soerodjo, S.H., M.Si., notaris di Jakarta, mengenai perubahan Anggaran Dasar Bank dan disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0946124.AH.01.02 tanggal 17 November 2015.

Lebih lanjut, HSBC Asia Pacific Holdings (UK) Limited, PT Bank Central Asia Tbk dan pemegang saham lainnya melakukan penambahan modal ditempatkan dan disetor sebesar Rp 1.319.395.

Pada bulan November 2016, Bank mengeluarkan saham baru sebanyak 1.000.000.000 lembar saham dengan nominal Rp 1.000 (dalam Rupiah penuh). Penambahan modal ini telah dituangkan dalam Akta No. 64 tanggal 9 November 2016 yang dibuat di hadapan Dr. Irawan Soerodjo, S.H., M.Si., notaris di Jakarta, mengenai perubahan Anggaran Dasar Bank dan disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-AH.01.03-0097602 tanggal 10 November 2016. Penambahan modal ini menyebabkan modal ditempatkan dan disetor menjadi Rp 2.586.395.

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**29. SHARE CAPITAL (continued)**

*The tender offer was conducted from 24 June 2009 until 23 July 2009 with tender offer price at Rp 2,652 (in Rupiah full amount) per share. During the tender offer, the shares being offered were 269,012,500 (in full amount) shares in accordance with the terms and conditions of the Tender Offer Statement.*

*The tender offer required by Bapepam-LK was completed on 12 August 2009. The payment to the shareholders was made on 4 August 2009. After completion of the tender offer, HAPH owns 2,642,312,500 (in full amount) shares of the Bank representing 98.96% of the total issued and fully paid-up capital of the Bank.*

*Related to privatisation, HAPH performed the tender offer which was started on 2 July 2015 and expired on 4 August 2015. Through the tender offer, HAPH acquired about 1,619,000 shares from Public Shareholders at Rp 10,000 (in Rupiah full amount) per share. Subsequently, those shares were sold to PT Bank Central Asia Tbk.*

*In November 2015, Bank amended the par value from Rp 100 (in Rupiah full amount) to Rp 1,000 (in Rupiah full amount) and increased the authorised capital from Rp 800,000,000,000 (in Rupiah full amount) to Rp 3,000,000,000,000 (in Rupiah full amount), with issued and fully-paid up capital from Rp 267,000,000,000 (in Rupiah full amount) to Rp 1,586,394,997,000 (in Rupiah full amount). The increase in shared capital was performed by issuing new shares by 1,319,394,997 (in full amount) shares with a par value of Rp 1,000 (in Rupiah full amount).*

*The above changes of share capital stated in Notarial Deed No. 97 dated 16 November 2015 of Dr. Irawan Soerodjo, S.H., M.Si., notary public in Jakarta, concerning the changes and restatement of the articles of association and was approved by the Minister of Law and Human Rights of the Republic of Indonesia in the Decision Letter No. AHU-0946124.AH.01.02 dated 17 November 2015.*

*Furthermore, HSBC Asia Pacific Holdings (UK) Limited, PT Bank Central Asia Tbk and other shareholders increased the issued and paid-up capital by Rp 1,319,395.*

*In November 2016, the Bank issued new shares by 1,000,000,000 shares with a nominal value of Rp 1,000 (in Rupiah full amount). The increase of share capital has been stated in a Notarial Deed No. 64 dated 9 November 2016 of Dr. Irawan Soerodjo, S.H., M.Si., notary public in Jakarta, concerning the changes and restatement of the articles of association and was approved by the Minister of Law and Human Rights of the Republic of Indonesia in the Decision Letter No. AHU-AH.01.03-0097602 dated 10 November 2016. This increase caused the share capital to become Rp 2,586,395.*

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**29. MODAL SAHAM (lanjutan)**

Pada bulan April 2017, Bank meningkatkan modal dasar dari sebesar Rp 3.000.000.000.000 (dalam Rupiah penuh) menjadi sebesar Rp 20.000.000.000.000 (dalam Rupiah penuh), dengan modal ditempatkan dan disetor dari sebesar Rp 2.586.394.997.000 (dalam Rupiah penuh) menjadi sebesar Rp 10.586.394.997.000 (dalam Rupiah penuh). Peningkatan modal ini dilakukan dengan menerbitkan saham baru sebanyak 8.000.000.000 lembar saham dengan nominal masing-masing saham sebesar Rp 1.000 (dalam Rupiah penuh).

Perubahan modal saham tersebut di atas dituangkan dalam Akta No. 57 tanggal 12 April 2017 yang dibuat di hadapan Dr. Irawan Soerodjo, S.H., M.Si., notaris di Jakarta, mengenai perubahan Anggaran Dasar Bank yang disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0008618.AH.01.02 tanggal 13 April 2017.

Komposisi pemegang saham Bank pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

	<b>Jumlah saham/ Number of shares</b>	<b>Persentase kepemilikan/ Percentage of Ownership</b>	<b>Jumlah modal disetor dengan nilai nominal Rp 1.000 (dalam Rupiah penuh) per saham/ Total paid-up capital at nominal value of Rp 1,000 (in Rupiah full amount) per share</b>	
HSBC Asia Pacific Holdings (UK) Limited	10.473.719.274	99%	10.473.719	HSBC Asia Pacific Holdings (UK) Limited
PT Bank Central Asia Tbk	112.653.737	1%	112.654	PT Bank Central Asia Tbk
Lainnya	21.986	0%	22	Others
<b>Jumlah</b>	<b>10.586.394.997</b>	<b>100%</b>	<b>10.586.395</b>	<b>Total</b>

**29. SHARE CAPITAL (continued)**

In April 2017, the Bank increased the authorised capital from Rp 3,000,000,000,000 (in Rupiah full amount) to Rp 20,000,000,000,000 (in Rupiah full amount), with issued and fully paid-up capital from Rp 2,586,394,997,000 (in Rupiah full amount) to Rp 10,586,394,997,000 in Rupiah full amount). The increased in share capital was performed by issuing new shares by 8,000,000,000 shares with par value of Rp 1,000 (in Rupiah full amount).

The above changes of share capital stated in Notarial Deed No. 57 dated 12 April 2017 of Dr. Irawan Soerodjo, S.H., M.Si., notary public in Jakarta, concerning the changes and restatement of articles of association and was approved by the Minister of Law and Human Rights of the Republic of Indonesia in the decision Letter No. AHU-0008618.AH.01.02 dated 13 April 2017.

The composition of the Bank's shareholders as of 31 December 2022 and 2021 are as follows:

**30. TAMBAHAN MODAL DISETOR - BERSIH**

Bank melakukan penawaran umum perdana atas 270.000.000 lembar saham Bank kepada masyarakat pada tanggal 8 Januari 2008 dengan nilai nominal Rp 100 (dalam Rupiah penuh) per saham dengan harga penawaran sebesar Rp 1.080 (dalam Rupiah penuh) per saham. Jumlah yang diterima dari penawaran umum adalah sebesar Rp 291.600.

Rincian tambahan modal disetor - bersih dari penawaran umum perdana saham Bank per tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

	<b>Jumlah/ Total</b>	
Jumlah yang diterima dari penerbitan 270.000.000 lembar saham	291.600	Proceeds from the issuance of 270,000,000 shares
Jumlah yang dicatat sebagai modal disetor	(27.000)	Amount recorded as paid-in capital
	264.600	
Beban emisi saham	(6.990)	Share issuance costs
<b>Jumlah yang dicatat sebagai tambahan modal disetor</b>	<b>257.610</b>	<b>Amount recorded as additional paid-in capital</b>

**30. ADDITIONAL PAID-IN CAPITAL - NET**

The Bank issued 270,000,000 shares with a par value of Rp 100 (in Rupiah full amount) per share, through an initial public offering on 8 January 2008 with an offering price of Rp 1,080 (in Rupiah full amount) per share. Total proceeds from the public offering amounted to Rp 291,600.

Details of additional paid-in capital - net from initial public offering as at 31 December 2022 and 2021 are as follows:

**31. PEMBAYARAN BERBASIS SAHAM**

Bank tidak memiliki program imbalan kerja berbasis saham tersendiri dan berpartisipasi dalam program dari grup HSBC. Program ini ditujukan kepada karyawan tertentu tanpa terkait dengan kinerja. Saham diberikan kepada karyawan dalam tiga tahun dengan komposisi yang sama di setiap tahunnya dengan syarat karyawan tetap bekerja dalam grup HSBC selama periode vesting.

**31. SHARE-BASED PAYMENT**

The Bank has no specific share-based compensation plan of its own and participates in the HSBC group share plan. The plan is made to certain employees with no associated with performance conditions. Shares are released to employees over three years in equal portion for each year, provided the employees remain continuously employed within the HSBC group during the vesting period.

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**31. PEMBAYARAN BERBASIS SAHAM (lanjutan)**

Pada tanggal 31 Desember 2022 dan 2021 saham yang masih beredar masing-masing sejumlah 161.947 (dalam nilai penuh), 217.048 (dalam nilai penuh) lembar.

Selama periode dan tahun-tahun yang berakhir 31 Desember 2022 dan 2021, Bank mengakui beban masing-masing sebesar Rp 9.876 dan Rp 17.875 dalam laporan laba rugi terkait dengan pembayaran imbalan kerja berbasis saham.

Cadangan program kompensasi berbasis saham selama tahun yang berakhir 31 Desember 2022 dan 2021 Bank masing-masing sebesar Rp 15.209 dan Rp 15.464.

Harga pasar rata-rata tertimbang dari saham yang diberikan pada tahun yang berakhir pada tanggal 31 Desember 2022 and 2021 masing-masing senilai Rp 93.101 dan Rp 82.470, (dalam Rupiah penuh).

**32. PENGGUNAAN LABA BERSIH**

Cadangan umum dan wajib dibentuk sesuai dengan Undang-Undang Republik Indonesia No. 1/1995 sebagaimana telah diubah dengan Undang-Undang No. 40/2007 tentang Perseroan Terbatas yang berlaku efektif sejak 16 Agustus 2007 yang mengharuskan Perseroan membentuk cadangan umum dengan jumlah minimum 20% dari modal saham yang ditempatkan dan disetor. Tidak ada batas waktu dalam pembentukan cadangan ini. Pada tanggal 31 Desember 2022 dan 31 Desember 2021 saldo cadangan umum adalah Rp 77.248 dan Rp 62.519.

Berdasarkan Rapat Umum Pemegang Saham Tahunan Bank yang dinyatakan dalam Akta dari Notaris Christina Dwi Utami, S.H., M.Hum., M.Kn., No. 374 tanggal 30 Juni 2021, para pemegang saham Bank menyetujui pembentukan cadangan umum sebesar Rp 13.100 dari saldo laba tahun 2020 serta pembagian dividen tunai sejumlah Rp 510.898 (Rp 48,3 (nilai penuh) per saham) kepada para pemegang saham yang memiliki hak untuk menerima dividen tunai. Pembayaran dividen dilakukan selambat-lambatnya pada tanggal 30 September 2021.

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa Bank yang dinyatakan dalam Akta dari Notaris Jose Dima Satria, S.H., M.Kn., No. 282 tanggal 28 April 2022, para pemegang saham Bank menyetujui pembagian dividen tunai sejumlah Rp 2.973.847 (Rp 280,9 (nilai penuh) per saham) kepada para pemegang saham yang memiliki hak untuk menerima dividen tunai. Pembayaran dividen dilakukan selambat-lambatnya pada tanggal 31 Mei 2022.

Berdasarkan Rapat Umum Pemegang Saham Tahunan Bank yang dinyatakan dalam Akta dari Notaris Andalia Farida, S.H., M.H., No. 24 tanggal 24 Juni 2022, para pemegang saham Bank menyetujui pembentukan cadangan umum sebesar Rp 14.729 dari saldo laba tahun 2021 serta pembagian dividen tunai sejumlah Rp 883.733 (Rp 83,5 (nilai penuh) per saham) kepada para pemegang saham yang memiliki hak untuk menerima dividen tunai. Pembayaran dividen dilakukan selambat-lambatnya pada tanggal 30 September 2022.

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**31. SHARE-BASED PAYMENT (continued)**

As of 31 December 2022 and 2021 the outstanding number of shares was 161,947 (in full amount), 217,048 (in full amount), respectively.

During the years ended 31 December 2022 and 2021, the Bank recognised an expense of Rp 9,876 and Rp 17,875, respectively to the profit or loss in respect of share-based payment compensation plan.

Share-based payment program reserves during the year ended 31 December 2022 and 2021 was Rp 15,209 and Rp 15,464, respectively.

The weighted average fair value of share awarded in the years ended 31 December 2022 and 2021 were Rp 93,101 and Rp 82,470, respectively (in Rupiah full amount).

**32. APPROPRIATION OF NET INCOME**

The general and legal reserve was provided in relation to the Law of Republic Indonesia No. 1/1995 which has been replaced with Law No. 40/2007 effective on 16 August 2007 regarding the Limited Liability Company which requires a Company to set up a general reserve amounting to at least 20% of the issued and paid-up share capital. There is no timeline over which this amount should be provided. As at 31 December 2022 and 2021 the amount of general reserves is Rp 77,248 and Rp 62,519.

Based on the Annual General Meeting of the Bank's Shareholders as stated in Notarial Deed No. 374 dated 30 June 2021 of Christina Dwi Utami, S.H., M.Hum., M.Kn., a notary public in Jakarta, the shareholders approved the appropriation of the Bank's 2020 retained earnings amounting to Rp 13,100 and distribute cash dividend amounting to Rp 510,898 (Rp 48.3 (full amount) per share to shareholders who have the right to receive cash dividend. Dividend payment has been paid at the latest on 30 September 2021.

Based on the Extraordinary General Meeting of the Shareholders as stated in Notarial Deed No. 282 dated 28 April 2022 of Jose Dima Satria, S.H., M.Kn., a notary public in Jakarta, the shareholders approved to distribute cash dividend amounting to Rp 2,973,847 (Rp 280.9 (full amount) per share to shareholders who have the right to receive cash dividend. Dividend payment will be paid at the latest on 31 May 2022.

Based on the Annual General Meeting of the Bank's Shareholders as stated in Notarial Deed No. 24 dated 24 June 2022 of Andalia Farida, S.H., M.H., a notary public in Jakarta, the shareholders approved the appropriation of the Bank's 2021 retained earnings amounting to Rp 14,729 and to distribute cash dividend amounting to Rp 883,733 (Rp 83.5 (full amount) per share to shareholders who have the right to receive cash dividend. Dividend payment will be paid at the latest on 30 September 2022.

