

ANNUAL  
REPORT  
**2020**



# AGILITY TO **WITHSTAND**



## 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" or "HBID" which are defined as PT Bank HSBC Indonesia. The terms "Company" or "Corporation" are also used at times to refer to PT Bank HSBC Indonesia in general.

# AGILITY TO **WITHSTAND**

As a global bank that has operated in Indonesia for more than a century, HSBC Indonesia had gone through many crises.

Each crisis tested our resolve and our agility so that we can uphold our principles while ensuring our fundamentals remain strong to be able to tap into future growth when the time is right. Facing the COVID-19 pandemic, we realised that we needed to be flexible and to adapt to the situations while maximising performance despite the great challenges. Our responses ensure that our fundamentals remain sound to achieve sustainable growth in the long term.

# CONTENTS

## 04

### 2020 Performance Highlights

---

- 4 Key Highlights 2020
- 5 Financial Highlights
- 6 Strategic Initiatives in 2020
- 6 Awards in 2020
- 7 Important Events in 2020

## 09

### Management Report

---

- 10 Report of The Board of Commissioners
- 14 Report of The Board of Directors

## 25

### Company Profile

---

- 26 Company Profile
- 28 Company Vision, Mission, and Core Value
- 30 Brand Personality
- 31 Shareholding Structure
- 32 Share Ownership
- 33 Products and Services
- 33 Business Activities
- 34 Profile of the Board of Commissioners
- 38 Profile of the Board of Directors
- 42 Organisational Structure

## 45

### Management Discussion and Analysis

---

- 46 Economic Review
- 48 Business Review
- 54 Marketing Analysis
- 56 Financial Performance Review
- 65 Other Material Information
- 72 Business Support Review
  - 72 - Human Resources
  - 80 - Technology & Operations
- 82 Risk Management
  - 82 - Risk Exposure and Capital
  - 86 - Risk Management Practice
  - 94 - Information Disclosures of Risk Exposures and Capital
- 147 Business Prospects

# 149

## Good Corporate Governance

---

- 150 The Principles of Good Corporate Governance
- 150 Governance Statement
- 151 Good Corporate Governance Principles
- 151 The Objective of Good Corporate Governance Implementation
- 151 Governance Assessment
- 152 Good Corporate Governance Structures
- 152 General Meeting of Shareholders
- 153 Board of Commissioners
- 163 Board of Directors
- 170 The Implementation of Financial Conglomerates
- 171 Corporate Secretary
- 172 Compliance Function
- 173 Legal Issues
- 173 Share Options
- 173 Share Ownership of The Board of Commissioners and The Board of Directors
- 173 Affiliate Relationships
- 173 Self-Assessment
- 174 Internal Audit Work Unit
- 174 External Audit
- 174 The Implementation of Risk Management
- 176 Detailed Large Exposure
- 176 Remuneration Disclosures 2020
- 180 Internal Fraud
- 180 Customer Complaint Handling

# 183

## Corporate Sustainability

---

- 184 Sustainability
- 187 Plan, Focus, and Programmes in 2021

# 189

## Corporate Data

---

- 190 Senior Executive Profile
- 191 Address of Offices & Branches

# 193

## 2020 Sustainability Report

---

# 223

## Financial Statements

---

# KEY HIGHLIGHTS 2020

The banking sector in 2020 faced great challenges as the COVID-19 pandemic collapsed the world's economy. HSBC Indonesia tried to adapt with the situations and responded to maintain the Bank's fundamentals for future growth.



## Capital Adequacy Ratio

# 26.70%

CAR was at a healthy level and above regulatory requirement.



## Total Customer Deposits

# Rp 72.16 trillion

Total customer deposits increased 10.22% from Rp65.47 trillion in 2019.



## Total Assets

# Rp 112.60 trillion

Total assets per 31 December 2020 increased 0.66% from Rp111.86 trillion in the previous year.



## Gross Non-Performing Loans Ratio

# 3.45%

The gross non-performing loans ratio per 31 December 2020.



## Total Gross Loans Disbursed

# Rp 58.39 trillion

Total gross loan disbursed as at 31 December 2020.



## Return on Assets

# 1.56%

Return on assets ratio as at 31 December 2020.



## Return on Equity

# 7.04%

Return on equity ratio as at 31 December 2020.



## Net Profit

# Rp 1.31 trillion

Net Profit as at 31 December 2020.



## Operating Expenses to Operating Income (BOPO)

# 84.67%

Operating Expenses to Operating Income (BOPO) as at 31 December 2020.

# FINANCIAL HIGHLIGHTS

(in billion Rupiah, unless otherwise specified)

	2020	2019
<b>Statements of Financial Position</b>		
Total Assets	112,601	111,860
Total Productive Assets	105,957	101,223
Loans to Customers – Gross	58,394	67,657
Investment securities	17,861	14,418
Total Liabilities	93,303	93,724
Deposits from Customers		
- Demand deposits	35,871	27,964
- Savings accounts	15,281	12,399
- Time deposits and deposits on call	21,008	25,106
Borrowings and subordinated loan	8,571	16,104
Total Equity	19,298	18,136
<b>Statements of Comprehensive Profit or Loss</b>		
Interest Income	5,307	6,197
Interest Expenses	(1,433)	(2,217)
Net Interest Income	3,874	3,980
Non-Interest Income	2,955	3,149
Operating Income	5,112	6,458
Profits Before Tax	1,774	3,040
Net Profit for the Year	1,310	2,311
Comprehensive Income	384	168
Earnings per share (in Rupiah, full amount)	N/A	N/A
<b>Financial Ratios</b>		
<b>Capital</b>		
Capital Adequacy Ratio (CAR)	26.70%	23.65%
<b>Productive Assets Quality</b>		
Non-performing productive and non-productive assets to total productive and non-productive assets ratio	1.14%	0.99%
Non-performing productive assets to total productive assets ratio	1.90%	1.69%
Allowance Provision on Earning Assets to Total Earning Assets	2.93%	2.10%
Non-Performing Loan Ratio - gross	3.45%	2.52%
Non-Performing Loan Ratio - net	0.94%	1.22%
<b>Profitability</b>		
Return on Assets (ROA)	1.56%	2.72%
Return on Equity (ROE)	7.04%	13.78%
Net Interest Margin (NIM)	4.03%	4.39%
Operating Expenses to Operating Income (BOPO)	84.67%	74.16%
Cost to Income Ratio (CIR)	65.58%	N/A
<b>Liquidity</b>		
Loan to Deposit Ratio (LDR)	80.84%	89.05%
Macroprudential Intermediation Ratio (RIM)	72.95%	86.24%
Low-cost Funding Ratio	70.89%	61.65%
Liability to Equity Ratio	483.49%	516.78%
Liability to Asset Ratio	82.86%	83.79%
<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	54.56%	0.00%
b. Non-Related Party	0.00%	0.00%
Minimum Reserve Requirement		
a. Primary Reserve Requirement - Rupiah **		
- Daily	0.00%	3.00%
- Average	4.12%	4.12%
b. Primary Reserve Requirement - Foreign Currency ***	4.12%	8.12%
Net Open Position (NOP)	2.92%	6.44%

\* Excess of Legal Lending Limit is due to changes in regulation which is POJK No.38/POJK.03/2019 regarding Changes on Financial Services Authority's regulation No.32/POJK.03/2018 concerning Legal Lending Limit and for Provision of Fund for Commercial Banks. Bank has prepared action plans in order to meet with prevailing regulations.

\*\* Minimum Reserve Requirement for Rupiah currency as of December 2020 position is in accordance with PADG No. 22/10/PADG/2020 and PADG No.22/4/PADG/2020, while December 2019 position is in accordance with PADG No 21/14/PADG/2019.

\*\*\* Minimum Reserve Requirement for foreign currency as of December 2020 position is in accordance with PADG No 22/2/PADG/2020, while December 2019 position is in accordance with PADG NOMOR 20/10/PADG/2018

# STRATEGIC INITIATIVES IN 2020

In 2020, PT Bank HSBC Indonesia (“the Bank”) focused on below strategic priorities to grow sustainably:

- Improved the customer centric focus to grow clients in targeted segments, sectors, geography and industries.
- Helped clients impacted by the COVID-19 pandemic and continued mapping and mitigating associated risks for healthier Bank’s portfolio.
- Leveraged international network to maximise the opportunities in cross-border corridors.
- Strengthened our product proposition to attract more operating accounts for stronger third-party-funding portfolio.
- Invested in digital area to drive retail business including customers, cards, wealth and Retail Business Banking.
- Attracted, educated, and maintained the existing talents, in addition to operational streamlining and strengthened oversight.

# AWARDS IN 2020

- Top 3 Indonesia’s World Best Bank 2020 from Forbes
- Indonesia’s Best Subcustodian, Best Fund Administrator for Retail Fund 2020 from The Asset Triple A Awards
- Indonesia Trade Finance Market Leader 2020 from Euromoney
- Indonesia Best Trade Finance Service Leader 2020 from Euromoney
- Asia’s Best Bank for Financing from Euromoney Awards for Excellence 2020
- Asia’s Best Bank for Sustainable Finance from Euromoney Awards for Excellence 2020
- Excellence in Leadership in Asia from Euromoney Awards for Excellence 2020
- Best Performance in the Year from Infobank Awards 2020
- Indonesia’s Best Wealth Manager 2020 from The Asset Triple A Awards
- Top Bank Award 2020 in Platinum in the BUKU (Commercial Bank Based on Business Activities) 3 Category from RRI and Iconomics Research and Consulting
- Best in Service Cash Manager for Corporates in Indonesia for Overall Service 2020 from Euromoney



# IMPORTANT EVENTS IN 2020

14-19 January 2020

**Daihatsu Indonesia Masters 2020**



24 July 2020

**Premier Experience Webinar**

(Wajah Tetap Glowing Walau di Rumah Saja)



12 November 2020

**Fusion Webinar**

"Digital Marketing 2020, Strategi UKM untuk Bangkit dari Krisis"

26-27 November 2020

**Wealth Connect Webinar – A Private Session**



## HSBC Economic Forum 2020

HSBC Indonesia hosted an annual Economic Forum webinar event entitled "Orchestrating the Next Move: Transforming Indonesia into Asia's Next Supply Chain Hub", presenting the latest global and domestic development, and discussed Indonesia's potential for capturing new investment and supply chain relocation. The event brought together stakeholders and a stellar line-up of speakers who played key roles in attracting foreign investment in order to better understand how far Indonesia could go to transform itself into a supply chain hub.

Hosted by Francois de Maricourt, President Director of PT Bank HSBC Indonesia, the first session featured Coordinating Minister for Economic Affairs Airlangga Hartato with his remarks about capturing the opportunity for industrial relocation, especially on creating job opportunity, upgrading the

competency of workers, as well as their welfare and productivity. Minister of State Owned Enterprises Erick Thohir assured investors to come to invest in Indonesia and Chairman of Indonesia's Investment Coordinating Board Bahlil Lahadalia put a discourse on the challenges faced by investors in Indonesia.

The second session featured Deputy Minister of State Owned Enterprises Kartika Wirjoatmodjo, HSBC Chief Economist for ASEAN Joseph Incalcaterra, and Chairman of Indonesia's Chamber of Commerce and Industry Rosan P. Roeslani. The panel explored the implications of government policies and strategies in economic recovery and how businessmen could orchestrate their tactical moves to survive and rebound.





# /02

## MANAGEMENT REPORT

- 10 Report of The Board of Commissioners
- 14 Report of The Board of Directors

# REPORT OF THE BOARD OF COMMISSIONERS





**Dear Esteemed Shareholders,**

The COVID-19 pandemic is something that none of us have ever experienced before. It practically disrupted the world's social and economy in 2020 in a scale beyond our imagination, with governments worldwide turning their focus to containing the spread of the virus. As a result, the global economy contracted by 4.3%. Only several countries managed to kick start their economies and book positive growth, such as China and Taiwan.

Indonesia also felt the impact of the global economic downturn in its trade and investment channels. Private consumption, which is usually an engine of growth, declined as people lost their jobs and resorted to buying only essential items. The government tried to stimulate the economy through subsidies, but the GDP still saw a 2.07% contraction at the end of 2020.

With the exception of health services and communications, most economic sectors experienced a slowdown, which affected the banking industry due to declining loan growth. The move of the regulators to allow deferred loan payments also caused bank revenues to slow, although it helped manage the rate of non-performing loans (NPL). Nevertheless, despite weaker performance in 2020, the banking industry remained resilient with strong capital.

**Assessment of the Performance of the Board of Directors**

The Board of Directors revised the Bank's targets for 2020, realising that the pandemic would negatively affect the banking industry through increasing credit risk and weakening financial performance. A reduction in expected targets by the Bank in 2020 was inevitable since the pandemic hurt all sectors. However, the Bank's fundamentals remained strong and will continue to support growth in the next three to five years.

On 31 December 2020, the Bank was still among the top 20 banks in Indonesia in terms of assets. Our capital remained strong, as indicated by the capital adequacy ratio of 26.70%, and good asset quality - the NPL rate increased but was manageable. The Bank's management focused on growing customer relationships while developing a digital ecosystem to limit physical interactions during the pandemic.

We commend the Board of Directors for their quick response to COVID-19 in 2020. Since the Bank's fundamentals remain strong, we believe that the Bank is in a good position to restart growth as the situation slowly returns to normal.

**Supervision of the Bank's Strategy and Frequency of Advice for the Board of Directors**

The Board of Commissioners communicated with the Board of Directors more frequently in 2020 as we needed to ensure that the Bank's strategy was in line with the economic conditions. In 2020, there were six joint meetings of the BOC and BOD. The meetings were held online, as we have limited physical interactions at the Bank to curb the spread of the COVID-19 virus.

The Bank's emphasis in 2020 was to ensure an acceptable performance during such an unprecedented year, while maintaining strong fundamentals to grow a sustainable business over the coming years.

**Business Outlook**

The performance of the banking industry is expected to improve in 2021 as economic activities rebound. Nevertheless, this will depend on the Government's ability to distribute vaccines and manage COVID-19 cases. We have seen the second wave of COVID-19 in some parts of the world and should take this into account when designing the Bank's business plan.

The Board of Directors has designed a realistic business plan for 2021 and we are confident with our competitive strength there are opportunities ahead to deliver the plan successfully. Loan growth is expected to increase, but the bottom line may still be under pressure as the Bank has to allocate more provisions to safeguard against potential defaults.

**Sustainability**

The Bank's strategy is designed to produce sustainable growth, while ensuring that our operations benefit the environment and the community. This is in line with our vision to "enable businesses to thrive and economies to prosper, help people fulfil their hopes and dreams and realise their ambitions."

We have adapted our operations to be in line with the United Nations' Sustainable Development Goals, so as to grow the business and contribute to the prosperity of country where we operate.

## Report of The Board of Commissioners

### Good Corporate Governance

The Bank applies the principles of good corporate governance (GCG) in all its business activities, while complying with laws and regulations. This is our commitment to maintaining the trust of the shareholders and stakeholders. The Bank's compliance with GCG is reflected in its governance rating of 2 (Good), a result of the December 2020 self-assessment.

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

There are three committees under the Board of Commissioners: the Audit Committee, the Risk Oversight Committee, and the Remuneration and Nomination Committee - all of which have gone above and beyond in performing their duties. In 2020, the Audit Committee held 7 meetings, 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

In 2020, there were two changes in the composition of the Board of Commissioners. As of 31 December 2020, the Board of Commissioners consisted of:

Name	Designation	
<b>Matthew Kneeland Lobner</b>	President Commissioner	A 49-year-old US citizen, he has joined HSBC Group since 2005. He was appointed as president commissioner in 2017.
<b>Hanny Wurangian</b>	Vice President Commissioner and Independent Commissioner	A 70-year-old Indonesian, he owns a prominent public accounting firm. He was appointed as vice president commissioner in 2013.
<b>Mark Thomas McKeown</b>	Commissioner	A 62-year-old British citizen, he has been with HSBC Group for nearly three decades. He was appointed as commissioner in 2015.
<b>Umar Juoro</b>	Independent Commissioner	A 61-year-old Indonesian, he has various experience in the private and public sectors. He was appointed as independent commissioner in 2017.
<b>Catherinawati Hadiman Sugianto</b>	Independent Commissioner	A 56-year old Indonesian, she has worked in the banking sector for more than three decades. She was appointed as independent commissioner in 2020.
<b>Mark Trevor Surgenor*</b>	Commissioner	A 48-year-old British citizen, he has various experience in the banking industry worldwide. He was appointed as commissioner in 2020.

\*Effective if and upon the Financial Services Authority's (OJK) approval of the fit and proper test with due observance of the prevailing laws and regulations.

### Appreciation

The COVID-19 pandemic has severely impacted our customers, our stakeholders and our communities we serve. The Board of Commissioners commends the Board of Directors, the management, and all of the Bank's employees for their professionalism, dedication and energy – in exceptional way throughout this most challenging circumstances in 2020. We also thank the shareholders and stakeholders for their continued cooperation and trust.

**Matthew Kneeland Lobner**  
President Commissioner

# BOARD OF COMMISSIONERS



**Matthew Kneeland Lobner**  
President Commissioner



**Catherinawati Hadiman Sugianto**  
Independent Commissioner



**Hanny Wurangian**  
Vice President Commissioner and  
Independent Commissioner



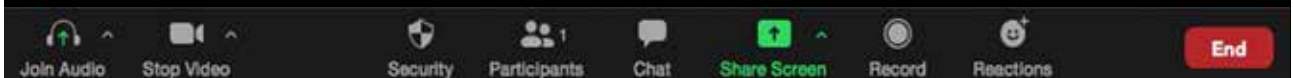
**Mark Trevor Surgenor**  
Commissioner



**Mark Thomas Mckeown**  
Commissioner



**Umar Juoro**  
Independent Commissioner





# REPORT OF THE BOARD OF DIRECTORS





**Dear Shareholders and Stakeholders,**

In 2020, PT Bank HSBC Indonesia faced one of the greatest challenges in its history due to the COVID-19 pandemic. Businesses struggled and people were forced to stay home, as the COVID-19 virus spread rapidly worldwide. As part of financial industries communities, the Bank has been at the forefront of helping business and individuals overcome difficulties together with government and regulator. We adapted our way of workings and refined our strategy to ensure that the Bank's continuously able to provide stability in this highly unstable environment to our customers and deliver a solid financial performance in the context of the pandemic for a long-term strong fundamentals.

**Economic and Banking Conditions in 2020**

The COVID-19 pandemic swept the world in 2020. It forced governments worldwide to impose lockdowns to minimise the spread of the virus, limiting the movement of people, as well as goods and services. The lockdowns stalled the economy, with the global economy seeing a contraction of 4.3%. Labour-intensive industries, such as manufacturing, had to adjust their operations to the limited manpower, while other non-essential sectors also experienced economic slowdown.

Almost all economies contracted. The US saw a 3.5% contraction in 2020, the largest since 1946. In the euro area, GDP fell by 6.8%, while Japan saw its GDP shrink by 4.8%. Only several countries still managed to book positive GDP growth in 2020. China, which managed to ease its restrictions in trade, entertainment and manufacturing, recorded an economic growth of 2.3% in 2020. Meanwhile, Vietnam booked a 2.91% GDP growth, and Taiwan's economy grew by 2.98%, outpacing China for the first time in three decades.

The global economic slowdown also impacted Indonesia through trade and investment channels. Private consumption, which is usually the main economic driver, weakened as people lost jobs and businesses closed down. By the end of 2020, Indonesia's GDP contracted by 2.07%, despite being aided by government spending on subsidies to support those affected by COVID-19.

All economic sectors in Indonesia, with the exception of health services and communications, slowed down in 2020. The purchasing power weakened, as reflected in the record-low inflation rate of 1.68%.

Bank Indonesia's move to slash the benchmark interest rate by 125 bps to 3.75% at the end of 2020 could not propel loan growth. The banking industry lending in 2020 contracted by 2.41%, though the rate of non-performing loans was still manageable at 3.06% as authorities allowed borrowers to delay their loan repayments. Whilst the liquidity remained positive as third party funds increased by 11.11% and the capital adequacy ratio remained stable at 23.78%, versus 23.31% in 2019.

**Bank Performance**

The COVID-19 pandemic inevitably affected our 2020 financial performance. We moved to protect our long term fundamentals while continuously aiming to book a positive performance in 2020. We maintained our focus on sustainable growth and ensured that our business remained within our risk appetite. The shutdown of much of global economic in the first half of year 2020 caused a large rise in expected credit losses and reduced our revenue. As a result, profit before tax dropped from Rp2.61 trillion after normalising one-offs in 2019 to Rp1.77 trillion.

Total gross loans reached Rp58.39 trillion in 2020, down 13.69% from Rp67.66 trillion in 2019, with NPL rate at 3.45% as several debtors were having difficulties with loan repayments due to the uncertain economic conditions. Bank continuously performs monitoring on customers vulnerable to COVID-19 impact and strive to provide supports including through government relief programmes. These measures were carried out prudently and selectively. Meanwhile, third party funds increased by 10.22% to Rp72.16 trillion, with low-cost funds dominating at 70.89% of the total deposits.

The Bank also tried to be more efficient by cutting less productive costs and allocating funds in more productive areas. Operating cost/operating income (BOPO) ratio in 2020 stood at 84.67% mainly due to higher expected credit loss caused by the negative economic conditions. The Bank's capital remained strong, with the capital adequacy ratio increasing to a healthy level of 26.70%.

**Strategies and Policies**

HSBC Indonesia's strategies and policies are in line with those of the HSBC Group, focusing on sustainable growth in the countries of the group's operation. In 2020, our focus was to continue to:

# BOARD OF DIRECTORS

1	2	3
4	5	6
7	8	9

No	Name
1	Francois de Maricourt
2	Edhi Tjahja Negara Darmohusolo
3	Caecilia Pudji Widyarti
4	James Rex Elwes
5	Eri Budiono
6	Stephen Whilton Angell
7	Dio Alexander Samsoeri
8	Riko Adythia
9	Nisha Asha Bhambhani







## Report of The Board of Directors

- **Customer centric:**
  - Focusing on customer relationships.
  - Delivering at a pace set by the best in class productivity.
  - Investing in digital areas.
  - Engaging with the community, and promoting our values of being open, connected and dependable.
- **Selective growth:**
  - Focus on growing client segments where we can innovate, differentiate, and capitalise on our competitive advantages.
  - Leverage international network to maximize the opportunities in focused cross-border corridors.
- **Strong control:**
  - Enhancing controls to deliver sustainable business growth.
  - Optimising our human resources, systems and processes, and encouraging initiative and teamwork across the Bank.

### Targets vs Achievements

The Bank re-evaluated its targets after taking into account the impact of the COVID-19 pandemic. The table below compares the Bank's targets and achievements in 2020:

Area	Target	Achievement
Loan Growth	0.03%	-13.69%
Third Party Fund Growth	5.10%	10.22%
ROA	1.18%	1.56%
ROE	5.47%	7.04%
NIM	3.96%	4.03%
CAR	21.08%	26.70%
BOPO	88.40%	84.67%

### Overcoming Challenges

As one of the top-tier international banks in Indonesia, we analysed the challenges in 2020 and endeavoured to overcome them. The Bank realised that the main obstacles to growth in 2020 were due to the COVID-19 pandemic and that managing those would be beyond our capability. The development of multiple COVID-19 vaccines around the world give us the hope that the impact of pandemic may form back to a normality before prolonged. What we could do was to improve ourselves to cope with uncertainties while staying true to our medium-term plan, which was to create selective and sustainable business growth aimed at strengthening the quality of credit portfolio, maintaining liquidity, and minimising the risks of financial crime and money laundering.

We believe that this has helped us maintain our fundamentals and has placed us in a good position to tap into future growth after the world returns to normal.

### Business Activities and Products and Services

HSBC Indonesia's main business is to collect funds from the public and lend funds to other banks or customers, as well as issuing debt papers. The Bank's products and services are categorised in three major segments: Wealth and Personal Banking, Commercial Banking, and Global Banking & Markets, which can be seen in details in the Company Profile section.

### Lending and Funding Rates

In 2020, the interest rates for lending and funding were as follows:

Prime Lending Rate By Credit Segment					Funding Rates in Rupiah
Corporate Credit	Retail Credit	Micro Credit	Consumer Credit		
			Mortgage	Non Mortgage	
8.00%	9.80%	-	10.00%	-	-

## Organisational Structure

The Bank's organisational structure is designed to ensure sustainability to the Bank's operations as well as clear career path to employees. The structure allows the organisation to perform in an efficient and effective manner to produce great products and services to customers as well as overcoming potential challenges.

## Network and Business Partners

As a global bank operating in Indonesia, HSBC Indonesia combines the expertise of a global chain and local know-how to deliver the products and services to Indonesian consumers. The HSBC network that exists in 64 countries across the globe allows us to bring international experience, while proven local staff ensures the Bank to understand the need of customers. The Bank also cooperates with top business partners to deliver the best products and services.

## Number, Type, and Location of Offices

The Bank in 2020 served customers through more than 69 office branches in 24 cities in Indonesia, supported by over 3,000 employees.

## Share Ownership by Members of the Board of Directors and Commissioners in the Bank

The Board of Directors and Commissioners did not hold any shares of the Bank in 2020, as detailed in the Company Profile and Good Corporate Governance sections.

## Material Changes in the Bank

The Board of Directors can report that there were no material changes in the Bank in 2020.

## Commitment to Sustainable Finance

In compliance with the Financial Services Authority Regulation (POJK) No. 51/2017 on Sustainable Finance Implementation, the Bank has formulated a plan to promote sustainable finance by providing financing that allows transition to a low-carbon economy while supporting customers to manage risks arising from this transition. This financing includes lending, as well as consultation and access to the capital market.

Our commitment to sustainable finance is also applied at the Bank through:

- Developing employees' competence through training and participation.
- Establishing a dedicated working group on sustainable finance.

- Maintaining and continuing the Bank's position as a financial institution leader in sustainable finance through involvement as speakers in conferences and forums.
- Coordinating with customers to understand the risks that could affect their businesses, while supporting the transition towards a low-carbon economy.
- Implementing internal transition towards a low-carbon economy, including in the Bank's operations.

## Sustainability Value and Bank Response

As of 2020, the Bank's standard operating procedures have integrated environmental, social, and governance considerations into the Bank's business activities, especially fund disbursement. The Bank gave special notice to customers whose businesses have, or have the potential to have, a negative impact on the environment or the community.

In terms of risk management, the Bank has successfully integrated social and environmental protection considerations to avoid and minimise the negative impact of its operations. The Bank has also increased the capacity of its staff and collaborative partnerships (increase in knowledge about sustainable finance and climate change).

## External Conditions and Challenges to the Achievement of Sustainable Finance

The Bank realises the challenges that it faces in implementing sustainable finance. As a bank that actively participates in the Indonesian Sustainable Finance Initiatives (IKBI), the Bank is confident that the platform can benefit from private participation to reduce risks related to environmental, social, and governance issues to achieve a low-carbon economy. HSBC Indonesia also contributes to studies, research, and experts from IKBI for the banking industry.

To further support the implementation of sustainable finance, the OJK has issued regulation no. 51/POJK.03/2017 on Sustainable Finance Implementation for Financial Services Institutions, Issuers and Public Companies, which is supported by POJK No. 60/POJK.04/2017 on the Issuance and Requirement of Green Bond.

## Report of The Board of Directors

### Sustainable Finance Performance in 2020

#### Environmental Considerations

The Bank continued reducing its operational carbon footprint. In 2020, the total reduction in carbon footprint reached 1,141 tons, with energy consumption of 1.5 million Kilowatt Hour (KwH).

HSBC Indonesia is also committed to increasing its energy efficiency by using energy saving lamps such as LED and light sensors to reduce electricity usage at six branches. Paper waste has continued to decline, and in 2020 the Bank used 24% less papers (or 0.8 million sheets) for communication with customers thanks to the paperless initiative, internal process automation and migration to digital channels. The work from home policy also helped cut the number of paper used by 21% or 2.6 million sheets. The Bank's paper purchases have declined by 44% since 2019.

#### Social Considerations

The Bank's main business is to collect funds from people and disburse those funds in loans to help grow the economy. We aim to have a positive impact on our customers by supporting them to grow sustainably, in line with our vision and mission. We understand that by growing together, we can have an even greater impact on the communities and the countries we are operating in.

#### Risk Management

HSBC Indonesia continually ensures that its financial services benefit the environment and the community. Thus, we can be certain that we contribute to sustainable development.

Risk management related to the Bank's sustainable finance implementation consists of two aspects. First, adaptation risk. The Bank realises the need to adapt to climate change, which impacts the lives of the people, and affects operations, market behaviour and investment decisions. Second, physical risk. Climate change can lead to economic losses. To mitigate this risk, the Bank conducts comprehensive research to understand the impact of climate change on the Bank's customers and their investments.

#### Opportunities

To achieve sustainable finance, HSBC Indonesia should be able to tap into existing opportunities. We believe that sustainable finance will support the transition of businesses from carbon intensive operations to

a low-carbon economy by developing new sources of energy, technology, or infrastructure needed for a cleaner future.

The opportunities that the Bank can tap into include: renewable energy, energy efficiency, waste and water management, sustainable land use, climate change adaptation, and clean building as well as transportation.

#### Business Outlook

The global economy is expected to improve in 2021 as governments worldwide try to speed up the distribution of COVID-19 vaccines. However, so far vaccine distribution has not been evenly spread out. Indonesia is also working to distribute vaccines to help improve the economy, but the distribution is still concentrated in big cities.

We expect that the economy will recover, but we will continue to monitor all developments and review our portfolio to minimise potential risks. Our business is a long-term one, and we will ensure that our liquidity and capital remain strong to be sustainable in the coming years.

#### Good Corporate Governance

The Bank is committed to complying with all relevant laws and regulations, and learning from best practices, as part of Good Corporate Governance (GCG). Our five GCG principles are Transparency, Accountability, Responsibility, Independence, and Fairness (TARIF), and we periodically self-assess our 11 GCG Implementation Evaluation Aspects.

The assessment is grouped into a governance system consisting of three areas: governance structure, governance process and governance outcome. Our rating for 2020 was Good. The Bank implements GCG to improve its efficiency, performance and services for stakeholders.

#### Human Resources and Technology

As the backbone of our business, our employees undergo regular training and are rewarded for their performance. The Bank also provides international exposure to employees by sending selected people overseas. Unfortunately, due to the COVID-19 pandemic several training programmes and classes as well as the overseas assignment in 2020 had to be postponed or cancelled. Instead, the Bank optimised training and development programmes through e-learning and virtual arrangements.



The COVID-19 pandemic has impacted the way people embrace technology. With limited physical interaction, the Bank increased the use of its technology in order for its employees to remain productive while having to work from home or in shifts. The Information Technology department has worked hard to ensure that the Bank's infrastructure can support its business for the next five years.

### Corporate Social Responsibility

The Bank contributes to sustainable development in Indonesia through education, environmental, and social programmes. We have held financial and business literacy activities to give the community knowledge about business and finance, in line with the directives of the Financial Services Authority (OJK). We also take part in environmental conservation

programmes, as well as community empowerment programmes.

As the country is facing the COVID-19 pandemic, HSBC Indonesia felt the urge to make contributions to help the people impacted by the pandemic. We provided personal protective equipment for medical workers and hygiene kits as well as medical vouchers for the vulnerable communities. We also supported female micro-entrepreneurs and farmers who were hit by the economic downturn. In total, the Bank spent Rp8.63 billion for COVID-19 responses.

### Changes in the Composition of the Board of Directors

To comply with the regulatory requirement, HSBC Indonesia added two additional Indonesian directors on 26 June 2020 to the Board of Directors. Both have received OJK approval.

As of 31 December 2020, the Board of Directors consisted of:

Designation	Name
President Director	Francois de Maricourt
Director	Caecilia Pudji Widyarti
Director	Stephen Whilton Angell
Director	Dio Alexander Samsoeri
Director	Edhi Tjahja Negara Darmohusolo
Director	Eri Budiono
Director	Riko Adythia
Compliance Director	Nisha Asha Bhambhani <sup>1)</sup>
Director	James Rex Elwes <sup>2)</sup>

<sup>1)</sup> Effective upon the Financial Services Authority's approval for the Fit and Proper Test with due observance of the prevailing laws and regulations.

<sup>2)</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

I would like to thank the Board of Directors, the management and the employees for their exceptional hard work in this difficult year of 2020. I also would like to give my appreciation to the Board of Commissioners for their guidance and the regulators for their support. Finally, I would like to convey to the shareholders and stakeholders that HSBC Indonesia has managed to keep its fundamentals during a challenging year and aims to grow even stronger in the coming years.

**Francois de Maricourt**  
President Director

# STATEMENT OF THE BOARD OF COMMISSIONERS REGARDING RESPONSIBILITY FOR THE 2020 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 2020 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, May 2021

## Board of Commissioners



**Matthew Kneeland Lobner**  
President Commissioner



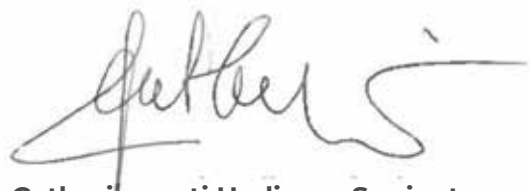
**Hanny Wurangian**  
Vice President Commissioner and  
Independent Commissioner



**Mark Thomas McKeown**  
Commissioner



**Umar Juoro**  
Independent Commissioner



**Catherinawati Hadiman Sugianto**  
Independent Commissioner



# STATEMENT OF THE BOARD OF DIRECTORS REGARDING RESPONSIBILITY FOR THE 2020 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 2020 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.

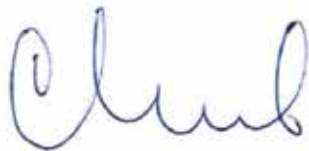
The statement is duly made in all integrity.

Jakarta, May 2021

## Board of Directors



**Francois de Maricourt**  
President Director



**Caecilia Pudji Widyarti**  
Director



**Stephen Whilton Angell**  
Director



**Dio Alexander Samsoeri**  
Director



**Edhi Tjahja Negara Darmohusolo**  
Director



**Eri Budiono**  
Director



**Riko Adythia**  
Director





# /03

## COMPANY PROFILE

26	Company Profile
28	Company Vision, Mission, and Core Value
30	Brand Personality
31	Shareholding Structure
32	Share Ownership
32	Products and Services
33	Business Activities
34	Profile of the Board of Commissioners
38	Profile of the Board of Directors
42	Organisational Structure

# COMPANY PROFILE

We offer our customers a unique breadth of opportunity by being truly connected – across boundaries. Together as colleagues and an organisation.

## About HSBC Group

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

HSBC serves more than 40 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 which was newly formed in the second quarter of 2020 by combining our Retail Banking and Wealth Management and Global Private Banking businesses. Our network includes 64 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 also facilitated a number of Indonesian companies to connect with global opportunities. Key deals in 2020 include:

- Mandated as Joint Lead Manager and Joint Bookrunner for Pertamina's USD Senior Unsecured Fixed Rate Notes US\$1.5 billion dual-tranches comprising of 10-year US\$500 million and a 30-year US\$1 billion
- Mandated as Joint Global Coordinator and Joint Bookrunner for Tower Bersama Group USD350m Reg S Registered 5NC3 Fixed Rate Senior Unsecured Bond at 4.25% coupon. The transaction represents the first Indonesian corporate to issue on unrated basis (non SOE).
- Mandated on the Inaugural Subordinated Basel III Compliant Tier 2 from Indonesia for BTN with a size of US\$300 million and maturity of 5-year at a yield of 4.20%.
- Tapped US\$1.45 billion dual-tranche comprising of 10.5-year USD650 million and a 40-year USD800 million for Pertamina as well as mandated as Joint Dealer Manager on an Any-and-All tender offer, targeting existing senior unsecured USD1 billion 5.25% bonds due 2021. Transactions represent debut benchmark of 40-year tenor for Indonesia issuers and inaugural liability management transaction by Pertamina.
- Acted as the Joint Bookrunner and Joint Lead Manager for Republic of Indonesia's (the "ROI") SEC Registered Senior Unsecured Fixed Rate Notes, comprising US\$1.65 billion long 10-year, US\$1.65 billion long 30-year and US\$1 billion 50-year tranche. The transaction represents the first transaction from ASEAN, the first sovereign transaction from Asia since the beginning of the COVID-19 pandemic as well as inaugural 50-year offering from ROI.
- Acted as the Joint Bookrunner and Joint Lead Manager for the inaugural issuance from PT Hutama Karya (Persero) ("PT HK") for its US\$600 Million 10-Year Senior Unsecured Fixed Rate Notes (the "Notes"). This issuance is unconditionally and irrevocably guaranteed by the Government of Indonesia, being the first global bond transaction out of the country with a government guarantee structure.
- Acted as the Joint Global Coordinator, Lead Manager and Active Bookrunner for PT Indonesia Asahan Aluminium (Persero)'s ("MIND ID") USD Senior Unsecured Fixed Rate Notes US\$2.5 billion triple-tranche comprising of US\$1 billion 5-year tranche, US\$1 billion 10-year tranche and US\$500 million 30-year tranche. The offering was launched in conjunction with an inaugural liability management exercise of an Any-and-All cash tender offer for MIND ID. HSBC is acting as Joint Dealer Manager in the tender offer transaction.



## HSBC Grup:

- HSBC was founded in Hong Kong on 3 March 1865.
- HSBC operates in 64 countries and territories.
- More than 40 million customers bank with HSBC around the world.
- HSBC employs 226,000 people around the world.
- HSBC Group reported profits before tax in 2020 of USD8.8 billion with total assets of USD3 trillion.

- Acted as Joint Arrangers on the inaugural EMTN establishment for Bank Negara Indonesia.
- Acted as the Joint Bookrunner, Joint Lead Manager and Joint Green Structuring Advisor for Republic of Indonesia's (the "ROI") triple tranche US\$750 mn 5-year, US\$1 bn 10-year and US\$750 mn 30-year tranche 144A/Reg S Trust Certificates (the "Wakala Sukuk"). The 5-year Green Sukuk tranche represents the third Green Sukuk offering under ROI's Green Bond and Green Sukuk Framework and HSBC's third consecutive role as ROI's Green Structuring Advisor.
- Acted as the Joint Lead Manager and Joint Bookrunner for PT Perusahaan Listrik Negara (Persero)'s ("PLN") dual-tranche USD Senior Unsecured Fixed Rate Notes (the "Notes"), comprising of a 10-year US\$500 million and a 30-year US\$1 billion. Lowest coupon and yield ever printed for USD 30-year Indonesia corporates.

Learn more about HSBC by visiting [www.hsbc.com/about-hsbc](http://www.hsbc.com/about-hsbc)

## About the Bank

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 the sugar trade, which was an important commerce at the time. It then expanded operations to Surabaya in 1896.

Due to turmoil in the Indonesian market, HSBC was forced to cease its activities during the Second World War and re-opened when the war ended. After the closure of its business in the middle of the 1960s, HSBC re-obtained a new banking license 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 the archipelago. PT Bank Ekonomi Raharja changed its name into 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 given the first approval for an international bank to integrate its foreign branch.

The Bank currently serves customers through more than 69 offices in 24 cities in Indonesia. With support from over 3,000 employees, the Bank provides banking services for Wealth and Personal Banking, Commercial Banking, and Global Banking and Markets. The Bank's commitment towards Indonesian communities is reflected in various corporate sustainability activities organised by the Bank.

# COMPANY VISION, MISSION, AND CORE VALUE

## Vision

“Throughout our history we have been where the growth is, connecting customers to opportunities. We enable businesses to thrive and economies to prosper, helping people fulfil their hopes and dreams and realise their ambitions. This is our role and purpose.”

## Mission

“To help customers and clients thrive wherever they are in the world and connect them to opportunities near and far, big and small.”

## Our Values

Our values define who we are as an organisation and what makes us distinctive.

### OPEN

#### 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.

## CONNECTED

### **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 an organisation.
- So, we collaborate across boundaries. We break down silos. We trust and support each other – and, when necessary, get out of each other's way.
- 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 does not 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 reject mediocrity. 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 PERSONALITY

## Brand Personality

Our personality is born of values and experiences of our 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

Advancing prosperity for all we serve: today, tomorrow, and in the future. Everything we do, every product we make, every service we provide, should exist for one reason only: to advance the prosperity of our customers and clients.

## 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

“Together we thrive” delivers our positioning and personality into the hearts and minds of all those connected to HSBC. It is based on partnership and reciprocity. If our customers thrive, then so does HSBC. Likewise, if the people around us thrive, then so do we.

If our shareholders, suppliers, and the communities we serve thrive, then we all do so.

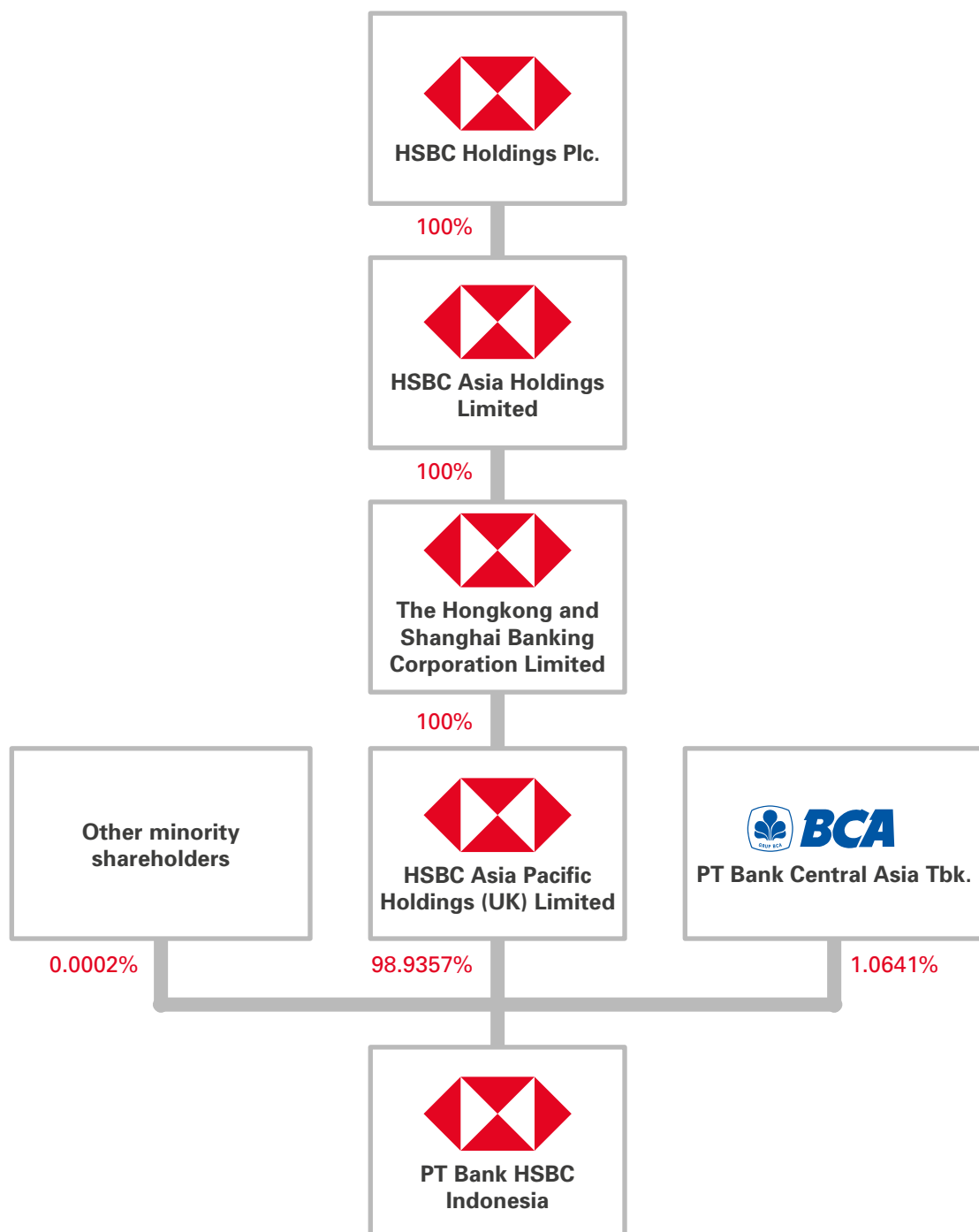
It is a modern view of what our business is built on; coming together to help those we serve to realise their hopes, dreams, and ambitions, and connecting them to opportunities all over the world.





# SHAREHOLDING STRUCTURE

The Shareholding Structure of the Bank as of 31 December 2020.



# SHARE OWNERSHIP

The composition of shareholders as of 31 December 2020 is 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 Savings Account
- HSBC High Rate Savings

### 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

### 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

### Global Markets



- 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 it does not contradict with any pertaining laws and regulations.

## HSBC Securities Services



- Accounting and Valuation Services
- Transfer Agency
- Custodian Services

## Transaction Services



- HSBCnet Mobile
- HSBCnet Connect
- In-house Transfer
- National Clearing System
- Real Time Gross Settlement (RTGS)
- Telegraphic Transfer
- Autopay
- Utility Pay
- Tax Payment
- Cheque Giro Bill
- Cash Withdrawal
- Cash Deposit
- Post-dated Cheque Warehousing
- Post-dated Cheque Discounting
- Cheque Collection
- Direct Debit

- Virtual Account
- RMS
- Domestic Cash Concentration
- ATM
- Personal Internet Banking
- Business Internet Banking
- Mobile Banking
- Phone Banking
- Satellite Branches
- Trade Transaction Tracker
- Soft Token HSBCnet
- Digital Account Receivable Tools (DART)
- Omni Channel
- 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 Negotiation
- 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

### 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

# PROFILE OF THE BOARD OF COMMISSIONERS



## **Matthew Kneeland Lobner**

President Commissioner

United States of America citizen, 49 years old. Appointed as President Commissioner of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 18 September 2017.

Obtained his Master's degree from Massachusetts Institute of Technology.

Matthew Lobner is Head of International, Asia-Pacific, and Head of Strategy and Planning, Asia-Pacific, HSBC. He joined the HSBC Group in 2005 from McKinsey & Company and has worked in various roles in the USA, UK, and Asia. Previously, he was Chief of Staff and Head of Strategy & Planning in Europe; Global Head of Strategy for Commercial Banking; and CEO in HSBC Thailand.



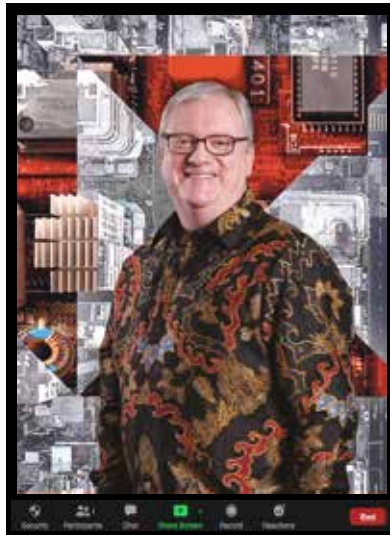
## **Hanny Wurangian**

Vice President Commissioner and Independent Commissioner

Indonesian citizen, 70 years old. Appointed as Vice President Commissioner of PT Bank HSBC Indonesia based on Annual General Meeting of Shareholders (AGMS) resolution on 7 May 2013.

He obtained his Bachelor's degree in economic management and accounting and his Master's degree in accounting from Universitas Airlangga.

He began his career as a teaching staff at Universitas Airlangga before pursuing a career as a public accountant. Currently, he owns Public Accounting Firm Hendrawinata Hanny Erwin & Sumargo, Kreston International.



## Mark Thomas Mckeown

Commissioner

British Citizen, 62 years old. Appointed as Commissioner of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 28 October 2015.

He obtained Associates of the Chartered Institute of Bankers (ACIB) from Liverpool School of Banking (Liverpool John Moores University).

Mark joined Midland Bank in 1976 and, following the acquisition of Midland, has worked for HSBC since. He has held senior roles in Risk, Operations, Retail Banking and Commercial Banking, some with a global reach. He was appointed a Group General Manager in his previous role covering the full range of Risk Disciplines for the Asia Pacific Region. In February 2020 he was appointed to a Group Head Office role – Group General Manager, Global Chief Corporate Credit Officer and Head of Wholesale Credit and Market Risk – and since June 2020 has also held the role of Chief Risk Officer, Asia Pacific. He has been Chairman of the Region's Risk Management Committee, a member of the Executive Committee, is a member of HSBC Group Risk Management Board, was appointed Chairman of HSBC Bank (Taiwan) Limited in 2019 and serves on the HSBC Asia Holdings Board.

## PROFILE OF BOARD OF COMMISSIONERS



### Umar Juoro

Independent Commissioner

Indonesian citizen, 61 years old. His appointment as an Independent Commissioner was conducted in Extraordinary General Meeting of Shareholders (EGMS) on 18 September 2017.

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 2002 to 2017; 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 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.



### Catherinawati Hadiman Sugianto

Independent Commissioner

Indonesian citizen, 56 years old. Appointed as Independent Commissioner of PT Bank HSBC Indonesia based on Annual General Meeting of Shareholders (AGMS) resolution on 30 June 2020.

She obtained her Bachelor's Degree in Accounting from Universitas Trisakti 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 Independent Commissioner, she worked as Director of Commercial Banking at PT Bank HSBC Indonesia in 2016 and was an Independent Commissioner at PT Bank Tabungan Negara Tbk.





## Mark Trevor Surgenor

Commissioner

British citizen, 48 years old. Appointed as Commissioner of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 8 October 2020.

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).

He has been appointed in HSBC as 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).

In Lloyds Bank he worked as Global Head of Products & Marketing of Lloyds International and Head of Marketing & Share dealing, Lloyds Wealth (UK).

# PROFILE OF THE BOARD OF DIRECTORS



## **Francois de Maricourt**

President Director

French citizen, 49 years old. Appointed as President Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 27 February 2020.

He obtained a postgraduate degree (DESS) in Banking & Finance from the Universite Robert Schuman and an MSc (Maitrise) in Economics from the Universite Paris Dauphine.

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



## **Caecilia Pudji Widyarti**

Human Resources Director

Indonesian citizen, 56 years old, and has been working for HSBC since May 2015. Appointed as Director of PT Bank HSBC Indonesia by Extraordinary General Meeting of Shareholders (EGMS) resolution on 19 October 2016.

She is a graduate of Universitas Gadjah Mada, majoring in Clinical Psychology and obtained a certification in Behavior Therapy from Camarillo State Hospital, USA.

Prior to joining the Bank, she served as SVP Human Resources, HSBC Jakarta Branch; Head/Director of Human Resources in General Electric (GE), Director of Human Resources in Pfizer Pharmaceutical and Head of Human Resources of Asean Brown Boveri Indonesia.





### **Stephen Whilton Angell**

Risk Management Director

British citizen, 54 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.

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, 45 years old. Appointed as Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 28 May 2019.

He obtained his Bachelor's Degree in Economics from Universitas 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 Branch.

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.

## PROFILE OF THE BOARD OF DIRECTORS



### **Edhi Tjahja Negara Darmohusolo**

Retail Banking & Wealth Management Director

Indonesian citizen, 51 years old. Appointed as Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 27 February 2020.

He obtained Bachelor of Economics & Development Studies degrees from Universitas Negeri Jember.

His prior roles include Head of Network Sales Distribution Retail Banking & Wealth Management at PT Bank HSBC Indonesia; EVP Head, Sales & Distribution at BII Maybank; Region Head at Bank Permata; Region Head Up Country & National Sales Head, Branch Manager at ABN AMRO/RBS Bank; Commercial Relationship Manager and Senior Credit Officer at Bank Danamon.



### **Eri Budiono**

Commercial Banking Director

Indonesian citizen, 52 years old. Appointed as Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 17 April 2020.

He obtained his Bachelor of Business, Banking & Finance degree from Monash University, Australia.

His prior roles include Global Banking Director at PT Bank Maybank Indonesia; Director, Corporate and Investment Banking at PT Rabobank International Indonesia; Director at Teak Capital Partners Singapore; Head of Corporate and Institutional Banking, HSBC Jakarta Branch; Head of Financial Institutional Group, HSBC Jakarta Branch; Vice President Corporate and Institutional Banking, HSBC Jakarta Branch; Assistant Vice President Special Credits Group, ABN AMRO Bank Indonesia; Asia Pacific Credit Analyst, ABN AMRO Bank Singapore; and Account Relationship Manager, ABN AMRO Bank Indonesia.



### **Riko Adythia**

Global Banking Director

Indonesian citizen, 47 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.

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 position in Finance, Citibank Indonesia.



### **Nisha Asha Bhambhani**

Designated Compliance Director

Indonesian citizen, 43 years old. Appointed as Designated Compliance Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 30 December 2020.

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

Her previous positions include Compliance Director 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**

Designated Operations and Information Technology Director

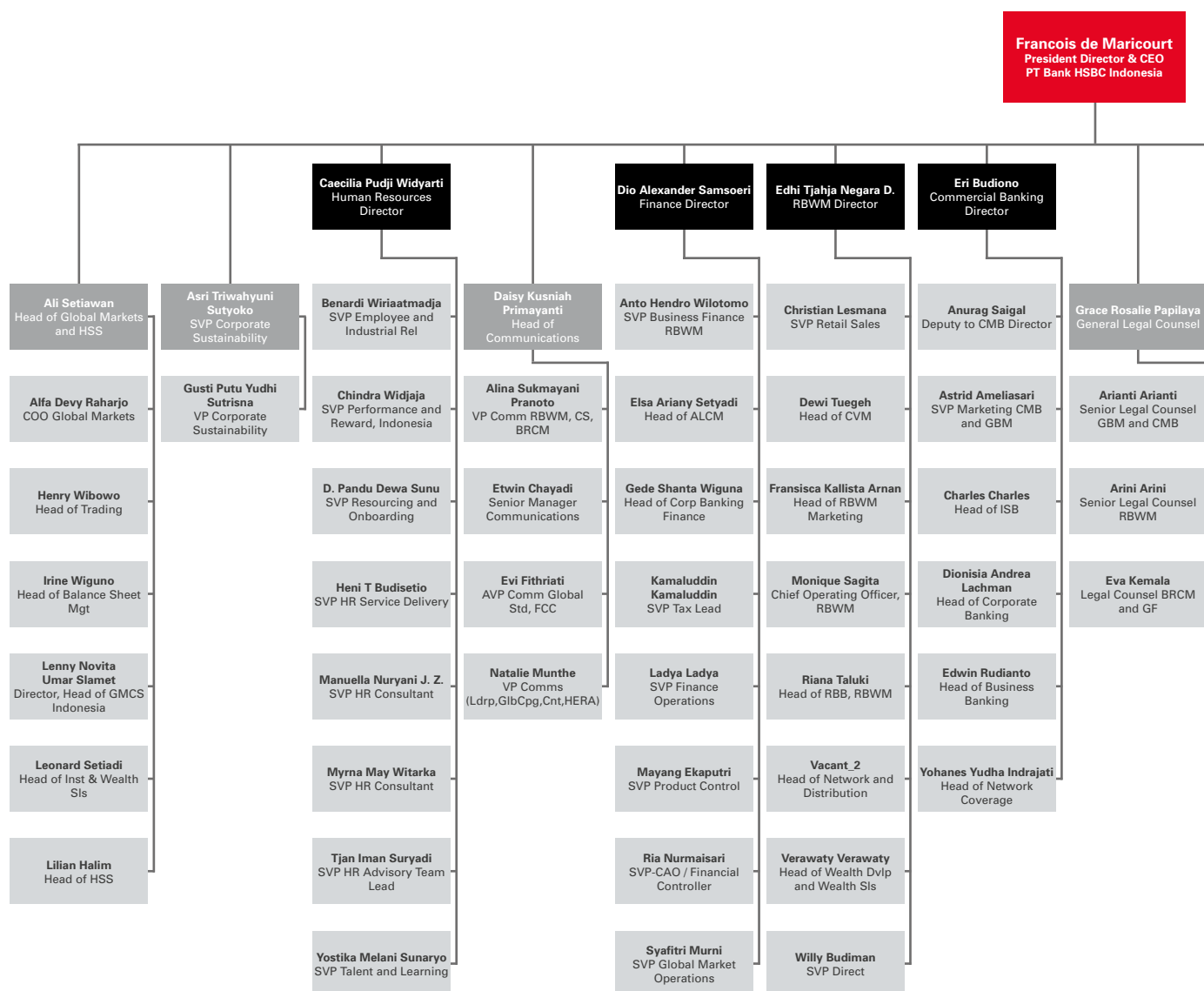
British citizen, 38 years old. Appointed as Designated Operations and Information Technology Director of PT Bank HSBC Indonesia based on Extraordinary General Meeting of Shareholders (EGMS) resolution on 30 December 2020.

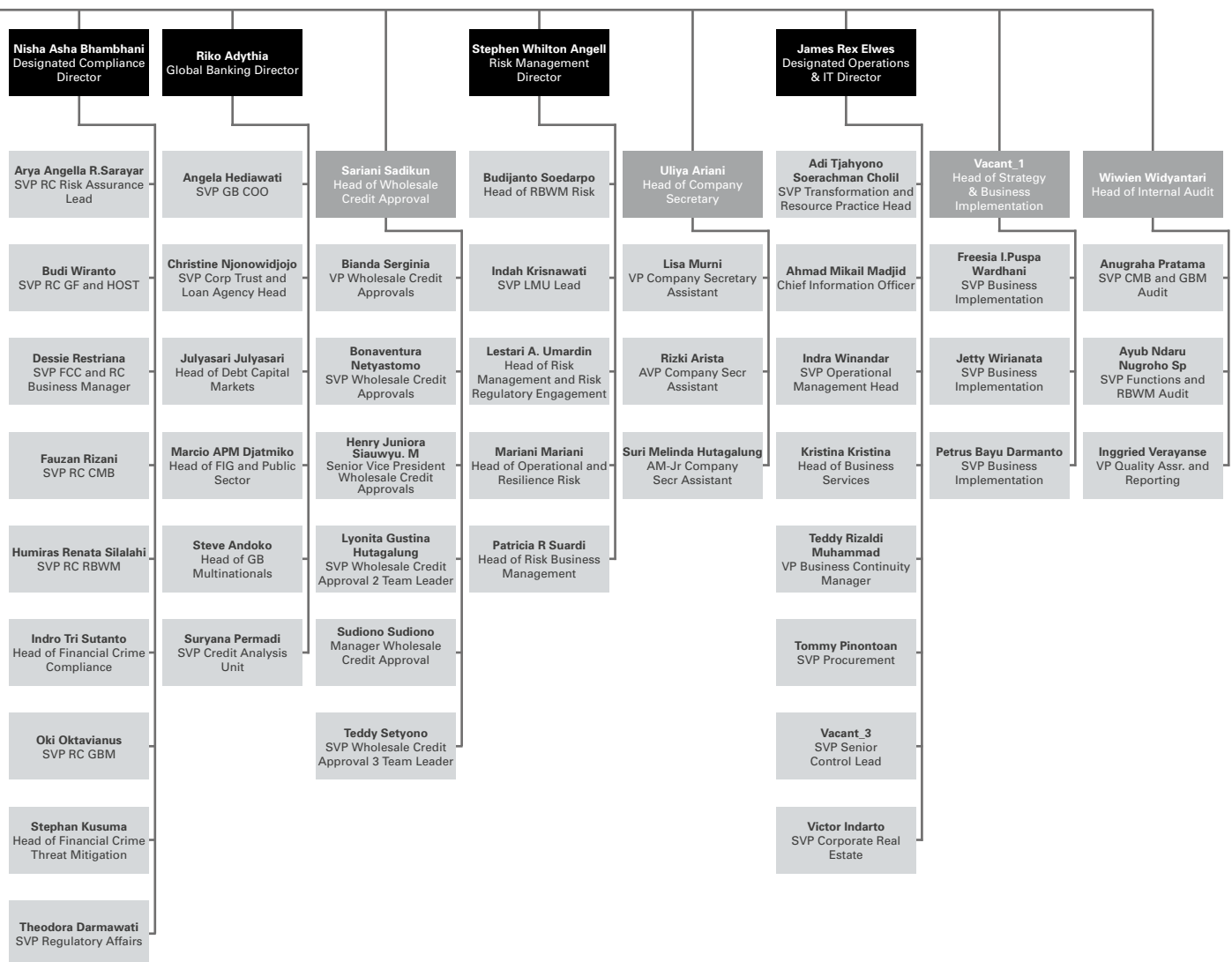
He obtained his Bachelor's Degree in Business and Economics from University of Newcastle and Master of Business Administration from London Business School.

His prior roles include Country COO, HSBC Qatar; Deputy COO, HSBC Turkey Commercial Banking; Area Director for Business Banking in Western and Wales Region UK; Senior Strategy Analyst, HSBC Global Commercial Banking; Relationship Manager in Commercial Banking, HSBC Canada; Acting CFO, Regional Insurance HSBC Middle East and North Africa; and Project Manager, Business Transformation Asia Pacific.

# ORGANISATIONAL STRUCTURE

Organisational structure of PT Bank HSBC Indonesia as of 31 December 2020











# /04

## MANAGEMENT DISCUSSION AND ANALYSIS

46	Economic Review
48	Business Review
54	Marketing Analysis
56	Financial Performance Review
65	Other Material Information
72	Business Support Review
72	- Human Resources
80	- Technology & Operations
82	Risk Management
82	- Risk Exposure and Capital
86	- Risk Management Practice
94	- Information Disclosures of Risk Exposures and Capital
147	Business Prospects

# ECONOMIC REVIEW

## Global Economic Development

The global economy collapsed in 2020 as it faced a multi-dimensional crisis due to the COVID-19 pandemic. Optimism from easing US-China trade tensions was gone following restrictions on social and economic activities worldwide in order to curb the COVID-19 spread. This created enormous pressures on the financial system and other sectors such as trade, tourism, and commodity.

According to the World Bank, global GDP contracted 4.3% in 2020, down from a 2.4% growth in 2019. This is less severe than expected, mainly due to shallower contractions in advanced economies and a more robust recovery in China, although the majority of other emerging markets and developing economies were more acute than expected.

The US economy contracted 3.6% in the midst of heightened political tensions during the US presidential election, despite fiscal stimulus and accommodative monetary policy. The Euro area, which has tightened travel and business activities, declined 7.4%. Japan also saw a contraction of 5.3%.

In general, almost all countries experienced economic contraction in 2020, though Vietnam, Taiwan, and China were the exemption as they recorded positive GDP growth due to quick responses in managing the pandemic. Vietnam booked a 2.91% GDP growth; while Taiwan's economy grew 2.98%, outpacing China for the first time in three decades.

China, managing to curb the COVID-19 pandemic through lockdown, recorded an economic growth of 2.3% in 2020. The government's strict response in tackling the virus spread made China the first country in easing its restrictions in trade, entertainment, and manufacturing activities.

## Domestic Economic Development

The COVID-19 pandemic caused Indonesia's economy to contract 2.07% in 2020, versus a 5.02% growth in 2019. Uncertainties in COVID-19 handling caused a sharp fall in economic activities, muffling the performances of companies, and micro, small, and medium enterprises (MSMEs).

Export-import slumped the heaviest as movement of goods was limited. Private consumption, usually the major driver of Indonesia's economy, contracted as many workers were made redundant or laid off, which weakened their purchasing power. The only growth was government consumption through fiscal stimulus.

Economic slowdown was reflected in low inflation rate at 1.68% in 2020, the lowest in history. To boost purchasing power and accelerate economic recovery, the government provided fiscal stimulus, while Bank Indonesia slashed its 7-day reverse repo rate by a total of 125 basis points throughout 2020. The benchmark rate was at 3.75% at the end of 2020, with the deposit facility rate at 3% and lending facility rate at 4.5%.

Investors, being cautious, shifted capital to safer instruments, triggering foreign capital reversal which led to the Rupiah exchange rate to depreciate significantly to Rp16,824/US\$ in early April, before closing down at Rp14,175/US\$ at the end of 2020. The stock market was also under pressure, especially between January and March. The Jakarta Composite Index closed at 5,979, down 5.4%, in 2020.

Nevertheless, Indonesia's economy was still considered in good shape, following the affirmation of investment grade by credit rating agencies, such as S&P, Moody's, and Fitch amid rating downgrade in many countries.

## Banking Industry Development

The banking industry booked negative performance in 2020 as the COVID-19 pandemic forced businesses to halt operations. Bank lending in the industry fell 2.41%, a steep correction from a 6.1% growth in 2019.

Commercial and foreign banks saw contraction in lending, while state and regional development banks still saw growth partly due to government stimulus.

The government's loan restructuring policy led to 18% of total loans being restructured. This caused the rate of non-performing loans (NPL) to remain manageable at 3.06% in 2020, versus 2.53% in 2019. Capital adequacy ratio also remained strong at 23.89%, versus 23.40% in 2019.

In terms of profitability, return on assets (ROA) in commercial banks fell to 1.59% from 2.47% in 2019 due to contraction in loan growth. Banks' efficiency was also lower with the ratio of Operating Expense to Operating Income (BOPO) stood at 86.58%, up from 79.39% in 2019. Net interest margin was also down at 4.45% against 4.91% in 2019.

Meanwhile, Bank liquidity in 2020 remained ample with liquid assets growing to Rp2,111 trillion from Rp1,251 trillion in 2019, while third party funds grew 11.11%.

# BUSINESS REVIEW

## Wealth and Personal Banking

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, which offers a wide variety of exclusive banking services. In addition, the Bank offers wealth management services, which provides 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 asset management firms in Indonesia.

The Bank also has various products, including 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' investment. 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. For savings accounts, the products are Regular Saving Plan and Tabungan Ekonomi. As for debit cards, the Bank has HSBC VISA Debit Card and HSBC National Payment Gateway (GPN) Debit Card.

Throughout 2020, the Bank continued to optimise its network in order to boost growth of emerging affluent customers and strengthen the retail segment in various operational areas.

## Personal Lending

For consumer loans, the Bank offers services and products such as Credit Card, Non-Collateral 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 Platinum Cash Back, and HSBC 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 adds more strategic partners to boost the brand and credit card usage in various cities in Indonesia. It also improves the use of banking products by targeting credit card customers and offering Premier credit cards continuously 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 programmes, services, and facilities related to instalment features or rewards points through HSBC credit cards.

## Retail Business Banking

HSBC Retail Business Banking (RBB) division provides business loans with collateral up to Rp10 billion. The schemes are Term Loan, Overdraft, and Revolving Loan. In March 2020, HSBC Retail Business Banking rebranded the service to HSBC Fusion, which is aimed at developing types and varieties of banking products and services to better serve the SMEs segment to scale up their business in the Bank's operational areas.

To help SMEs facing the COVID-19 pandemic, HSBC Fusion launched a relief programme and actively participated in the National Economic Recovery Programme launched by the Ministry of Finance.



HSBC Fusion has served more than 5,100 customers as of December 2020, a significant increase from more than 3,100 customers in the same period in the previous year.

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

### 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, Credit Pro Plus, Smart Traveller, AXA ProMedicare, and AXA Medicare Essential. For wealth management services, the Bank offers services and products such as Managing and Growing Wealth, Children Education Planning, Retirement Planning, and Protection Planning.

In 2020, the Bank continued to improve its Wealth Management services to middle-upper class customers by covering daily needs, including wealth growth and management, children education planning, family protection planning, and pension fund planning.

The Bank also continued to strengthen internal processes, systems, and infrastructure to maintain healthy growth in Third Party Funds. The Bank developed Wealth Management products by adding

mutual funds products and offering various series of government securities, as well as bonds issued by State-Owned Companies. The Bank also participated as a selling agent in government bonds issuance in the primary market (such as retail bond and retail Sukuk) and was active in the secondary market.

In order to support Wealth Management business growth in 2020, the Bank reviewed and carried out necessary improvements pertaining to the processes, systems, and infrastructures that are related to investments.

### Plans, Strategies, and Focus for 2021

In order to address the competition within the individual banking business segment, the Bank has developed the following strategies that will be prioritised in 2021 :

- Expanding Wealth Management market penetration into the upper-middle class customer by providing products that can fulfil their needs.
- Optimising office networks to increase growth of upper-middle class customers.
- Improving the penetration of banking or lending products to credit card users and the retail segment in cities where the Bank operates to serve the public's banking needs.
- Improving the penetration of credit card products by providing various options with different value propositions.
- Adding more strategic partners to improve brand awareness and card usage in various Indonesian cities.
- Strengthening sales penetration to corporate clients in Indonesia by providing products for their employees through Corporate Employee Programme.
- Upgrading the quality of Internet Banking and Mobile Banking platforms to provide services that are easier and more user friendly, as well as have more capabilities for better development.

- Rebranding to HSBC Fusion and focusing on the SME segment to accommodate customers' 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 SME segment.
- Enhancing RBB product penetrations through digital enhancement, which provides business owners the access and convenience in transactions via Internet Banking, improves customer experience and number of transactions, as well as increases revenue from Digital Banking.

## Commercial Banking

In the Commercial Banking segment, the Bank provides full banking services to various corporate clients, starting from upper business banking to big corporates, including subsidiaries of our global and regional customers. The banking services have extensive products, such as working capital loan, investment loan/project financing, foreign exchange and derivatives transactions, as well as trade finance and cash management services.

In 2020, the Bank continued its programme to become "Corporate Customers' Bank Choice" by collaborating closely with Global Trade and Receivables Finance (GTRF), Global Liquidity and Cash Management (GLCM), and Global Banking and Markets (GBM). 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 Commercial Banking business. To maximize availability of our trade finance solutions, HSBC offers access to Subject Matter Expert (SME) to customers through the networks of its Relationship Manager and trade business sales team. Additionally, HBID operates trade counters in Medan, Jakarta, Bandung, Semarang, Solo, and Surabaya to support trade business and expand trade networks.