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33. ASET KEUANGAN DAN LIABILITAS KEUANGAN

Pada tabel di bawah ini, instrumen keuangan telah dikelompokkan berdasarkan klasifikasi masing-masing. Kebijakan akuntansi yang penting di Catatan 3a menjelaskan bagaimana kategori aset keuangan dan liabilitas keuangan tersebut diukur dan bagaimana pendapatan dan beban, termasuk laba dan rugi atas nilai wajar (perubahan nilai wajar instrumen keuangan), diakui.

Nilai wajar yang diungkapkan di bawah ini adalah berdasarkan informasi relevan yang tersedia pada tanggal laporan posisi keuangan dan tidak diperbaharui untuk mencerminkan perubahan dalam kondisi pasar yang terjadi setelah tanggal laporan posisi keuangan.

Tabel di bawah menyajikan nilai tercatat dan nilai wajar aset dan liabilitas keuangan Bank pada tanggal 31 Desember 2022 dan 2021.

33. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In the below table, financial instruments have been allocated based on their classification. The significant accounting policies in Note 3a describe how the categories of the financial assets and financial liabilities are measured and how income and expenses, including fair value gains and losses (changes in fair value of financial instruments), are recognised.

The fair values are based on relevant information available as at the statement of financial position date and have not been updated to reflect changes in market conditions after the statement of financial position date.

The table below sets out the carrying amount and fair values of the Bank's financial assets and liabilities as of 31 December 2022 and 2021.

31 Desember/December 2022					
	Diukur pada nilai wajar melalui laba rugi/ Fair value through profit and loss	Biaya perolehan diamortisasi/ Amortised cost	Diukur pada nilai wajar melalui penghasilan komprehensif lain/ Fair value through other comprehensive income	Jumlah nilai tercatat/ Total carrying amount	Nilai wajar/ Fair value
<b>Aset keuangan</b>					<b>Financial assets</b>
Kas	-	428.680	-	428.680	Cash
Giro pada Bank Indonesia	-	11.941.577	-	11.941.577	Demand deposits with Bank Indonesia
Giro pada bank-bank lain-bersih	-	4.349.740	-	4.349.740	Demand deposits with other banks - net
Penempatan pada Bank Indonesia	-	18.682.178	-	18.682.178	Placements with Bank Indonesia
Penempatan pada bank-bank lain-bersih	-	225.358	-	225.358	Placements with other banks-net
Efek-efek untuk tujuan investasi	-	1.197.780	12.110.661	13.308.441	Investment securities
Aset keuangan dalam kelompok diperdagangkan	1.248.435	-	-	1.248.435	Financial assets held for trading
Tagihan derivatif	324.246	-	-	324.246	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	-	14.037.231	-	14.037.231	Securities purchased with agreement to resell
Wesel ekspor-bersih	-	2.063.474	-	2.063.474	Export bills-net
Tagihan akseptasi-bersih	-	2.061.662	-	2.061.662	Acceptance receivables-net
Kredit yang diberikan kepada nasabah-bersih	-	53.534.125	-	53.534.125	Loans to customers-net
Aset lain-lain <sup>1)</sup>	-	707.738	-	707.738	Other assets <sup>1)</sup>
<b>Jumlah</b>	<b>1.572.681</b>	<b>109.229.543</b>	<b>12.110.661</b>	<b>122.912.885</b>	<b>123.429.056</b>
<b>Liabilitas keuangan</b>					<b>Financial liabilities</b>
Simpanan dari nasabah	-	(90.187.668)	-	(90.187.668)	Deposits from customers
Simpanan dari bank-bank lain	-	(3.356.681)	-	(3.356.681)	Deposits from other banks
Efek yang dijual dengan janji dibeli kembali	-	(41.554)	-	(41.554)	Securities sold under repurchase agreements
Liabilitas derivatif	(466.359)	-	-	(466.359)	Derivative payables
Utang akseptasi	-	(2.095.274)	-	(2.095.274)	Acceptance payables
Beban akrual dan provisi <sup>1)</sup>	-	(115.587)	-	(115.587)	Accruals and provisions <sup>1)</sup>
Liabilitas lain-lain <sup>1)</sup>	-	(279.727)	-	(279.727)	Other liabilities <sup>1)</sup>
Pinjaman yang diterima	-	(7.550.237)	-	(7.550.237)	Borrowings
Pinjaman subordinasi	-	(1.167.563)	-	(1.167.563)	Subordinated debt
<b>Jumlah</b>	<b>(466.359)</b>	<b>(104.794.291)</b>	<b>-</b>	<b>(105.260.650)</b>	<b>(105.260.650)</b>

<sup>1)</sup> Aset lain-lain, Beban akrual dan provisi, dan liabilitas lain-lain pada tabel ini telah mengeluarkan komponen non-keuangan.

Other assets, Accruals and provisions, and other liabilities<sup>1)</sup> in this table have excluded non-financial component.

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33. ASET KEUANGAN DAN LIABILITAS KEUANGAN  
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Tabel di bawah menyajikan nilai tercatat dan nilai wajar aset dan liabilitas keuangan Bank pada tanggal 31 Desember 2022 dan 2021. (lanjutan)

33. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The table below sets out the carrying amount and fair values of the Bank's financial assets and liabilities as of 31 December 2022 and 2021. (continued)

31 Desember/December 2021						
	Diukur pada nilai wajar melalui rugi/ Fair value through profit and loss	Biaya perolehan diamortisasi/ Amortised cost	Diukur pada nilai wajar melalui penghasilan komprehensif lain/ Fair value through other comprehensive income	Jumlah nilai tercatat/ Total carrying amount	Nilai wajar/ Fair value	
<b>Aset keuangan</b>						<b>Financial assets</b>
Kas	-	429.856	-	429.856	429.856	Cash
Giro pada Bank Indonesia	-	8.417.779	-	8.417.779	8.417.779	Demand deposits with Bank Indonesia
Giro pada bank-bank lain-bersih	-	3.363.439	-	3.363.439	3.363.439	Demand deposits with other banks - net
Penempatan pada Bank Indonesia	-	19.134.840	-	19.134.840	19.134.840	Placements with Bank Indonesia
Penempatan pada bank-bank lain-bersih	-	257.350	-	257.350	257.350	Placements with other banks-net
Efek-efek untuk tujuan investasi	-	-	21.120.592	21.120.592	21.120.592	Investment securities
Aset keuangan dalam kelompok diperdagangkan	2.703.991	-	-	2.703.991	2.703.991	Financial assets held for trading
Tagihan derivatif	202.641	-	-	202.641	202.641	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	-	10.060.292	-	10.060.292	10.060.292	Securities purchased with agreement to resell
Wesel ekspor-bersih	-	1.836.512	-	1.836.512	1.836.512	Export bills-net
Tagihan akseptasi-bersih	-	2.597.903	-	2.597.903	2.597.903	Acceptance receivables-net
Kredit yang diberikan kepada nasabah-bersih	-	51.328.140	-	51.328.140	52.907.459	Loans to customers-net
Aset lain-lain <sup>1)</sup>	-	612.114	-	612.114	612.114	Other assets <sup>1)</sup>
<b>Jumlah</b>	<b>2.906.632</b>	<b>98.038.225</b>	<b>21.120.592</b>	<b>122.065.449</b>	<b>123.644.768</b>	<b>Total</b>
<b>Liabilitas keuangan</b>						<b>Financial liabilities</b>
Simpanan dari nasabah	-	(85.406.778)	-	(85.406.778)	(85.406.778)	Deposits from customers
Simpanan dari bank-bank lain	-	(5.940.073)	-	(5.940.073)	(5.940.073)	Deposits from other banks
Liabilitas derivatif	(188.060)	-	-	(188.060)	(188.060)	Derivative payables
Utang akseptasi	-	(2.602.208)	-	(2.602.208)	(2.602.208)	Acceptance payables
Beban akrual dan provisi <sup>1)</sup>	-	(65.770)	-	(65.770)	(65.770)	Accruals and provisions <sup>1)</sup>
Liabilitas lain-lain <sup>1)</sup>	-	(447.630)	-	(447.630)	(447.630)	Other liabilities <sup>1)</sup>
Pinjaman yang diterima	-	(6.199.838)	-	(6.199.838)	(6.199.838)	Borrowings
Pinjaman subordinasi	-	(1.068.937)	-	(1.068.937)	(1.068.937)	Subordinated debt
<b>Jumlah</b>	<b>(188.060)</b>	<b>(101.731.234)</b>	<b>-</b>	<b>(101.919.294)</b>	<b>(101.919.294)</b>	<b>Total</b>

<sup>1)</sup> Aset lain-lain, beban akrual dan provisi dan liabilitas lain-lain pada tabel ini telah mengeluarkan komponen non-keuangan

Other Asset, accruals and provisions and other liabilities in this table<sup>1)</sup> have excluded non-financial and other liabilities component

Instrumen keuangan yang diukur pada nilai wajar

Tabel di bawah ini memberikan analisis instrumen keuangan yang diukur pada nilai wajar pada akhir periode pelaporan, berdasarkan hierarki nilai wajar:

Financial instruments measured at fair values

The table below analyses financial instruments measured at fair value at the end of the reporting period, based on fair value hierarchy:

31 Desember/December 2022						
	Catatan/ Notes	Level 1	Level 2	Level 3	Jumlah/ Total	
Efek-efek untuk tujuan investasi	11	-	12.110.661	-	12.110.661	Investment securities
Aset keuangan dalam kelompok diperdagangkan	12	-	1.248.435	-	1.248.435	Financial assets held for trading
Tagihan derivatif	13	6.345	317.901	-	324.246	Derivative receivables
		6.345	13.676.997	-	13.683.342	
Liabilitas derivatif	13	(8.990)	(402.814)	(54.555)	(466.359)	Derivative payables

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**33. ASET KEUANGAN DAN LIABILITAS KEUANGAN**  
(lanjutan)

**Instrumen keuangan yang diukur pada nilai wajar**  
(lanjutan)

Tabel di bawah ini memberikan analisis instrumen keuangan yang diukur pada nilai wajar pada akhir periode pelaporan, berdasarkan hierarki nilai wajar (lanjutan):

**33. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**  
(continued)

**Financial instruments measured at fair values**  
(continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, based on fair value hierarchy (continued):

31 Desember/ December 2021						
	Catatan/ Notes	Level 1	Level 2	Level 3	Jumlah/ Total	
Efek-efek untuk tujuan investasi	11	-	21.120.592	-	21.120.592	Investment securities
Aset keuangan dalam kelompok diperdagangkan	12	-	2.703.991	-	2.703.991	Financial assets held for trading
Tagihan derivatif	13	630	181.281	20.730	202.641	Derivative receivables
		630	24.005.864	20.730	24.027.224	
Liabilitas derivatif	13	(2.363)	(185.697)	-	(188.060)	Derivative payables

Nilai wajar aset dan liabilitas yang diperdagangkan dan efek-efek untuk tujuan investasi pada tanggal 31 Desember 2022 dan 2021 adalah berdasarkan harga kuotasi pasar dan teknik penilaian seperti yang dijelaskan dalam Catatan 5b.1.

The fair value of trading assets and liabilities and investment securities as of 31 December 2022 and 31 December 2021 were based on quoted market prices and valuation techniques as explained in Note 5b.1.

**Instrumen keuangan yang tidak diukur pada nilai wajar**

Pada 31 Desember 2022 dan 2021 nilai wajar dari instrumen keuangan yang tidak diukur pada nilai wajar dikategorikan sebagai level 2 dalam hierarki nilai wajar, kecuali untuk kredit yang diberikan kepada nasabah, wesel ekspor, pinjaman, dan pinjaman subordinasi dikategorikan sebagai level 3 dalam hierarki nilai wajar.

**Financial instruments not measured at fair values**

As of 31 December 2022 and 2021, the fair value of financial instruments not measured at fair value is categorised as level 2 in the fair value hierarchy, except for loans to customers, export bills, borrowing, and subordinated debt are categorized as level 3 in the fair value hierarchy.

Nilai wajar kredit yang diberikan kepada nasabah, pinjaman yang diterima, dan pinjaman subordinasi yang mempunyai risiko nilai wajar ditentukan menggunakan metode diskonto arus kas berdasarkan tingkat suku bunga pasar pada tanggal 31 Desember 2022 dan 2021.

The fair value of loans to customers, borrowings, and subordinated debt with fair value risk was determined by discounted cash flows method using market interest rates as of 31 December 2022 and 2021.

Nilai wajar aset dan liabilitas keuangan selain yang disebutkan di atas mendekati nilai tercatatnya karena memiliki jangka waktu yang pendek dan/atau suku bunganya sering ditinjau ulang.

The fair value of financial assets and liabilities other than those mentioned in the above approximated to the carrying amount because they are short term in nature, and/or the interest rates are reprised frequently.

**Saling hapus**

Pada 31 Desember 2022 dan 2021, tidak terdapat aset dan liabilitas keuangan yang saling hapus pada laporan posisi keuangan.

**Offsetting**

As of 31 December 2022 and 2021, there is no financial assets and liabilities that are subject to offset in the statement of financial position.

Bank memiliki kredit yang diberikan yang dijamin dengan jaminan tunai (Catatan 17I), yang menjadi subyek untuk memenuhi *netting arrangements* dan perjanjian serupa, yang tidak saling hapus pada laporan posisi keuangan.

The Bank has loans collateralised by cash collateral (Note 17I), which are subject to enforceable netting arrangements and similar agreements that are not set off in the statement of financial position.