The Bank also offers supply chain solutions by continuing to improve special financing services in particular sectors, including infrastructure, automotive, FMCG, IT, and retail businesses. This is aimed at maximizing the expansion of trade networks.

The Bank also helps Indonesian companies to maximize their potential by promoting export financing services for customers outside Jakarta.

The Bank also increases fee-based income from branches outside Jakarta by utilizing the proposition of Trade, Cash Management, and Foreign Exchange.

HBID's Cash Management Services offers solutions through cutting edge digital technology and innovation to answer our clients' evolving needs. The Bank also expands its networks through partnerships with local banks and third parties, such as switching agents and collection agents.

In general, the Bank's Commercial Banking division performed well in 2020 and will continue to improve its performance in 2021.

The Bank fully understands the impact of COVID-19 pandemic on various industries and individuals. Aligned with the OJK guidelines on National Economic Stimulus, the Bank has offered incentives by giving loan extensions, particularly for trade products and working capital loans for customers impacted by COVID-19. Throughout 2020, the Bank provided payment relief worth Rp3.4 trillion.

## Plans, Strategies, and Focus for 2021

The Bank will continue to invest in digital technology and utilise its strength as a leading international bank to grow the Commercial Banking segment into a profitable and sustainable business in 2021. The focus will be placed on the following:

- Maximize our international connectivity by participating in the Belt and Road Initiatives and ASEAN initiatives with focus on growing sectors, such as infrastructure, automotive, FMCG, IT, and retail businesses.
- Participate and support the country's infrastructure development through our financing and advisory expertise.

- Help promote Indonesia as an investment destination through HSBC Global network, in line with the Indonesian Government's effort to attract foreign investments.
- Strengthen the operation of financial and non-financial risk framework to minimize loan impairment losses and maintain the non-performing loan ratio within our Risk Appetite.
- Increase corporate loan growth selectively in sectors that are less affected by the COVID-19 pandemic.
- Grow the Operating Account by promoting featured products that cater customers' needs. By doing so, it is expected that customers will be more confident and want to place their funds in the Bank.
- Optimize Non-Funds Income (NFI) to compensate for lower Net Interest Margin (NIM) due to economic slowdown.
- Enhance customers' banking experience which will be reflected in better results on customer satisfaction surveys.
- Actively promote and engage in sustainable financing as part of our corporate responsibility to the community.
- Continue to support the Government's economic recovery efforts through a relief programme for customers impacted by COVID-19.

## Global Banking & Markets

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

## Global Banking

Despite the challenges, the Bank has managed to maintain a positive momentum in improving its balance sheet amid pressures in margins as a result from lower interest rates and tighter competition against local and international banks. Therefore, the Bank continues to adopt prudential principles to maintain credit quality.

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

During the COVID-19 pandemic, the Bank continued its support to customers by prioritizing 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, USA, and France, as well as 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, as well as building strong momentum to continue its growth in 2021.

## Global Markets & Securities Services

The Global Markets & Securities Services department manages an integral part of the Bank's operation, balance sheet, and treasury & custodian services for local and international clients.

The Global Markets team covers a few desks which includes Trading, Markets-Treasury, Corporate Sales, and Institutional & Wealth Sales. It provides complete product services and covers the needs of the Bank's franchise business, such as corporates, 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 the Global Market continues to focus 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 vision of Bank Indonesia and OJK. The Bank offers a wide-range of treasury instruments to help clients in managing market risk exposure, while supporting business operational needs at the same time.

Securities Services is also part of key strategies in Global Market business. In Indonesia, we offer end-to-end services from 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 commitment to support capital market transactions in Indonesia, Securities Services focuses to meet clients' needs by increasing assets and type of products that will be managed, investing in people and technology, and making efficient operations to ensure the quality of services.

### Plans, Strategies, and Focus for 2021

The Bank is optimistic facing 2021 and will continue to support customers with business strategies that will focus on the following:

- Leverage the One Target Client to develop businesses through existing clients and accelerate the acquisition of new clients.
- Improve Flows and Transaction Banking solutions (including cash management, trade finance, and securities services) by utilizing digital expertise, especially during the COVID-19 pandemic.
- Enhance International corridors connectivity with focus on the USA, Japan, South Korea, China, Intra-ASEAN, France and other European countries.
- Improve ecosystem and supply chain solutions by identifying, connecting, and penetrating key growing sectors (FMCG, manufacturing, pharmacy, telecommunication, financial institutions, as well as infrastructure and power), with key priority in supply chain: Government and markets.
- Strengthen relationships with ministries, related institutions/agencies, and SOEs in order to participate in infrastructure and public sector projects.

- Focus on top five SOEs, including local banks; collaborate with Global Market and Securities Services; focus on existing customers; and improve services intensively for the largest state-owned bank, big-scale insurance companies (with regional mandate), investment manager, and Global Markets transactions.
- Build world-class talents and bankers by providing good training with structured curriculum to enhance skills and build a customer-centric organisation.





# MARKETING ANALYSIS

The Bank is strongly committed to fulfilling customers' needs, both individual and corporate, by providing various banking products and services. For individual customers, the Bank offers two types of segments, HSBC Premier and HSBC Advance, so customers could choose 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 to grow, without having to worry about their financial conditions.

The Bank also initiates promotion programmes for HSBC credit cards to cater the lifestyle of its holders. The Bank offers various benefits for HSBC credit card holders in shopping, dining, and travelling transactions across the world. Another benefit for HSBC credit card holders is the cashback feature or reward programme by collecting reward points from all transactions using credit cards. There is also a points exchange with hotel vouchers, mileage programmes, shopping vouchers, or discounts in participating Instant Reward Merchants.

Throughout 2020, the Bank had credit card promotion programmes with selected merchants that were separated into six categories:

- Thematic Campaign that includes Chinese New Year, Ramadan Programme, and Year-End Holiday Programme.
- E-Commerce online daily deals is a discount and instalment programme that is available in various e-commerce merchants on certain days.
- Food delivery and grocery shopping programmes provide discounts or cashback vouchers at various restaurants and supermarkets which cooperate.

- New promotion programme on online medical services, in cooperation with Halodoc app. Services include virtual health examination, pharmacy home delivery, COVID-19 swab/PCR test reservation.
- Grocery shopping offline programme offers discounts on certain days.
- Home, electronic, handphone, and computer programme offers discount & 0% instalments.

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 other banks. The interest rates of HSBC housing loans are competitive with easy approval and adjusted to the financial needs of customers.

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

In Indonesia, the Bank has branches in 24 cities, including Jakarta, Bandung, Semarang, Surabaya, and Medan. The Bank also opens satellite branches in various shopping malls in Jakarta and Bandung to ease customers to do banking transactions on the weekends through a video banking facility that connects every customer with the Bank's Contact Centre. Customers can also access the Bank's services in more than 77,000 ATM Bersama networks and more than 100,000 ATM Prima networks.



Moreover, throughout 2020 the Bank also conducted several marketing programmes:

- Throughout 2020, the Bank held 76 education events on Wealth Management & HSBC Banking Capabilities in cities where HSBC branches were located.
- In investment, the Bank maintained partnerships with various strategic partners such as Investment partners, SOEs as well as the Government in promoting and marketing various investment products such as equity mutual funds, corporate bonds, sukuk, government bonds including IPO bonds.
- Continued partnership with e-commerce, groceries, dining, home living and health through promotion programmes to strengthen spending in related merchants.
- Increased product penetration proposition to customers through product developments that can be enjoyed by Premier and Advance customers.
- Improved communication with banking customers on Credit Card offers and benefits to attract more customers to apply for credit cards.
- The Bank launched new branding and proposition for the RBB segment called HSBC Fusion. The new proposition and branding aims to help customers scale up their business through financial discipline. The soft launching was held in March 2020, followed by 11 webinar series throughout the year to help support customer business.
- The Bank continued its presence in digital and social media to promote HSBC Fusion. On top of that, partnerships with e-commerce were initiated to reach more small-medium business owners.

# FINANCIAL PERFORMANCE REVIEW

The financial performance review refers to the Financial Statement for the year ended 31 December 2020. 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 2020, in accordance with the Financial Accounting Standards in Indonesia.

## Statement of Financial Position

Financial Position	31 December 2020	31 December 2019	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
<b>Asset</b>				
Cash	627	696	(69)	-9.91%
Demand deposits with Bank Indonesia	4,252	7,344	(3,092)	-42.10%
Demand deposits with other banks -net	3,741	2,261	1,480	65.46%
Placements with other banks – net	10,654	7,697	2,957	38.42%
Placements with Bank Indonesia	1,152	1,488	(336)	-22.58%
Investment securities	17,861	14,418	3,443	23.88%
Financial assets held for trading	1,218	2,864	(1,646)	-57.47%
Derivative receivables	671	477	194	40.67%
Securities purchased with agreement to resell	9,293	465	8,828	1,898.49%
Export bills – net	921	1,435	(514)	-35.82%
Acceptance receivables – net	2,022	2,602	(580)	-22.29%
Loans to customers - net	55,335	65,534	(10,199)	-15.56%
Other assets	3,928	3,451	477	13.82%
Properties and equipments – net of accumulated depreciation	571	716	(145)	-20.25%
Intangible assets – net of accumulated amortisation	89	137	(48)	-35.04%
Deferred tax assets	266	275	(9)	-3.27%
<b>Total Assets</b>	<b>112,601</b>	<b>111,860</b>	<b>741</b>	<b>0.66%</b>



Financial Position	31 December 2020	31 December 2019	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
Deposits from customers	72,160	65,469	6,691	10.22%
Deposits from other banks	4,492	5,058	(566)	-11.19%
Derivative payables	659	473	186	39.32%
Acceptance payables	2,047	2,602	(555)	-21.33%
Income tax payables	182	-	182	100.00%
Accruals and provisions	414	503	(89)	-17.69%
Other liabilities	4,278	2,985	1,293	43.32%
Borrowings	7,517	15,063	(7,546)	-50.10%
Subordinated debt	1,054	1,041	13	1.25%
Employee benefits obligations	500	530	(30)	-5.66%
<b>Total Liabilities</b>	<b>93,303</b>	<b>93,724</b>	<b>(421)</b>	<b>-0.45%</b>
<b>Equity</b>				
Share capital	10,586	10,586	-	0.00%
Additional paid-in capital – net	258	258	-	0.00%
Other comprehensive income - net	470	81	389	480.25%
Retained earnings:				
- Appropriated	49	26	23	88.46%
- Unappropriated	7,935	7,185	750	10.44%
<b>Total Equity</b>	<b>19,298</b>	<b>18,136</b>	<b>1,162</b>	<b>6.41%</b>
<b>Total Liabilities and Equity</b>	<b>112,601</b>	<b>111,860</b>	<b>741</b>	<b>0.66%</b>

## FINANCIAL STATEMENT ANALYSIS

### Total Assets

As of 31 December 2020, the Bank's total assets reached Rp112,601 billion, increased by Rp741 billion from 31 December 2019 position.

The Bank's total assets were dominated by loan disbursements to customers worth Rp55,335 billion (net), investment securities at Rp17,861 billion, and placements with other banks at Rp10,654 billion (net).

As part of liquidity risk management and funding, the Bank has placed commercial fund surplus and maintained some of its assets in the form of liquid assets where they can be immediately disbursed whenever required.

The Bank managed around Rp46,428 billion of liquid assets in 2020. These assets were in the form of cash and demand deposits with Bank Indonesia and other banks, placement with other banks, investment securities as well as securities purchased with agreement to resell.

Description	31 December 2020	31 December 2019	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
<b>Liquid Asset</b>				
Cash	627	696	(69)	-9.91%
Demand deposits with Bank Indonesia	4,252	7,344	(3,092)	-42.10%
Demand deposits with other banks – net	3,741	2,261	1,480	65.46%
Placements with other banks - net	10,654	7,697	2,957	38.42%
Investment securities	17,861	14,418	3,443	23.88%
Securities purchased with agreement to resell	9,293	465	8,828	1,898.49%
<b>Total</b>	<b>46,428</b>	<b>32,881</b>	<b>13,547</b>	<b>41.20%</b>

### Investment Securities

Bank's Investment Securities as of 31 December 2020 reached Rp 17,861 billion, increasing 23.88% compared to 31 December 2019. The increment was in line with higher commercial surplus and part of Bank's liquidity and funding risk management.

The fall in Loans to Customers was due to slow demand in the market and increase in competition for high quality asset. On the other hand, the Bank kept gross NPL ratio at 3.45% at 31 December 2020, thanks to the Bank's continuous efforts in taking preventive measures and corrective actions as part of its commitment to keep NPL ratio in line with risk appetite.

### Loans to Customers

The biggest composition of the Bank's total assets as of 31 December 2020 was Loans to Customers worth Rp55,335 billion (net), or accounted for 49.14%. Compared to a year earlier, the Loans to Customers fell by 15.56%.

### Loan Composition by Type of Loan

Type	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Working Capital	44,933	76.95%	53,955	79.75%	(9,022)	-16.72%
Investment	9,392	16.08%	9,009	13.32%	383	4.25%
Consumer	3,368	5.77%	3,934	5.81%	(566)	-14.39%
Employee Loan	701	1.20%	759	1.12%	(58)	-7.64%
<b>Total</b>	<b>58,394</b>	<b>100.00%</b>	<b>67,657</b>	<b>100.00%</b>	<b>(9,263)</b>	<b>-13.69%</b>

### Loan Composition by Economic Sectors

Economic sector- gross	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Business services	6,683	11.44%	8,303	12.27%	(1,620)	-19.51%
Construction	4,967	8.51%	4,164	6.16%	803	19.28%
Transportation, warehousing and communication	6,214	10.64%	4,563	6.74%	1,651	36.18%
Trading, restaurant and hotel	9,855	16.88%	12,796	18.91%	(2,941)	-22.98%
Industry	23,417	40.10%	27,615	40.82%	(4,198)	-15.20%
Others	7,258	12.43%	10,216	15.10%	(2,958)	-28.95%
<b>Total</b>	<b>58,394</b>	<b>100.00%</b>	<b>67,657</b>	<b>100.00%</b>	<b>(9,263)</b>	<b>-13.69%</b>



## Loan Based on the Classification of Bank Indonesia's Collectability

Collectability	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
<b>Performing Loan</b>	56,380	96.55%	65,953	97.48%	(9,573)	-14.51%
Current	54,791	93.83%	64,732	95.68%	(9,941)	-15.36%
Special Mention	1,589	2.72%	1,221	1.80%	368	30.14%
<b>Non Performing Loan</b>	2,014	3.45%	1,704	2.52%	310	18.19%
Substandard	282	0.48%	82	0.12%	200	243.90%
Doubtful	60	0.10%	365	0.54%	(305)	-83.56%
Loss	1,672	2.87%	1,257	1.86%	415	33.02%
<b>Total Credit</b>	58,394	100.00%	67,657	100.00%	(9,263)	3.68%
NPL Ratio – gross	3.45%	n/a	2.52%	n/a	0.93%	n/a
NPL Ratio – net	0.94%	n/a	1.22%	n/a	-0.28%	n/a

## Liability

Composition of Liabilities	31 December 2020	31 December 2019	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
Deposits from customers	72,160	65,469	6,691	10.22%
Deposits from other banks	4,492	5,058	(566)	-11.19%
Derivative payables	659	473	186	39.32%
Acceptance payables	2,047	2,602	(555)	-21.33%
Income tax payables	182	-	182	100.00%
Accruals and provisions	414	503	(89)	-17.69%
Other liabilities	4,278	2,985	1,293	43.32%
Borrowings	7,517	15,063	(7,546)	-50.10%
Subordinated debts	1,054	1,041	13	1.25%
Employee benefits obligations	500	530	(30)	-5.66%
<b>Total Liabilities</b>	<b>93,303</b>	<b>93,724</b>	<b>(421)</b>	<b>-0.45%</b>

The Bank's total liabilities amounted to Rp93,303 billion as of 31 December 2020. The liabilities in 2020 were dominated by customer deposits at 77.34% and borrowings from HSBC Hong Kong in US Dollar at 8.06%.

## Deposits from Customers

Customer deposits reached Rp72,160 billion as of the end 2020, rising 10.22% from 2019. The increase was mainly contributed by higher balance of demand deposits amounting to Rp7,907 billion. The ratio of Demand Deposits and Savings to Total Time Deposits was 71%:29%.

Deposits from Customers	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Demand Deposits	35,871	49.71%	27,964	42.71%	7,907	28.28%
Savings	15,281	21.18%	12,399	18.94%	2,882	23.24%
Time Deposits and Deposits on Call	21,008	29.11%	25,106	38.35%	(4,098)	-16.32%
<b>Total</b>	<b>72,160</b>	<b>100.00%</b>	<b>65,469</b>	<b>100.00%</b>	<b>6,691</b>	<b>10.22%</b>

## Demand Deposits

Based on currency, demand deposits in Rupiah had the largest contribution at 67.92% of the total, or Rp24,362 billion.

Currency	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Rupiah	24,362	67.92%	18,054	64.56%	6,308	34.94%
Foreign currency	11,509	32.08%	9,910	35.44%	1,599	16.14%
<b>Total</b>	<b>35,871</b>	<b>100.00%</b>	<b>27,964</b>	<b>100.00%</b>	<b>7,907</b>	<b>28.28%</b>

## Savings

The balance of savings as of December 31, 2020 was Rp15,281 billion. A majority of savings was in foreign currency, or accounted for 56.76% of the total.

Currency	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Rupiah	6,608	43.24%	4,758	38.37%	1,850	38.88%
Foreign currency	8,673	56.76%	7,641	61.63%	1,032	13.51%
<b>Total</b>	<b>15,281</b>	<b>100.00%</b>	<b>12,399</b>	<b>100.00%</b>	<b>2,882</b>	<b>23.24%</b>

## Time Deposits & On Call Deposits

Based on the contract term, time deposits were dominated by one-month period in 2020, which accounted for 70.87% of the total.

Maturity	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
1 month	14,888	70.87%	18,366	73.15%	(3,478)	-18.94%
3 months	3,289	15.65%	2,743	10.93%	546	19.91%
6 months	2,182	10.39%	2,934	11.69%	(752)	-25.63%
12 months	649	3.09%	1,063	4.23%	(414)	-38.95%
<b>Total</b>	<b>21,008</b>	<b>100.00%</b>	<b>25,106</b>	<b>100.00%</b>	<b>(4,098)</b>	<b>-16.32%</b>

## Borrowings

Bank's borrowing as of 31 December 2020 amounted Rp7,517 billion, decreased by 50.10% from 31 December 2019 amounted Rp 15,063 billion which was due to repayment amounted to USD550 million during 2020.

## Equity

The Bank's equity stood at Rp19,298 billion at the end of 2020, increasing by Rp1,162 billion or 6.41% from the previous year. The rise was in line with the Bank's net profit. The increase in equity has given positive contribution to the Bank's capital, with the Capital Adequacy Ratio (CAR) stayed at a healthy level at 26.70%.

Equity Composition	31 December 2020	31 December 2019	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 - net	470	81	389	480.25%
Retained earnings:				
- Appropriated	49	26	23	88.46%
- Unappropriated	7,935	7,185	750	10.44%
<b>Total Equity</b>	<b>19,298</b>	<b>18,136</b>	<b>1,162</b>	<b>6.41%</b>

## Statement of Profit or Loss and Other Comprehensive Income

Description	31 December 2020	31 December 2019	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
Interest Income	5,307	6,197	(890)	-14.36%
Interest Expenses	(1,433)	(2,217)	784	-35.36%
Net Interest Income	3,874	3,980	(106)	-2.66%
Fees and commission income	1,204	1,312	(108)	-8.23%
Other operational income	1,751	1,837	(86)	-4.68%
Impairment losses on financial assets - net	(1,717)	(671)	(1,046)	155.89%
Total operating income	5,112	6,458	(1,346)	-20.84%
Total operating expenses	(3,338)	(3,418)	80	-2.34%
Profit before tax	1,774	3,040	(1,266)	-41.64%
Income tax expenses	(464)	(729)	265	-36.35%
Net profit of the year	1,310	2,311	(1,001)	-43.31%
Other comprehensive income	384	168	216	128.57%
<b>Total Comprehensive Income for the Year</b>	<b>1,694</b>	<b>2,479</b>	<b>(785)</b>	<b>-31.67%</b>

## Interest Income

Interest income fell by 14.36% or Rp890 billion in 2020, mainly due to lower loans to customers balance as compared to 2019 as an impact of COVID-19 pandemic. In 2020, interest income from loans to customers contributed Rp3,857 billion, or 72.68% of total interest income.

## Composition of Interest Income in 2020

Interest Income	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Loan to customers	3,857	72.68%	5,002	80.72%	(1,145)	-22.89%
Investment securities	1,072	20.20%	894	14.43%	178	19.91%
Securities purchased with agreement to resell	292	5.50%	58	0.94%	234	403.45%
Placement with Bank Indonesia	38	0.72%	41	0.66%	(3)	-7.32%
Loans and advances to banks	2	0.04%	9	0.14%	(7)	-77.78%
Demand deposits with Bank Indonesia	19	0.36%	4	0.06%	15	375.00%
Others	27	0.50%	189	3.05%	(162)	-85.71%
<b>Total</b>	<b>5,307</b>	<b>100.00%</b>	<b>6,197</b>	<b>100.00%</b>	<b>(890)</b>	<b>-14.36%</b>

## Interest Expenses

Interest expenses amounted to Rp1,433 billion, dropped by 35.36% or Rp784 billion in 2020. The fall was in line with lower interest expenses from borrowings and subordinated debt, which has dropped by Rp392 billion, due to borrowings repayment worth US\$550 million in 2020.

Interest Expense	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Demand deposits	226	15.77%	365	16.46%	(139)	-38.08%
Savings accounts	100	6.98%	70	3.16%	30	42.86%
Time deposits and deposits on call	808	56.39%	1,021	46.05%	(213)	-20.86%
Borrowings and Subordinated debt	246	17.17%	638	28.78%	(392)	-61.44%
Others	53	3.69%	123	5.55%	(70)	-56.91%
<b>Total</b>	<b>1,433</b>	<b>100.00%</b>	<b>2,217</b>	<b>100.00%</b>	<b>(784)</b>	<b>-35.36%</b>

## Net Interest Income

The Bank managed to book net interest income of Rp3,874 billion as of 31 December 2020. 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

The Bank recorded lower non-interest income at Rp2,955 billion in 2020 due to the COVID-19 pandemic and one-off tax related item in 2019.

Non-Interest Income	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Net fees and commissions income	1,204	40.74%	1,312	41.66%	(108)	-8.23%
Other operating income	1,751	59.26%	1,837	58.34%	(86)	-4.68%
<b>Total</b>	<b>2,955</b>	<b>100.00%</b>	<b>3,149</b>	<b>100.00%</b>	<b>(194)</b>	<b>-6.16%</b>

## Impairment Losses of Financial Assets - Net

The Bank's impairment losses of financial assets amounted to Rp1,717 billion in 2020. The amount was higher amid provisions related to estimated negative impact of future economic conditions towards credit quality due to COVID-19 pandemic and several additional individual provision for corporate customers. As uncertainties from COVID-19 remain, the Bank will continuously monitor the virus' impact on credit quality and reassess expected provisions for credit losses.

## Operating Expenses

The Bank's operating expenses amounted to Rp3,338 billion in 2020. The biggest expense was for employees, which accounted for 51.83% of the total.

The Bank continuously strives to manage costs effectively and efficiently to support sustainable growth. Operating expenses fell by Rp80 billion in 2020, as a result of cost-saving initiatives and opportunities to defer some costs during COVID-19 pandemic.

Operating Expenses	2020		2019		Growth	
	Rp Billion	%	Rp Billion	%	Rp Billion	%
Employees expenses	1,730	51.83%	1,949	57.02%	(219)	-11.24%
General and administrative expenses	1,254	37.57%	1,112	32.53%	142	12.77%
Depreciation expenses of properties and equipment	296	8.87%	300	8.78%	(4)	-1.33%
Amortisation expenses of intangible assets	58	1.73%	57	1.67%	1	1.75%
<b>Total</b>	<b>3,338</b>	<b>100.00%</b>	<b>3,418</b>	<b>100.00%</b>	<b>(80)</b>	<b>-2.34%</b>

### Profit Before Tax

The Bank's profit before tax was at Rp1,774 billion in 2020. The amount was lower than the previous year due to higher impairment losses of financial assets, as well as lower net interest income and non-interest income as explained above.

### Net Profit

The Bank recorded a net profit of Rp1,310 billion in 2020, decreased by Rp1,001 billion or 43.31% from 2019, in line with the fall in profit before tax as explained earlier.

### Operating Segment Review

Bank's revenue in 2020 was mainly contributed by Wholesale segment (Commercial Banking and Global Banking and Markets), while the rest around one-fourth was contributed by Retail segment. Profitability also shows similar trend.

### Statement of Comprehensive Income

The Bank recorded a comprehensive income of Rp1,694 billion in 2020, decreased by Rp785 billion from 2019, in line with lower net profit. Below is statement of comprehensive income.

#### Statement of Comprehensive Income

Description	31 December 2020	31 December 2019	Growth	
	Rp Billion	Rp Billion	Rp Billion	%
Net profit for the year	1,310	2,311	(1,001)	-43.31%
Other comprehensive income:				
Investment securities at fair value				
- Through other comprehensive income	380	196	184	93.88%
Remeasurements from post-employment benefits obligation:				
- Actuarial profit/(loss) during the year	4	(28)	32	-114.29%
Other comprehensive income, net of tax	384	168	216	128.57%
<b>Total Comprehensive Income for the Year</b>	<b>1,694</b>	<b>2,479</b>	<b>(785)</b>	<b>-31.67%</b>

### Statement of Cash Flows

Description	31 December 2020	31 December 2019	Fluctuation	
	Rp Billion	Rp Billion	Rp Billion	%
Cash from Operating activities	15,510	8,061	7,449	92.41%
Cash from investing activities	(3,151)	(2,326)	(825)	35.47%
Cash from financing activities	(8,703)	(4,388)	(4,315)	98.34%
Net Increase in Cash and Cash Equivalent	3,656	1,347	2,309	171.42%
Effect of Foreign Exchange Rate on Cash and Cash Equivalent	(2,716)	(147)	(2,569)	1747.62%
Cash and Cash Equivalent, January 1	19,486	18,286	1,200	6.56%
Cash and Cash Equivalent, December 31	20,426	19,486	940	4.82%

At the end of the 2020 period, the Bank recorded a final balance of cash and cash equivalents at Rp20,426 billion.

### Cash Flow from Operating activities

Net cash from operations amounted to Rp15,510 billion, up from Rp8,061 billion in the previous year. The increase in cash from operations was mainly due to cash inflow from loans to customers.

### Cash Flow from Investing activities

Net cash obtained from investment activities was at minus Rp3,151 billion in 2020. The negative cash flow was 35.47% higher than in 2019, mainly due to the decrease in cash flow from maturing securities for investment purposes.

### Cash Flow from Financing Activities

Net cash from financing activities amounted to minus Rp8,703 billion in 2020. The negative cash flow was 98.34% higher than in 2019, mainly due to borrowings repayments.

### Prime Lending Rate

In Relation of OJK Regulation No. 37/POJK.03/2019 that regulates the transparency and publication of the bank reports, the Bank has implemented transparency of Prime Lending rate for public through website publication and annual report.

Credit Segment	2020	2019
Corporate Loans	8.00%	9.50%
Retail Loans	9.80%	10.25%
Consumer Loans		
- Mortgage	10.00%	10.76%
- Non-mortgage	0.00%	0.00%

### 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 borrowings used for providing financing to customers. The Bank's RIM ratio was 72.95% as of 31 December 2020.

The Bank also uses NSFR to monitor funding risks and LCR to monitor liquidity risks on a daily basis. As of 31 December 2020, the Bank's NSFR and LCR were at 164.89% and 648.89%, respectively.

### Liquidity Ratio

Description	2020	2019
Macroprudential Intermediation Ratio (RIM)	72.95%	86.24%
Liquidity Coverage Ratio (LCR)	648.89%	516.92%
Net Stable Funding Ratio (NSFR)	164.89%	152.64%
Low-cost fund Ratio	70.89%	61.65%

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	2020	2019
Ratio of Liabilities to Total Assets	82.86%	83.79%
Ratio of Liabilities to Equity	483.49%	516.78%
Leverage ratio	14.61%	13.83%



# OTHER MATERIAL FINANCIAL INFORMATION

## Ability to Repay Debt and Accounts Receivable Collectibility

### Ability to Repay Debt

The Bank's ability to fulfill all obligations, including long term and short-term loans, is measured by liquidity and solvency ratio. Until the end of 2020, 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 (Macroprudential Intermediation Ratio/RIM) was 72.95%. 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 Adequacy Ratio (CAR) was at 26.70% in 2020. 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 Collectibility

The Bank's gross Non-Performing Loan (NPL) ratio as of 31 December 2020 was at 3.45%. The Bank's net NPL ratio was at 0.94%.

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

In calculating the capital requirement for 2020, 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 Bank also performs Internal Capital Adequacy Assessment Process (ICAAP) exercised in a biannual basis which brings together regulatory and internal resources and requirements with the Bank's business model, strategy, performance and planning, risks to capital, and the implications of stress testing to assess the Bank's capital position. Additionally, the Bank also performs annual exercise of Capital Plan, which is aligned with the Bank's Business Plan.

The provision of minimum capital mentioned is stipulated as follows:

1. For banks that are ranked 1<sup>st</sup> on risk profile, the lowest required minimum capital is 8% (eight percent) of the RWA;
2. For banks that are ranked 2<sup>nd</sup> 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 3<sup>rd</sup> 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 4<sup>th</sup> 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 by external parties throughout the reporting period.

The capital positions required by Bank regulators in accordance with the applicable regulations as of 31 December 2020 and 2019 are as follows:

(in billion Rupiah, unless otherwise specified)		
Capital Adequacy ratio	31 December 2020	31 December 2019
<b>Tier 1 Capital</b>		
Share Capital	10,586	10,586
Additional paid-in capital	258	258
General reserve	49	26
Retained earnings	6,625	4,874
Profit for the period	1,310	2,311
Other comprehensive income	502	133
Negative differences between regulatory provision and allowance for impairment losses on productive assets	-	
Non-earning asset provision that should be calculated	(64)	(43)
Deferred tax calculation	(266)	(275)
Other intangible assets	(89)	(137)
<b>Tier 2 Capital</b>		
Capital instrument such as shares, subordinated debts or others meeting the requirement of Tier 2 capital	1,054	1,041
General allowance for earning assets	800	893
<b>Total Capital</b>	<b>20,765</b>	<b>19,667</b>
<b>RWA</b>		
Credit risk	63,979	71,418
Market risk	1,733	3,145
Operational risk	12,044	8,584
<b>Total RWA</b>	<b>77,756</b>	<b>83,147</b>
Capital Adequacy Ratio	26.70%	23.64%
CET 1 Ratio	24.32%	21.33%
Tier 1 Ratio	24.32%	21.33%
Tier 2 Ratio	2.38%	2.33%
Capital Conversion Buffer	2.50%	2.50%

Capital Adequacy ratio	31 December 2020	31 December 2019
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%

The Bank calculates minimum capital based on the risk profile as of December 2020 by using the risk profile position in June 2020.

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 2020, the Bank's CAR was at 26.70%, which was much higher than the mandatory minimum capital of 9% to less than 10%.

## Material Information and Subsequent Events

No material information and subsequent events were noted after the date of the auditor's report.

## Transactions Information with Affiliated Parties

Throughout 2020, 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 2020 were as follows:

Related party	Nature of Relationship	Type of Transaction
HSBC Bank Australia Ltd	Affiliated company	Demand deposits
HSBC Bank Canada	Affiliated company	Demand deposits and fees and commissions income
The Hongkong and Shanghai Banking Corporation Limited, (Thailand branch) Bangkok	Affiliated company	Demand deposits
The Hongkong and Shanghai Banking Corporation Limited, (Australian branches) Sydney	Affiliated company	Demand deposits
The Hongkong and Shanghai Banking Corporation Limited, (Indian branches) Mumbai	Affiliated company	Demand Deposit and acceptance
The Hongkong and Shanghai Banking Corporation Limited, (Japanese branches) Tokyo	Affiliated company	Demand deposits
The Hongkong and Shanghai Banking Corporation Limited, (New Zealand branches) Auckland	Affiliated company	Demand deposits
Hang Seng Bank Ltd	Affiliated company	Call money
HSBC Bank plc	Affiliated company	Demand deposits, investment securities and derivative transactions
The Hongkong and Shanghai Banking Corporation Limited, (Singaporean branches) Singapore	Affiliated company	Demand deposits, acceptance, derivative transactions, and investment securities
The Hongkong and Shanghai Banking Corporation Limited	Affiliated company	Demand deposits, acceptance, derivative transactions, call money, borrowings, investment securities, and accrued expenses

Related party	Nature of Relationship	Type of Transaction
The Hongkong and Shanghai Banking Corporation Limited, Jakarta branch <sup>1)</sup>	Affiliated company	-
HSBC Trinkaus and Burkhardt AG	Affiliated company	Demand deposits and acceptance
HSBC Bank Malaysia Berhad	Affiliated company	Demand deposits and acceptance
HSBC Amanah Malaysia Berhad	Affiliated company	Demand deposits
HSBC Asia Pacific Holdings (UK) Ltd	Parent company	Other liabilities, Subordinated debt
Board of Commissioners, Board of Directors and Family	Key management	Loans to customers and Deposits from customers
HSBC Bank USA	Affiliated company	Demand deposits
HSBC Bank (China) Company Limited	Affiliated company	Demand deposits and acceptance
HSBC France	Affiliated company	Demand deposits
HSBC Bank (Taiwan) Limited	Affiliated company	Demand deposits and acceptance

<sup>1)</sup> There was revocation of business licence on 8 April 2019. There was remaining profit and loss from period 1 January 2019 - 8 April 2019

## Dividend Policy

The dividend policy is determined through the approval of the Annual General Meeting of Shareholders (AGMS). In 2020, the shareholders approved the appropriation of the Bank's 2019 retained earnings amounting to Rp 23 billion and distribute cash dividend amounting to Rp636 billion (Rp 60.1 (full amount) per share) to shareholders who have the right to receive cash dividend. Dividend payment was carried out on 30 September 2020 at the latest.

## Employee Share Ownership Programme

During 2020, the Bank did not implement the employee share ownership programme.

## Changes in Accounting Policies Implemented in 2020

Unless described below, the accounting policies has been implemented consistently, with the financial statement for the year ended 31 December 2020 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 2020:

- Statement of Financial Accounting Standard (SFAS) 71: "Financial Instruments";
- SFAS 72: "Revenue from Contracts with Customers";
- SFAS 73: "Leases";
- Amendment to SFAS 15: "Investments in Affiliated entities and Joint Ventures: Long-term Interests in Associated entities and Joint Ventures";

- Amendment to SFAS 25 "Accounting Policies, Changes in Accounting Estimates and Errors";
- Amendment to SFAS 62 "Insurance Contract";
- Amendment to SFAS 71 "Financial Instruments: Payment Acceleration Features with Negative Compensation";
- Amendment to SFAS 73 "Leases" related to COVID-19 rent concessions;
- Amendment SFAS 102 to "Accounting for Murabahah transactions";
- Annual improvements 2019 to SFAS 1 "Presentation of Financial Statements";
- Amendment to SFAS 1 "Presentation of financial statement" and SFAS 25 "Accounting policy changes in accounting and errors";
- IFAS 35 "Presentation of Non-Profit Entities Financial Statements";
- IFAS 101 "Recognition of Deferred Murabahah Income without Significant Inventory Ownership Risks";
- IFAS 102 "Impairment of Murabahah Receivables";
- PPSAK 13 Revocation of SFAS 45 Financial Reporting for Non-profit Organisations; and
- Amendment to Conceptual Framework for Financial Reporting.

Unless described below, all of the SFAS and IFAS mentioned above had no significant impact on the amounts reported for the current period or previous years.

SFAS 71 replaces SFAS 55 on “Financial Instruments: Recognition and Measurement” and introduces new requirements for financial instruments classification and measurement based on assessments on business model and contractual cashflow, recognition and measurement of reserve for impairment losses of financial instruments using the expected credit loss model, which replaced the incurred credit loss model and also provides simplified approach to hedge accounting.

In accordance with the transition requirements in SFAS 71, the Bank chose retrospective implementation with the cumulative effect on the initial implementation on January 1, 2020 and not to restate comparative information. The Bank has made adjustments to the balance of profit in the beginning of 2020 amounting to Rp98,972 billion, which was derived from lower provisions for impairment losses of financial instruments.

Based on assessments on business model and contractual cashflow, the amendment on SFAS71 on financial instrument classification and measurement had no significant impact on the amount of financial assets and liabilities as of January 1, 2020.

The new regulation on hedge accounting also had no impact to the Bank as the Bank currently does not do transactions related to the hedge accounting.

### Significant Changes in Laws and Regulations Affecting the Bank

In 2020, the Financial Services Authority (OJK) and Bank Indonesia (BI) issued new regulations and made several amendments, which affected the company's performance. There were 71 regulations, consisting of 20 OJK's regulations and 51 BI's regulations. These regulations have been introduced to the Bank's internal party and specifically followed up by related parties. The amendments included:

- Amendment to POJK No. 23/POJK.04/2016 on Collective Investment Contracts for Mutual Funds
- Procedures for Electronic Submission of Letter or Confirmation Receipt, as well as Mutual Funds Periodic Reports through an Integrated Investment Management System
- National Economic Stimulus as a Countercyclical Policy due to the Impact of Coronavirus Disease 2019 (COVID-19) Spread
- Consolidation of Commercial Banks
- Amendment to POJK No. 38/POJK.03/2016 on Risk Management Implementation in the Use of Information Technology by Commercial Banks
- Written Orders to Handle Bank's Problems
- Calculation of Risk-Based Weighted Assets for Operational Risks by Using the Standard Approach for Commercial Banks
- Implementation of Consumer and Public Services in the Financial Service Sector by the Financial Services Authority (OJK)
- The Third Amendment to POJK No. 4/POJK.04/2014 on Procedures for Collecting Administrative sanctions, i.e Fines in the Financial Service Sector
- Preparation of Financial Reports on Investment Product, i.e Collective Investment Contracts
- Transparency and Publication Reports of Conventional Commercial Banks
- Guidelines on Accounting Treatment of Investment Product, i.e Collective Investment Contracts
- Marketing Channel for Insurance Products
- Financial Conglomeration
- Amendment to POJK No. 11/POJK.03/2020 on National Economic Stimulus as a Countercyclical Policy due to the Impact from the Spread of Coronavirus Disease 2019 (COVID-19)
- Alternative Institution for Dispute Resolution in the Financial Service Sector.
- Commercial Bank Reporting through the Financial Services Authority (OJK) Reporting System
- Conventional Commercial Bank Reporting through the Financial Services Authority (OJK) Reporting System
- Amendment to POJK No. 18/POJK.03/2017 on Reporting and Request on Debtor Information through the Financial Information Service System (SLIK)
- The Amount and Nominal Value of the Rupiah Banknotes Destroyed in 2019
- Amendment to Board of Governors Regulation No. 19/20/PADG/2017 on Current Account in Bank Indonesia
- The Fourth Amendment to the Board of Governors Regulation No. 20/10/PADG/2018 on Minimum Reserve Requirement in Rupiah and Foreign Currencies for Conventional Commercial Banks, Islamic Commercial Banks, and Sharia Business Units
- The Second Amendment to Bank Indonesia Regulation No. 20/10/PBI/2018 on Domestic Non-Deliverable Forward (DNDF) Transactions



- Amendment to Bank Indonesia Regulation No. 20/3/PBI/2018 on Minimum Reserve Requirement in Rupiah and Foreign Currencies for Conventional Commercial Banks, Islamic Commercial Banks, and Sharia Business Units
- Incentives for Banks that Provide Funds for Certain Economic Activities to Support Efforts to Tackle Economic Impacts from the Coronavirus Pandemic.
- The Implementation of Competence Standardisation in Payment System and Rupiah Management
- The Implementation of Bank Indonesia Regulation No. 22/4/PBI/2020 on Incentives for Banks that Provide Funds for Certain Economic Activities to Support Efforts to Tackle Economic Impacts from the Coronavirus Pandemic.
- Auctions of Government Securities and/or Government Sharia Securities in the Primary Market to Maintain Sustainability in State Finances Management, as an Implementation of Government Regulation in Lieu of Law No. 1 of 2020 on State Financial Policies and Financial System Stability to Handle the Coronavirus Disease 2019 (COVID-19) Pandemic and/or in Facing Threats that Endanger National Economy and/or Financial System Stability.
- The Second Amendment to Bank Indonesia Regulation No. 19/3/PBI/2017 on Short-Term Liquidity Loan for Conventional Commercial Banks
- Adjustment to the Implementation of Several Bank Indonesia Provisions as the Impact of the Coronavirus Disease 2019 (COVID-19) Pandemic
- Bank Indonesia's Integrated Licenses through Licensing Front Office
- The Fourth Amendment to Board of Governors Regulation No. 20/6/PADG/2018 on the Implementation of Open Market Operations
- The Fifth Amendment to Board of Governors Regulation No. 20/6/PADG/2018 on the Implementation of Open Market Operations
- Amendment to Board of Governors Regulation No. 20/7/PADG/2018 on Participating in Monetary Operations
- The Fifth Amendment to the Board of Governors Regulation No. 20/10/PADG/2018 on Minimum Reserve Requirement in Rupiah and Foreign Currencies for Conventional Commercial Banks, Islamic Commercial Banks, and Sharia Business Units
- Amendment to Board of Governors Regulation No. 21/22/PADG/2019 on Macprudential Intermediation Ratio and Macprudential Liquidity Buffer for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units
- Service Provider of Rupiah Banknotes Processing
- Implementing Regulation of Bank Indonesia's Integrated Licenses through Licensing Front Office
- Clarification on Doubts Over the Authenticity of Rupiah Banknotes
- Licensing Procedures and Implementation of Central Counterparty for Interest Rate Derivative Transactions and Over-the-Counter Exchange Rates
- The Second Amendment to Board of Governors Regulation No. 19/6/PADG/2017 on Short-Term Liquidity Loan for Conventional Commercial Banks
- Pre-fund Allocation for the Implementation of Scheduled Clearing Funds Transfer by Bank Indonesia
- The Second Amendment to Bank Indonesia Regulation No. 20/3/PBI/2018 on Minimum Reserve Requirement in Rupiah and Foreign Currencies for Commercial Banks, Sharia Commercial Banks, and Sharia Business Units
- The Sixth Amendment to Board of Governors Regulation No. 20/10/PADG/2018 on Minimum Reserve Requirement in Rupiah and Foreign Currencies for Commercial Banks, Sharia Commercial Banks, and Sharia Business Units
- The Launching and Distribution of Special Rupiah Banknotes for the Republic of Indonesia's 75th Independence Day, with the Issuance of 75,000 (Seventy Five Thousands) Rupiah Banknotes in 2020
- Local Currency Settlement for Bilateral Transactions through Banks
- Local Currency Settlement for Bilateral Transactions between Indonesia and Japan by using Rupiah and Yen through Banks
- The Third Amendment to Bank Indonesia Regulation No. 19/3/PBI/2017 on Short-Term Liquidity Loan for Commercial Banks
- The Second Amendment to Bank Indonesia Regulation No. 20/8/PBI/2018 on Loan-To-Value (LTV) Ratio for Property Loan, Financing-To-Value (FTV) Ratio for Property Financing, and Down Payment for Automotive Loan or Financing
- Monetary Operation



- The Second Amendment to Bank Indonesia Regulation No. 20/4/PBI/2018 on Macroprudential Intermediation Ratio and Macroprudential Liquidity Buffer for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units
- Amendment to Board of Governors Regulation No. 21/25/PADG/2019 on Loan-To-Value (LTV) Ratio for Property Loan, Financing-To-Value (FTV) Ratio for Property Financing, and Down Payment for Automotive Loan or Financing
- Instruments of Open Market Operations
- Implementation of Open Market Operations
- Standing Facilities
- Government Securities Criteria and Requirements for Monetary Operations
- Monetary Operations Participation
- The Second Amendment to Board of Governors Regulation No. 20/2/PADG/2018 on Procedures for Intra-Day Liquidity Facility
- The Second Amendment to Board of Governors Regulation No. 20/4/PADG/2018 on
- Administration of Securities through Bank Indonesia-Scripless Securities Settlement System
- The Second Amendment to Board of Governors Regulation No. 20/15/PADG/2018 on Implementation of Immediate Fund Settlement through Bank Indonesia-Real Time Gross Settlement System
- The Second Amendment to Board of Governors Regulation No. 21/22/PADG/2019 on Macroprudential Intermediation Ratio and Macroprudential Liquidity Buffer for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units
- The Third Amendment to Board of Governors Regulation No. 19/6/PADG/2017 on Short-Term Liquidity Loan for Conventional Commercial Banks
- The Third Amendment to Board of Governors Regulation No. 20/15/PADG/2018 on Implementation of Immediate Fund Settlement through Bank Indonesia-Real Time Gross Settlement
- Local Currency Settlement for Bilateral Transactions between Indonesia and Thailand by Using Rupiah and Baht through Banks
- The Amendment to Board of Governors Regulation No. 22/4/PADG/2020 on Implementation of Bank Indonesia Regulation No. 22/4/PBI/2020 on Incentives for Banks that Provide Funds for Certain Economic Activities to Support Efforts to Tackle the Economic Impacts of Coronavirus Outbreak
- Amendment to Bank Indonesia Regulation No. 20/4/PBI/2020 on Incentives for Banks that Provide Funds for Certain Economic Activities to Support Efforts to Tackle the Economic Impacts of Coronavirus Outbreak
- Amendment to Bank Indonesia Regulation No. 21/14/PBI/2019 on Foreign Exchange from Export Proceeds and Foreign Exchange from Import Payments
- Bank Indonesia's Consumer Protection
- Amendment to Bank Indonesia Regulation No. 21/9/PBI/2019 on an Integrated Commercial Bank Report
- Payment System

# 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, adapting and aligning with market changes, particularly in the banking industry, delivering outstanding people experience, and continuous improvement of HR policies, governance, and people-related risk management.

### Employee Profile

The Bank's employees as of 31 December 2020 were 3,419, or 10% lower compared to the previous year.

The composition of human resources as of 31 December 2020 by education levels was as follows:

Education	2020		2019	
	Number of Employees	Percentage	Number of Employees	Percentage
Doctoral Degree	6	0.18%	3	0.08%
Master Degree	316	9.24%	215	5.66%
Bachelor Degree	3,033	88.71%	3,404	89.65%
Diploma 3	9	0.26%	132	3.48%
Diploma 1	47	1.37%	7	0.18%
Senior High School	8	0.23%	36	0.95%
<b>Total</b>	<b>3,419</b>	<b>100.00%</b>	<b>3,797</b>	<b>100.00%</b>

In 2020, more than 98% of staff held Bachelor degrees or higher, increased by 3 percent compared to the previous year. The increase was caused by the demand for qualified and highly educated resources to increase the Bank's quality.

### Employees Composition by Age

Age	2020		2019	
	Number of Employees	Percentage	Number of Employees	Percentage
18-30 years old	1,037	30.33%	1,312	34.55%
31-40 years old	1,442	42.18%	1,560	41.09%
41-50 years old	807	23.60%	805	21.20%
Above 50 years old	133	3.89%	120	3.16%
<b>Total</b>	<b>3,419</b>	<b>100.00%</b>	<b>3,797</b>	<b>100.00%</b>

In 2020, similar to 2019, the employee composition was dominated by the productive age and dynamic young generation. More than 73% of the employees were under 40 years of age.

**Employees Composition by Organisation Level**

Organisation Level	2020		2019	
	Number of Employees	Percentage	Number of Employees	Percentage
Top Management	7	0.20%	8	0.21%
Middle Management	128	3.74%	136	3.58%
Lower Management	811	23.72%	815	21.46%
Staff and Others	2,473	72.33%	2,838	74.74%
<b>Total</b>	<b>3,419</b>	<b>100.00%</b>	<b>3,797</b>	<b>100.00%</b>

The composition of human resources by managerial level showed the composition of Middle Management, Lower Management, and staff at 128, 811, and 2,473 respectively. On average, one Manager supervised 5 or 6 staff. The ratio is close to the directive which recommends 1 manager to supervise 8 staff to ensure an efficient and effective organisational management.

**Employees Composition by Employment Status**

Employment Status	2020		2019	
	Number of Employees	Percentage	Number of Employees	Percentage
Permanent Employee	3,055	89.35%	3,264	85.96%
Contract Employee	364	10.65%	533	14.04%
<b>Total</b>	<b>3,419</b>	<b>100.00%</b>	<b>3,797</b>	<b>100.00%</b>

In 2020, the number of Bank's contract employees decreased overtime, from 533 in 2019 to 364 (decreased by 31.7%), mostly due to the large number of completed temporary jobs.

**Employees Composition by Gender**

Gender	2020		2019	
	Number of Employees	Percentage	Number of Employees	Percentage
Male	1,536	44.93%	1,706	44.93%
Female	1,883	55.07%	2,091	55.07%
<b>Total</b>	<b>3,419</b>	<b>100.00%</b>	<b>3,797</b>	<b>100.00%</b>

In terms of human resources composition by gender, there was no change compared to 2019. The composition of female employees against male employees stayed at 55.07% to 44.93%. It is evidence that the Bank provides an extensive opportunity for female employees to pursue a career in the Bank.

**Implementation of Remuneration Policy Including Material Risk Takers**

In 2020, the Remuneration and Nomination Committee (RNC) completed below activities and obtained recommendation from the Board of Commissioners:

- Annual review of RNC Terms of Reference and review of membership including the appointment of new members as a way to strengthen the committee.
- Review of the Board of Directors composition and its members and provided recommendation of change to the Board of Commissioners.
- Provided nomination of six new Directors (President Director, CMB Director, WPB Director, Global Banking Director, Compliance Director, and Operations and IT Director) and two new Commissioners.
- Review of performance scorecard for Directors in alignment to Bank strategic priorities and key financial indicators.

- Reviewed annual remuneration for the performance in 2019 and provided recommendation of remuneration outcomes for members of the Board of Directors, Independent Commissioners, and independent parties.
- Reviewed Material Risk Takers which resulted in seven individuals in-scope of variable remuneration deferrals as per Bank policy.
- Formulated Malus and Clawback procedures and an update of MRT rules under the Implementation of Remuneration Governance policy.

## Performance Management

The Bank implemented a refresh of Employee Performance and Development (EPD) to include enhanced communications and guidance including toolkit for employees and managers, and introduced technology enabler called the Continuous Performance Management (CPM) module to all employees as EPD support and as year-end assessment support. In addition, pay structure and scale policy has been refreshed and communicated. The year-end performance and pay review process has also been conducted with a series of communications to upskill managers capability.

## Employee Recruitment

By the end of 2020, the Bank had recruited 403 staff, which consisted of 218 permanent staff and 185 direct contract employees. There were 11 critical roles hired in 2020 which included: 4 Director positions (internally sourced: Wealth Personal Banking Director, Global Banking Director, and externally sourced: Commercial Banking Director and Compliance Director), and the rest were Middle Manager positions from various departments such as IT, HR, Compliance, WPB.

In 2020, Recruitment and Onboarding (R&O) focused on improving customer experience, with the Bank making some initiatives as below:

- Expediting and improving staff Onboarding experience for new hires through Welcoming Pack and New Joiner guidelines in order to make them feel engaged and proud to be part of the Bank.
- Satisfaction Survey from candidate and Hiring Manager, where in 2020 the Bank achieved a score 4.4 out of 5.

## Human Resources Development Strategy

In 2020, the Bank continued to grow and HR strategies were 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 respond to employee voice.

## Training and Development

The Bank regularly and continuously developed training and development programmes to improve employee competencies, both internally and externally, to support the Bank's strategy. Broadly, the training and development programmes included hard skills/technical competencies, soft skills competencies, leadership education, and in-house training for specific fields of training. The programme was grouped into:

- Specific business or role related to 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 of values and culture.

Taking into account the COVID-19 pandemic situation in Indonesia, and to ensure employees' safety and wellness, several training programmes and classes in 2020 were postponed or cancelled. The Bank optimised training and development programmes through e-learning and virtual arrangements:



- Seminar, workshop, and conference.
- Training and certification programmes obliged by regulators and the Bank, including Global Mandatory Training (GMT), Financial Crime and Compliance (FCC), Global Standard and Risk Management Certification, Treasury Certification, WAPERD, AAJI, and WPPE.
- 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).

In order to enhance employee competencies, the Bank in 2020 conducted development programmes for 3,773 employees with a total training participation of 60,789 training subjects.

Number of Employee	Number of Training Hours	Training Hours per Employee	Number of Training Participants	Number of Trained Staff
3,443	59,706	17,34	60,789	3,773

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

Training Type	Hours	Total Hours
<b>INTERNAL TRAINING:</b>		<b>52,006</b>
Assessment	3,065	
Elearning	36,342	
Classroom	8,020	
Virtual Classroom	4,579	
<b>EXTERNAL TRAINING:</b>		<b>7,700</b>
Assessment	41	
Classroom	4,327	
Virtual Classroom	3,332	
<b>Total</b>		<b>59,706</b>

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

With the aim to improve competencies and to support the duties and responsibilities of the Directors and Commissioners, members of the Board of Directors and Board of Commissioners participated in several training programmes in 2020, covering the following:

Training	Organiser	Time
<b>Board of Commissioners</b>		
Authorised Spokesperson 2020 Conference Presenter	HSBC University	Feb 20
Building Financial Crime Capability	HSBC University	Apr, Jul, Sep 20
Compliance with HKMA Banking (Exposure Limits) Rules (BELR)	HSBC University	Jul, Dec 20
Employee Bankruptcy/Composition with creditors and Offence involving fraud or dishonesty	HSBC University	Jan, Feb 20
Fighting Financial Crime	HSBC University	Aug 20
HSBC and Me	HSBC University	Jun, Jul 20
HSBC Indonesia (HBID) Interaction Model - Practical Guide	HSBC University	Sep 20
Values, Conduct and Me	HSBC University	Oct, Dec 20
Volcker Rule Awareness Training	HSBC University	Aug, Sep 20

Training	Organiser	Time
<b>Board of Directors</b>		
Fighting Financial Crime	HSBC University	May-Sep 20
Values, Conduct and Me	HSBC University	Jun-Dec 20
Operational Risk Bootcamp for MANCO	HSBC University	Okt 20
Building Financial Crime Capability	HSBC University	Jan, Oct, Dec 20
Advanced Competition Law	HSBC University	Jun 20
Cyber Stars for Business Level 1	HSBC University	Jun, Jul 20
HSBC and Me	HSBC University	Jun, Jul 20
Leading Businesses and Functions Programme	HSBC University	Oct, Nov 20
Risk Stewards Introduction to Non-Financial Risk	HSBC University	Feb, Mar, Jun 20
Volcker Rule Awareness Training	HSBC University	Jun, Sep, Oct 20
2019 Market Conduct Risks	HSBC University	Jun, Jul 20
Authorised Spokesperson 2020 Media Spokesperson	HSBC University	Feb 20
Building Financial Crime Capability	HSBC University	Oct-Nov 20
Introduction to Non-Financial Risk	HSBC University	Feb-Mar 20
AB&C Training for High Risk Roles for Senior Leaders - Virtual Delivery	HSBC University	May, Jul 20
Refreshment SMR - Governance, Risk & Compliance (GRC) and Three Lines of Defence	BSMR	Apr 20

## Global Mandatory Training (GMT)

Global Mandatory Training (GMT) supports understanding our Global Principles, the cornerstone of who we are and how we operate. In particular, GMT looks at the key risks we face as a bank and how to manage them effectively, so that we can provide the right outcomes for our customers and stakeholders.

### Overview GMT Calendar 2020

Quarter 1/2020 April-June	Quarter 2/20 August-October	Quarter 3/2020 October-December
<b>HSBC and Me</b>	<b>Fighting Financial Crime</b>	<b>Values, Conduct and Me</b>
<ul style="list-style-type: none"> <li>Managing Risk at HSBC</li> <li>Sustainability</li> <li>Health, Safety and Well-being</li> <li>Data Privacy</li> <li>Cyber Security</li> </ul>	Anti Money Laundering, Tax, Sanctions, Fraud and Anti-Bribery & Corruption	Values & Conduct Workplace Harassment
Assigned 19 April - Completed 17 June 2020	Assigned 9 August - Completed 7 October 2020	Assigned 18 October - Completed 16 December 2020

## Financial Crime Risk High Risk Role Training Programme

These are a suite of modules designed to address the enhanced learning requirements of colleagues in high risk roles. A high risk role is one that involves activities which have a greater exposure to risks of Money Laundering, Sanctions and Bribery, and Corruption. As a result of this exposure, colleagues in high risk roles must develop and demonstrate an enhanced ability to identify, assess, manage and report financial crime.

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

- AML and Sanctions (AMLS) for High Risk Role  
This training is mandatory for all AML and Sanctions High Risk Roles within the Bank and it is separated from the Global Mandatory Training (GMT) courses 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 role. Both permanent and contract employees are required to complete High Risk Role learning and post-course assessments. The e-Learning and post-course assessment is mandatory and employees

have 90 days to complete the assigned modules. In 2020, the AML and Sanctions for High Risk Role training programme consisted of 7 curriculums assigned to 1,048 employees from each business function, with the number of employees who have completed training as many as 694 employees or 66.22%. The rest will complete the training in 2021.

- Anti Bribery & Corruption (AB&C) for High Risk Role  
This training programme consisted of 2 curriculums which were assigned to 230 employees from each business and function, and 217 or 94.35% of the employees have completed the assigned curriculums.

## HSBC Leadership Training Programme

The Bank has several flagship leadership training programmes, some of which are part of the HSBC University programmes. In 2020, the number of employees participating reached 78 employees.

Leadership Programme	Global Business	Global Functions	HOST	Total
People Management Essentials	4	-	11	15
Hiring Essential	32	5	18	55
Coaching for Performance	-	1	1	2
Coaching for Performance People Management Toolkit	3	-	-	3
Coaching for Performance Personal Coaching Challenge	1	-	2	3
<b>Total</b>	<b>40</b>	<b>6</b>	<b>32</b>	<b>78</b>

## Future Skills Learning Programme

The Bank has identified through research the critical skills which will enable employees and HSBC to be successful in the future. The skills identified cover both current and future-focused skills - and have been categorised for ease of reference. In 2020, the Future Skills Learning programme was available in 13 curriculums and the number of employees who have completed training were 178 employees.

Future Skills Curriculums	Global Business	Global Functions	HOST	Total
Communicating with Impact	-	-	1	1
Connectivity	15	16	3	34
Creativity	3	-	2	5
Curiosity	-	3	1	4
Customer Engagement	1	-	-	1
Design Mindset	7	2	-	9
Growth Mindset	10	5	25	40
Interview Skills	9	9	4	22
Negotiation Skills	10	2	2	14
Presentation Skills	6	3	1	10
Resilience	1	2	3	6
Sense Making	14	9	6	29
Virtual Collaboration	1	2	-	3
<b>Jumlah</b>	<b>77</b>	<b>53</b>	<b>48</b>	<b>178</b>

### COVID-19 Handling Training

In order to equip employees returning to work in the office during new normal situations, the Bank has provided specified training called "COVID-19: Returning to Office" for 3,586 employees to ensure the employees will be able to implement health protocol standards in their workplace.

### Banking Certification Programme

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 1,562 employees, and 354 employees have completed the required refresher programme for risk management certification.
- **Treasury Certification**  
Since 2017, OJK requires banks to implement the treasury certification in accordance with the provision of PBI 19/5/PBI 2017. In 2020, 26 Global Market employees completed their treasury certification.

- **WAPERD Certification**  
WAPERD certification is a mandatory requirement for RBWM sales employees who market the mutual fund products. The number of new RBWM sales employees who have completed their WAPERD certificates in 2020 are 349 employees.
- **AAJI Certification**  
The AAJI certification is required for RBWM sales employees who market the bancassurance products. The number of new RBWM sales employees who have completed their AAJI certificates in 2020 are 362 employees.
- **WPPE Certification/bond license for Retail and Treasury**  
The number of employees who have completed their WPPE certificates in 2020 are 363 employees.



Certification Programme	Business Functions					Total
	Commercial Banking	Global Banking & Markets	Retail Banking Wealth Management	HOST	Others LOB's	
Risk Management Certification						
SMR Level 1	110	59	34	207	40	763
SMR Level 2	147	53	171	102	92	565
SMR Level 3	24	11	44	18	87	184
SMR Level 4	4	2	5	4	29	44
SMR Level 5	1	-	1	1	3	6
SMR Refresher Programme	93	41	118	46	56	354
Treasury Certification						
Treasury Level Basic	-	19	-	-	-	19
Treasury Level Intermediate	-	4	-	-	-	4
Treasury Level Advance	-	3	-	-	-	3
WAPERD Certification	-	-	349	-	-	349
AAJI Certification	-	-	362	-	-	362
WPPEP Certification	-	11	352	-	-	363

### Training and Development Expenses in 2020

The total training and development utilisation cost in 2020 that has been spent for employees was Rp34,789 million, or 2.04% of total staff cost in 2020.

Description	2020 (in million)
Realisation of Training Cost	34,789
Realisation of Staff Cost	1,701,543
Training Cost against Staff Cost Ratio	2.04%



## TECHNOLOGY & OPERATIONS

### Strategy & Implementation in 2020

In 2020, the Bank continued developing its hardware, software and operational processes 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, and the use of digital identities and digital signatures. The initiatives resulted in increased scalability of operational capacity, speed, accuracy, and service to customers as well as reducing operational risk.

The Bank enabled new capabilities for digital onboarding for retail customers via tablets such as upfront data validation of documents and automatic check to avoid data duplication.

The Bank launched HSBC Fast Pay programme to ease customers in making online transactions by increasing the online transaction limit. The programme caused a 40% increase in mobile based transactions within one month.

The corporate banking digital platform has been enhanced to improve customer journey with HSBCNet now supporting offshore registration, improvement in electronic trade and supply chain solution, implementation of new blockchain technology to issue fully digital Letter of Credit, and Cloud based liquidity reporting system for faster process.

### Compliance

The Bank continued to ensure that data, systems, and processes comply with the latest regulations. Automation in regulatory reporting processes continued to support paperless mechanism.

### 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 continued to invest in its capabilities to detect, deter, and prevent financial crime. The Bank utilized data processing technology and data sets to store data from a variety of processed sources and then refined

them using specific data quality parameters. This will make it easier for teams to proactively identify, understand, and prevent potential risks from occurring hence protecting customers from potential risk.

#### Anti-Bribery and Corruption

The Bank enhanced its gifts and entertainment tracking, in support of a zero-tolerance approach to bribery and corruption.

#### Fraud Risk

The Bank upgraded its anti-fraud capabilities, by providing real-time fraud monitoring of debit card, internet banking, and manual transactions. HSBC-issued VISA and MASTERCARD are now more secure thanks to advanced customer authentication capabilities.

#### Credit Risk

Considering the banking industry conditions in 2020, the Bank improved monitoring measures in the credit risk management system by applying a scorecard based on historical use of the facility, exposure handling, and authorisation via system. The improvement was made to maintain the quality of loan portfolio and minimize loss.

#### Cybersecurity

HSBC Indonesia collaborated with HSBC group in implementing Cyber Security Maturity Improvement Programme (CSMIP) to improve security from cyber attack threat. This encouraged the Bank to actively develop in accordance with international standards so as to maximize the Bank's ability to ward off and anticipate cyberattacks to protect customers and prevent data leakage. The Bank also continued to conduct continuous communication to increase employees' awareness of potential cyberattacks through a series of socialisations.

#### Operational Resilience

The Bank successfully tested critical systems and business continuity plans, demonstrating its ability to respond to events and serve business and customers in contingency situations. This was supported by training for senior staff on responding to major incidents.

The Bank could well-adapt to COVID-19 pandemic with the early implementation of Open Work and Remote Working, where employees were allowed to work from home in a flexible manner while maintaining the quality and standard of good banking services.

The Bank continued to evergreen its software and hardware, to ensure that internal and external services work properly, and to minimise the risk of service disruption to customers.

### Human Resources

The Bank was committed to developing employee potentials by actively providing internal or external training and opportunities to add insights in the international world. The training balances between employees soft skills and hard skills.

The Bank embed methodologies such as Agile and DevOps for more efficient system development and implementation.

In order to maintain employees' health during the pandemic, training was performed through electronic media such as HSBC University and video conferencing. 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.

## Plan & Strategy in 2021

### Continuous enhancement of IT platform

The Bank will continue to improve its capacity, system, and infrastructure to meet current and future business demand, including ongoing consideration of emerging technologies such as Cloud, APIs, and BlockChain.

#### Digitisation and streamlining

The Bank will continue to strive and optimise the use of technology. System development is performed in an integrated manner to produce a sustainable and efficient process which will provide better customer service.

### 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 Operational Risk Management Framework.

The Bank will develop technology to improve system capabilities and risk mitigations. These include systems to detect and prevent financial crimes, integrated regulatory reporting systems, and cybersecurity tools 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.

### Operational Resilience

The Bank will continue to evergreen existing software and hardware to optimise service levels and enhance overall security.

### Human Resources

The Bank remains committed to the development of staff knowledge, skills, and service culture across IT and Operations. It will achieve this through training, development programmes, reward and 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.

# 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.

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 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.

Risk Appetite Statement is reviewed periodically at least once a year 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. 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 roles and responsibilities in Three Lines of Defence (3LOD).

### B. RISK GOVERNANCE STRUCTURE

#### 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 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 with Bank's strategic objectives.

The committee is chaired by the Risk Management Director and consists of members of the Board of Directors, including Compliance Director 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 consider risk management key issues/common themes identified across the enterprise risk reports.
- To perform assessment and recommendation to the Board of Directors and/or the Board of Commissioners covering risk management policy and strategy, improvement of risk management implementation based on evaluation, and business decisions.
- To review and resolve matters for escalation.
- 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.

## (ii) Integrated Risk Management Committee

In the implementation of a comprehensive Integrated Risk Management in accordance with the regulations of POJK No. 17/POJK. 03/2014, 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 entities which included in the Financial Conglomeration.

Risk Management Committee is chaired by Risk 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 as well as executive officers with expertise in risk management (SKMR). Included in the membership are Directors or the designated representative of the entity included in the Financial Conglomeration (currently; PT HSBC Sekuritas Indonesia).

### Integrated Risk Management Committee 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 appointed by the Board of Commissioners and can only act as Chairman of another committee under the Board of

Commissioners. Committee membership consists of Independent Commissioners as well as independent parties with expertise in risk management and independent parties with expertise in finance.

### Authority and Responsibilities of ROC

- To evaluate the conformity between policy on risk management and implementation of 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 BOC on:
  1. Risk related matter
  2. Risk Appetite
  3. Stress Testing
  4. Enterprise Risk Management Framework and Internal Control System
  5. Risk Director and Risk Management Function
  6. Internal Audit
  7. External Audit
  8. Annual Report

### Other Responsibilities of Risk Oversight Committee

1. Annual Review of Terms of Reference and Committee Effectiveness as well as report to Board of Commissioners

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.

2. Reporting to Board of Commissioners  
Risk Oversight Committee will report to Board of Commissioners on the matters set out in these 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 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 on HSBC Indonesia 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 Management Framework

The implementation of effective risk management through an integrated Risk Management Framework ensures risk measurement reported is controlled and mitigated in accordance with the vision, mission and business strategy of the Bank.

The Bank's risk management framework is established to identify and analyse the existing risks within the Bank's operations, to determine appropriate risk constraints and controls and to monitor risks and compliance within pre-defined limits.

#### Risk Culture

The Bank defines its risk culture as the collaborative attitudes, values and norms that shape the organisation behaviour. The approach in managing risk culture is built upon a set of principles about culture and behaviour change. However, 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 our ability to manage risk. A culture that is effective in managing risk and leads to fair conduct outcomes is one that supports and encourages Good Judgement, Speaking Up, and Accountability.

#### Three Lines of Defence

In order to strengthen Risk Culture, Bank introduced operational Risk Management Framework concept of 'Three Lines of Defence' in 2013, with main focus on strengthening First Line (business and function) with awareness of their responsibility to perform adequate risk management.

Three lines of defence model includes Business and Functional units as the First Line of Defence, Risk Steward units (that establishes 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 risk management, including ensuring fulfilling 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 appropriate risk management in performing 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 own risk management-related policies and conduct comprehensive oversight over certain risks, for example the Operational and Resilience Risk, Financial Crime Compliance, Legal, Regulatory Compliance, and other units such as Wholesale and Market Risk, Retail Credit Risk. The Second Line of Defence may also consist of units that perform daily functions, but have specific risk management coverage, for example Human Resources (for people risk). 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 managing risk in compliance to the Bank's policy.

### **Risk Management Working Unit (SKMR)**

Bank also establishes Risk Management Working Unit (Satuan Kerja Manajemen Risiko/SKMR) which is a unit that is independent of operational works unit (risk taking units) and other work units that carry out the internal control function.

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

To support good corporate governance for the Bank, SKMR performs risk assessments and analysis to support the bank's business strategies. The main function of this unit is to undertake risk monitoring and present the results to the Risk Management Committee and to prepare the Bank's risk profile with associated recommendations to Otoritas Jasa Keuangan. Head of SKMR reports to the Risk Director.