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**34. PENDAPATAN BUNGA BERSIH**

**34. NET INTEREST INCOME**

	31 Desember/ December 2022	31 Desember/ December 2021	
<b>Pendapatan bunga</b>			<b>Interest income</b>
Kredit yang diberikan kepada nasabah	3.073.640	2.876.075	Loans to customers
Efek-efek untuk tujuan investasi	873.866	1.249.893	Investment securities
Efek-efek yang dibeli dengan janji dijual kembali	503.715	369.538	Securities purchased with agreement to resell
Penempatan pada Bank Indonesia	421.392	192.586	Placements with Bank Indonesia
Wesel Ekspor	62.507	51.588	Export bills
Giro pada Bank Indonesia	43.554	23.938	Demand deposits with Bank Indonesia
Penempatan pada bank lain-lain	10.475	6.743	Placement with other banks
Giro pada bank-bank lain	2.786	1.155	Demand deposits with other banks
Lain-lain	573	116	Others
<b>Jumlah</b>	<b>4.992.508</b>	<b>4.771.632</b>	<b>Subtotal</b>
<b>Beban bunga</b>			<b>Interest expenses</b>
Deposito berjangka dan deposits on call	(609.341)	(742.277)	Time deposits and deposits on call
Pinjaman yang diterima dan pinjaman subordinasi	(249.052)	(117.391)	Borrowings and subordinated debt
Giro	(245.737)	(194.700)	Demand deposits
Tabungan	(84.128)	(116.538)	Saving accounts
Simpanan dari bank lain	(28.015)	(12.754)	Deposit from other banks
Lainnya	(29.352)	(71.683)	Others
<b>Jumlah</b>	<b>(1.245.625)</b>	<b>(1.255.343)</b>	<b>Subtotal</b>
<b>Pendapatan bunga bersih</b>	<b>3.746.883</b>	<b>3.516.289</b>	<b>Net interest income</b>

**35. PENDAPATAN PROVISI DAN KOMISI BERSIH**

**35. NET FEES AND COMMISSIONS INCOME**

	31 Desember/ December 2022	31 Desember/ December 2021	
<b>Pendapatan provisi dan komisi</b>			<b>Fees and commissions income</b>
Kartu kredit	655.713	436.251	Credit cards
Asuransi	272.656	287.544	Insurance
Jasa kustodian (Catatan 41)	286.886	251.386	Custodial services (Note 41)
Unit trusts	171.302	244.956	Unit trusts
Ekspor/impor	134.419	137.010	Export/import
Fasilitas kredit	94.694	80.488	Credit facilities
Remittance	69.635	61.065	Remittance
Account services	23.664	22.724	Account services
Lain-lain	76.408	97.571	Others
<b>Jumlah</b>	<b>1.785.377</b>	<b>1.618.995</b>	<b>Subtotal</b>
<b>Beban provisi dan komisi</b>			<b>Fees and commission expenses</b>
Kartu kredit	(479.044)	(208.591)	Credit cards
Scripless custodian	(63.089)	(49.922)	Scripless custodian
Lain-lain	(102.025)	(95.217)	Others
<b>Jumlah</b>	<b>(644.158)</b>	<b>(353.730)</b>	<b>Subtotal</b>
<b>Pendapatan provisi dan komisi bersih</b>	<b>1.141.219</b>	<b>1.265.265</b>	<b>Net fees and commissions income</b>

**36. PENDAPATAN INSTRUMEN DIPERDAGANGKAN - BERSIH**

**YANG**

**36. TRADING INCOME - NET**

	31 Desember/ December 2022	31 Desember/ December 2021	
<b>Pendapatan bunga</b>	<b>112.982</b>	<b>161.091</b>	<b>Interest income</b>
Instrumen keuangan pendapatan tetap:			<b>Fixed income instruments:</b>
- Keuntungan/(kerugian) yang belum direalisasi	(5.809)	(12.423)	- Unrealised gain/(loss)
- Keuntungan/(kerugian) yang direalisasi	138.029	153.869	- Realised gain/(loss)
Instrumen derivatif	752.864	784.839	Derivative instrument
<b>Jumlah</b>	<b>998.066</b>	<b>1.087.376</b>	<b>Total</b>

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**37. PEMBENTUKAN/(PEMBALIKAN) NILAI**

**PENURUNAN**

**37. PROVISION/(REVERSAL) OF IMPAIRMENT LOSSES**

	31 Desember/ December 2022	31 Desember/ December 2021	
Komitmen dan kontinjensi (Catatan 25)	120.000	(74.266)	Commitments and contingencies (Note 25)
Wesel ekspor (Catatan 15)	79.636	9.937	Export bills (Note 15)
Aset lain-lain	71.362	-	Other assets
Tagihan akseptasi (Catatan 16)	29.211	(20.950)	Acceptance receivables (Note 16)
Giro pada bank-bank lain (Catatan 8)	995	497	Demand deposits with other banks (Note 8)
Penempatan pada bank-bank lain (Catatan 10)	47	(347)	Placements with other banks (Note 10)
Efek-efek untuk tujuan investasi (Catatan 11)	(681)	(10.175)	Investment securities (Note 11)
Kredit yang diberikan kepada nasabah (Catatan 17)	(267.140)	843.358	Loans to customers (Note 17)
<b>Jumlah</b>	<b>33.430</b>	<b>748.054</b>	<b>Total</b>

**38. BEBAN KARYAWAN**

**38. EMPLOYEES EXPENSES**

	31 Desember/ December 2022	31 Desember/ December 2021	
Gaji dan tunjangan	1.490.228	1.621.593	Salaries and allowance
Tunjangan terkait pemutusan hubungan kerja	141.772	24.682	Termination benefit
Imbalan pasca-kerja (Catatan 27)	33.366	10.834	Post-employment benefits obligation (Note 27)
Lain-lain	28.316	17.482	Others
<b>Jumlah</b>	<b>1.693.682</b>	<b>1.674.591</b>	<b>Total</b>

**39. BEBAN UMUM DAN ADMINISTRASI**

**39. GENERAL AND ADMINISTRATIVE EXPENSES**

	31 Desember/ December 2022	31 Desember/ December 2021	
Teknologi informasi, komunikasi listrik dan air	888.064	654.562	Information technology, communication and utilities
Jasa profesional	204.899	90.726	Professional fees
Premi LPS (Catatan 46)	183.672	176.965	LPS premium (Note 46)
Iklan dan promosi	59.385	58.597	Advertising and promotion
Pungutan tahunan OJK perbankan	57.063	57.110	Bank annual FSA levy
Pemeliharaan dan perbaikan	42.939	102.118	Repair and maintenance
Kebersihan dan keamanan	38.538	41.320	Security and cleaning
Sewa	33.126	42.274	Rent
Perjalanan dinas	26.600	4.455	Travelling
Asuransi	19.094	22.820	Insurance
Alat tulis dan barang cetakan	7.754	7.333	Stationery and office supplies
Representasi	2.642	1.736	Representation
Langganan/keanggotaan	2.165	2.161	Customer services/membership
Jasa layanan kas	1.065	1.079	Cash service
Lain-lain	47.866	51.365	Others
<b>Jumlah</b>	<b>1.614.872</b>	<b>1.314.621</b>	<b>Total</b>

**40. PERPAJAKAN**

**40. TAXATION**

a. Pajak dibayar dimuka terdiri dari:

a. Prepaid taxes consist of:

	31 Desember/ December 2022	31 Desember/ December 2021	
Pajak dibayar di muka sehubungan dengan pajak penghasilan badan yang lebih dibayar tahun 2021	93.141	93.141	Prepaid tax in relation with verpaid corporate income tax in 2021
Pajak dibayar di muka sehubungan dengan pemeriksaan pajak (Catatan 40i – 40v)	737.747	757.112	Prepaid tax in relation with tax audit assessment (Note 40i – 40v)
	<b>830.888</b>	<b>850.253</b>	

Manajemen Bank berkeyakinan bahwa pajak dibayar dimuka dapat dipulihkan seluruhnya.

The Bank's management believes that prepaid taxes are fully realisable.

b. Utang pajak penghasilan terdiri dari:

b. Income taxes payable consist of:

	31 Desember/ December 2022	31 Desember/ December 2021	
Pasal 25	6.237	19.189	Article 25
Pasal 29	27.711	-	Article 29
<b>Jumlah</b>	<b>33.948</b>	<b>19.189</b>	<b>Total</b>

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**40. PERPAJAKAN (lanjutan)**

**40. TAXATION (continued)**

c. Beban pajak penghasilan terdiri dari:

c. *Income tax expense consisted of the following:*

	<u>31 Desember/ December 2022</u>	<u>31 Desember/ December 2021</u>	
Pajak kini	558.269	313.804	<i>Current tax</i>
Tambahan beban pajak 2020	-	3	<i>Additional tax expense 2020</i>
Pajak tangguhan - pembentukan dari perbedaan temporer	8.797	69.932	<i>Deferred tax - origination of temporary differences</i>
Surat Ketetapan Pajak	9	79	<i>Tax Assessment Letter</i>
<b>Jumlah</b>	<b><u>567.075</u></b>	<b><u>383.818</u></b>	<b><i>Total</i></b>

d. Pada tanggal 31 Maret 2020, Pemerintah menerbitkan Peraturan Pemerintah Pengganti Undang-Undang Republik Indonesia ("Perppu") No. 1 Tahun 2020 yang antara lain menurunkan tarif pajak penghasilan badan dari sebelumnya sebesar 25% menjadi 22% untuk tahun fiskal 2020 dan 2021, serta menjadi 20% sejak tahun fiskal 2022.

d. *On 31 March 2020, the Government issued Government Regulation in Lieu of the Republic of Indonesia ("Perppu") No. 1 Year 2020, which among others reduces the corporate income tax rate from 25% to 22% for fiscal years 2020 and 2021, and to 20% since fiscal year 2022.*

e. Pada tanggal 7 Oktober 2021, Pemerintah menerbitkan Undang - Undang Harmonisasi yang antara lain membatalkan penurunan tarif pajak penghasilan badan dari sebelumnya sebesar 22% menjadi 20%.

e. *On 7 October 2021, the Government issued Harmonization Law which cancelled the reduction in corporate tax rate from 22% to 20%.*

Manajemen berpendapat bahwa aset pajak tangguhan yang timbul dari perbedaan temporer kemungkinan besar dapat direalisasi pada tahun-tahun mendatang.

*The management believes that total deferred tax assets arising from temporary differences are probable to be realised in the future years.*

f. Rekonsiliasi antara laba sebelum pajak menurut laporan laba rugi dengan laba kena pajak adalah sebagai berikut:

f. *The reconciliation between profit before tax per statement of profit or loss and taxable income are as follows:*

	<u>31 Desember/ December 2022</u>	<u>31 Desember/ December 2021</u>	
Laba sebelum pajak	2.469.673	1.856.707	<i>Profit before tax</i>
Perbedaan temporer:			<i>Temporary differences:</i>
Liabilitas imbalan kerja jangka pendek	3.094	35.437	<i>Short-term employee benefits obligation</i>
Penyisihan kerugian penurunan nilai aset keuangan	(13.750)	(654.602)	<i>Allowance for impairment losses from financial assets</i>
Beban imbalan pasca-kerja dan imbalan kerja lainnya	457	(22.855)	<i>Post-employment and other benefits expense</i>
Penyusutan aset tetap dan amortisasi aset tak berwujud	35.994	92.180	<i>Depreciation of fixed assets amortization of intangible assets</i>
Lain-lain	(65.783)	80.125	<i>Others</i>
	<u>(39.988)</u>	<u>(469.715)</u>	
Perbedaan permanen:			<i>Permanent differences:</i>
Rugi atas penerimaan yang sudah dikenakan penghasilan final	595	288	<i>Loss related to proceed subject to final income tax</i>
Penyusutan kendaraan non-operasional	1.147	2.065	<i>Depreciation of non-operational vehicles</i>
Representasi, sumbangan dan denda	16.362	18.755	<i>Representation, donations and penalties</i>
Lain-lain	89.797	18.281	<i>Others</i>
	<u>107.901</u>	<u>39.389</u>	
Laba kena pajak	2.537.586	1.426.381	<i>Taxable income</i>
Beban pajak kini	558.269	313.804	<i>Current tax expense</i>
Pajak dibayar dimuka	(530.558)	(406.945)	<i>Prepaid tax</i>
<b>Pajak penghasilan badan terutang/(dibayar dimuka)</b>	<b><u>27.711</u></b>	<b><u>(93.141)</u></b>	<b><i>Corporate income tax payable/(prepaid tax)</i></b>

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40. PERPAJAKAN (lanjutan)

- g. Rekonsiliasi antara beban pajak dan hasil perkalian laba akuntansi sebelum pajak dengan tarif pajak yang berlaku adalah sebagai berikut:

	31 Desember/ December 2022
Laba sebelum pajak	2.469.673
Tarif pajak yang berlaku	22%
	543.328
Perbedaan permanen	23.738
Tambahan beban pajak 2020	-
Surat Ketetapan Pajak	9
Pajak tangguhan akibat pengurangan tarif pajak	-
<b>Jumlah beban pajak</b>	<b>567.075</b>

- h. Rincian dari aset pajak tangguhan bersih Bank adalah sebagai berikut:

	31 Desember/ 31 December 2021	Diakui pada laba rugi tahun berjalan/ Recognised in current year profit or loss	Diakui pada penghasilan komprehensif lain/ Recognised in other comprehensive income	31 Desember/ 31 December 2022
Aset pajak tangguhan:				
Penyisihan kerugian penurunan nilai aset keuangan	169.799	(2.875)	-	166.924
Penyisihan surat berharga (FVOCI)	1.217	(150)	-	1.067
Penyusutan aset tetap dan amortisasi aset tak berwujud	(18.173)	7.918	-	(10.255)
Beban imbalan pasca-kerja dan Imbalan kerja lainnya	117.370	782	(390)	117.762
(Laba)/rugi belum direalisasi perubahan nilai wajar efek-efek untuk tujuan investasi	(102.440)	-	122.811	20.371
Lain - lain	45.026	(14.472)	-	30.554
<b>Aset pajak tangguhan - bersih</b>	<b>212.799</b>	<b>(8.797)</b>	<b>122.421</b>	<b>326.423</b>

	31 Desember/ 31 December 2020	Dampak perubahan tarif PPh Badan/ Impact on the implementation of new corporate income tax rate	Laba rugi/ Profit or loss	Penghasilan komprehensif lain/ Other comprehensive income	Diakui pada laba rugi tahun berjalan/ Recognised in current year profit or loss	Diakui pada penghasilan komprehensif lain/ Recognised in other comprehensive income	31 Desember/ 31 December 2021
Aset pajak tangguhan:							
Penyisihan kerugian penurunan nilai aset keuangan	283.309	28.331	-	(141.841)	-	-	169.799
Penyisihan surat berharga (FVOCI)	3.080	308	-	(2.171)	-	-	1.217
Penyusutan aset tetap dan amortisasi aset tak berwujud	(34.957)	(3.496)	-	20.280	-	-	(18.173)
Beban imbalan pasca-kerja dan Imbalan kerja lainnya	115.063	5.770	1.574	2.768	(7.805)	-	117.370
(Laba)/rugi belum direalisasi perubahan nilai wajar efek-efek untuk tujuan investasi	(125.570)	-	(12.559)	-	35.689	-	(102.440)
Lain - lain	24.907	2.491	-	17.628	-	-	45.026
<b>Aset pajak tangguhan - bersih</b>	<b>265.832</b>	<b>33.404</b>	<b>(10.985)</b>	<b>(103.336)</b>	<b>27.884</b>	<b>212.799</b>	

Manajemen berpendapat bahwa aset pajak tangguhan dapat dipulihkan seluruhnya.

- i. Pada tanggal 10 Juli 2018, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 21, PPh Pasal 23, PPh Pasal 26, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2014 senilai Rp 75.058. Pada tanggal 9 Oktober 2018, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan, PPh Pasal 21, PPh Pasal 23, PPh Final Pasal 4 (2), dan PPN.