### **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 in order to increase risk management competence. Including the trainings in order to increase risk management competence, such as Risk Management Certification Programme as well as Risk Management Certification Maintenance/Refreshment Programme, 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 include: proactively covering all functional activities, combining and analyzing risk information from all available sources, and analyzing risk probability and its consequences.

#### **Risk Measurement**

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

Several items measured includes product/activity sensitivity to changes in factors influencing it, individual risk factors, and aggregate risk exposure taking into account the risk correlation.

#### **Risk Monitoring**

Risk monitoring is carried out to ensure that risk limits both when set and when monitored have taken into consideration loss experience, ability of capital to absorb the loss/exposures, and to ensure that positions 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:

- The risk exposure being measured appropriately.
- Adherence of risk management implementation to policies.
- Availability of risk management implementation realisation compared to targets 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 Bank 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 (SKAI). 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 Board of Commissioners and Directors is Enterprise Risk Report which consists of:

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

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

## F. STRESS TESTING

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. Bank uses the outcome to calibrate our risk appetite and to review the robustness of our strategic and financial plans, helping to improved the quality of management's decision making. Stress testing analysis assists management in understanding the nature and existent vulnerabilities to which the Bank is exposed. The result of stress test also drive recovery and resolutions planning to enhance the Bank's financial stability under various macroeconomic scenarios.

## G. RISK MANAGEMENT STRATEGY AND PROCESS

Certain strategy and process to manage, hedge and mitigate risk arising from bank's business model are used strategically in portfolio management activities. While single name concentrations arise in portfolios managed by Global Banking and Commercial Banking, it is only in Global Markets that their size requires the use of portfolio level market mitigants. Risk limits and utilisations, maturity profiles and risk quality are monitored and managed proactively by Global Markets. This process is key to the setting of risk appetite for these large and more complex. While the principal form of risk management continues to be at the point of exposure origination, through the lending decision-making process, hedging activity is carried out within agreed credit parameters, and is subject to market risk limits and a robust governance structure.

## 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.

Below are the eight risk types faced by the Bank and its monitoring and management processes:

#### (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.

#### Organisation of Credit Risk Management

Identification of credit risk has done by Business, Wholesale Credit Approval and Wholesale Credit Risk. Bank has established operating framework of Wholesale Credit Risk which has been aligned with operation modus based on POJK and SEOJK 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 monthly meetings of the Risk Management Committee led by the Risk 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 and will be used by the Bank to determine comprehensive credit risk mitigation.

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

Credit policy is prepared by an independent unit 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 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 operates as normal. In addition, any change in business conditions can be anticipated to mitigate the deterioration of credit quality.

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 LLL), and industry sectors 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 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 Credit 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 Loan Management Unit for recovery actions.

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

#### **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 annually prior to Board of Commissioner approval.

Key indicators such as the ratios related to revenue, profitability, capital, portfolio quality, liquidity, NPLs, and other Bank categories are monitored monthly in the Risk Management Committee meeting.

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 to take anticipatory measures.

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 regulatory policy.

In addition, this year Bank has established limit industry cap for certain industry which deemed as high risk industry.

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

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

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

HSBC measures credit risk using the standard method in accordance with OJK Circular No.42 / SEOJK.03/2016 on "Pedoman Perhitungan Aset Tertimbang Menurut Risiko untuk Risiko Kredit dengan Menggunakan Pendekatan Standar" which requires that all banks have to calculate 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 RWA 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/CKPN.

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 CCP exposures.

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**

Bank manages the counterparty exposure on our OTC derivative contracts by using collateral agreements with counterparties. Currently, Bank does not actively manage Bank's general OTC derivative counterparty exposure in the credit markets, although Bank may manage individual exposures in certain circumstances. Bank place 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 on the balance sheet and administrative account positions, including derivative transactions, resulting from overall changes in market conditions, including the risk of changes in option prices.

Market Risk is managed by a working unit that independent from business and part of risk management working in the Bank.

In the context of the process of implementing Risk Management, the Bank uses a variety of risk measurement approaches, both with standard methods as recommended by the Basel Committee on Banking Supervision at the bank for International Settlements as well as with an advanced measurement

model (internal model). Measurement using the internal model intended for anticipation of increasingly complex developments in banking operations as well as anticipations for future banking policies. The application of internal model has taken into account various minimum requirements, both quantitative and qualitative, so the result of risk assessment can better reflect the actual condition of the Bank. For the purposes of calculating the Market Risk associated with the calculation of the Capital Adequacy Ratio (KPRM), Bank refers to the applicable provisions.

The Bank measures the potential risk of loss resulting from the possibility of a less favorable movement of interest rate fluctuations and currency exchange rates using the Value at Risk (VaR) method. The Bank also conducts stress tests on market risk, controls and monitors daily market risk limit utilisation and net open position at the end of each day in accordance with Bank Indonesia regulations.

In managing market risk, the Bank divides it into interest rate risk and currency exchange rate risk. Interest rate risk arises from 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. While the currency exchange rate arises from the foreign currency exchange fluctuation that affected Bank open position.

The Bank separates market risk exposures between the trading 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 portfolios include positions arising mainly from interest rate management of interest and interest-bearing assets, and assets classified as available for sale.

The Bank shall exercise maximum market risk monitoring in accordance with the approved limit on a daily basis, including net position at the end of the day in accordance with BI regulations. The Bank also conducts management by looking at the net risks of assets and liabilities as remaining interest rate risk. The Bank approves the maximum limit for interest risk in form of PVBP (Present Value Basis Point) for each book: trading, banking and total position of the bank.

The Bank measures potential losses using portfolio sensitivity to exchange rate and interest rate changes, Value at risk ('VaR') and stress testing, giving a detailed picture of potential gains and losses as well as risks on abnormal market conditions in specified time period.

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 maintaining primary 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. Establishing a Cash Holding limit policy on Bank branch offices.
4. Implementing the 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).

5. 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.

### (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.

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 profiles which has to be analyzed to ensure Operational Risk Management implementation. SKMR also provides input on Risk Self Assessment for operational risk analysis for new activities and products.

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 Operational Risk management 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, implementation of risk-based control assessment that



is conducted by CCO, implementation of Key Indicators to improve control monitoring process, identification of existing risk or problems 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 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 Bank units 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 aspects 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 16 external legal counsel 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, 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, the Bank's website, social media analysis; customer complaints, and internally through the Exchange programme 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, programmes 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 recorded by the Complaints Handling department through the CMS system with automatic mechanism of escalation it 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, HR 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 programme which is 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 as stipulated in SE No. 054/SK/DIR/VII/2017 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, as stated in SE No. 054 / SK / DIR / VII / 2017 regarding 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 dramatic changes in the external and internal environment which cannot be accommodated or anticipated by the Bank using existing strategies and policies. Risk Management Committee and Risk Management Units are developed to address these risks and ensure it is being controlled according to the Banks policy, guidelines and Regulations and to monitor the initiatives that have been agreed in the Bank's strategy plan.

The Bank has established guidelines to implement its strategy. To ensure the risk identification process and respond to any external or internal changing factors in the business. The Governing Policy is formulated in the Banks Business Plan 2021-2023 and Bank's Corporate Plan 2021-2025 as a guideline for the bank's short, medium and long term growth.

Measurement mechanism and Strategic Control are conducted as such:

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

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

HBID has Risk Oversight Committee in Board of Commissioners level which runs in quarterly basis and Risk Management Committee in Board of Directors level which runs on a monthly basis. Compliance Director is a permanent member in both of the Committees.

HBID is also responsible to ensure the implementation of the compliance culture in the Bank as well as ensuring that all policies, provisions, systems, and procedures of the Bank's activities conducted by the Bank are in accordance with the provisions of Financial Services Authority, Bank Indonesia, and applicable laws under other 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 HBID 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, Board of Commissioners meeting, Audit Committee meeting, Risk Oversight 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 HBID, including the assessment on inherent risk, implementation of control and residual risk which is performed regularly and in continuous basis.
- d. Compliance Unit from WPB Advisory, WSB Advisory, FC, and Conduct Compliance are actively performing dissemination and ensure a proper Conduct implementation in HBID, to apply the fair customer aspect as a culture that HBID adheres to.

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 settlement of these commitments.

## INFORMATION DISCLOSURES OF RISK EXPOSURES AND CAPITAL

### 1. General - Key Metrics

No	Description
<b>Available Capital (amounts)</b>	
1	Common Equity (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 (%)
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 ratio (%)
<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.

\*) For points number 14, 14b, 14c, and 14d are based on POJK No. 31/POJK.03/2019 with first reporting on 31 March 2020.



(in Million Rupiah)

	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20	31-Dec-19
	18,910,895	18,872,082	18,183,654	18,384,506	17,733,746
	18,910,895	18,872,082	18,183,654	18,384,506	17,733,746
	20,764,533	20,773,097	20,068,041	20,617,137	19,667,473
	77,755,638	80,629,722	84,309,636	100,107,784	83,146,577
	24.32%	23.41%	21.57%	18.36%	21.33%
	24.32%	23.41%	21.57%	18.36%	21.33%
	26.70%	25.76%	23.80%	20.59%	23.65%
	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%
	17.70%	16.77%	14.80%	11.59%	14.66%
	129,428,490	123,759,564	124,836,599	152,629,157	n/a *)
	14.61%	15.25%	14.57%	12.05%	n/a *)
	14.61%	15.25%	14.57%	12.05%	n/a *)
	14.69%	15.22%	14.47%	12.25%	n/a *)
	14.69%	15.22%	14.47%	12.25%	n/a *)
	36,997,022	33,739,328	29,262,602	32,374,624	26,584,001
	5,870,205	5,398,174	6,543,947	6,203,196	5,412,136
	630.25%	625.01%	447.17%	521.90%	491.19%
	67,287,019	66,303,098	67,325,448	67,086,852	64,673,430
	40,806,923	39,582,027	41,811,840	53,763,046	42,368,760
	164.89%	167.51%	161.02%	124.78%	152.64%

## 2. General - Difference between Consolidated Scope and Mapping in the Financial Statement in accordance with Financial Accounting Standards by Risk Categories in accordance with OJK Regulation for Risk Categories (LI1)

	Carrying value as stated in the published financial statements	The carrying value is based on the precautionary principle	
<b>Assets</b>			
Cash	627,207	627,207	
Placement with Bank Indonesia	5,404,452	5,404,452	
Placement with other banks	14,395,054	14,395,054	
Spot and derivative/forward receivables	671,498	671,498	
Investment securities	19,762,791	19,762,791	
Securities sold under repurchase agreement (repo)	-	-	
Securities purchased with agreement to resell (reverse repo)	9,292,848	9,292,848	
Acceptance receivables	2,047,057	2,047,057	
Loans to customers	58,394,171	58,394,171	
Sharia financing	-	-	
Equity investment	-	-	
Other financial assets	-	-	
Impairment on financial assets -/-	(3,092,308)	(3,092,308)	
Intangible asset	332,147	332,147	
Accumulated amortisation on intangible assets -/-	(243,026)	(243,026)	
Properties and equipment	1,485,633	1,485,633	
Accumulated depreciation on properties and equipment -/-	(915,017)	(915,017)	
Non productive asset			
a. Abandoned property	-	-	
b. Foreclosed assets	142,149	142,149	
c. Suspense accounts	-	-	
d. Interbranch assets	-	-	
Other assets	4,296,399	4,296,399	
<b>Total assets</b>	<b>112,601,055</b>	<b>112,601,055</b>	
<b>Liabilities</b>			
Current account	35,871,111	35,871,111	
Savings account	15,281,272	15,281,272	
Time deposit	21,007,448	21,007,448	
Electronic money	-	-	
Liabilities to Bank Indonesia	-	-	
Deposits from other banks	4,491,715	4,491,715	
Spot and derivative/forward liabilities	659,526	659,526	
Liabilities on securities sold under repurchase agreement (repo)	-	-	
Acceptance liabilities	2,047,057	2,047,057	
Issued securities	-	-	
Loans received	8,570,500	8,570,500	
Margin deposit	709,733	709,733	
Interbranch liabilities	-	-	
Other liabilities	4,664,158	4,664,158	
Minority interest	-	-	
<b>Total liabilities</b>	<b>93,302,520</b>	<b>93,302,520</b>	



(in million Rupiah)

	The carrying amount of each risk				
	Subject to credit risk framework	Subject to counterparty credit risk	Subject to the Securitisation Framework	Subject to the Market Risk Framework	Not subject to capital requirements or subject to deduction from capital
	627,207	-	-	292,913	-
	5,404,452	-	-	2,121,550	-
	14,395,054	-	-	14,194,214	-
	-	671,498	-	-	-
	19,762,791	-	-	562,051	-
	-	-	-	-	-
	9,292,848	-	-	-	-
	2,047,057	-	-	1,407,813	
	58,394,171	-	-	20,508,095	
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	(3,092,308)	-	-	(1,416,865)	-
	332,147	-	-	-	332,147
	(243,026)	-	-	-	(243,026)
	1,485,633	-	-	-	-
	(915,017)	-	-	-	-
	-	-	-	-	-
	142,149	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	4,033,071	-	-	46,146	265,832
	<b>111,666,229</b>	<b>671,498</b>	<b>-</b>	<b>37,715,917</b>	<b>354,953</b>
	-	-	-	11,508,614	35,871,111
	-	-	-	8,674,766	15,281,272
	-	-	-	3,784,580	21,007,448
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	27,696	4,491,715
	-	-	-	-	659,526
	-	-	-	-	-
	-	-	-	1,407,813	2,047,057
	-	-	-	-	-
	-	-	-	8,570,500	8,570,500
	-	-	-	-	709,733
	-	-	-	-	-
	-	-	-	1,764,295	4,664,158
	-	-	-	-	-
	-	-	-	<b>35,738,264</b>	<b>93,302,520</b>



### 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)

		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)	112,601,055	111,666,229	-	671,498	37,715,917
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	93,302,520	-	-	-	35,738,264
3	Total net amount under regulatory scope of consolidation	19,298,535	111,666,229	-	671,498	1,977,653
4	Off-balance sheet amounts	88,094,092	8,046,449	-	-	(2,221,173)
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	317,083	317,083	-	-	-
8	Difference due to prudential filters	1,038,066	-	-	1,038,066	-
	<b>Exposure amounts considered for regulatory purposes</b>	<b>108,747,776</b>	<b>120,029,762</b>	<b>-</b>	<b>1,709,564</b>	<b>(243,520)</b>

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

Bank HSBC Indonesia 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.

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 2020 (CC1)**

No	Component	Amount (in Million Rupiah)	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	7,934,728	B
3	Accumulated other comprehensive income (and other reserves)	551,698	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>	19,330,431	
	<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)	89,122	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	64,582	
	c. Deferred tax asset	265,832	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	419,536	
29	Common Equity Tier 1 capital (CET1)	18,910,895	

**5. Capital - Composition of Capital as of 31 December 2020 (CC1)**

No	Component	Amount (in Million Rupiah)	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)	18,910,895	
	<b>Tier 2 Capital: instruments and provisions</b>		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	1,053,750	
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	799,888	
51	<b>Tier 2 capital before regulatory adjustments</b>	1,853,638	
	<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	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 2020 (CC1)**

No	Component	Amount (in Million Rupiah)	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>	1,853,638	
59	Total capital (TC = T1 + T2)	20,764,533	
60	Total risk weighted assets	77,755,638	
	<b>Capital Ratios and Buffers</b>		
61	<b>Common Equity Tier 1 (as a percentage of risk weighted assets)</b>	24.32%	
62	<b>Tier 1 (as a percentage of risk weighted assets)</b>	24.32%	
63	Total capital (as a percentage of risk weighted assets)	26.70%	
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)	17.70%	
	<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 2020 (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 2020	31 December 2020	
	<b>ASSETS</b>			
1.	Cash	627,207	627,207	
2.	Placement with Bank Indonesia	5,404,452	5,404,452	
3.	Placement with other banks	14,395,054	14,395,054	
4.	Spot and derivative receivables	671,498	671,498	
5.	Investment securities	19,762,791	17,883,726	
6.	Securitized sold under repurchase agreement (repo)	-	-	
7.	Securities purchased with agreement to resell (reverse repo)	9,292,848	9,292,848	
8.	Acceptance receivables	2,047,057	2,047,057	
9.	Loans to customers	58,394,171	58,394,171	
10.	Sharia financing	-	-	
11.	Equity investment	-	-	
12.	Other financial assets	-	-	
13.	Impairment on financial assets -/-			
	a. Securities	(6,843)	(6,843)	
	b. Loans	(3,059,585)	(3,059,585)	
	c. Others	(25,880)	(25,880)	
14.	Intangible assets	332,147	332,147	D
	Accumulated amortisation on intangible assets -/-	(243,026)	(243,026)	D
15.	Properties and equipment	1,485,633	1,485,633	
	Accumulated depreciation on properties and equipment -/-	(915,017)	(915,017)	
16.	Non productive assets			
	a. Abandoned property	-	-	
	b. Foreclosed assets	142,149	142,149	
	c. Suspense accounts	-	-	
	d. Interbranch assets			
17.	Deferred tax assets	265,832	265,832	E
18.	Other Assets	4,030,567	4,030,567	
	<b>TOTAL ASSETS</b>	<b>112,601,055</b>	<b>112,601,055</b>	



**6. Capital - Reconciliation of Capital as of 31 December 2020 (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 2020	31 December 2020	
LIABILITIES AND EQUITIES				
LIABILITIES				
1.	Current account	35,871,111	35,871,111	
2.	Savings Account	15,281,272	15,281,272	
3.	Time deposits	21,007,448	21,007,448	
4.	Electronic money	-	-	
5.	Liabilities with Bank Indonesia	-	-	
6.	Deposits with other banks	4,491,715	4,491,715	
7.	Spot and derivative liabilities	659,526	659,526	
8.	Liabilities on securities sold under repurchase agreement (repo)	-	-	
9.	Acceptance liabilities	2,047,057	2,047,057	
10.	Issued securities	-	-	
11.	Loans received			
	a. Recognized in AT1	1,053,750	1,053,750	
	b. Not recognized in capital	7,516,750	7,516,750	
12.	Margin deposits	709,733	709,733	
13.	Interbank liabilities	-	-	
14.	Other liabilities	4,664,158	4,664,158	
	TOTAL LIABILITIES	93,302,520	93,302,520	

**6. Capital - Reconciliation of Capital as of 31 December 2020 (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 2020	31 December 2020	
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	15,602	15,602	
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	627,849	627,849	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	(78,621)	(78,621)	
	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	(125,570)	(125,570)	C
	g.2. In accordance with remeasurement of defined benefit pension plans	15,724	15,724	
	h. Others	15,399	15,399	
19.	Reserves			
	a. General reserves	49,419	49,419	C
	b. Appropriated reserves	-	-	
20.	Gain/Loss			
	a. Previous years	7,260,976	7,260,976	B
	b. Current year	1,309,994	1,309,994	B
	c. Dividend paid -/-	(636,242)	(636,242)	
	TOTAL EQUITIES	19,298,535	19,298,535	B
	TOTAL LIABILITIES AND EQUITIES	112,601,055	112,601,055	

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

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 loans
8	Amount recognized in regulatory capital	10,844,005	1,053,750
9	Par value of the instrument	10,586,395	1,053,750 (USD 75 juta)
10	Accounting classification	Equity	Liability - Amortised Cost
11	Original date of issuance	13/04/2017	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
	a. 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

(in million Rupiah)

No	Description	As of 31 December 2020
1	Total assets on the balance sheet in published financial statement (gross value before deducting impairment provision)	115,704,318
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	1,038,066
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	16,266,119
11	Prudent valuation adjustments in form of capital deduction factor and impairment provision	(3,580,012)
12	Other adjustments	-
13	Total exposure in Leverage Ratio Calculation	129,428,490

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

**B. Leverage Ratio Calculation Report**

(in million Rupiah)

No. Information		Periode	
		Dec 2020	Sep 2020
On Balance Sheet Exposure			
1	On-balance sheet exposures excluding derivatives and securities financing transactions (SFTs) (gross value before deducting impairment provision)	105,739,972	104,071,087
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)	(3,107,708)	(2,743,011)
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)	(354,954)	(194,585)
7	<b>Total asset exposure on the financial report</b> Total from line 1 to 6	<b>102,277,310</b>	<b>101,133,491</b>
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	940,098	527,150
9	Add-on amounts for potential future exposure associated with all derivatives transaction	769,466	993,445
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	<b>Total derivative exposures</b> Total of line 8-12	<b>1,709,564</b>	<b>1,520,595</b>
Securities financing transaction exposures			
14	Gross SFT	9,292,848	5,876,534
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> Total of line 14-17	<b>9,292,848</b>	<b>5,876,534</b>
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross national amount	88,094,092	85,208,673
20	(Adjustment from the result of multiplying commitment payable or contingent payables with credit conversion factor and deducted with impairment provision)	(71,827,974)	(69,946,777)
21	(Impairment provision for off-balance sheet in line with accounting standard)	(117,350)	(32,951)
22	<b>Total Off-balance sheet</b> Total line 19-21	<b>16,148,769</b>	<b>15,228,944</b>

**B. Leverage Ratio Calculation Report**

(in million Rupiah)

No.	Information	Periode	
		Dec 2020	Sep 2020
Capital and Total Exposures			
23	Tier 1 Capital	18,910,895	18,872,082
24	<b>Total Exposure</b> Total of line 7, 13, 18, and 22	<b>129,428,490</b>	<b>123,759,564</b>
Leverage Ratio			
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	14,61%	15,25%
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)	14,61%	15,25%
26	Minimum leverage ratio requirement	3%	3%
27	Applicable leverage buffers	N/A	N/A
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	8,571,478	6,143,292
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	9,292,848	5,876,534
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	128,707,120	124,026,322
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	128,707,120	124,026,322
31	Basel III leverage ratio, including the impact of any applicable temporary exemptionof central bank reserve, incorporating mean values from row 28 of gross SFT assets	14.69%	15.22%
31a	Basel III leverage ratio, excluding the impact of any applicable temporary exemptionof central bank reserve, incorporating mean values from row 28 of gross SFT assets	14.69%	15.22%

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 2020					
		Net receivables Based on Region					
		Area 1	Area 2	Area 3	Area 4	Total	
		Jakarta	North Sumatera	Central Java and East Java	Others (South Sumatera and West Java)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Receivables on Government	34,156,166	-	-	-	34,156,166	
2	Receivables on Public Sector Entities	9,216,824	-	-	-	9,216,824	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	
4	Receivables on Banks	17,701,195	9,880	49,581	-	17,760,656	
5	Loans Secured by Residential Property	376,122	-	4,595	502	381,219	
6	Loan Secured by Commercial Real Estate	-	-	-	-	-	
7	Employee/Pensions Loans	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	3,485,655	183,544	320,583	181,359	4,171,141	
9	Receivables on Corporate	42,282,815	3,438,868	3,957,198	694,791	50,373,672	
10	Past Due Receivables	528,650	75,510	159,535	38,572	802,267	
11	Other Assets	4,633,201	113,453	114,157	16,570	4,877,381	
Total		112,380,628	3,821,255	4,605,649	931,794	121,739,326	

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

No.	Portfolio Category	31 December 2020						
		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	17,502,961	5,872,592	5,323,358	1,205,116	4,252,139	34,156,166	
2	Receivables on Public Sector Entities	7,709,580	1,062,348	-	444,896	-	9,216,824	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables on Banks	13,031,766	835,475	80,530	72,146	3,740,739	17,760,656	
5	Loans Secured by Residential Property	1,661	24,010	27,945	327,603	-	381,219	
6	Loan Secured by Commercial Real Estate	-	-	-	-	-	-	
7	Employee/Pensions Loans	-	-	-	-	-	-	
8	Receivables on Micro, Small Business & Retail Portfolio	1,317,337	1,107,146	1,145,796	600,862	-	4,171,141	
9	Receivables on Corporate	42,977,349	5,185,676	2,079,456	131,191	-	50,373,672	
10	Past Due Receivables	650,028	67,193	67,126	17,920	-	802,267	
11	Other Assets	-	-	-	-	4,877,381	4,877,381	
Total		83,190,682	14,154,440	8,724,211	2,799,734	12,870,259	121,739,326	

(in million Rupiah)

31 December 2019					
Net receivables Based on Region					
Area 1	Area 2	Area 3	Area 4	Total	
Jakarta	North Sumatera	Central Java and East Java	Others (South Sumatera and West Java)		
(3)	(4)	(5)	(6)	(7)	
26,886,578	-	-	-	26,886,578	
7,052,099	-	-	-	7,052,099	
-	-	-	-	-	
12,797,304	9,509	76,493	7,675	12,890,981	
293,203	-	10,505	651	304,359	
-	-	-	-	-	
-	-	-	-	-	
4,483,368	182,981	288,774	187,664	5,142,787	
51,929,143	3,361,893	6,126,308	936,090	62,353,434	
371,689	108,583	251,245	85,626	817,143	
5,056,346	111,829	93,127	29,611	5,290,913	
<b>108,869,730</b>	<b>3,774,795</b>	<b>6,846,452</b>	<b>1,247,317</b>	<b>120,738,294</b>	

(in million Rupiah)

31 December 2019					
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)	
5,288,795	10,746,383	1,903,769	1,603,843	7,343,788	26,886,578
6,783,088	269,011	-	-	-	7,052,099
-	-	-	-	-	-
9,609,633	898,694	66,745	54,774	2,261,135	12,890,981
370	21,185	20,558	262,246	-	304,359
-	-	-	-	-	-
-	-	-	-	-	-
2,813,554	1,061,600	710,415	557,218	-	5,142,787
59,208,077	2,747,267	158,845	239,245	-	62,353,434
710,202	92,932	3,520	10,489	-	817,143
-	-	-	-	5,290,913	5,290,913
<b>84,413,719</b>	<b>15,837,072</b>	<b>2,863,852</b>	<b>2,727,815</b>	<b>14,895,836</b>	<b>120,738,294</b>

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

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)	
	<b>31 December 2020</b>						
1	Agriculture, Forestry, and Fisheries	-	-	-	-	-	
2	Mining and Quarrying	-	-	-	-	-	
3	Manufacturing	-	2,164,920	-	-	-	
4	Electricity, gas, hot water, and cold air	-	-	-	-	-	
5	Water Management, Waste Management and Recycling	-	-	-	-	-	
6	Construction	-	4,593,764	-	-	-	
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	-	-	-	-	-	
8	Transportation and warehousing	-	714,401	-	-	-	
9	Accommodation, Food and Drink Activities	-	-	-	-	-	
10	Information and Communication	-	-	-	-	-	
11	Financial and Insurance Activities	5,429,804	1,743,739	-	17,760,656	-	
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	28,726,362	-	-	-	-	
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	-	-	-	-	6,496	
23	Others	-	-	-	-	374,723	
	<b>Total</b>	<b>34,156,166</b>	<b>9,216,824</b>	<b>-</b>	<b>17,760,656</b>	<b>381,219</b>	



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

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)	
	<b>31 December 2019</b>						
1	Agriculture, hunting, and forestry	-	-	-	-	-	
2	Fisheries	-	-	-	-	-	
3	Mining and Quarrying	-	2,421,793	-	-	-	
4	Manufacturing	-	2,337,844	-	-	-	
5	Electricity, gas, and water	-	-	-	-	-	
6	Construction	-	1,518,017	-	-	-	
7	Wholesale and Retail trading	-	-	-	-	-	
8	Hotel and food & beverage	-	-	-	-	-	
9	Transportation, warehouse, and communication	-	671,888	-	-	-	
10	Financial Intermediary	3,047,388	102,556	-	12,890,981	-	
11	Real estate, rental, and services industries	-	-	-	-	-	
12	Public administration, defense and compulsory social security	23,839,190	-	-	-	-	
13	Education Services	-	-	-	-	-	
14	Human health and social work activities	-	-	-	-	-	
15	Social services, social culture, entertainment, and other individualities	-	-	-	-	-	
16	Household activities as livelihood	-	-	-	-	-	
17	Activities of International Agencies and Other Extra-International	-	-	-	-	-	
18	Undefined activities	-	-	-	-	-	
19	Non-Business Field	-	-	-	-	22,507	
20	Others	-	-	-	-	281,852	
	<b>Total</b>	<b>26,886,578</b>	<b>7,052,098</b>	<b>-</b>	<b>12,890,981</b>	<b>304,359</b>	



(in million Rupiah)

	Loan Secured by Commercial Real Estate	Employee/Pensions Loan	Receivables on Micro, Small, Business and Retails Portfolio	Receivables on Corporates	Past Due Receivables	Other Assets
	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	8,916	1,361,586	1,783	-
	-	-	3,671	-	-	-
	-	-	-	1,831,572	374	-
	-	-	88,858	31,216,044	469,322	-
	-	-	3,872	299	-	-
	-	-	44,212	3,462,170	9,510	-
	-	-	511,111	11,302,065	211,406	-
	-	-	7,224	96,661	31,713	-
	-	-	44,549	4,283,006	18,603	-
	-	-	-	5,352,439	-	-
	-	-	25,026	3,267,793	55,213	-
	-	-	-	-	-	-
	-	-	-	10,577	-	-
	-	-	3,457	16,623	-	-
	-	-	6,413	146,710	1,231	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	413	-	17	-
	-	-	4,395,064	5,889	17,971	5,290,913
	-	-	<b>5,142,786</b>	<b>62,353,434</b>	<b>817,143</b>	<b>5,290,913</b>



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

(in million Rupiah)

No.	Description	31 December 2020				
		Area				Total
		Area 1	Area 2	Area 3	Area 4	
		Jakarta	North Sumatera	Central Java and East Java	Others (South Sumatera and West Java)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables	95,815,624	3,772,229	4,829,467	1,048,373	105,465,692
2	Receivables with increased and impaired credit risk receivables (stage 2 and stage 3)					
	a. Non past due	10,653,664	932,786	2,298,803	286,217	14,171,470
	b. Past due	1,406,342	160,114	491,165	197,924	2,255,545
3	Allowance for Impairment Losses - Stage 1	262,770	20,177	23,721	36,829	343,497
4	Allowance for Impairment Losses - Stage 2	558,954	47,786	55,954	33,281	695,975
5	Allowance for Impairment Losses - Stage 3	1,440,388	85,005	354,973	172,471	2,052,837
6	Written-off receivables	480,045	31,384	16,174	25,626	553,229

(in million Rupiah)

No.	Description	31 December 2019				
		Area				Total
		Area 1	Area 2	Area 3	Area 4	
		Jakarta	North Sumatera	Central Java and East Java	Others (South Sumatera and West Java)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables	101,010,806	3,605,106	6,897,327	1,254,581	112,767,819
2	Receivables with increased and impaired credit risk receivables (stage 2 and stage 3)					
	a. Non past due					
	b. Past due					
3	Allowance for Impairment Losses - Stage 1					
4	Allowance for Impairment Losses - Stage 2					
5	Allowance for Impairment Losses - Stage 3					
6	Written-off receivables	176,439	126,619	67,639	15,130	385,827

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

(in million Rupiah)

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)
	<b>31 December 2020</b>							
1	Agriculture, Forestry, and Fisheries	638,948	129,154	15,610	2,903	291	13,006	-
2	Mining and Quarrying	1,210,870	79,368	-	6,542	157	-	-
3	Manufacturing	25,012,643	6,988,479	671,500	116,633	295,523	704,701	189,515
4	Electricity, gas, hot water, and cold air	5,241	-	-	30	-	-	-
5	Water Management, Waste Management and Recycling	-	-	-	-	-	-	-
6	Construction	5,358,831	1,707,691	75,263	24,875	18,422	71,260	3,554
7	Wholesale and Retail Trading; Car and Motorcycle Repair and Maintenance	9,789,339	2,882,874	1,010,887	91,445	75,612	741,470	61,479
8	Transportation and warehousing	6,224,493	633,752	392,688	31,121	13,581	414,411	2,192
9	Accommodation activities and Food and Drink	105,607	16,562	23,710	376	615	14,695	-
10	Information and Communication	-	-	-	-	-	-	-
11	Financial and Insurance Activities	24,158,326	209,133	-	21,396	455	-	-
12	Real Estate	3,057,539	268,257	52,432	15,811	165	14,999	801
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	19,433,514	-	-	8,199	2,263	-	-
16	Education	-	-	-	-	-	-	-
17	Human Health Activities and Social Activities	1,496,182	75,763	-	-	-	-	481
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	9,398	-	-	268	-	-	-
23	Others	8,964,761	1,240,437	13,455	23,898	288,891	78,295	295,207
	<b>Total</b>	<b>105,465,692</b>	<b>14,171,470</b>	<b>2,255,545</b>	<b>343,497</b>	<b>695,975</b>	<b>2,052,837</b>	<b>553,229</b>

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

(in million Rupiah)

No.	Economic Sectors	Receivables	Receivable 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)
	<b>31 December 2019</b>							
1	Agriculture, hunting, and forestry	1,386,472						-
2	Fisheries	3,671						-
3	Mining and Quarrying	4,051,086						-
4	Manufacturing	29,665,577						248,093
5	Electricity, gas, and water	4,171						-
6	Construction	4,879,306						3,837
7	Wholesale and Retail trading	12,693,033						116,915
8	Hotel and food & beverage	145,559						-
9	Transportation, warehouse, and communication	4,580,013						-
10	Financial Intermediary	18,495,424						-
11	Real estate, rental, and services industries	3,345,016						3,071
12	Mandatory Government Administration, Defense, and Social Security	23,335,191						-
13	Education Services	10,577						-
14	Human health and social work activities	20,080						-
15	Social services, social culture, entertainment, and other individualities	137,972						11,973
16	Household activities as livelihood	-						-
17	Activities of International Agencies and Other Extra-International	-						-
18	Undefined activities	-						-
19	Non-Business Field	5,313,850						-
20	Others	4,700,821						1,938
	<b>Total</b>	<b>112,767,819</b>						<b>385,827</b>

**14. Credit Risk - Disclosure on Detail Movements of Allowance for Impairment Losses**

(in million Rupiah)

No.	Description ***)	31 December 2020		
		Stage 1	Stage 2	Stage 3
(1)	(2)	(3)	(4)	(5)
1	Beginning balance of allowance for impairment losses <sup>*)</sup>	280,332	279,819	1,431,069
2	Additional/reversal allowance for impairment losses during the year (net)	20,211	573,254	1,123,669
3	Allowance for impairment losses used to cover written off receivables during the year	-	-	(553,229)
4	Other additional (reversal) allowance during the year **)	75,381	(101,577)	96,129
<b>Ending Balance of Allowance for Impairment Losses</b>		<b>375,924</b>	<b>751,496</b>	<b>2,097,638</b>

<sup>\*)</sup> After impact of PSAK 71 implementation.<sup>\*\*)</sup> Recovery, FX rate exchange and transfer between staging.<sup>\*\*\*)</sup> 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	(Idr) AAA	(Idr) AA+ to (Idr) AA-	(Idr) A+ to (Idr) A-	(Idr) BBB+ to (Idr) BBB-
		PT Pemeringkat Efek Indonesia	ID AAA	idAA+ sd id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Government		-	-	-	34,156,166
2	Receivables on Public Sector Entities		551,185	196	4,626,105	200,000
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		169,594	15,299,674	726,218	962,234
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		2,054,266	263,841	1,243,267	507,067
10	Past Due Receivables					
11	Other Assets					
	<b>Total</b>		<b>2,775,045</b>	<b>15,563,711</b>	<b>6,595,590</b>	<b>35,825,467</b>



(in million Rupiah)

31 December 2020

				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+ sd 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	id B+ to id B-	Lower than id B-	id A1	id A2	id A3 sd A4	Lower than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	-	34,156,166
				-	-	-	-	3,839,338	9,216,824
	-	-	-	-	-	-	-	-	-
	30,089	14,774	4,961	-	-	-	-	553,112	17,760,656
								381,219	381,219
								-	-
								-	-
								4,171,141	4,171,141
	1,670,560	179,683	-	-	-	-	-	44,454,988	50,373,672
								802,267	802,267
								4,877,381	4,877,381
	1,700,649	194,457	4,961	-	-	-	-	59,079,446	121,739,326

## 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	(Idr) AAA	(Idr) AA+ to (Idr) AA-	(Idr) A+ to (Idr) A-	(Idr) BBB+ to (Idr) BBB-
		PT Pemeringkat Efek Indonesia	ID AAA	idAA+ sd id AA-	idA+ to id A-	id BBB+ to id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Government		-	-	-	26,886,578
2	Receivables on Public Sector Entities		945,178	-	1,190,283	3,365,813
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		362,634	11,236,724	266,175	269,205
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		1,286,276	2,688,962	5,406,617	541,871
10	Past Due Receivables					
11	Other Assets					
	<b>Total</b>		<b>2,594,088</b>	<b>13,925,686</b>	<b>6,863,075</b>	<b>31,063,467</b>





(in million Rupiah)

31 December 2019

				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+ sd 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	id B+ to id B-	Lower than id B-	id A1	id A2	id A3 sd A4	Lower than id A4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	-	26,886,578
	-	-	-	-	-	-	-	1,550,825	7,052,099
	-	-	-	-	-	-	-	-	-
	38,432	-	3,121	-	-	-	-	714,690	12,890,981
								304,359	304,359
								-	-
								-	-
	-	-	-					5,142,787	5,142,787
	907,340	810,385	-	-	-	-	-	50,711,983	62,353,434
								817,143	817,143
								5,290,913	5,290,913
	945,772	810,385	3,121	-	-	-	-	64,532,700	120,738,294

**16. Credit Risk - Disclosures of Net Charges by Risks Weight After Considering Credit Risks Mitigating Impact**

No.	Portfolio Category				
		0%	20%	25%	
(1)	(2)	(3)	(4)	(5)	
<b>A</b>	<b>Balance Sheet Exposure</b>				
1	Receivables on Government	24,837,966	-	-	
2	Receivables on Public Sector Entities	-	551,381	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	14,886,515	-	
5	Loans Secured by Residential Property	-	189,808	118,478	
6	Loans Secured by Commercial Real Estate	-	-	-	
7	Employee loans/Pension	-	-	-	
8	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-	
9	Receivables on Corporate	-	2,006,243	-	
10	Past Due Receivables	-	-	-	
11	Other Assets	627,207			
	<b>Total Balance Sheet Exposure</b>	<b>25,465,173</b>	<b>17,633,947</b>	<b>118,478</b>	
<b>B</b>	<b>Administrative Account Exposure</b>				
1	Receivables on Government	-	-	-	
2	Receivables on Public Sector Entities	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	950,723	-	
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	-	310,523	-	
10	Past Due Receivables	-	-	-	
	<b>Total Administrative Account Exposure</b>	<b>-</b>	<b>1,261,246</b>	<b>-</b>	
<b>C</b>	<b>Counterparty Credit Risk Exposure</b>				
1	Receivables on Government	9,318,200	-	-	
2	Receivables on Public Sector Entities	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	
4	Receivables on Banks	-	225,218	-	
5	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-	
6	Receivables on Corporate	-	1,343	-	
	<b>Total Counterparty Credit Risk Exposure</b>	<b>9,318,200</b>	<b>226,561</b>	<b>-</b>	



(in million Rupiah)

31 December 2020								
Net receivable after Credit Risks Mitigation							RWA	Capital Charge
	35%	50%	75%	100%	150%	Others		
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	-		-	-
	-	7,418,971	-	-	-		3,819,762	
	-	-	-	-	-		-	-
	-	419,208	-	-	1,444		3,189,073	255,126
	72,933	-	-	-	-		93,108	7,449
	-	-	-	-	-		-	-
	-	-	-	-	-		-	-
	-	-	4,000,555	-	-		3,000,416	240,033
	-	1,237,460	-	39,584,507	179,683		40,874,011	3,269,921
	-	-	-	4,394	797,461		1,200,586	96,047
				4,108,025	142,149		4,321,248	345,700
	72,933	9,075,639	4,000,555	43,696,926	1,120,737	-	56,498,204	4,519,856
	-	-	-	-	-		-	-
	-	1,246,472	-	-	-		623,236	49,859
	-	-	-	-	-		-	-
	-	264,142	-	-	-		322,216	25,777
	-	-	-	-	-		-	-
	-	-	-	-	-		-	-
	-	-	-	-	-		-	-
	-	-	3,504	-	-		2,628	210
	-	-	-	5,270,673	-		5,332,778	426,622
	-	-	-	-	412		619	50
	-	1,510,614	3,504	5,270,673	412	-	6,281,477	502,518
	-	-	-	-	-		-	-
	-	-	-	-	-		-	-
	-	-	-	-	-		-	-
	-	1,013,406	-	-	-		551,747	44,140
	-	-	-	-	-		-	-
	-	5,808	-	438,437	-		441,610	35,329
	-	1,019,214	-	438,437	-	-	993,357	79,469

**16. Credit Risk - Disclosures of Net Charges by Risks Weight After Considering Credit Risks Mitigating Impact**

No.	Portfolio Category					
		0%	20%	25%	35%	
(1)	(2)	(3)	(4)	(5)	(6)	
<b>A</b>	<b>Balance Sheet Exposure</b>					
1	Receivables on Government	26,382,579	-	-	-	
2	Receivables on Public Sector Entities	-	945,179	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables on Banks	-	10,167,980	-	-	
5	Loans Secured by Residential Property	-	164,226	87,412	52,721	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee loans/Pension	-	-	-	-	
8	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-	-	
9	Receivables on Corporate	-	3,545,151	-	-	
10	Past Due Receivables	-	-	-	-	
11	Other Assets	696,281	-	-	-	
	<b>Total Balance Sheet Exposure</b>	<b>27,078,860</b>	<b>14,822,536</b>	<b>87,412</b>	<b>52,721</b>	
<b>B</b>	<b>Administrative Account Exposure</b>					
1	Receivables on Government	-	-	-	-	
2	Receivables on Public Sector Entities	-	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables on Banks	-	1,128,603	-	-	
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	-	-	-	-	
9	Receivables on Corporate	-	303,020	-	-	
10	Past Due Receivables	-	-	-	-	
	<b>Total Administrative Account Exposure</b>	<b>-</b>	<b>1,431,623</b>	<b>-</b>	<b>-</b>	
<b>C</b>	<b>Counterparty Credit Risk Exposure</b>					
1	Receivables on Government	503,999	-	-	-	
2	Receivables on Public Sector Entities	-	-	-	-	
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables on Banks	-	664,924	-	-	
5	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-	-	
6	Receivables on Corporate	-	127,067	-	-	
	<b>Total Counterparty Credit Risk Exposure</b>	<b>503,999</b>	<b>791,991</b>	<b>-</b>	<b>-</b>	



(in million Rupiah)

31 December 2019

Net receivable after Credit Risks Mitigation								RWA	Capital Charge
40%	45%	50%	75%	100%	150%	Others			
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
-	-	-	-	-	-		-	-	
-	-	5,712,475	-	-	-		3,045,273	243,622	
-	-	-	-	-	-		-	-	
-	-	334,800	-	-	3,121		2,205,678	176,454	
-	-	-	-	-	-		73,151	5,852	
-	-	-	-	-	-		-	-	
-	-	-	-	-	-		-	-	
-	-	-	4,983,353	-	-		3,737,515	299,001	
-	-	5,401,975	-	45,062,586	810,385		49,688,181	3,975,054	
-	-	-	-	11,131	805,620		1,219,561	97,565	
-	-	-	-	4,452,352	142,280		4,665,772	373,262	
-	-	11,449,250	4,983,353	49,526,069	1,761,406	-	64,635,130	5,170,810	
-	-	-	-	-	-		-	-	
-	-	394,445	-	-	-		197,223	15,778	
-	-	-	-	-	-		-	-	
-	-	234,661	-	-	-		343,051	27,444	
-	-	-	-	-	-		-	-	
-	-	-	-	-	-		-	-	
-	-	-	-	-	-		-	-	
-	-	-	1,548	-	-		1,161	93	
-	-	1,688	-	5,273,886	-		5,335,334	426,827	
-	-	-	-	-	392		588	47	
-	-	630,794	1,548	5,273,886	392	-	5,877,357	470,189	
-	-	-	-	-	-		-	-	
-	-	-	-	-	-		-	-	
-	-	-	-	-	-		-	-	
-	-	332,263	-	24,628	-		323,744	25,900	
-	-	-	-	-	-		-	-	
-	-	2,954	-	345,633	-		372,523	29,802	
-	-	335,217	-	370,261	-	-	696,268	55,701	

## 17. Credit Risk - Disclosure of Net Receivables and Credit Risk Mitigation Techniques

(in million Rupiah)

31 December 2020							
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</b>	<b>Balance Sheet Exposure</b>						
1	Receivables on Government	24,837,966	-	-	-		24,837,966
2	Receivables on Public Sector Entities	7,970,352	-	-	-		7,970,352
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	15,307,167	-	-	-		15,307,167
5	Loans Secured by Residential Property	381,219	-	-	-		381,219
6	Loans Secured by Commercial Real Estate	-	-	-	-		-
7	Employee loans/Pension	-	-	-	-		-
8	Receivables on Micro, Small Business, & Retail Portfolio	4,167,637	167,082	-	-		4,000,555
9	Receivables on Corporate	44,346,888	1,338,996	-	-		43,007,892
10	Past Due Receivables	801,855	-	-	-		801,855
11	Other Assets	4,877,381	-	-	-		4,877,381
	<b>Total Balance Sheet Exposure</b>	<b>102,690,465</b>	<b>1,506,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,184,387</b>
<b>B</b>	<b>Administrative Account Exposure</b>						
1	Receivables on Government	-					-
2	Receivables on Public Sector Entities	1,246,472	-	-	-		1,246,472
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	1,214,865	-	-	-		1,214,865
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	3,504	-	-	-		3,504
9	Receivables on Corporate	5,581,196	-	-	-		5,581,196
10	Past Due Receivables	412	-	-	-		412
	<b>Total Administrative Account Exposure</b>	<b>8,046,449</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,046,449</b>
<b>C</b>	<b>Counterparty Credit Risk Exposure</b>						
1	Receivables on Government	9,318,200	-	-	-		9,318,200
2	Receivables on Public Sector Entities	-	-	-	-		-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	1,238,624	-	-	-		1,238,624
5	Receivables on Micro, Small Business, & Retail Portfolio		-	-	-		-
6	Receivables on Corporate	445,588	-	-	-		445,588
	<b>Total Counterparty Credit Risk Exposure</b>	<b>11,002,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,002,412</b>
<b>Total (A+B+C)</b>		<b>121,739,326</b>	<b>1,506,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,233,248</b>

## 17. Credit Risk - Disclosure of Net Receivables and Credit Risk Mitigation Techniques

(in million Rupiah)

31 December 2019							
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</b>	<b>Balance Sheet Exposure</b>						
1	Receivables on Government	26,382,579	-	-	-		26,382,579
2	Receivables on Public Sector Entities	6,657,654	-	-	-		6,657,654
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	10,505,902	-	-	-		10,505,902
5	Loans Secured by Residential Property	304,359	-	-	-		304,359
6	Loans Secured by Commercial Real Estate	-	-	-	-		-
7	Employee loans/Pension	-	-	-	-		-
8	Receivables on Micro, Small Business, & Retail Portfolio	5,141,239	157,886	-	-		4,983,353
9	Receivables on Corporate	56,299,186	1,479,088	-	-		54,820,098
10	Past Due Receivables	816,751	-	-	-		816,751
11	Other Assets	5,290,913	-	-	-		5,290,913
	<b>Total Balance Sheet Exposure</b>	<b>111,398,583</b>	<b>1,636,974</b>	-	-	-	<b>109,761,609</b>
<b>B</b>	<b>Administrative Account Exposure</b>						
1	Receivables on Government	-	-				-
2	Receivables on Public Sector Entities	394,445	-	-	-		394,445
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	1,363,264	-	-	-		1,363,264
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	1,548	-	-	-		1,548
9	Receivables on Corporate	5,578,595	-	-	-		5,578,595
10	Past Due Receivables	392	-	-	-		392
	<b>Total Administrative Account Exposure</b>	<b>7,338,244</b>	-	-	-	-	<b>7,338,244</b>
<b>C</b>	<b>Counterparty Credit Risk Exposure</b>						
1	Receivables on Government	503,999	-	-	-		503,999
2	Receivables on Public Sector Entities	-	-	-	-		-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-		-
4	Receivables on Banks	1,021,815	-	-	-		1,021,815
5	Receivables on Micro, Small Business, & Retail Portfolio	-	-	-	-		-
6	Receivables on Corporate	475,653	-	-	-		475,653
	<b>Total Counterparty Credit Risk Exposure</b>	<b>2,001,467</b>	-	-	-	-	<b>2,001,467</b>
<b>Total (A+B+C)</b>		<b>120,738,294</b>	<b>1,636,974</b>	-	-	-	<b>119,101,320</b>



**18. 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 2020		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on Government			
	a. Receivables on the Government of Indonesia	24,837,966	-	-
	b. Receivables on Government of Other Countries	-	-	-
2	Receivables on Public Sector Entities	7,970,352	3,819,762	3,819,762
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks			
	a. Short-term Receivables	14,899,155	2,985,067	2,985,067
	b. Long-Term Receivables	408,012	204,006	204,006
5	Loans Secured by Residential Property	381,219	93,108	93,108
6	Loans Secured by Commercial Real Estate	-	-	-
7	Employee loans/Pension	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	4,167,637	3,125,728	3,000,416
9	Receivables on Corporates	44,346,888	42,213,006	40,874,011
10	Past Due Receivables			
	a. Loan Secured by Residential Property	4,394	4,394	4,394
	b. Other than Loan Secured by Residential Property	797,461	1,196,192	1,196,192
11	Other Assets			
	a. Cash, gold, commemorative coin	627,207	-	-
	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	570,616	-	570,616
	d. Foreclosed collaterals (AYDA)	142,149	-	213,223
	e. Net interbranch	-	-	-
	f. Others	3,537,409	-	3,537,409
	<b>TOTAL</b>	<b>102,690,465</b>	<b>53,641,263</b>	<b>56,498,204</b>

## 18. 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 2019		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on Government			
	a. Receivables on the Government of Indonesia	26,382,579	-	-
	b. Receivables on Government of Other Countries	-	-	-
2	Receivables on Public Sector Entities	6,657,654	3,045,273	3,045,273
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks			
	a. Short-term Receivables	10,180,556	2,043,005	2,043,005
	b. Long-Term Receivables	325,346	162,673	162,673
5	Loans Secured by Residential Property	304,359	73,151	73,151
6	Loans Secured by Commercial Real Estate	-	-	-
7	Employee loans/Pension	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	5,141,239	3,855,929	3,737,515
9	Receivables on Corporates	56,299,186	51,167,270	49,688,182
10	Past Due Receivables			
	a. Loan Secured by Residential Property	11,131	11,131	11,131
	b. Other than Loan Secured by Residential Property	805,620	1,208,429	1,208,429
11	Other Assets			
	a. Cash, gold, commemorative coin	696,281	-	-
	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	716,157	-	716,157
	d. Foreclosed collaterals (AYDA)	142,280	-	213,420
	e. Net interbranch	-	-	-
	f. Others	3,736,195	-	3,736,195
	<b>TOTAL</b>	<b>111,398,583</b>	<b>61,566,861</b>	<b>64,635,131</b>

**18. 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 2020		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(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	1,246,472	623,236	623,236
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks			
	a. Short-term Receivables	-	-	-
	b. Long-Term Receivables	1,214,865	322,216	322,216
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	3,504	2,628	2,628
9	Receivables on Corporates	5,581,196	5,332,778	5,332,778
10	Past Due Receivables			
	a. Loan Secured by Residential Property	-	-	-
	b. Other than Loan Secured by Residential Property	412	619	619
	<b>TOTAL</b>	<b>8,046,449</b>	<b>6,281,477</b>	<b>6,281,477</b>

**3. Asset Exposure in the balance sheet, except on the security exposure**

(in million Rupiah)

No.	Portfolio Category	31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on Government			
	a. Receivables on the Government of Indonesia	9,292,848	-	-
	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	-	-	-
	b. Long-Term Receivables	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-
6	Receivables on Corporates	-	-	-
	<b>TOTAL</b>	<b>9,292,848</b>	<b>-</b>	<b>-</b>

## 18. 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 2019		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(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	394,445	197,223	197,223
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-
4	Receivables on Banks			
	a. Short-term Receivables	27,765	5,553	5,553
	b. Long-Term Receivables	1,335,499	337,498	337,498
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	1,548	1,548	1,548
9	Receivables on Corporates	5,578,595	5,335,335	5,335,335
10	Past Due Receivables			
	a. Loan Secured by Residential Property	-	-	-
	b. Other than Loan Secured by Residential Property	392	588	588
	<b>TOTAL</b>	<b>7,338,244</b>	<b>5,877,745</b>	<b>5,877,745</b>

### 3. Asset Exposure in the balance sheet, except on the security exposure

(in million Rupiah)

No.	Portfolio Category	31 December 2019		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on Government			
	a. Receivables on the Government of Indonesia	464,945	-	-
	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	-	-	-
	b. Long-Term Receivables	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-
6	Receivables on Corporates	-	-	-
	<b>TOTAL</b>	<b>464,945</b>	<b>-</b>	<b>-</b>

**18. Credit Risk - Calculation Standard Approach - Disclosure of Asset Exposure in Balance Sheet****4. Exposure that does not cause Credit Risk because of Settlement Risk**

The Bank does not have any exposure that caused credit risk because of settlement risk as of 31 December 2020 and 31 December 2019

**5. Securitisation Exposure**

The Bank does not have securitisation exposure as of 31 December 2020 and 31 December 2019

**6. Derivative Exposure**

(in million Rupiah)

No.	Portfolio Category	31 December 2020		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on Government			
	a. Receivables on the Government of Indonesia	25,352	-	-
	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	47,993	9,599	9,599
	b. Long-Term Receivables	1,190,631	542,148	542,148
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-
6	Receivables on Corporates	445,588	441,610	441,610
7	Weighted exposure from CVA	-	218,015	218,015
	<b>TOTAL</b>	<b>1,709,564</b>	<b>1,211,372</b>	<b>1,211,372</b>

No.	Portfolio Category	31 December 2019		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on Government			
	a. Receivables on the Government of Indonesia	39,054	-	-
	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	72,005	15,706	15,706
	b. Long-Term Receivables	949,810	308,038	308,038
5	Receivables on Micro, Small Business & Retail Portfolio			
6	Receivables on Corporates	475,653	372,523	372,523
7	Weighted exposure from CVA	-	209,054	209,054
	<b>TOTAL</b>	<b>1,536,522</b>	<b>905,321</b>	<b>905,321</b>

## 18. 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)

		31 December 2020	31 December 2019
TOTAL CREDIT RISK RWA	(A)	63,991,053	71,418,197
DEDUCTION FACTOR OF CREDIT RISK RWA Difference between general reserve of PPKA on productive assets that has to be calculated and 1.25% of RWA for Credit Risk	(B)	(11,963)	-
TOTAL CREDIT RISK RWA (A) - (B)	(C)	63,979,090	71,418,197
TOTAL CAPITAL DEDUCTION FACTOR	(D)	(11,963)	-

## 19. Credit Risk - Qualitative Disclosures of Counterparty Credit Risk (CCRA)

For more detail see page 88

## 20. Credit Risk - Exposure Analysis of Counterparty Credit Risk (CCR1)

(in million Rupiah)

		31 December 2020					
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for EAD regulatory calculation	Net Receivables	RWA
1	SA-CCR (for derivative)	671,498	549,618		1.4	1,709,564	993,356
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
6	Total						993,356

## 21. Credit Risk - Capital Charge on Credit Valuation Adjustment (CCR2)

(in million Rupiah)

		31 December 2020	
		Net Receivables	RWA
	Total portfolios based on Advanced CVA capital charge	N/A	N/A
1	(i) VaR components (includes 3x multiplier)		N/A
2	(ii) Stressed VaR Component (includes 3x multiplier)		N/A
3	All portfolios on Standardized CVA Capital Charge	1,709,521	218,015
4	Total based on CVA Capital Charge	1,709,521	218,015

**22. Credit Risk - CCR Exposure based on Category Portfolio and Weighted Risk (CCR3)**



**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 banking book and trading book report.

**25. Credit Risk - Securitisation Exposure on Banking Book (SEC1)**

The Bank does not act as originator, sponsor, nor investor of securitisation exposures.

**26. Credit Risk - Securitisation Exposure on Trading Book (SEC2)**

The Bank does not act as originator, sponsor, nor investor of securitisation exposures.

**27. Credit Risk - Securitisation 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 securitisation exposures.

**28. Credit Risk - Securitisation Exposure on Banking Book and related to its capital requirement - Bank as Investor (SEC4)**

The Bank does not act as investor of securitisation exposures.



(in million Rupiah)

31 December 2020						
	25%	50%	75%	100%	Others	Total Net Receivables
	-	-	-	-	-	25,352
	-	-	-	-	-	-
	-	-	-	-	-	-
		723,861	-	-	-	1,238,623
	-	-	-	-	-	-
	-	4,148	-	313,169	-	445,588
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	728,009	-	313,169	-	1,709,564

**29. Market Risk - Disclosures of Market Risks Using Standard Method**

(in million Rupiah)

No.	Type of Risk	31 December 2020		31 December 2019	
		Individual		Individual	
		Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(3)	(4)
1	Interest Rate Risk				
	a. Specific Risk	-	-	-	-
	b. General Risk	90,060	1,125,750	150,271	1,878,388
2	Foreign Exchange Risk	48,583	607,288	101,326	1,266,575
3	Equity Risk <sup>*)</sup>				
4	Commodity Risk <sup>*)</sup>				
5	Option Risk	-	-	-	-
<b>TOTAL</b>		<b>138,643</b>	<b>1,733,038</b>	<b>251,597</b>	<b>3,144,963</b>

\* Applicable for Bank with subsidiary which has the aforementioned risk exposure

## Interest Rate Risk in Banking Book 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.

IRRBB is calculated every quarter which is in line with OJK's requirement.

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, HBID 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 HBID 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 using quarterly positions according to the standard method stipulated by the OJK.

Based on the bank calculation methodology as of December 2020,  $\Delta$ EVE to Tier 1 Capital is at 8.75% (Low) and  $\Delta$ NII against Projection of Income is at 10.66% (Low), both of which indicate a low level of sensitivity. There is no significant variances in the reported IRRBB compared to the previous disclosure in September 2020.

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.

**30. Calculation of Interest Rate Risk in Banking Book (IRRBB)**

(in million Rupiah)

No.	Period	31 December 2020			
		$\Delta$ EVE		$\Delta$ NII	
		T	T-1	T	T-1
1	Parallel up	1,450,216	1,497,378	(452,253)	(358,485)
2	Parallel down	(1,660,131)	(1,716,854)	451,646	300,336
3	Steeper	(200,201)	(199,359)		
4	Flattener	521,667	530,083		
5	Short rate up	1,064,295	1,092,671		
6	Short rate down	(1,137,574)	(1,168,596)		
7	Negative Maximum Value (absolute)	1,660,131	1,716,854	452,253	358,485
8	Tier 1 Capital (to $\Delta$ EVE) or Projected Income (to $\Delta$ NII)	18,970,464	18,872,082	4,242,716	3,951,927
9	<b>Maximum Value divided by Tier 1 Capital (to <math>\Delta</math>EVE) or Projected Income (to <math>\Delta</math>NII)</b>	<b>8.75%</b>	<b>9.10%</b>	<b>10.66%</b>	<b>9.07%</b>

## 31. Liquidity Risk - Disclosure of Liquidity Coverage Ratio (LCR) Quarter

No	Components	Q4 2020	
		Outstanding commitment and liabilities / contractual receivables	
1	Total data used in LCR calculation		
<b>HIGH QUALITY LIQUID ASSET (HQLA)</b>			
2	Total High Quality Liquid Asset (HQLA)		
<b>CASH OUTFLOWS</b>			
3	Retail deposits and deposits from Micro and Small Business customers, consist of:		
	a. Stable Deposit / Funding	588,897	
	b. Less stable deposit/funding	20,735,865	
4	Wholesale Funding, consist of:	-	
	a. Operational deposit	21,572,120	
	b. Non operational deposit and/or Other Non Operational liabilities	26,349,016	
	c. Marketable securities issued by bank	-	
5	Secured Funding		
6	Other cash outflow (additional requirement), consist of:		
	a. cash outflow from derivative transaction	124,922	
	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	8,708,623	
	e. cash outflow from other contractual liabilities related to placement of funds	-	
	f. cash outflow from other funding related contingencies liabilities	101,038,153	
	g. other contractual cash outflow	-	
7	<b>TOTAL CASH OUTFLOWS</b>		
<b>CASH INFLOWS</b>			
8	Secured lending	-	
9	Inflows from fully performing exposures	24,611,952	
10	Other Cash Inflow	358	
11	<b>TOTAL CASH INFLOW</b>	24,612,310	
12	<b>TOTAL HQLA</b>		
13	<b>TOTAL NET CASH OUTFLOWS</b>		
14	<b>LCR (%)</b>		

<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 2020 increase by 5.24% compared to the third quarter of 2020. This was due to the increase in average of HQLA by 9.66% which is greater than the increase of Net Cash Outflow by 8.74%.

Increased in average of HQLA was mainly contributed from the average of securities issued by Central Government and Bank of Indonesia compared to the third quarter of 2020. Meanwhile, increase in average of net cash flow was in line with the increase of cash outflow which mainly due to the increase of corporate customer funding compared to third quarter 2020. Decrease in cash inflow was not impacting the LCR since cash inflow has been exceeding the cap, which is 75% of cash outflow.

Bank's HQLA component is derived from cash, placement in Bank Indonesia, and securities issued by central government and Bank of Indonesia. While main component from net cash outflow is third party fund. Bank's main funding is third party fund which derived from current account, saving account, and time deposit.



(in million Rupiah)

INDIVIDUAL		
	Q3 2020	
HQLA after haircut, outstanding commitment and liabilities times run-off rate or contractual receivables times inflow rate	Outstanding commitment and liabilities / contractual receivables	HQLA after haircut, outstanding commitment and liabilities times run-off rate or contractual receivables times inflow rate
59 days		62 days
36,997,022		33,739,328
29,445	651,437	32,572
2,073,586	21,425,235	2,142,524
-	-	-
4,945,793	20,870,266	4,772,283
15,139,514	22,439,628	13,476,422
-	-	-
124,922	245,482	245,482
-	-	-
-	-	-
870,470	6,091,534	608,879
-	-	-
297,088	100,125,561	314,535
-	-	-
23,480,818		21,592,695
-	-	-
18,961,958	24,356,372	17,064,778
358	-	-
18,962,316	24,356,372	17,064,778
TOTAL ADJUSTED VALUE <sup>1</sup>		TOTAL ADJUSTED VALUE <sup>1</sup>
36,997,022		33,739,328
5,870,205		5,398,174
630.25%		625.01%

**32. Liquidity Risk - Net Stable Funding Ratio (NSFR)**

No.	ASF Component	Reporting Position (September 2020)			
		Carrying Value By Residual Maturity (in million Rp)			
		No Specified Maturity	< 6 Months	≥ 6 Months - < 1 Year	
1	Capital	19,851,683	-	-	
2	Regulatory Capital as per POJK KPMM	19,851,683	-	-	
3	Other capital instruments	-	-	-	
4	Retail deposits and deposits from micro and small business customers:	15,534,171	9,424,722	570,754	
5	Stable Deposits	458,947	160,133	17,472	
6	Less Stable Deposits	15,075,224	9,264,589	553,282	
7	Wholesale Funding	37,655,808	8,493,304	146,373	
8	Operational deposits	20,092,534	-	-	
9	Other wholesale funding	17,563,273	8,493,304	146,373	
10	Liabilities with matching interdependent assets	-	-	-	
11	Other liabilities and equity:				
12	NSFR derivative liabilities		20,366	78,382	
13	All other liabilities and equity not included in the above categories	-	5,122,548	-	
14	<b>Total ASF</b>				



		Weighted Value	Reporting Position (December 2020)				Weighted Value
			Carrying Value By Residual Maturity (in million Rp)				
	≥ 1 Year		No Specified Maturity	< 6 Months	≥ 6 Months - < 1 Year	≥ 1 Year	
	1,116,000	20,967,683	20,065,738	-	-	1,053,750	21,119,488
	1,116,000	20,967,683	20,065,738	-	-	1,053,750	21,119,488
	-	-	-	-	-	-	-
	-	23,008,511	16,092,441	9,289,618	308,650	-	23,156,106
	-	604,725	454,897	218,044	16,418	-	654,892
	-	22,403,786	15,637,544	9,071,574	292,232	-	22,501,214
	-	14,366,105	39,551,656	11,330,904	78,276	-	16,197,175
	-	10,046,267	20,985,170	-	-	-	10,492,585
	-	4,319,838	18,566,485	11,330,904	78,276	-	5,704,590
	-	-	-	-	-	-	-
	68,600			4,597	-	20,476	
	7,960,800	7,960,800	-	5,373,890	1,405,000	6,111,750	6,814,250
		66,303,098					67,287,019



**32. Liquidity Risk - Net Stable Funding Ratio (NSFR)**

No.	ASF Component	Reporting Position (September 2020)			
		Carrying Value By Residual Maturity (in million Rp)			
		No Specified Maturity	< 6 Months	≥ 6 Months - < 1 Year	
15	Total NSFR HQLA				
16	Deposits held at other financial institutions for operational purposes	3,246,590	-	-	
17	Performing loans and securities	-	50,779,610	7,722,343	
18	to financial institutions secured by Level 1 HQLA	-	-	-	
19	to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	6,614,773	-	
20	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:	-	42,719,250	6,684,483	
21	meet a risk weight of less than or equal to 35% under SE OJK RWA for credit risk	-	730,603	1,036,429	
22	Unpledged residential mortgages, of which:	-	-	-	
23	meet a risk weight of less than or equal to 35% under SE OJK RWA for credit risk	-	167	1,431	
24	Securities that are unpledged, not in default and do not qualify as HQLA, including exchange-traded equities	-	714,816	-	
25	Assets with matching interdependent liabilities	-	-	-	
26	Other assets:	-	-	-	
27	Physical traded commodities, including gold	-			
28	Cash, securities and other assets posted as initial margin for derivative contracts or contributions to default funds of central counterparty (CCP)		-	-	
29	NSFR derivative assets		-	-	
30	NSFR derivative liabilities before deduction of variation margin posted		-	108,777	
31	All other assets not included in the above categories	2,737,834	2,471,649	12,166	
32	Off-balance sheet items		61,975,950	11,936,264	
33	Total RSF				
34	Net Stable Funding Ratio (%)				

**Analysis**

As of the fourth quarter of 2020, NSFR ratio reached 164.89%, decreased by 2.62% compared to the third quarter of 2020. This was mainly due to increase of RSF by 3.09% which was greater than the increase of ASF by 1.48%.

Increase in ASF component was mainly due to the increased deposits provided by corporate customers in form of time deposits compared to previous period. While the increase of RSF component was due to increase of borrowing to financial institution as well as investment securities.

Bank's NSFR ratio is above minimum OJK's requirement of 100%.



		Weighted Value	Reporting Position (December 2020)				Weighted Value
			Carrying Value By Residual Maturity (in million Rp)				
	≥ 1 Year		No Specified Maturity	< 6 Months	≥ 6 Months - < 1 Year	≥ 1 Year	
		1,358,179					953,927
	-	1,623,295	3,740,633	-	-	-	1,870,316
	5,665,413	31,679,668	-	60,906,938	4,527,644	10,213,533	32,786,765
	-	-	-	9,292,848	-	-	929,285
	-	992,216	-	13,771,721	347,970	-	2,239,743
	5,306,718	29,212,577	-	35,052,958	4,178,628	9,839,596	27,979,449
	-	883,516	-	1,870,414	-	-	935,207
	-	-	-	-	-	-	-
	358,695	233,951	-	597	1,045	373,937	243,880
	-	357,408	-	918,401	-	-	459,201
	-	-	-	-	-	-	-
	-	4,302,577	-	-	-	-	4,416,577
		-	-				-
	-	-		-	-	-	-
	-	-		-	37,043	-	37,043
	-	108,777		-	5,381	-	131,906
	987,624	4,193,800	2,770,401	1,496,340	46,759	1,095,454	4,247,628
	11,296,459	618,307	-	67,036,021	7,486,435	13,571,636	779,337
		39,582,027					40,806,922
		167.51%					164.89%

**33. Liquidity Risk - Aset Terikat (Encumbrance) (ENC)**

	31 December 2020			
	Encumbered	Assets held or agreed with the Central Bank but not yet used to generate liquidity	Unencumbered	Total
Cash	-	-	627,207	627,207
Placement with Bank Indonesia	-	-	5,404,451	5,404,451
Investment Securities	-	-	19,078,540	19,078,540
Securities purchased with agreement to resell (reverse repo)	-	-	9,292,848	9,292,848
<b>TOTAL</b>	-	-	<b>34,403,047</b>	<b>34,403,047</b>

**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 2020, the Bank did not have any HQLA position categorized as encumbered assets.

**34. Operational Risk - Quantitative Disclosures of Operational Risk using Basic Indicator Approach**

(in million Rupiah)

No.	Indicator Approach	31 December 2020		
		Average Gross Income in the Last 4 Years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	6,423,205	963,481	12,043,510
<b>Total</b>		<b>6,423,205</b>	<b>963,481</b>	<b>12,043,510</b>

No.	Indicator Approach	31 December 2019		
		Average Gross Income in the Last 4 Years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	4,578,029	686,704	8,583,805
<b>Total</b>		<b>4,578,029</b>	<b>686,704</b>	<b>8,583,805</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.

# BUSINESS PROSPECTS

The global economy is expected to improve gradually in 2021 after experiencing an unprecedented year due to the COVID-19 pandemic in 2020. The rollout of COVID-19 vaccines as well as simultaneous stimulus policy in various countries have created hope for brighter economic prospects in 2021.

The World Bank forecast global growth to reach 4% in 2021, although recovery will be uneven in emerging economies as the prolonged pandemic has dampened consumption and investment. India, China, Singapore, Vietnam and the Philippines are expected to book stronger growth at above 6% growth in 2021, according to HSBC Global Research.

However, growth prospects will continue to be cast by uncertainties due to vaccination delays and rising cases in some countries, raising the possibility of new more virulent strains immune to current vaccines. Prolonged economic weakness could lead to bankruptcies and hurt banking balance sheets, while governments might be unable to continue providing support to the people affected by the pandemic.

Indonesia, which experienced an economic contraction in 2020, also expected to see a rebound. The government projects GDP growth to increase between 4.3% and 5.3% in 2021, whilst HSBC forecasted conservatively at 4% in consideration of vaccine distribution challenges and higher cases. The government committed to continuously driving the economy through stimulus and expedite vaccines distribution to the majority of the population.

Bank Indonesia mentioned consumer expectations, retail sales, and manufacturing PMI also showed promising signs in the early year. Inflation remained low in early 2021 and is expected to stay in the range of 2% to 4% for the whole year.

The policy rate was cut by 25 bps to 3.5% this year. This means a total cut of 150 bps since January 2020. However, banks should take many factors into considerations before cutting rates as business conditions remain unfavourable due to weak demand amid the pandemic.

The Financial Services Authority (OJK) aimed for a loan growth of 7.5% in 2021, versus a contraction of 2.4% in 2020. This is in line with the Indonesian Banks' Business Plan submitted to the OJK that projected a 7.13% loan growth.

Meanwhile third party funds projected to grow between 10% and 12%.

Nevertheless, banks should remain prudent in lending as the risk of defaults is higher in these unprecedented times. The number of restructured loans in Indonesia reached 15.32% or Rp825.8 trillion per January 2021, representing 6.06 million debtors.





# /05

## GOOD CORPORATE GOVERNANCE

150	The Principles of Good Corporate Governance
150	Governance Statement
151	Good Corporate Governance Principles
151	The Objective of Good Corporate Governance Implementation
151	Governance Assessment
152	Good Corporate Governance Structures
152	General Meeting of Shareholders
153	Board of Commissioners
163	Board of Directors
170	The Implementation of Financial Conglomerates
171	Corporate Secretary
172	Compliance Function
173	Legal Issues
173	Share Options
173	Share Ownership of The Board of Commissioners and The Board of Directors
173	Affiliate Relationships
173	Self-Assessment
174	Internal Audit Work Unit
174	External Audit
174	The Implementation of Risk Management
176	Detailed Large Exposure
176	Remuneration Disclosures 2020
180	Internal Fraud
180	Customer Complaint Handling

# 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 crises 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 stakeholders concern, 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.EKUIIN/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, which is stated in the Decree by the Coordinating Ministry of Economic Affairs No. KEP-49/M.EKON/11 year 2004 and revised in the Decree of Coordinating Ministry of Economic Affairs No. 117 Year 2016.

Since then, Bank Indonesia has issued provisions on the implementation of GCG through Bank Indonesia (BI) Regulation No. 8/4/PBI/2006 dated 30 January 2006 regarding the Implementation of Good Corporate Governance for Commercial Banks, which was subsequently replaced by BI Regulation No. 8/14/PBI/2006 dated 5 October 2006 regarding the Implementation of Good Corporate Governance for

Commercial Banks and BI Circular Letter No. 15/15/DPNP dated 29 April 2013 regarding the Implementation of Good Corporate Governance for Commercial Banks. At the end of 2016, these Regulation and Circular Letter were revoked and replaced by the Indonesia Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) Regulation No. 55/POJK.03/2016 dated 7 December 2016 and 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 dated 18 November 2014 regarding the Implementation of Integrated Governance for Financial Conglomeration and 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. 40/2007 about Limited Liability Companies (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 2020, the Bank continued its ongoing commitments to GCG. 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 concerns the following areas: the quality of information given by the Bank; transparent decision-making; open disclosure of information; the ongoing provision of accurate, accessible, and comprehensible information to stakeholders; and the conduct of 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, and depends on healthy, measurable and professional management.

### 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 in order 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 Company 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 sent to the regulator.

In the period between June and December 2020, 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. The results of GCG self-assessments are included in the comprehensive Bank Soundness Level evaluation and have been discussed with Financial Services Authority's Supervision Team. There were some minor shortcomings in the implementation of GCG conducted by the Bank that do not have significant impact and could be addressed immediately.

## 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 Credit Committee, Assets and Liabilities Committee, Risk Management Committee, Information Technology, Operational, and Services Steering Committee, Financial Crime Risk Management Committee, People Committee and 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 2020, the Bank has held Annual GMS on 30 June 2020.

Annual GMS held on 30 June 2020, had set out agenda, as follows:

1. Approval and ratification of 2019 Company's Annual Report, including the Company's Financial Statement, the Board of Directors Report and Supervisory Duties of the Board of Commissioners Report for the financial year ended on 31 December 2019, 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 on 31 December 2019;
2. Determination on the utilisation of the Company's net profit for financial year ended on 31 December 2019;
3. The changes on the composition of members of Board of Commissioners and members of the Board of Directors of the Company;
4. Approval and ratification of the remuneration package for the Board of Directors and the Board of Commissioners of the Company for 2020 financial year;
5. Appointment of the Public Accountant and Public Accountant Firm to Audit the Company's Books for the Financial Year ended on 31 December 2020 and Determination of Relevant Honorarium and other requirements related to the appointment;
6. Approval on the Update Company's Recovery Plan, to comply with Article 31 of the OJK regulation No. 14/POJK.03/2017; and
7. Report of the Company's Sustainable Finance Action Plan (RAKB), to comply with Article 6 of the OJK regulation No. 51/POJK.03/2017

The Bank has held 7 (seven) Extraordinary GMS on 27 February 2020, 13 April 2020, 17 April 2020, 4 June 2020, 8 October 2020, 16 November 2020, dan 30 December 2020 with the agendas as follow:

1. Extraordinary GMS held on 27 February 2020 approved the Change on the Composition of members of Board of Directors of the Company.
2. Extraordinary GMS held on 13 April 2020 approved the Changes to the Effective Date of Resignation of The President Director and Director of The Company.
3. Extraordinary GMS held on 17 April 2020 approved the Change on the Composition of Members of Board of Directors of The Company.
4. Extraordinary GMS held on 4 June 2020 approved the Changes to the Effective Date of Resignation of the President Director of The Company and Approval and Ratification of Independent Commissioners Attendance in the Board of Commissioners meeting held by Video Conference.
5. Extraordinary GMS held on 8 October 2020 approved the Change on the Composition of Members of Board of Commissioners of the Company.
6. Extraordinary GMS held on 16 November 2020 approved the Change on the Composition of Members of Board of Directors of the Company.
7. Extraordinary GMS held on 30 December 2020 approved the Change on the Composition of Members of Board of Directors of the Company and the Change of the Company's Address.

## BOARD OF COMMISSIONERS

Under the Limited Liability Company Law, the Board of Commissioners is an organ in Bank who responsible for supervising publicly and / or specifically in accordance with the articles of association and advising the Board of Directors. The Board of Commissioners has the duty 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 010/SK/KOM/V/2019 which has been annually reviewed and approved to be used in the Board of Commissioners meeting dated 27 August 2020, the duties and the responsibilities of the Board of Commissioners are as follows:

- a. Oversee the management of the company by the Board of Directors and give approval to the Bank's annual work plan, prior to the starting of the year.
- b. Conduct duties as regulated by the applicable laws, the Articles of Association, the applicable laws 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 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 signs of setbacks, report the condition through GMS and provide suggestions regarding corrective actions.
- c. Providing opinions and suggestions for GMS regarding every matter considered crucial for 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 at any time regarding the Bank's development.

## The Composition of the Board of Commissioners

The composition of the Bank's Board of Commissioners as of 31 December 2020 is as follows:

Designation	Name
President Commissioner	Matthew Kneeland Lobner
Vice President Commissioner and Independent Commissioner	Hanny Wurangian
Independent Commissioner	Hariawan Pribadi*
Commissioner	Mark Thomas McKeown
Independent Commissioner	Umar Juoro
Independent Commissioner	Catherinawati Hadiman Sugianto**
Commissioner	Mark Trevor Surgenor***

\*) His term of office as member of the Board of Commissioners of the Bank has ended as of 30 June 2020

\*\*) Effectively serves as Independent Commissioner of the Bank since 7 October 2020

\*\*\*) Will effectively serve as Commissioner of the Bank if and upon OJK approval for the Fit and Proper Test with due observance to the prevailing laws and regulations in Indonesia.

## Board of Commissioners Meeting

During 2020, the Board of Commissioners has held 11 (eleven) meetings, consisting of Board of Commissioners meetings on these dates: 10 February 2020, 2 March 2020, 18 May 2020, 27 August 2020, and 26 November 2020 and Board of Commissioners and Board of Directors Meeting on 2 March 2020, 18 May 2020, 24 June 2020, 6 August 2020, 27 August 2020, and 26 November 2020. 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	11	11	100%
2	Hanny Wurangian	11	11	100%
3	Hariawan Pribadi *	6	6	100%
4	Mark Thomas McKeown	11	11	100%
5	Umar Juoro	11	11	100%
6	Catherinawati Hadiman Sugianto **	2	2	100%

\*) His term of office as member of the Board of Commissioners has ended as of 30 June 2020

\*\*) Effectively serves as Independent Commissioner of the Bank since 7 October 2020

## Committees Under the Board of Commissioners

In conducting their duties, the Board of Commissioners is assisted by 3 (three) Executive Committees, which are 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 on Board of Commissioners decree No. 003/SK.DEKOM/III/2020 and subject to OJK regulation No. 55/POJK.03/2016 dated 7 December 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.

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.
- 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 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 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 four (4) independent members. Per 31 December 2020, the Audit Committee composition is as follow:

No	Name	Title
1	Hanny Wurangian	Chairman of the Audit Committee (Independent Commissioner)
2	Umar Juoro	Member of the Audit Committee (Independent Commissioner)
3	Yustrida Bernawati	Member of the Audit Committee (Independent party with expertise in finance or accounting)
4	Ubaidillah Nugraha	Member of the Audit Committee (Independent party with expertise in law or banking)

### Meeting

During 2020, the Audit Committee has held 7 (seven) committee meetings on 2 March 2020, 18 May 2020, 5 June 2020, 27 July 2020, 30 July 2020, 27 August 2020 and 26 November 2020. The percentage of attendance at the Audit Committee meetings is as follows:

No	Name	Audit Committee Meeting		
		Number of Meetings	Attendance	% Attendance
1	Hanny Wurangian	7	7	100%
2	Umar Juoro	7	7	100%
3	Yustrida Bernawati	7	7	100%
4	Ubaidillah Nugraha	7	7	100%

### 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 Oversight Committee is in accordance with OJK Regulation No.55/POJK.03/2016 dated 7 December 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 27 August 2020 and subject to OJK regulation number 55/POJK.03/2016 dated 7 December 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.



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 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. In 2020, the Risk Oversight Committee's composition is as follow:

No	Name	Title
1	Umar Juoro	Chairman of the Risk Oversight Committee (Independent Commissioner)
2	Hariawan Pribadi*	Member of the Risk Oversight Committee (Independent Commissioner)
3	Catherinawati Hadiman Sugianto**	Member of the Risk Oversight Committee (Independent Commissioner)
4	Yustrida Bernawati	Member of the Risk Oversight Committee (Independent party with expertise in finance)
5	Ubaidillah Nugraha	Member of the Risk Oversight Committee (Independent party with expertise in risk management)

\*) His term of office as member of Risk Oversight Committee of the Bank has ended as of 30 June 2020

\*\*) Effectively serves as member of Risk Oversight Committee of the Bank since 7 October 2020

## Meetings

During 2020, the Risk Oversight Committee has held 4 (four) meetings on 02 March 2020, 18 May 2020, 27 August 2020, 26 November 2020. 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	Hariawan Pribadi*	2	2	100%
3	Catherinawati Hadiman Sugianto**	1	1	100%
4	Yustrida Bernawati	4	4	100%
5	Ubaidillah Nugraha	4	4	100%

\*) His term of office as member of Risk Oversight Committee of the Bank has ended as of 30 June 2020

\*\*) Effectively serves as member of Risk Oversight Committee of the Bank since 7 October 2020

## 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, 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 Commissioners 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 Commissioners 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 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 member 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 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 the Board of Commissioners, 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 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.

The Remuneration and Nomination Committee consists of five (5) members. In 2020, the Remuneration and Nomination Committee Composition is as follow:

No	Name	Title
1	Umar Juoro	Chairman of the Committee (Independent Commissioner)
2	Hariawan Pribadi*	Member of the Committee (Independent Commissioner)
3	Mark Thomas McKeown	Member of the Committee (Independent Commissioner)
4	Matthew Kneeland Lobner	Member of the Committee (Independent Commissioner)
5	Catherinawati Hadiman Sugianto**	Member of the Committee (Independent Commissioner)
6	Heni T Budisetio	Member of the Committee (Executive officer responsible for Human Resources)

\*) His term of office as member of Remuneration and Nomination Committee of the Bank has ended as of 30 June 2020

\*\*) Effectively serves as member of Remuneration and Nomination Committee of the Bank since 7 October 2020

During 2020, the Remuneration and Nomination Committee has held 5 (five) committee meetings on 10 Februari 2020, 2 Maret 2020, 18 Mei 2020, 27 Agustus 2020 dan 26 November 2020.

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	Hariawan Pribadi*	2	2	100%
3	Mark Thomas McKeown	5	5	100%
4	Matthew Kneeland Lobner	5	5	100%
5	Heni T Budisetio	5	5	100%
6	Catherinawati Hadiman Sugianto**	1	1	100%

\*) His term of office as member of Remuneration and Nomination Committee of the Bank has ended as of 30 June 2020.

\*\*) Effectively serves as member of the Remuneration and Nomination Committee of the Bank since 7 October 2020.

## 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 Directors Decree number 023/SK/DIR/VI/2019 dated 26 June 2019 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 dated 7 December 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 Directors in implementing good GCG in the Bank's operational activities. The Board of Directors supervises the implementation of GCG conducted the staff by holding periodic meetings with Credit Committee, Assets and Liabilities Committee, Risk Management Committee, Information Technology, Operational, and Services Steering Committee, Integrated Risk Management Committee, Financial Crime Risk Management Committee, People Committee, and Head of Business.



## Composition of the Board of Directors

The composition of the Bank's Board of Directors as of 31 December 2020 is as follows:

Designation	Name
President Director	Sumit Dutta <sup>1</sup>
President Director	Francois de Maricourt <sup>2</sup>
Director	Dio Alexander Samsoeri
Director	John Peter Watt Rosie <sup>3</sup>
Director	Blake Digney Philip Hellam <sup>4</sup>
Director	Tripudjo Putranto Soemarko <sup>5</sup>
Compliance Director	Yessika Effendi <sup>5</sup>
Director	Caecilia Pudji Widyarti <sup>6</sup>
Director	Stephen Whilton Angell
Director	Edhi Tjahja Negara Darmohusolo <sup>7</sup>
Director	Eri Budiono <sup>7</sup>
Director	Riko Adyithia <sup>8</sup>
Director	Nisha Asha Bhambhani <sup>9</sup>
Director	James Rex Elwes <sup>10</sup>

<sup>1</sup> His term of office as President Director of the Bank has ended as of 30 June 2020

<sup>2</sup> Effectively serves as President Director of the Bank since 17 August 2020

<sup>3</sup> Resigned as the Director of the Bank effective on 20 November 2020

<sup>4</sup> Resigned as the Director of the Bank effective on 26 June 2020

<sup>5</sup> His/her term of office as member of the Board of Directors of the Bank has ended on 30 June 2020

<sup>6</sup> Has been appointed as Director in charge of overseeing Compliance Function temporarily on the Annual GMS of Bank dated 30 June 2020 until a new Bank Director in charge of overseeing Compliance Function becomes effective if and upon the OJK approval for the Fit and Proper Test with due observance to the prevailing laws and regulations in Indonesia.

<sup>7</sup> Effectively serves as the Member of the Board of Directors of the Bank since 26 June 2020

<sup>8</sup> Effectively serves as Director of the Bank since 10 November 2020

<sup>9</sup> Will be effectively serves as Compliance Director of the Bank if and upon the OJK approval for the Fit and Proper Test with due observance to the prevailing laws and regulations in Indonesia

<sup>10</sup> Will be effectively serves as Director of the Bank if and upon the OJK 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

## Board of Directors Meeting

The Board of Directors carries 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 2020, The board of

Directors has held 20 (twenty) meetings on 16 January 2020, 22 January 2020, 25 February 2020, 24 March 2020, 22 April 2020, 6 May 2020, 20 May 2020, 2 June 2020, 15 June 2020, 23 June 2020, 10 July 2020, 16 July 2020, 24 July 2020, 3 August 2020, 26 August 2020, 24 September 2020, 26 October 2020, 16 November 2020, 25 November 2020 dan 18 December 2020.

The percentage of attendance at the Board of Directors' meetings is as follows:

No	Name	Board of Directors Meetings					
		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	Sumit Dutta <sup>1</sup>	6	6	100%	4	4	100%
2	Francois de Maricourt <sup>2</sup>	5	5	100%	1	1	100%
3	John Peter Watt Rosie <sup>3</sup>	10	10	100%	8	8	100%
4	Blake Digney Philip Hellam <sup>4</sup>	6	6	100%	4	3	75%
5	Tripudjo Putranto Soemarko <sup>5</sup>	6	6	100%	4	3	75%
6	Yessika Effendi <sup>5</sup>	6	6	100%	4	4	100%
7	Caecilia Pudji Widyarti <sup>6</sup>	12	10	83%	8	7	88%



No	Name	Board of Directors Meetings					
		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
8	Stephen Whilton Angell	12	9	75%	8	6	75%
9	Dio Alexander Samsoeri	12	11	92%	8	8	100%
10	Edhi Tjahja Negara Darmohusolo <sup>6</sup>	6	6	100%	4	4	100%
11	Eri Budiono <sup>7</sup>	6	5	83%	4	4	100%
12	Riko Adythia <sup>8</sup>	2	1	50%	1	1	100%

<sup>1)</sup> His term of office as President Director of the Bank has ended as of 30 June 2020

<sup>2)</sup> Effectively serves as President Director of the Bank since 17 August 2020

<sup>3)</sup> Resigned as Director of the Bank effective on 20 November 2020

<sup>4)</sup> Resigned as Director of the Bank effective on 26 June 2020

<sup>5)</sup> Resigned as Members of Board of Directors of the Bank effective on 30 June 2020

<sup>6)</sup> Has been appointed as Director in charge of overseeing Compliance Function temporarily on the Annual General Shareholders Meeting of Bank dated 30 June 2020 until a new Bank Director in charge of overseeing Compliance Function becomes effective if and upon the OJK approval for the Fit and Proper Test with due observance to the prevailing laws and regulations in Indonesia

<sup>7)</sup> Effectively serves as the Member of Board of Directors of the Bank since 26 June 2020

<sup>8)</sup> Effectively serves as Director of the Bank since 10 November 2020

## Committees under the Board of Directors

In conducting their duties, the Board of Directors is assisted by 6 (six) Executive Committees, which are Credit Committee, Assets and Liabilities Committee, Risk Management Committee, Information Technology, Operational, and Services Steering Committee, Financial Crime Risk Management Committee, and People 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.

#### Credit Committee Authorities and Responsibilities

Credit Committee is authorised to approve all matters related to the wholesale credit, 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 Bank 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. Finance Director
2. Commercial Banking Director
3. Global Banking Director
4. Deputy to Commercial Banking Director
5. Head of Department from CMB and GB
6. Head of Wholesale Credit Approval
7. 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 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.

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 document circulation or by e-mail circulation.

## **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 Bank in order to maximise 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 utilisation 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 Bank 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, behavioural pattern 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 rationalisation.

#### **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 HSS
7. Risk Management Director
8. Operations & IT Director
9. Head of Asset Liability and Capital Management
10. Head of Balance Sheet Management
11. Head of Risk Management and Risk Regulatory Engagement

#### **Meetings**

During 2020 ALCO Meeting has been held 12 times conducted on 22 January, 25 February, 24 March, 22 April, 20 May, 23 June, 22 July, 26 August, 23 September, 21 October, 25 November and 18 December.

## 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 focus on risk culture, risk appetite, risk profile, and integration of risk management into the Bank's strategic objectives. Risk Management Committee is charged with the following responsibilities:

- To consider risk management key issues/common themes identified across the enterprise risk reports.
- To perform assessment and recommendation to the Board of Directors and/or the Board of Commissioners covering risk management policy and strategy, improvement of risk management implementation based on evaluation, and business decisions.
- To review and resolve matters for escalation.
- To promote and cascade a supportive culture in relation to risk management and controls as well as to ensure bank's risk management practices support the conduct outcomes.

### Members of Risk Management Committee

Risk Management Committee consists of:

Chairman: Risk Director

Member:

1. President Director
2. Finance Director
3. Operations and Information Technology Director
4. Global Banking Director
5. Head of Global Markets & HSS
6. Commercial Banking Director
7. Wealth & Personal Banking Director
8. Human Resources Director
9. Compliance Director
10. Head of Risk Management & Regulatory Engagement
11. General Legal Counsel

### Meetings

During 2020, The Risk Management Committee has held meetings 10 (ten) times on 22 January, 25 February, 24 March, 22 April, 23 June, 22 July, 26 August, 23 September, 21 October, and 25 November.

## D. Information Technology, Operational, and Services Steering Committee

### Description

Information Technology, Operational, and Services Steering Committee is the committee that monitors the Information Technology, Operational 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, Operational, and Services Steering Committee are as follows:

1. Plan the strategy of Information Technology, Operational, 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, Operational, and Services projects that are deemed critical and supervise the implementation of these projects;
4. Monitor risks in the Information Technology, Operational, and Services sector and reduce the impacts;
5. Monitor the performance of Information Technology, Operational, 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, Operational, and Services against the cost plan and the target of the Bank's financial performance.
7. Information Technology, Operational, 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, Operational, and Services work unit

Member:

1. Commercial Banking Director
2. Wealth & Personal Banking Director
3. Finance Director
4. Risk Management Director
5. Compliance Director

6. Human Resources Director
7. Head of Global Market and HSS
8. Head of Global Banking

### Meetings

During 2020, Information Technology, Operational, and Services Steering Committee has held meetings 5 (five) times on 24 February, 21 April, 22 June, 25 August and 20 October.

## E. Financial Crime Risk Management Committee

### Description

Financial Crime Risk Management Committee (FCRMC) is a formal governance committee established to ensure effective enterprise-wide management of financial crime risk within Bank and to support the President Director in discharging their financial crime risk responsibilities.

### Purpose and Scope

The FCRMC's authority for the management of financial crime risk matters derives from the Risk Management Committee of Bank. The scope of the FCRMC covers all business activities, products, and services in Bank and also oversight on managing FC risk on other HSBC entities in Indonesia. This includes all outsourced activities delegated to another part of the Bank or a third party as required in the OJK regulation No. 55/POJK.03/2016 related to the Governance Implementation for Banks.

The outputs from this committee may result in actions/recommendations for Lines of Business and/or Financial Crime Risk teams within Bank or other HSBC entities within Indonesia as long as legally permissible, as well as recommendations for escalations to Risk Management Committee, as well as escalations for noting purposes to the Regional Executive Committee and Financial Crime Risk Management Meeting ("FCRMM") or other relevant governance committees. The committee shall review, every 12 months, its terms of reference and its own effectiveness and recommend necessary changes.

### Duties and Responsibilities

The FCRMC's accountabilities and responsibilities across Bank, including where appropriate PT HSBC Sekuritas Indonesia as long as legally permissible, include (but are not limited to):

1. Review, discuss, address and approve financial crime risk and issues, relating to money laundering (inclusive of tax evasion), sanctions, bribery and corruption, and fraud.
2. Review, discuss and address material reputational risks and issues (as identified by the Line of Businesses Risk Reputational Client Selection Committee or by reputational risk stewards) and receive a Special Presentation on the reputational risks to the Line of Business on a quarterly basis.
3. Review, discuss and address relevant internal and external financial crime risk related reports. In particular, The Annual Enterprise Wide Risk Assessment Country Report is to be presented, discussed and actions agreed as appropriate at Bank FCRMC.
4. Monitoring and analysing the AML, Sanctions, AB&C, Fraud, and Tax Evasion external regulatory environment.
5. Review and discuss key Financial Crime Risk policy changes and resultant impact.
6. Review, discuss and address the transformation and remediation agendas.
7. Review, discuss and address issues related to Transaction Monitoring, escalated from the Bank Transaction Monitoring Working Group.
8. Review, discuss and address issues related to Affiliates Risk Management and Client Selection and Exit Management, if required.
9. Review, discuss and address any material data matters related to financial crime risks critical data elements, covering but not limited to data quality measures and issues.
10. Promote, monitor and address the financial crime risk culture.
11. Safeguard the interests of our customers, ensuring that the meeting consistently considers the impact on the customer of every significant decision made and that decision making delivers fair outcomes for customers and maintains market integrity.
12. Information Sharing relating to Financial Crime Risks.
13. Review and discuss relevant innovative solutions for financial crime risk management.

### The Members of Financial Crime Risk Management Committee

- a. Chairman: President Director
- b. Member:
  1. Head of Financial Crime Compliance
  2. Head of Financial Crime Threat Mitigation
  3. Operations and Information Technology Director
  4. Risk Management Director
  5. Compliance Director

6. Wealth & Personal Banking Director
7. Commercial Banking Director
8. Global Banking Director
9. Head of Global Markets
10. Head of Operational Risk

#### Meetings:

During 2020, the FCRMC held 11 (eleven) meetings on 27 January, 24 February, 23 March, 28 April, 27 May, 30 June, 27 July, 25 August, 29 September, 27 October and 24 November.

### F. People Committee

People Committee is formed to review and carry out the people strategies, policies and initiatives in 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 objective people activities, from recruitment, motivation and retention of quality employees.

People Committee assists the Board of Directors in reviewing and monitoring significant and critical people strategies, policies and initiatives arisen, as well as came up by the shareholders for implementation in 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 the HSBC values, business principles, as well as law and regulations.

#### Duties and Responsibilities of People Committee

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 People Strategies within Indonesia, e.g. diversity, international mobility, employee engagement, recruitment, development, etc.

- 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 Bank roles and make recommendations to the Board of Directors (for critical executive positions) and to the 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 Market 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 Communication
  10. Head of Corporate Secretary
  11. SVP HR Talent and Development

### Meetings

During 2020, People Committee meeting had been held for 11 (eleven) times:

- 21 January 2020
- 24 February 2020
- 23 March 2020
- 21 April 2020
- 19 May 2020
- 22 June 2020
- 21 July 2020
- 25 August 2020
- 23 September 2020
- 20 October 2020
- 24 November 2020

## 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 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 Financial Conglomerates.

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, 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; and
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 convenable 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. Integrated Corporate Governance Committee consists, at least, of the following:
  - a. an Independent Commissioner being a Chairman of one of the Main Entity committees, to be Integrated Governance Committee Chairman cum 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 representativity of each financial services sector.
3. An Independent Commissioner might be a permanent or non-permanent member in Integrated Corporate Governance Committee.

### Meetings

During 2020, The Integrated Corporate Governance Committee has held 2 (two) meetings on 14 February 2020 and 12 August 2020.



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	Suliasan*	1	1	100%
3	Ubaidillah Nugraha	2	2	100%
4	Krishna Suparto**	1	1	100%

\*) His term of office as member of Integrated Corporate Governance Committee has ended as of 27 February 2020

\*\*) Effectively serves as member of Integrated Corporate Governance Committee on 27 February 2020

## B. Integrated Risk Management Committee

Integrated Risk Management Committee is established to provide recommendations about integrated risk management policies to the Board of Directors of the Main Entity

Integrated Risk Management Committee have the authorities and responsibilities to recommend to the Board of Directors of the Main Entity, in order to:

1. Establishment of Integrated Risk Management policy.
2. Refinement of Integrated Risk Management policy based on evaluation of the implementation.

### The Main Role for the Members of Integrated Risk Management Committee:

- a. To provide inputs to the Integrated Risk Management Committee in the form of topics along with the material to be discussed in the Integrated Risk Management Committee meeting.
- b. To provide inputs in the form of information and analysis related to the topics discussed in the Integrated Risk Management Committee meeting.

### Integrated Risk Management Committee membership includes:

- a. Risk Management Director function as chairman concurrently member of the Integrated Risk Management Committee
- b. Finance Director
- c. Compliance Director
- d. Director / the appointed representative from PT HSBC Sekuritas Indonesia
- e. Head of Risk Management & Risk Regulatory Engagement
- f. Executive Officers

### Meetings

During 2020, The Integrated Risk Management Committee has held 2 (two) meetings on 13 February and 11 August 2020 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 has strongly committed to complying with the existing regulations by growing a compliance culture at all levels of the organisation and its business activities. The active supervision of the Board of Commissioners and Board of Directors of the Bank plays an important role in ensuring that compliance functions work. The Bank has also appointed one of the Directors as the Compliance Director who oversees the Compliance Function. In order to assist the Compliance Director's duties, a comprehensive Compliance Unit is established.

The Compliance Unit comprises Regulatory Compliance (RC), Financial Crime Compliance (FCC), Financial Crime Threat and Mitigation (FCTM), Compliance Assurance (CA), and Business Management.

Regulatory Compliance liaise with all lines of business and any other functions in Bank in identifying and implementing compliance risk, supervising in an independent and objective way.

FCC is a special work unit which is responsible to implement Anti Money Laundering, Sanctions and Anti-Bribery and Corruption programmes and continuously improve the quality of the implementation of the programme in Bank.

In the effort to have the in-place process and mechanism of robust investigation, intelligence, and analysis aimed at proactive identification of financial crimes and sophisticated financial crime risks, Bank has re-positioned Financial Crime Threat and Mitigation (FCTM) under Compliance.

FCTM performs Anti-Fraud strategic function and reports to the President Director through the Fraud Panel. Anti-Fraud strategy is the Bank's strategy in controlling Frauds that is designed by making reference to the processes related to the occurrences of Frauds, by taking into consideration the characteristics and extent of potential of Frauds, that is developed in a comprehensive and integral manner and implemented in the fraud control system.

As part of the Second Line of Defense under Compliance Function, Compliance Assurance performs based on compliance risk testing on activities and control risk under Regulatory Compliance and Financial Crime. Compliance Assurance provides assurance from the Compliance view that Business

and Function are running in compliance to the current law and regulations from the regulator and managed according to the Standard Procedures in Bank.

Business Management supports the overall Compliance Unit, on budgeting, information management and translation.

Compliance Function in PT Bank HSBC Indonesia (Bank) provides the following actions:

- Assure the fostered compliance culture in the Bank's entire functions and organisations.
- Manage compliance risks.
- Assure that the in-place compliance rules and procedures meet regulatory regulations and applicable laws issued by relevant authorities.
- Assure Bank's compliance with its commitment to OJK and/or any other Supervisory Authorities.

In relation to the supervision of integrated governance, Bank is assigned as the main entity by the financial conglomerate HSBC Indonesia, the Bank's Compliance Unit establishes the Integrated Compliance Unit to ensure the compliance function can be implemented well by the Bank and other members of the conglomerate, which is PT HSBC Sekuritas Indonesia.

The member of the Compliance unit is also a member of Integrated Compliance Task Unit and performs the duties and responsibilities of Integrated Compliance Task Unit.

In order to meet applicable requirements and mitigate potential compliance, regulatory, and reputational risks associated with violations of Anti-Money Laundering, Counter Terrorist Financing (CTF), and Proliferation Financing regulations, Bank established Anti Money Laundering (AML) Policy, which is aligned with the applicable regulations by Financial Services Authority, Bank Indonesia, and applicable laws. In addition to complying with local regulations, the Bank also adopts regulations based on the Group's Global Standards as long as there is no contradiction with local regulations. Based on the latest adoption of Global Standards, the updated revision on AML policy has been issued through the Decree of Board of Commissioners No. 018/SK/DEKOM/VIII/2020 dated 27 August 2020 on The Revision of Anti Money Laundering Implementation Policy.

Compliance with this policy and other related guidelines is required to ensure the Bank comply with laws and regulations on Anti-Money Laundering,

maintain the effectiveness and safeguarding of the AML Programme and manage AML risks well. All of the Bank's employees are expected to comply with the policy, laws, applicable AML regulations and provisions in Indonesia. Therefore, training and human resources programmes, especially those related to the AML, are held continuously for new employees or those with high exposure to the implementation of AML in their duties and responsibilities.

The Compliance Unit consistently improves the quality of AML CTF programme implementation by enhancing the transaction monitoring system and focusing on the improvement of complex case investigation.

## LEGAL ISSUES

As at 31 December 2020, there are 10 (ten) cases that involve the Bank. Further, until 31 December 2020 Bank's lawsuit against the tax office is still in progress at the Tax Court.

## SHARE OPTIONS

The Bank did not have share options programme throughout 2020. The Bank also has no plans in 2021 to introduce share option schemes based on the Bank's shares to the Board of Commissioners, the Board of Directors, and Executive Officer.

## 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
Matthew Kneeland Lobner	-	√	-	√	√	-
Hanny Wurangian	-	√	-	√	-	√
Hariawan Pribadi	-	√	-	√	-	√
Umar Juoro	-	√	-	√	-	√
Mark Thomas Mckeown	-	√	-	√	√	-
Catherinawati Hadiman Sugianto	-	√	-	√	-	√
Sumit Dutta	-	√	-	√	√	-
Francois de Maricourt	-	√	-	√	√	-
John Peter Watt Rosie	-	√	-	√	√	-
Blake Digney Philip Hellam	-	√	-	√	√	-
Edhi Tjahja Negara Darmohusolo	-	√	-	√	-	√
Eri Budiono	-	√	-	√	-	√
Caecilia Pudji Widyarti	-	√	-	√	-	√
Tripudjo Putranto Soemarko	-	√	-	√	-	√
Stephen Whilton Angell	-	√	-	√	√	-
Dio Alexander Samsoeri	-	√	-	√	-	√
Riko Adythia	-	√	-	√	-	√
Yessika Effendi	-	√	-	√	-	√

## SELF-ASSESSMENT

The Bank's management conducts self-assessment periodically on the compliance of Good Corporate Governance principles. The results will be submitted to the Financial Services Authority. Recent assessment shows that the Bank ranking is "2", meaning that the Bank's soundness level is Good.

## INTERNAL AUDIT WORK UNIT

The Bank's Internal Audit Unit (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 organisation'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.

PT Bank HSBC Indonesia (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 Bank 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 organisation, Internal Audit 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 independence and objectivity, Internal Audit must be independent to operational activities.

Internal Audit 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 auditors and attend all strategic meetings, such as 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.

Internal Audit provides independent assurance to management on the effectiveness of the processes in place to manage fraud. Where material fraud occurs, Internal Audit could review the nature of the incident and assess whether there are any control weaknesses that gave rise to the fraudulent opportunity could/should have been detected.

Internal Audit reviews management action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

## EXTERNAL AUDIT

The Bank establishes transparent cooperation with the 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 2020 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 2020 financial statements and reported the audit result to Bank on 19 March 2021 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 OJK regulation no.18/POJK.03/2016 and Circulation Letter No.34/SEOJK.03/2016 about the Risk Management Implementation for Commercial Bank and consider 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 minimise 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 a Risk Management Working Unit.

Currently the Risk Management Work Unit has ensured 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:

- Monitor the implementation of risk management strategy that has been approved in the Risk Management Committee meeting or approved by the 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.
- Apply stress testing to find out the impact of the implementation of risk management policy and strategy on performance of each operational work unit.
- 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 the 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 the Director of Risk Management and the Risk Management Committee on a 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 Risk Management Committee has been established. They are independent of operational activities and are responsible to the Board of Directors, and establish the Risk Oversight Committee which is responsible for assisting the Board of Commissioners' supervisory functions.

### **Risk Profile**

Overall, the Bank's risk rating as of 31 December 2020 is at rank 2. All inherent risk ratings were Low to Moderate, except Credit and Compliance Risk which were Moderate.

### **Risk Management Certification**

The Bank's officials and employees have attended Risk Management Certification periodically. During 2020, the total number of officials and employees who have attended Management Risk Certification examination and refreshment is 917 participants, which is 45.14% higher than last year.

### **Risk Management Process**

The implementation of risk management at the Bank is conducted in accordance with Financial Services Authority regulation.

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

## DETAILED LARGE EXPOSURE

Table of Fund Provision to Related Party and Large Exposure as of 31 December 2020

No	Fund Provision	Amount	
		Debtors	Nominal (IDR million)
1	To Affiliated <sup>*)</sup>	65	13,437,129
2	To Core Debtors		
	1. Individual	7	5,635,674
	2. Group	18	24,827,509

<sup>\*)</sup> Including fund provision to prime bank related parties

## REMUNERATION DISCLOSURES 2020

### 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 162.

#### 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

At HSBC, our remuneration strategy is designed to help attract, retain and motivate the very best people, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience. This strategy recognises people who are committed to the sustainable long-term performance of HSBC in the interests of our shareholders and stakeholders

Employee's remuneration is reviewed on an annual basis during the 'on-cycle' process, also known as Annual Pay Review, including review conducted for the Remuneration of the Board of Commissioners and the Board of Directors. Activity impacting remuneration outside of this process is known as 'off-cycle'

#### Remuneration key principles

Principle	Our approach in 2020
Alignment to performance at all levels	<ul style="list-style-type: none"> <li>We assess performance at the Bank, business and individual levels, taking into account both 'what' has been achieved and 'how' it has been achieved</li> <li>The 'how' helps ensure that performance is sustainable in the longer term and takes into account alignment to HSBC values and adherence to risk/compliance standards</li> </ul>
Informed by market practice and market positioning	<ul style="list-style-type: none"> <li>Being informed, but not driven by, market position and practice. Market benchmarks, are sourced through independent specialists and provide an indication of the range of pay levels and employee benefits provided by our competitors</li> <li>Targeting pay for employees across the full market range depending upon their individual performance and relative of peer group. An individual's position in this market range will also vary depending upon their performance in any given year</li> <li>Any benchmark should be done in a way that is consistent with regulatory requirements</li> </ul>
Compliant with regulations	<ul style="list-style-type: none"> <li>Compliance with all relevant regulations and ensuring this applies at a high standard across Group and Indonesia</li> <li>As a local incorporated entity, the Bank's main regulator is OJK</li> </ul>

#### Independent Remuneration review

The Remuneration and Nomination Committee (RNC) evaluates the aggregate employee remuneration, line-by-line remuneration of the Commissioners and Directors and provides recommendation to the Board of Commissioners and reported in the AGMS.

### Remuneration policy scope and implementation 2020

The remuneration policy applies to all employees across all business units and functions; and we ensure the policy is implemented fairly, appropriately, and free from bias.

### Remuneration Related to Risk

The Bank has 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 2020, we ran a 'Spotlight on our People' through AOBR to recognise the exceptional actions of employees in caring for customers, each other and our communities during the COVID-19 pandemic.
- 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) 2020 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 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

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 GMS.

### Adjustment of the Remuneration associated with performance and risk

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:

- For Material Risk Takers (MRTs), their portion of variable remuneration will be deferred from 40% if the total compensation is greater than the amount equivalent to IDR 9 billion (or equivalent to GBP 500,000) or variable remuneration is more than 33% of total compensation
- For employees excluding MRTs, a portion of their variable remuneration will be deferred starting from 10% if their total awards exceeding the amount of equivalent to USD 75,000, which will vest in 3 years
- Malus and Clawback applies to all awards made to identified staff and Material Risk Takers (MRTs).

### External Consultants

The Bank has engaged Willis Towers Watson 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

The policy package received by the Bank's management is as follows:

- Remuneration: salary, bonus and fixed allowances.
- 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 GMS



**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	Number of individuals	Rp Million
1 Remuneration (salary, bonus, routine allowances, tantiem, and other facilities in the form of non-natura)	7	64,333	3*	8,212
2 Other facilities in the form of natura (housing, transportation, health insurance, etc.)	7	10,459	3*	241
<b>TOTAL</b>	<b>7</b>	<b>74,791</b>	<b>3*</b>	<b>8,453</b>

\* Number of the Board of Commissioners who received the remuneration

**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	Number of the Board of Directors	Number of the Board of Commissioners
Above Rp2 billion	7	-
Above Rp1 billion up to Rp2 billion	-	3*
Above Rp500 million up to Rp1 billion	-	-
Below Rp500 million	-	-

**Variable Remuneration 2020**

Variable remuneration that comprises 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 vary with performance achievement and the Bank holds 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 annual award may be deferred and vested over a period of three to five years.

**Number of 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	Number of individuals	Rp Million	Number of individuals	Rp Million
<b>TOTAL</b>	<b>7</b>	<b>11,189</b>	<b>3*</b>	<b>-</b>	<b>3,471</b>	<b>154,999</b>

\* Number of the Board of Commissioners who received the remuneration

**Positions of Material Risk Takers 2020**

The Material Risk Takers positions that are identified in 2020 are based on quantitative and qualitative criteria consist of 6 (six) individuals, as follows:

1. President Director
2. Risk Management Director
3. Head of Global Market and HSS
4. Wealth and Personal Banking Director
5. Commercial Banking Director
6. Global Banking Director



**Ratio of highest and lowest salary**

Remarks	Ratio
Ratio of highest and lowest employee salary	123 : 1
Ratio of highest and lowest of Director salary	2 : 1
Ratio of highest and lowest Commissioner Honorarium	1.04 : 1
Ratio of highest Director salary and highest employee salary	0.9 : 1

**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
TOTAL	-	-	-	-	1	700

**Number of Terminated Employees and Total Nominal of Severance Paid 2020**

252 individuals employment were terminated with total severance pay of IDR 60,292 million in accordance with the criteria set forth in the OJK 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	11
Above Rp500 million up to Rp1 billion	18
Below Rp500 million	223
TOTAL	252

**Deferred Variable Remuneration**

	2020	2019
Deferred Variable Remuneration (in Million Rupiah)	9,767	12,376

**Details total Remuneration provided in 1 (one) year for MRT**

Details of total remuneration provided in 2020, year for which		2020
A. Fixed Remuneration (in Million Rupiah)		
1. Cash		35,225
2. Shares or share-based instruments		-
	Non-deferred	Deferred
B. Variable Remuneration (in Million Rupiah)		
1. Cash	8,541	2,889
2. Shares or share-based instruments	4,334	3,357

**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)
1. Cash (in Million Rupiah)	4,833	-	-	-
2. Shares or share-based instruments	6,571	-	-	-
<b>Total (in Million Rupiah)</b>	<b>11,404</b>	-	-	-

**INTERNAL FRAUD**

During 2020, there were no internal fraud cases committed by management, permanent, and non-permanent employees in relation to the Bank's business processes and operations with financial impacts higher than Rp 100 million.

**CUSTOMER COMPLAINT HANDLING**

The Bank has a system called CMS (Complaint Management System) that records and handles customer complaints, 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.

In 2020, the Bank has received a total of 4,265 complaints, of which most complaints received are related to the payment system of credit cards.

As at 31 December 2020, 98.01% of total complaints received had been resolved by the Bank, whilst the remaining 1.99% were still in the resolution process.

**Customer Complaint Handling**

Period January – December 2020

No	Types of Financial Transaction	Completed		In Process *		Non completed		Total Complaints
		Total	%	Total	%	Total	%	
1	Fund gathering – Current Accounts	2	100.00%	-	0.00%	-	0.00%	2
2	Fund gathering – Savings	2	100.00%	-	0.00%	-	0.00%	2
3	Fund gathering – Deposits	-	0.00%	-	0.00%	-	0.00%	-
4	Fund gathering - Interbank	11	100.00%	-	0.00%	-	0.00%	11
5	Fund gathering - Others	18	100.00%	-	0.00%	-	0.00%	18
6	Fund provision – Credit/Financing - Investment	-	0.00%	-	0.00%	-	0.00%	-
7	Fund provision – Credit/Financing - Working Capital	-	0.00%	-	0.00%	-	0.00%	-
8	Fund provision – Credit/Financing – Consumption (other than credit card)	22	100.00%	-	0.00%	-	0.00%	22
9	Fund provision - Interbank	-	0.00%	-	0.00%	-	0.00%	-
10	Fund provision - Others	57	98.28%	1	1.72%	-	0.00%	58

No	Types of Financial Transaction	Completed		In Process *		Non completed		Total Complaints
		Total	%	Total	%	Total	%	
11	Payment System – ATM and/or Debit Cards	630	95.17%	32	4.83%	-	0.00%	662
12	Payment System – Credit Cards	1,570	97.76%	36	2.24%	-	0.00%	1,606
13	Payment System – Prepayment Cards	-	0.00%	-	0.00%	-	0.00%	-
14	Payment System – Direct Debit	-	0.00%	-	0.00%	-	0.00%	-
15	Payment System – Standing Instruction	-	0.00%	-	0.00%	-	0.00%	-
16	Payment System – Travelers' Cheque	-	0.00%	-	0.00%	-	0.00%	-
17	Payment System - Clearing	3	100.00%	-	0.00%	-	0.00%	3
18	Payment System - RTGS	-	0.00%	-	0.00%	-	0.00%	-
19	Payment System – Electronic Banking	314	99.05%	3	0.95%	-	0.00%	317
20	Payment System - Remittance	12	100.00%	-	0.00%	-	0.00%	12
21	Payment System - Others	94	98.95%	1	0.05%	-	0.00%	95
22	Joint Products - Bancassurance	-	0.00%	-	0.00%	-	0.00%	-
23	Joint Products – Mutual Funds	-	0.00%	-	0.00%	-	0.00%	-
24	Joint Products - Others	18	100.00%	-	0.00%	-	0.00%	18
25	Other Product – Bank Guarantee	-	0.00%	-	0.00%	-	0.00%	-
26	Other Product – Trade Finance	6	100.00%	-	0.00%	-	0.00%	6
27	Other Product – Derivative	-	0.00%	-	0.00%	-	0.00%	-
28	Other Product – Wealth Management	7	100.00%	-	0.00%	-	0.00%	7
29	Other Product – Safe Deposit	-	0.00%	-	0.00%	-	0.00%	-
30	Other Product - Others	1,414	99.16%	12	0.84%	-	0.00%	1,426
TOTAL		4,180	98.01%	85	1.99%	-	0.00%	4,265

\* Data is as of 31 December 2020. At the time of publication, these customer complaints have been settled within the OJK requirement.





# /06

## CORPORATE SUSTAINABILITY

184 Sustainability

187 Plan, Focus, and Programmes in 2021

# CORPORATE SUSTAINABILITY

## SUSTAINABILITY

PT Bank HSBC Indonesia has implemented a sustainable finance according to the guideline issued by HSBC Group as well as the Financial Services Authority (OJK) Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies.

Through its vision “Building a Sustainable Future,” the Bank stays committed to supporting a responsible economic growth. Moreover, the Bank also contributes in transitioning towards a low-carbon economy through sustainable finance.

To move toward a sustainable company, the Bank focuses on investing in the environment and community, particularly in the education sector and social welfare. In Indonesia, the Bank contributes to sustainable development through various social programmes in the education sector and social welfare.

In carrying out the Sustainable Company programme, the Bank aims to improve social welfare in the long run, which eventually can support sustainable economic growth in Indonesia. In achieving these goals, the Bank cooperates with local partners that have competence and direct access to the communities and areas in need to ensure these programmes meet the targets.

Programmes that have been implemented in 2020 among others are:

## Education

In 2020, the Bank carried out educational social programmes for different social groups covering financial literacy and business as well as employability skills.

Financial literacy and business education programme is in line with the direction from OJK on the Blueprint of Indonesia’s National Strategy for Financial Literacy. This programme aims to improve the public’s understanding of financial products and services. Through business education, students are introduced to the business world via the HSBC Business Case Competition, which aims to improve students’ analytical capacity and business intuition.

The targets of financial literacy and business education are students (from elementary level to university), teachers/lecturers, housewives that run household-scale businesses as well as the general public.

For employability skills, the Bank introduced the Core Skills concept, also known as the 21<sup>st</sup> Century Skills, that aims to assist students in facing challenges and changes on the job.

Programme	Activities	Programme Achievement	Budget Allocation (IDR)
HSBC Business Case Competition	<p>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. The university students will compete in teams that consist of four people in business strategy and presentation. The winning team from Indonesia will get to participate in regional competition in Hong Kong.</p> <p>The aim of this competition is to explore innovation and analytical skills from university students, obtain presentation from the real business world, and expand professionalism and social network as well as building their own portfolio.</p>	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.	948,563,000

## Environment

The Bank is committed to supporting the global transition towards a low-carbon economy. It is carried out through operational activities that implement sustainability principles and support customers and supply chain to jointly support reduction of negative impact on the environment.

The Bank continues to actively participate in sustainable environmental conservation programmes as follows:

Programme	Activities	Programme Achievement	Budget Allocation (IDR)
Towards Certification – Strengthening the Role of Smallholder Farmers in Implementing Sustainable Palm Oil Practices	This programme aims to empower independent palm oil farmers to obtain RSPO/ISPO certification and strengthen their economic resilience through development of alternative sustainable income generation models, as well as capacity building on business development and management of the creative economy.	The activities carried out are among others continuing to fulfil RSPO/ISPO certification standard requirements i.e. training, audit, and strengthen business plan and marketing of the alternative commodities, as well as development of online database system.	1,435,000,000



## COVID-19 Relief and Recovery Programme

In 2020, the Bank conducted COVID-19 relief and recovery programme as a form of our concern and care for the most vulnerable communities that focused on providing immediate medical equipment, access to food, and economic resilience in many areas throughout Indonesia.

No.	Programme	Activities	Programme Achievement	Budget Allocation (IDR)
1	Together Facing COVID-19 – Immediate Medical Relief Aid	Immediate medical relief aid in form of PPE equipment for medical personnels and staple food aid packages for the community.	This activity provides 500 sets of PPE for medical personnels, and 15,500 sets of staple food for 11 locations in Jakarta and outside Jakarta.	2,400,695,000
2	COVID-19 Response – Immediate Medical Relief Aid	Immediate medical relief aid of PPE medical equipment, and cash voucher for vulnerable communities, including 3M campaign.	This donation supports 600 medical assistants in 20 medical centres in West Kalimantan and East Java, as well as cash vouchers for 525 households in Jakarta.	2,400,000,000
3	COVID-19 Response Acceleration – Immediate Medical Relief Aid	Immediate medical relief aid of PPE medical equipment for medical assistants and volunteers, disinfectant for public area and distribution of family hygiene kit.	Donation delivered to 1,000 medical assistants and volunteers, disinfectant spraying in more than 600 public areas, and 7,200 packages of family hygiene kit.	1,750,035,000
4	Resilience for Women Micropreneurs and Farmers – Relief aAd for COVID-19 Disaster	COVID-19 pandemic not only has a negative impact on health, but also has a huge economic and social implication. It is the poor and the vulnerable who are the most impacted, and social distancing policy/PSBB have disrupted micro-small businesses as well as the agricultural industry.	This programme supports 250 women micro-entrepreneurs to create new streams of income and gain new skills to be able to withstand future shocks, as well as empowering 150 farmers to ensure food supply of key commodities.	2,083,000,000

## Social and Community Welfare

The Bank is committed to supporting inclusive growth that is capable of realising the society's potential in economic and social development. This social empowerment programme aims to encourage community groups to become more independent, as well as to foster a better quality of life. This programme focuses on providing new skills and information access to create new opportunities to participate in larger social life.

In 2020, the Bank conducted programmes that support children and youth without parental care and family to provide them education, prepare them to enter the job market and check their health conditions.

Programme	Activities	Programme Achievement	Budget Allocation (IDR)
Prepare Youth for Future Employment in the Present	Activities of the programme are implementation of online learning activities, mentoring, and its facilities: entrepreneurial training and healthcare activities.	This activity is conducted in Aceh, Meulaboh, Medan, Jakarta, Bandung, Semarang, Bali and Flores that reaches around 1,500 children and youth.	1,004,020,000

## PLAN, FOCUS, AND PROGRAMMES IN 2021

The Bank in 2021 emphasises its commitment towards the implementation of sustainable programmes. The implementation of sustainability strategies is expected to be able to support sustainable economic growth. The priority of sustainable programmes implementation in 2021 includes:

1. Providing skill-set training for youth so they will succeed in competing in the global economy.
  - Financial literacy: Educating young people about the business world and the ability to manage money.
  - Employability: Helping future generations to develop their skill and ability to succeed in competing in the global economy.
2. Supporting the development of new business and sustainable international growth.
  - Entrepreneurship: Supporting young entrepreneurs through training and financial support.
  - Sustainable supply chain: Helping customers to realise trade activities and international business activities as well as improving their supply chain quality.

3. Supporting business transition towards low-carbon economy.
  - Sustainable finance: Investing in sustainable economic growth and helping clients in managing transition risk.
  - HSBC carbon footprint: Reducing direct impact of HSBC for the environment.

Each of these priorities will be supported by various commercial activities, partnerships, community investment, and employee involvement. The Bank aims for these priorities to make the Bank as a leading institution in implementing and promoting sustainable businesses.



**/07**

# **CORPORATE DATA**

<b>190</b>	Senior Executive Profile
<b>191</b>	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.

**KUSNIAH PRIMAYANTI****Head of Communications**

She has served as Head of Communications PT Bank HSBC Indonesia since 17 April 2017. She obtained Bachelor's Degree in Communication from Universitas Indonesia.

**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 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.

**SARIANI SADIKUN****Head of Wholesale Credit Approval**

She has served as Head of Wholesale Credit Approval Officer PT Bank HSBC Indonesia since 27 June 2019. She obtained Bachelor of Science with major in Computer Application & System from California State University of Fresno, USA.

**ASRI TRIWAHYUNI SUTYOKO****Head of Corporate Sustainability**

She has served as SVP and Head of Corporate Sustainability PT Bank HSBC Indonesia since 17 April 2017. She obtained Bachelor's Degree in English Language and Culture from Universitas Indonesia.

**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

## Balikpapan

- Jl. Jendral Sudirman No. 9, Balikpapan, 76112

## Bandar Lampung

- Jl. Ikan Bawal No. 79 -81, Bandar Lampung, 35223

## Bandung

- Wisma HSBC, Jl. Asia Afrika No. 116, Bandung, 40261
- Jl. Buah Batu No. 238, Bandung, 40265
- Flamboyan Square Unit F1, Lantai 1 - 2, Jl. Sukajadi 232, Bandung, 40153
- Jl. Ir. H. Djuanda No. 74, Bandung, 40132

## Banyumas

- Jl. S. Parman No. 84, Purwokerto, 53141

## Batam

- Komplek Sumber Jaya Blok A No. 1 – 3, Jl. Raden Patah, Batam, 29444

## Bekasi

- Kawasan Industri Jababeka II, Ruko Kapitol Blok 2I & 2G, Jl. Niaga Raya, Bekasi, 17530
- Komplek Sentral Niaga Kalimalang Blok A8 No. 10 , Jl. Ahmad Yani, Bekasi, 17141

## Bogor

- Jl. Raya Pajajaran No.84 Ruko C - D, Bogor, 16143

## Denpasar

- Ruko Sudirman Panjer, Jl. Jend. Sudirman, Kel. Panjer, Kec. Denpasar Selatan, Denpasar

## Jambi

- Jl. Hayam Wuruk No. 46 - 47, Jambi, 36125

## Jakarta Barat

- Wisma AKR, Lantai Dasar, Jl. Panjang No. 5, Jakarta, 11520
- Graha Antero, Jl. Tomang Raya No. 27, Jakarta, 11440
- Ruko Puri Kencana Niaga, Jl. Puri Kencana Blok J1 No. 20 - P, Jakarta, 11610
- Jl. Hayam Wuruk No. 106D, Kel. Maphar Kec. Taman Sari, Jakarta 11160
- Jl. K.H. Mansyur No. 120 G-H, Jakarta, 11250
- Jl. Tanjung Duren Raya Blok A 11 No. 6A - B, Jakarta, 11470

## Jakarta Pusat

- Komplek Ruko Bahan Bangunan, Blok F4 No. 6 - 7 , Jl. Mangga Dua Raya, Jakarta, 10730
- Jl. Sukarjo Wiryopranoto No. 2/5, Jakarta, 11160
- Gedung Sentral Senayan I, Lantai Dasar, Jl. Asia Afrika No. 8, Senayan, Jakarta 10270
- Wisma BNI 46 - Kota BNI, Lantai Dasar, Jl. Jendral Sudirman Kav. 1, Jakarta, 10220
- Jl. Kopi No. 2K, Jakarta, 11230

## Jakarta Selatan

- Wisma Pondok Indah 2 Suite G01, Jl. Sultan Iskandar Muda V TA, Jakarta, 12310
- Jl. Melawai Raya No. 26, Jakarta , 12160
- Talavera Office Park, Lantai Dasar Suite 1-01 & Mezzanine Suite 2-01 & 2-02, Jl. Letjen TB Simatupang No. 22 - 26, Jakarta, 12430
- Jl. Kemang Raya No. 7, Jakarta, 12730
- Komplek Grand ITC Permata Hijau Blok Emerald Persil No. 34, Jl. Arteri Permata Hijau, Jakarta, 12210
- World Trade Center 1, Lantai 1, Jl. Jendral Sudirman Kav. 29 - 31 Jakarta, 12920
- Plaza Kuningan Menara Utara, Lantai Dasar Suite 102, Jl. Rasuna Said Kav. C 11-14, Jakarta, 12940
- Gedung Menara Dea I, Lantai Dasar Zona A, Jl. Mega Kuningan Barat Kav. E 4.3 No. 1, Jakarta, 12950

**Jakarta Timur**

- Jl. Pemuda Blok W Kav. 706, Jakarta, 13220

**Jakarta Utara**

- Jl. Muara Karang Blok B8 No. 1, Jakarta, 14440
- Jl. Boulevard Barat Blok LC 6 Kav. 39-40, Jakarta, 14240
- Komplek Puri Mutiara Blok A Kav. 93 - 95, Jl. Griya Utama, Jakarta, 14350
- Jl. Boulevard Blok FY-1 No. 7 - 8, Jakarta, 14250
- Jl. Pluit Kencana No. 85 C - D Blok B Kav. 6, Jakarta, 14450
- Rukan Exclusive Mediterania, Pantai Indah Kapuk Blok B No. 27B, Jakarta, 14470

**Makassar**

- Jl. Dr. W. Sudirohusodo No. 42, Makassar, 90174
- Jl. Boulevard Ruko Jasper II F No. 30, Makassar, 90213

**Malang**

- Jl. Pasar Besar 99, Malang, 65118

**Manado**

- Komplek Ruko Mega Mas Blok C1 No. 15 - 16, Jl. Pierre Tendean Boulevard, Manado, 95111

**Medan**

- Wisma HSBC, Lantai Dasar, Jl. Diponegoro 11, Medan, 20152
- Komplek Centre Point Business Park Blok G10 - 11, Jl. Jawa, Medan, 20412
- Jl. Perintis Kemerdekaan No. 9, Medan, 20234
- Glugur Golden Trade Center No.8, Jl. Glugur, Medan, 20111
- Jl. Cirebon No. 19 - 21, Medan, 20212
- Jl. Asia No. 170 A, Medan, 20214

**Palembang**

- Jl. Basuki Rahmat No. 24, Palembang, 30125

**Pangkal Pinang**

- Jl. Soekarno Hatta No 17, Pangkal Pinang, 33684

**Pekanbaru**

- Jl. Riau No. 2 A - C, Pekanbaru, 28291

**Pontianak**

- Jl. Ir. Juanda No. 37 - 39, Pontianak, 78117

**Samarinda**

- Jl. Imam Bonjol No. 8, Samarinda, 75112

**Semarang**

- Wisma HSBC, Jl. Gajah Mada 135, Semarang, 50134
- Jl. Sisingamangaraja no.27, Kelurahan Wonotingal, Kecamatan Candisari, Semarang 50253.

**Surabaya**

- Graha HSBC, Jl. Jendral Basuki Rachmat No. 58 - 60, Surabaya, 60271
- Darmo Park I Blok IA No.1 - 2, Jl. Mayjen Sungkono No.118 - 118A, Surabaya, 60256
- Jl. Manyar Kertoarjo 31A - G, Surabaya, 60285
- Ruko Office Park 2, Jl. Bukit Darmo Boulevard Blok B2 No. 29, Surabaya, 60162
- Jl. Coklat No. 29, Surabaya, 60161
- Jl. Raya Jemursari No. 240B - 242, Surabaya, 60237

**Solo**

- Jl. Slamet Riyadi No. 73, Solo, 57112

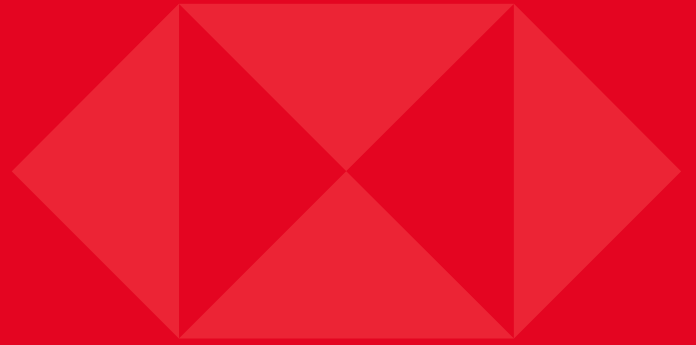
**Tangerang**

- Cluster Rodeo Drive Boulevard Blok A No. 1, Jl. Gading Serpong Boulevard, Tangerang, 15138
- Jl. Pahlawan Seribu No. 8 A - B, Tangerang, 15321
- Ruko Jalur Sutera, Jl. Jalur Sutera 29D No. 47, Tangerang, 15326
- Jl. Merdeka Blok A-12 No. 92, Tangerang, 15114
- Kebayoran Arcade Blok KA/B1 No. 23, Kel. Pondok Jaya, Kec. Pondok Aren, Kota Tangerang Selatan

**Yogyakarta**

- Jl. Pangeran Mangkubumi No. 63, Yogyakarta ,55232





# **2020 SUSTAINABILITY REPORT**

## SUSTAINABILITY HIGHLIGHTS

As a part of compliance, PT Bank HSBC Indonesia adheres with the applicable laws and regulations, including policies on sustainable finance, such as the Financial Services Authority Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Company. The implementation of policies on sustainable finance has long been a part of the global commitment of the HSBC Group.

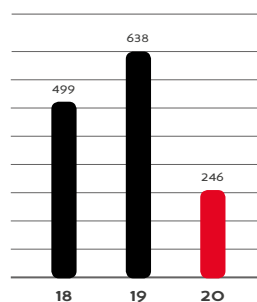
## ECONOMIC CONSIDERATIONS

The Bank's business activities benefit the organisation, other stakeholders, as well as the national economy. The distribution of these benefits is done through the Bank's intermediation function. The Bank collects public funds and distributes them in the form of loans to support businesses and individuals.

### Distribution that Benefits the Indonesian Economy (Rp billion)

Payment to funders  
(cost of borrowing)

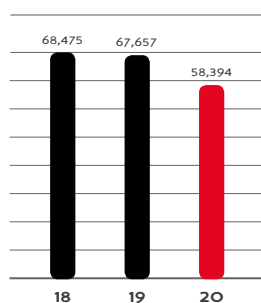
**246**



### Performance of Banking Products (Rp billion)

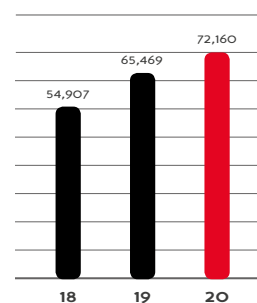
Loans - Bruto

**58,394**



Third Party Funds

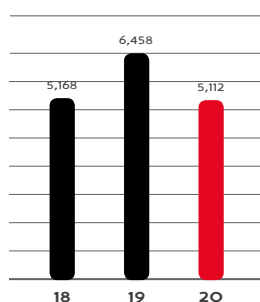
**72,160**



### Economic Performance (Rp billion)

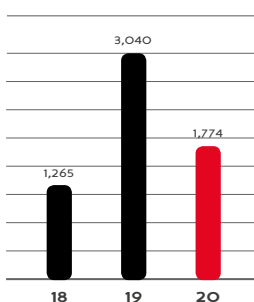
Operating  
Income

**5,112**



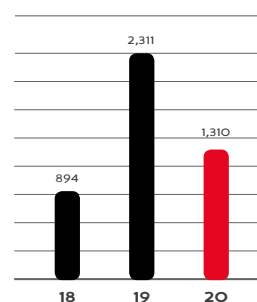
Profit  
before Tax

**1,774**



Net  
Profit

**1,310**



## ENVIRONMENTAL CONSIDERATIONS

The Bank's business activities are not directly related to the environment. Nevertheless, the Bank continues to be committed to environmental preservation to help create a better world for future generations.

### Operational Efficiency

# 44%

Through the continuous development of automated internal processes, the Bank has been able to reduce the use of paper by approximately 4.4 million sheets deriving from customer communication and digital-based work models, such as the work from home policy.

### Electricity Efficiency

# 1.5

 Million Kwh

The Bank's concern for environmental conservation is demonstrated through its reduction in electricity consumption, which currently uses non-renewable primary fuels. In 2020, the Bank succeeded in reducing its electricity consumption by 1.5 million Kilo Wat Hour (Kwh).

### Carbon Footprint

# 1,141

 tons

The Bank has succeeded in reducing its carbon foot print, which includes the operation of the Data Center, by using technology that is more energy efficient. This is a part of the Bank's contribution to environmental preservation.

## SOCIAL CONSIDERATIONS

The Bank upholds the principle of non-discrimination, from recruitment to career development. This commitment is demonstrated through gender composition of the Bank's employees and its competency development programme.

### Number of Female Employees

# 57.07%

#### Number of Female Employees

The Bank has a policy of gender equality in employee recruitment and career development, as a commitment to equal opportunities. Up to the end of 2020, the composition of the number of male and female employees was: 44.93% and 55.07%.

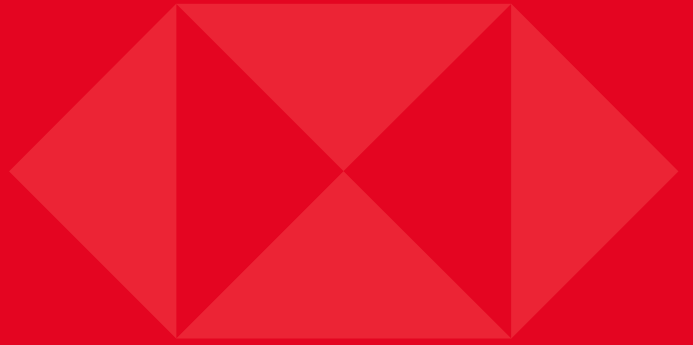
### Employee Competency Development

# 3,773

 Training Participants

#### Employee Competency Development

During 2020, the number of employees who participated in the training sessions was 3,773. The total training budget reached Rp34,789 million.



# **SUSTAINABILITY POLICY AND STRATEGY**

PT Bank HSBC Indonesia (“Bank”) sustainable financial programme activities are carried out with reference to the Financial Services Authority Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies. In addition, the Bank has also adopted provisions of its parent company, namely HSBC Holdings Plc.

The implementation of the Bank’s strategy refers to its vision of “Building a Sustainable Future” and the sustainable finance action plan (RAKB). Through these guidelines, the Bank, which operates globally, aims to help serve the needs of a changing world.

The Bank realises that the financial sector plays a crucial role in tackling climate change. To date, the HSBC Group has been recognized globally as a major partner in the transition to a low carbon world. Therefore, the Bank is committed to supporting responsible economic growth and pursuing the transition to low-carbon through sustainable finance.

The Bank defines sustainable finance as any form of financial service that integrates environmental, social, and governance criteria into its business or investment decisions. Sustainable funding includes financing and investment activities that support the UN’s sustainable development goals (SDGs), especially those related to climate change.

Since 2019, the Bank has been a part of the Indonesian Sustainable Finance Initiative (IKBI). This highlights the Bank’s effort as a financial institution to become an important part of the transition to a low carbon world. It is also in line with the nature of the Bank’s business in providing loans and investments to cross-sector and cross-region companies.

### Strategic Initiatives in 2020

In 2020, the Bank focused on the following strategic initiatives for sustainable growth:

- Increase focus on customer grow in targeted segments, sectors, regions, and industries.
- Assist customers impacted by Covid-19 and continue to map and mitigate related risks to maintain the soundness of the Bank’s portfolio.
- Utilize international networks to maximize cross-border business opportunities.
- Strengthen product proposition to attract more operational accounts in order to support a stronger TPF portfolio.

- Invest in the digital field to improve retail business, including the number of customers and credit cards, as well as Retail Business Banking
- Attract, educate, and retain existing talent, in addition to streamlining operations and increasing monitoring.

### Sustainable Finance Action Plan (RAKB)

The Bank has a Sustainable Finance Action Plan (RAKB) for a period of 5 (five) years, which commenced in 2019. The RAKB has been approved by the Board of Commissioners and the Board of Directors, and has been submitted to the Financial Services Authority (OJK). The following is a summary of the RAKB.