40. TAXATION (continued)

- g. The reconciliation between the total tax expense and the amounts computed by applying the statutory tax rates to income before tax are as follows:

	31 Desember/ December 2021	
Income before tax	1.856.707	
Applicable tax rate	22%	
	408.476	
Permanent differences	8.664	
Additional tax expense 2020	3	
Tax Assessment Letter	79	
Deferred tax due to tax rate reduction	(33.404)	
<b>Total tax expense</b>	<b>383.818</b>	

- h. The details of the Bank's net deferred tax assets are as follows:

	31 Desember/ 31 December 2021	
Deferred tax assets:		
Allowance for impairment losses on financial assets	166.924	
Provision for securities (FVOCI)	1.067	
Depreciation of fixed assets and amortization of intangible assets	(10.255)	
Post-employment and other benefits	117.762	
Unrealised (gain) loss from changes in fair value of investment securities	20.371	
Others	30.554	
<b>Deferred tax assets - net</b>	<b>326.423</b>	

Management believes that deferred tax assets are fully realisable.

- i. On 10 July 2018, LTO I issued Underpayment Tax Assessment Letters of CIT, Income Tax Article 21, Article 23, Article 26, Final Article 4 (2), and VAT Fiscal Year 2014 amounting to Rp 75,058. On 9 October 2018, the Bank then filed an objection to Assessment Letter of CIT, Income Tax Article 21, Article 23, Final Article 4 (2), and VAT.

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**40. PERPAJAKAN (lanjutan)**

Pada tanggal 3 September 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Final Pasal 4 (2) Masa Pajak Desember 2014 yang menolak keberatan Wajib Pajak. Bank tidak mengajukan banding terhadap Keputusan Keberatan tersebut.

Pada tanggal 5 September 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 21 Masa Pajak Desember 2014 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 4.167. Pada tanggal 4 Desember 2019, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Pada tanggal 14 Maret 2022, Pengadilan Pajak telah menerbitkan Putusan Pengadilan Pajak mengenai banding terhadap Keputusan Keberatan atas SKPKB PPh Pasal 21 Masa Pajak Desember 2014 yang mengabulkan sebagian permohonan banding Wajib Pajak sebesar Rp 51. Bank menerima kelebihan pembayaran pajak berdasarkan putusan banding tersebut. Bank kemudian mengajukan permohonan peninjauan kembali ke Mahkamah Agung pada tanggal 21 Juni 2022 atas sengketa yang ditolak oleh pengadilan pajak sebesar Rp 4.116.

Pada tanggal 5 September 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Masa Pajak Desember 2014 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 5.344. Pada tanggal 4 Desember 2019, Bank kemudian mengajukan banding ke Pengadilan. Pada tanggal 14 Maret 2022, Pengadilan Pajak telah menerbitkan Putusan Pengadilan Pajak mengenai banding terhadap Keputusan Keberatan atas SKPKB PPh Masa Pajak Desember 2014 yang mengabulkan sebagian permohonan banding Wajib Pajak sebesar Rp 4.505. Bank menerima kelebihan pembayaran pajak berdasarkan putusan banding tersebut. Bank kemudian mengajukan permohonan peninjauan kembali ke Mahkamah Agung pada tanggal 21 Juni 2022 atas sengketa yang ditolak oleh pengadilan pajak sebesar Rp 202. DJP mengajukan permohonan peninjauan kembali ke Mahkamah Agung pada tanggal 27 Juni 2022 atas sengketa yang dikabulkan sebesar Rp 4.505. Bank telah menyampaikan kontra memori atas permohonan peninjauan kembali tersebut pada tanggal 2 Agustus 2022.

Pada tanggal 11 September 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 23 Masa Pajak Desember 2014 yang mengabulkan seluruh keberatan Wajib Pajak sebesar Rp 306. Pada tanggal 9 Oktober 2019, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut.

**40. TAXATION (continued)**

*On 3 September 2019, DGT issued Objection Decision on Assessment Letter of Income Tax Final Article 4 (2) Fiscal Period December 2014 which rejected the Taxpayer's objection. The Bank did not file an appeal against that Objection Decision.*

*On 5 September 2019, DGT issued Objection Decision on Assessment Letter of Income Tax Article 21 Fiscal Period December 2014 which rejected Taxpayer's objection so the tax dispute amount remained Rp 4,167. On 4 December 2019, the Bank then filed an appeal to the Tax Court against that Objection Decision. On 14 March 2022, the tax court issued the decision of appeal on underpayment tax assessment letter of WHT Article 21 December 2014 which partially granted taxpayer's appeal amounting to Rp 51. The bank has received tax refund on tax court decision. The bank then filled judicial review to the Supreme Court on 21 June 2022 for the remaining tax dispute Rp 4,116.*

*On 5 September 2019, DGT issued Objection Decision on Assessment Letter of VAT Fiscal Period December 2014 which rejected Taxpayer's objection so the tax dispute amount remained Rp 5,344. On 4 December 2019, the Bank then filed an appeal to the Tax Court against that Objection Decision. On 14 March 2022, the tax court issued the decision of appeal on underpayment tax assessment letter of VAT December 2014 which partially granted taxpayer's appeal amounting to Rp 4,505. The bank has received tax refund on tax court decision. The bank filed Judicial Review to the Supreme Court on 21 June 2022 for the remaining tax dispute Rp 202. The DGT filed Judicial Review on taxpayer's winning case amounting to Rp 4,505. The bank submitted the counter memorial of its dispute on 2 August 2022.*

*On 11 September 2019, DGT issued Objection Decision on Assessment Letter of Income Tax Article 23 Fiscal Period December 2014 which fully accepted the Taxpayer's objection of Rp 306. On 9 October 2019, the Bank received a tax refund based on that Objection Decision.*

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**40. PERPAJAKAN (lanjutan)**

Pada tanggal 16 September 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan Tahun Pajak 2014 yang mengabulkan sebagian besar keberatan Wajib Pajak sebesar Rp 63.952 sehingga jumlah sengketa pajak menjadi Rp 381. Bank tidak mengajukan banding terhadap Keputusan Keberatan tersebut. Pada tanggal 15 Januari 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut.

- j. Pada tanggal 30 dan 31 Oktober 2018, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Final Pasal 21, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2015 senilai Rp 94.077. Pada tanggal 29 Januari 2019, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan, PPh Final Pasal 4 ayat (2), dan PPN.

Pada tanggal 5 Agustus 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Final Pasal 4 (2) Masa Pajak Desember 2015 yang menolak keberatan Wajib Pajak. Bank tidak mengajukan banding terhadap Keputusan Keberatan tersebut.

Pada tanggal 13 Desember 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPN Masa Pajak Desember 2015 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 391. Pada tanggal 12 Maret 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, Putusan Pengadilan Pajak atas sengketa PPN untuk periode Desember 2015 belum diterbitkan.

Pada tanggal 23 Desember 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan Tahun Pajak 2015 yang mengabulkan sebagian besar keberatan Wajib Pajak sebesar Rp 88.898 sehingga jumlah sengketa pajak menjadi Rp 1.268. Pada tanggal 15 Januari 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut. Pada tanggal 11 Juni 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, Putusan Pengadilan atas sengketa PPh Badan tahun pajak belum diterbitkan.

- k. Pada tanggal 12 November 2021, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Final Pasal 21, PPh Pasal 23, PPh Pasal 26, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2016 senilai Rp 67.145. Pada tanggal 9 Februari 2022, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan, dan PPN dengan jumlah sengketa pajak sebesar Rp 66.283.

**40. TAXATION (continued)**

On 16 September 2019, DGT issued Objection Decision on Assessment Letter of CIT Fiscal Year 2014 which accepted most of the Taxpayer's objection of Rp 63,952, so the tax dispute amount became Rp 381. The Bank did not file an appeal against that Objection Decision. On 15 January 2020, the Bank received a tax refund based on that Objection Decision.

- j. On 30 and 31 October 2018, LTO I issued Underpayment Tax Assessment Letters of CIT, Income Tax Article 21, Final Article 4 (2), and VAT Fiscal Year 2015 amounting to Rp 94,077. On 29 January 2019, the Bank then filed an objection to Assessment Letter of CIT, Income Tax Final Article 4 (2), and VAT.

On 5 August 2019, DGT issued Objection Decision on Assessment Letter of Income Tax Final Article 4 (2) Fiscal Period December 2015 which rejected the Taxpayer's objection. The Bank did not file an appeal against that Objection Decision.

On 13 December 2019, DGT issued Objection Decision on Assessment Letter of December 2015 VAT which rejected the Taxpayer's objection, so the tax dispute amount remained Rp 391. On 12 March 2020, the Bank then filed an appeal to the Tax Court against that Objection Decision. Until this report is prepared, tax hearing on dispute December 2015 VAT is still ongoing in Tax Court.

On 23 December 2019, DGT issued Objection Decision on Assessment Letter of 2015 CIT, which accepted most of the Taxpayer's objection of Rp 88,898, so the tax dispute amount became Rp 1,268. On 15 January 2020, the Bank received a tax refund based on that Objection Decision. On 11 June 2020, the Bank then filed an appeal to the Tax Court against that Objection Decision. Until this report is prepared, Tax Court Decision on tax dispute of CIT is not issued yet.

- k. On 12 November 2021, LTO I issued Underpayment Tax Assessment Letters of 2016 CIT, Income Taxes of Article 21, Article 23, Article 26 and Final Article 4 (2), and VAT amounting to Rp 67,145. On 9 February 2022, the Bank then filed an objection to Assessment Letters of CIT and VAT, with tax dispute of Rp 66,283.

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**40. PERPAJAKAN (lanjutan)**

Pada tanggal 29 November 2022, DJP menerbitkan keputusan keberatan atas SKPKB PPh Badan Tahun Pajak 2016 yang mengabulkan sebagian besar keberatan Wajib Pajak sebesar Rp 20.162 sehingga jumlah sengketa pajak menjadi Rp 43,128. Pada 2 Januari 2023, DJP telah menerbitkan pembetulan atas keputusan keberatan tersebut dengan menambah jumlah sengketa yang dikabulkan sebesar Rp 169. Bank telah mengajukan banding ke Pengadilan Pajak pada 27 Februari 2023.

Pada tanggal 6 Desember 2022, DJP menerbitkan keputusan keberatan atas SKPKB PPN Tahun Pajak 2016 yang mengabulkan sebagian keberatan Wajib Pajak sebesar Rp 172 sehingga jumlah sengketa pajak menjadi Rp 2.820. Bank telah mengajukan banding ke Pengadilan Pajak pada tanggal 2 Maret 2023.

- I. Pada tanggal 24 April 2019, KPP WPB I menerbitkan Surat Ketetapan Pajak Lebih Bayar (SKPLB) PPh Badan Tahun Pajak 2017 senilai Rp 182.963, serta SKPKB PPh Pasal 21, PPh Pasal 23, PPh Pasal 26, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2017 senilai Rp 36.246. Pada tanggal 23 Juli 2019, Bank kemudian mengajukan keberatan atas SKPLB PPh Badan, dengan jumlah sengketa pajak sebesar Rp 298.048, dan keberatan atas SKPKB PPh Pasal 21, PPh Pasal 23, PPh Pasal 26, PPh Final Pasal 4 (2), dan PPN dengan total sengketa pajak sebesar Rp 35.854.

Pada tanggal 27 Desember 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 23 Masa Pajak Januari, Februari, Maret, April, dan Mei 2017 yang mengabulkan sebagian keberatan Wajib Pajak sebesar Rp 10. Pada tanggal 27 dan 28 Januari 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut. Bank tidak mengajukan banding terhadap Keputusan Keberatan.

Pada tanggal 3 Februari 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 23 Masa Pajak Juli, Agustus, September, Oktober, dan Desember 2017 yang mengabulkan sebagian keberatan Wajib Pajak sebesar Rp 64. Pada tanggal 27 Februari 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut. Bank tidak mengajukan banding terhadap Keputusan Keberatan.

Pada tanggal 21 Februari 2020, Bank menerima kelebihan pembayaran pajak berdasarkan SKPLB PPh Badan Tahun Pajak 2017 sebesar Rp 182.963.

**40. TAXATION (continued)**

On 29 November 2022, DGT issued Objection Decision on Assessment Letter of 2016 CIT which granted most of the Taxpayer's objection of Rp 20,162 therefore the remaining amount of tax dispute is Rp 43,128. On 2 January 2023, DGT issued the amendment of the objection decision with an increase of the granted amount Rp 169. The Bank submitted an appeal letter to Tax Court on 27 February 2023.

On 6 December 2022, DGT issued Objection Decision on Assessment Letter of 2016 VAT, which partially approved the Taxpayer's objection of Rp 172 and the remaining tax dispute amount is Rp 2,820. The Bank had submitted appeal letter to Tax Court on 2 March 2023.

- I. On 24 April 2019, LTO I issued Overpayment Tax Assessment Letter of 2017 CIT amounting to Rp 182,963, as well as Underpayment Tax Assessment Letters of 2017 Income Taxes of Article 21, Article 23, Article 26 and Final Article 4 (2), and VAT amounting to Rp 36,246. On 23 July 2019, the Bank filed an objection to Assessment Letter of CIT, with tax dispute of Rp 298,048, and objection to Income Taxes of Article 21, Article 23, Article 26 and Final Article 4 (2), and VAT, with tax dispute of Rp 35,854.

On 27 December 2019, DGT issued Objection Decisions on Assessment Letters of Income Tax Article 23 Fiscal Period January, February, March, April, and May 2017 which accepted some of the Taxpayer's objection of Rp 10. On 27 and 28 January 2020, the Bank received a tax refund based on those Objection Decisions. Bank did not file an appeal against that Objection Decision.

On 3 February 2020, DGT issued Objection Decisions on Assessment Letters of Income Tax Article 23 Fiscal Period July, August, September, October, and December 2017 which accepted some of the Taxpayer's objection of Rp 64. On 27 February 2020, the Bank received a tax refund based on those Objection Decisions. The Bank did not file an appeal against that Objection Decision.

On 21 February 2020, the Bank received a tax refund based on Overpayment Tax Assessment Letter of CIT Fiscal Year 2017 amounting to Rp 182,963.



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**40. PERPAJAKAN (lanjutan)**

Pada tanggal 28 dan 29 Mei 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 26 Masa Pajak Januari sampai dengan Desember 2017 yang mengabulkan sebagian keberatan Wajib Pajak sebesar Rp 2.935 sehingga jumlah sengketa pajak menjadi Rp 7.578. Pada tanggal 23 Juni 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut. Pada tanggal 26 Agustus 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Pada tanggal 18 April 2022, Pengadilan Pajak telah menerbitkan Putusan Pengadilan Pajak atas Keputusan Keberatan atas SKPKB PPh 26 Masa Pajak Januari – Desember 2017 yang mengabulkan permohonan banding PPh 26 Masa Pajak Februari, Maret, Mei, Juni, Juli, September, Oktober, November. Serta mengabulkan sebagian permohonan banding PPh 26 Masa Pajak Januari, Agustus dan Desember 2017, serta menolak seluruh permohonan banding PPh 26 Masa April 2017.

Bank menerima kelebihan pembayaran pajak berdasarkan putusan banding sebesar Rp 6.945. Bank telah mengajukan permohonan peninjauan kembali ke Mahkamah Agung atas sengketa Masa Pajak Agustus dan Desember 2017 pada tanggal 25 Juli 2022 dengan total sengketa sebesar Rp 595.

Pada tanggal 4 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPN atas Pemanfaatan JKP dari Luar Daerah Pabean Masa Pajak Desember 2017 yang mengabulkan seluruh keberatan Wajib Pajak sebesar Rp 1.755. Pada tanggal 1 Juli 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut.

Pada tanggal 16 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPN Masa Pajak Desember 2017 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 15.882. Pada tanggal 14 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, Putusan Pengadilan Pajak atas sengketa PPN Masa Pajak Desember 2017 belum diterbitkan.

Pada tanggal 22 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 21 Masa Pajak Desember 2017 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 7.436. Pada tanggal 18 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, Putusan Pengadilan Pajak atas sengketa PPh Pasal 21 Masa Pajak Desember 2017 belum diterbitkan.

**40. TAXATION (continued)**

*On 28 and 29 May 2020, DGT issued Objection Decisions on Assessment Letters of January up to December 2017 Income Tax of Article 26, which partially approved Taxpayer's objection request of Rp 2,935, hence the remaining tax dispute amount is Rp 7,578. On 23 June 2020, the Bank received a tax refund based on those Objection Decisions. On 26 August 2020, the Bank then filed an appeal to the Tax Court against those Objection Decisions. On 18 April 2022, the Tax Court Judges issued decision of appeal on underpayment tax assessment letters of January up to December 2017 Income Tax of Article 26, which fully approved taxpayer's appeal for period of February, March, May, June, July, September, October, November. Partially approved appeal for the period of January, August, December and fully rejected appeal for the period of April.*

*The bank has received tax refund on tax court decision amounting Rp 6,945. For period August and December 2017 Bank has filled Judicial Review to Supreme Court on 25 July with total amount of dispute is Rp 595.*

*On 4 June 2020, DGT issued Objection Decision on Assessment Letter of December 2017 Offshore VAT, which fully approved the Taxpayer's objection request of Rp 1,755. On 1 July 2020, the Bank received a tax refund based on that Objection Decision.*

*On 16 June 2020, DGT issued Objection Decisions on Assessment Letter of VAT Fiscal Period December 2017 which rejected the Taxpayer's objection so the tax dispute amount remained Rp 15,882. On 14 September 2020, the Bank then filed an appeal to the Tax Court against that Objection Decision. Until this report is prepared, Tax Court Decision on December 2017 VAT is not issued yet.*

*On 22 June 2020, DGT issued Objection Decisions on Assessment Letter of Income Tax Article 21 Fiscal Period December 2017, which rejected the Taxpayer's objection request, hence the remaining tax dispute amount is Rp 7,436. On 18 September 2020, the Bank filed an appeal to the Tax Court against that Objection Decision. Until this report is prepared, Tax Court Decision on on December 2017 Income Tax of Article 21 is not issued yet.*

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**40. PERPAJAKAN (lanjutan)**

Pada tanggal 17 Juli 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan Tahun Pajak 2017 yang mengabulkan sebagian keberatan Wajib Pajak sehingga jumlah sengketa pajak menjadi Rp 269.804. Pada tanggal 11 Agustus 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut. Pada tanggal 15 Oktober 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, Putusan Pengadilan Pajak atas sidang terkait sengketa PPh Badan Tahun Pajak 2017 belum diterbitkan.

m. Pada tanggal 7 November 2022, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 21, PPh Pasal 23, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2018 senilai Rp 82.403. Pada 30 Januari 2023, Bank telah mengajukan keberatan atas SKPKB PPh Badan dan PPN dengan jumlah sengketa pajak sebesar Rp 82.284.

n. Pada tanggal 26 April 2021, KPP WPB I menerbitkan SKPKB PPh Badan atas SPT PPh Badan Lebih Bayar 2019 sebesar Rp 60.018, dan SKPKB PPh Final Pasal 21, PPh Pasal 23, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2019 senilai Rp 81.859. Pada tanggal 22 Juli 2021, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan, dengan jumlah sengketa pajak sebesar Rp 141.280.

Pada tanggal 6 Desember 2021, KPP WPB menerbitkan pembetulan SKPKB PPh Badan yang menyebabkan tambahan Pajak sebesar Rp 405. Angka tersebut akan diperhitungkan dalam putusan banding. Pada tanggal 11 Juli 2022 DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan dan tidak mengabulkan permohonan keberatan Wajib Pajak. Bank mengajukan banding pada tanggal 6 Oktober 2022. Sampai dengan laporan ini dibuat, sengketa PPh Badan tahun pajak 2019 masih dalam proses di Pengadilan Pajak.

o. Sehubungan dengan integrasi usaha, pada tanggal 21 Agustus 2017 Bank telah mengajukan permohonan persetujuan penggunaan nilai buku atas pengalihan harta dalam rangka pengambilalihan usaha. Pada tanggal 9 Oktober 2017, DJP telah menerbitkan surat persetujuan No. KEP-164/WPJ.19/2017 untuk menggunakan nilai buku pajak.

**40. TAXATION (continued)**

On 17 July 2020, DGT issued Objection Decision on Assessment Letter of 2017 CIT, which partially approved the Taxpayer's objection request, hence the remaining tax dispute amount is Rp 269,804. On 11 August 2020, the Bank received a tax refund based on that Objection Decision. On 15 October 2020, the Bank filed an appeal to the Tax Court against that Objection Decision. Until this report is prepared, Tax Court Decision on 2017 CIT is not issued yet.

m. On 7 November 2022, LTO I issued Underpayment Tax Assessment Letters of 2018 CIT, Income Tax of Article 21, Article 23, Final Article 4 (2), and VAT amounting to Rp 82.403. On 30 January 2023, The Bank submitted objection request letter of CIT and VAT with tax dispute of Rp 82.284.

n. On 26 April 2021, LTO I issued Underpayment Tax Assessment Letters of 2019 CIT which is in overpayment position of Rp 60,018, as well as Underpayment tax Assessment Letter of 2019 Income Taxes of Article 21, Article 23 and Final Article 4 (2), and VAT amounting to Rp 81,859. On 22 July 2021, the Bank filed an objection to Assessment Letter of CIT, with tax dispute of Rp 141,280.

On 6 December 2021, LTO issued an amendment to the Underpayment Tax Assessment Letters of CIT which resulted in an additional tax of Rp 405. This payment will be taken into account in the decision of the appeal. On 11 July 2022, DGT issued Objection Decisions on Assesment Letter of CIT and rejected the objection request. Bank filed an appeal on 6 October 2022. Until this financial statements is prepared, the Objection request filed by the Bank on Underpayment Tax Assessment Letters of overpaid 2019 CIT is still at Tax Court stage.

o. In relation to the business integration, on 21 August 2017 the Bank has submitted a request for using book value on the asset transferred in relation to the business integration. On 9 October 2017, the DGT has issued the approval decision No. KEP-164/WPJ.19/2017 for using fiscal book value.

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#### 40. PERPAJAKAN (lanjutan)

Berdasarkan Peraturan Menteri Keuangan No. 52/PMK.010/2017 tentang Penggunaan Nilai Buku atas Pengalihan dan Perolehan Harta dalam rangka Penggabungan, Peleburan, Pemekaran, atau Pengambilalihan Usaha, Bentuk Usaha Tetap (BUT) The Hongkong and Shanghai Banking Corporation Limited telah memperoleh persetujuan Pencabutan Izin Usaha Kantor Cabang dari Otoritas Jasa Keuangan (OJK) dengan Keputusan Dewan Komisiner OJK No. 8/KDK.03/2019 tertanggal 8 April 2019 dan selanjutnya, hak dan kewajiban perpajakan BUT The Hongkong and Shanghai Banking Corporation Limited (BUT HSBC) untuk masa pajak, bagian tahun pajak, dan/atau tahun pajak sebelum dilakukannya pembubaran BUT sebagaimana dimaksud dalam Pasal 9 ayat (1) dan (2) beralih kepada Wajib Pajak yang menerima pengalihan harta dalam rangka penggabungan, peleburan, atau pengambilalihan usaha, dalam hal ini, PT Bank HSBC Indonesia. Sehubungan dengan hal tersebut di atas, saldo bersih aset pajak BUT HSBC pun dialihkan ke PT Bank HSBC Indonesia secara bertahap sejak 31 Januari 2019 sampai dengan sebelum tanggal pencabutan izin usaha senilai total Rp 679.915. BUT HSBC sedang dalam proses pemeriksaan pajak agar dapat dilakukan pencabutan NPWP perusahaan.

- p. Pada tanggal 21 Desember 2017, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 23, PPh Final Pasal 23/26, dan PPh Final Pasal 4 (2) Tahun Pajak 2012 atas Wajib Pajak BUT HSBC senilai Rp 46.874 dengan jumlah kurang bayar yang disetujui senilai Rp 2.685. BUT HSBC melakukan pembayaran penuh. Pada tanggal 20 Maret 2018, BUT HSBC kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26 dengan jumlah sengketa sebesar Rp 46.724 yang terdiri dari Rp 2.535 yang telah dibiayai dan Rp 44.189 yang dicatat sebagai pajak dibayar dimuka.

Pada tanggal 14 Maret 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2012 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 46.724. Pada tanggal 29 Mei 2019, Bank kemudian mengajukan banding ke Pengadilan Pajak. Pada tanggal 3 Mei 2021, Pengadilan Pajak telah menerbitkan Putusan Pengadilan Pajak mengenai banding terhadap Keputusan Keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26 untuk tahun pajak 2012 yang mengabulkan sebagian permohonan banding Wajib Pajak sebesar Rp 44.189. Sampai dengan laporan ini dibuat, DJP belum mengajukan permohonan Peninjauan Kembali kepada Mahkamah Agung atas Putusan Pengadilan Pajak di atas.

#### 40. TAXATION (continued)

Based on the Ministry of Finance (MoF) Regulation No. 52/PMK.010/2017 regarding The Use of Book Value for the Transfer and Acquisition of Assets in the Context of Merger, Consolidation, Expansion, or Acquisition, Permanent Establishment (PE) The Hongkong and Shanghai Banking Corporation Limited had received approval for Revocation of Business License of Branch Office from the Financial Services Authority (FSA) with the Decree of FSA Commissioners No. 8/KDK.03/2019 dated 8 April 2019 and after that, the tax rights and obligations of PE The Hongkong and Shanghai Banking Corporation Limited (PE HSBC) for fiscal period, part of fiscal year, and/or fiscal year before the liquidation of PE as mentioned in Article 9 paragraph (1) and (2) are transferred to the Taxpayer who received the assets in the context of merger, consolidation, or acquisition, in this case, PT Bank HSBC Indonesia. In regard to the above matters, the balance of net tax assets of PE HSBC was also transferred to PT Bank HSBC Indonesia gradually since 31 January 2019 until before the date of business license revocation in a total of Rp 679,915. PE HSBC is in the tax dispute process for tax ID revocation.

- p. On 21 December 2017, LTO I issued Underpayment Tax Assessment Letters of CIT, Income Tax Article 23, Final Article 23/26, and Final Article 4 (2) Fiscal Year 2012 for Taxpayer PE HSBC amounting to Rp 46,874 with agreed underpayment amounting to Rp 2,685. PE HSBC made full payment. On 20 March 2018, PE HSBC then filed an objection to the Assessment Letter of CIT and Income Tax Final Article 23/26 with the dispute amount of Rp 46,724 consist of Rp 2,535 as expense and Rp 44,189 as prepaid tax.

On 14 March 2019, DGT issued Objection Decisions on Assessment Letter of CIT and Income Tax Final Article 23/26 Fiscal Year 2012 which rejected the Taxpayer's objection so the tax dispute amount remained Rp 46,724. On 29 May 2019, the Bank then filed an appeal to the Tax Court. On 3 May 2021, Tax Court Judges issued a Tax Court Decision regarding an appeal against Objection Decision on Assessment Letter of 2012 CIT and Article 23/26, which partially approved appeal requests amounting to Rp 44.189. Until this report is prepared, the DGT has not yet submitted the Judicial Review to the Supreme Court on the above Tax Court Decision.

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**40. PERPAJAKAN (lanjutan)**

Berdasarkan peraturan perpajakan yang berlaku, batas waktu untuk mengajukan permohonan Peninjauan Kembali kepada Mahkamah Agung atas Putusan Pengadilan Pajak di atas adalah paling lambat tiga bulan setelah Putusan Pengadilan Pajak diterima. Batas waktu tersebut telah berakhir.

- q. Pada tanggal 7 Desember 2018, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 23, PPh Pasal 23/26, dan PPh Final Pasal 4 (2) Tahun Pajak 2013 atas Wajib Pajak BUT HSBC senilai Rp 86.029. Pada tanggal 5 Maret 2019, BUT HSBC kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26.

Pada tanggal 28 Januari 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2013 yang mengabulkan sebagian keberatan Wajib Pajak sebesar Rp 30.118 sehingga jumlah sengketa pajak menjadi Rp 54.186. Pada tanggal 26 Februari 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut. Pada tanggal 14 Juli 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan PPh Badan dan PPh Final 23/26. Sampai dengan laporan ini dibuat, proses sidang terkait sengketa PPh Badan dan PPh Final Pasal 23/26 2013 masih berlangsung di Pengadilan Pajak.

- r. Pada tanggal 15 November 2019 dan 9 Desember 2019, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 23, PPh Final Pasal 23/26, dan PPh Final Pasal 4 (2) Tahun Pajak 2014 atas Wajib Pajak BUT HSBC senilai Rp 45.919. Pada tanggal 13 Februari 2020, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPh Pasal 23/26.

Pada tanggal 13 Januari 2021, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2014 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 39.039. Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan PPh Badan pada tanggal 7 April 2021 dan PPh Final 23/26 pada tanggal 7 September 2021. Sampai dengan laporan ini dibuat, proses sidang terkait sengketa PPh Badan dan PPh Final Pasal 23/26 tahun pajak 2014 masih berlangsung di Pengadilan Pajak.

- s. Pada tanggal 27 Desember 2018, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 23, dan PPh Final Pasal 23/26 Tahun Pajak 2015 atas Wajib Pajak BUT HSBC senilai Rp 49.993. Pada tanggal 26 Maret 2019, BUT HSBC kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26.