### Sustainable Finance Vision and Mission

The Bank defines finance activities as banking services related to the environment, social responsibility, and criteria in business management or investment decision-makings. Sustainable finance activities include financing and investment activities that support the Sustainable Development Goals (SDGs), and in particular focus on the efforts to address the threat of climate change.

### Objectives of the Sustainable Finance Action Plan

The Bank’s main objective is to provide financing that enables the transition to a low-carbon economy and assists clients to manage the risks generated by this transition. Sustainable financing activities include providing credit and loan facilities, as well as consulting services or access to capital markets.

Sustainable finance activities help businesses transition from carbon-intensive activities, as well as develop the necessary new energy sources, technology, and infrastructure for a cleaner future. It also provides funds to assist retail customers to become energy efficient in their homes or invest in renewable energy sources.

### 2020-2023 Action Plan

The Bank has a sustainable finance action plan for the next 5 (five) years, which commenced last year. The focus of this plan includes:

1. Training and education.
2. Establishing and leading a debate forum on sustainable finance and investment activities.
3. Transition Risk.
4. Sustainable Operations.
5. Enhancing and promoting sustainable investment products.

Furthermore, the Bank is actively engaging clients in the high carbon sectors to assist and support their transition strategies, as well as monitor their approaches to reduce greenhouse gas emissions.

The plan has been implemented for one year. The plan for the remaining 4 (years) includes the following:

Year	Target Activities
2020	<ul style="list-style-type: none"> <li>Social, environmental, and governance risks have been integrated into the bank's business activities</li> </ul>
2021	Conduct studies related to: <ul style="list-style-type: none"> <li>Market demand for sustainable financial products and/or services</li> <li>Compatibility of existing products and/or services with the criteria for sustainable business</li> <li>Development of sustainable finance products and/or services</li> <li>Integration of social, environmental, and governance risk management into the bank's business activities</li> </ul>
2022	Provide ongoing financing for all customer and product groups
2023	An increase in the ongoing portfolio since the first year of implementation.

### Programme Evaluation System

The activities of the sustainable finance working group include developing effective methodologies and facilities that are in line with the objectives of the measurement mechanisms to assess the progress and impact of sustainable finance initiatives. These methodologies and facilities include:

- Analysing the approaches and indicators currently used to measure the implementation and impact of sustainable finance.
- Providing a selection of appropriate measurement framework designs to assess progress in areas such as: promoting environmental and social considerations in risk management and business operations, financial flows to sustainable projects (green projects), environmental and social impacts, and the effectiveness of various selected strategies.

### Programme Realisation in 2020

During 2020, the Bank realised the goals outlined in the RAKB, as outlined in the following table.

No.	Programme	Realisation/Activity
1	Improve understanding and refreshing knowledge about risk management policies	Transition Risk Training conducted in March was attended by approximately 30 Sustainability Champions in the region. Green Loan Guidelines issued to relationship managers in May Training activities related to Transition Risk Policy Training activities related to risk and credit
2	Improve knowledge and information sharing about best sustainable finance practices	Green Champions periodically held meetings and updates on sustainable finance, including discussions about the impact of Covid-19 and sustainability linked loans. Monthly circulation of the latest information on sustainable finance, including information on deals/ initiatives, events/ inspiration/ awards, markets, climate, and ESG reports for relationship managers, team leaders, and employees.
3	Improve knowledge and understanding on sustainable finance	Workshop and training were held in August and November Sustainable Finance activities and conference were held in August and November Incorporating information about sustainable finances in customers' monthly business plans. Discussion about Sustainable Finance held by relationship managers during field visits, phone calls, and monthly meetings. Training and the launch of the Framework Webinar session on renewable energy, sharia social finance, and climate bond initiatives.

No.	Programme	Realisation/Activity
4	Improve knowledge and understanding of various stakeholders about sustainable finance	<p>Participated in the Indonesia Sustainable Finance Initiative webinar series.</p> <p>Participated in the Indonesia Sustainable Finance Initiative webinar series - Sustainable Finance Class, Energy Transition, and Renewable Energy Investment.</p>
5	Improve understanding, identification, and efforts to support customer businesses undergoing a transition to a low-carbon economy.	The Bank included information about sustainability and sustainable finance in monthly customer planning records.
6	Monitoring Environmental performance	<p>Environmental scorecards and targets implemented as of the beginning of the year.</p> <p>Environmental performance targets related to the consumption of energy, waste management, and paper have been set and monitored regularly to ensure the effectiveness of the related programmes.</p>

### Brief Profile

As the pioneer of modern banking in Asian countries, the HSBC Group, which operates globally, has a long history in Indonesia. HSBC opened its first office in Indonesia in 1884 in Jakarta (Batavia) to facilitate the sugar trade, which was an important trade at the time. In 1896, the Bank's operations were expanded to Surabaya.

During the 2<sup>nd</sup> World War, HSBC ceased its operational activities in Indonesia. In 1968, HSBC obtained 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 retail presence in the banking sector, and redoubling HSBC's network in Indonesia. PT Bank Ekonomi Raharja changed its name to PT Bank HSBC Indonesia (the Bank) in October 2016.

On 17 April 2017, HSBC integrated its foreign bank branch office (The Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch) into PT Bank HSBC Indonesia ("Bank") to support Indonesian Government's agenda to consolidate the banking industry. The bank is the first international banking institution to obtain a license to integrate its foreign branch office.

Up to the fiscal year 2020, the Bank has served its customers through 69 offices in 24 cities across Indonesia. With the support of more than 3,000 employees, the Bank provides its customers with a variety of banking services: Wealth and Personal Banking, Commercial Banking, and Global Banking and Markets.



## VISION AND MISSION OF SUSTAINABILITY

### Vision and Mission of Sustainability

HSBC defines financial activities as any form of banking services related to the environment, social responsibility, or criteria in business management or investment decision making. Sustainable finance activities include financing and investment activities that support the Sustainable Development Goals (Sustainable Development Goals), and in particular focus on the efforts to address the threat of climate change.

### Values

Our values define HSBC's character as an organisation and demonstrate what makes us unique.

#### OPEN

##### We value diversity

- We are built on the power of diverse experiences and voices; it's who we are and how we work.
- The greater our empathy and diversity, the better we can embrace the world of our customers and our communities - and the better we can serve them.
- Accordingly, we fight for openness. We want to listen. We remove obstacles. We search for perspectives that are different to ours.

#### CONNECTED

##### We succeed together

We offer an incomparable range of opportunities for our customers.

However, we can only fulfill these promises through close cross-border connectivity. Together with our customers and partners. Together as partners and in organisational unity.

Thus, we collaborate across borders. We eliminate barriers. We support each other without obstructing each other.

Together, we realise what we cannot do alone.

#### Reliable

Our actions have an impact on the world and people's lives. We take this responsibility seriously.

We set high standards for ourselves and we are accountable for our actions. We always prioritize objective assessment. If anything feels out of place, we speak up and take action.

We build our future today. We can only achieve success with a long-term view that emphasises sustainability for our customers, investors and our planet.

#### We resolve

We create value for customers by continually moving forward and making things happen.

**We have an entrepreneurial spirits:** We try new things. We learn and develop. We take smart risks.

**We are dynamic:** We don't want to be ordinary. We move fast.

**We are firm:** We make clear choices and have the courage to act on them.

**We keep our promises:** We always deliver what we promise.

### Building a Sustainable Culture

The Bank is committed to developing a culture of sustainability with our stakeholders. As a manifestation of this commitment, the Bank has made various efforts, such as developing employee knowledge and skills through training, seminars, and voluntary activities related to climate change.

The Bank also supports the customers through consultations about the management of risks and opportunities arising from climate change. As for other stakeholders, the Bank shares its perspective at meetings, forums, and conferences.

## Scale of Business

(Rp Billion)

Description	2020	2019	2018
Assets	112,601	111,860	108,961
Liabilities	93,303	93,724	93,305
Equity	19,298	18,136	15,656

## Number of Employees

The entire HSBC Group has 226,000 employees. Meanwhile in Indonesia, the total number of the Bank's employees was 3,419 at the end of 2020. Of this number, 55.07% were female and 44.93% were men.

Further details about the demographics of the Bank's employees can be found on page 72-73.

## Membership in Associations

The Bank is a member of multiple organisations or associations in accordance with the company's line of business. At the end of the fiscal year 2020, the Bank was a member of the following associations:

Name of Association	Purpose	Position in Association
IBCS - Indonesian Business Council for Sustainable Development	With a commitment to action and the objective to share experiences, the council's purpose is to engage in sustainable development and obtain information about business insights. The council also seeks business networks to establish sustainability strategies and peer companies for greater collective impact.	Member
Indonesian Sustainable Finance Initiative	Industry led association aimed at creating financial solutions that address climate change issues and efficient economies, as well as capturing new business opportunities to connect to green/ sustainable climate and SDG related funds	Member
MVB – Most Valued Business Indonesia	To improve sustainable development through education, collaboration and the promotion of corporate responsibility including core corporate values, and opportunities to obtain knowledge, relationships, and platforms.	Member
Compliance Director Communication Forum	Forum for communication and consultation between Compliance Directors within the Indonesian banking industry	Member
Indonesian International Bank Association	Association to channel the aspirations of international banks to the government, Parliament, and regulators of the banking industry (OJK & BI)	Member
Indonesian Bank Association	Association to channel banking aspirations to the government, Parliament, and regulators of the banking industry (OJK & BI)	Member
Indonesian Credit Card Association	Association to establish a sound and responsible credit card industry for credit card Issuers, Card Holders, Merchants, Principals (American Express, JCB International, MasterCard International and Visa International), and other relevant parties	Member
Indonesian Payment System Association	Association to accommodate the latest developments in payment systems from both business and technical sides	Member
Indonesian Employers Association	Initially an association to deal with issues relating to industrial affairs. Today it has been expanded to address national affairs	Member

Name of Association	Purpose	Position in Association
British Chamber of Commerce (Britcham)	Represents the common interests of the British business community in promoting bilateral trade, services, and investments between the United Kingdom and Indonesia, as well as the region	Member
European Chamber of Commerce (EuroCham)	Represents the common interests of the European business community in promoting bilateral trade, services, and investments between Europe and Indonesia, as well as the region	Member
American Chamber of Commerce (AmCham)	Represents the common interests of the US business community in promoting US-Indonesia commercial relations and serving as the main source for sharing information and business networks among its members	Member
German-Indonesian Chamber of Industry and Commerce (EKONID)	Represents the common interests of the German business community in promoting commercial relations between Germany and Indonesia, acts as a strategic bridge between the German and Indonesian economies, represents the bilateral business interests of corporate and institutional members, provides a platform for international knowledge transfer as well as opening up trade and investment opportunities	Member
Indonesian Mutual Funds Association	The association for mutual fund management banks in Indonesia to discuss industry related issues. Also serves as a collective voice that represents the industry	Member
Indonesian Custodian Bank Association	An association for custodian banks in Indonesia to discuss industry related issues. Also serves as a collective voice of the industry	Member
Indonesia Corporate Secretary Association (ICSA)	An Association to increase the professionalism of Corporate Secretaries in Indonesia and to support the development of good corporate governance through the development of knowledge and skills, and information exchange between the Corporate Secretaries, regulators, and other stakeholders	Corporate Secretary as Member
Indonesia Foreign Exchange Market Committee (IFEMC)	Committee to discuss issues related to the Indonesian financial market, among market players, financial market associations, Bank Indonesia and the Financial Services Authority (OJK), and to strengthen the integrity and reputation of the Indonesian financial market and the national economy	Co-Chairman
ACI Financial Market Association of Indonesia	Professional institution that provides added value to the Indonesian and Global financial industry, institutions, individual members, and the general public through education, socialization, and establishment of professional and responsible Market Practices in the Financial Market	Member
Indonesia Country Program (ICP)	A forum for dialogue and exchange of views between directors and country managers from various industry fields with various business objectives	Member
Tenggara Strategics	A research and advisory institute in the field of business and investment that provides complete business intelligence to the business community to help business leaders make strategic decisions	Member



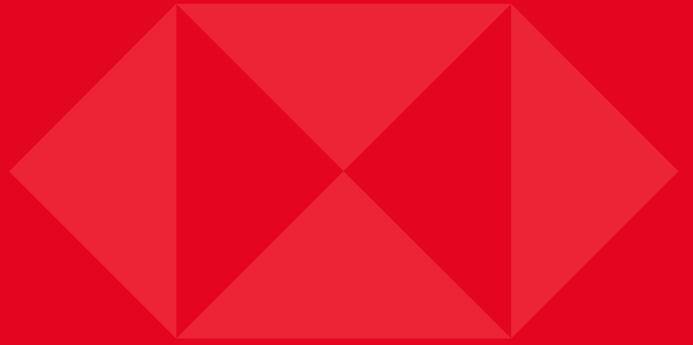
### **Significant Changes**

During 2020, the Bank did not experience any significant changes, both related to the opening or closing of new branches, or the structure of its share ownership.

More complete information about the Bank is presented in the “Financial Highlights” and “Company Profile” sections of this Annual Report on pages: 5 and 26-43.

### **Report of The Board of Directors**

The report of the Board of Directors on the commitment and implementation of sustainable finance of PT Bank HSBC Indonesia is submitted together with the Report of the Board of Directors in the Annual Report on pages 14-21.



# **SUSTAINABLE GOVERNANCE**

## Sustainable Governance

The business practices of PT Bank HSBC Indonesia ("Bank") are guided by the standards of Good Corporate Governance (GCG). Therefore, the Bank has adopted the compliance principles and best business practices applicable in the industry as the guidelines for its business activities and operations.

Governance aims to ensure that the Bank's business activities are developed in a sustainable manner and do not have a direct or indirect negative impact on the stakeholders.

The Bank fulfills its responsibilities to the stakeholders in various ways, including disclosure of information and compliance with tax payments. The Bank also realises the importance of protecting human rights and compliance with international ethical standards in the work environment and business supply chain.

The Bank is also aware of its broader obligation to increase financial literacy and social inclusion. For this reason, the Bank seeks to create a variety of programmes to assist the public in accessing financial services.

The Bank is supported by the Center of Sustainable Finance. This unit, which operates globally within the HSBC Group, publishes research reports on the principles of sustainable finance, including information about energy and climate change.

In implementing sustainable finance, the Bank is guided by OJK Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies, as well as other related regulations. The Bank has also adopted the international guidelines set by the parent company.

In addition, this report also refers to the Sustainability Reporting Standards and Financial Services Sector Disclosure (FSSD) issued by the Global Reporting Initiative (GRI).

## Duties, Authority, and Responsibilities of the Board of Commissioners and the Board of Directors

The Bank is committed to implementing sustainable finance in all organisations within the Bank. The Board of Commissioners and the Board of Directors work to ensure the Bank's long-term success and sustainable value for the shareholders.

The Board of Commissioners supervises the Bank's integration of environmental, social, and governance (LST) considerations, while the Board of Directors is responsible for submitting the implementation reports.

The Bank's Board of Directors and Board of Commissioners receive updates on ongoing initiatives each semester. This information relates to the implementation of programmes related to the three pillars, namely people, planet and profit, as well as developing relationships with related stakeholders, such as non-governmental organisations.

The Bank has established a Sustainable Finance working group. This group is tasked with coordinating business units and support units in the implementation of the Sustainable Finance Action Plan.



A complete outline of the duties, authority, and responsibilities of the Board of Directors and the Board of Commissioners can be found in the “Corporate Governance” section of this Annual Report on page 150-181.

#### **Sustainable Finance Competency Development**

Information about the competency development undertaken by the members of the Board of Directors, the members of the Board of Commissioners, the committees, the employees, and others can be found in full in the “Training for the Board of Commissioners and Board of Directors” section of this Annual Report on page 75-76.

#### **Implementation of Sustainable Risk Management**

The Bank has procedures to identify, measure, monitor and control risks associated with the implementation of sustainable finance related to economic, social, and environmental considerations. This includes management, conducting periodic reviews, and reviewing the effectiveness of the company’s risk management process. All of these are performed by the Board of Directors and the Board of Commissioners.

The implementation of the Bank’s risk management is done with reference to the Financial Services Authority (OJK) Regulation No. 18/POJK.03/2016 and OJK Circular Letter No. 34/SEOJK.03/2016 on the Application of Risk Management for Commercial Banks. The Bank’s risk management also takes into account the recommendations of the Basel Committee on Banking Supervision.

In accordance with these regulations, the Bank has implemented a Risk Management policy that aims to ensure that risks associated with business activities can be identified, measured, managed and reported. The implementation of this risk management will result in benefits in the form of increasing the confidence of the shareholder and the public, and providing a more accurate prediction of future performance.

The application of risk management can reduce losses. In addition, risk management can improve the Bank’s performance and competitiveness, as well as lead to more efficient decision making.



With regard to sustainability-related risk policies, the Bank has identified a number of importance sectors. These include agricultural, chemical, defense, energy, forestry, mining, metal commodities, UNESCO World Heritage Sites, and wetlands as defined by the Ramsar Convention or the Convention on Wetlands of International Importance, Especially Waterfowl Habitat.

The Bank's sustainability-related risk management framework also adopts the Equator Principles for the financial sector. The Equator Principles provide a framework for financial institutions to assess and manage the social and environmental impacts of large projects that are financed by the bank.

The Bank continues to improve its risk management implementation policies in line with developments in technology, and science, as well as public expectations. Accordingly, the Bank consults with the stakeholders about policy developments and relies on their feedback to identify various improvements.

Early risk identification, risk measuring, risk monitoring, and risk control have been carried out and reported. The development of a broader framework in terms of risk management itself is carried out through the Risk Management Unit.

The Bank also provides regular training and capacity building on risk management to ensure that sustainability-related risks can be identified and mitigated.

### Stakeholder Engagement

When carrying out its business activities, the Bank always engages its stakeholders. The Stakeholders referred to are the Bank's Customers, Shareholders, Regulators and the Government, General Public, Suppliers, and Employees

The Bank collaborates with its stakeholders through an engagement process that is in accordance with their needs, and is carried out regularly to identify the main issues and solutions for each stakeholder. The Bank believes that a trusting relationship with various stakeholders will generate value for the general public, and in the long run will be able to benefit the stakeholders. The Bank's sustainability is also partly dependent on its engagement with its stakeholders.

The interactions between the Bank and its stakeholders are outlined in the following table.

Stakeholders	Approach
Customers	<p>Customers can lodge feedback and complaints, or simply request information related to the Bank's products and services at any time. In addition, the Bank also surveys the changing expectations of its customers in line with social developments to meet their needs.</p> <p>The Bank and its customers interact in the following ways:</p> <ul style="list-style-type: none"> <li>• Branch Office</li> <li>• Internet Banking and Mobile Banking</li> <li>• Call Center</li> <li>• Website</li> <li>• Customer Satisfaction Surveys</li> <li>• Customer Gatherings</li> </ul> <p>These means of communication relate to the Bank's effort to create easier access, as well as effective and simple communication, for customers, while taking into account the security and privacy of customer data.</p>
Shareholders	<p>The Bank submits regular reports to the shareholders regarding its financial and operational performance, strategy, corporate actions, as well as other latest corporate information. The Bank reports through the General Meetings of Shareholders/GMS (Annual GMS and Extraordinary GMS), Annual reports, and Sustainability Reports.</p> <p>The interaction between the shareholders and the Bank is carried out in accordance with the rights of the shareholders as stipulated in the applicable laws and regulations, including Law No. 40 of 2007 dated 16 August 2007 on Limited Liability Companies.</p>

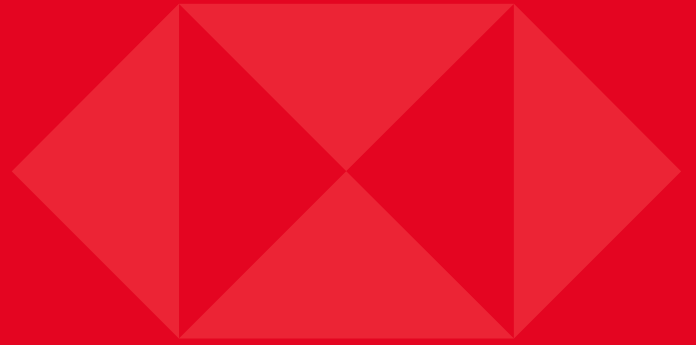
Stakeholders	Approach
Regulators and Government	<p>Regulators and the Government are related to the banking industry, particularly Bank Indonesia and the Financial Services Authority, in the framework of implementing compliance with the prevailing laws and regulations. In accordance with the prevailing laws and regulations, the Bank provides the regulators with periodic reports in relation to good corporate governance, including Annual Reports and Sustainability Reports, and reports on compliance.</p> <p>The Bank attends meetings held by the regulators to discuss the Bank's compliance, implementation of prudential principles, and implementation of good corporate governance.</p> <p>Communication with the regulators is conducted in an effective and efficient manner, through means such as socialization events held by the regulators and discussions initiated by the Bank.</p>
Public	<p>The Bank makes regular public information disclosures. The public can interact with the Bank in matters relating of transparency.</p> <p>The Bank has a direct relationship with the community through corporate social responsibility and financial literacy programmes. These activities are carried out every year in line with the Bank's commitment as a part of the mandate outlined in the laws and regulations, and as a form of the Bank's commitment to social welfare.</p>
Suppliers	<p>A mutually beneficial relationship between the Bank and its suppliers is built on cooperation and transparency.</p>
Employees	<p>The relationship between the Bank and its employees is facilitated through dialogue between the management and the labor union. Moreover, matters related to employee welfare, rights, and obligations are discussed via several means of communication or regular meetings, including training, outreach, HR Info via email, employee gatherings, as well as meetings between the management and the employees/townhall, and e-mail</p>

## Challenges

The Bank realises that there are still many obstacles related to the implementation of sustainable finance for banking, especially in connection with the issuance of POJK No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies, which is supported by POJK No. 60/POJK.04/2017 on the Issuance and Requirements for Environmentally-Friendly Debt Securities (Green Bond). Both of these policies form the basis for the implementation of sustainable finance.

The Bank is involved in the Indonesian Sustainable Finance Initiative (IKBI). The Bank believes that the IKBI platform can take advantage of private finance to reduce risks related to environmental, social, and governance issues. Furthermore, jointly support a shift to a low carbon economy.

The financial sector needs to be convinced with strong scientific evidence to be ready to take the necessary steps. The Bank contributes to the studies and research that will be provided by the IKBI to the banking industry.



# **SUSTAINABLE PERFORMANCE**

### Building a Culture of Sustainability

The creation of a culture of sustainability is important for generating sustainable business performance. For this reason, PT Bank HSBC Indonesia is committed to fostering this culture, not only within the Bank's organisation but also among its stakeholders. One of the ways the Bank is attempting to accomplish this is through the dissemination of the Bank's sustainable performance policy.

The Bank's culture of sustainability programme is carried out through various initiatives. For example, the Bank seeks to develop knowledge and experience related to sustainable work principles among its employees. The activities take the form of training, seminars, and other activities relevant to the implementation of sustainable finance.

The Bank's culture of sustainability programme is carried out through various initiatives. For example,

the Bank seeks to develop knowledge and experience related to sustainable work principles among its employees. The activities take the form of training, seminars, and other activities relevant to the implementation of sustainable finance.

Through these efforts, the Bank hopes to acquire strong fundamentals that will enable the Bank to support its partners and customers when responding to climate change, both in terms of risks and opportunities.

Meanwhile, for other stakeholders, the Bank has established a communication channel to discuss various issues related to climate change. This policy is a part of the socialization and engagement to realise a common goal, namely a low carbon world.

In addition, the Bank conducts campaigns where its employees volunteer in activities related to climate change and collaborate with other stakeholders.



## ECONOMIC CONSIDERATIONS

### Approach

The Bank defines sustainable finance as financial services that integrate environmental, social, and governance (LST) criteria into business or investment decisions. Therefore, sustainable funding includes the financing and investment activities required to support UN's Sustainable Development Goals (SDGs) and specifically actions to address climate change.

Moreover, the Bank is committed 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 business debtors to help them understand and manage their environmental and social impacts. The Bank also has a sustainability risk policy that covers the agricultural, chemical, defense, energy, forestry, mining, and metal commodity

sectors, as well as 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 debtors to adopt sustainability practices. In the event that a debtor has no intention, or is unable, to comply with the set sustainability standards, the Bank will terminate the business relationship with the debtor.

This commitment is the Bank's approach to realising the principles of sustainable finance.

## General Performance

The performance achievements of PT Bank HSBC Indonesia are a part of the implementation of sustainable practices associated with its business and operational activities. The Bank is convinced that the Bank's financial achievements are the reflection of its sustainable practices.

In 2020, the Bank posted total assets of Rp112,601 billion, a 0.7% increase from Rp111,860 billion in 2019. The Bank's assets for the fiscal year were dominated by loans to customers-net, securities for investment purposes, and placements in other banks – net in the amounts of Rp55,335 billion, Rp17,861 billion and Rp10,654 billion respectively.

Meanwhile, the Bank's net profit reached Rp1,310 billion, a 43.3% decrease from Rp2,311 billion in 2019. This decrease in profit was due to an increase in the impairment loss of financial assets and a decrease in the net interest income and non-interest income as a result of the COVID-19 pandemic.

A complete discussion of the Bank's performance during 2020 can be found in this Annual Report on page 56-71.

## 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 2020, economic benefits distributed by the Bank to its employees and for operating expenses reached Rp3,341 billion, a 2.5% decrease from Rp3,425 billion in 2019.

Operational activities include the implementation of sustainable finance programmes, 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 2020, the total costs incurred for personnel costs reached Rp1,730 billion, a 11.2% decrease from Rp1,949 billion in 2019.

Within the framework of compliance, it is realised through the payment of income tax and other means. Throughout 2020, the total taxes paid by the Bank to the Government of Indonesia amounted to Rp464 billion, a decrease from Rp729 billion in 2019.

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

Description	2020	2019	2018
Economic Value Received			
Interest Income	5,307	6,197	5,976
Fees and Commission Income	1,567	1,952	1,922
Trading Income	1,742	1,340	939
Other Operating Income	13	504	28
Total economic value received	8,629	9,993	8,865

Description	2020	2019	2018
Economic Value Distributed			
Interest Expenses	1,433	2,217	1,796
Fees and Commission Expenses	363	640	521
Employee Expenses	1,730	1,949	1,877
Other Operating Expenses*	1,611	1,476	2,090
Payments to Government (tax, levies, others)	464	729	371
Total economic value distributed	5,601	7,011	6,655

\* Including general and administrative expenses, depreciation expenses of properties and equipment and right-of-use assets, amortization expenses of intangible assets, and loss arising from assets held for sale.

In terms of banking product performance, in 2020 the Bank posted loan disbursements of Rp58,394 billion, a 13.7% decrease from Rp67,657 billion in 2019. 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 Economic Sector

Economic Sector	2020	2019	2018
Manufacturing	23,417	27,616	28,557
Trading, restaurants, and hotels	9,855	12,796	13,681
Mining	1,207	4,043	3,204
Business services	6,683	8,303	8,050
Construction	4,967	4,164	3,887
Transportation, warehousing, and communication services	6,214	4,563	4,875
Agriculture, plantations, and facilities	632	1,387	1,084
Social and community services	1,472	89	316
Electricity, natural gas, and water	5	4	3
Others	3,942	4,692	4,818
<b>Total</b>	<b>58,394</b>	<b>67,657</b>	<b>68,475</b>

Furthermore, in terms of Third-Party Funds, the Bank recorded customer funds in the amount of Rp72,160 billion in 2020, an increase of 10.2% from Rp65,469 billion in 2019. The Third-Party Funds indicates the Bank's contribution to financial inclusion in Indonesia.

Table of Banking Product Performance

Description	2020	2019	2018
Total Customer Deposits	72,160	65,469	54,907
- Demand Deposits	35,871	27,964	24,961
- Savings Accounts	15,281	12,399	12,228
- Time Deposits	21,008	25,106	17,718
Total Loan disbursements	58,394	67,657	68,475

The Bank's net profit reached Rp1,774 billion in 2020, a 41.6% decrease from Rp3,040 billion in 2019.

This decrease in net profit was mainly due to an increase in the impairment loss of financial assets and a decrease in net interest income and non-interest income as a result of the COVID-19 pandemic.

Table of Economic Value Received by the Bank

Description	2020	2019	2018
Interest Income – net	3,874	3,980	4,180
Profit before Tax	1,774	3,040	1,265
Net profit for the year	1,310	2,311	894





# SOCIAL CONSIDERATIONS

## Bank's Commitment

The Bank is committed to providing products and services to customers in a fair and transparent manner. This commitment is in compliance with OJK Regulation No. 1/POJK.07/2013 on Customer Protection and Circular Letter No. 12/SEOJK.07 2014 on Submission of Information in the Context of the Marketing of Products and/or Financial Services.

The regulation also emphasises that the Bank must treat its customers without discrimination. For this reason, the Bank conveys transparent information about its products and services.

To realise this commitment, the Bank, which is a part of the global HSBC Group, has adopted a behavioral framework to ensure that every employee within the Bank treats customers without discrimination and applies transparency in operational activities.

## 5 Pillars of the Bank's Framework



## Equality in the Workplace

The Bank's employees are an important factor that supports the successful achievement of its vision, mission and business targets. The management encourages the employees to express their views regarding policies, working environment and new ideas.

These efforts are made to create a culture that supports and promotes appropriate behaviors and empowers employees to voice their opinions and concerns.

In addition, we believe that gender diversity supports a favorable environment for employee career development. Thus, it enables the Bank to provide best possible services for the customers, as well as the Bank's stakeholders.

In 2020, the Bank had a total of 3,419 employees with the following gender composition: 55.1% female and 44.9% male. The Bank believes in equal opportunity and career development without discrimination.

Employee Statistics Based on Gender

Gender	2020	2019	2018
Male	1,536	1,706	1,910
Perempuan	1,883	2,091	2,390

## Employee Welfare

The Bank has a remuneration system designed to attract and motivate the best talent regardless of their gender, ethnicity, age, physical disabilities or other factors not related to performance or experience. Furthermore, the Bank also provides numerous benefits on top of remuneration, in accordance with the regulatory provisions.

The Bank believes that its approach to determining remuneration has been appropriate and fair. The Bank regularly evaluates the levels of remuneration to ensure that it is fair to all employees.

The Bank takes into consideration the applicable regional minimum wage standard when determining remuneration. Every Bank employee receives income above the minimum wage as outlined in government regulations. In addition, to support employee welfare, the Bank also provides health cover and other benefits.

Highest and Lowest Salary Ratio

Ratio	2020	2019	2018
Ratio of the Highest and Lowest Salary	123 : 1	142 : 1	149 : 1

## Safe Work Environment

The Bank strives to create a work environment that allows all employees to develop their potential. The Bank supports the mental well-being of its employee by providing them with a comfortable and safe work environment. This is done through mental health education, helping employees to overcome problems and supporting their development.

To support a work/life balance, the Bank has a long-term leave policy, such as sabbatical leave. This policy aims to increase employee productivity and loyalty.

To increase employee comfort, the Bank offers an open space work environment, including collaboration spaces to promote teamwork and employee engagement, as well as technology support to increase effectiveness and efficiency.

More about the Bank's human resources can be found on page 72-79 of this Annual Report.

#### Employee Turnover Rate

Description	2020	2019	2018
Total Turnover	18.4%	30.0%	33.5%
Not Including Direct Contract	12.5%	20.3%	31.0%

### Training and Competency Development

The Bank strives to create a work environment that allows everyone to develop and realise their full potential. Therefore, the Bank runs regular competency development activities through various training sessions.

The Bank has also allocated a budget for annual competency development activities, both organised internally and externally. These activities aim to improve employee competency and support the Bank's strategic achievements.

The Bank offers diverse competency training and development programmes that encompass technical skills, leadership, and other specific skills. The training programmes are classified into business competency, leadership competency, regulatory certifications, and general competency.

To improve employee competence, in 2020 the Bank held development programmes for 3,773 employees with a total training participation of 60,789.

#### Training in 2020

Year	Number of Employees	Total Training Hours	Training Hours Per Employee	Number of Training Participants	Total Trained Staff
2020	3,443	59,706	17.34	60,789	3,773
2019	3,977	98,403	24.74	69,177	4,811
2018	4,496	107,199	23.80	64,852	5,470



# COMMUNITY CONSIDERATIONS

The Bank is committed to supporting the community in the vicinity of the Bank's operations, as well as the society in general. The Bank contributes to charities and non-profit organisations that run community projects across the country.

Most of the Bank's funding is utilised for programmes that are aligned with corporate social responsibility (CSR) projects that support responsible businesses. The Bank is committed to the provision of financial assistance and other forms of assistance in cases of natural disasters and humanitarian crises.

In line with the provisions of the Company's Articles of Association, the purpose of the Bank's establishment is to carry out business in the banking sector in accordance with statutory provisions. Up to the 2020 fiscal year, the Bank's business activities included collecting funds from the public; disbursing loans; issuing debt securities; buying, selling, or guaranteeing at own risk or for the benefit of and at the request of its customers; transferring money either in the Bank's interest or in the interest of the customers.

The Bank's business activities have a positive impact on both regional and national levels. This is evident from the economic and social perspective.

More details on corporate social responsibility can be found on page 184-187 of this Annual Report.

## Realisation of Community Budget

Realisation	2020	2019	2018
Budget	25,568	16,334	23,207

## Complaint Mechanism

The Bank has standard procedures for handling complaints to ensure a prompt, efficient, accurate and courteous service for customers. The handling of complaints must also protect the Bank from potential losses that may arise from customer complaints, namely through a complaint handling management that is prudent, cohesive, and effective.

The Bank provides various channels for receiving complaints, namely through the Contact Center, Branch Offices, HSBC Internet Banking, and Social Media. Any complaints received are followed up in accordance with the regulations.

More detailed information about the Bank's complaint mechanism can be found at: <http://www.hsbc.co.id/1/2/id/hubingi-kami>.

## Number of Complaints

All public complaints are handled by each unit in the Bank. Complete reports related to public complaints and follow-ups can be found in the "Good Corporate Governance" section on page 150-181.

## Realisation of Programmes in the Field of Social and Environmental Responsibility

The Bank balances its business activities with activities that provide support to the community, both through sustainable and on-the-spot programmes. The on-the-spot aid aims to assist communities in responding to unexpected and sudden threats, such as natural disasters and humanitarian crises.

The Bank also has a programme to provide the public with knowledge about business and finance, which is in line with the OJK directive in the Blueprint of the National Strategy for Finance & Financial Literacy. The target stakeholders include lecturers, teachers, students, the community, and the general public.

In line with this policy, in 2020, the Bank implemented social and environmental responsibility activities in the community sector. These programmes are in line with the Sustainable Development Goals (SDGs)

#### Social and Environmental Responsibility Programmes

No.	Programme	Activity	Programme Achievement	Conformity with SDGs
1	HSBC Business Case Competition	Competition between teams of 4 (four) students in the field of business strategy. The winning team from Indonesia participates in regional competitions in Hong Kong.	A series of educational activities have been carried out in four cities in Indonesia, namely Jakarta, Bandung, Yogyakarta and Surabaya, involving more than 500 students and 15 universities.	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
2	Facing Covid-19 Together - Emergency Response Assistance	Emergency response assistance in the form of self-protection equipment for health workers and basic food packages for the community.	500 packages of personal protective equipment for health workers and 15,500 basic food packages for communities have been distributed in 11 locations in and outside Jakarta.	Goal 3: Ensure healthy lives and promote well-being for all at all ages.
3	Acceleration of Covid-19 Handling - Emergency Response Assistance	Emergency response assistance for handling Covid-19 for health workers and volunteers in the form of personal protective equipment, disinfectant for public facilities, and family health packages.	Assistance given to 1,000 health workers and volunteers, disinfectant sprayed at more than 600 public facility points and 7,200 family health packages distributed.	Goal 3: Ensure healthy lives and promote well-being for all at all ages.
4	Resilience for Women with Small Businesses and Farmers - Covid-19 Disaster Recovery Assistance	Assisting women with micro businesses to create new lines of income and acquire new skills, as well as empowering farmers to ensure the supply of basic food needs.	250 women with micro businesses and 150 farmers have participated in the programme.	Goal 5: Achieve gender equality and empower all women and girls.  Goal 2: End hunger, achieve food security, improved nutrition and promote sustainable agriculture.
5	Preparing Youth for the World of Work	Implementation of online learning activities, including entrepreneurship training and various health-related activities.	Activities have been held in Aceh, Meulaboh, Medan, Jakarta, Bandung, Semarang, Bali and Flores, reaching approximately 1,500 children and youth.	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



# ENVIRONMENTAL CONSIDERATIONS

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.

Some of the Bank's efforts have been realised through the application of sustainability principles in operational activities. The Bank also supports customers and supply chains in the reduction of any negative impact on the environment.

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 realised a number of programmes in the area of environmental conservation. Some of these programmes include strengthening the role of independent palm farmers in implementing sustainable palm oil practices.

The realisation of this activity is realised through efforts to complement RSPO/ISPO certification standards, such as training, audit, and strengthening business plans and marketing of alternative commodities as well as developing an online data center. The Bank allocated Rp1.5 billion for these activities.

## Environmentally-Friendly Materials

The use of environmentally-friendly materials is an important part of the Bank's operational activities. This commitment has been realised for a long time and still continued in 2020.

Among the environmentally-friendly materials used by the Bank are paper products with a Forest Stewardship Council (FSC) license. This paper is made from wood materials from forests that are managed in accordance with local and international standards, or from recycled products. The Bank has also provided special bins, allowing staff to sort trash into cans, paper, and plastic.

## Efficient Energy Consumption

The Bank continues to strive to reduce the carbon footprint of its operational activities. In 2020, the total reduction in the Bank's carbon footprint reached 1,141 tons. The Bank also lowered its electricity consumption by 1.5 million Kilo Watt Hour (KwH).

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 6 (six) branch offices.

Paper use continues to decrease. The use of paper for customer communication decreased by 24% or 0.8 million sheets through the paperless initiative campaign, automation of internal processes, and migration to digital channels. The Work from Home programme has helped reduce the number of prints by 21% or 2.6 million sheets of paper. Paper purchases have also decreased by 44% since last year.

The comparison of the Bank's energy and paper consumption in 2020 and 2019 can be found in the following table.

### Energy and Paper Consumption

Indicator	Metric	2020	2019	Change (%)	Conformity with SDGs
Carbon Footprint	Kg	6,409,296	7,550,096	-15%	Goal 7: Affordable and Clean Energy
Electricity Consumption	KwH	8,743,924	10,300,268	-15%	
Total paper consumption	Sheets of Paper	9,615,831	12,211,946	-21%	Goal 12: Responsible Consumption and Production
Total paper purchased	Reams of Paper	13,322	23,725	-44%	
Total paper eliminated through the paperless initiative	Sheets of Paper	2,512,973	3,303,913	-24%	





# PRODUCT DEVELOPMENT CONSIDERATIONS

Customers are strategic stakeholders in realising the principles of sustainable finance. Therefore, the Bank strives to provide the best possible products for its customers to ensure that the relationship is mutually beneficial and supports sustainable development.

The Bank also strives to consider the benefits of its products, both economically in the narrow sense (benefiting customers), and in a broader sense, (benefiting the country). This includes sustainability considerations that are in line with the sustainable development goals through which the global community can create a better future.

The Bank has been involved in numerous activities in the financial services sector in relation to the support of sustainable development. The Bank has also issued a number of product innovations that take into account sustainability.

## Government's Green Sukuk

In 2020, in collaboration with the Bank, the HSBC Group was mandated as a Joint Lead Manager and a Green Structuring Advisor to assist the Government in the issuance of 144A/Reg S Trust Certificates (the "Wakala Sukuk") triple tranche for the Republic of Indonesia with a total value of USD2.5 billion: an amount of USD 0.75 billion is a Green Sukuk tranche with a maturity of 5 (five) years, which is the third offering of the Government of Indonesia in the Green Bond and Green Sukuk Framework. HSBC has been the Green Structuring Advisor for the Government of Indonesia for 3 (three) consecutive years. This mandate is an acknowledgment of the Bank's expertise in sustainable finance.

## Green Loans

Since 2020, the Bank has been implementing the Green Loan programmes as a commitment to sustainable finance. This means that the Bank's products and processes come with an additional "green" tick that represents its commitment to environmental preservation.

The application of environmental principles is a part of the Bank's effort to ensure that the disbursed loans have a positive impact on the environment, especially in relation to reducing the emission of Greenhouse Gases, including CO<sub>2</sub>.

## Government Retail Bonds

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.

## Positive Impact of HSBC Premier Next Gen

The Bank has introduced a service called HSBC Premier Next Gen. This product is a service that is available for HSBC Premier customers between the ages of 18 and 28. Through this product, the dependents of HSBC Premier customers are entitled to the special services enjoyed by their parents, both in Indonesia and overseas.

This product provides easy banking access for the large number of Indonesians currently studying overseas. International capabilities, which is one of HSBC Premier's pillars of excellence, enables HSBC Premier Next Gen customers to perform banking services at the Bank's branches around the world. They also have the convenience of conducting transactions at more than 1 million VISA/ Plus ATMs worldwide, as well as access to up to 7 (seven) Bank savings accounts on one card.

They can also enjoy cost-free withdrawal services in foreign currencies at 6,500 ATMs worldwide. Other privileges that can be enjoyed by HSBC Premier Next Gen customers are free real-time transfers of up to USD 100,000 per day in more than 30 countries. The Bank also provides Emergency Cash facilities of up to USD 10,000 every 48 hours for customers who experience theft overseas.

This product is the Bank's commitment to providing convenience for Indonesians studying overseas. After all, they will one day become an important part of sustainable development in Indonesia

### Information About Withdrawn Products

In the 2020 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 Satisfaction Survey

To improve customer satisfaction, 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.

Up to 2019, the survey was conducted by contacting respondents by telephone. Respondents who have just visited a branch were randomly selected from the Bank's customer database, and contacted by the Call Center service, or customers with Personal RM. Respondents were asked to rate their level of satisfaction with branch office services, Call Center, or Personal RM on a scale of 0 to 10.

Since 2020, the customer survey method has changed from a customer satisfaction surveys to a customer recommendation surveys of HSBC to others. The survey uses the Net Promoter Score (NPS) method.

The customers are 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.

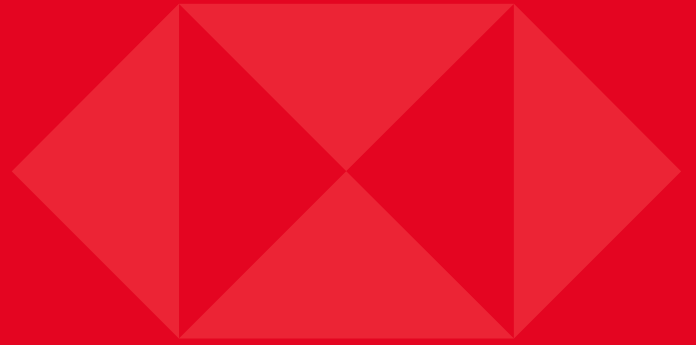
Customers with a score of 0-6 are classified as detractors, customers with a score of 7-8 are classified as passive, and customers with a score of 9-10 are classified as promoters. The NPS score is obtained by subtracting the percentage of detractors from the percentage of promoters, so the scale can run from -100 (if all respondents are detractors) to +100 (if all respondents are promoters).

The following are the survey results of the level of customer satisfaction for the last 3 (three) years:

Channel	Customer recommendation level (scale of -100 to +100)	Average customer satisfaction level (scale 0-10)	
	2020	2019	2018
Branch Office	+ 38.9	9.0	8.8
Call center	+ 12.9	8.7	8.7
Premier RM	+ 25.7	8.2	8.1
RBB RM*	+ 35.5	-	-
Internet banking**	+ 12.2	+ 6.4**	-

\* The RBB RM channel has been included as one of the channels surveyed in 2020.

\*\* The survey of internet banking users started in 2019 and has used the Net Promoter Score (NPS) method. However, the 2019 NPS survey for internet banking channels was not conducted in June-September 2019 due to vendor changes.



# **FINANCIAL STATEMENTS**

**SURAT PERNYATAAN DIREKSI  
TENTANG  
TANGGUNG JAWAB ATAS LAPORAN KEUANGAN 31 DESEMBER 2020  
DAN TAHUN YANG BERAKHIR 31 DESEMBER 2020  
PT BANK HSBC INDONESIA**

**DIRECTORS' STATEMENT LETTER  
REGARDING  
THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS 31 DECEMBER 2020  
AND FOR THE YEAR ENDED 31 DECEMBER 2020  
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 Lt. 3 Jl. Jend. Sudirman<br>Kav. 29-31, Jakarta 12920 |
| Nomor Telepon/Phone Number   | : (021) 25545800  |
| Jabatan/Position             | : Direktur Utama/President Director   |
| 2. Nama/Name                 | : Dio Alexander Samsoeri  |
| Alamat kantor/Office address | : Gedung World Trade Center 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, 19 Maret/March 2021

Atas nama dan mewakili Direksi/ *For and on behalf of Board of Directors*

  
**François-Pascal Marie  
Jacques du Mesnil de Maricourt**  
Direktur Utama/  
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**

Kami telah mengaudit laporan keuangan PT Bank HSBC Indonesia ("Bank") terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2020, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

*We have audited the accompanying financial statements of PT Bank HSBC Indonesia (the "Bank"), which comprise the statement of financial position as of 31 December 2020, 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 a summary of significant accounting policies and other explanatory information.*

**Tanggung jawab manajemen atas laporan keuangan**

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan ini 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.

***Management's responsibility for the financial statements***

*Management is responsible for the preparation and fair presentation of these 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.*

**Tanggung jawab auditor**

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan bebas dari kesalahan penyajian material.

***Auditors' responsibility***

*Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.*

***Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan***

*WTC 3, Jl. Jend. Sudirman Kav. 29-31, Jakarta 12920 – Indonesia*

*T: +62 21 50992901 / 31192901, F: +62 21 52905555 / 52905050, [www.pwc.com/id](http://www.pwc.com/id)*



Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

### **Opini**

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Bank HSBC Indonesia pada tanggal 31 Desember 2020, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

*An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.*

*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*

### **Opinion**

*In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Bank HSBC Indonesia as of 31 December 2020, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.*

JAKARTA  
19 Maret/March 2021

**Angelique Dewi Daryanto, S.E., CPA**

Surat Ijin Praktek Akuntan Publik/License of Public Accountant No. AP. 0734

**PT BANK HSBC INDONESIA**

**LAPORAN POSISI KEUANGAN  
31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

	<b>Catatan/ Notes</b>	<b>31 Desember/ December 2020</b>	<b>31 Desember/ December 2019</b>	
<b>ASET</b>				<b>ASSETS</b>
Kas	6,27	627.207	696.281	Cash
Giro pada Bank Indonesia	7,27	4.252.139	7.343.788	Demand deposits with Bank Indonesia
Giro pada bank-bank lain - setelah dikurangi penyisihan kerugian penurunan nilai sebesar Rp 107 pada 31 Desember 2020.	8,27,36	3.740.633	2.261.135	Demand deposits with other banks - net of allowance for impairment losses of Rp 107 on 31 December 2020
Penempatan pada Bank Indonesia	27	1.152.313	1.488.506	Placements with Bank Indonesia
Penempatan pada bank-bank lain- setelah dikurangi penyisihan kerugian penurunan nilai sebesar Rp 375 pada 31 Desember 2020.	9,27,36	10.653.939	7.696.511	Placements with other banks- net of allowance for impairment losses of Rp 375 on 31 December 2020
Efek-efek untuk tujuan investasi	10,27	17.860.822	14.418.802	Investment securities
Aset keuangan dalam kelompok diperdagangkan	11,27	1.217.717	2.863.738	Financial assets held for trading
Tagihan derivatif	12,27,36	671.498	476.731	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	27	9.292.848	464.945	Securities purchased with agreement to resell
Wesel ekspor- setelah dikurangi penyisihan kerugian penurunan nilai sebesar Rp 6.843 pada 31 Desember 2020	27	921.585	1.434.664	Export bills - net off allowance for impairment losses of Rp 6,843 on 31 December 2020
Tagihan akseptasi- Setelah dikurangi penyisihan kerugian Penurunan nilai sebesar Rp 25.398 Pada 31 Desember 2020.	13,27	2.021.659	2.601.928	Acceptance receivables - net off allowance for impairment losses of Rp 25,398 31 December 2020
Kredit yang diberikan kepada nasabah - setelah dikurangi penyisihan kerugian penurunan nilai sebesar Rp 3.059.585 pada 31 Desember 2020 dan Rp 2.123.183 pada 31 Desember 2019	14,27,36	55.334.586	65.533.877	Loans to customers - net of allowance for impairment losses of Rp 3,059,585 on 31 December 2020 and Rp 2,123,183 on 31 December 2019
Aset lain-lain	15,27,36	3.928.540	3.451.068	Other assets
Aset tetap - setelah dikurangi akumulasi penyusutan sebesar Rp 915.017 pada 31 Desember 2020 dan Rp 866.630 pada 31 Desember 2019	16	570.616	716.157	Properties and equipments - net of accumulated depreciation of Rp 915,017 on 31 December 2020 and Rp 866,630 on 31 December 2019
Aset takberwujud - setelah dikurangi akumulasi amortisasi sebesar Rp 243.026 pada 31 Desember 2020 dan Rp 184.254 pada 31 Desember 2019	17	89.121	137.065	Intangible assets - net of accumulated amortisation of Rp 243,026 on 31 December 2020 and Rp 184,254 on 31 December 2019
Aset pajak tangguhan	34g	<u>265.832</u>	<u>275.182</u>	Deferred tax assets
<b>JUMLAH ASET</b>		<u><u>112.601.055</u></u>	<u><u>111.860.378</u></u>	<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 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Catatan/ Notes</u>	<u>31 Desember/ December 2020</u>	<u>31 Desember/ December 2019</u>	
<b>LIABILITAS DAN EKUITAS</b>				<b>LIABILITIES AND EQUITY</b>
<b>LIABILITAS</b>				<b>LIABILITIES</b>
Simpanan dari nasabah	18,27,36	72.159.831	65.469.257	<i>Deposits from customers</i>
Simpanan dari bank-bank lain	19,27,36	4.491.715	5.058.515	<i>Deposits from other banks</i>
Liabilitas derivatif	12,27,36	659.526	473.541	<i>Derivative payables</i>
Utang akseptasi	13,27,36	2.047.057	2.601.928	<i>Acceptance payables</i>
Utang pajak penghasilan	34b	181.688	-	<i>Income tax payable</i>
Beban akrual dan provisi	20,27,36	413.742	502.670	<i>Accruals and provisions</i>
Liabilitas lain-lain	21,27,36	4.278.735	2.984.880	<i>Other liabilities</i>
Pinjaman yang diterima	27,36	7.516.750	15.062.513	<i>Borrowings</i>
Pinjaman subordinasi	27,36	1.053.750	1.041.188	<i>Subordinated debt</i>
Liabilitas imbalan kerja	23	<u>499.726</u>	<u>529.546</u>	<i>Employee benefits obligations</i>
<b>JUMLAH LIABILITAS</b>		<u>93.302.520</u>	<u>93.724.038</u>	<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	24	10.586.395	10.586.395	<i>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</i>
Tambahan modal disetor - bersih	25	257.610	257.610	<i>Additional paid-in capital - net</i>
Cadangan program kompensasi berbasis saham	22	15.602	14.894	<i>Share-based payments program reserves</i>
Pengukuran kembali atas liabilitas imbalan pasca kerja		(62.897)	(67.363)	<i>Remeasurements from post employment benefits obligation</i>
Perubahan nilai wajar bersih - efek-efek untuk tujuan investasi pada nilai wajar melalui penghasilan komprehensif lain	10	502.279	133.381	<i>Net changes in fair value - investment securities at fair value through other comprehensive income</i>
Cadangan kerugian kredit ekspektasian - efek-efek untuk tujuan investasi pada nilai wajar melalui penghasilan komprehensif lain		15.399	-	<i>Allowance for expected credit loss - investment securities at fair value through other comprehensive income</i>
Saldo laba: - Telah ditentukan penggunaannya - Belum ditentukan penggunaannya	26	<u>49.419</u> <u>7.934.728</u>	<u>26.306</u> <u>7.185.117</u>	<i>Retained earnings: Appropriated - Unappropriated -</i>
<b>JUMLAH EKUITAS</b>		<u>19.298.535</u>	<u>18.136.340</u>	<b>TOTAL EQUITY</b>
<b>JUMLAH LIABILITAS DAN EKUITAS</b>		<u>112.601.055</u>	<u>111.860.378</u>	<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 BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan/ Notes	Desember/ December 2020	Desember/ December 2019	
<b>PENDAPATAN OPERASIONAL</b>				<b>OPERATING INCOME</b>
Pendapatan bunga	28,36	5.306.862	6.197.205	Interest income
Beban bunga	28,36	(1.433.047)	(2.216.617)	Interest expenses
<b>Pendapatan bunga bersih</b>		<b>3.873.815</b>	<b>3.980.588</b>	<b>Net interest income</b>
Pendapatan provisi dan komisi	29,36	1.567.480	1.952.008	Fees and commissions income
Beban provisi dan komisi	29,36	(363.420)	(639.719)	Fees and commissions expenses
<b>Pendapatan provisi dan komisi bersih</b>		<b>1.204.060</b>	<b>1.312.289</b>	<b>Net fees and commissions</b>
Pendapatan instrumen yang diperdagangkan - bersih	30	1.741.761	1.339.518	Trading income - net
Laba atas selisih kurs - bersih		25.262	75.304	Foreign exchange gain - net
Rugi dari aset yang dimiliki untuk dijual - bersih		(555)	(7.138)	Loss from assets held for sale - net
(Beban)/pendapatan lainnya - bersih	34n,36	(14.646)	429.163	Other (expense)/income - net
		<u>1.751.822</u>	<u>1.836.847</u>	
Kerugian penurunan nilai - bersih	31	(1.717.134)	(671.160)	Impairment losses - net
<b>Jumlah pendapatan operasional</b>		<b>5.112.563</b>	<b>6.458.564</b>	<b>Total operating income</b>
<b>BEBAN OPERASIONAL</b>				<b>OPERATING EXPENSES</b>
Beban karyawan	32,36	(1.730.463)	(1.949.191)	Employees expenses
Beban umum dan administrasi	33,36	(1.253.995)	(1.112.188)	General and administrative expenses
Beban depresiasi aset tetap dan aset hak-guna		(296.175)	(299.620)	Depreciation expenses of properties, equipments, and right-on-use assets
Beban amortisasi aset takberwujud		(57.796)	(57.570)	Amortization expenses of intangible assets
<b>Jumlah beban operasional</b>		<b>(3.338.429)</b>	<b>(3.418.569)</b>	<b>Total operating expenses</b>
<b>LABA SEBELUM PAJAK</b>		<b>1.774.134</b>	<b>3.039.995</b>	<b>PROFIT BEFORE TAX</b>
Beban pajak penghasilan	34c	(464.140)	(728.704)	Income tax expense
<b>LABA BERSIH TAHUN BERJALAN</b>		<b>1.309.994</b>	<b>2.311.291</b>	<b>NET PROFIT FOR THE YEAR</b>
<b>PENDAPATAN KOMPREHENSIF LAIN</b>				<b>OTHER COMPREHENSIVE INCOME</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: Investments securities at fair value through other comprehensive income/available for sale:
- Perubahan nilai wajar bersih	10	450.007	261.765	Gain/(loss) during the period -
- Cadangan kerugian kredit ekspektasian		11.123	-	Allowance for expected credit loss -
- Penyesuaian tarif pajak	34g	17.892	-	Adjustment on tax rate -
- Pajak penghasilan terkait	34g	(99.001)	(65.441)	Related income tax -
		<u>380.021</u>	<u>196.324</u>	
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	23	11.197	(37.414)	Actuarial gain/(loss) - during the period
- Penyesuaian tarif pajak	34g	(4.267)	-	Adjustment on tax rate -
- Pajak penghasilan terkait	34g	(2.464)	9.354	Related income tax -
		<u>4.466</u>	<u>(28.060)</u>	
<b>LABA KOMPREHENSIF LAIN, BERSIH SETELAH PAJAK</b>		<b>384.487</b>	<b>168.264</b>	<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>
<b>JUMLAH PENGHASILAN KOMPREHENSIF UNTUK TAHUN BERJALAN</b>		<b>1.694.481</b>	<b>2.479.555</b>	<b>TOTAL COMPREHENSIVE INCOME FOR THE 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.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

[illegible]

*The accompanying notes form an integral part of these financial statements.*

PT BANK HSBC INDONESIA

**LAPORAN ARUS KAS**  
**UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan khusus)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan/ Notes	2020	2019	
<b>ARUS KAS DARI AKTIVITAS OPERASI</b>				<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
Penerimaan pendapatan bunga		5.238.116	6.148.655	Receipts from interest income
Pembayaran beban bunga		(1.490.277)	(2.224.151)	Payments for interest expenses
Penerimaan provisi dan komisi		1.520.416	1.936.348	Receipts from fees and commissions
Pembayaran provisi dan komisi		(363.420)	(639.719)	Payments for fees and commissions
Laba atas selisih kurs - bersih		27.905	30.498	Realised foreign exchange gain - net
Hasil penjualan aset yang dimiliki untuk dijual		-	5.188	Proceeds from sale of assets held for sale
Penerimaan pendapatan operasional		1.722.738	1.342.540	Receipts from operating income
Pembayaran beban operasional		(3.167.946)	(3.353.145)	Payments for operating expenses
Pembayaran pajak penghasilan badan		(486.404)	(841.224)	Corporate income tax paid
Pengembalian pajak penghasilan badan		450.381	8.671	Corporate income tax refund
Perubahan aset operasi:				Changes in operating assets:
Aset yang diukur pada nilai wajar melalui laba rugi		1.646.021	40.021	Asset at fair value through profit or loss
Tagihan derivatif		(194.767)	65.151	Derivative receivables
Kredit yang diberikan kepada nasabah		9.249.423	(1.046.070)	Loans to customers
Efek-efek yang dibeli dengan janji dijual kembali		(8.827.903)	628.982	Securities purchased under resale agreements
Aset lain-lain		544.837	(435.251)	Other assets
Perubahan liabilitas operasi:				Changes in operating liabilities:
Simpanan dari nasabah		9.233.440	11.320.737	Deposits from customers
Simpanan dari bank-bank lain		(566.800)	(3.718.258)	Deposits from other banks
Liabilitas derivatif		185.985	(350.657)	Derivative payables
Beban akrual dan provisi		(31.699)	(272.256)	Accruals and provisions
Liabilitas lain-lain		819.196	(585.164)	Other liabilities
<b>Kas bersih yang diperoleh dari aktivitas operasi</b>		<b>15.509.242</b>	<b>8.060.896</b>	<b>Net cash provided from operating activities</b>
<b>ARUS KAS DARI AKTIVITAS INVESTASI</b>				<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Pengalihan aset dan liabilitas pajak dari the Hongkong and Shanghai Banking Corporation Limited, Cabang Jakarta	34r	-	(679.915)	Transfer of tax assets and liabilities from the Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch
Pengembalian (termasuk pembayaran) atas aset dan liabilitas pajak yang dialihkan dari the Hongkong and Shanghai Banking Corporation Limited, Cabang Jakarta		-	285.612	Refund (including payment) of tax assets and liabilities transferred from the Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch
Pembelian efek-efek untuk tujuan investasi		(6.191.632)	(11.011.589)	Purchase of investment securities
Hasil maturitas efek-efek untuk tujuan investasi		3.199.619	9.454.370	Proceed from maturity of investment securities
Hasil penjualan aset tetap		21.694	6.972	Proceed from sale of properties and equipments
Perolehan aset hak-guna		(106.785)	(117.282)	Acquisition of properties and equipments
Perolehan aset tetap		(62.769)	(247.277)	Acquisition of right of use assets
Perolehan aset takberwujud		(9.870)	(16.949)	Acquisition of intangible assets
<b>Kas bersih yang digunakan untuk aktivitas investasi</b>		<b>(3.149.743)</b>	<b>(2.326.058)</b>	<b>Net cash used in investing activities</b>
<b>ARUS KAS DARI AKTIVITAS PENDANAAN</b>				<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>
(Pembayaran)/penerimaan pinjaman dan pinjaman subordinasi		(7.916.625)	(4.294.760)	(Payment)/proceed from borrowings and subordinated debts
Pembayaran dividen kas		(636.242)	-	Payments for cash dividend
Pembayaran kewajiban sewa		(150.500)	(93.169)	Payments for lease liabilities
<b>Kas bersih yang digunakan untuk aktivitas pendanaan</b>		<b>(8.703.367)</b>	<b>(4.387.929)</b>	<b>Net cash used in financing activities</b>
<b>KENAikan BERSIH KAS DAN SETARA KAS</b>		<b>3.656.132</b>	<b>1.346.909</b>	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>
<b>PENGARUH SELISIH KURS MATA UANG ASING PADA KAS DAN SETARA KAS</b>		<b>(2.715.640)</b>	<b>(146.704)</b>	<b>EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS</b>
<b>KAS DAN SETARA KAS, 1 JANUARI</b>		<b>19.486.221</b>	<b>18.286.016</b>	<b>CASH AND CASH EQUIVALENTS, 1 JANUARY</b>
<b>KAS DAN SETARA KAS, 31 DESEMBER</b>		<b>20.426.713</b>	<b>19.486.221</b>	<b>CASH AND CASH EQUIVALENTS, 31 DECEMBER</b>
<b>Kas dan setara kas terdiri dari:</b>				<b>Cash and cash equivalents consist of:</b>
Kas	6	627.207	696.281	Cash
Giro pada Bank Indonesia	7	4.252.139	7.343.788	Demand deposits with Bank Indonesia
Giro pada bank-bank lain	8	3.740.740	2.261.135	Demand deposits with other banks
Penempatan pada Bank Indonesia - jatuh tempo dalam 3 bulan sejak tanggal perolehan	27	1.152.313	1.488.506	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	9	10.654.314	7.696.511	Placements with other banks - mature within 3 months from the date of acquisition
		<b>20.426.713</b>	<b>19.486.221</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 BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan khusus)

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(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 2019	Arus kas/ Cash flows	Perubahan non-kas/ Non-cash changes	31 Desember/ December 2020	
Kas dan setara kas	19.486.221	3.656.132	(2.715.640)	20.426.713	Cash and cash equivalents
Rekonsiliasi liabilitas yang timbul dari aktivitas pendanaan:					Reconciliation of liabilities arising from financing activities:
- Pinjaman yang diterima	(15.062.513)	7.916.625	(370.862)	(7.516.750)	Borrowings -
- Pinjaman subordinasi	(1.041.188)	-	(12.562)	(1.053.750)	Subordinated debt -
- Liabilitas sewa	(372.374)	150.500	(56.693)	(278.567)	Lease liabilities -
Hutang bersih	<u>3.010.146</u>	<u>11.723.257</u>	<u>(3.155.757)</u>	<u>11.577.646</u>	Net debt

	31 Desember/ December 2018	Dampak implementasi PSAK 73/ Impact of SFAS 73 implementation	Arus kas/ Cash flows	Perubahan non-kas/ Non-cash changes	31 Desember/ December 2019	
Kas dan setara kas	18.286.016	-	1.346.909	(146.704)	19.486.221	Cash and cash equivalents
Rekonsiliasi liabilitas yang timbul dari aktivitas pendanaan:						Reconciliation of liabilities arising from financing activities:
- Pinjaman yang diterima	(19.973.820)	-	4.294.760	616.547	(15.062.513)	Borrowings -
- Pinjaman subordinasi	(1.078.500)	-	-	37.312	(1.041.188)	Subordinated debt -
- Liabilitas sewa	-	(363.597)	93.169	(101.946)	(372.374)	Lease liabilities -
Hutang bersih	<u>(2.766.304)</u>	<u>(363.597)</u>	<u>5.734.838</u>	<u>405.209</u>	<u>3.010.146</u>	Net debt

Catatan atas laporan keuangan merupakan bagian yang tidak terpisahkan dari laporan keuangan.

The accompanying notes form an integral part of these financial statements.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**1. UMUM**

**a. Pendirian dan informasi umum**

PT Bank HSBC Indonesia ("Bank") 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 diubah menjadi PT Bank Ekonomi Raharja. Kedua akta tersebut telah 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 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 telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-0014340.AH.01.02. tanggal 10 Agustus 2016 dan telah 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. 57 tanggal 12 April 2017 yang dibuat di hadapan Dr. Irawan Soerodjo, S.H., M.Si., notaris di Jakarta sehubungan dengan penambahan modal saham Bank (lihat Catatan 24).

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.

**1. GENERAL**

**a. Establishment and general information**

PT Bank HSBC Indonesia (the "Bank") 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 public in Jakarta, the shareholders approved the change of the Bank's name to PT Bank HSBC Indonesia. The change of Bank's name has been approved by Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0014340.AH.01.02. dated 10 August 2016 and has been approved by Financial Service 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 effected by notarial deed No. 57 dated 12 April 2017 of Dr. Irawan Soerodjo, S.H., M.Si., notary in Jakarta in relation to increase the Bank's share capital (see Note 24).

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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**1. UMUM (lanjutan)**

**a. Pendirian dan informasi umum (lanjutan)**

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 Center I, Jl. Jenderal Sudirman Kav. 29-31, Jakarta 12920. Pada tanggal 31 Desember 2020, Bank memiliki 32 cabang utama (termasuk kantor pusat) dan 37 cabang pembantu di Indonesia (tidak diaudit).

Pada tanggal 31 Desember 2020 dan 2019 jumlah karyawan tetap Bank masing-masing sebanyak 3.428 dan 3.797 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.

Susunan Dewan Komisaris dan Direksi Bank pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

**1. GENERAL (continued)**

**a. Establishment and general information (continued)**

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 Center I, Jl. Jenderal Sudirman Kav. 29-31, Jakarta 12920. As of 31 December 2020, the Bank has 32 main branches (including the head office) and 37 sub-branches in Indonesia (unaudited).

As of 31 December 2020 and 2019, the Bank has 3,428 and 3,797 permanent 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.

The composition of the Bank's Board of Commissioners and Board of Directors as of 31 December 2020 and 2019 are as follows:

	2020	
Komisaris Utama	Matthew Kneeland Lobner	President Commissioner
Wakil Komisaris Utama merangkap Komisaris Independen	Hanny Wurangian	Vice-President Commissioner and Independent Commissioner
Komisaris Independen	Umar Juoro	Independent Commissioner
Komisaris Independen	Catherinawati Hadiman Sugianto	Independent Commissioner
Komisaris	Mark Thomas McKeown	Commissioner
Komisaris	Mark Trevor Surgenor <sup>1)</sup>	Commissioner
Direktur Utama	François-Pascal Marie Jacques du Mesnil de Maricourt	President Director
Direktur	Caecilia Pudji Widyarti <sup>2)</sup>	Director
Direktur	Stephen Whilton Angell	Director
Direktur	Dio Alexander Samsoeri	Director
Direktur	Edhi Tjahja Negara Darmohusolo	Director
Direktur	Eri Budiono	Director
Direktur	Riko Adyitha	Director
Direktur Kepatuhan	Nisha Asha Bhambhani <sup>3)</sup>	Compliance Director
Direktur	James Rex Elwes <sup>4)</sup>	Director

<sup>1)</sup> Efektif jika dan sejak tanggal Otoritas Jasa Keuangan (OJK) memberikan persetujuan atas penilaian kemampuan dan kepatutan (Fit and Proper Test), dengan memperhatikan peraturan dan perundang-undangan yang berlaku.

<sup>2)</sup> Telah diangkat sebagai Direktur yang melaksanakan tugas sementara Direktur yang membawahkan Fungsi Kepatuhan pada Rapat Umum Pemegang Saham Tahunan HBID Tahun 2020 tanggal 30 Juni 2020 sampai dengan Direktur yang membawahkan Fungsi Kepatuhan HBID yang baru efektif jika dan atas persetujuan Otoritas Jasa Keuangan (OJK) untuk Penilaian Kemampuan dan Kepatuhan dengan memperhatikan aturan hukum dan peraturan perundang-undangan yang berlaku.

<sup>3)</sup> Efektif jika dan sejak tanggal Otoritas Jasa Keuangan (OJK) memberikan persetujuan atas penilaian kemampuan dan kepatutan (Fit and Proper Test), dengan memperhatikan peraturan dan perundang-undangan yang berlaku.

<sup>4)</sup> Efektif jika dan sejak tanggal Otoritas Jasa Keuangan memberikan persetujuan atas penilaian kemampuan dan kepatutan (Fit and Proper Test) atau tanggal diterbitkannya ijin kerja, yang mana yang lebih lama terjadi, dengan memperhatikan peraturan perundang-undangan yang berlaku

Effective if and upon the Indonesia Financial Service Authority's<sup>1)</sup> (Otoritas Jasa Keuangan / OJK) approval for fit and proper test with due observance to the prevailing laws and regulations in Indonesia

Has been appointed as Director in charge of overseeing<sup>2)</sup> Compliance Function temporarily on the Annual General Shareholders Meeting of HBID dated 30 June 2020 until a new HBID Director in charge of overseeing Compliance Function becomes effective if and upon the Indonesia Financial Services Authority's (Otoritas Jasa Keuangan/OJK) approval for the Fit and Proper Test with due observance to the prevailing laws and regulations in Indonesia.