**40. TAXATION (continued)**

*Under the prevailing tax regulation, the due date to file for Judicial Review to Supreme Court is three months after the receiving the Tax Court Decision Letter. The allowable time to file Judicial Review has elapsed.*

- q. *On 7 December 2018, LTO I issued Underpayment Tax Assessment Letters of 2013 CIT, Income Tax Article 23, Article 23/26, and Final Article 4 (2) for Taxpayer PE HSBC amounting to Rp 86,029. On 5 March 2019, PE HSBC filed an objection to Assessment Letter of CIT and Income Tax of Article 23/26.*

*On 28 January 2020, DGT issued Objection Decisions on Assessment Letter of CIT and Income Tax Final Article 23/26 Fiscal Year 2013 which accepted some of the Taxpayer's objections of Rp 30,118, so the tax dispute amount became Rp 54,186. On 26 February 2020, the Bank received a tax refund based on those Objection Decisions. On 14 July 2020, the Bank then filed an appeal to the Tax Court against Objection Decisions of CIT and Income Tax Final Article 23/26. Until this report is prepared, tax hearing on dispute CIT and Income Tax Final Article 23/26 2013 is still ongoing in Tax Court.*

- r. *On 15 November 2019 and 9 December 2019, LTO I issued Underpayment Tax Assessment Letters of 2014 CIT, Income Taxes of Article 23, Final Article 23/26, and Final Article 4 (2) for Taxpayer PE HSBC amounting to Rp 45,919. On 13 February 2020, the Bank then filed an objection to Assessment Letter of CIT and Income Tax Final Article 23/26.*

*On 13 January 2021, DGT issued Objection Decisions on Assessment Letters of CIT and Income Tax Final Article 23/26 Fiscal Year 2014 which rejected the Taxpayer's objection, so the tax dispute amount remained Rp 39,039. The Bank then filed an appeal to the Tax Court against Objection Decisions of CIT on 7 April 2021 and Income Tax Final Article 23/26 on 7 September 2021. Until this report is prepared, tax hearing on dispute CIT and Income Tax Final Article 23/26 fiscal year 2014 is still ongoing in Tax Court.*

- s. *On 27 December 2018, LTO I issued Underpayment Tax Assessment Letters of CIT, Income Tax Article 23, and Final Article 23/26 the Fiscal Year 2015 for Taxpayer PE HSBC amounting to Rp 49,993. On 26 March 2019, the Bank then filed an objection to Assessment Letter of CIT and Income Tax Final Article 23/26.*

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**40. PERPAJAKAN (lanjutan)**

Pada tanggal 24 dan 31 Januari 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2015 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 49.889. Pada tanggal 14 Juli 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan PPh Badan dan PPh Final 23/26. Sampai dengan laporan ini dibuat, Putusan Pengadilan Pajak atas sengketa PPh Badan dan PPh Final Pasal 23/26 untuk tahun pajak 2015 belum diterbitkan.

- t. Pada tanggal 30 November 2020, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 21, PPh Pasal 23, PPh Pasal 26, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2016 atas Wajib Pajak BUT HSBC senilai Rp 133.981. Pada tanggal 23 Februari 2021, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan, PPh Pasal 26 (4), PPh Pasal 26, PPN BKPTBLN, dan PPN JKPLN.

Pada tanggal 17 Januari 2022 DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan, PPh Pasal 26 (4), PPh Pasal 26, PPN BKPTBLN, dan PPN JKPLN yang mengabulkan sebagian keberatan Wajib Pajak sehingga jumlah sengketa pajak menjadi Rp 83.574. Pada tanggal 28 Maret 2022, Bank menerima kelebihan pembayaran pajak sebesar Rp 50.087 berdasarkan Keputusan Keberatan tersebut. Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut pada tanggal 12 April 2022. Sampai dengan laporan ini dibuat, proses sidang terkait sengketa masih berlangsung di Pengadilan Pajak.

- u. Pada tanggal 25 April 2019, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 21, PPh Pasal 23, PPh Pasal 26, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2017 atas Wajib Pajak BUT HSBC senilai Rp 96.167. Bank kemudian mengajukan keberatan atas SKPKB PPh Badan, PPh Pasal 26 (4), PPh Pasal 26, dan PPN pada tanggal 19 Juli 2019 dengan total sengketa pajak sebesar Rp 121.607.

Pada tanggal 8 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan Tahun Pajak 2017 yang mengabulkan sebagian keberatan Wajib Pajak sehingga jumlah sengketa pajak menjadi Rp 5.942. Pada tanggal 6 Juli 2020, Bank menerima kelebihan pembayaran pajak sebesar Rp 64.344 berdasarkan Keputusan Keberatan tersebut. Pada tanggal 4 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, Putusan Pengadilan Pajak atas sengketa PPh Badan Tahun Pajak 2017 belum diterbitkan.

**40. TAXATION (continued)**

On 24 and 31 January 2020, DGT issued Objection Decisions on Assessment Letters of 2015 CIT and Income Tax Final Article 23/26, which rejected the Taxpayer's objection, hence the remaining tax dispute is Rp 49,889. On 14 July 2020, the Bank filed an appeal to the Tax Court against Objection Decisions of CIT and Income Tax of Final Article 23/26. Until this report is prepared, the Tax Court Decision on tax dispute of 2015 CIT and Income Tax Final Article 23/26 2015 is not issued yet.

- t. On 30 November 2020, LTO I issued Underpayment Tax Assessment Letters of 2016 CIT, Income Tax Article 21, Article 23, Article 26, Final Article 4 (2), and VAT for Taxpayer PE HSBC amounting to Rp 133,981. On 23 February 2021, the Bank filed an objection to Assessment Letter of CIT, Income Tax Article 26 (4), Article 26, VAT on Offshore Intangibles, and VAT on Offshore Services.

On January 17, 2022, the DGT issued Objection Decision on Assessment Letter of Income Corporate Income Tax, Tax Article 26 (4), Article 26, VAT on Offshore Intangibles, and VAT on Offshore Services which partially granted the objections of the Taxpayer's so that the total tax dispute became Rp. 83,574. On March 28, 2022, the Bank received the overpayment of tax amounting to Rp 50,087 based on the Objection Decision. Bank then filed an appeal to the Tax Court against that Objection Decision on 12 April 2022. Until this report is prepared, tax hearing on dispute is still on going in Tax Court.

- u. On 25 April 2019, LTO I issued Underpayment Tax Assessment Letters of 2017 CIT, Income Tax Article 21, Article 23, Article 26, Final Article 4 (2), and VAT for Taxpayer PE HSBC amounting to Rp 96,167. The Bank then filed an objection to Assessment Letter of CIT, Income Taxes of Article 26 (4), Article 26, and VAT on 19 July 2019 with total tax dispute amounting to Rp 121,607.

On 8 June 2020, DGT issued Objection Decisions on Assessment Letter of CIT Fiscal Year 2017 which accepted some of the Taxpayer's objection so the tax dispute amount became Rp 5,942. On 6 July 2020, the Bank received a tax refund amounting to Rp 64,344 based on that Objection Decision. On 4 September 2020, the Bank then filed an appeal to the Tax Court against that Objection Decision. Until this report is prepared, Tax Court Decision on 2017 CIT is not issued yet.

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**40. PERPAJAKAN (lanjutan)**

Pada tanggal 9 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 26 (4) Masa Pajak Desember 2017 yang mengabulkan sebagian keberatan Wajib Pajak sehingga jumlah sengketa pajak menjadi Rp 8.636. Pada tanggal 6 Juli 2020, Bank menerima kelebihan pembayaran pajak sebesar Rp 6.981 berdasarkan Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, Putusan Pengadilan Pajak untuk sengketa PPh Pasal 26(4) Masa Pajak Desember 2017 belum diterbitkan.

Pada tanggal 9 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 26 Masa Pajak Juli, Agustus, September, November, dan Desember 2017 yang mengabulkan sebagian keberatan Wajib Pajak sehingga jumlah sengketa pajak menjadi Rp 3.965. Pada tanggal 6 Juli 2020, Bank menerima kelebihan pembayaran pajak sebesar Rp 3.973 berdasarkan Keputusan Keberatan tersebut. Pada tanggal 4 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Pada tanggal 31 Mei 2022, pengadilan pajak mengeluarkan putusan banding yang mengabulkan permohonan banding PPh 26 Masa Juli, Agustus, September, November 2017 Wajib Pajak sebesar dan mengabulkan sebagian permohonan banding PPh 26 Masa Desember 2017. Bank telah menerima pengembalian kelebihan pembayaran pajak untuk putusan banding yang diterima sebesar Rp.3.961.

Pada tanggal 8 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Masa Pajak Desember 2017 yang menolak keberatan Wajib Pajak sehingga jumlah sengketa pajak tetap Rp 4.508. Pada tanggal 14 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, Putusan Pengadilan Pajak atas sengketa PPh Masa Pajak Desember 2017 belum diterbitkan.

Pada tanggal 9 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh atas Pemanfaatan BKP Tidak Berwujud dari Luar Daerah Pabean (PPN BKPTBLN) Masa Pajak Desember 2017 yang mengabulkan seluruh keberatan Wajib Pajak sebesar Rp 1.986. Pada tanggal 6 Juli 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut.

Pada tanggal 8 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh atas Pemanfaatan JKP dari Luar Daerah Pabean (PPN JKPLN) Masa Pajak Desember 2017 yang mengabulkan seluruh keberatan Wajib Pajak sebesar Rp 21.271. Pada tanggal 6 Juli 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut.

**40. TAXATION (continued)**

*On 9 June 2020, DGT issued Objection Decision on Assessment Letter of Income Tax Article 26 (4) Fiscal Period December 2017, which partially approved taxpayer's objection request, hence the remaining tax dispute is Rp 8,636. On 6 July 2020, the Bank received a tax refund amounting to Rp 6,981 based on that Objection Decision. Until this report is prepared, Tax Court Decision on December 2017 Income Tax of Article 26(4) is not issued yet.*

*On 9 June 2020, DGT issued Objection Decisions on Assessment Letters of July, August, September, November, and December 2017 Income Tax of Article 26, which partially approved Taxpayer's objection request, hence the remaining tax dispute is Rp 3,965. On 6 July 2020, the Bank received a tax refund amounting to Rp 3,973 based on the Objection Decisions. On 4 September 2020, the Bank filed appeal to the Tax Court against Objection Decisions. On 31 May 2022, Tax Court Judges issued Tax Court Decisions, which approved taxpayer's appeal on Assessment Letters of July, August, September, November 2017 Income Tax of Article 26 and partially approved on December 2017 Income Tax of Article 26 appeal. Bank has received tax refund on granted tax court decisions Rp 3,961.*

*On 8 June 2020, DGT issued Objection Decision on Assessment Letter of December 2017 VAT, which rejected the Taxpayer's objection request, hence the remaining tax dispute amount is Rp 4,508. On 14 September 2020, the Bank filed an appeal to the Tax Court against that Objection Decision. Until this report is prepared, Tax Court Decision on December 2017 VAT is not issued yet.*

*On 9 June 2020, DGT issued Objection Decision on Assessment Letter of December 2017 Offshore Intangible VAT, which fully approved the Taxpayer's objection of Rp 1,986. On 6 July 2020, the Bank received a tax refund based on that Objection Decision.*

*On 8 June 2020, DGT issued Objection Decision on Assessment Letter of December 2017 Offshore Intangible VAT, which fully approved the Taxpayer's objection request of Rp 21,271. On 6 July 2020, the Bank received a tax refund based on the Objection Decision.*

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**40. PERPAJAKAN (lanjutan)**

- v. Pada tanggal 17 November 2022, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 23/26 Final, PPh Pasal 21, PPh Pasal 23, dan PPh Final Pasal 4 (2) Tahun Pajak 2018 senilai Rp 27.682. Bank telah mengajukan keberatan atas SKPKB PPh Badan dan PPh Pasal 23/26 Final dengan jumlah sengketa pajak sebesar Rp 27.605, pada tanggal 15 February 2023.

**41. JASA KUSTODIAN**

Divisi Jasa Kustodian Bank mendapatkan izin untuk menyediakan jasa kustodian dari Badan Pengawas Pasar Modal Otoritas Jasa Keuangan berdasarkan Surat Keputusan No. S-05/PM.2/2017 tanggal 20 Januari 2017.

Pada tanggal 31 Desember 2022 dan 2021, aset yang disimpan dan diadministrasikan oleh Divisi Jasa Kustodian Bank terdiri dari saham, obligasi, deposito berjangka, sertifikat deposito, surat-surat berharga dan instrumen pasar modal dan pasar uang lainnya.

Aset yang terdapat dalam aktivitas jasa lainnya tidak termasuk dalam laporan keuangan ini. Pada tanggal 31 Desember 2022 dan 2021 total pendapatan jasa kustodian masing-masing sebesar Rp 286.886 dan Rp 251.386 (Catatan 35).

**42. SIFAT HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI**

Dalam kegiatan normal usaha, Bank melakukan transaksi dengan pihak berelasi karena hubungan kepemilikan dan/atau kepengurusan. Semua transaksi dengan pihak-pihak berelasi telah dilakukan dengan kebijakan dan syarat yang telah disepakati bersama.

Rincian saldo yang signifikan dengan pihak berelasi pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

**Laporan Posisi Keuangan**

	<b>2022</b>	
	<b>Jumlah/ Amount</b>	<b>Persentase/ Percentage<sup>1)</sup></b>
Giro pada bank-bank lain	731.395	0,58
Penempatan pada bank-bank lain	225.433	0,18
Wesel ekspor	4.922	0,00
Tagihan derivatif	118.845	0,09
Kredit yang diberikan kepada nasabah	75.418	0,06
Aset Lain-lain	201.587	0,16
Simpanan dari nasabah	284.138	0,26
Simpanan dari bank-bank lain	1.299.685	1,20
Liabilitas derivatif	17.076	0,02
Utang akseptasi	23.101	0,02
Beban akrual dan provisi	143.444	0,13
Liabilitas lain-lain	287.925	0,27
Pinjaman yang diterima	7.550.237	6,98
Pinjaman subordinasi	1.167.563	1,08

<sup>1)</sup> Persentase terhadap jumlah aset/liabilitas

**40. TAXATION (continued)**

- v. On 17 November 2022, LTO I issued Underpayment Tax Assessment Letters of 2018 2018 CIT, Final Income Tax Article 23/26, Income Tax Article 21, Income Tax Article 23, and Final Income Tax Article 4 (2) amounting to Rp 27.682. On 15 February 2023, The Bank submitted an objection request to Assessment Letter of 2018 CIT and Final Income Tax of Article 23/26 amounting to Rp 27.605.

**41. CUSTODIAL SERVICES**

The Bank's Custodial Services Division obtained a license to provide custodial services from the Capital Market Supervisory Agency Division of Financial Services Authority under its Decree No. S-05/PM.2/2017 dated 20 January 2017.

As at 31 December 2022 and 2021, the assets which were maintained and administered by the Bank's Custodial Services Division consisted of shares, bonds, time deposits, certificate of deposits, commercial paper and other capital market and money market instruments.

Assets that are held in other activities are not included in these financial statements. On 31 December 2022 and 2021, total custodian services fee amounted to Rp 286,886 and Rp 251,386 respectively (Note 35).

**42. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES**

In the normal course of business, the Bank enters into certain transactions with parties which are related to the management and/or owned by the same ultimate shareholder. All transactions with related parties have met the agreed terms and conditions.

The details of significant balance with related parties as of 31 December 2022 dan 2021 are as follows:

**Statements of Financial Position**

	<b>2021</b>		
	<b>Jumlah/ Amount</b>	<b>Persentase/ Percentage<sup>1)</sup></b>	
	494.174	0,40	Demand deposits with other banks
	257.379	0,21	Placements with other banks
	-	-	Export bills
	29.399	0,02	Derivative receivables
	85.118	0,07	Loans to customers
	5.313	0,00	Other Assets
	19.761	0,02	Deposits from customers
	1.704.088	1,63	Deposits from other banks
	7.171	0,01	Derivative payables
	94.295	0,09	Acceptance payables
	70.507	0,07	Accruals and provisions
	29.152	0,03	Other Liabilities
	6.199.838	5,94	Borrowings
	1.068.937	1,02	Subordinated debt

<sup>1)</sup> Percentage of the total assets/liabilities



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**42. SIFAT HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI (lanjutan)**

**Laporan Laba Rugi dan Penghasilan Komprehensif Lain**

	<b>2022</b>	
	<b>Jumlah/ Amount</b>	<b>Persentase/ Percentage<sup>2)</sup></b>
Beban umum dan administrasi	583,041	36,10
Beban bunga	249,052	19,99
Beban provisi dan komisi	37,521	5,82
Pendapatan provisi dan komisi	26,101	1,46
Pendapatan bunga	115	0,00
Pendapatan lainnya - bersih	174	0,72

<sup>2)</sup> Persentase terhadap masing-masing jumlah pendapatan/beban

**42. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES (continued)**

**Statement of Profit or Loss and Other Comprehensive Income**

	<b>2021</b>	
	<b>Jumlah/ Amount</b>	<b>Persentase/ Percentage<sup>2)</sup></b>
General and administrative expenses	446,435	33,96
Interest expenses	117,392	9,35
Fees and commission expenses	48,231	4,02
Fees and commissions income	65,141	13,63
Interest income	4,047	0,08
Other income - net	85	1,08

Percentage of the respective total income/expenses <sup>2)</sup>

**Komitmen dan Kontinjensi**

	<b>2022</b>	
	<b>Jumlah/ Amount</b>	<b>Persentase/ Percentage<sup>2)</sup></b>
Tagihan kontinjensi: Garansi yang diterima dari bank-bank lain	10.663.857	89,24
Kewajiban kontinjensi: Garansi yang diberikan	(2.519.165)	25,38

<sup>2)</sup> Persentase terhadap masing-masing jumlah komitmen/kontinjensi

Pada tanggal 31 Desember 2022 dan 2021, seluruh aset keuangan dengan pihak berelasi memiliki kualitas lancar berdasarkan kolektibilitas Bank Indonesia.

**Commitments and Contingencies**

	<b>2021</b>	
	<b>Jumlah/ Amount</b>	<b>Persentase/ Percentage<sup>2)</sup></b>
Contingent receivables Guarantees received from other banks	9.830.297	82,28
Contingent liabilities: Bank guarantees provided	(4.359.318)	42,58

Percentage of the respective total commitments/contingencies <sup>2)</sup>

As of 31 December 2022 and 2021, all financial assets with the related party are classified as current based on Bank Indonesia collectibility.

<b>Pihak berelasi/Related party</b>	<b>Sifat relasi/Nature of relationship</b>	<b>Jenis transaksi/Type of transaction</b>
HSBC Bank Canada	Entitas sepengendali/ Under common control	Giro, akseptasi, dan liabilitas lain-lain / Demand deposits, acceptance and other liabilities
The Hongkong and Shanghai Banking Corporation Limited, (Thailand branch) Bangkok	Entitas sepengendali/ Under common control	Giro dan liabilitas lain-lain / Demand deposits and other liabilities
The Hongkong and Shanghai Banking Corporation Limited, (Australian branches) Sydney	Entitas sepengendali/ Under common control	Giro, beban akrual dan provisi, transaksi derivatif, bank garansi yang diterima, dan bank garansi yang diberikan / Demand deposits, accruals and provisions, derivative transactions, bank guarantees received and bank guarantees provided
The Hongkong and Shanghai Banking Corporation Limited, (Indian branches) Mumbai	Entitas sepengendali/ Under common control	Giro, beban akrual dan provisi, dan bank garansi yang diterima / Demand deposits, accruals and provisions and bank guarantees received
The Hongkong and Shanghai Banking Corporation Limited, (Japanese branches) Tokyo	Entitas sepengendali/ Under common control	Giro / Demand deposits
The Hongkong and Shanghai Banking Corporation Limited, (New Zealand branches) Auckland	Entitas sepengendali/ Under common control	Giro / Demand deposits
Hang Seng Bank Limited	Entitas sepengendali/ Under common control	Akseptasi / Acceptance
HSBC Bank plc, London	Entitas sepengendali/ Under common control	Giro, akseptasi, aset lain-lain, liabilitas lain-lain, beban akrual dan provisi, transaksi derivatif, bank garansi yang diterima, dan bank garansi yang diberikan / Demand deposits, acceptance, other assets, other liabilities, accruals and provisions, derivative transactions, bank guarantees received and bank guarantees provided
The Hongkong and Shanghai Banking Corporation Limited, (Singaporean branches) Singapore	Entitas sepengendali/ Under common control	Giro, transaksi derivatif, liabilitas lain-lain, beban akrual dan provisi, bank garansi yang diterima, dan bank garansi yang diberikan / Derivative transactions, other liabilities, accruals and provisions, bank guarantees received and bank guarantees provided

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**42. SIFAT HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI (lanjutan)**

Rincian sifat hubungan dan jenis transaksi yang signifikan dengan pihak berelasi pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut (lanjutan):

**42. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES (continued)**

The details of the relationship and type of significant transactions with related parties as of 31 December 2022 and 2021 are as follows (continued):

<b>Pihak berelasi/Related party</b>	<b>Sifat relasi/Nature of relationship</b>	<b>Jenis transaksi/Type of transaction</b>
The Hongkong and Shanghai Banking Corporation Limited	Entitas sepengendali/ <i>Under common control</i>	Giro, akseptasi, transaksi derivatif, call money, pinjaman yang diterima, surat berharga, aset lain-lain, liabilitas lain-lain, beban akrual dan provisi, bank garansi yang diterima, dan bank garansi yang diberikan / <i>Demand deposits, acceptance, derivative transactions, call money, borrowings, investment securities, other assets, other liabilities, accruals and provisions, bank guarantees received and bank guarantees provided</i>
HSBC Trinkaus and Burkhardt AG	Entitas sepengendali/ <i>Under common control</i>	Akseptasi, beban akrual dan provisi, bank garansi yang diterima, dan bank garansi yang diberikan / <i>Acceptance, accruals and provisions, bank guarantees received and bank guarantees provided</i>
HSBC Bank Malaysia Berhad	Entitas sepengendali/ <i>Under common control</i>	Giro, akseptasi, beban akrual dan provisi, dan bank garansi yang diterima / <i>Demand deposits, acceptance, accruals and provisions and bank guarantees received</i>
HSBC Asia Pacific Holdings (UK) Limited	Perusahaan induk/ <i>Parent company</i>	Liabilitas lain-lain, pinjaman subordinasi, dan bank garansi yang diberikan / <i>Other liabilities, subordinated debt and bank guarantees provided</i>
Dewan Komisaris, Direksi dan keluarga	Manajemen kunci/ <i>Key management</i>	Kredit yang diberikan kepada nasabah dan simpanan dari nasabah / <i>Loans to customers and deposits from customers</i>
HSBC Bank USA, National Association (NA)	Entitas sepengendali/ <i>Under common control</i>	Giro, beban akrual dan provisi, aset lain-lain, bank garansi yang diterima, dan bank garansi yang diberikan / <i>Demand deposits, accruals and provisions, other assets, bank guarantees received and bank guarantees provided</i>
HSBC Bank (China) Company Limited	Entitas sepengendali/ <i>Under common control</i>	Giro, akseptasi, dan bank garansi yang diterima / <i>Demand deposits, acceptance and bank guarantees received</i>
HSBC France	Entitas sepengendali/ <i>Under common control</i>	Giro dan bank garansi yang diterima / <i>Demand deposits and bank guarantees received</i>
HSBC Bank (Taiwan) Limited	Entitas sepengendali/ <i>Under common control</i>	Akseptasi / <i>Acceptance</i>
HSBC Bank Middle East Limited	Entitas sepengendali/ <i>Under common control</i>	Akseptasi / <i>Acceptance</i>
HSBC Sekuritas Indonesia	Entitas sepengendali/ <i>Under common control</i>	Aset lain-lain dan beban akrual dan provisi / <i>Other assets and accruals and provisions</i>
HSBC Continental Europe	Entitas sepengendali/ <i>Under common control</i>	Beban akrual dan provisi, bank garansi yang diterima, dan bank garansi yang diberikan / <i>Accruals and provisions, bank guarantees received and bank guarantees provided</i>
HSBC Bank Israel	Entitas sepengendali/ <i>Under common control</i>	Bank garansi yang diterima / <i>Bank guarantees received</i>
HSBC Bank Philippines	Entitas sepengendali/ <i>Under common control</i>	Bank garansi yang diterima / <i>Bank guarantees received</i>

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**42. SIFAT HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI** (lanjutan)

**Transaksi dengan personil manajemen kunci**

Personil manajemen kunci adalah pihak yang memiliki kewenangan dan tanggung jawab untuk mengendalikan aktivitas Bank baik secara langsung maupun tidak langsung.

Personil manajemen kunci termasuk Dewan Komisaris, Direksi dan Kepala Divisi tertentu yang memiliki kewenangan dan tanggung jawab yang signifikan untuk merencanakan, mengarahkan dan mengendalikan kegiatan Bank.

Pada tanggal 31 Desember 2022 dan 2021, kredit yang diberikan kepada personil manajemen kunci dikategorikan sebagai lancar berdasarkan kolektibilitas Bank Indonesia.

Remunerasi personil manajemen kunci untuk tahun yang berakhir pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

	<u>31 Desember/ December 2022</u>
Imbalan kerja jangka pendek	328.221
Imbalan pasca-kerja	23.055
Imbalan kerja berbasis saham	12.179
Imbalan kerja jangka panjang lainnya	5.126

Rincian gaji, tunjangan dan bonus Dewan Komisaris, Direksi, Komite Audit, Komite Pemantau Risiko dan manajemen kunci selama periode yang berakhir tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

	<u>31 Desember/ December 2022</u>
<b>Direksi</b>	
Gaji dan imbalan kerja jangka pendek	74.166
Imbalan kerja berbasis saham	7.185
Imbalan kerja jangka panjang lainnya	2.266
Imbalan pasca-kerja	4.381
	<u>87.998</u>
<b>Dewan Komisaris</b>	
Gaji dan imbalan kerja jangka Pendek	5.758
<b>Komite Audit dan Pemantau Risiko</b>	
Gaji dan imbalan kerja jangka pendek	792
Imbalan pasca-kerja	824
	<u>1.616</u>
<b>Manajemen Kunci</b>	
Gaji dan imbalan kerja jangka pendek	247.504
Imbalan pasca-kerja	17.850
Imbalan kerja berbasis saham	4.994
Imbalan kerja jangka panjang lainnya	2.860
	<u>273.208</u>
	<u><u>368.580</u></u>

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**42. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES** (continued)

**Transactions with key management personnel**

Key management personnel are parties who have the authority and responsibility to control the Bank activities, directly or indirectly.

Key management personnel include the Board of Commissioners, Directors and certain Heads of Division that have significant authority and responsibility for planning, directing and controlling the Bank's activities.

As of 31 December 2022 and 2021, loans to the key management personnel are classified as current based on Bank Indonesia collectability.

Remuneration of key management personnel for the years ended 31 December 2022 and 2021 are as follows:

	<u>31 Desember/ December 2021</u>	
293.047		Short-term employee benefits
22.265		Post-employment benefits plan
9.050		Share-based compensation
5.170		Other long-term employee benefits

Details of salaries, allowance and bonuses of the Board of Commissioners, Directors, Audit Committee, Risk Monitoring Committee and key management for for the periods ended 31 December 2022 and 2021 are as follows:

	<u>31 Desember/ December 2021</u>	
59.206		<b>Directors</b>
4.991		Salaries and short-term employee benefits
2.261		Share-based compensation
4.888		Other long-term employee
		Post-employment benefits
<u>71.346</u>		
5.208		<b>Board of Commissioners</b>
		Salaries and short-term employee benefits
		<b>Audit and Risk Monitoring Committees</b>
738		Salaries and short-term employee benefits
-		Post-employment benefits
<u>738</u>		
227.895		<b>Key Management</b>
17.377		Salaries and short-term employee benefits
4.059		Post-employment benefits
2.909		Share-based compensation
		Other long-term employee
<u>252.240</u>		
<u><u>329.532</u></u>		

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**43. KOMITMEN DAN KONTINJENSI**

Pada tanggal 31 Desember 2022 dan 2021, komitmen dan kontinjensi Bank adalah sebagai berikut:

	<u>31 Desember/ December 2022</u>
<b>Komitmen</b>	
Kewajiban komitmen	
L/C yang tidak dapat dibatalkan	(2.919.149)
Fasilitas kredit yang belum digunakan - <i>committed</i>	(9.250.873)
Fasilitas kredit yang belum digunakan - <i>uncommitted</i>	(65.368.206)
Jumlah kewajiban komitmen	<u>(77.538.228)</u>
<b>Kontinjensi</b>	
Tagihan kontinjensi	
Bank garansi yang diterima	11.687.225
Lainnya	262.466
	<u>11.949.691</u>
Kewajiban kontinjensi	
Bank garansi yang diberikan	<u>(9.927.719)</u>
<b>Tagihan kontinjensi - bersih</b>	<u>2.021.972</u>

Bank garansi diterbitkan atas nama nasabah dalam rangka penjaminan pembayaran kredit dan pelaksanaan proyek.

Pada tanggal 31 Desember 2022 dan 2021, L/C dan bank garansi diterbitkan untuk pihak berelasi dan pihak ketiga.