Effective if and upon the Indonesia Financial Services Authority's<sup>3)</sup> Authority's (Otoritas Jasa Keuangan/OJK) approval for the Fit and Proper Test with due observance to the prevailing laws and regulations in Indonesia

Effective if and upon Indonesia Financial Services Authority's (Otoritas Jasa Keuangan) 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

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(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 2020 dan 2019 adalah sebagai berikut: (lanjutan)

	2019
Komisaris Utama	Matthew Kneeland Lobner
Wakil Komisaris Utama merangkap Komisaris Independen	Hanny Wurangian
Komisaris Independen	Hariawan Pribadi
Komisaris Independen	Umar Juoro
Komisaris	Mark Thomas McKeown
Komisaris	Lucia Ka Yee Ku <sup>1)</sup>
Direktur Utama	Sumit Dutta
Direktur	John Peter Watt Rosie
Direktur	Blake Digney Philip Hellam
Direktur	Dio Alexander Samsoeri <sup>2)</sup>
Direktur	Caecilia Pudji Widyarti
Direktur	Tripudjo Putranto
Direktur	Stephen Whilton Angell
Direktur Kepatuhan	Yessika Effendi

<sup>1)</sup> Efektif mengundurkan diri sebagai kandidat Komisaris dalam uji kemampuan dan kepatuhan dari OJK sejak tanggal 29 Oktober 2019

<sup>2)</sup> Efektif sejak tanggal 9 September 2019

Susunan Komite Audit Bank pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

Ketua	Hanny Wurangian <sup>1)</sup>
Anggota independen	Umar Juoro
Anggota independen	Yustrida Bernawati
Anggota independen	Ubaidillah Nugraha

<sup>1)</sup> Wakil Komisaris Utama merangkap Komisaris Independen

**b. Penawaran umum saham dan privatisasi**

Sesuai dengan akta No. 140 tanggal 25 Oktober 2007 yang dibuat di hadapan Dr. Irawan Soerodjo, S.H., M.Si., notaris di Jakarta, para pemegang saham mengambil dan menyetujui keputusan-keputusan, antara lain, sebagai berikut:

- Mengubah status Bank dari perseroan tertutup menjadi perseroan terbuka.
- Mengubah nama Bank menjadi PT Bank Ekonomi Raharja Tbk.
- Mengubah nilai nominal saham semula sebesar Rp 1.000 (dalam Rupiah penuh) menjadi Rp 100 (dalam Rupiah penuh) per saham.
- Menerbitkan saham sebanyak-banyaknya 270.000.000 lembar saham dengan nilai nominal Rp 100 (dalam Rupiah penuh) per saham melalui penawaran umum kepada masyarakat.

**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 2020 and 2019 are as follows: (continued)

President Commissioner
Vice-President Commissioner and Independent Commissioner
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner
President Director
Director
Director
Director
Director
Director
Director
Compliance Director

Effective resigned as Commissioner candidate in fit and proper test from FSA since 29 October 2019

Effective since 9 September 2019<sup>2)</sup>

The composition of the Bank's Audit Committee as of 31 December 2020 and 2019 are as follows:

Chairperson
Independent member
Independent member
Independent member

Vice-President Commissioner and Independent Commissioner

**b. Public offering of shares and privatisation**

Based on notarial deed No. 140 dated 25 October 2007 of Dr. Irawan Soerodjo, S.H., M.Si., notary public in Jakarta, the shareholders resolved and approved, among others, the following:

- Change the Bank's status from a private to a public company.
- Change the Bank's name to PT Bank Ekonomi Raharja Tbk.
- Change the nominal value of share from Rp 1,000 (in Rupiah full amount) to Rp 100 (in Rupiah full amount) per share.
- Issuance of a maximum number of 270,000,000 shares with nominal value of Rp 100 (in Rupiah full amount) per share through initial public offering.



**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**1. UMUM (lanjutan)**

**b. Penawaran umum saham dan privatisasi  
(lanjutan)**

Akta tersebut telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. C-01814.HT.01.04-TH.2007 tanggal 31 Oktober 2007 serta diumumkan dalam Tambahan No. 11468 pada Berita Negara Republik Indonesia No. 94 tanggal 23 November 2007.

Pada tanggal 28 Desember 2007, Bank memperoleh Pernyataan Efektif dari Ketua Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam-LK) melalui suratnya No.S-6568/BL/2007 untuk melakukan penawaran umum perdana atas 270.000.000 lembar saham Bank dengan nilai nominal Rp 100 (dalam Rupiah penuh) per saham. Harga penawaran saham adalah sebesar Rp 1.080 (dalam Rupiah penuh) per saham.

Bank mencatatkan sahamnya pada Bursa Efek Indonesia (BEI) pada tanggal 8 Januari 2008.

Pada tanggal 16 Februari 2015, Bank mengajukan permohonan kepada BEI untuk melakukan penghentian sementara perdagangan saham Bank sejak sesi perdagangan pertama pada tanggal 17 Februari 2015 sehubungan dengan rencana Bank untuk mengubah statusnya dari perusahaan terbuka menjadi perusahaan tertutup (*go private*) dan melakukan *delisting* dari BEI. BEI menghentikan sementara perdagangan efek Bank mulai sesi pertama perdagangan efek tanggal 17 Februari 2015 hingga diselesaikannya proses *delisting*.

Sehubungan dengan rencana *go private* di atas, Bank mengadakan Rapat Umum Pemegang Saham Luar biasa (RUPSLB) pada tanggal 12 Mei 2015 yang memutuskan pokok-pokok sebagai berikut:

- Menyetujui rencana *go private* Bank
- Menyetujui perubahan dalam Anggaran Dasar Bank sehubungan dengan perubahan status Bank dari perusahaan terbuka menjadi perusahaan tertutup.

Setelah mendapat persetujuan RUPSLB atas rencana *go private*, HSBC Asia Pacific Holdings (UK) Limited (HAPH) menyampaikan Pernyataan Penawaran Tender kepada OJK dan dinyatakan efektif berdasarkan Surat OJK No. S-298/D.04/2015 tanggal 30 Juni 2015. HAPH setuju untuk melaksanakan Penawaran Tender atas Saham Publik Bank, yaitu sebanyak-banyaknya 1.718.000 saham yang mewakili 0,06% dari jumlah seluruh saham yang telah ditempatkan dan disetor penuh Bank dengan harga penawaran sebesar Rp 10.000 (dalam Rupiah penuh) per saham.

**1. GENERAL (continued)**

**b. Public offering of shares and privatisation  
(continued)**

The deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia through its Decision Letter No. C-01814.HT.01.04-TH.2007 dated 31 October 2007 and was published in the Supplement No. 11468 to State Gazette of the Republic of Indonesia No.94 dated 23 November 2007.

On 28 December 2007, the Bank obtained the Effective Notification from the Chairman of Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) through its letter No. S-6568/BL/2007 for the Bank's initial public offering on 270,000,000 shares at nominal value of Rp 100 (in Rupiah full amount) per share. The offering price for the shares was Rp 1,080 (in Rupiah full amount) per share.

The Bank listed its shares at the Indonesia Stock Exchange (IDX) on 8 January 2008.

On 16 February 2015, the Bank submitted a letter to the IDX for temporary suspension of trading of the Bank's shares starting from the first trading session on 17 February 2015 in relation with the Bank's plan to change its status from a public listed company to a private company (*go private*) and to delist from the IDX. IDX temporarily suspended trading of the Bank's shares starting from the first session on 17 February 2015 until the completion of the delisting process.

In relation with the *go private* plan above, the Bank held the Extraordinary General Meeting Shareholders (EGMS) on 12 May 2015 which decided the following:

- Approving the Bank's *go private* plan
- Approving the changes in the Bank's Articles of Association relating to the changes of the Bank's status from a publicly listed company to a private company.

Subsequent to the EGMS approval on *go private* plan, HSBC Asia Pacific Holdings (UK) Limited (HAPH) submitted a Tender Offer Statement to the FSA and was declared effective by the FSA based on its letter No. S-298/D.04/2015 dated 30 June 2015. HAPH agreed to conduct the Tender Offer on the Bank's Shares held by Public shareholders, for a maximum of 1,718,000 shares representing 0.06% of the total issued and paid-up capital of the Bank at an offering price of Rp 10,000 (in Rupiah full amount) per share.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**1. UMUM (lanjutan)**
**b. Penawaran umum saham dan privatisasi (lanjutan)**

Berdasarkan Akta Pernyataan Keputusan Rapat Perseroan Terbatas No. 97 tanggal 16 November 2015, dibuat di hadapan Dr. Irawan Soerodjo, S.H., M.Si., notaris di Jakarta dan telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan Surat Persetujuan No. AHU-0946124.AH.01.02. tahun 2015 tanggal 17 November 2015, Anggaran Dasar Bank telah diubah sehubungan dengan perubahan status Bank dari perusahaan terbuka (publik) menjadi perusahaan tertutup.

**c. Integrasi usaha dengan The Hongkong and Shanghai Banking Corporation Limited – Cabang Jakarta**

Pada tanggal 18 Oktober 2016, Bank telah menandatangani Perjanjian Kerangka Kerja untuk Melaksanakan Integrasi Bisnis Perbankan di Indonesia dengan The Hongkong and Shanghai Banking Corporation Limited (HBAP) untuk melaksanakan integrasi usaha dan operasi dengan kantor cabang Jakarta dari HBAP yang dikenal sebagai Indonesia Management Office (IMO). Pada tanggal 13 April 2017, Bank dan IMO menandatangani Perjanjian Pernyataan Kembali dan Perubahan Perjanjian Kerangka Kerja untuk Melaksanakan Integrasi Bisnis Perbankan di Indonesia. Pada tanggal 22 Maret 2017, OJK menyetujui rencana integrasi usaha Bank dan IMO melalui suratnya No. S-29/D.03/2017.

Bank telah menyelesaikan integrasi usaha dan operasi dengan IMO dengan tanggal efektif integrasi pada 17 April 2017. Pada tanggal efektif integrasi, jumlah tercatat aset dan liabilitas untuk posisi tutup buku 16 April 2017 yang telah diambil alih masing-masing sebesar Rp 75.181.882 sehingga nilai aset bersih yang dialihkan sama dengan Rp nihil. Bank dan IMO merupakan entitas sepengendali sehingga transaksi integrasi usaha diakui pada nilai tercatatnya berdasarkan metode penyatuan kepemilikan.

**2. DASAR PENYUSUNAN**

Laporan keuangan Bank telah disetujui untuk diterbitkan oleh manajemen pada tanggal 19 Maret 2021.

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.

**1. GENERAL (continued)**
**b. Public offering of shares and privatisation (continued)**

Pursuant to the Deed of Statement of Resolutions of Limited Corporation Meeting No. 97 dated 16 November 2015, drawn up by Dr. Irawan Soerodjo, S.H., M.Si., notary in Jakarta and approved by the Minister of Law and Human Rights of the Republic of Indonesia through Letter of Approval No. AHU-0946124.AH.01.02. year 2015 dated 17 November 2015, Articles of Association of the Bank have been amended in relation to the change in the Bank's status from a publicly listed company to a private company.

**c. Business integration with The Hongkong and Shanghai Banking Corporation Limited – Jakarta Branch**

On 18 October 2016, The Bank signed Framework Agreement to Implement the Integration of the Banking Business in Indonesia with The Hongkong and Shanghai Banking Corporation Limited (HBAP) to implement business and operation integration with Jakarta branches of HBAP, known as Indonesia Management Office (IMO). On 13 April 2017, the Bank and IMO signed the Restated and Amended Agreement to Implement the Integration of the Banking Business in Indonesia. On 22 March 2017, FSA has approved the business integration of the Bank and IMO through its letter No. S-29/D.03/2017.

The Bank has completed the business and operation integration with IMO with the effective date of integration on 17 April 2017. On the effective date of integration, the carrying amount of total assets and liabilities as at 16 April 2017 which have taken over were each Rp 75,181,882 as such, the transferred net asset value is equal to Rp nil. The Bank and IMO are entities under common control therefore, the business integration transaction is recognised at its carrying value under pooling of interest method.

**2. BASIS OF PREPARATION**

The Bank's financial statements were authorised for issue by the management on 19 March 2021.

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).

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**2. DASAR PENYUSUNAN (lanjutan)**

**a. Pernyataan kepatuhan dan dasar penyusunan laporan keuangan (lanjutan)**

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.

**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.

**2. BASIS OF PREPARATION (continued)**

**a. Statement of compliance and basis for preparation of financial statements (continued)**

*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.*

**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 amount recognised in the financial statements are described in Note 5.*

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**2. DASAR PENYUSUNAN (lanjutan)**

**c. Perubahan kebijakan akuntansi**

Kecuali dinyatakan di bawah ini, kebijakan akuntansi yang berakhir 31 Desember 2020 telah diterapkan secara konsisten dengan laporan keuangan tahunan untuk tahun yang berakhir 31 Desember 2019 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 2020, sebagai berikut:

- PSAK 71: "Instrumen Keuangan";
- PSAK 72: "Pendapatan dari Kontrak dengan Pelanggan";
- PSAK 73: "Sewa";
- Amandemen PSAK 15: "Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama";
- Amandemen PSAK 25 "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi, dan Kesalahan";
- Amandemen PSAK 62 "Kontrak Asuransi";
- Amandemen PSAK 71 "Instrumen Keuangan: tentang Fitur Percepatan Pelunasan dengan Kompensasi Negatif";
- Amandemen PSAK 73 "Sewa" tentang konsesi sewa terkait COVID-19;
- Amandemen PSAK 102 "Akuntansi Murabahah";
- Penyesuaian tahunan 2019 terhadap PSAK 1 "Penyajian Laporan Keuangan";
- Amandemen PSAK 1 "Penyajian laporan keuangan" dan PSAK 25 "Kebijakan akuntansi, perubahan estimasi akuntansi, dan kesalahan";
- ISAK 35 "Penyajian Laporan Keuangan Entitas Berorientasi Nirlaba";
- ISAK 101 "Pengakuan Pendapatan Murabahah Tanggung Tanpa Risiko Signifikan Terkait Kepemilikan Persediaan";
- ISAK 102 "Penurunan Nilai Piutang Murabahah";
- PPSAK 13 Pencabutan PSAK 45 Laporan Keuangan Entitas Nirlaba; dan
- Amandemen Kerangka Konseptual Pelaporan Keuangan.

Kecuali dinyatakan dibawah ini, PSAK dan ISAK tersebut di atas tidak memiliki dampak yang signifikan terhadap jumlah yang dilaporkan pada periode berjalan atau tahun-tahun sebelumnya.

**2. BASIS OF PREPARATION (continued)**

**c. Changes in accounting policies**

Except as described below, the accounting policies applied for the year ended 31 December 2020 are consistent with those of the annual financial statements for the year ended 31 December 2019 financial which conform to the Indonesian Financial Accounting Standards.

Financial Accounting Standard Board of Indonesia Institute of Accounting (DSAK-IAI) has issued revision of the following accounting standards which are effective as at 1 January 2020, as follows:

- SFAS 71: "Financial Instruments";
- SFAS 72: "Revenue from Contracts with Customers";
- SFAS 73: "Leases";
- Amendment of SFAS 15: "Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures";
- Amendment to SFAS 25 "Accounting Policies, Changes in Accounting Estimates and Errors";
- Amendment to SFAS 62 "Insurance Contract";
- Amendment to SFAS 71 "Financial Instruments: Prepayment Features with Negative Compensation";
- Amendment to SFAS 73 "Leases" related to COVID-19 rent concessions;
- Amendment SFAS 102 "Accounting for Murabahah";
- Annual improvements 2019 to SFAS 1 "Presentation of Financial Statements";
- Amendment to SFAS 1 "Presentation of financial statement" and SFAS 25 "Accounting policies, changes in accounting and errors";
- IFAS 35 "Presentation of Non-Profit Oriented Entities Financial Statements";
- IFAS 101 "Recognition of Deferred Murabahah Income without Significant Inventory Ownership Risks";
- IFAS 102 "Impairment of Murabahah Receivables";
- PPSAK 13 Revocation of SFAS 45 Financial Reporting for Non-profit Organisations; and
- Amendment to Conceptual Framework for Financial Reporting.

Except as described below, all the above SFAS and ISFAS had no significant effect on the amounts reported for the current period or prior years.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**2. DASAR PENYUSUNAN (lanjutan)**

**c. Perubahan kebijakan akuntansi (lanjutan)**

PSAK 71 menggantikan PSAK 55 "Instrumen Keuangan: Pengakuan dan Pengukuran" dan memperkenalkan pengaturan baru untuk klasifikasi dan pengukuran instrumen keuangan berdasarkan penilaian atas model bisnis dan arus kas kontraktual, pengakuan dan pengukuran cadangan kerugian penurunan nilai instrumen keuangan dengan menggunakan model kerugian kredit ekspektasian, yang menggantikan model kerugian kredit saat peristiwa kerugian kredit terjadi serta memberikan pendekatan yang lebih sederhana untuk akuntansi lindung nilai.

Sesuai dengan persyaratan transisi pada PSAK 71, Bank memilih penerapan secara restropektif dengan dampak kumulatif pada awal penerapan diakui pada tanggal 1 Januari 2020 dan tidak menyajikan kembali informasi komparatif. Bank telah melakukan penyesuaian pada saldo laba awal tahun 2020 sebesar Rp 98.972 yang berasal dari penurunan cadangan kerugian penurunan nilai instrumen keuangan (lihat Catatan 39).

Berdasarkan penilaian terhadap model bisnis dan arus kas kontraktual, pengaturan baru atas PSAK 71 untuk klasifikasi dan pengukuran instrumen keuangan tidak berdampak terhadap jumlah tercatat aset dan liabilitas keuangan pada tanggal 1 Januari 2020.

Peraturan baru atas akuntansi lindung nilai juga tidak berdampak terhadap Bank dimana saat ini, Bank tidak melakukan transaksi yang berkaitan dengan akuntansi lindung nilai.

**2. BASIS OF PREPARATION (continued)**

**c. Changes in accounting policies (continued)**

SFAS 71 replaces SFAS 55 "Financial Instruments: Recognition and Measurement" and introduces new requirements for classification and measurement for financial instruments based on business model and contractual cashflow assessment, recognition and measurement for allowance for impairment losses for financial instruments using the expected credit loss model, which replaced the incurred credit loss model and also provides simplified approach to hedge accounting.

In accordance with the transition requirements in SFAS 71, the Bank elected to apply retrospectively with the cumulative effect of initial implementation recognised at 1 January 2020 and not restate comparative information. The Bank has adjusted the beginning 2020 retained earnings amounting to Rp 98,972 which was from the decrease in allowance for losses for financial instruments (refer to Note 39).

Based on business model assessments and contractual cashflow, there is no change to the carrying amount of financial assets and liabilities as of 1 January 2020 due to the adoption of new classification under SFAS 71.

The hedge accounting rules in this standard also had no impact to the Bank as currently the Bank did not enter into transactions related to the hedge accounting.

**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 yang diukur pada nilai wajar melalui laba rugi, utang akseptasi, efek-efek yang dijual dengan janji dibeli kembali, beban akrual, pinjaman yang diterima, pinjaman subordinasi dan liabilitas keuangan lainnya yang disajikan sebagai bagian dari liabilitas lain-lain.

**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 purchase with agreement 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, liabilities at fair value through profit or loss, acceptance payables, securities sold with agreement to repurchase, accruals, borrowings, subordinated debts and other financial liabilities that are presented as part of other liabilities.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**a. Aset dan liabilitas keuangan (lanjutan)**

**Kebijakan berlaku sebelum 1 Januari 2020**

Bank mengelompokkan aset keuangannya dalam kategori berikut pada saat pengakuan awal:

- i. Diukur pada nilai wajar melalui laba rugi, yang memiliki 2 sub-klasifikasi, yaitu aset keuangan yang ditetapkan demikian pada saat pengakuan awal dan aset keuangan yang diklasifikasikan dalam kelompok diperdagangkan;
- ii. Tersedia untuk dijual;
- iii. Dimiliki hingga jatuh tempo;
- iv. Pinjaman yang diberikan dan piutang.

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.

**a.1. Klasifikasi**

Kategori tersedia untuk dijual terdiri dari aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak dikelompokkan ke dalam salah satu kategori aset keuangan lainnya.

Di dalam kategori dimiliki hingga jatuh tempo adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan dimana Bank mempunyai intensi positif dan kemampuan untuk memiliki hingga jatuh tempo, dan yang tidak ditetapkan pada nilai wajar melalui laba rugi atau tersedia untuk dijual. Pada tanggal 31 Desember 2020 dan 2019, Bank tidak memiliki aset keuangan yang diklasifikasikan sebagai dimiliki hingga jatuh tempo.

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau dapat ditentukan yang tidak mempunyai kuotasi di pasar aktif.

**Kebijakan berlaku mulai tanggal  
1 Januari 2020**

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).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Financial assets and liabilities (continued)**

**Policy applicable before 1 January 2020**

The Bank classified its financial assets in the following categories on initial recognition:

- i. Fair value through profit or loss, which has 2 sub-classifications, i.e., financial assets designated as such upon initial recognition and financial assets classified as held for trading;
- ii. Available-for-sale;
- iii. Held-to-maturity;
- iv. Loans and receivables.

Financial liabilities are classified into the following categories on initial recognition:

- i. Fair value through profit or loss, which has 2 sub-classifications, i.e. those designated as such upon initial recognition and those classified as held for trading;
- ii. Financial liabilities measured at amortised cost.

**a.1. Classification**

The available-for-sale category consists of non-derivative financial assets that are designated as available-for-sale or are not classified in one of the other categories of financial assets.

In the held-to-maturity category are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale. As of 31 December 2020 and 2019, the Bank does not have any financial assets classified as held-to-maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

**Policy applicable from 1 January 2020**

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 (FVOCI).

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**a. Aset dan liabilitas keuangan (lanjutan)**

**Kebijakan berlaku mulai tanggal  
1 Januari 2020 (lanjutan)**

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.

**a.1. Klasifikasi**

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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Financial assets and liabilities (continued)**

**Policy applicable from 1 January 2020  
(continued)**

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.

**a.1. Classification**

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 assets is held within a business model whose objective is to hold the asset to collect contractual cash flows (*held 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 principal amount outstanding.

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.



**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**a. Aset dan liabilitas keuangan (lanjutan)**

**Kebijakan berlaku mulai tanggal  
1 Januari 2020 (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 *hold 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 pengukuran aset tersebut.

Aset keuangan dapat ditetapkan sebagai FVTPL hanya jika ini dapat mengeliminasi atau mengurangi *accounting mismatch*.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**a. Financial assets and liabilities (continued)**

**Policy applicable from 1 January 2020  
(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*
- *Prepayment and extension terms*

*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 (hold 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 gains 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 hold 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.*

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**a. Aset dan liabilitas keuangan (lanjutan)**

**Kebijakan berlaku mulai tanggal  
1 Januari 2020 (lanjutan)**

**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 kadaluwarsa, 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.

Bank menghentikan pengakuan liabilitas keuangan pada saat kewajiban yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluwarsa.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Financial assets and liabilities (continued)**

**Policy applicable from 1 January 2020  
(continued)**

**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 asset or financial liability is 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 liability. 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 liability 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.*

*The Bank derecognises a financial liability when its contractual obligations are discharged or canceled or expired.*

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**
**a. Aset dan liabilitas keuangan (lanjutan)**

**Kebijakan berlaku mulai tanggal  
1 Januari 2020 (lanjutan)**

**a.3. Penghentian pengakuan (lanjutan)**

Bank menghapusbukukan 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.

**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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
**a. Financial assets and liabilities (continued)**

**Policy applicable from 1 January 2020 (continued)**

**a.3. Derecognition (continued)**

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 in solvency 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.

**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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**a. Aset dan liabilitas keuangan (lanjutan)**

**Kebijakan berlaku mulai tanggal  
1 Januari 2020 (lanjutan)**

**a.6. Pengukuran nilai wajar (lanjutan)**

Jika tersedia, Bank mengukur nilai wajar instrumen menggunakan harga kuotasian di pasar aktif untuk instrumen tersebut.

Instrumen keuangan dianggap memiliki kuotasi di pasar aktif jika harga kuotasian 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 kuotasian 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 menanggulangi 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.

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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**a. Financial assets and liabilities (continued)**

**Policy applicable from 1 January 2020  
(continued)**

**a.6. Fair value measurement (continued)**

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 on over the life of the instrument.

For financial instruments with no quoted market price, a reasonable estimate of the fair value is determined by reference 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 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**b. Giro pada Bank Indonesia dan bank-bank lain**

Giro pada Bank Indonesia dan giro pada 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.

**Kebijakan berlaku sebelum 1 Januari 2020**

Kredit yang diberikan kepada nasabah pada awalnya diukur pada nilai wajar ditambah biaya atau pendapatan transaksi yang dapat diatribusikan secara langsung (jika ada), dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif.

**Kebijakan berlaku mulai tanggal 1 Januari 2020**

Kredit yang diberikan kepada nasabah pada awalnya diukur pada nilai wajar ditambah biaya atau pendapatan transaksi yang dapat diatribusikan secara langsung (jika ada), dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi atau nilai wajar sesuai dengan klasifikasinya masing-masing (Catatan 3.a.1). Untuk kredit yang diberikan yang diklasifikasikan sebagai biaya perolehan diamortisasi, setelah pengakuan awal diukur menggunakan suku bunga efektif. Sedangkan untuk kredit yang diberikan yang diklasifikasikan sebagai FVTPL, setelah pengakuan awal diukur pada nilai wajar dimana keuntungan atau kerugian atas perubahan nilai wajar dicatat pada pendapatan transaksi perdagangan-bersih.

Jenis kredit yang diberikan terdiri dari kredit modal kerja, investasi, konsumsi dan karyawan.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**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), 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.*

**Policy applicable before 1 January 2020**

*Loans to customers are initially measured at fair value plus incremental direct transaction costs or income (if any), and subsequently measured at their amortised cost using the effective interest method.*

**Policy applicable from 1 January 2020**

*Loans to customers are initially measured at fair value plus incremental direct transaction costs or income (if any), and subsequently measured at amortised cost or fair value depending on the respective classification (Note 3.a.1). For loan which classified as amortised cost is subsequently measured using the effective interest method. While for loans which classified as fair value through profit or loss are subsequently carried at fair value, with gains or losses arising from changes in fair value are recorded in net trading income.*

*The types of loans consist of working capital, investment, consumer and employee loans.*

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**d. Kredit yang diberikan kepada nasabah  
(lanjutan)**

**Kebijakan berlaku mulai tanggal 1 Januari  
2020 (lanjutan)**

Kredit dalam rangka pembiayaan bersama (kredit sindikasi) dinyatakan sebesar biaya perolehan diamortisasi sesuai dengan porsi risiko yang ditanggung oleh Bank.

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**

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.

**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. 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**d. Loans to customers (continued)**

**Policy applicable from 1 January 2020  
(continued)**

Syndicated loans are stated at amortised cost in accordance with the risk borne by the Bank.

Loan restructuring for debtors facing difficulties in fulfilling their obligation, is done 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 agreement to  
resell**

Securities purchased with agreement 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 at the statement of financial position.

**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. 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**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.

**Kebijakan berlaku sebelum 1 Januari 2020**

Efek-efek untuk tujuan investasi diklasifikasikan sebagai aset keuangan yang tersedia untuk dijual dan pada awalnya diukur pada nilai wajar ditambah biaya transaksi (jika ada). Setelah pengakuan awal, efek-efek untuk tujuan investasi dinyatakan pada nilai wajar.

Pendapatan bunga diakui dalam laporan laba rugi menggunakan metode suku bunga efektif. Laba atau rugi selisih kurs atas efek-efek untuk tujuan investasi diakui pada laba rugi tahun berjalan.

Perubahan nilai wajar lainnya diakui dalam penghasilan komprehensif lain sampai investasi tersebut dijual atau mengalami penurunan nilai, dimana keuntungan dan kerugian kumulatif yang belum direalisasi yang sebelumnya diakui dalam penghasilan komprehensif lain harus diakui pada laba rugi tahun berjalan berdasarkan metode rata-rata tertimbang.

Perubahan nilai wajar aset moneter yang didenominasikan dalam mata uang asing yang diklasifikasikan sebagai tersedia untuk dijual dipisahkan antara selisih penjabaran yang timbul dari perubahan biaya perolehan diamortisasi efek dan perubahan nilai tercatat efek lainnya. Selisih penjabaran terkait dengan perubahan biaya perolehan diamortisasi diakui di dalam laporan laba rugi, dan perubahan nilai tercatat lainnya diakui pada penghasilan komprehensif lainnya.

**Kebijakan berlaku mulai tanggal 1 Januari 2020**

Efek-efek untuk tujuan investasi diklasifikasikan sebagai diukur pada nilai wajar melalui penghasilan komprehensif lain (FVOCI) dan pada awalnya diukur pada nilai wajar ditambah biaya transaksi (jika ada).

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..

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**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.

**Policy applicable before 1 January 2020**

Investment securities are classified as available-for-sale, and initially measured at fair value plus transaction costs (if any). Subsequent to initial measurement, investment securities are carried at fair value.

Interest income is recognised in the profit or loss using the effective interest method. Foreign exchange gains or losses on investment securities are recognised in the profit or loss for the year.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, where upon the cumulative unrealised gains and losses previously recognised in other comprehensive income are recognised in the profit or loss for the year based on a weighted average method.

Changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

**Policy applicable from 1 January 2020**

Investment securities are classified as measured at fair value through other comprehensive income (FVOCI), and initially measured at fair value plus transaction costs (if any).

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. Changing 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.



**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING (lanjutan)**

**h. Efek-efek untuk tujuan investasi (lanjutan)**

**Investasi pada sukuk**

Bank mengklasifikasikan investasi pada sukuk sebagai diukur pada nilai wajar melalui penghasilan komprehensif lain sesuai dengan PSAK No. 110 (revisi 2015), "Akuntansi Sukuk". Investasi pada sukuk diklasifikasikan sebagai diukur pada nilai wajar melalui penghasilan komprehensif lain jika:

- Investasi tersebut dimiliki dalam suatu model usaha yang bertujuan utama untuk memperoleh arus kas kontraktual dan melakukan penjualan sukuk; dan
- Persyaratan kontraktual menentukan tanggal tertentu pembayaran pokok dan/atau hasilnya.

Pada saat pengakuan awal, Bank mencatat investasi pada sukuk sebesar biaya perolehan ditambah 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.

**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.

Kurs valuta asing utama pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

Valuta asing		2020	2019	Foreign currencies	
		Rupiah penuh/ Rupiah full amount	Rupiah penuh/ Rupiah full amount		
1	Pound Inggris (GBP)	19.012,46	18.238,14	British Pound (GBP)	1
1	Euro (EUR)	17.234,43	15.570,61	Euro (EUR)	1
1	Dolar Amerika Serikat (USD)	14.050,00	13.882,50	United States Dollar (USD)	1
100	Yen Jepang (JPY)	13.597,00	12.781,00	Japanese Yen (JPY)	100
1	Dolar Singapura (SGD)	10.606,18	10.315,05	Singapore Dollar (SGD)	1
1	Dolar Australia (AUD)	10.752,47	9.725,39	Australian Dollar (AUD)	1
1	Dolar Hong Kong (HKD)	1.812,30	1.782,75	Hong Kong Dollar (HKD)	1

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Investment securities (continued)**

**Investments in sukuk**

The Bank classifies all investment in sukuk as measured at fair value through other comprehensive income in accordance with SFAS No. 110 (revised 2015), "Accounting for Sukuk". The investments in sukuk are classified as measured at fair value through other comprehensive income if:

- Such investment is held in a business model whose objective is to collect contractual cash flows and to sell sukuk; and
- The contractual terms of the financial asset give rise on specified dates of payments of principals and/or the margin.

At initial recognition, the Bank records investments in sukuk at acquisition cost plus directly attributable transaction costs. 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.

**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.

The major rates of foreign exchange used as of 31 December 2020 and 2019 are as follows:

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**j. Transaksi dengan pihak-pihak berelasi**

Bank melakukan transaksi dengan pihak berelasi. Sesuai dengan PSAK 7 (Revisi 2015) - 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);
  - 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**j. Transactions with related parties**

The Bank has transactions with related parties. In accordance with SFAS 7 (Revised 2015) - 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 benefit 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);
  - 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**k. Pajak penghasilan**

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 diakui masing-masing diakui dalam penghasilan komprehensif lain atau ekuitas.

Pajak penghasilan tangguhan diakui dengan menggunakan metode aset dan liabilitas untuk semua perbedaan temporer antara dasar pengenaan pajak aset dan liabilitas dengan nilai tercatatnya pada laporan keuangan. Tarif pajak yang berlaku saat ini dipakai untuk menentukan pajak tangguhan.

Aset pajak tangguhan diakui apabila besar kemungkinan bahwa jumlah laba fiskal pada masa mendatang akan memadai untuk mengkompensasi perbedaan temporer yang menimbulkan aset pajak tangguhan tersebut.

Aset dan liabilitas pajak penghasilan tangguhan dapat saling hapus apabila terdapat hak yang berkekuatan hukum untuk melakukan saling hapus antara aset pajak kini dengan liabilitas pajak kini dan apabila aset dan liabilitas pajak penghasilan tangguhan dikenakan oleh otoritas perpajakan yang sama, baik atas entitas kena pajak yang sama ataupun berbeda dan adanya niat untuk melakukan penyelesaian saldo-saldo tersebut secara neto.

Koreksi terhadap kewajiban perpajakan diakui saat surat ketetapan pajak diterima atau jika mengajukan keberatan, pada saat keputusan atas keberatan tersebut telah ditetapkan.

**l. Sewa**

Mulai 1 Januari 2019, Bank menerapkan PSAK 73 Sewa untuk kontrak sewanya.

Bank mengevaluasi pada saat inisiasi 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.

Bank mengakui aset hak-guna dan liabilitas sewa sehubungan dengan perjanjian sewa dimana Bank sebagai penyewa, kecuali untuk sewa jangka pendek (memiliki masa sewa 12 bulan atau kurang) dan sewa yang aset dasarnya bernilai rendah. Untuk sewa tersebut, Bank mengakui pembayaran sewa sebagai beban operasional dengan dasar garis lurus selama masa sewa kecuali terdapat dasar sistematis lain yang lebih merepresentasikan pola manfaat penyewa.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**k. Income taxes**

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.

Deferred income tax is recognised using the asset and liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Current enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset arising from temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the appeal has been decided.

**l. Leases**

Starting 1 January 2019, the Bank adopted SFAS 73 Leases to lease contracts.

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.

The Bank recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which the Bank is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the pattern of the lessee's benefit.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**I. Sewa (lanjutan)**

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 permulaan 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.

Setelah tanggal permulaan, aset hak-guna diukur pada biaya perolehan dikurangi dengan akumulasi penyusutan dan akumulasi kerugian penurunan nilai.

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 nonsewa 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**I. Leases (continued)**

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.

After initial recognition, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses.

As permitted by 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**m. Aset tetap (lanjutan)**

**m.1. Pengakuan dan pengukuran (lanjutan)**

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.

Bangunan disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat selama 20 tahun. Instalasi kantor dan aset tetap lainnya disusutkan berdasarkan taksiran masa manfaat aset selama 3 sampai dengan 20 tahun dengan menggunakan metode garis lurus.

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. Aset yang dimiliki untuk dijual**

Aset yang dimiliki untuk dijual merupakan agunan berupa aset tidak lancar yang diambil alih sehubungan dengan penyelesaian kredit yang mengalami penurunan nilai.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**m. Properties and equipments (continued)**

**m.1. Recognition and measurement  
(continued)**

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.

Buildings are depreciated using the straight-line method over their estimated useful lives of 20 years. Leasehold improvements and other properties and equipments are depreciated over their estimated useful life of 3 to 20 years using the straight line method.

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. Assets held for sale**

Assets held for sale represent non-current assets which were foreclosed in conjunction with settlement of impaired loans.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**n. Aset yang dimiliki untuk dijual (lanjutan)**

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 aset yang dimiliki untuk dijual diakui sebagai laba atau rugi dari aset yang dimiliki untuk dijual pada saat penjualan aset tersebut dalam laba rugi tahun berjalan.

**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.

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**
**Kebijakan berlaku sebelum 1 Januari 2020**

Pada setiap tanggal pelaporan, Bank mengevaluasi apakah terdapat bukti obyektif bahwa aset keuangan yang tidak dicatat pada nilai wajar melalui laporan laba rugi telah mengalami penurunan nilai. Aset keuangan mengalami penurunan nilai jika bukti obyektif menunjukkan bahwa peristiwa yang merugikan telah terjadi setelah pengakuan awal aset keuangan, dan peristiwa tersebut berdampak pada arus kas masa datang atas aset keuangan yang dapat diestimasi secara handal.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**n. Assets held for sale (continued)**

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 assets held for sale is recognised as gain or loss from assets held for sale at the time of sale in the current year profit or loss.

**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.

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**
**Policy applicable before 1 January 2020**

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)**
**Kebijakan berlaku sebelum 1 Januari 2020  
(lanjutan)**

Bukti obyektif bahwa aset keuangan mengalami penurunan nilai meliputi wanprestasi atau tunggakan pembayaran oleh debitur, restrukturisasi kredit atau tagihan oleh Bank dengan persyaratan yang tidak mungkin diberikan jika debitur tidak mengalami kesulitan keuangan, indikasi bahwa debitur atau penerbit akan dinyatakan pailit, hilangnya pasar aktif dari aset keuangan akibat kesulitan keuangan, atau data yang dapat diobservasi lainnya yang terkait dengan kelompok aset keuangan seperti memburuknya status pembayaran debitur atau penerbit dalam kelompok tersebut, atau kondisi ekonomi yang berkorelasi dengan wanprestasi atas aset dalam kelompok tersebut.

Bank menentukan bukti penurunan nilai atas kredit yang diberikan kepada nasabah, wesel ekspor, efek-efek untuk tujuan investasi dan tagihan akseptasi secara individual dan kolektif. Evaluasi penurunan nilai secara individual dilakukan terhadap semua kredit yang diberikan, efek-efek untuk tujuan investasi dan tagihan akseptasi yang signifikan secara individual.

Semua kredit yang diberikan kepada nasabah, wesel ekspor, efek-efek untuk tujuan investasi dan tagihan akseptasi yang signifikan secara individual yang tidak mengalami penurunan nilai secara individual dievaluasi secara kolektif untuk menentukan penurunan nilai yang sudah terjadi namun belum diidentifikasi.

Kredit yang diberikan kepada nasabah, wesel ekspor, efek-efek untuk tujuan investasi dan tagihan akseptasi yang tidak signifikan secara individual akan dievaluasi secara kolektif untuk menentukan penurunan nilainya dengan mengelompokkan aset keuangan tersebut berdasarkan karakteristik risiko yang serupa.

Semua penempatan dan giro pada bank-bank lain dievaluasi penurunan nilainya secara individual.

**p.1. Dinilai secara individu**

Penurunan nilai atas aset keuangan yang dinilai secara individu ditentukan dengan mengevaluasi eksposur secara satu per satu. Prosedur ini diterapkan atas aset keuangan yang dianggap signifikan secara individu.

Dalam menentukan penurunan nilai atas aset keuangan yang dinilai secara individu, faktor-faktor berikut dijadikan pertimbangan:

- jumlah eksposur Bank terhadap pihak lawan;

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**p. Identification and measurement of  
impairment of financial assets (continued)**
**Policy applicable before 1 January 2020  
(continued)**

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of a loan or receivable by the Bank on terms that the Bank would not otherwise consider, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security due to financial difficulties, or other observable data relating to a group of assets such as adverse changes in the payment status of debtors or issuers in the group, or economic conditions that correlate with defaults in the group.

The Bank considers evidence of impairment for loans to customers, export bills, investment securities and acceptance receivables at both individual and collective level. All individually significant loans, investment securities and acceptance receivables are assessed for individual impairment.

All individually significant loans to customers, export bills, investment securities and acceptance receivables found not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans to customers, export bills, investment securities and acceptance receivables that are not individually significant are collectively assessed for impairment by grouping together such financial assets with similar risk characteristics.

All placements and demand deposits with other banks are assessed for individual impairment.

**p.1. Individually assessed**

Impairment losses on individually assessed financial assets are determined by an evaluation of the exposures on a case-by-case basis. This procedure is applied to financial assets that are considered individually significant.

In determining impairment losses on individually assessed financial assets, the following factors are considered:

- the Bank's aggregate exposure to the counterparty;

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)**
**Kebijakan berlaku sebelum 1 Januari 2020  
(lanjutan)**
**p.1. Dinilai secara individu (lanjutan)**

Dalam menentukan penurunan nilai atas aset keuangan yang dinilai secara individu, faktor-faktor berikut dijadikan pertimbangan: (lanjutan)

- keandalan bisnis model pihak lawan dan kemampuan mengatasi kesulitan keuangan serta menghasilkan arus kas yang cukup untuk melunasi kewajiban terhutang;
- jumlah dan perkiraan waktu penerimaan pembayaran dari debitur dan pemulihan;
- nilai realisasi agunan.

Kerugian penurunan nilai atas aset keuangan diukur sebesar selisih antara nilai tercatat aset keuangan dengan nilai kini estimasi arus kas masa datang yang di diskonto menggunakan suku bunga efektif awal dari aset keuangan tersebut.

**p.2. Dinilai secara kolektif**

Kerugian penurunan nilai dievaluasi secara kolektif untuk portofolio aset keuangan berikut ini:

- Aset keuangan yang ditelaah secara individu (lihat Catatan 3p.1 di atas) dalam hal kerugian telah terjadi tetapi belum dapat diidentifikasi; dan
- Kredit homogen yang tidak signifikan secara individu.

**Penurunan nilai yang telah terjadi tapi  
belum diidentifikasi**

Untuk aset keuangan yang telah dinilai secara individu dan tidak terdapat bukti penurunan nilai yang dapat diidentifikasi, aset keuangan tersebut dikelompokkan berdasarkan karakteristik risiko kredit yang serupa untuk tujuan perhitungan kerugian penurunan nilai secara kolektif. Kerugian tersebut meliputi aset keuangan yang telah mengalami penurunan nilai pada tanggal pelaporan, tetapi belum dapat diidentifikasi secara individu sampai waktu tertentu di masa yang akan datang. Penurunan nilai kolektif ditentukan setelah mempertimbangkan hal-hal berikut ini:

- pengalaman kerugian historis atas portofolio yang memiliki karakteristik risiko kredit yang serupa;
- periode yang diperkirakan antara terjadinya suatu kerugian sampai kerugian tersebut diidentifikasi dan dibuktikan dengan pembentukan penyisihan kerugian penurunan nilai atas aset keuangan tersebut; dan

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**p. Identification and measurement of  
impairment of financial assets (continued)**
**Policy applicable before 1 January 2020  
(continued)**
**p.1. Individually assessed (continued)**

In determining impairment losses on individually assessed financial assets, the following factors are considered: (continued)

- the viability of the counter party's business model and capability to overcome financial difficulties and generate sufficient cash flow to service its debt obligations;
- the amount and timing of expected payments from debtors and recoveries;
- the realizable value of collaterals.

Impairment loss on financial assets are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate.

**p.2. Collectively assessed**

Impairment losses are assessed on a collective basis for the following financial assets:

- Financial assets subject to individual assessment for impairment (see Note 3p.1 above) in respect of losses which have been incurred but have not yet been identified; and
- Homogeneous groups of loans that are not considered individually significant.

**Incurred but not yet identified  
impairment**

For financial assets which have been individually assessed and evidence of loss has not been identified, these financial assets are grouped together based on similar credit risk characteristics for the purpose of calculating collective impairment loss. This loss covers financial assets that are impaired at the reporting date but have not been individually identified as such until some time in the future. The collective impairment loss is determined after taking into account the following:

- historical loss experience in portfolios of similar credit risk characteristics;
- the estimated period between the time when a loss occurs and the time when a loss has been identified and evidenced by the establishment of an allowance for impairment loss on an individual financial asset; and



**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)**

**Kebijakan berlaku sebelum 1 Januari 2020  
(lanjutan)**

**p.2. Dinilai secara kolektif (lanjutan)**

**Penurunan nilai yang telah terjadi tapi  
belum diidentifikasi (lanjutan)**

Untuk aset keuangan yang telah dinilai secara individu dan tidak terdapat bukti penurunan nilai yang dapat diidentifikasi, aset keuangan tersebut dikelompokkan berdasarkan karakteristik risiko kredit yang serupa untuk tujuan perhitungan kerugian penurunan nilai secara kolektif. Kerugian tersebut meliputi aset keuangan yang telah mengalami penurunan nilai pada tanggal pelaporan, tetapi belum dapat diidentifikasi secara individu sampai waktu tertentu di masa yang akan datang. Penurunan nilai kolektif ditentukan setelah mempertimbangkan hal-hal berikut ini: (lanjutan)

- pertimbangan dan pengalaman manajemen tentang kondisi ekonomi dan kredit saat ini terhadap tingkat aktual kerugian yang terjadi dan apakah akan lebih besar atau lebih kecil dari apa yang disarankan oleh pengalaman historis.

**Kredit yang homogen**

Untuk kredit homogen yang tidak signifikan secara individu, Bank menggunakan model statistik dari tren kemungkinan gagal bayar, yang ditelaah pada setiap saat di mana pembayaran kontraktual dari nasabah telah lewat waktu. Penentuan kerugian penurunan nilai kolektif tersebut juga mempertimbangkan data historis lain serta evaluasi atas kondisi ekonomi saat ini.

Kerugian penurunan nilai atas aset keuangan yang dicatat pada biaya perolehan diamortisasi diukur sebesar selisih antara nilai tercatat aset keuangan dengan nilai kini estimasi arus kas masa datang yang didiskonto menggunakan suku bunga efektif awal dari aset keuangan tersebut. Kerugian yang terjadi diakui pada laba rugi tahun berjalan dan dicatat pada akun penyisihan atas aset keuangan yang dicatat pada biaya perolehan diamortisasi. Pendapatan bunga atas aset keuangan yang mengalami penurunan nilai tetap diakui atas dasar suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam pengukuran kerugian penurunan nilai. Ketika peristiwa yang terjadi setelah penurunan nilai menyebabkan jumlah kerugian penurunan nilai berkurang, kerugian penurunan nilai yang sebelumnya diakui harus dipulihkan dan pemulihan tersebut diakui pada laba rugi tahun berjalan.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**p. Identification and measurement of  
impairment of financial assets (continued)**

**Policy applicable before 1 January 2020  
(continued)**

**p.2. Collectively assessed (continued)**

**Incurred but not yet identified  
impairment (continued)**

For financial assets which have been individually assessed and evidence of loss has not been identified, these financial assets are grouped together based on similar credit risk characteristics for the purpose of calculating collective impairment loss. This loss covers financial assets that are impaired at the reporting date but have not been individually identified as such until some time in the future. The collective impairment loss is determined after taking into account the following: (continued)

- management's experiences and judgments as to whether the current economic and credit conditions are such that the actual level of incurred losses is likely to be greater or less than that suggested by historical experience.

**Homogeneous loans**

For homogeneous groups of loans that are not considered individually significant, the Bank utilizes statistical modeling of historical trends of the probability of default, assessed at each time period for which the customer's contractual payments are overdue. The determination of collective impairment losses also takes into consideration other historical data and evaluation of current economic conditions.

Impairment losses on financial assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. Losses are recognised in the profit or loss for the year and reflected in an allowance account against financial assets carried at amortised cost. Interest on the impaired financial asset continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the profit or loss for the year.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)**
**Kebijakan berlaku sebelum 1 Januari 2020  
(lanjutan)**

Kerugian penurunan nilai atas efek-efek untuk tujuan investasi diakui dengan mengeluarkan kerugian kumulatif yang telah diakui secara langsung dalam penghasilan komprehensif lain ke dalam laba rugi tahun berjalan. Jumlah kerugian kumulatif yang dikeluarkan dari ekuitas dan diakui pada laba rugi tahun berjalan merupakan selisih antara biaya perolehan, setelah dikurangi pelunasan pokok dan amortisasi, dengan nilai wajar kini, dikurangi kerugian penurunan nilai aset keuangan yang sebelumnya telah diakui pada laba rugi. Perubahan penyisihan kerugian penurunan nilai yang dapat diatribusikan pada nilai waktu (*time value*) tercermin sebagai komponen pendapatan bunga.

Jika, pada periode berikutnya, nilai wajar efek-efek untuk tujuan investasi yang mengalami penurunan nilai meningkat dan peningkatan tersebut dapat secara obyektif dihubungkan dengan peristiwa yang terjadi setelah pengakuan kerugian penurunan nilai pada laba rugi, maka kerugian penurunan nilai tersebut harus dipulihkan dan pemulihan tersebut diakui pada laba rugi tahun berjalan.

Jika persyaratan kredit, piutang atau investasi yang dimiliki hingga jatuh tempo dinegosiasi ulang atau dimodifikasi karena debitur atau penerbit mengalami kesulitan keuangan, maka penurunan nilai diukur dengan suku bunga efektif awal yang digunakan sebelum persyaratan diubah.

**Kebijakan berlaku mulai tanggal 1 Januari 2020**

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 ('*12-month ECL*'). 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 *ECL* 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 obyektif penurunan nilai sehingga dianggap sebagai kredit gagal bayar atau kredit memburuk adalah dikategorikan pada 'stage 3'.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**p. Identification and measurement of  
impairment of financial assets (continued)**
**Policy applicable before 1 January 2020  
(continued)**

Impairment losses on investment securities are recognised by transferring the cumulative loss that has been recognised directly in other comprehensive income to the profit or loss for the year. The cumulative loss that has been removed from equity and recognised in the profit or loss for the year is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired investment securities increase and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed, with the amount of reversal recognised in the profit or loss for the year.

If the terms of a loan, receivable or held-to-maturity investment are renegotiated or otherwise modified because of financial difficulties of the debtor or issuer, impairment is measured using the original effective interest rate before the modification of terms.

**Policy applicable from 1 January 2020**

Expected credit losses ('*ECL*') are recognized 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'.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)**

**Kebijakan berlaku mulai tanggal 1 Januari  
2020 (lanjutan)**

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

**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 didukung dan kondisi ekonomik 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**p. Identification and measurement of  
impairment of financial assets (continued)**

**Policy applicable from 1 January 2020  
(continued)**

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.

**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, 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**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 dua belas 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 dua belas 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 terdukung, termasuk informasi tentang peristiwa masa lalu, kondisi terkini dan kondisi ekonomi masa depan. Analisa 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*. Akan tetapi, kecuali telah diidentifikasi lebih awal, semua aset keuangan dianggap telah mengalami peningkatan signifikan dalam risiko kredit ketika telah 30 hari menunggak.

**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. 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)**

**Peningkatan risiko kredit yang signifikan  
(Stage 2) (lanjutan)**

Bank menggunakan berbagai pengukuran kualitatif dan kuantitatif dalam menilai SICR seperti berikut:

**Wholesale Banking**

**a. Kriteria kuantitatif**

Peningkatan yang signifikan pada risiko kredit diinstrumen keuangan diidentifikasi dengan melihat pada perubahan risiko gagal bayar debitur antara penurunan nilai pada tanggal pelaporan dengan tanggal awal mulai instrument. Peningkatan risiko kredit diukur dengan membandingkan estimasi RAT FPD (*Residual Term Average – Forward Probability of Default*) pada instrument 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*).

Semua instrument 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*.

**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)**

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.

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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)**

**Peningkatan risiko kredit yang signifikan  
(Stage 2) (lanjutan)**

Bank menggunakan berbagai pengukuran kualitatif dan kuantitatif dalam menilai SICR seperti berikut: (lanjutan)

**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 di restrukturisasi 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

**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 obyektif 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 ekonomik 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 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.

**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)**

The Bank uses a number of qualitative and quantitative measures in assessing SICR as follows: (continued)

**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 is 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.

**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 unlikeliness 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**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) (lanjutan)**

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.

**Input ekonomik *forward-looking***

Bank menerapkan beberapa skenario ekonomik global *forward-looking* yang ditentukan dengan referensi kepada distribusi prakiraan eksternal yang merepresentasikan prakiraan kondisi ekonomi. Pendekatan tersebut dinilai memadai untuk menghitung kerugian ekspektasian yang tidak bias didalam berbagai lingkungan ekonomi. Dalam kondisi ekonomi tertentu, analisa tambahan diperlukan untuk memperoleh skenario-skenario tambahan, untuk mencerminkan berbagai kemungkinan-kemungkinan keluaran ekonomik 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**p. Identification and measurement of  
impairment of financial assets (continued)**

**Credit impaired (or defaulted) exposures  
(Stage 3) (continued)**

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.

**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 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 debtors. The cash flows projection include realisable collateral, the values used will incorporate the impact of forward looking economic information. The individual circumstances of each debtor are considered when LMU estimates future cash flows and timing of future recoveries which involve significant judgment.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**p. Identifikasi dan pengukuran penurunan nilai  
aset keuangan (lanjutan)**

**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.

**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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**p. Identification and measurement of  
impairment of financial assets (continued)**

**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.*

**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.*



**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**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.

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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**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.

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 benefit obligation**

Short-term employee benefit obligation represents employees bonus which will be paid within one year.

Short-term employee benefit 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**t. Imbalan kerja (lanjutan)**
**t.2. Liabilitas pembayaran berbasis saham  
(lanjutan)**

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).

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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**t. Employee benefits (continued)**
**t.2. Share-based payment liabilities  
(continued)**

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 true-up of capital contribution (which is recorded as part of additional paid-in capital).

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, provided 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 grant 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.

Where an award has been modified, at a minimum, 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**t. Imbalan kerja (lanjutan)**
**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.

Bank diwajibkan menyediakan jumlah minimum imbalan pensiun berdasarkan Undang – undang Ketenagakerjaan (UUTK) No. 13/2003. Secara substansi program pensiun dalam UUTK No. 13/2003 merupakan program imbalan pasti karena UUTK telah menetapkan formula dalam menentukan jumlah minimum imbalan. Jika porsi program imbalan pensiun yang didanai Bank lebih rendah dari imbalan yang diwajibkan menurut UUTK, Bank akan membentuk penyisihan untuk menutupi 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**t. Employee benefits (continued)**
**t.3. Post-employment benefits obligation**

Since January 2017, the Bank has defined 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 expense when they are due. The Bank has no further obligations once the contributions have been paid.

The Bank is required to provide a minimum amount of pension benefits in accordance with Labor Law No. 13/2003. Since the Labor Law sets the formula for determining the minimum amount of benefits, in substance pension plans under Labor Law No. 13/2003 represent defined benefit plans. If the Bank funded portion of the pension plan benefit is less than the benefit as required by the Labor Law, the Bank will provide provision for such shortage.

A defined benefit 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 benefit plan is the present value of the defined benefit obligation at the statement of financial position date adjusted for unrecognised actuarial gains 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 benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering currently there is no deep 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**t. Imbalan kerja (lanjutan)**

**t.3. Liabilitas imbalan pasca-kerja (lanjutan)**

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.

Perubahan nilai kini atas kewajiban imbalan pasti yang timbul dari amandemen 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**t. Employee benefits (continued)**

**t.3. Post-employment benefits obligation  
(continued)**

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income and presented as part of other comprehensive income in equity.

Changes in the present value of defined benefit 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 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**u. Beban akrual dan provisi (lanjutan)**

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.

**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**
**Kebijakan berlaku sebelum 1 Januari 2020**

Pendapatan dan beban bunga diakui dalam laba rugi tahun berjalan menggunakan metode 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**u. Accruals and provisions (continued)**

A 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.

**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**
**Policy applicable before 1 January 2020**

Interest income and expenses are recognised in the profit or loss for the year using the effective interest rate 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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**
**x. Pendapatan dan beban bunga (lanjutan)**
**Kebijakan berlaku sebelum 1 Januari 2020  
(lanjutan)**

Pendapatan bunga atas kredit yang diberikan atau aset keuangan lainnya yang diklasifikasikan sebagai bermasalah diakui pada saat pendapatan tersebut diterima. Pada saat aset keuangan diklasifikasikan sebagai bermasalah, bunga yang telah diakui tetapi belum ditagih akan dibatalkan pengakuannya. Selanjutnya bunga yang dibatalkan tersebut diakui sebagai tagihan kontinjensi.

**Kebijakan berlaku mulai tanggal 1 Januari 2020**

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.

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 termasuk 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 merupakan bagian tak terpisahkan dari suku bunga efektif aset keuangan atau liabilitas keuangan dimasukkan ke dalam perhitungan suku bunga efektif.

Provisi dan komisi yang diperoleh atas beragam jasa yang diberikan kepada nasabah umumnya diakui pada saat penyelesaian transaksi. Untuk jasa yang diberikan selama periode waktu tertentu atau periode risiko kredit yang diterima, provisi dan komisi diamortisasi dengan menggunakan metode garis lurus selama jangka waktunya.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**
**x. Interest income and expenses (continued)**
**Policy applicable before 1 January 2020  
(continued)**

Interest income on loans or other financial assets that classified as non-performing is recognised at the time the interest is received. When a financial asset is classified as non-performing, any interest income previously recognised but not yet collected is reversed against interest income. The reversed interest income is recognised as a contingent receivable.

**Policy applicable from 1 January 2020**

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.

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. Interest income is therefore recognised on the amortised cost of the financial asset including expected credit losses. Should 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 carrying value of the financial asset gross.

**y. Fees and commissions income and expenses**

Fees and commissions income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Fees and commissions earned from a range of services rendered to customers are normally recognised upon a completion of a transaction. For services provided over a period of time or credit risk undertaken, fees and commissions are amortised on the straight-line method over the period of the services.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**3. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
PENTING (lanjutan)**

**y. Pendapatan dan beban provisi dan komisi  
(lanjutan)**

Kontrak dengan pelanggan yang menghasilkan pengakuan instrumen keuangan pada laporan keuangan Bank mungkin sebagian dapat merupakan lingkup dari PSAK 72 dan sebagian merupakan lingkup dari Pernyataan lain. Dalam hal dimana kontrak sebagian merupakan lingkup dari Pernyataan lain, maka Bank terlebih dahulu menerapkan pemisahan dan/atau persyaratan pengukuran dari Pernyataan lain tersebut, dan kemudian menerapkan PSAK 72 pada residualnya.

**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.

**aa. Dividen**

Pembagian dividen diakui sebagai liabilitas ketika dividen tersebut dideklarasikan dan disetujui oleh Rapat Umum Pemegang Saham.

**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.

**Kerangka manajemen risiko**

Direksi memiliki tanggung jawab penuh atas penetapan dan pengawasan kerangka manajemen risiko Bank untuk memastikan bahwa risiko Bank telah dikelola dengan tepat.

Manajemen telah membentuk:

- Komite Audit;
- Komite Pemantau Risiko;
- *Assets and Liabilities Committee* (ALCO);
- Komite Manajemen Risiko;
- Komite Manajemen Risiko Terintegrasi;
- Satuan Kerja Manajemen Risiko

**3. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**y. Fees and commissions income and expenses  
(continued)**

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may fall partially within the scope of SFAS 72 and partially within the scope of another standard. In cases where the contract is partially within scope of another standard, the Bank first applies the separation and/or measurement requirements from that other standard, and then applies SFAS 72 to the residual.

**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.

**aa. Dividend**

Dividend distributions are recognised as a liability when the dividends are declared and approved in the General Meeting of the Shareholders.

**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.

**Risk management framework**

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.

The Management has established:

- Audit Committee;
- Risk Oversight Committee;
- *Assets and Liabilities Committee* (ALCO);
- Risk Management Committee (RMC);
- Integrated Risk Management Committee;
- Risk Management Working Unit

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)**

**a. Pendahuluan dan gambaran umum (lanjutan)**

**Kerangka manajemen risiko (lanjutan)**

yang bertanggung jawab untuk mengembangkan dan memantau kebijakan manajemen risiko Bank atas masing-masing areanya. Komite Audit dan Komite Pemantau Risiko melaporkan aktivitasnya kepada Dewan Komisaris, sedangkan ALCO, Satuan Kerja Manajemen Risiko, dan Komite Manajemen Risiko melaporkan aktivitas mereka secara berkala kepada Direksi.

Kebijakan manajemen risiko Bank dibentuk untuk mengidentifikasi dan menganalisa 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.

Komite Audit Bank memiliki tanggung jawab utama antara lain adalah:

- (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 diatas, 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;
- (iii) Komite Audit wajib memberikan rekomendasi mengenai penunjukan akuntan publik dan kantor akuntan publik kepada Dewan Komisaris untuk disampaikan kepada RUPS.

**4. RISK MANAGEMENT (continued)**

**a. Introduction and overview (continued)**

**Risk management framework (continued)**

which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. Audit Committee and Risk Oversight Committee report to the Board of Commissioners, while, ALCO, Risk Management Working Unit, and RMC report regularly to the Board of Directors on their activities.

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.

The Bank's Audit Committee main responsibilities among others are:

- (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 OJK supervision, in order to provide recommendation to the Board of Commissioners;
- (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 General Meeting of Shareholders.



**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)**

**a. Pendahuluan dan gambaran umum (lanjutan)**

**Kerangka manajemen risiko (lanjutan)**

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.

Komite Manajemen Risiko dibentuk dengan tanggung jawab mencakup, di antaranya adalah:

- (i) Untuk mempertimbangkan materi terkait manajemen risiko, yang mencakup isu utama dan tema umum yang diidentifikasi dari berbagai pelaporan risiko *enterprise*;

**4. RISK MANAGEMENT (continued)**

**a. Introduction and overview (continued)**

***Risk management framework (continued)***

*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 inter-face 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.*

*The Risk Management Committee is established with having, among others, the following responsibilities:*

- (i) *To consider Risk Management papers, which includes key issues and common themes identified across the enterprise risk reports;*

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**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: (lanjutan)

- (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;
- (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) pengawasan aktif dan manajemen proaktif dari Dewan Komisaris dan/atau Direksi terhadap profil risiko Bank dan eksposurnya melalui rapat komite secara berkala;
- (ii) penetapan kebijakan dan prosedur dan limit risiko termasuk penelaahan berkala ;
- (iii) pengimplementasian kerangka kerja manajemen risiko yang mencakup proses identifikasi, penilaian, pemantauan dan pengendalian risiko untuk menjaga tingkat kerugian risiko Bank berada dalam batasan toleransi dan untuk menjaga Bank dari kemungkinan kerugian yang dapat terjadi; dan
- (iv) pengembangan budaya kesadaran risiko dan pengendalian pada seluruh jenjang organisasi melalui komunikasi yang memadai mengenai pentingnya pengendalian internal yang efektif.

**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.

**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: (continued)

- (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 defence;
- (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) active oversight and pro-active management from Board of Commissioners and/or Directors over Bank's risk profiles and its exposures through regular committee meetings;
- (ii) establishment of risk policies and procedures and risk appetite including its regular reviews ;
- (iii) implementation of risk management framework that comprises the identification, assessment, monitoring, and mitigation of risk so as to maintain losses within acceptable levels and to protect the Bank from foreseeable future losses; and
- (iv) development of risk and control awareness culture in all organisational level, through adequate communication regarding the importance of effective internal controls.

**b. Credit risk**

Credit risk is the risk of financial loss, should any of the Bank's customers, clients or counterparties fail to fulfil their contractual obligations to the Bank. Credit risk in the Bank mainly arises from loans to customers.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)**

**b. Risiko kredit (lanjutan)**

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 *behavioural life*, yang menggabungkan ekspektasi perilaku nasabah dan/atau sejauh mana tindakan manajemen risiko kredit membatasi periode paparan tersebut. Produk revolving memiliki 12-60 bulan *lifetime* 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. 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.

**4. RISK MANAGEMENT (continued)**

**b. Credit risk (continued)**

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 behavioural life, which incorporates expectations of customer behaviour and/or the extent to which credit risk management actions curtails the period of that exposure. Revolving products have 12-60 month 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. For example, if the Bank was to anticipate a sharp slowdown in the world economy, Bank should make more provisions today to absorb the credit losses likely to occur in the near future.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)**

**b. Risiko kredit (lanjutan)**

**Asumsi dan pertimbangan utama dalam menentukan kerugian kredit ekspektasian (lanjutan)**

**Variabel Makro Ekonomi ("MEV") (lanjutan)**

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 di 2020, Bank menambahkan 1 skenario lagi yaitu *u-shape* karena adanya situasi pandemi yang disebabkan oleh COVID-19, 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.

**Sensitivitas MEV terhadap ECL**

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)**

**Key assumptions and judgments in determining expected credit loss (continued)**

**Macro Economic Variable ("MEV") (continued)**

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 in 2020, the Bank added one more scenario which is "*u-shape*" scenario due to pandemic situation caused by COVID-19. 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.

**Sensitivity of MEV to ECL**

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.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**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 dan rekening administratif bersih setelah cadangan kerugian penurunan nilai, tanpa memperhitungkan agunan yang dimiliki atau peningkatan kualitas kredit lainnya.

	2020	2019
<b>Laporan posisi keuangan:</b>		
Giro pada Bank Indonesia	4.252.139	7.343.788
Giro pada bank-bank lain	3.740.633	2.261.135
Penempatan pada Bank Indonesia	1.152.313	1.488.506
Penempatan pada bank-bank lain	10.653.939	7.696.511
Efek-efek untuk tujuan investasi	17.860.822	14.418.802
Aset keuangan dalam kelompok diperdagangkan	1.217.717	2.863.738
Tagihan derivatif	671.498	476.731
Efek-efek yang dibeli dengan janji dijual kembali	9.292.848	464.945
Wesel ekspor	921.585	1.434.664
Tagihan akseptasi	2.021.659	2.601.928
Kredit yang diberikan kepada nasabah	55.334.586	65.533.877
Aset lain-lain - pendapatan yang masih akan diterima	639.325	558.313
	<u>107.759.064</u>	<u>107.142.938</u>
<b>Rekening administratif dengan risiko kredit:</b>		
L/C yang tidak dapat dibatalkan	2.050.678	2.332.307
Fasilitas kredit yang belum digunakan - <i>committed</i>	9.611.269	4.242.629
Bank garansi yang diterbitkan	<u>7.908.442</u>	<u>9.294.264</u>
	<u>19.570.389</u>	<u>15.869.200</u>
<b>Jumlah</b>	<u>127.329.453</u>	<u>123.012.138</u>

**ii. Pembagian aset keuangan berdasarkan kualitas kredit**

Sejak tahun 2017, peringkat kualitas kredit ditentukan berdasarkan estimasi internal Bank atas kemungkinan gagal bayar selama setahun dari debitur-debitur atau portofolio tertentu yang dinilai berdasarkan sejumlah faktor-faktor kualitatif dan kuantitatif.

**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 and off-balance sheet accounts net after allowance for impairment losses, without taking into account any collateral held or other credit enhancement.

<b>Statement of financial position:</b>
Demand deposits with Bank Indonesia
Demand deposits with other banks
Placements with Bank Indonesia
Placements with other banks
Investment securities
Financial assets held for trading
Derivative receivables
Securities purchased with agreement to resell
Export bills
Acceptance receivables
Loans to customers
Other assets - accrued income
<b>Off-balance sheet accounts with credit risk:</b>
Irrevocable L/C
Unused credit facilities - committed
Bank guarantees issued

**ii. Distribution of financial assets by their credit quality**

Since 2017, the grading of credit quality is determined based on the Bank's internal estimate of probability of default over a one-year horizon, from debtors or portfolios assessed against a range of quantitative and qualitative factors.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)**

**b. Risiko kredit (lanjutan)**

- ii. Pembagian aset keuangan berdasarkan kualitas kredit (lanjutan)

Perbaikan peringkat dari yang mengalami penurunan nilai menjadi tidak mengalami penurunan nilai baru dapat dilakukan apabila debitur telah menunjukkan kepastian pemulihan dan kembali ke kondisi normal.

Lima klasifikasi kualitas kredit yang dinyatakan di bawah ini mencakup peringkat kredit internal yang lebih terperinci yang diterapkan pada pinjaman korporasi dan bisnis ritel, termasuk peringkat eksternal yang diterapkan oleh agensi eksternal untuk efek utang.

Peringkat ditentukan berdasarkan estimasi internal Bank atas kemungkinan gagal bayar selama setahun dari debitur-debitur atau portofolio tertentu yang dinilai berdasarkan sejumlah faktor-faktor kualitatif dan kuantitatif.

**4. RISK MANAGEMENT (continued)**

**b. Credit risk (continued)**

- ii. Distribution of financial assets by their credit quality (continued)

Improvement in the grading from impaired to not-impaired can only be made if debtors have shown evidence of recovery and have returned to normal condition.

The five credit quality classifications defined below encompass a range of more granular, internal credit rating grades assigned to wholesale and retail lending business, as well as the external ratings attributed by external agencies to debt securities.

The grading is based on the Bank's internal estimate of probability of default over a one-year horizon, with customers or portfolios assessed against a range of quantitative and qualitative factors.

Klasifikasi kualitas/ Quality classification	Kredit non-ritel/ Non-retail lending <sup>1)</sup>	Kredit ritel/ Retail lending <sup>2)</sup>	Efek-efek utang dan tagihan lain/ Debt securities and other bills
Lancar/Strong	CRR 1 - CRR 2	Tunggakan/ Delinquency 0 (Zero DPD)	A- ke atas/A- and above
Baik/Good	CRR 3	Tunggakan/ Delinquency 1 (1 - 29 DPD)	BBB+ sampai dengan BBB-/ BBB+ to BBB-
Cukup/Satisfactory	CRR 4 - CRR 5	Tunggakan/ Delinquency 2 (30-59 DPD)	BB+ sampai dengan B, dan tanpa peringkat/ BB+ to B, and without rating
Kurang Lancar/Sub-standard	CRR 6 - CRR 8	Tunggakan/ Delinquency 3 (60 - 89 DPD)	B- sampai dengan C/ B-to C
Penurunan nilai/Impaired	CRR 9 - CRR 10	Tunggakan/ Delinquency >= 4 (> 90 DPD)	Gagal bayar/Default

<sup>1)</sup> CRR: Customer Risk Rating

<sup>2)</sup> Band Internal berdasarkan bucket tunggakan dalam jumlah hari tunggakan/  
Internal Band based on delinquency bucket where it's driven by Day Past Due (DPD).

Definisi dari kualitas kredit Bank adalah sebagai berikut:

- Lancar: eksposur kredit memiliki kapasitas yang kuat untuk memenuhi komitmen keuangan dengan kemungkinan gagal dan/atau tingkat ekspektasi kerugian yang rendah. Rekening kredit ritel bergerak sesuai pada parameter produknya dan hanya sesekali menunjukkan keterlambatan pembayaran.
- Baik: eksposur kredit memerlukan pengawasan yang lebih dekat dan memiliki kapasitas yang cukup untuk memenuhi komitmen keuangan dengan risiko gagal bayar yang rendah. Rekening kredit ritel umumnya hanya menunjukkan tingkat keterlambatan pembayaran yang pendek dengan kerugian, jika ada, dapat diminimalisasi setelah penerapan proses pemulihan.

The Bank's credit quality definitions are as follows:

- Strong: credit exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or low levels of expected loss. Retail accounts operate within product parameters and only exceptionally show any period of delinquency.
- Good: credit exposures require closer monitoring and demonstrate a good capacity to meet financial commitments, with low default risk. Retail accounts typically show only short periods of delinquency, with any losses, if any, expected to be minimal following the adoption of recovery processes.

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)**

**b. Risiko kredit (lanjutan)**

- ii. Pembagian aset keuangan berdasarkan kualitas kredit (lanjutan)

Definisi dari kualitas kredit Bank adalah sebagai berikut: (lanjutan)

- Cukup: eksposur kredit memerlukan pengawasan yang lebih melekat dan menunjukkan kemampuan menengah untuk memenuhi komitmen keuangan dengan tingkat risiko gagal yang moderat. Rekening kredit ritel umumnya hanya menunjukkan tingkat keterlambatan pembayaran yang pendek, dimana kerugian yang terjadi, jika ada, diharapkan kecil setelah penerapan proses pemulihan.
- Kurang Lancar: eksposur kredit memerlukan perhatian khusus dengan tingkat yang bervariasi dan risiko gagal bayar yang meningkat. Rekening kredit ritel menunjukkan ekspektasi kerugian yang lebih tinggi disebabkan oleh menurunnya kemampuan untuk memitigasi risiko tersebut melalui realisasi agunan atau proses pemulihan lainnya.
- Penurunan nilai: eksposur kredit telah dievaluasi sebagai kredit bermasalah. Eksposur - eksposur ini adalah dimana Bank mempertimbangkan bahwa nasabah tidak lagi mempunyai kemampuan membayar seluruh kewajiban kreditnya tanpa merealisasi agunan, jika ada, atau untuk nasabah ritel, pembayaran kewajiban kredit yang material telah terlambat lebih dari 90 hari.

*Customer Risk rating (CRR)* dengan 10 skala peringkat di atas merupakan ringkasan dan 23 skala peringkat yang lebih terperinci atas probabilitas gagal bayar dari debitur.

Setiap peringkat CRR dikaitkan dengan peringkat eksternal dengan mengacu pada tingkat gagal bayar jangka panjang untuk peringkat tersebut, diwakili oleh rata-rata gagal bayar historis tertimbang. Pemetaan antara penilaian internal dan eksternal merupakan indikasi dan dapat bervariasi dari waktu ke waktu.

Untuk efek-efek utang dan instrumen keuangan tertentu lainnya, peringkat eksternal telah diselaraskan dengan lima klasifikasi kualitas berdasarkan pemetaan CRR terkait dengan peringkat kredit eksternal.

Untuk kebijakan akuntansi tentang penurunan nilai aset keuangan, lihat Note 3p.

**4. RISK MANAGEMENT (continued)**

**b. Credit risk (continued)**

- ii. *Distribution of financial assets by their credit quality (continued)*

*The Bank's credit quality definitions are as follows: (continued)*

- *Satisfactory: credit exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk. Retail accounts typically show only short periods of delinquency, with any losses expected, if any, to be minor following the adoption of recovery processes.*
- *Sub-standard: credit exposures require varying degrees of special attention and increased default risk. Retail accounts show higher expected loss due to a reduced ability to mitigate the risk through collateral realisation or other recovery processes.*
- *Impaired: credit exposures have been assessed as troubled accounts. These are exposures where the Bank considers that either the customer is unlikely to pay its credit obligations in full, without foreclosing the collaterals, if any, or for retail customer is past due more than 90 days on any material credit obligation.*

*The Customer Credit Risk Rating (CRR) 10-grade scale summaries a more granular underlying 23-grade scale of obligor probability of default (PD).*

*Each CRR grade is associated with an external rating grade by referring to long-run default rates for that grade, represented by average of issuer-weighted historical default rates. This mapping between internal and external rating is indicative and may vary over time.*

*For debt securities and certain other financial instruments, external ratings have been aligned to the five quality classifications based upon the mapping of related CRR to external credit grade.*

*For details of our impairment policies on financial assets, see Note 3p.*

## CATATAN ATAS LAPORAN KEUANGAN

TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 4. MANAJEMEN RISIKO KEUANGAN (lanjutan)

## b. Risiko kredit (lanjutan)

ii. Pembagian aset keuangan berdasarkan kualitas kredit (lanjutan)

Pembagian aset keuangan berdasarkan staging sesuai PSAK 71 dan kualitas kreditnya pada tanggal 31 Desember 2020 disajikan di bawah ini:

ii. Distribution of financial assets by credit quality (continued)

Distribution of financial assets by staging based on SFAS 71 and their credit quality as of 31 December 2020 is summarised as below:

2020													
	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 investasi/ securities investment	Aset keuangan dalam kelompok diperdagang kan/ Financial assets held for trading	Tagihan derivatif/ Derivative receivables	Efek-efek yang dibeli dengan janji dijual kembali / Securities purchased with agreement to resell	Wesel ekspor/ Export bills	Tagihan akseptasi / Acceptance receivables	Kredit yang diberikan kepada nasabah/ Loans to customers	Aset lain-lain yang masih akan diterima/ Other assets - accrued income	Jumlah/ Total
Aset pada biaya perolehan diamortisasi	Stage 1												
	Lancar	4.252.139	3.673.820	1.152.313	10.519.314	-	-	9.292.848	94.273	274.927	9.575.250	19.477	38.854.361
	Baik	-	8.219	-	135.000	-	-	-	260.033	217.435	14.185.198	423.810	15.229.695
	Memuaskan	-	317	-	-	-	-	-	425.668	480.363	15.580.773	137.730	16.624.851
	Kurang lancar	-	-	-	-	-	-	-	50.955	3.493	222.387	3.819	280.654
Aset keuangan yang mengalami penurunan nilai	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail - berdasarkan jumlah hari jatuh tempo													
0 hari	-	-	-	-	-	-	-	-	-	-	3.566.533	-	3.566.533
1-89 hari	-	-	-	-	-	-	-	-	-	-	51.746	-	51.746
> 90 hari	-	-	-	-	-	-	-	-	-	-	11.991	-	11.991
	4.252.139	3.682.356	1.152.313	10.654.314	-	-	-	9.292.848	830.929	976.218	43.193.878	584.836	74.619.831
Stage 2													
Lancar	-	920	-	-	-	-	-	-	-	108.237	257.414	345	366.916
Baik	-	57.464	-	-	-	-	-	-	21.478	319.234	1.474.586	3.842	1.876.604
Memuaskan	-	-	-	-	-	-	-	-	18.097	281.473	6.584.767	21.646	6.905.983
Kurang lancar	-	-	-	-	-	-	-	-	513	339.319	2.642.227	25.125	3.007.184
Aset keuangan yang mengalami penurunan nilai	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail - berdasarkan jumlah hari jatuh tempo													
0 hari	-	-	-	-	-	-	-	-	-	-	964.521	-	964.521
1-89 hari	-	-	-	-	-	-	-	-	-	-	131.954	-	131.954
> 90 hari	-	-	-	-	-	-	-	-	-	-	25.121	-	25.121
	-	58.384	-	-	-	-	-	-	40.088	1.048.263	12.080.590	50.958	13.278.283



**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

#### 4. FINANCIAL RISK MANAGEMENT (continued)

**b. Credit risk (continued)**

ii. *Distribution of financial assets by credit quality (continued)*

*Distribution of financial assets by staging based on SFAS 71 and their credit quality as of 31 December 2020 is summarised as below: (continued)*

[illegible]

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO KEUANGAN (lanjutan)**

**b. Risiko kredit (lanjutan)**

ii. Pembagian aset keuangan berdasarkan kualitas kredit (lanjutan)

Tabel berikut ini menyajikan aset keuangan yang mengalami penurunan nilai, aset keuangan yang telah jatuh tempo tetapi tidak mengalami penurunan nilai serta aset keuangan yang belum jatuh tempo atau tidak mengalami penurunan nilai sesuai PSAK 55:

ii. Distribution of financial assets by credit quality (continued)

The following table presents the impaired financial assets, past due but not impaired financial assets and neither past due nor impaired financial assets in accordance with on SFAS 55:

	2019										Assets at amortised cost	Impaired financial assets	Past due but not impaired financial assets:
	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 investasi/ Investment securities	Aset keuangan dalam kelompok diperdagangkan/ Financial assets held for trading	Tagihan derivatif/ Derivative receivables	Efek-efek yang dibeli dengan janji kembali/ Securities purchased with agreement to resell	Wesel ekspor/ Export bills	Tagihan akseptasi/ Acceptance receivables	Kredit yang diberikan kepada nasabah - bersih/ Loans to customers - net	Aset lain- lain - pendapatan yang masih akan diterima/ Other assets - accrued income	Jumlah/ Total
<b>Aset pada biaya perolehan diamortisasi</b>													
Aset keuangan yang mengalami penurunan nilai	-	-	-	-	-	-	-	-	-	1.971	2.693.967	177	2.696.115
Aset keuangan yang telah jatuh tempo tetapi tidak mengalami penurunan nilai:													
Sampai dengan 29 hari	-	-	-	-	-	-	-	-	-	-	6.922	-	6.922
Dari 30 hari sampai dengan 59 hari	-	-	-	-	-	-	-	-	-	-	82.536	-	82.536
Dari 60 hari sampai dengan 89 hari	-	-	-	-	-	-	-	-	-	-	243.993	-	243.993
Aset keuangan yang belum jatuh tempo dan tidak mengalami penurunan nilai:													
Lancar	4.268.814	2.246.859	1.488.506	7.696.511	-	-	-	464.945	258.940	76.392	15.698.128	322.513	32.521.608
Baik	3.074.974	217	-	-	-	-	-	-	786.485	1.217.928	19.645.741	79.033	24.804.378
Cukup	-	14.059	-	-	-	-	-	-	385.241	960.030	26.952.992	142.371	28.454.693
Kurang lancar	-	-	-	-	-	-	-	-	3.998	345.607	2.332.781	14.219	2.696.605
Dikurangi: cadangan kerugian penurunan nilai	-	-	-	-	-	-	-	-	-	-	(2.123.183)	-	(2.123.183)
Jumlah nilai tercatat - biaya perolehan diamortisasi	7.343.788	2.261.135	1.488.506	7.696.511	-	-	-	464.945	1.434.664	2.601.928	65.533.877	558.313	89.383.667

**4. MANAJEMEN RISIKO KEUANGAN** (lanjutan)

**b. Risiko kredit** (lanjutan)

ii. Pembagian aset keuangan berdasarkan kualitas kredit (lanjutan)

Tabel berikut ini menyajikan aset keuangan yang mengalami penurunan nilai, aset keuangan yang telah jatuh tempo tetapi tidak mengalami penurunan nilai serta aset keuangan yang belum jatuh tempo atau tidak mengalami penurunan nilai sesuai PSAK 55: (lanjutan)

ii. Distribution of financial assets by credit quality (continued)

The following table presents the impaired financial assets, past due but not impaired financial assets and neither past due nor impaired financial assets in accordance with on SFAS 55: (continued)

	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 investasi/ Investment securities	Aset keuangan dalam kelompok diperdagangkan/ Financial assets held for trading	Tagihan derivatif/ Derivative receivables	Efek-efek yang dibeli dengan janji dikembalikan/ Securities purchased with agreement to resell	Wesel ekspor/ Export bills	Tagihan akseptansi/ Acceptance receivables	Kredit yang diberikan kepada nasabah - bersih/ Loans to customers - net	Aset lain-lain - pendapatan yang masih akan diterima/ Other assets - accrued income	Jumlah/ Total	Assets at fair value
Aset pada nilai wajar														
Aset keuangan yang belum jatuh tempo dan tidak mengalami penurunan nilai:														
Lancar	-	-	-	-	14.418.802	2.863.738	359.383	-	-	-	-	-	17.641.923	Neither past due nor impaired financial assets:
Baik	-	-	-	-	-	-	34.667	-	-	-	-	-	34.667	Strong
Cukup	-	-	-	-	-	-	82.592	-	-	-	-	-	82.592	Good
Kurang lancar	-	-	-	-	-	-	89	-	-	-	-	-	89	Satisfactory
Jumlah nilai tercatat - nilai wajar	-	-	-	-	14.418.802	2.863.738	476.731	-	-	-	-	-	17.759.271	Sub-standard
Jumlah nilai tercatat	7.343.788	2.261.135	1.488.506	7.696.511	14.418.802	2.863.738	476.731	464.945	1.434.664	2.601.928	65.533.877	558.313	107.142.938	Carrying amount - fair value
														Total carrying amount

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**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 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 above table 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, 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 realize 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.*

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 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 analisa statistik. Nilai properti harus sering dipantau, minimal setiap tahun untuk komersial dan setiap dua tahun untuk perumahan. Frekuensi penilaian dilakukan lebih sering jika kondisi pasar atau kinerja portofolio mengalami 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).

## 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 monitored on a frequent basis, at a minimum of yearly for commercial and every two years for residential. Valuations are conducted more frequently when market conditions or portfolio performance are subject to significant 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).

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)****b. Risiko kredit (lanjutan)****iii. Agunan (lanjutan)**Kredit korporasi

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. Analisa konsentrasi risiko kredit**

Konsentrasi risiko kredit timbul ketika sejumlah nasabah menjalankan kegiatan usaha yang sejenis atau menjalankan kegiatan usaha dalam wilayah geografis yang sama, 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)**Corporate lending

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 authorized director.

**iv. Concentration of credit risk analysis**

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, 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.

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

4. MANAJEMEN RISIKO (lanjutan)

b. Risiko kredit (lanjutan)

iv. Analisa konsentrasi risiko kredit (lanjutan)

Tabel berikut menyajikan konsentrasi aset keuangan berdasarkan debitur:

4. RISK MANAGEMENT (continued)

b. Credit risk (continued)

iv. Concentration of credit risk analysis (continued)

The following table presents the concentration of financial assets by type of debtors:

2020					
Korporasi dan perorangan/ Corporate and Retail	Pemerintah dan Bank Indonesia/ Government and Bank Indonesia	Bank/ Banks	Jumlah/ Total		
Giro pada Bank Indonesia	-	4.252.139	-	4.252.139	Demand deposits with Bank Indonesia
Giro pada bank-bank lain - bersih	-	-	3.740.633	3.740.633	Demand deposits with other banks - net
Penempatan pada Bank Indonesia	-	1.152.313	-	1.152.313	Placement with Bank Indonesia
Penempatan pada bank-bank lain - bersih	-	-	10.653.939	10.653.939	Placements with other banks - net
Efek-efek untuk tujuan investasi	-	17.860.822	-	17.860.822	Investment securities
Aset keuangan dalam kelompok diperdagangkan	-	1.217.717	-	1.217.717	Financial assets held for trading
Tagihan derivatif	170.818	-	500.680	671.498	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	-	9.292.848	-	9.292.848	Securities purchased with agreement to resell
Wesel Ekspor - bersih	921.585	-	-	921.585	Export Bills - net
Tagihan akseptasi - bersih	1.667.522	-	354.137	2.021.659	Acceptance receivables - net
Kredit yang diberikan kepada nasabah - bersih	55.274.934	-	59.652	55.334.586	Loans to customers - net
Aset lain-lain - pendapatan yang masih akan diterima	258.298	380.999	28	639.325	Other assets - accrued income
Rekening administratif dengan risiko kredit	17.291.869	-	2.278.520	19.570.389	Off-balance sheet accounts with credit risk
Jumlah	75.585.026	34.156.838	17.587.589	127.329.453	Total
%	59%	27%	14%		%
2019					
Korporasi dan perorangan/ Corporate and Retail	Pemerintah dan Bank Indonesia/ Government and Bank Indonesia	Bank/ Banks	Jumlah/ Total		
Giro pada Bank Indonesia	-	7.343.788	-	7.343.788	Demand deposits with Bank Indonesia
Giro pada bank-bank lain	-	-	2.261.135	2.261.135	Demand deposits with other banks
Penempatan pada Bank Indonesia	-	1.488.506	-	1.488.506	Placement with Bank Indonesia
Penempatan pada bank-bank lain	-	-	7.696.511	7.696.511	Placements with other banks
Efek-efek untuk tujuan investasi	-	14.418.802	-	14.418.802	Investment securities
Aset keuangan dalam kelompok diperdagangkan	-	2.863.738	-	2.863.738	Financial assets held for trading
Tagihan derivatif	163.072	-	313.659	476.731	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	-	464.945	-	464.945	Securities purchased with agreement to resell
Wesel Ekspor	1.434.664	-	-	1.434.664	Export Bills
Tagihan akseptasi	2.331.295	-	270.633	2.601.928	Acceptance receivables
Kredit yang diberikan kepada nasabah - bersih	65.533.877	-	-	65.533.877	Loans to customers - net
Aset lain-lain - pendapatan yang masih akan diterima	290.031	268.282	-	558.313	Other assets - accrued income
Rekening administratif dengan risiko kredit	13.313.065	-	2.556.135	15.869.200	Off-balance sheet accounts with credit risk
Jumlah	83.066.004	26.848.061	13.098.073	123.012.138	Total
%	67%	22%	11%		%

Konsentrasi kredit yang diberikan kepada nasabah berdasarkan jenis kredit dan sektor ekonomi diungkapkan pada Catatan 14.

The concentration of loans to customers by type of loan and economic sector is disclosed in Note 14.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**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 *re-pricing*.
- Melakukan analisa 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 ekposur 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 in line with re-pricing 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% of its capital.*



PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

4. MANAJEMEN RISIKO (lanjutan)

c. Risiko pasar (lanjutan)

i. Risiko mata uang (lanjutan)

PDN Bank pada tanggal 31 Desember 2020 dan 2019 berdasarkan mata uang adalah sebagai berikut:

4. RISK MANAGEMENT (continued)

c. Market risk (continued)

i. Currency risk (continued)

The Bank's NOP as of 31 December 2020 and 2019 by currencies are as follows:

2020			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	53.379.174	53.574.955	195.781	United States Dollar
Dolar Australia	794.631	797.808	3.177	Australian Dollar
Dolar Singapura	643.944	664.770	20.826	Singapore Dollar
Dolar Hong Kong	166.034	166.273	239	Hong Kong Dollar
Pound Inggris	815.068	826.928	11.860	British Pound
Yen Jepang	793.190	794.464	1.274	Japanese Yen
Yuan Cina	300.028	123.876	176.152	China Yuan
Yuan Cina Renminbi	24.236	213.649	189.413	Chinese Yuan Renminbi
Euro	2.268.305	2.268.351	46	Euro
Franc Swiss	50.825	51.568	743	Swiss Franc
Baht Thailand	3.063	-	3.063	Thailand Baht
Dolar Kanada	87.057	88.161	1.104	Canadian Dollar
Krone Denmark	916	-	916	Danish Krone
Rupiah India	1.296	503	793	Indian Rupee
Krona Swedia	316	14	302	Swedish Krona
Krone Norwegia	655	-	655	Norwegian Krone
Dolar Selandia Baru	20.915	21.848	933	New Zealand Dollar
Ringgit Malaysia	-	5	5	Malaysian Ringgit
<b>Jumlah</b>			<b>607.282</b>	<b>Total</b>
<b>Jumlah modal (Catatan 4f)</b>			<b>20.764.533</b>	<b>Total capital (Note 4f)</b>
<b>Posisi Devisa Neto</b>			<b>2,92%</b>	<b>Net Open Position</b>
2019			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	51.905.609	52.818.854	913.245	United States Dollar
Dolar Australia	1.040.413	1.041.107	694	Australian Dollar
Dolar Singapura	617.420	617.820	400	Singapore Dollar
Dolar Hong Kong	151.473	149.205	2.268	Hong Kong Dollar
Pound Inggris	798.566	799.459	893	British Pound
Yen Jepang	529.247	531.284	2.037	Japanese Yen
Yuan Cina	410.283	242.159	168.124	China Yuan
Yuan Cina Renminbi	22.927	193.000	170.073	Chinese Yuan Renminbi
Euro	1.450.506	1.452.849	2.343	Euro
Franc Swiss	54.561	54.900	339	Swiss Franc
Baht Thailand	8.980	6.940	2.040	Thailand Baht
Dolar Kanada	68.833	69.268	435	Canadian Dollar
Krone Denmark	836	6	830	Danish Krone
Rupiah India	215	73	142	Indian Rupee
Krona Swedia	837	38	799	Swedish Krona
Krone Norwegia	789	-	789	Norwegian Krone
Dolar Selandia Baru	29.916	31.039	1.123	New Zealand Dollar
Ringgit Malaysia	-	1	1	Malaysian Ringgit
<b>Jumlah</b>			<b>1.266.575</b>	<b>Total</b>
<b>Jumlah modal (Catatan 4f)</b>			<b>19.667.473</b>	<b>Total capital (Note 4f)</b>
<b>Posisi Devisa Neto</b>			<b>6,44%</b>	<b>Net Open Position</b>

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

4. MANAJEMEN RISIKO (lanjutan)

c. Risiko pasar (lanjutan)

ii. Risiko tingkat bunga

Kegiatan usaha Bank dipengaruhi oleh risiko fluktuasi tingkat bunga sepanjang aset berbunga dan liabilitas berbunga (bukan untuk tujuan diperdagangkan) jatuh tempo atau re-price pada saat yang berbeda-beda atau dalam jumlah yang beragam.

Tabel di bawah ini menyajikan aset berbunga dan liabilitas berbunga (bukan untuk tujuan diperdagangkan) Bank pada nilai tercatat bersih setelah cadangan kerugian penurunan nilai, yang dikategorikan menurut mana yang terlebih dahulu antara tanggal re-pricing atau tanggal jatuh tempo:

4. RISK MANAGEMENT (continued)

c. Market risk (continued)

ii. Interest rate risk

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) mature or re-price at different times or in differing amounts.

The table below summarises the Bank's interest-earning assets and interest-bearing liabilities (not for trading purpose) at carrying amounts net after allowance for impairment losses, categorised by the earlier of contractual re-pricing or maturity dates:

2020						
	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	4.252.139	4.252.139	-	-	-	-
Giro pada bank-bank lain	3.740.633	3.740.633	-	-	-	-
Penempatan pada Bank Indonesia	1.152.313	1.152.313	-	-	-	-
Penempatan pada bank-bank lain	10.653.939	10.653.939	-	-	-	-
Efek-efek untuk tujuan investasi	17.860.822	-	999.312	5.824.680	10.658.149	378.681
Efek-efek yang dibeli dengan janji dijual kembali	9.292.848	9.292.848	-	-	-	-
Wesel ekspor	921.585	844.382	77.203	-	-	-
Tagihan akseptasi Kredit yang diberikan kepada nasabah	2.021.659	1.786.843	234.816	-	-	-
	<u>55.334.586</u>	<u>55.334.586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>105.230.524</u>	<u>87.057.683</u>	<u>1.311.331</u>	<u>5.824.680</u>	<u>10.658.149</u>	<u>378.681</u>
Simpanan dari nasabah	(72.159.831)	(71.054.609)	(809.273)	(295.949)	-	-
Simpanan dari bank-bank lain	(4.491.715)	(4.491.715)	-	-	-	-
Pinjaman yang diterima	(7.516.750)	(7.516.750)	-	-	-	-
Pinjaman subordinasi	(1.053.750)	-	(1.053.750)	-	-	-
	<u>(85.222.046)</u>	<u>(83.063.074)</u>	<u>(1.863.023)</u>	<u>(295.949)</u>	<u>-</u>	<u>-</u>
	<u>20.008.478</u>	<u>3.994.609</u>	<u>(551.692)</u>	<u>5.528.731</u>	<u>10.658.149</u>	<u>378.681</u>
2019						
	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	7.343.788	7.343.788	-	-	-	-
Giro pada bank-bank lain	2.261.135	2.261.135	-	-	-	-
Penempatan pada Bank Indonesia	1.488.506	1.488.506	-	-	-	-
Penempatan pada bank-bank lain	7.696.511	7.696.511	-	-	-	-
Efek-efek untuk tujuan investasi	14.418.802	2.506.514	273.129	399.142	11.240.017	-
Efek-efek yang dibeli dengan janji dijual kembali	464.945	-	464.945	-	-	-
Wesel ekspor	1.434.664	856.566	578.098	-	-	-
Tagihan akseptasi Kredit yang diberikan kepada nasabah	2.601.928	2.338.028	262.408	1.492	-	-
	<u>65.533.877</u>	<u>65.533.877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>103.244.156</u>	<u>90.024.925</u>	<u>1.578.580</u>	<u>400.634</u>	<u>11.240.017</u>	<u>-</u>
Simpanan dari nasabah	(65.469.257)	(63.488.316)	(1.160.063)	(643.016)	(177.862)	-
Simpanan dari bank-bank lain	(5.058.515)	(5.058.515)	-	-	-	-
Pinjaman yang diterima	(15.062.513)	(15.062.513)	-	-	-	-
Pinjaman subordinasi	(1.041.188)	-	(1.041.188)	-	-	-
	<u>(86.631.473)</u>	<u>(83.609.344)</u>	<u>(2.201.251)</u>	<u>(643.016)</u>	<u>(177.862)</u>	<u>-</u>
	<u>16.612.683</u>	<u>6.415.581</u>	<u>(622.671)</u>	<u>(242.382)</u>	<u>11.062.155</u>	<u>-</u>

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

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 *re-pricing*.

Tabel di bawah ini mengikhtisarkan suku bunga efektif rata-rata tertimbang pada tanggal 31 Desember 2020 dan 2019 untuk masing-masing instrumen keuangan.

	2020	2019
<b>Aset</b>		
<b>Rupiah:</b>		
Efek-efek untuk tujuan investasi:		
Sertifikat Bank Indonesia	4,38%	6,08%
Surat Perbendaharaan Negara	-	4,90%
Obligasi pemerintah	5,35%	6,95%
Obligasi pemerintah – sukuk <sup>1)</sup>	-	5,90%
Efek-efek yang dibeli dengan janji dijual kembali	3,86%	5,11%
Kredit yang diberikan kepada nasabah	8,97%	10,60%
<b>Valuta asing:</b>		
Penempatan pada bank-bank lain:		
<i>Call money</i>	0,08%	1,20%
Efek-efek untuk tujuan investasi:		
Obligasi pemerintah	1,97%	2,91%
Kredit yang diberikan kepada nasabah	4,45%	5,43%

<sup>1)</sup> Menunjukkan rata-rata tertimbang dari bagi hasil

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 *re-pricing* period have been determined.

The tables below summarise the weighted average effective interest rates as of 31 December 2020 and 2019 for each financial instrument.

	2020	2019
<b>Assets</b>		
<b>Rupiah:</b>		
Investment securities:		
Certificates of Bank Indonesia	4,38%	6,08%
Treasury bills	-	4,90%
Government bonds	5,35%	6,95%
Government bonds – sukuk <sup>1)</sup>	-	5,90%
Securities purchased with agreement to resell	3,86%	5,11%
Loans to customers	8,97%	10,60%
<b>Foreign currencies:</b>		
Placements with other banks:		
<i>Call money</i>	0,08%	1,20%
Investment securities:		
Government bonds	1,97%	2,91%
Loans to customers	4,45%	5,43%

Represent weighted average of revenue sharing <sup>1)</sup>

	2020	2019
<b>Liabilitas</b>		
<b>Rupiah:</b>		
Simpanan dari nasabah:		
Giro	0,30%	0,79%
Tabungan	0,18%	1,30%
Deposito berjangka dan <i>deposits on call</i>	2,10%	3,38%
Simpanan dari bank-bank lain:		
Giro	1,26%	1,11%
<i>Call money</i>	-	4,89%
<b>Valuta asing:</b>		
Simpanan dari nasabah:		
Giro	0,00%	0,15%
Tabungan	0,00%	0,04%
Deposito berjangka dan <i>deposits on call</i>	0,07%	0,90%
Simpanan dari bank-bank lain:		
Giro	0,00%	0,00%
Pinjaman yang diterima	1,78%	2,43%
Pinjaman subordinasi	4,77%	6,76%

	2020	2019
<b>Liabilities</b>		
<b>Rupiah:</b>		
Deposits from customers:		
Demand deposits	0,30%	0,79%
Saving accounts	0,18%	1,30%
Time deposits and deposits on call	2,10%	3,38%
Deposits from other banks:		
Demand deposits	1,26%	1,11%
<i>Call money</i>	-	4,89%
<b>Foreign currencies:</b>		
Deposits from customers:		
Demand deposits	0,00%	0,15%
Saving accounts	0,00%	0,04%
Time deposits and deposits on call	0,07%	0,90%
Deposits from other banks:		
Demand deposits	0,00%	0,00%
Borrowings	1,78%	2,43%
Subordinated debts	4,77%	6,76%

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**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 ekstrim 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;

**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 designated 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;
- The use of a 99 percent confidence level, by definition, does not take into account losses that might occur beyond this level of confidence;

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)****c. Risiko pasar (lanjutan)****iii. Value at Risk (lanjutan)**

- VaR dihitung berdasarkan atas eksposur yang tercatat pada saat akhir hari dan dengan demikian tidak mencerminkan eksposur intra hari.

VaR dari total portofolio dan portofolio yang diperdagangkan adalah sebagai berikut:

2020			
Jumlah VaR/ Total VaR	VaR untuk portofolio yang diperdagangkan/ Trading VaR		
	Risiko Nilai Tukar/ Foreign Exchange Risk	Risiko Suku Bunga/ Interest Rate Risk	
Pada 31 Desember	10.562	4.005	10.086

Bank melakukan validasi atas keakurasian model VaR dengan melakukan *back-testing* menggunakan hasil laba rugi aktual harian.

**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 treasury.

**4. RISK MANAGEMENT (continued)****c. Market risk (continued)****iii. Value at Risk (continued)**

- VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not reflect intra-day exposures.

VaR of the total and trading portfolios are as follows:

2019			
Jumlah VaR/ Total VaR	VaR untuk portofolio yang diperdagangkan/ Trading VaR		
	Risiko Nilai Tukar/ Foreign Exchange Risk	Risiko Tingkat Bunga/ Interest Rate Risk	
At 31 December	8.217	24.434	25.808

The Bank validates the accuracy of VaR model by performing *back-testing* using actual daily profit or loss results.

**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.

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 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:

	2020
<i>Liquidity Coverage Ratio -</i> Dihitung berdasarkan peraturan OJK yang berlaku	649%

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 butuh dana stabil (*required stable funding*) didukung oleh kewajiban dana stabil yang tersedia (*available stable funding*).

## 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 day severe market stress.*

*LCR position based on FSA regulations as of 31 December are provided in the following table:*

	2019
<i>Liquidity Coverage Ratio -</i> Calculated based on the prevailing FSA regulations	517%

*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.*

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 4. MANAJEMEN RISIKO (lanjutan)

## d. Risiko likuiditas (lanjutan)

Net Stable Funding Ratio (NSFR) (lanjutan)

Posisi NSFR berdasarkan peraturan OJK berdasarkan data 31 Desember dapat dilihat pada tabel di bawah ini:

	2020	2019
<i>Net Stable Funding Ratio -</i>		
Dihitung berdasarkan peraturan OJK yang berlaku	165%	153%

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 2020 dan 2019 adalah sebagai berikut:

	2020				
	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>					
Simpanan dari nasabah	(72.159.831)	(72.740.961)	(69.220.279)	(1.894.152)	(1.626.530)
Simpanan dari bank-bank lain	(4.491.715)	(4.491.770)	(4.491.770)	-	-
Utang akseptasi	(2.047.057)	(2.047.057)	(987.334)	(821.957)	(237.766)
Pinjaman yang diterima	(7.516.750)	(7.600.502)	-	-	(7.600.502)
Pinjaman subordinasi	(1.053.750)	(1.104.014)	-	-	(1.104.014)
Liabilitas lainnya	(748.925)	(748.925)	(748.925)	-	-
L/C yang tidak dapat dibatalkan	-	(2.050.678)	(428.597)	(1.220.857)	(401.224)
Fasilitas kredit yang belum digunakan - <i>committed</i>	-	(9.611.269)	-	-	(9.611.269)
	<u>(88.018.028)</u>	<u>(100.395.176)</u>	<u>(75.876.905)</u>	<u>(3.936.966)</u>	<u>(20.581.305)</u>

## 4. RISK MANAGEMENT (continued)

## d. Liquidity risk (continued)

Net Stable Funding Ratio (NSFR) (continued)

NSFR position based on FSA regulation as of 31 December are provided in the following table:

<i>Net Stable Funding Ratio -</i>	
Calculated based on the prevailing FSA regulations	

Contingent 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 2020 and 2019 are as follows:

Non-derivative payables

Deposits from customers  
Deposits from other banks  
Acceptance payables  
Borrowings  
Subordinated debt  
Other liabilities  
Irrevocable L/C  
Unused credit facilities - committed

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 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 2020 dan 2019 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 2020 and 2019 are as follows: (continued)

2020 (lanjutan/continued)					
	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 derivatif</u>					<u>Derivative payables</u>
Diperdagangkan:					Trading:
Arus kas keluar	(659.526)	(66.202.228)	(39.797.477)	(13.978.151)	Cash outflow
Arus kas masuk	-	66.490.004	39.543.431	13.354.231	Cash inflow
	(659.526)	287.776	(254.046)	(623.920)	1.165.742
	(88.677.554)	(100.107.400)	(76.130.951)	(4.560.886)	(19.415.563)
2019					
	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	(65.469.257)	(66.005.970)	(60.466.676)	(3.128.815)	(2.410.479)
Simpanan dari bank-bank lain	(5.058.515)	(5.058.708)	(5.058.708)	-	-
Utang akseptasi	(2.601.928)	(2.601.928)	(1.140.704)	(1.197.324)	(263.900)
Pinjaman yang diterima	(15.062.513)	(15.062.513)	-	-	(15.062.513)
Pinjaman subordinasi	(1.041.188)	(1.041.188)	-	-	(1.041.188)
Liabilitas lainnya	(770.011)	(770.011)	(770.011)	-	-
L/C yang tidak dapat dibatalkan	-	(2.332.307)	(619.342)	(1.430.857)	(282.108)
Fasilitas kredit yang belum digunakan - committed	-	(4.242.629)	-	-	(4.242.629)
	(90.003.412)	(97.115.254)	(68.055.441)	(5.756.996)	(23.302.817)
<u>Liabilitas derivatif</u>					<u>Derivative payables</u>
Diperdagangkan:					Trading:
Arus kas keluar	(473.541)	(71.178.189)	(36.243.567)	(20.212.469)	(14.722.153)
Arus kas masuk	-	71.605.429	35.197.852	20.729.226	15.678.351
	(473.541)	427.240	(1.045.715)	516.757	956.198
	(90.476.953)	(96.688.014)	(69.101.156)	(5.240.239)	(22.346.619)

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 analisa ini. Sebagai contoh, giro dari nasabah diharapkan memiliki saldo yang stabil atau meningkat.

The above table 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.



**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)****d. Risiko likuiditas (lanjutan)**Eksposur risiko likuiditas (lanjutan)

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.

Analisa jatuh tempo aset dan liabilitas keuangan bruto Bank (bukan untuk tujuan diperdagangkan) berdasarkan periode tersisa sampai dengan tanggal jatuh tempo kontraktual pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

**4. RISK MANAGEMENT (continued)****d. Liquidity risk (continued)**Exposure to liquidity risk (continued)

The gross nominal inflow/(outflow) disclosed in the above table 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 above table represent the cash flows based on contractual maturities which the Bank believes is essential for understanding of the timing of the cash flows.

The analysis of maturities of the Bank's gross financial assets and liabilities (not for trading purpose) based on remaining period to contractual maturity as of 31 December 2020 and 2019 are as follows:

2020							
	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
Kas	627.207	-	-	-	-	-	627.207
Giro pada Bank Indonesia	4.252.139	-	-	-	-	-	4.252.139
Giro pada bank-bank lain	3.740.740	-	-	-	-	-	3.740.740
Penempatan pada Bank Indonesia	-	1.152.313	-	-	-	-	1.152.313
Penempatan pada bank-bank lain	-	10.654.314	-	-	-	-	10.654.314
Efek-efek untuk tujuan investasi	-	-	-	6.823.992	10.658.149	378.681	17.860.822
Efek-efek yang dibeli dengan janji dijual kembali	-	8.945.892	346.956	-	-	-	9.292.848
Weasel Ekspor	-	483.136	367.515	77.777	-	-	928.428
Tagihan Akseptasi Kredit yang diberikan kepada nasabah	-	987.334	821.957	237.766	-	-	2.047.057
Aset lain-lain – pendapatan yang masih akan diterima	-	27.606.454	6.714.733	13.110.305	10.962.679	-	58.394.171
	-	639.325	-	-	-	-	639.325
<b>Jumlah aset</b>	<b>8.620.086</b>	<b>50.468.768</b>	<b>8.251.161</b>	<b>20.249.840</b>	<b>21.620.828</b>	<b>378.681</b>	<b>109.589.364</b>
<b>Liabilitas</b>							
Simpanan dari nasabah	(51.152.375)	(18.026.605)	(1.875.629)	(1.105.222)	-	-	(72.159.831)
Simpanan dari bank-bank lain	(4.491.715)	-	-	-	-	-	(4.491.715)
Utang akseptasi	-	(987.334)	(821.957)	(237.766)	-	-	(2.047.057)
Beban akrual dan provisi	-	(76.507)	-	-	-	-	(76.507)
Liabilitas lain-lain	(748.925)	-	-	-	-	-	(748.925)
Pinjaman yang diterima	-	-	-	(1.405.000)	(6.111.750)	-	(7.516.750)
Pinjaman subordinasi	-	-	-	-	-	(1.053.750)	(1.053.750)
<b>Jumlah liabilitas</b>	<b>(56.393.015)</b>	<b>(19.090.446)</b>	<b>(2.697.586)</b>	<b>(2.747.988)</b>	<b>(6.111.750)</b>	<b>(1.053.750)</b>	<b>(88.094.535)</b>
<b>Selisih</b>	<b>(47.772.929)</b>	<b>31.378.322</b>	<b>5.553.575</b>	<b>17.501.852</b>	<b>15.509.078</b>	<b>(675.069)</b>	<b>21.494.829</b>

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 4. MANAJEMEN RISIKO (lanjutan)

## d. Risiko likuiditas (lanjutan)

## Eksposur risiko likuiditas (lanjutan)

Analisa jatuh tempo aset dan liabilitas keuangan bruto Bank (bukan untuk tujuan diperdagangkan) berdasarkan periode tersisa sampai dengan tanggal jatuh tempo kontraktual pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut: (lanjutan)

	2019						Nilai tercatat sebelum dikurangi penyisihan kerugian penurunan nilai/ Carrying amount before allowance for impairment losses	
	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		
Kas	696.281	-	-	-	-	-	696.281	Cash
Giro pada Bank Indonesia	7.343.788	-	-	-	-	-	7.343.788	Demand deposits with Bank Indonesia
Giro pada bank-bank lain	2.261.135	-	-	-	-	-	2.261.135	Demand deposits with other banks
Penempatan pada Bank Indonesia	-	1.488.506	-	-	-	-	1.488.506	Placements with Bank Indonesia
Penempatan pada bank-bank lain	-	7.696.511	-	-	-	-	7.696.511	Placements with other banks
Efek-efek untuk tujuan investasi	-	620.795	1.885.719	672.271	11.240.017	-	14.418.802	Investment securities
Efek-efek yang dibeli dengan janji dijual kembali	-	-	-	464.945	-	-	464.945	Securities purchased with agreement to resell
Wesel Ekspor	-	443.636	412.930	578.098	-	-	1.434.664	Export Bills
Tagihan Akseptasi Kredit yang diberikan kepada nasabah	-	1.140.704	1.197.324	263.900	-	-	2.601.928	Acceptance receivables
Aset lain-lain – pendapatan yang masih akan diterima	-	9.567.359	17.989.857	35.539.500	4.560.344	-	67.657.060	Loans to customers
	-	558.313	-	-	-	-	558.313	Other assets - accrued income
<b>Jumlah aset</b>	<b>10.301.204</b>	<b>21.515.824</b>	<b>21.485.830</b>	<b>37.518.714</b>	<b>15.800.361</b>	<b>-</b>	<b>106.621.933</b>	<b>Total assets</b>
<b>Liabilitas</b>								<b>Liabilities</b>
Simpanan dari nasabah	(40.363.113)	(20.046.153)	(3.079.050)	(1.803.079)	(177.862)	-	(65.469.257)	Deposits from customers
Simpanan dari bank-bank lain	(5.058.515)	-	-	-	-	-	(5.058.515)	Deposits from other banks
Utang akseptasi	-	(1.140.704)	(1.197.324)	(263.900)	-	-	(2.601.928)	Acceptance payables
Beban akrual dan provisi	-	(146.820)	-	-	-	-	(146.820)	Accruals and provisions
Liabilitas lain-lain	(770.011)	-	-	-	-	-	(770.011)	Other liabilities
Pinjaman yang diterima	-	-	-	(2.082.375)	(12.980.138)	-	(15.062.513)	Borrowings
Pinjaman subordinasi	-	-	-	-	-	(1.041.188)	(1.041.188)	Subordinated debts
<b>Jumlah liabilitas</b>	<b>(46.191.639)</b>	<b>(21.333.677)</b>	<b>(4.276.374)</b>	<b>(4.149.354)</b>	<b>(13.158.000)</b>	<b>(1.041.188)</b>	<b>(90.150.232)</b>	<b>Total liabilities</b>
<b>Selisih</b>	<b>(35.890.435)</b>	<b>182.147</b>	<b>17.209.456</b>	<b>33.369.360</b>	<b>2.642.361</b>	<b>(1.041.188)</b>	<b>16.471.701</b>	<b>Difference</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.

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.

## 4. RISK MANAGEMENT (continued)

## d. Liquidity risk (continued)

## Exposure to liquidity risk (continued)

The analysis of maturities of the Bank's gross financial assets and liabilities (not for trading purpose) based on remaining period to contractual maturity as of 31 December 2020 and 2019 are as follows: (continued)

## 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.

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.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)****e. Risiko operasional (lanjutan)**

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.

**f. Manajemen modal****Modal yang diwajibkan regulator**

Bank telah mematuhi semua persyaratan modal yang ditetapkan oleh pihak eksternal sepanjang periode pelaporan.

**4. RISK MANAGEMENT (continued)****e. Operational risk (continued)**

*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.*

**f. Capital management****Regulatory capital**

*The Bank has complied with all externally imposed capital requirements throughout the reporting period.*

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 4. MANAJEMEN RISIKO (lanjutan)

## f. Manajemen modal (lanjutan)

## Modal yang diwajibkan regulator (lanjutan)

Rasio Kewajiban Penyediaan Modal Minimum (KPPM) pada tanggal 31 Desember 2020 dan 2019 adalah:

	Catatan/ Notes	2020	2019
<b>Modal tier 1</b>			
Modal saham	24	10.586.395	10.586.395
Tambahan modal disetor	25	257.610	257.610
Cadangan umum	26	49.419	26.306
Saldo laba		6.624.734	4.873.826
Laba periode berjalan		1.309.994	2.311.291
Penghasilan komprehensif lain		502.279	133.382
Selisih kurang antara penyisihan wajib dan cadangan kerugian penurunan nilai atas aset produktif		-	-
Penyisihan Penghapusan Aset (PPA) atas aset non-produktif yang wajib dihitung		(64.583)	(42.815)
Perhitungan pajak tangguhan		(265.832)	(275.182)
Aset tidak berwujud lainnya		(89.121)	(137.065)
		<u>18.910.895</u>	<u>17.733.748</u>
<b>Modal tier 2</b>			
Pinjaman subordinasi		1.053.750	1.041.188
Cadangan umum aset produktif		<u>799.888</u>	<u>892.537</u>
Jumlah modal		<u>20.764.533</u>	<u>19.667.473</u>
<b>Aset Tertimbang Menurut Risiko</b>			
Risiko kredit		63.979.090	71.417.809
Risiko pasar		1.733.038	3.144.963
Risiko operasional		<u>12.043.510</u>	<u>8.583.805</u>
Jumlah Aset Tertimbang Menurut Risiko		<u>77.755.638</u>	<u>83.146.577</u>
<b>Rasio Kewajiban Penyediaan Modal Minimum</b>		26,70%	23,65%
Rasio CET 1		24,32%	21,33%
Rasio tier 1		24,32%	21,33%
Rasio tier 2		2,38%	2,33%
<b>Capital Conservation Buffer</b>		2,50%	2,50%
<b>Countercyclical Buffer</b>		0,00%	0,00%
<b>Domestically Systemically Important Bank</b>		1,00%	1,00%
<b>Rasio Kewajiban Penyediaan Modal Minimum yang diwajibkan</b>		9% sampai dengan kurang dari 10%/9% to less than 10%	9% sampai dengan kurang dari 10%/9% to less than 10%
Rasio CET 1 minimum yang diwajibkan		4,50%	4,50%
Rasio Tier 1 minimum yang diwajibkan		6,00%	6,00%

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 36) sebagai bagian dari komponen modal pelengkap (modal Tier 2) efektif mulai November 2017.

## 4. RISK MANAGEMENT (continued)

## f. Capital management (continued)

## Regulatory capital (continued)

The Capital Adequacy Ratio (CAR) as at 31 December 2020 and 2019 are as follows:

<b>Tier 1 capital</b>	
Share capital	
Additional paid-in-capital	
General reserve	
Retained earnings	
Profit for the period	
Other comprehensive income	
Negative differences between regulatory provision and allowance for impairment losses on productive assets	
Non-earning asset provision that should be calculated	
Deferred tax calculation	
Other intangible assets	
<b>Tier 2 capital</b>	
Subordinated debt	
General allowance for earning assets	
<b>Total capital</b>	
<b>Risk Weighted Asset</b>	
Credit risk	
Market risk	
Operational risk	
<b>Total Risk Weighted Assets</b>	
<b>Capital Adequacy Ratio</b>	
CET 1 Ratio	
Tier 1 Ratio	
Tier 2 Ratio	
<b>Capital Conservation Buffer</b>	
Countercyclical Buffer	
Domestically Systemically Important Bank	
<b>Required Capital Adequacy Ratio</b>	
Required minimum CET 1 Ratio	
Required minimum Tier 1 Ratio	

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 36) as supplementary capital (Tier 2 capital) component effectively since November 2017.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**4. MANAJEMEN RISIKO (lanjutan)****f. Manajemen modal (lanjutan)****Modal yang diwajibkan regulator (lanjutan)**

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 dan 1,00% sejak 1 Januari 2019. Surat ini telah diperbaharui beberapa kali, terakhir berdasarkan surat Nomor S-87/PB.33/2020 tertanggal 4 November 2020.

Perhitungan Rasio Kewajiban Penyediaan Modal Minimum telah sesuai dengan 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 2020 dengan menggunakan peringkat profil risiko posisi 30 Juni 2020.

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 2020, KPMM Bank berada pada level di atas modal minimum yang diwajibkan tersebut, yaitu sebesar 26,70%.

**4. RISK MANAGEMENT (continued)****f. Capital management (continued)****Regulatory capital (continued)**

Based on OJK 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 and 1.00% from 1 January 2019. The letter has been amended several times, the recent OJK letter was dated 4 November 2020 Number S-87/PB.33/2020.

Calculation of Capital Adequacy Ratio in compliance with Financial Service Authority Regulation No 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 2020 by using 30 June 2020 risk profile rating.

The risk profile is part of 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 2020, the Bank's CAR was 26.70%, which was higher than the required minimum provision of capital.

**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.

**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.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)**
**a. Sumber utama atas ketidakpastian taksiran  
(lanjutan)**
**a.1. Penyisihan kerugian penurunan nilai  
aset keuangan (lanjutan)**

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 ekonomik, termasuk menetapkan apakah prakiraan ekonomik 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.

**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 obyektif dan karenanya, membutuhkan tingkat pertimbangan yang beragam, tergantung pada likuiditas, konsentrasi, ketidakpastian faktor pasar, asumsi penentuan harga, dan risiko lainnya yang mempengaruhi instrumen tertentu.

**5. USE OF ESTIMATES AND JUDGMENTS  
(continued)**
**a. Key sources of estimation uncertainty  
(continued)**
**a.1. Allowances for impairment losses of  
financial assets (continued)**

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.

**a.2. Determining fair values**

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3a.6. For financial instruments that trade infrequently and have little 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.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)**
**b. Sumber akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank**

Pertimbangan akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank meliputi:

**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 analisa 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.

**5. USE OF ESTIMATES AND JUDGMENTS  
(continued)**
**b. Critical accounting judgments in applying the Bank's accounting policies**

Critical accounting judgments made in applying the Bank's accounting policies include:

**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 a function independent 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.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**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 diantara 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.

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*).

**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.

The objective of valuation technique is to arrive at 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*.



CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

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 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.

## 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 hirarki nilai wajar:

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 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.

## 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:

2020						
Catatan/ Notes	Level 1	Level 2	Level 3	Jumlah/ Total		
Aset keuangan dalam kelompok diperdagangkan	11	-	1.217.717	-	1.217.717	Financial assets held for trading
Tagihan derivatif	12	6.929	652.602	11.967	671.498	Derivative receivables
Efek-efek untuk tujuan investasi	10	-	17.860.822	-	17.860.822	Investment securities
		6.929	19.731.141	11.967	19.750.037	
Liabilitas derivatif	12	(3.693)	(648.027)	(7.806)	(659.526)	Derivative payables
2019						
Catatan/ Notes	Level 1	Level 2	Level 3	Jumlah/ Total		
Aset keuangan dalam kelompok diperdagangkan	11	-	2.863.738	-	2.863.738	Financial assets held for trading
Tagihan derivatif	12	1.342	430.789	44.600	476.731	Derivative receivables
Efek-efek untuk tujuan investasi	10	-	14.418.802	-	14.418.802	Investment securities
		1.342	17.713.329	44.600	17.759.271	
Liabilitas derivatif	12	(1.727)	(438.607)	(33.207)	(473.541)	Derivative payables

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)**
**b. Sumber akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank (lanjutan)**
**b.1. Penilaian instrumen 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 hirarki nilai wajar: (lanjutan)

	<b>Aset keuangan dalam kelompok diperdagangkan/ Financial assets held for sale</b>	<b>Tagihan derivatif/ Derivative receivables</b>	<b>Liabilitas derivatif/ Derivative payables</b>
<b>2020</b>			
Saldo 1 Januari	-	44.600	33.207
Laba/(rugi) diakui:			
- Dalam laba rugi	-	(8.183)	(7.000)
- Dalam laba rugi dari posisi penyelesaian	-	(2.873)	(2.275)
Pembelian	-	-	-
Penyelesaian dan penjualan	-	272	-
Transfer ke level 3	-	-	-
Transfer dari level 3	-	(22.789)	(16.840)
Efek kurs	-	940	714
Saldo 31 Desember	-	11.967	7.806

Total laba atau rugi yang termasuk dalam laba rugi tahun berjalan pada tabel di atas disajikan dalam laporan laba rugi sebagai berikut:

	<b>Aset keuangan dalam kelompok diperdagangkan/ Financial assets held for sale</b>	<b>Tagihan derivatif/ Derivative receivables</b>	<b>Liabilitas derivatif/ Derivative payables</b>
<b>2020</b>			
Total laba selama periode yang termasuk dalam laba rugi:			
Pendapatan/(rugi) bersih transaksi perdagangan	-	(7.815)	6.712
Total laba selama periode yang termasuk dalam laba rugi atas aset dan liabilitas yang dimiliki pada akhir tahun pelaporan:			
Pendapatan bersih transaksi perdagangan	-	(33.206)	25.827

**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)**
**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)

<b>2020</b>	
Balance at 1 January	
Total gains/(losses):	
In profit or loss -	
In profit or loss -	
from positions settled	
Purchases	
Settlement and sales	
Transfer into level 3	
Transfer from level 3	
Exchange rate difference	
Balance at 31 December	

Total gains or losses included in profit or loss for the year in the above table are presented in the statement of profit or loss as follows:

<b>2020</b>	
Total gains for the end of the reporting period:	
Net trading income/(loss)	
Total gains for the year included in profit or loss for assets and liabilities held at the end of the reporting period:	
Net trading income	

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)**
**b. Sumber akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank  
(lanjutan)**
**b.1. Penilaian instrumen keuangan (lanjutan)**
**Instrumen keuangan yang diukur pada nilai wajar (lanjutan)**

Tabel berikut memperlihatkan rekonsiliasi dari saldo awal ke saldo akhir melalui pengukuran nilai wajar pada level 3 hirarki nilai wajar untuk tahun 2019:

	<b>Aset keuangan dalam kelompok diperdagangkan/ Financial assets held for sale</b>	<b>Tagihan derivatif/ Derivative receivables</b>	<b>Liabilitas derivatif/ Derivative payables</b>
<b>2019</b>			
Saldo 1 Januari	-	14.506	26.590
Laba/(rugi) diakui:			
- Dalam laba rugi	-	41.213	14.626
- Dalam laba rugi dari posisi penyelesaian	-	(1.713)	(72)
Pembelian	-	-	-
Penyelesaian dan penjualan	-	-	-
Transfer ke level 3	-	-	-
Transfer dari level 3	-	(8.894)	(6.998)
Efek kurs	-	(512)	(939)
Saldo 31 Desember	-	44.600	33.207

Total laba atau rugi yang termasuk dalam laba rugi tahun berjalan pada tabel di atas disajikan dalam laporan laba rugi sebagai berikut:

	<b>Aset keuangan dalam kelompok diperdagangkan/ Financial assets held for sale</b>	<b>Tagihan derivatif/ Derivative receivables</b>	<b>Liabilitas derivatif/ Derivative payables</b>
<b>2019</b>			
Total laba selama periode yang termasuk dalam laba rugi:			
Pendapatan/(rugi) bersih transaksi perdagangan	-	41.213	(14.626)
Total laba selama periode yang termasuk dalam laba rugi atas aset dan liabilitas yang dimiliki pada akhir tahun pelaporan:			
Pendapatan bersih transaksi perdagangan	-	30.606	7.557

**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)**
**Financial instruments measured at fair values (continued)**

The following table shows a reconciliation from the beginning balance to the ending balances for fair value measurements in level 3 of the fair value hierarchy for 2019:

<b>2019</b>
Balance at 1 January
Total gains/(losses):
In profit or loss -
In profit or loss -
from positions settled
Purchases
Settlement and sales
Transfer into level 3
Transfer from level 3
Exchange rate difference
Balance at 31 December

Total gains or losses included in profit or loss for the year in the above table are presented in the statement of profit or loss as follows:

<b>2019</b>
Total gains for the end of the reporting period:
Net trading income/(loss)
Total gains for the year included in profit or loss for assets and liabilities held at the end of the reporting period:
Net trading income

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

5. PENGGUNAAN TAKSIRAN DAN PERTIMBANGAN  
(lanjutan)

## b. Sumber akuntansi yang penting dalam menerapkan kebijakan akuntansi Bank (lanjutan)

## b.1. Penilaian instrumen keuangan (lanjutan)

## 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.

## Instrumen keuangan yang tidak diukur pada nilai wajar

Pada 31 Desember 2020 dan 2019, nilai wajar dari instrumen keuangan yang tidak diukur pada nilai wajar dikategorikan sebagai level 2 dalam hirarki nilai wajar, kecuali untuk kredit yang diberikan kepada nasabah, wesel ekspor, pinjaman, dan pinjaman subordinasi dikategorikan sebagai level 3 dalam hirarki nilai wajar.

Nilai wajar dari instrumen keuangan yang tidak diukur pada nilai wajar dijelaskan pada Catatan 27.

## 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.

## 6. KAS

	2020	2019
Rupiah	334.294	454.727
Valuta asing	292.913	241.554
Jumlah	627.207	696.281

Saldo kas dalam mata uang Rupiah termasuk jumlah kas pada ATM masing-masing sebesar Rp 46.409 dan Rp 47.187 pada tanggal 31 Desember 2020 dan 2019.

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)

## 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.

## Financial instruments not measured at fair values

As of 31 December 2020 and 2019, 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.

The fair value of financial instruments not measured at fair value are explained in Note 27.

## 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.

## 6. CASH

	2020	2019
Rupiah	334.294	454.727
Foreign currencies	292.913	241.554
Total	627.207	696.281

Total cash in Rupiah currency included cash in ATMs amounting to Rp 46,409 and Rp 47,187 as of 31 December 2020 and 2019, respectively.

**PT BANK HSBC INDONESIA**

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**7. GIRO PADA BANK INDONESIA**

	<u>2020</u>	<u>2019</u>
Rupiah	2.833.089	4.268.814
Valuta asing	<u>1.419.050</u>	<u>3.074.974</u>
Jumlah	<u>4.252.139</u>	<u>7.343.788</u>

Saldo giro pada Bank Indonesia disediakan untuk memenuhi persyaratan Giro Wajib Minimum (GWM) dari Bank Indonesia.

Giro Wajib Minimum (GWM) dalam mata uang Rupiah dan valuta asing pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

	<u>2020</u>	<u>2019</u>
Rupiah		
- Giro Wajib Minimum	4,12%	7,12%
- Penyangga Likuiditas Makroprudensial	39,17%	29,11%
GWM valuta asing	4,12%	8,12%

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).

Pada tanggal 31 Desember 2020, GWM Bank telah sesuai dengan PBI No. 22/19/PBI/2020 tanggal 16 Desember 2020 dan Peraturan Anggota Dewan Gubernur No. 22/35/PADG/2020 tanggal 23 Desember 2020 tentang Perubahan atas Peraturan Anggota Dewan Gubernur No. 22/4/PADG/2020 tentang pelaksanaan Peraturan Bank Indonesia No. 22/4/PBI/2020 tentang insentif bagi bank yang memberikan penyediaan dana untuk kegiatan ekonomi tertentu guna mendukung penanganan dampak perekonomian akibat wabah virus corona, dimana GWM Rupiah dipenuhi secara harian sebesar 3% dan secara rata-rata untuk masa laporan tertentu 3% serta valuta asing sebesar 4%.

Pada tanggal 31 Desember 2019, GWM Bank telah sesuai dengan PBI No. 20/3/PBI/2018 tanggal 29 Maret 2018 dan Peraturan Anggota Dewan Gubernur No. 21/14/PADG/2019 tanggal 26 Juni 2019 tentang Perubahan Kedua atas Peraturan Anggota Dewan Gubernur No. 20/10/PADG/2018 tanggal 31 Mei 2018 tentang Giro Wajib Minimum dalam Rupiah dan Valuta Asing bagi Bank Umum Konvensional, Bank Umum Syariah, dan Unit Usaha Syariah yang berlaku efektif 1 Juli 2019, dimana GWM Rupiah sebesar 6% serta valuta asing sebesar 8%. GWM Rupiah dipenuhi secara harian sebesar 3% dan secara rata-rata untuk masa laporan tertentu 3%.

**7. DEMAND DEPOSIT WITH BANK INDONESIA**

*Demand deposits with Bank Indonesia are provided to fulfill Bank Indonesia's Minimum Statutory Reserves requirements (GWM).*

*The Minimum Statutory Reserves (GWM) in Rupiah and foreign currencies as at 31 December 2020 and 2019 are as follows:*

	<i>Rupiah</i>
	<i>Minimum Statutory Reserve -</i>
	<i>Macroprudential Liquidity Ratio -</i>
	<i>Foreign currencies GWM</i>

*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).*

*As of 31 December 2020, the Bank's Minimum Statutory Reserves complies with BI regulation No. 22/19/PBI/2020 dated 16 December 2020 and Governor Regulation No. 22/35/PADG/2020 dated 23 December 2020 regarding the Amendment of Governor Members Regulation No. 22/4/PADG/2020 regarding incentives for Bank that funding certain economic sector as countermeasures for economic downturn due to corona virus, with Rupiah Statutory Reserves is fulfilled on a daily basis of 3% and an average basis for a certain reporting period of 3% and foreign currencies of 4%.*

*As of 31 December 2019, the Bank's Minimum Statutory Reserves complies with BI regulation No. 20/3/PBI/2018 dated 29 March 2018 and Governor Regulation No. 21/14/PADG/2019 dated 26 June 2019 regarding the second Amendment of Governor Members Regulation No. 20/10/PADG/2018 dated 31 May 2018 regarding Minimum Statutory Reserves in Rupiah and Foreign Currencies for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Unit which effective since 1 July 2019, with Rupiah 6% and foreign currencies of 8%. Rupiah Statutory Reserves is fulfilled on a daily basis of 3% and an average basis for a certain reporting period of 3%.*

**PT BANK HSBC INDONESIA**

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**7. GIRO PADA BANK INDONESIA (lanjutan)**

GWM RIM adalah tambahan simpanan minimum yang wajib dipelihara oleh Bank dalam bentuk saldo Rekening Giro pada Bank Indonesia. Sesuai dengan perubahan terakhir PBI No. 20/4/PBI/2018 dan Peraturan Anggota Dewan Gubernur No. 21/22/PADG/2019 tanggal 28 November 2019, besaran dan parameter yang digunakan dalam perhitungan GWM RIM ditetapkan batas bawah RIM target 84% dan batas atas RIM target 94% serta KPMM insentif 14%. Pada tanggal 31 Desember 2020, sesuai dengan PADG No.22/11/PADG/2020 efektif 1 Mei 2020, ketentuan parameter disinsentif batas bawah dan batas atas adalah 0. GWM RIM pada tanggal 31 Desember 2020 dan 31 Desember 2019 masing-masing sebesar 0%.

Bank telah memenuhi Peraturan Bank Indonesia yang berlaku tentang GWM Bank Umum Konvensional pada tanggal 31 Desember 2020 dan 2019.

**7. DEMAND DEPOSIT WITH BANK INDONESIA  
(continued)**

*RIM Statutory Reserve is the additional reserve that should be maintained by the Bank in the form of a Current account with Bank Indonesia. In accordance with the latest amendment in PBI No. 20/4/PBI/2018 and Governor Members Regulation No. 21/22/PADG/2019 dated 28 November 2019, the amount and parameters used for the LFR Statutory Reserve calculation is set at the minimum target of RIM at 84% and the maximum target of RIM at 94%, and incentive CAR at 14%. As at 31 December 2020, in compliance with PADG NO.22/11/PADG/2020 effective per 1 May 2020, the requirement for disincentive parameter at bottom and upper line is 0. The GWM on RIM as of 31 December 2020 and 31 December 2019 are 0%, respectively.*

*The Bank has fulfilled the prevailing Bank Indonesia's Regulation regarding GWM for Conventional Banks as at 31 December 2020 and 2019.*

**8. GIRO PADA BANK-BANK LAIN**

	<b>2020</b>	<b>2019</b>
Rupiah	65.840	63.753
Valuta asing	3.674.900	2.197.382
Cadangan kerugian penurunan nilai	(107)	-
Jumlah giro pada bank-bank lain - bersih	<u>3.740.633</u>	<u>2.261.135</u>

Manajemen Bank berkeyakinan bahwa saldo penyisihan kerugian penurunan nilai yang dibentuk cukup untuk menutupi kemungkinan penurunan nilai giro pada bank-bank lain pada tanggal 31 Desember 2020.

**8. DEMAND DEPOSITS WITH OTHER BANKS**

	<b>2020</b>	<b>2019</b>	
Rupiah	65.840	63.753	Rupiah
Valuta asing	3.674.900	2.197.382	Foreign currencies
Cadangan kerugian penurunan nilai	(107)	-	Allowance for impairment losses
Jumlah giro pada bank-bank lain - bersih	<u>3.740.633</u>	<u>2.261.135</u>	Total demand deposits with other banks -net

*The Bank's management believes that the balance of allowance for impairment losses provided is adequate to cover possible impairment on demand deposits with other banks as of 31 December 2020.*

**9. PENEMPATAN PADA BANK-BANK LAIN**

Penempatan pada bank-bank lain berdasarkan mata uang adalah sebagai berikut:

	<b>2020</b>	<b>2019</b>
Rupiah	135.000	-
Valuta asing	10.519.314	7.696.511
Cadangan kerugian penurunan nilai	(375)	-
Jumlah penempatan pada bank-bank lain	<u>10.653.939</u>	<u>7.696.511</u>

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 2020.

**9. PLACEMENTS WITH OTHER BANKS**

*Placements with other banks by currency were as follows:*

	<b>2020</b>	<b>2019</b>	
Rupiah	135.000	-	Rupiah
Valuta asing	10.519.314	7.696.511	Foreign currencies
Cadangan kerugian penurunan nilai	(375)	-	Allowance for impairment losses
Jumlah penempatan pada bank-bank lain	<u>10.653.939</u>	<u>7.696.511</u>	Total placements with other banks

*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 2020.*

PT BANK HSBC INDONESIA

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**10. EFEK-EFEK UNTUK TUJUAN INVESTASI**

Pada tanggal 31 Desember 2020, seluruh efek-efek untuk tujuan investasi diklasifikasikan sebagai diukur pada nilai wajar melalui penghasilan komprehensif lain (2019: tersedia untuk dijual). Rincian efek-efek untuk tujuan investasi berdasarkan jenis adalah sebagai berikut:

	2020	2019
<u>Tersedia untuk dijual</u>		
Obligasi pemerintah	-	9.264.204
Sertifikat Bank Indonesia	-	2.779.643
Obligasi pemerintah - sukuk	-	2.374.955
Jumlah	-	14.418.802
<u>Nilai wajar melalui penghasilan komprehensif lain</u>		
Obligasi pemerintah	14.121.011	-
Obligasi pemerintah - sukuk	3.739.811	-
Jumlah	17.860.822	-
Jumlah	17.860.822	14.418.802

Pada tanggal 31 Desember 2020 dan 2019, semua efek-efek untuk tujuan investasi merupakan transaksi dengan pihak ketiga.

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.

Perubahan rugi/laba yang belum direalisasi dari perubahan nilai wajar efek-efek untuk tujuan investasi selama tahun yang berakhir tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

	2020	2019
Saldo 1 Januari - sebelum pajak penghasilan tangguhan	177.842	(83.923)
Penambahan rugi/(laba) yang belum direalisasi selama tahun berjalan, bersih	450.007	261.765
Jumlah - sebelum pajak penghasilan tangguhan	627.849	177.842
Penyesuaian tarif pajak (Catatan 34g)	17.892	-
Pajak penghasilan tangguhan (Catatan 34g)	(143.462)	(44.461)
Saldo 31 Desember - bersih	502.279	133.381

Manajemen Bank berkeyakinan bahwa saldo cadangan kerugian penurunan nilai yang dibentuk adalah cukup untuk menutupi kemungkinan penurunan nilai efek-efek untuk tujuan investasi pada tanggal 31 Desember 2020.

**10. INVESTMENT SECURITIES**

As of 31 December 2020 and 2019, all investment securities were classified as fair value through other comprehensive income (2019: available-for-sale). Details of investment securities by type are as follows:

<u>Available for sale</u>
Government bonds
Certificates of Bank Indonesia
Government bonds - sukuk
Total
<u>Fair value through other comprehensive income</u>
Government bonds
Government bonds - sukuk
Total

As of 31 December 2020 and 2019, investment securities were all made with third parties.

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.

The movement of unrealised loss/gain from the change in fair value of investment securities during the years ended 31 December 2020 and 2019 are as follows:

Balance - 1 January before deferred income tax
Addition of unrealised loss/(gain) during the year, net
Total - before deferred income tax
Tax rate adjustment (Note 34g)
Deferred income tax (Note 34g)
Balance 31 December - net

The Bank's management believes that the allowance for impairment losses was adequate to cover possible impairment on investment securities as of 31 December 2020.