Pada tanggal 31 Desember 2022 dan 2021, terdapat beberapa tuntutan hukum, pengurusan administrasi dan klaim yang belum terselesaikan dalam kegiatan usaha Bank. Mengingat bahwa proses hukum masih berlangsung, tidak mungkin untuk memastikan apakah Bank akan memenangkan masalah atau tuntutan hukum tersebut, atau dampaknya jika Bank kalah. Namun demikian, manajemen Bank yakin bahwa hasil keputusan masalah atau tuntutan hukum tersebut tidak akan membawa dampak yang signifikan pada hasil usaha, posisi keuangan maupun likuiditas Bank.

**44. PERJANJIAN PENTING**

***Management support agreement***

Dalam rangka membantu Bank untuk memperluas, mengembangkan dan meningkatkan bisnis dan operasinya dan untuk memastikan bahwa Bank memiliki tata kelola perusahaan yang sesuai dengan standar internasional, manajemen Bank telah meminta The Hongkong and Shanghai Banking Corporation Limited (HBAP) untuk memberikan beberapa bantuan manajemen yang dibutuhkan dan untuk melaksanakan alih pengetahuan di bidang perbankan dan tata kelola yang baik kepada Bank.

Untuk tujuan tersebut, pada tanggal 25 Mei 2009, Bank telah menandatangani *Management Services Agreement* dengan HBAP, berdasarkan mana HBAP telah setuju untuk memberikan, atau menyebabkan untuk diberikannya oleh HSBC Holdings plc atau salah satu perusahaan yang dimiliki oleh HSBC Holdings plc kepada Bank jasa manajemen tertentu.

**43. COMMITMENTS AND CONTINGENCIES**

As of 31 December 2022 and 2021, Bank's commitments and contingencies are as follows:

	<u>31 Desember/ December 2021</u>	
<b>Commitment</b>		
Committed liabilities		
Irrevocable L/C	(3.197.217)	
Unused credit facilities - committed	(6.207.716)	
Unused credit facilities - uncommitted	(68.887.995)	
Total committed liabilities	<u>(78.292.928)</u>	
<b>Contingency</b>		
Contingent receivables		
Bank guarantees accepted	10.599.351	
Others	1.347.331	
	<u>11.946.682</u>	
Contingent liabilities		
Bank guarantees provided	<u>(10.237.245)</u>	
<b>Contingent receivables - net</b>	<u>1.709.437</u>	

Bank guarantees are issued on behalf of customers for credit repayment and project implementation purposes.

As of 31 December 2022 and 2021, L/C and bank guarantees were issued to related parties and third parties.

As of 31 December 2022 and 2021, there are several legal actions, administrative proceedings, and claims in the ordinary course of the Bank's business. Since those legal cases are still in the process, it is not possible to predict with certainty whether or not the Bank will ultimately be successful in any of these legal matters or, if not, what the impact might be. However, the Bank's management does not expect that the results in any of these proceedings will have a material adverse effect on the Bank's results of operations, financial position or liquidity.

**44. SIGNIFICANT AGREEMENTS**

***Management support agreement***

In order to assist the Bank to expand, develop and improve its business and operations and to ensure that the Bank has a corporate governance regime which corresponds with the best international standards, the Bank's management has requested The Hongkong and Shanghai Banking Corporation Limited (HBAP) to provide certain agreed management services and to facilitate the transfer of banking knowledge, expertise and best practices to the Bank.

For this purpose, on 25 May 2009, the Bank and HBAP signed a Management Services Agreement, in which HBAP has agreed to provide or cause to be provided by either HSBC Holdings plc or one of the group companies owned by HSBC Holdings plc to the Bank certain management services.

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**45. PERJANJIAN PENTING (lanjutan)**

**Management support agreement (lanjutan)**

Selanjutnya, *Management Services Agreement* telah diubah dan dinyatakan kembali oleh Bank dan HBAP dengan menandatangani *Amendment and Restatement Management Services Agreement (Management Support Agreement atau MSA)* pada tanggal 10 Mei 2012.

Berdasarkan MSA ini, HBAP telah setuju untuk memberikan, atau memastikan bahwa anggota yang relevan dari HSBC Grup harus memberikan bantuan manajemen kepada Bank. Bantuan manajemen yang dimaksud berupa:

- (i) Bantuan manajemen dan teknis (tidak termasuk pengaturan konsultasi dalam jenis apapun),
- (ii) Berbagai pengetahuan perbankan yang dimiliki dan akan diberikan oleh HBAP (atau anggota dari HSBC Holding plc) kepada Bank, dan
- (iii) Bantuan lain yang telah disetujui secara tertulis yang akan disediakan oleh HBAP kepada Bank dari waktu ke waktu.

**Perjanjian layanan jasa antar-grup - HBAP**

Pada tanggal 31 Maret 2017, Bank telah menandatangani Perjanjian Layanan Jasa Antar-grup dengan The Hongkong and Shanghai Banking Corporation Limited (HBAP), dimana HBAP telah setuju untuk memberikan jasa-jasa yang berkaitan dengan pemberian bantuan teknis untuk bidang-bidang sesuai dengan kesepakatan para pihak.

Efektif tanggal 1 Januari 2019, pemberi layanan jasa untuk layanan *management support agreement* dan perjanjian layanan jasa antar-grup - HBAP diatas, akan berubah dari the Hongkong and Shanghai Banking Corporation Limited (HBAP) menjadi HSBC Global Services (HK) Limited (HGSH). Perubahan ini merupakan bagian restrukturisasi guna memiliki sebuah organisasi yang memberikan pelayanan secara global (HSBC Global Services) dimana HGSH merupakan bagian di dalamnya, *ring-fenced* dari grup HSBC. HGSH merupakan anak perusahaan yang dimiliki secara penuh oleh HSBC Global Services Limited. Tidak ada perubahan yang berarti dalam hal pelayanan yang diberikan sesuai dengan kondisi yang ada saat ini.

**Perjanjian Kerjasama Bancassurance**

Pada bulan Juni 2022, Bank mengadakan perjanjian *bancassurance* dengan PT Asuransi Allianz Life Indonesia ("Allianz") dan mengakhiri perjanjian sebelumnya. Bank akan mendistribusikan produk asuransi jiwa Allianz kepada nasabahnya melalui saluran distribusi Bank. Perjanjian tersebut berlaku selama 15 tahun.

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**45. SIGNIFICANT AGREEMENTS (continued)**

**Management support agreement (continued)**

Subsequently, the *Management Services Agreement* was changed and restated by the Bank and HBAP through the signing of the *Amendment and Restatement Management Service Agreement (Management Support Agreement or MSA)* on 10 May 2012.

Based on this MSA, HBAP has agreed to provide, or to ensure that a relevant member of the HSBC Group shall provide the management's support to the Bank. The management's support includes:

- (i) *Management and technical support (not a consultancy arrangement in any kind),*
- (ii) *The sharing of Banking Know-How by HBAP (or any other member of the HSBC Holding plc) to the Bank, and*
- (iii) *Any other support in writing to be provided by HBAP to the Bank from time to time.*

**Intra-group service agreement - HBAP**

On 31 March 2017, the Bank and The Hongkong and Shanghai Banking Corporation Limited (HBAP) have signed the *Intra-Group Service Agreement*, in which HBAP agrees to provide technical assistance for subjects that are mutually agreed upon by both parties.

Effective on 1 January 2019, the service provider for the above management support agreement and intra-group service agreement - HBAP, is change from the Hongkong and Shanghai Banking Corporation Limited (HBAP) to HSBC Global Services (HK) Limited (HGSH). This change is part of a restructuring to have an organization that provides service globally (HSBC Global Service) where HGSH is part of it and ring-fenced from HSBC Group in the event of a recovery scenario. HGSH is a subsidiary that fully owned by HSBC Global Service Limited. There is no meaningful change in terms of services provided under the current condition.

**Bancassurance Agreement**

In June 2022, the Bank entered into a *bancassurance* agreement with PT Asuransi Allianz Life Indonesia ("Allianz") and terminate its previous agreement. The Bank will distribute range of life insurance products of Allianz to its customers through the Bank's distribution channels. The agreement is effective for 15 years.

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**46. JAMINAN PEMERINTAH TERHADAP  
KEWAJIBAN PEMBAYARAN BANK UMUM**

Berdasarkan Undang-Undang No. 24 tanggal 22 September 2004 yang berlaku efektif sejak tanggal 22 September 2005, sebagaimana diubah dengan Peraturan Pemerintah Pengganti Undang-Undang Republik Indonesia No. 3 tanggal 13 Oktober 2008, Lembaga Penjaminan Simpanan (LPS) dibentuk untuk menjamin liabilitas tertentu bank-bank umum berdasarkan program penjaminan yang berlaku, yang besaran nilai jaminannya dapat berubah jika memenuhi kriteria tertentu yang berlaku.

Pada tanggal 31 Desember 2022 dan 2021, berdasarkan Peraturan Pemerintah Republik Indonesia No. 66 Tahun 2008 tanggal 13 Oktober 2008 mengenai Besarnya Nilai Simpanan yang dijamin Lembaga Penjaminan Simpanan, jumlah simpanan yang dijamin LPS adalah simpanan sampai dengan Rp 2.000 untuk per nasabah per bank. Simpanan nasabah dijamin hanya jika suku bunganya sama dengan atau dibawah 3,75% untuk simpanan dalam Rupiah dan 1,75% untuk simpanan dalam mata uang asing pada tanggal 31 Desember 2022 (31 Desember 2021: 3,50% dan 0,25%).

Pada tahun yang berakhir pada tanggal 31 Desember 2022 dan 2021, total biaya premi LPS yang dibebankan oleh Bank masing-masing sebesar Rp 183.672 dan Rp 176.965 (Catatan 39).

**47. STANDAR AKUNTANSI BARU YANG TELAH  
DITERBITKAN NAMUN BELUM BERLAKU EFEKTIF**

Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia (DSAK-IAI) telah menerbitkan standar baru, amandemen dan interpretasi berikut, namun belum berlaku efektif untuk tahun buku yang dimulai pada 1 Januari 2022 sebagai berikut:

- Amandemen PSAK 1 "Penyajian Laporan Keuangan";
- PSAK 25 "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi, dan Kesalahan";
- Revisi PSAK 107 "Akuntansi Ijarah";
- Amandemen PSAK 16 "Aset Tetap tentang hasil sebelum penggunaan yang diintensikan";
- Amandemen PSAK 46 "Pajak Tanggungan terkait Aset dan Liabilitas yang Timbul dari Transaksi Tunggal".

Standar tersebut akan berlaku efektif pada 1 Januari 2023.

- Amandemen PSAK 1: "Penyajian Laporan Keuangan" tentang klasifikasi liabilitas1);
- Amandemen PSAK 46: "Pajak Penghasilan" tentang Pajak Tanggungan terkait Aset dan Liabilitas yang timbul dari Transaksi Tunggal yang diadopsi dari Amandemen IAS 12 Income Taxes tentang Deferred Tax related to Assets and Liabilities arising from a Single Transaction1); dan
- Amandemen PSAK 73: "Sewa" terkait liabilitas sewa pada transaksi jual dan sewa-balik1).
- PSAK 74 "Kontrak Asuransi";

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**46. GOVERNMENT GUARANTEE ON OBLIGATIONS OF  
COMMERCIAL BANKS**

Based on Law No. 24 dated 22 September 2004, effective on 22 September 2005, which was amended by the Government Regulation No. 3 dated 13 October 2008, the Indonesia Deposit Insurance Agency (LPS) was formed to guarantee certain liabilities of commercial banks under the applicable guarantee program, which the amount of guarantee can be amended if the situation complies with the valid particular criterias.

On 31 December 2022 and 2021 based on the Government Regulation of the Republic of Indonesia No. 66 of 2008 dated 13 October 2008 regarding the amount of deposits guaranteed by the deposits insurance corporation, the number of deposits guaranteed by the LPS is deposits, the number of deposits guaranteed by the LPS is deposits up to Rp 2,000 for each customer of each bank. Customer deposits are guaranteed only if the interest rate is equal to or below 3.75% for deposits in rupiah and 1.75% for deposits in foreign currencies as of 31 December 2022 (31 December 2021: 3.50% and 0.25%).

As of the years ended on 31 December 2022 and 2021, total LPS premium booked by the Bank amounted to Rp 183,672 and Rp 176,965, respectively (Note 39).

**47. NEW ACCOUNTING STANDARDS ISSUED BUT  
NOT YET EFFECTIVE**

Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued the following new standards, amendments and interpretations, but not yet effective for the financial year beginning 1 January 2022 as follows:

- Amendment to SFAS 1 "Presentation of Financial Statement";
- SFAS 25 "Accounting Policies, Changes in Accounting Estimates and Errors";
- Revision of SFAS 107 "Accounting for Ijarah";
- Amendment to SFAS 16 "Fixed Assets regarding proceeds before intended use";
- Amendment to SFAS 46 "Deferred Tax on Assets and Liabilities arising from a Single Transaction".

The above standard will be effective on 1 January 2023.

- Amendment of SFAS 1: "Presentation of Financial Statements" regarding classification of liabilities1);
- Amendment of SFAS 46: "Income Tax" on Deferred Tax related to Assets and Liabilities arising from a Single Transaction which was adopted from Amended IAS 12 Income Taxes on Deferred Tax related to Assets and Liabilities arising from a Single Transaction1); and
- Amendment of SFAS 73: "Leases" regarding lease liabilities in sale and lease-back transactions1).
- SFAS 74 "Insurance Contract";

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**47. STANDAR AKUNTANSI BARU YANG TELAH  
DITERBITKAN NAMUN BELUM BERLAKU EFEKTIF  
(lanjutan)**

Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia (DSAK-IAI) telah menerbitkan standar baru, amandemen dan interpretasi berikut, namun belum berlaku efektif untuk tahun buku yang dimulai pada 1 Januari 2022 sebagai berikut (lanjutan):

- Amandemen PSAK 74 "Kontrak Asuransi tentang Penerapan Awal PSAK 74 dan PSAK 71 – Informasi Komparatif".

Standar tersebut akan berlaku efektif pada 1 Januari 2025.

Pada saat penerbitan laporan keuangan, Bank sedang mengevaluasi dampak yang mungkin timbul dari penerapan standar baru dan revisi tersebut terhadap laporan keuangan.

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**47. NEW ACCOUNTING STANDARDS ISSUED BUT  
NOT YET EFFECTIVE (continued)**

*Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued the following new standards, amendments and interpretations, but not yet effective for the financial year beginning 1 January 2022 as follows (continued):*

- *Amendment to SFAS 74 "Insurance Contracts on Initial Application of SFAS 74 and SFAS 71 – Comparative Information".*

*The above standard will be effective on 1 January 2025.*

*As on the authorisation date of this financial statements, the Bank is evaluating the potential impact of these new and revised standards to the financial statements.*





Annual Report  
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**PT Bank HSBC Indonesia**

**Connecting Indonesia  
with Global Opportunities**



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