**11. ASET KEUANGAN DALAM KELOMPOK DIPERDAGANGKAN**

Aset keuangan dalam kelompok diperdagangkan terdiri dari:

	2020	2019
Obligasi pemerintah	1.155.381	2.295.089
Obligasi pemerintah - sukuk	62.336	568.649
Jumlah	1.217.717	2.863.738

**11. FINANCIAL ASSETS HELD FOR TRADING**

Financial assets held for trading consist of the following:

Government bonds
Government bonds - sukuk
Total

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

12. TAGIHAN DAN LIABILITAS DERIVATIF

Tagihan dan liabilitas derivatif terdiri dari:

12. DERIVATIVE RECEIVABLES AND PAYABLES

Derivative receivables and payables consist of the following:

2020				
Instrumen	Jumlah nosional/ Notional amount	Nilai wajar/Fair values		Instruments
		Tagihan derivatif/ Derivative receivables	Liabilitas derivatif/ Derivative payables	
Tidak dikategorikan sebagai lindung nilai				Not designed as hedges
Kontrak valuta berjangka	26.699.836	481.936	466.261	Currency forward contracts
Kontrak swap suku bunga	8.302.656	93.527	92.589	Interest rate swap contracts
Kontrak cross currency swap	4.916.958	89.078	92.078	Cross-currency swap contracts
Kontrak tunai valuta asing	2.403.824	6.946	8.588	Currency spot contracts
Kontrak currency option	28.242	11	10	Currency option contracts
		<u>671.498</u>	<u>659.526</u>	
2019				
Instrumen	Jumlah nosional/ Notional amount	Nilai wajar/Fair values		Instruments
		Tagihan derivatif/ Derivative receivables	Liabilitas derivatif/ Derivative payables	
Tidak dikategorikan sebagai lindung nilai				Not designed as hedges
Kontrak valuta berjangka	24.044.836	240.084	293.602	Currency forward contracts
Kontrak cross currency swap	5.486.172	131.463	79.560	Cross-currency swap contracts
Kontrak swap suku bunga	11.547.831	96.926	91.847	Interest rate swap contracts
Kontrak tunai valuta asing	2.402.788	3.382	4.246	Currency spot contracts
Kontrak currency option	640.719	4.876	4.286	Currency option contracts
		<u>476.731</u>	<u>473.541</u>	

Manajemen Bank berkeyakinan bahwa tidak ada penyisihan kerugian penurunan nilai tagihan derivatif yang perlu diakui pada tanggal 31 Desember 2020 dan 2019.

The Bank's management believes that there was no allowance for impairment losses on derivative receivables to be recognised as of 31 December 2020 and 2019.

13. TAGIHAN DAN UTANG AKSEPTASI

13. ACCEPTANCE RECEIVABLES AND PAYABLES

	2020		2019		
	Tagihan akseptasi/ Acceptance receivables	Utang akseptasi/ Acceptance payables	Tagihan akseptasi/ Acceptance receivables	Utang akseptasi/ Acceptance payables	
Rupiah	674.157	(674.157)	1.093.157	(1.093.157)	Rupiah
Valuta asing	<u>1.372.900</u>	<u>(1.372.900)</u>	<u>1.508.771</u>	<u>(1.508.771)</u>	Foreign currencies
Total	2.047.057	(2.047.057)	2.601.928	(2.601.928)	Total
Dikurangi : Cadangan kerugian penurunan nilai	<u>(25.398)</u>		<u>-</u>		Less: Allowance for impairment losses
Jumlah	<u>2.021.659</u>	<u>(2.047.057)</u>	<u>2.601.928</u>	<u>(2.601.928)</u>	Total

Pada tanggal 31 Desember 2020, manajemen Bank berkeyakinan bahwa saldo cadangan kerugian penurunan nilai yang dibentuk adalah cukup untuk menutupi kemungkinan penurunan nilai tagihan akseptasi.

As of 31 December 2020, the Bank's management believes that the allowance for impairment losses was adequate to cover possible impairment on acceptance receivables.



PT BANK HSBC INDONESIA

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**  
(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**  
(Expressed in millions of Rupiah, unless otherwise stated)

**14. KREDIT YANG DIBERIKAN KEPADA NASABAH**

**14. LOANS TO CUSTOMERS**

Kredit yang diberikan kepada nasabah pada biaya perolehan diamortisasi:

Loans to customers at amortised cost:

**a. Berdasarkan jenis kredit**

**a. By type of loan**

	2020	2019	
Rupiah			Rupiah
Modal kerja	24.649.653	25.039.245	Working capital
Investasi	5.036.804	3.441.247	Investment
Konsumsi	3.358.313	3.908.581	Consumer
Karyawan	700.983	758.710	Employee
Jumlah - Rupiah	33.745.753	33.147.783	Total - Rupiah
Valuta asing			Foreign currencies
Modal kerja	20.283.422	28.916.191	Working capital
Investasi	4.355.743	5.568.121	Investment
Konsumsi	9.253	24.965	Consumer
Jumlah - valuta asing	24.648.418	34.509.277	Total - foreign currencies
Jumlah kredit yang diberikan kepada nasabah	58.394.171	67.657.060	Total loans to customers
Penyisihan kerugian penurunan nilai	(3.059.585)	(2.123.183)	Allowance for impairment losses
Jumlah kredit yang diberikan kepada nasabah - bersih	55.334.586	65.533.877	Total loans to customers - net

**b. Berdasarkan sektor ekonomi**

**b. By economic sector**

	2020	2019	
Rupiah			Rupiah
Perindustrian	7.192.063	9.038.809	Industry
Perdagangan, restoran dan hotel	6.779.790	7.941.189	Trading, restaurant and hotel
Pengangkutan, pergudangan dan jasa komunikasi	4.866.190	2.198.124	Transportation, warehousing and communication
Konstruksi	4.693.739	4.123.410	Construction
Jasa-jasa usaha	4.666.585	4.706.503	Business services
Jasa-jasa sosial dan masyarakat	1.340.009	88.884	Social and public services
Pertanian, perkebunan dan sarana perkebunan	97.186	379.035	Agriculture, plantation and plantation improvement
Pertambangan	45.659	375	Mining
Listrik, gas dan air	5.235	4.163	Electricity, gas and water
Lainnya	4.059.297	4.667.291	Others
Jumlah - Rupiah	33.745.753	33.147.783	Total - Rupiah
Valuta asing			Foreign currencies
Perindustrian	16.225.033	18.576.706	Industry
Perdagangan, restoran dan hotel	3.074.912	4.854.423	Trading, restaurant and hotel
Jasa-jasa usaha	2.016.688	3.596.684	Business services
Pengangkutan, pergudangan dan jasa komunikasi	1.348.053	2.365.070	Transportation, warehousing and communication
Pertambangan	1.161.402	4.042.383	Mining
Pertanian, perkebunan dan sarana perkebunan	540.027	1.008.045	Agriculture, plantation and plantation improvement
Konstruksi	273.050	40.463	Construction
Jasa-jasa sosial dan masyarakat	-	538	Social and public services
Lainnya	9.253	24.965	Others
Jumlah - valuta asing	24.648.418	34.509.277	Total - foreign currencies
Jumlah kredit yang diberikan kepada nasabah	58.394.171	67.657.060	Total loans to customers
Penyisihan kerugian penurunan nilai	(3.059.585)	(2.123.183)	Allowance for impairment losses
Jumlah kredit yang diberikan nasabah - bersih	55.334.586	65.533.877	Total loans to customers - net

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

14. KREDIT YANG DIBERIKAN KEPADA NASABAH  
(lanjutan)

14. LOANS TO CUSTOMERS (continued)

c. Berdasarkan klasifikasi Bank Indonesia

c. By Bank Indonesia classification

	2020	2019	
Rupiah			Rupiah
Lancar	31.927.400	31.735.365	Pass
Dalam perhatian khusus	352.710	419.406	Special mention
Kurang lancar	232.084	42.913	Substandard
Diragukan	59.647	101.419	Doubtful
Macet	1.173.912	848.680	Loss
Jumlah - Rupiah	33.745.753	33.147.783	Total - Rupiah
Valuta asing			Foreign currencies
Lancar	22.863.577	32.996.601	Pass
Dalam perhatian khusus	1.236.594	801.246	Special mention
Kurang lancar	50.012	39.499	Substandard
Diragukan	-	263.486	Doubtful
Macet	498.235	408.445	Loss
Jumlah - valuta asing	24.648.418	34.509.277	Total - foreign currencies
Jumlah kredit yang diberikan kepada nasabah	58.394.171	67.657.060	Total loans to customers
Penyisihan kerugian penurunan nilai	(3.059.585)	(2.123.183)	Allowance for impairment losses
Jumlah kredit yang diberikan kepada nasabah - bersih	55.334.586	65.533.877	Total loans to customers – net

d. Berdasarkan stage

d. By stage

	2020			
	Stage 1	Stage 2	Stage 3	Jumlah/ Total
Saldo awal				67.657.060
Dampak penerapan awal PSAK 71				-
Saldo, setelah dampak penerapan awal PSAK 71	45.922.046	18.933.678	2.801.336	67.657.060
Transfer ke kerugian kredit ekspektasian 12 bulan (Stage 1)	7.864.069	(7.859.816)	(4.253)	-
Transfer ke kerugian kredit ekspektasian sepanjang umurnya (Stage 2)	(6.734.536)	6.736.120	(1.584)	-
Transfer ke kredit yang mengalami penurunan nilai (Stage 3)	(713.529)	(331.622)	1.045.151	-
Perubahan bersih pada eksposur dan pengukuran kembali	(3.515.623)	(5.544.586)	(203.006)	(9.263.215)
Penghapusan	-	-	(553.229)	(553.229)
Selisih kurs	371.451	146.816	35.288	553.555
Saldo akhir	43.193.878	12.080.590	3.119.703	58.394.171

e. Kredit modal kerja terdiri dari pinjaman rekening koran dan pinjaman dengan surat promes.

e. Working capital loans consist of demand deposits loans and loans with promissory notes.

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*.

Investment loans are the facilities given to debtors for investment purposes with terms depend on the investment period. Investment loans consist of *term-loans*.

Kredit konsumsi terdiri dari kredit pemilikan rumah, kredit kendaraan bermotor, *personal loans*, dan kartu kredit.

Consumer loans consist of housing, motor vehicle ownership loans, *personal loans*, and credit card.

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

14. KREDIT YANG DIBERIKAN KEPADA NASABAH  
(lanjutan)

- f. 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 1,00% - 40,00% pada tanggal 31 Desember 2020 dan 2019.
- g. Selama tahun yang berakhir tanggal 31 Desember 2020 dan 2019, 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.

Berdasarkan jenis kredit yang telah dinegosiasikan kembali:

	2020	2019
Investasi	709.013	422.574
Modal kerja	517.446	312.754
Konsumsi	182.758	38.429
	1.409.217	773.757
Penyisihan kerugian penurunan nilai	(450.038)	(266.653)
Jumlah kredit yang telah dinegosiasikan kembali - bersih	959.179	507.104

Berdasarkan klasifikasi Bank Indonesia:

	2020	2019
Lancar	777.727	28.560
Dalam perhatian khusus	59.814	98.148
Kurang lancar	43.997	60.227
Diragukan	183	16.165
Macet	527.496	570.657
	1.409.217	773.757
Penyisihan kerugian penurunan nilai	(450.038)	(266.653)
Jumlah kredit yang telah dinegosiasikan kembali - bersih	959.179	507.104

- h. Pada tanggal 31 Desember 2019, Bank telah memenuhi ketentuan Batas Maksimum Pemberian Kredit (BMPK), baik untuk pihak berelasi maupun untuk pihak ketiga.

Tidak terdapat pelanggaran pada tanggal 31 Desember 2020, hanya terdapat pelampauan yang disebabkan oleh perubahan ketentuan yang disebabkan oleh perubahan ketentuan yaitu dengan berlakunya POJK No.38/POJK.03/2019 tentang Perubahan atas Peraturan Otoritas Jasa Keuangan No.32/POJK.03/2018 tentang Batas Maksimum Pemberian Kredit dan Penyediaan Dana Besar bagi Bank Umum. Bank telah memiliki rencana tindak dengan target penyelesaian sesuai dengan ketentuan yang berlaku.

## 14. LOANS TO CUSTOMERS (continued)

- f. The syndicated loans represent loans granted to debtors under syndicated loan agreements with other banks. The Bank's participation in syndicated loans is ranging 1.00% - 40.00% as of 31 December 2020 and 2019.

- g. For the years ended 31 December 2020 and 2019, 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.

By type of renegotiated loans

Investment
Working capital
Consumer
Allowance for impairment losses
Total of renegotiated loans - net

By Bank Indonesia classification:

Pass
Special mention
Substandard
Doubtful
Loss
Allowance for impairment losses
Total of renegotiated loans - net

- h. As of 31 December 2019, the Bank complied with Legal Lending Limit (LLL) requirements for both related parties and third parties.

There was no breach as of 31 December 2020, there was only an excess due to change in regulation namely the effective of POJK No.38/POJK.03/2019 regarding changes on OJK regulation No.32/POJK.03/2018 in relation to Legal Lending Limit and Large Exposure for Commercial Bank. Bank already has action plan with targeted timeline in line with prevailing regulation.

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

14. KREDIT YANG DIBERIKAN KEPADA NASABAH  
(lanjutan)

- i. Pada tanggal 31 Desember 2020 dan 2019, rincian kredit bermasalah menurut sektor ekonomi adalah sebagai berikut:

	2020		2019	
	Kredit bermasalah/ Non-performing loans	Penyisihan kerugian penurunan nilai/ Allowance for impairment losses	Kredit bermasalah/ Non-performing loans	Penyisihan kerugian penurunan nilai/ Allowance for impairment losses
Perindustrian	693.532	(473.666)	858.946	(369.301)
Perdagangan, restoran dan hotel	592.931	(424.266)	620.930	(411.134)
Pengangkutan	472.414	(403.727)	30.575	(12.078)
Konstruksi	77.148	(71.260)	45.898	(36.388)
Jasa-jasa usaha	52.432	(14.999)	57.761	(5.526)
Pertanian	15.610	(13.006)	15.968	(14.185)
Pertambangan	-	-	374	(198)
Lainnya	109.823	(61.308)	73.990	(31.822)
Jumlah	2.013.890	(1.462.232)	1.704.442	(880.632)

- j. Rasio Non-Performing Loan (NPL) pada tanggal 31 Desember 2020 dan 2019 masing-masing adalah sebagai berikut:

	2020	2019
NPL bruto	3,45%	2,52%
NPL neto	0,94%	1,22%

- k. Pada tanggal 31 Desember 2020 dan 2019, kredit yang diberikan yang dijamin dengan jaminan tunai sebesar Rp 3.110.883 dan Rp 5.411.515 (Catatan 18).

- l. Perubahan penyisihan kerugian penurunan nilai kredit yang diberikan kepada nasabah adalah sebagai berikut:

	2020			
	Stage 1	Stage 2	Stage 3	Jumlah/ Total
Saldo awal				2.123.183
Dampak penerapan awal PSAK 71 (lihat Catatan 37)				(169.001)
Saldo, setelah dampak penerapan awal PSAK 71	256.127	267.021	1.431.034	1.954.182
Transfer ke kerugian kredit ekspektasi 12 bulan (Stage 1)	96.866	(90.945)	(5.921)	-
Transfer ke kerugian kredit ekspektasi sepanjang umurnya (Stage 2)	(34.036)	34.036	-	-
Transfer ke kredit yang mengalami penurunan nilai (Stage 3)	(4.472)	(33.463)	37.935	-
Perubahan bersih pada eksposur dan pengukuran kembali	(5.151)	516.350	1.077.457	1.588.656
Penghapusan	-	-	(553.229)	(553.229)
Pemulihan	-	-	121.351	121.351
Efek diskonto	-	-	(68.193)	(68.193)
Selisih kurs	1.440	2.976	12.402	16.818
Saldo akhir	310.774	695.975	2.052.836	3.059.585

14. LOANS TO CUSTOMERS (continued)

- i. As of 31 December 2020 and 2019, details of impaired loans based on economic sector are as follows:

Industry
Trading, restaurant and hotel
Transportation
Construction
Business services
Agriculture
Mining
Others
Total

- j. As of 31 December 2020 and 2019, the Non-Performing Loan (NPL) ratios are as follows:

Gross NPL
Net NPL

- k. As of 31 December 2020 and 2019, loans collateralised by cash collateral amounted to Rp 3,110,883 and Rp 5,411,515 (Note 18).

- l. The movement of allowance for impairment losses on loans to customers are as follows:

Beginning balance
Effect on initial implementation SFAS 71 (refer to Note 37)
Balance, after effect on initial implementation SFAS 71
Transfer to 12 months expected credit losses (Stage 1)
Transfer to lifetime expected credit losses (Stage 2)
Transfer to credit impaired (Stage 3)
Net changes in exposure and remeasurement
Written-off
Recovery
Discount effects
Exchange rate difference
Ending balance

PT BANK HSBC INDONESIA

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**14. KREDIT YANG DIBERIKAN KEPADA NASABAH  
(lanjutan)**

- I. Perubahan penyisihan kerugian penurunan nilai kredit yang diberikan kepada nasabah adalah sebagai berikut: (lanjutan)

**14. LOANS TO CUSTOMERS (continued)**

- I. The movement of allowance for impairment losses on loans to customers are as follows: (continued)

	2019			
	Rupiah	Valuta asing/ Foreign currencies	Jumlah/ Total	
Penyisihan kerugian penurunan nilai kolektif:				Collective allowance for impairment losses:
Saldo, 1 Januari 2019	425.733	386.049	811.782	Balance, 1 January 2019
Penambahan penyisihan	129.732	(18.522)	111.210	Additions of the allowance
Efek diskonto	(197)	-	(197)	Effect of discounting
Penghapusan kredit	(257.405)	-	(257.405)	Write-offs
Penerimaan atas kredit yang telah dihapusbukukan	100.480	-	100.480	Recovery of loans previously written-off
Selisih kurs	-	(11.926)	(11.926)	Exchange rate difference
Saldo, 31 Desember 2019	398.343	355.601	753.944	Balance, 31 December 2019
Penyisihan kerugian penurunan nilai spesifik:				Specific allowance for impairment losses:
Saldo, 1 Januari 2019	920.539	399.007	1.319.546	Balance, 1 January 2019
Penambahan penyisihan	43.741	516.209	559.950	Additions of the allowance
Efek diskonto	(49.987)	(39.371)	(89.358)	Effect of discounting
Penghapusan kredit	(356.036)	(29.791)	(385.827)	Write-offs
Penerimaan atas kredit yang telah dihapusbukukan	1.472	-	1.472	Recovery of loans previously written-off
Selisih kurs	-	(36.544)	(36.544)	Exchange rate difference
Saldo, 31 Desember 2019	559.729	809.510	1.369.239	Balance, 31 December 2019
Jumlah penyisihan kerugian penurunan nilai	958.072	1.165.111	2.123.183	Total allowance for impairment losses

Manajemen Bank berkeyakinan bahwa penyisihan kerugian penurunan nilai yang dibentuk adalah cukup untuk menutupi kemungkinan penurunan nilai kredit yang diberikan kepada nasabah.

The Bank's management believes that the allowance for impairment losses provided is adequate to cover any possible impairment on loans to customers.

**15. ASET LAIN-LAIN**

Pada tanggal 31 Desember 2020 dan 2019, aset lain-lain Bank adalah sebagai berikut:

**15. OTHER ASSETS**

As of 31 December 2020 and 2019, Bank's other assets are as follows:

	2020	2019	
Transaksi dalam proses penyelesaian	1.254.682	662.699	Transaction in process of settlement
Pajak dibayar dimuka (lihat Catatan 34a)	1.005.429	1.404.507	Prepaid tax (refer to Note 34a)
Pendapatan yang masih akan diterima	639.325	558.313	Accrued income
Tagihan transaksi <i>Letter of Credit</i>	441.389	125.816	Letter of Credit transactions
Aset hak-guna - setelah dikurangi akumulasi penyusutan sebesar Rp 156.382 pada 31 Desember 2020 dan Rp 104.073 pada 31 Desember 2019	319.413	436.898	Right-of-use assets - net of accumulated depreciation of Rp 156.382 on 31 December 2020 and Rp 104,073 on 31 December 2019
Aset yang dimiliki untuk dijual	142.149	142.280	Assets held for sale
Uang muka	33.059	16.707	Advances
Jaminan setoran	31.077	49.884	Security deposits
Beban dibayar dimuka	4.210	27.886	Prepayments
Lainnya	57.807	26.078	Others
Jumlah	3.928.540	3.451.068	Total

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

15. ASET LAIN-LAIN (lanjutan)

Pada tanggal 31 Desember 2020 dan 2019, aset hak-guna terdiri dari:

15. OTHER ASSETS (continued)

As of 31 December 2020 and 2019, Bank's rights-of-use assets consist of the following:

2020				
	Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Saldo akhir/ Closing balance
Harga perolehan				
Bangunan	531.253	105.695	(171.495)	465.453
Kendaraan bermotor	9.718	1.090	(466)	10.342
	540.971	106.785	(171.961)	475.795
Akumulasi penyusutan				
Bangunan	(99.944)	(87.560)	39.431	(148.073)
Kendaraan bermotor	(4.129)	(4.180)	-	(8.309)
	(104.073)	(91.740)	39.431	(156.382)
Nilai buku bersih	436.898			319.413

Cost	
Buildings	
Motor vehicles	
Accumulated depreciation	
Buildings	
Motor vehicles	
Net book value	

2019					
	Saldo awal/ Opening balance	Dampak PSAK 73/ Impact of SFAS 73	Penambahan/ Additions	Pengurangan/ Disposals	Saldo akhir/ Closing balance
Harga perolehan					
Bangunan	-	417.868	117.282	(3.897)	531.253
Kendaraan bermotor	-	9.718	-	-	9.718
	-	427.586	117.282	(3.897)	540.971
Akumulasi penyusutan					
Bangunan	-	-	(103.663)	3.719	(99.944)
Kendaraan bermotor	-	-	(4.129)	-	(4.129)
	-	-	(107.792)	3.719	(104.073)
Nilai buku bersih					436.898

Cost	
Buildings	
Motor vehicles	
Accumulated depreciation	
Buildings	
Motor vehicles	
Net book value	

16. ASET TETAP

Pada tanggal 31 Desember 2020 dan 2019, aset tetap terdiri dari:

16. FIXED ASSETS

As of 31 December 2020 and 2019, Bank's fixed assets consist of the following:

2020					
Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Reklasifikasi/ Reclassifications	Saldo akhir/ Closing balance	
<b>Harga perolehan</b>					<b>Cost</b>
Tanah	130.994	-	-	-	Land
Bangunan	33.790	-	-	-	Buildings
Perbaikan gedung	549.982	20.193	(97.477)	-	Buildings improvement
Perabot dan perlengkapan kantor	867.600	28.742	(61.067)	(958)	Office furniture and fixtures
Kendaraan bermotor	421	-	(421)	-	Motor vehicles
Aset dalam penyelesaian	-	13.834	-	-	Construction in progress
	1.582.787	62.769	(158.965)	(958)	1.485.633
<b>Akumulasi penyusutan</b>					<b>Accumulated depreciation</b>
Bangunan	(20.197)	(1.189)	-	-	Buildings
Perbaikan gedung	(316.846)	(57.669)	81.966	-	Buildings improvement
Perabot dan perlengkapan kantor	(529.166)	(132.153)	59.261	976	Office furniture and fixtures
Kendaraan bermotor	(421)	-	421	-	Motor vehicles
	(866.630)	(191.011)	141.648	976	(915.017)
<b>Nilai buku bersih</b>	<b>716.157</b>			<b>570.616</b>	<b>Net book value</b>

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

16. ASET TETAP (lanjutan)

Pada tanggal 31 Desember 2020 dan 2019, aset tetap terdiri dari: (lanjutan)

16. FIXED ASSETS (continued)

As of 31 December 2020 and 2019, Bank's fixed assets consist of the following: (continued)

2019						
	Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Reklasifikasi/ Reclassifications	Saldo akhir/ Closing balance	
<b>Harga perolehan</b>						<b>Cost</b>
Tanah	131.696	-	(702)	-	130.994	Land
Bangunan	35.022	-	(1.232)	-	33.790	Buildings
Perbaikan gedung	475.645	146.123	(71.786)	-	549.982	Buildings improvement
Perabot dan perlengkapan kantor	929.530	101.889	(163.812)	(7)	867.600	Office furniture and fixtures
Kendaraan bermotor	1769	-	(1.348)	-	421	Motor vehicles
	<u>1.573.662</u>	<u>248.012</u>	<u>(238.880)</u>	<u>(7)</u>	<u>1.582.787</u>	
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Bangunan	(19.262)	(1.644)	709	-	(20.197)	Buildings
Perbaikan gedung	(322.712)	(59.754)	65.620	-	(316.846)	Buildings improvement
Perabot dan perlengkapan kantor	(560.719)	(130.932)	162.478	7	(529.166)	Office furniture and fixtures
Kendaraan bermotor	(1.769)	-	1.348	-	(421)	Motor vehicles
	<u>(904.462)</u>	<u>(192.330)</u>	<u>230.155</u>	<u>7</u>	<u>(866.630)</u>	
<b>Nilai buku bersih</b>	<u>669.200</u>				<u>716.157</u>	<b>Net book value</b>

Pada tanggal 31 Desember 2020 dan 2019, semua aset tetap yang dimiliki Bank merupakan kepemilikan langsung.

As at 31 December 2020 and 2019, all fixed assets held by the Bank are direct ownership.

17. ASET TAKBERWUJUD

Pada tanggal 31 Desember 2020 dan 2019, aset takberwujud terdiri dari:

17. INTANGIBLE ASSETS

As of 31 December 2020 and 2019, Bank's intangible assets consist of the following:

2020						
	Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Reklasifikasi/ Reclassifications	Saldo akhir/ Closing balance	
<b>Harga perolehan</b>						<b>Cost</b>
Perangkat lunak	321.319	9.870	-	958	332.147	Software
	<u>321.319</u>	<u>9.870</u>	<u>-</u>	<u>958</u>	<u>332.147</u>	
<b>Akumulasi amortisasi</b>						<b>Accumulated amortisation</b>
Perangkat lunak	(184.254)	(57.796)	-	(976)	(243.026)	Software
	<u>(184.254)</u>	<u>(57.796)</u>	<u>-</u>	<u>(976)</u>	<u>(243.026)</u>	
<b>Nilai buku bersih</b>	<u>137.065</u>				<u>89.121</u>	<b>Net book value</b>
2019						
	Saldo awal/ Opening balance	Penambahan/ Additions	Pengurangan/ Disposals	Reklasifikasi/ Reclassifications	Saldo akhir/ Closing balance	
<b>Harga perolehan</b>						<b>Cost</b>
Perangkat lunak	319.455	16.941	(15.084)	7	321.319	Software
	<u>319.455</u>	<u>16.941</u>	<u>(15.084)</u>	<u>7</u>	<u>321.319</u>	
<b>Akumulasi amortisasi</b>						<b>Accumulated amortisation</b>
Perangkat lunak	(141.414)	(57.570)	14.737	7	(184.254)	Software
	<u>(141.414)</u>	<u>(57.570)</u>	<u>14.737</u>	<u>7</u>	<u>(184.254)</u>	
<b>Nilai buku bersih</b>	<u>178.041</u>				<u>137.065</u>	<b>Net book value</b>

Seluruh aset takberwujud yang ada pada tanggal 31 Desember 2020 dan 2019 digunakan untuk menunjang aktivitas operasi Bank.

All of the intangible assets as at 31 December 2020 and 2019 are fully used to support Bank's operation activities.

PT BANK HSBC INDONESIA

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**18. SIMPANAN DARI NASABAH**

Simpanan dari nasabah pada tanggal 31 Desember 2020 dan 2019 terdiri dari:

	<u>2020</u>	<u>2019</u>
Rupiah		
Giro	24.362.497	18.053.679
Deposito berjangka dan <i>deposits on call</i>	17.221.473	20.383.985
Tabungan	<u>6.607.904</u>	<u>4.757.848</u>
	<u>48.191.874</u>	<u>43.195.512</u>
Valuta asing		
Giro	11.508.614	9.910.531
Tabungan	8.673.368	7.641.063
Deposito berjangka dan <i>deposits on call</i>	<u>3.785.975</u>	<u>4.722.151</u>
	<u>23.967.957</u>	<u>22.273.745</u>
Jumlah	<u>72.159.831</u>	<u>65.469.257</u>

Pada tanggal 31 Desember 2020 dan 2019, termasuk di dalam simpanan dari nasabah adalah jaminan untuk kredit yang diberikan kepada nasabah masing-masing sebesar Rp 1.947.360 dan Rp 1.683.679.

**18. DEPOSITS FROM CUSTOMERS**

*Deposits from customers as of 31 December 2020 and 2019 consisted of the following:*

	<i>Rupiah</i>
	<i>Demand deposits</i>
	<i>Time deposits and deposits on call</i>
	<i>Saving accounts</i>
	<i>Foreign currencies</i>
	<i>Demand deposits</i>
	<i>Saving accounts</i>
	<i>Time deposits and deposits on call</i>
	<i>Total</i>

*As of 31 December 2020 and 2019, included in deposits from customers are collaterals for loans to customers amounted Rp 1,947,360 and Rp 1,683,679, respectively.*

**19. SIMPANAN DARI BANK - BANK LAIN**

Simpanan dari bank-bank lain pada tanggal 31 Desember 2020 dan 2019 terdiri dari:

	<u>2020</u>	<u>2019</u>
Rupiah		
Giro	4.464.019	3.599.982
Deposito berjangka	<u>-</u>	<u>1.435.000</u>
	<u>4.464.019</u>	<u>5.034.982</u>
Valuta asing		
Giro	<u>27.696</u>	<u>23.533</u>
Jumlah	<u>4.491.715</u>	<u>5.058.515</u>

	<i>Rupiah</i>
	<i>Demand deposits</i>
	<i>Time deposits</i>
	<i>Foreign currencies</i>
	<i>Demand deposits</i>
	<i>Total</i>

**19. DEPOSITS FROM OTHER BANKS**

*Deposits from other banks as at 31 December 2020 and 2019 consisted of the following:*

**20. BEBAN AKRUAL DAN PROVISI**

	<u>2020</u>	<u>2019</u>
Beban yang masih harus dibayar	331.070	336.542
Bunga yang masih harus dibayar	76.507	146.820
Provisi pemutusan hubungan kerja (Catatan 3t.4)	<u>6.165</u>	<u>19.308</u>
Jumlah	<u>413.742</u>	<u>502.670</u>

	<i>Accrued expenses</i>
	<i>Accrued interest expenses</i>
	<i>Termination provisions (Note 3t.4)</i>
	<i>Total</i>

**20. ACCRUALS AND PROVISIONS**

**21. LIABILITAS LAIN-LAIN**

	<u>2020</u>	<u>2019</u>
Transaksi dalam proses penyelesaian	1.427.758	601.088
Uang jaminan	709.733	731.486
Rekening <i>suspense</i>	442.670	363.068
Kewajiban transaksi <i>Letter of Credit</i>	441.389	125.816
Pendapatan ditangguhkan	387.448	434.512
Utang pajak lainnya	313.783	259.231
Liabilitas sewa	278.567	372.374
Cadangan kerugian penurunan nilai atas komitmen dan kontijensi	117.350	-
Transfer, inkaso, dan kliring	39.192	38.525
Lainnya	<u>120.845</u>	<u>58.780</u>
Jumlah	<u>4.278.735</u>	<u>2.984.880</u>

	<i>Transaction in process of settlement</i>
	<i>Security deposits</i>
	<i>Suspense accounts</i>
	<i>Letter of Credit transactions payables</i>
	<i>Deferred income</i>
	<i>Other tax liabilities</i>
	<i>Lease liability</i>
	<i>Allowance for impairment losses of commitment and contingencies</i>
	<i>Transfers, collection and clearing</i>
	<i>Others</i>
	<i>Total</i>

**21. OTHER LIABILITIES**

Uang jaminan termasuk uang yang diberikan oleh nasabah kepada Bank sebagai jaminan atas L/C impor masing-masing sebesar Rp 707.557 dan Rp 729.922 pada tanggal 31 Desember 2020 dan 2019.

*The security deposits included deposits from customers for and import L/C of Rp 707,557 and Rp 729,922 as of 31 December 2020 and 2019, respectively.*



**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**22. 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*.

Pada tanggal 31 Desember 2020 dan 2019, saham yang masih beredar masing-masing sejumlah 222.855 (dalam nilai penuh) dan 165.673 (dalam nilai penuh) lembar.

Selama tahun yang berakhir 31 Desember 2020 dan 2019, Bank mengakui beban masing-masing sebesar Rp 12.898 dan Rp 17.632 dalam laporan laba rugi terkait dengan pembayaran imbalan kerja berbasis saham.

Harga pasar rata-rata tertimbang dari saham yang diberikan pada tahun yang berakhir pada 31 Desember 2020 dan 2019 masing-masing senilai Rp 73.540 dan Rp 112.973 (dalam Rupiah penuh).

**22. 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.

As of 31 December 2020 and 2019, the outstanding number of shares was 222,855 (in full amount) and 165,673 (in full amount), respectively.

During the year ended 31 December 2020 and 2019, the Bank recognised an expense of Rp 12,898 and Rp 17,632, respectively, to the profit or loss in respect of share-based payment compensation plan.

The weighted average fair value of share awarded in the years ended 31 December 2020 and 2019 was Rp 73,540 and Rp 112,973, respectively (in Rupiah full amount).

**23. LIABILITAS IMBALAN PASCA-KERJA**

Liabilitas imbalan kerja pada tanggal 31 Desember 2020 dan 2019 terdiri dari:

	<u>2020</u>	<u>2019</u>
Liabilitas imbalan kerja jangka pendek	178.723	219.433
Liabilitas imbalan pasca-kerja	<u>321.003</u>	<u>310.113</u>
Liabilitas imbalan kerja	<u><u>499.726</u></u>	<u><u>529.546</u></u>

Short-term employee benefits obligations  
Post-employment benefits obligations

Employee benefits obligations

Sejak Januari 2017, Bank menyelenggarakan program pensiun iuran pasti untuk seluruh karyawan tetapnya dan dikelola serta diadministrasikan oleh Dana Pensiun Lembaga Keuangan Manulife Indonesia. Iuran untuk dana pensiun dihitung berdasarkan persentase tertentu dari gaji pokok karyawan.

Sesuai dengan Undang-Undang Republik Indonesia No. 13/2003 tentang ketenagakerjaan, Bank wajib memberikan imbalan pasca-kerja manfaat pasti kepada karyawannya pada saat pemutusan hubungan kerja atau pada saat karyawan menyelesaikan masa kerjanya. Imbalan pasca-kerja ini diberikan terutama berdasarkan masa kerja dan kompensasi karyawan pada saat pemutusan hubungan kerja atau selesainya masa kerja.

Dengan demikian Bank mencatat liabilitas yang mencerminkan imbalan pasca-kerja yang diwajibkan oleh Undang-Undang No. 13/2003.

**23. POST-EMPLOYMENT BENEFITS OBLIGATION**

Employee benefits obligation as of 31 December 2020 and 2019 consisted of the following:

Since January 2017, the Bank has a defined contribution pension plan that covers all permanent employees and managed by Dana Pensiun Lembaga Keuangan Manulife Indonesia. The contribution of a pension plan is computed based on a certain percentage of employees' basic salary.

In accordance with Law of the Republic of Indonesia No. 13/2003 relating to labor regulations, the Bank is required to provide post-employment defined benefits plans to its employees when their employment is terminated or when they retire. These benefits are primarily based on years of service and the employees' compensation at termination or retirement.

Therefore the Bank recorded a liability which represents post-employment benefits as required by Law No. 13/2003.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**23. 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 2020 dan 2019, dan perubahan liabilitas imbalan pasca-kerja dan beban yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain untuk tahun yang berakhir tanggal 31 Desember 2020 dan 2019:

	2020	2019
Nilai kini liabilitas pada awal tahun	310.113	301.850
Biaya jasa kini	27.366	(4.304)
Biaya jasa lalu		
Keuntungan atas penyelesaian		
Biaya bunga	19.816	22.785
Kerugian/(keuntungan) aktuarial	(11.197)	37.414
Biaya Manfaat Terminasi		11.496
Imbalan yang dibayar	(25.095)	(59.128)
Liabilitas imbalan pasca-kerja	<u>321.003</u>	<u>310.113</u>
Biaya jasa kini	36.019	34.106
Biaya jasa lalu - amandemen program	-	4.559
Keuntungan jasa lalu - kurtailmen	-	(22.016)
Keuntungan atas penyelesaian	(8.653)	(20.953)
Biaya bunga	19.816	22.785
Biaya Manfaat Terminasi	-	11.496
Jumlah beban yang diakui	<u>47.182</u>	<u>29.977</u>

*Present value of obligation at the beginning of year*  
*Current service cost*  
*Past service cost*  
*Settlement gain*  
*Interest cost*  
*Actuarial loss/(gain)*  
*Termination Benefits Expense*  
*Benefits paid*

*Post-employment benefits obligation*

*Current service cost*  
*Past service cost - program amendment*  
*Past service credit - curtailment*  
*Settlement gain*  
*Interest cost*  
*Termination benefits expense*

*Total recognised cost*

	2020	2019
Liabilitas imbalan pasca-kerja, 1 Januari	310.113	301.850
Beban imbalan pasca-kerja tahun berjalan	47.182	29.977
Kerugian/(keuntungan) aktuarial tahun berjalan	(11.197)	37.414
Pembayaran imbalan pasca-kerja selama tahun berjalan	(25.095)	(59.128)
Liabilitas imbalan pasca-kerja, 31 Desember	<u>321.003</u>	<u>310.113</u>

*Post-employment benefits obligation, 1 January*  
*Post-employment benefits expense for the year*  
*Actuarial loss/(gain) during the year*  
*Payments of post-employment benefits during the year*  
*Post-employment benefits obligation, 31 December*

Perhitungan liabilitas imbalan pasca-kerja pada tanggal 31 Desember 2020 dan 2019 dilakukan berdasarkan laporan aktuaris independen (PT Towers Watson Purbajaga) tanggal 10 Maret 2021 dengan menggunakan asumsi utama sebagai berikut:

*The calculation of post-employment benefits obligation as of 31 December 2020 and 2019 was done based on the independent actuary report (PT Towers Watson Purbajaga) dated 10 March 2021 using major assumptions as follows:*

	2020	2019	
Tingkat diskonto	5,50%	6,75%	<i>Discount rates</i>
Kenaikan gaji	5,00%	6,50%	<i>Salary increases</i>
Metode aktuarial	<i>Projected unit credit</i>	<i>Projected unit credit</i>	<i>Valuation cost method</i>
Umur pensiun normal	55 tahun/years	55 tahun/years	<i>Normal retirement age</i>
Tingkat kematian	Tabel Mortalitas Indonesia 2019 (TMI 2019)/ <i>Indonesian Mortality Table 2019 (TMI 2019)</i>	Tabel Mortalitas Indonesia 2011 (TMI 2011)/ <i>Indonesian Mortality Table 2011 (TMI 2011)</i>	<i>Mortality rates</i>
Tingkat cacat	10% dari TMI 2019/ <i>10% of TMI 2019</i>	10% dari TMI 2011/ <i>10% of TMI 2011</i>	<i>Disability rates</i>
Tingkat pengunduran diri	15% per tahun pada usia 20 dan menurun secara linear sampai 0% per tahun pada usia 55/ <i>15% p.a. at 20 and reducing linearly to 0% p.a. at age 55</i>	15% per tahun pada usia 20 dan menurun secara linear sampai 0% per tahun pada usia 55/ <i>15% p.a. at 20 and reducing linearly to 0% p.a. at age 55</i>	<i>Resignation rates</i>

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**23. 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 2020 dan 2019:

	2020	
	Peningkatan/ Increase by 100 bps	Penurunan/ Decrease by 100 bps
Tingkat diskonto	(15.705)	17.299
Kenaikan gaji	41.185	(35,417)

Durasi rata-rata tertimbang durasi dari liabilitas program pensiun imbalan pasti pada tanggal 31 Desember 2020 dan 2019 masing-masing adalah 5,26 tahun dan 5,33 tahun.

Analisis jatuh tempo tidak terdiskonto yang diharapkan dari manfaat pensiun adalah sebagai berikut:

	2020
Dalam 10 tahun kedepan	479.746
Dalam 10 sampai 20 tahun kedepan	345.693
Dalam 20 sampai 30 tahun kedepan	39.950
Dalam 30 sampai 40 tahun kedepan	18

**23. 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 benefit obligation as of 31 December 2020 and 2019:

	2019	
	Peningkatan/ Increase by 100 bps	Penurunan/ Decrease by 100 bps
Tingkat diskonto	(15.272)	16.742
Kenaikan gaji	36.583	(27.958)

Discount rates  
Salary increases

The weighted average duration of the defined benefit pension obligation at 31 December 2020 and 2019 is 5.26 years and 5.33 years, respectively.

Undiscounted expected maturity analysis of pension benefits are as follows:

	2020	2019
Dalam 10 tahun kedepan	479.746	527.192
Dalam 10 sampai 20 tahun kedepan	345.693	373.878
Dalam 20 sampai 30 tahun kedepan	39.950	43.487
Dalam 30 sampai 40 tahun kedepan	18	66

Within next 10 years  
Within next 10 to 20 years  
Within next 20 to 30 years  
Within next 30 to 40 years

**24. 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.

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.

**24. 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.

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.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**24. MODAL SAHAM (lanjutan)**

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. Tahun 2015 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.

**24. SHARE CAPITAL (continued)**

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 by 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 authorized 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. Tahun 2015 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.

**PT BANK HSBC INDONESIA**

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**24. 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. Tahun 2017 tanggal 13 April 2017.

Komposisi pemegang saham Bank pada tanggal 31 Desember 2020 dan 2019 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	98,94%	10.473.719	HSBC Asia Pacific Holdings (UK) Limited
PT Bank Central Asia Tbk	112.653.737	1,06%	112.654	PT Bank Central Asia Tbk
Lainnya	<u>21.986</u>	<u>0,00%</u>	<u>22</u>	Others
Jumlah	<u>10.586.394.997</u>	<u>100,00%</u>	<u>10.586.395</u>	Total

**24. SHARE CAPITAL (continued)**

In April 2017, the Bank increased the authorized 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. Year 2017 dated 13 April 2017.

The composition of the Bank's shareholders as of 31 December 2020 and 2019 are as follows:

**25. 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 2020 dan 2019 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	<u>(27.000)</u>	Amount recorded as paid-in capital
	264.600	
Beban emisi saham	<u>(6.990)</u>	Share issuance costs
Jumlah yang dicatat sebagai tambahan modal disetor	<u>257.610</u>	Amount recorded as additional paid-in capital

**25. 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 2020 and 2019 are as follows:

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**26. 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 2020 saldo cadangan umum adalah Rp 49.419 (2019: Rp 26.306).

Berdasarkan Rapat Umum Pemegang Saham Tahunan Bank yang dinyatakan dalam Akta dari Notaris Christina Dwi Utami, S.H., M.Hum., M.Kn., Nomor 289 tanggal 28 Mei 2019, para pemegang saham Bank menyetujui pembentukan cadangan umum sebesar Rp 8.945 dari saldo laba tahun 2018.

Berdasarkan Rapat Umum Pemegang Saham Tahunan Bank yang dinyatakan dalam Akta dari Notaris Christina Dwi Utami, S.H., M.Hum., M.Kn., Nomor 184 tanggal 30 Juni 2020, para pemegang saham Bank menyetujui pembentukan cadangan umum sebesar Rp 23.113 dari saldo laba tahun 2019 serta pembagian dividen tunai sejumlah Rp 636.242 (Rp 60,1 (nilai penuh) per saham) kepada para pemegang saham yang memiliki hak untuk menerima dividen tunai. Pembayaran dividen dilakukan selambat-lambatnya pada tanggal 30 September 2020.

**27. 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 2020 dan 2019.

**26. 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 2020, the amount of general reserves is Rp 49,419 (2019: Rp 26,306).

Based on the Annual General Meeting of the Bank's Shareholders as stated in Notarial Deed No. 289 dated 28 May 2019 of Christina Dwi Utami, S.H., M.Hum., M.Kn., a notary public in Jakarta, the shareholders approved the appropriation of the Bank's 2018 retained earnings amounting to Rp 8,945.

Based on the Annual General Meeting of the Bank's Shareholders as stated in Notarial Deed No. 184 dated 30 June 2020 of Christina Dwi Utami, S.H., M.Hum., M.Kn., a notary public in Jakarta, the shareholders approved the appropriation of the Bank's 2019 retained earnings amounting to Rp 23,113 and distribute cash dividend amounting to Rp 636,242 (Rp 60.1 (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 2020.

**27. 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 2020 and 2019.

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

27. ASET KEUANGAN DAN LIABILITAS KEUANGAN  
(lanjutan)

Tabel di bawah menyajikan nilai tercatat dan nilai wajar aset dan liabilitas keuangan Bank pada tanggal 31 Desember 2020 dan 2019. (lanjutan)

27. 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 2020 and 2019. (continued)

	Diukur pada nilai wajar melalui laba rugi/ <i>Fair value through profit and loss</i>	Biaya perolehan diamortisasi/ <i>Amortised cost</i>	Diukur pada nilai wajar melalui penghasilan komprehensif lain/ <i>Fair value through other comprehensive income</i>	Jumlah nilai tercatat/ <i>Total carrying amount</i>	Nilai wajar/ <i>Fair value</i>	
<b>Aset keuangan</b>						<b>Financial assets</b>
Kas	-	627.207	-	627.207	627.207	Cash
Giro pada Bank Indonesia	-	4.252.139	-	4.252.139	4.252.139	Demand deposits with Bank Indonesia
Giro pada bank-bank lain-bersih	-	3.740.633	-	3.740.633	3.740.633	Demand deposits with other banks - net
Penempatan pada Bank Indonesia	-	1.152.313	-	1.152.313	1.152.313	Placements with Bank Indonesia
Penempatan pada bank-bank lain-bersih	-	10.653.939	-	10.653.939	10.653.939	Placements with other banks-net
Efek-efek untuk tujuan investasi	-	-	17.860.822	17.860.822	17.860.822	Investment securities
Aset keuangan dalam kelompok diperdagangkan	1.217.717	-	-	1.217.717	1.217.717	Financial assets held for trading
Tagihan derivatif	671.498	-	-	671.498	671.498	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	-	9.292.848	-	9.292.848	9.292.848	Securities purchased with agreement to resell
Wesel Ekspor-bersih	-	921.585	-	921.585	921.585	Export Bills-net
Tagihan akseptasi-bersih	-	2.021.659	-	2.021.659	2.021.659	Acceptance receivables-net
Kredit yang diberikan kepada nasabah-bersih	-	55.334.586	-	55.334.586	56.978.362	Loans to customers-net
Aset lain-lain - pendapatan yang masih akan diterima	-	639.325	-	639.325	639.325	Other assets - accrued income
<b>Jumlah</b>	<b>1.889.215</b>	<b>88.636.234</b>	<b>17.860.822</b>	<b>108.386.271</b>	<b>110.030.047</b>	<b>Total</b>
<b>Liabilitas keuangan</b>						<b>Financial liabilities</b>
Simpanan dari nasabah	-	(72.159.831)	-	(72.159.831)	(72.159.831)	Deposits from customers
Simpanan dari bank-bank lain	-	(4.491.715)	-	(4.491.715)	(4.491.715)	Deposits from other banks
Liabilitas derivatif	(659.526)	-	-	(659.526)	(659.526)	Derivative payables
Utang akseptasi	-	(2.047.057)	-	(2.047.057)	(2.047.057)	Acceptance payables
Beban akrual dan provisi	-	(76.507)	-	(76.507)	(76.507)	Accruals and provisions
Liabilitas lain-lain <sup>1)</sup>	-	(748.925)	-	(748.925)	(748.925)	Other liabilities <sup>1)</sup>
Pinjaman yang diterima	-	(7.516.750)	-	(7.516.750)	(7.516.750)	Borrowings
Pinjaman subordinasi	-	(1.053.750)	-	(1.053.750)	(1.053.750)	Subordinated debt
<b>Jumlah</b>	<b>(659.526)</b>	<b>(88.094.535)</b>	<b>-</b>	<b>(88.754.061)</b>	<b>(88.754.061)</b>	<b>Total</b>

<sup>1)</sup> Liabilitas lain-lain pada tabel ini telah mengeluarkan komponen liabilitas lain-lain non-keuangan

Other liabilities in this table have excluded <sup>1)</sup> non-financial other liabilities component

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

27. ASET KEUANGAN DAN LIABILITAS KEUANGAN  
(lanjutan)

Tabel di bawah menyajikan nilai tercatat dan nilai wajar aset dan liabilitas keuangan Bank pada tanggal 31 Desember 2020 dan 2019. (lanjutan)

27. 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 2020 and 2019. (continued)

2019						
	Diperdagangkan/ Trading	Pinjaman yang diberikan dan piutang/ Loans and receivables	Tersedia untuk dijual/ Available-for- sale	Biaya perolehan diamortisasi lainnya/ Other amortised cost	Jumlah nilai tercatat/ Total carrying amount	Nilai wajar/ Fair value
<b>Aset keuangan</b>						<b>Financial assets</b>
Kas	-	696.281	-	-	696.281	Cash
Giro pada Bank Indonesia	-	7.343.788	-	-	7.343.788	Demand deposits with Bank Indonesia
Giro pada bank-bank lain	-	2.261.135	-	-	2.261.135	Demand deposits with other banks
Penempatan pada Bank Indonesia	-	1.488.506	-	-	1.488.506	Placements with Bank Indonesia
Penempatan pada bank-bank lain	-	7.696.511	-	-	7.696.511	Placements with other banks
Efek-efek untuk tujuan investasi	-	-	14.418.802	-	14.418.802	Investment securities
Aset keuangan dalam kelompok diperdagangkan	2.863.738	-	-	-	2.863.738	Financial assets held for trading
Tagihan derivatif	476.731	-	-	-	476.731	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali	-	464.945	-	-	464.945	Securities purchased with agreement to resell
Wesel Ekspor	-	1.434.664	-	-	1.434.664	Export Bills Acceptance
Tagihan akseptasi Kredit yang diberikan kepada nasabah-bersih	-	2.601.928	-	-	2.601.928	receivables
Aset lain-lain - pendapatan yang masih akan diterima	-	65.533.877	-	-	65.533.877	Loans to customers-net
	-	558.313	-	-	558.313	Other assets - accrued income
<b>Jumlah</b>	<b>3.340.469</b>	<b>90.079.948</b>	<b>14.418.802</b>	<b>-</b>	<b>107.839.219</b>	<b>108.952.588</b>
<b>Liabilitas keuangan</b>						<b>Financial liabilities</b>
Simpanan dari nasabah	-	-	-	(65.469.257)	(65.469.257)	Deposits from customers
Simpanan dari bank-bank lain	-	-	-	(5.058.515)	(5.058.515)	Deposits from other banks
Liabilitas derivatif	(473.541)	-	-	-	(473.541)	Derivative payables
Utang akseptasi	-	-	-	(2.601.928)	(2.601.928)	Acceptance payables
Efek-efek yang dijual dengan janji dibeli kembali	-	-	-	-	-	Securities sold with agreement to repurchase
Beban akrual dan provisi	-	-	-	(146.820)	(146.820)	Accruals and provisions
Liabilitas lain-lain <sup>1)</sup>	-	-	-	(770.011)	(770.011)	Other liabilities <sup>1)</sup>
Pinjaman yang diterima	-	-	-	(15.062.513)	(15.062.513)	Borrowings
Pinjaman subordinasi	-	-	-	(1.041.188)	(1.041.188)	Subordinated debt
<b>Jumlah</b>	<b>(473.541)</b>	<b>-</b>	<b>-</b>	<b>(90.150.232)</b>	<b>(90.623.773)</b>	<b>(90.623.773)</b>

<sup>1)</sup> Liabilitas lain-lain pada tabel ini telah mengeluarkan komponen liabilitas lain-lain non-keuangan

Other liabilities in this table have excluded <sup>1)</sup> non-financial other liabilities component

Nilai wajar aset dan liabilitas yang diperdagangkan dan efek-efek untuk tujuan investasi pada tanggal 31 Desember 2020 dan 2019 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 2020 and 2019 were based on quoted market prices and valuation techniques as explained in Note 5b.1.

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 2020 dan 2019.

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 2020 and 2019.



PT BANK HSBC INDONESIA

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**27. ASET KEUANGAN DAN LIABILITAS KEUANGAN  
(lanjutan)**

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.

**Saling hapus**

Pada 31 Desember 2020 dan 2019, tidak terdapat aset dan liabilitas keuangan yang saling hapus pada laporan posisi keuangan.

Bank memiliki kredit yang diberikan yang dijamin dengan jaminan tunai (Catatan 14j), yang menjadi subyek untuk memenuhi *netting arrangements* dan perjanjian serupa, yang tidak saling hapus pada laporan posisi keuangan.

**27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES  
(continued)**

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.

**Offsetting**

As of 31 December 2020 and 2019, there is no financial assets and liabilities that are subject to offset in the statement of financial position.

The Bank has loans collateralised by cash collateral (Note 14j), which are subject to enforceable netting arrangements and similar agreements that are not set off in the statement of financial position.

**28. PENDAPATAN BUNGA BERSIH**

**28. NET INTEREST INCOME**

	2020	2019	
<b>Pendapatan bunga</b>			<b>Interest income</b>
Kredit yang diberikan kepada nasabah	3.857.022	5.001.965	Loans to customers
Efek-efek untuk tujuan investasi	1.071.515	893.676	Investment securities
Efek-efek yang dibeli dengan janji dijual kembali	291.792	58.103	Securities purchased with agreement to resell
Penempatan pada Bank Indonesia	38.239	40.972	Placements with Bank Indonesia
Giro pada Bank Indonesia	18.959	4.586	Demand deposits with Bank Indonesia
Kredit yang diberikan dan penempatan pada bank	1.954	9.162	Loans and advances to banks
Giro pada bank-bank lain	319	4.149	Demand deposits with other banks
Lain-lain	27.062	184.592	Others
Jumlah	5.306.862	6.197.205	Subtotal
<b>Beban bunga</b>			<b>Interest expenses</b>
Simpanan			Deposits
Deposito berjangka dan deposits on call	(808.466)	(1.020.571)	Time deposits and deposits on call
Giro	(225.543)	(365.297)	Demand deposits
Pinjaman yang diterima dan pinjaman subordinasi	(245.578)	(638.326)	Borrowings and subordinated debt
Tabungan	(99.644)	(70.289)	Saving accounts
Simpanan dari bank lain	(15.441)	(55.236)	Deposit from other banks
Lainnya	(38.375)	(66.898)	Others
Jumlah	(1.433.047)	(2.216.617)	Subtotal
Pendapatan bunga bersih	3.873.815	3.980.588	Net interest income

**29. PENDAPATAN PROVISI DAN KOMISI BERSIH**

**29. NET FEES AND COMMISSIONS INCOME**

	2020	2019	
<b>Pendapatan provisi dan komisi</b>			<b>Fees and commissions income</b>
Kartu kredit	391.440	543.053	Credit cards
Asuransi	279.297	190.680	Insurance
Unit trusts	215.520	204.313	Unit trusts
Jasa kustodian	154.325	149.728	Custodial services
Ekspor/impor	110.624	141.585	Export/import
Fasilitas kredit	107.223	181.770	Credit facilities
Remittance	63.646	73.502	Remittances
Account services	24.067	38.337	Account services
Lain-lain	221.338	429.040	Others
Jumlah	1.567.480	1.952.008	Subtotal

## PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

29. PENDAPATAN PROVISI DAN KOMISI BERSIH  
(lanjutan)29. NET FEES AND COMMISSIONS INCOME  
(continued)

	2020	2019	
<b>Beban provisi dan komisi</b>			<b>Fees and commissions expenses</b>
Kartu kredit	(185.289)	(406.835)	Credit card
Scripless kustodian	(37.647)	(37.700)	Scripless custodian
Remittance	(150)	(1.646)	Remittance
Lain-lain	(140.334)	(193.538)	Others
Jumlah	(363.420)	(639.719)	Subtotal
Pendapatan provisi dan komisi bersih	1.204.060	1.312.289	Net fees and commissions income

30. PENDAPATAN INSTRUMEN  
DIPERDAGANGKAN - BERSIH

## 30. TRADING INCOME - NET

	2020	2019	
Instrumen derivatif	1.094.509	780.189	Derivative instruments
Instrumen keuangan pendapatan tetap	647.252	559.329	Fixed income instruments
Jumlah	1.741.761	1.339.518	Total

## 31. KERUGIAN PENURUNAN NILAI - BERSIH

## 31. IMPAIRMENT LOSSES - NET

	2020	2019	
Kredit yang diberikan kepada nasabah	1.588.656	671.160	Loans to customers
Komitmen dan kontinjensi	90.428	-	Commitment and contingencies
Tagihan akseptasi	19.861	-	Acceptance receivables
Wesel ekspor	6.843	-	Export bills
Penempatan pada bank lain	174	-	Placement with other banks
Giro pada bank lain	49	-	Demand deposits with other banks
Efek-efek untuk tujuan investasi	11.123	-	Investment securities
Jumlah	1.717.134	671.170	Total

## 32. BEBAN KARYAWAN

## 32. EMPLOYEES EXPENSES

	2020	2019	
Gaji dan bonus	1.122.889	1.217.889	Salaries and bonuses
Tunjangan	315.750	335.893	Allowance
Imbalan pasca-kerja (Catatan 23)	47.182	29.977	Post-employment benefits obligation (Note 23)
Pelatihan	34.964	67.444	Training
Tunjangan terkait pemutusan hubungan kerja	20.883	92.970	Termination benefit
Lain-lain	188.795	205.018	Others
Jumlah	1.730.463	1.949.191	Total

## 33. BEBAN UMUM DAN ADMINISTRASI

## 33. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019	
Komunikasi, listrik dan air	501.839	445.112	Communication and utilities
Sewa	102.883	117.594	Rent
Pemeliharaan dan perbaikan	99.733	64.922	Repair and maintenance
Jasa profesional	78.469	93.689	Professional fees
Iklan dan promosi	60.189	71.939	Advertising and promotion
Pungutan tahunan OJK perbankan	50.367	49.367	Bank annual FSA levy
Kebersihan dan keamanan	45.240	46.229	Security and cleaning
Asuransi	20.510	19.160	Insurance
Alat tulis dan barang cetakan	13.762	14.123	Stationery and office supplies
Perjalanan dinas	6.402	19.487	Travelling
Jasa layanan kas	4.064	2.183	Cash service
Representasi	2.211	4.306	Representation
Langganan/keanggotaan	2.061	1.864	Customer services/membership
Lain-lain	266.265	162.213	Others
Jumlah	1.253.995	1.112.188	

PT BANK HSBC INDONESIA

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**34. PERPAJAKAN**

**34. TAXATION**

a. Pajak dibayar dimuka terdiri dari:

a. *Prepaid taxes consist of:*

	<u>2020</u>	<u>2019</u>	
Pajak dibayar di muka sehubungan dengan pajak penghasilan badan yang lebih dibayar tahun 2019	-	60.019	<i>Prepaid tax in relation with overpaid corporate income tax in 2019</i>
Pajak dibayar di muka sehubungan dengan pemeriksaan pajak (Catatan 34i - 34y)	<u>1.005.429</u>	<u>1.344.488</u>	<i>Prepaid tax in relation with tax audit assessment (Note 34i - 34y)</i>
	<u>1.005.429</u>	<u>1.404.507</u>	

b. Utang pajak penghasilan terdiri dari:

b. *Income taxes payable consist of:*

	<u>2020</u>	<u>2019</u>	
Pajak penghasilan badan	<u>181.688</u>	-	<i>Corporate income tax</i>
Utang pajak lainnya disajikan dalam liabilitas lain-lain pada Catatan 21.			<i>Other tax liabilities presented in other liabilities in Note 21.</i>

c. Beban pajak terdiri dari:

c. *Tax expense consisted of the following:*

	<u>2020</u>	<u>2019</u>	
Pajak kini	575.484	724.934	<i>Current tax</i>
Tambahan beban pajak kini tahun 2018 karena perbedaan perhitungan pajak sementara di laporan audit 2018 dengan SPT Badan tahun 2018	-	54.711	<i>Additional 2018 current tax expenses due to the differences between preliminary calculation in 2018 audit report and 2018 corporate tax return</i>
Pajak tangguhan			<i>Deferred tax</i>
Pembentukan dari perbedaan temporer	(111.481)	(56.506)	<i>Origination of temporary differences</i>
Tambahan beban pajak tangguhan tahun 2018 karena perbedaan perhitungan pajak sementara di laporan audit 2018 dengan SPT Badan tahun 2018	-	4.542	<i>Additional 2018 deferred tax expenses due to the differences between preliminary calculation in 2018 audit report and 2018 corporate tax return</i>
Surat Ketetapan Pajak	<u>137</u>	<u>1.023</u>	<i>Tax Assessment Letter</i>
Jumlah	<u>464.140</u>	<u>728.704</u>	<i>Total</i>

- d. Pada tanggal 31 Maret 2020, Pemerintah menerbitkan Peraturan Pemerintah Pengganti Undang-Undang Republik Indonesia ("Perppu") No. 1 Tahun 2020 yang antara lain menurunkan tariff pajak penghasilan badan dari sebelumnya sebesar 25% menjadi 22% untuk tahun fiskal 2020 dan 2021, serta menjadi 20% sejak tahun fiskal 2022. Bank telah menghitung dampak penurunan tarif pajak tersebut berupa penurunan aset pajak tangguhan sebesar Rp 51.483 dimana jumlah sebesar Rp 65.108 dibebankan ke laba rugi periode berjalan dan sebesar Rp 13.625 diakui ke pendapatan komprehensif lainnya.

- 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. The Bank has calculated the effect of tax rate reduction in the form of a decrease in deferred tax assets by Rp 51,483 in which the amount of Rp 65,108 was charged to current year's profit and loss and Rp 13,625 was charged to other comprehensive income.*

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.*

PT BANK HSBC INDONESIA

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**34. PERPAJAKAN (lanjutan)**

- e. Rekonsiliasi antara laba sebelum pajak menurut laporan laba rugi dengan laba kena pajak adalah sebagai berikut:

	2020	2019
Laba sebelum pajak	1.774.134	3.039.995
Perbedaan temporer:		
Liabilitas imbalan kerja jangka pendek	(42.512)	(16.654)
Penyisihan kerugian penurunan nilai aset keuangan	747.016	225.580
Beban imbalan pasca-kerja dan imbalan kerja lainnya	8.944	(9.842)
Penyusutan aset tetap dan amortisasi aset takberwujud	56.568	(864)
Lain-lain	32.659	27.804
	802.675	226.024
Perbedaan permanen:		
Rugi atas penerimaan yang sudah dikenakan penghasilan final	424	1.893
Penyusutan kendaraan non-operasional	2.757	2.616
Representasi, sumbangan dan denda	13.868	(399.464)
Lain-lain	21.979	28.675
	39.028	(366.280)
Laba kena pajak	2.615.837	2.899.739
Beban pajak kini	575.484	724.934
Pajak dibayar dimuka	(393.796)	(784.953)
Pajak penghasilan badan (dibayar dimuka)/ terutang	181.688	(60.019)

- f. Rekonsiliasi antara beban pajak dan hasil perkalian laba akuntansi sebelum pajak dengan tarif pajak yang berlaku adalah sebagai berikut:

	2020	2019
Laba sebelum pajak	1.774.134	3.039.995
Tarif pajak yang berlaku	22%	25%
	390.309	759.998
Tambahan beban pajak tahun 2018 karena perbedaan perhitungan pajak sementara di laporan audit 2018 dengan SPT Badan tahun 2018 yang telah dilaporkan ke kantor pajak	-	59.253
Perbedaan permanen dengan tarif pajak 22% untuk 31 Desember 2020 dan 25% untuk 31 Desember 2019	8.586	(91.570)
Surat Ketetapan Pajak	137	1.023
Pajak tangguhan akibat pengurangan tarif pajak	65.108	-
Jumlah beban pajak	464.140	728.704

Dalam laporan keuangan ini jumlah penghasilan kena pajak didasarkan atas perhitungan sementara karena Bank belum menyampaikan surat pemberitahuan tahunan pajak penghasilan badan.

**34. TAXATION (continued)**

- e. The reconciliation between profit before tax per statement of profit or loss and taxable income are as follows:

Profit before tax
Temporary differences:
Short-term employee benefits obligation
Allowance for impairment losses from financial assets
Post-employment and other benefits expense
Depreciation of fixed assets and amortisation of intangible assets
Others
Permanent differences:
Loss related to proceed subject to final income tax
Depreciation of non-operational vehicles
Representation, donations and penalties
Others

- f. The reconciliation between the total tax expense and the amounts computed by applying the statutory tax rates to income before tax are as follows:

Income before tax
Applicable tax rate
Additional 2018 tax expenses due to the differences between preliminary calculation in 2018 audit report and 2018 submitted corporate tax return
Permanent differences at 22% for 31 December 2020 and 25% for 31 December 2019
Tax Assessment Letter
Deferred tax due to tax rate reduction
Total tax expense

In these financial statements, the amount of Bank's taxable income is based on preliminary calculations as the Bank has not yet submitted its corporate income tax returns.

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

34. PERPAJAKAN (lanjutan)

Terdapat tambahan beban pajak yang berasal dari perbedaan perhitungan pajak sementara antara laporan keuangan tahun 2018 dengan surat pemberitahuan tahunan pajak penghasilan badan tahun 2018 yang telah disampaikan ke kantor pajak.

- g. Rincian dari aset pajak tangguhan bersih Bank adalah sebagai berikut:

34. TAXATION (continued)

There is an additional 2018 tax expense due to differences between preliminary calculation in the 2018 audit report and 2018 submitted corporate income tax return which has been submitted to the tax office.

- g. The details of the Bank's net deferred tax assets are as follows:

	31 Desember/ December 2019	Dampak penerapan PSAK 71/ Impact on the SFAS 71 implementation	Dampak perubahan tarif PPh Badan/ Impact on the implementation of new corporate income tax rate	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/ December 2020	
Aset pajak tangguhan:							Deferred tax assets:
Penyisihan kerugian penurunan nilai aset keuangan	204.224	(34.060)	(48.751)	161.897	-	283.310	Allowance for impairment losses on financial assets
penyisihan surat berharga (FVOCL)	-	1.069	(436)	2.447	-	3.080	Provision for securities (FVOCL)
Penyusutan aset tetap dan amortisasi aset tak berwujud	(57.838)	-	10.436	12.445	-	(34.957)	Depreciation of fixed assets and amortization of intangible assets
Beban imbalan Pasca-kerja dan Imbalan kerja lainnya	150.289	-	(25.377)	(7.385)	(2.464)	115.063	Post-employment and other benefits
(Laba)/rugi belum direalisasi dari perubahan nilai wajar efek-efek untuk tujuan investasi	(44.461)	-	17.892	-	(99.001)	(125.570)	Unrealised (gain)/loss from changes in fair value of investment securities
Lain – lain	22.968	-	(5.247)	7.185	-	24.906	Others
Aset pajak tangguhan-bersih	275.182	(32.991)	(51.483)	176.589	(101.465)	265.832	Deferred tax assets-net

	31 Desember/ December 2018	Dampak perbedaan perhitungan pajak di laporan audit dengan SPT badan tahun 2018/ Impact on the calculation differences between audit report and tax return in 2018	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/ December 2019	
Aset pajak tangguhan:						Deferred tax assets:
Penyisihan kerugian penurunan nilai aset keuangan	147.828	-	56.395	-	204.223	Allowance for impairment losses on financial assets
Penyusutan aset tetap dan amortisasi aset tak berwujud	(57.624)	-	(216)	-	(57.840)	Depreciation of fixed assets and amortisation of intangible assets
Beban imbalan pasca-kerja dan imbalan kerja lainnya	147.561	-	(6.624)	9.354	150.291	Post-employment and other benefits
(Laba)/rugi belum direalisasi dari perubahan nilai wajar efek-efek untuk tujuan investasi	20.980	-	-	(65.441)	(44.461)	Unrealised (gain)/loss from changes in fair value of investment securities
Lain-lain	20.560	(4.542)	6.951	-	22.969	Others
Aset pajak tangguhan - bersih	279.305	(4.542)	56.506	(56.087)	275.182	Deferred tax assets - net

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**34. PERPAJAKAN (lanjutan)**

- h. Pada tanggal 29 November 2017, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 21, PPh Pasal 26, dan Pajak Pertambahan Nilai (PPN) Tahun Pajak 2012 senilai Rp 6.362 dengan jumlah kurang bayar yang disetujui senilai Rp 180. Bank melakukan pembayaran penuh dan mencatat sejumlah Rp 180 sebagai biaya Bank di tahun 2017 dan Rp 6.182 sebagai pajak dibayar di muka. Pada tanggal 28 Februari 2018, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPN.

Pada tanggal 10 Juli 2018, DJP menerbitkan Keputusan Keberatan atas SKPKB PPN Masa Pajak Desember 2012 yang menolak keberatan Wajib Pajak. Bank tidak mengajukan banding terhadap Keputusan Keberatan tersebut dan mencatat jumlah sengketa pajak sebesar Rp 934 sebagai biaya Bank di tahun 2018.

Pada tanggal 25 Januari 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan Tahun Pajak 2012 yang mengabulkan sebagian besar keberatan Wajib Pajak sebesar Rp 4.987 sehingga jumlah sengketa pajak menjadi Rp 260. Pada tanggal 24 April 2019, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut. Pada tanggal 25 Juli 2019, Bank menerima pengembalian kelebihan pembayaran pajak berdasarkan Keputusan Keberatan PPh Badan Tahun Pajak 2012.

Pada tanggal 16 Oktober 2020, Pengadilan Pajak mengucapkan Putusan Pengadilan Pajak mengenai banding terhadap Keputusan Keberatan atas SKPKB PPh Badan Tahun Pajak 2012 yang mengabulkan seluruh permohonan banding Wajib Pajak sebesar Rp 260. Keputusan Pengadilan Pajak tersebut dikirimkan pada tanggal 22 Oktober 2020. Pada tanggal 6 Januari 2021, Bank menerima pengembalian kelebihan pembayaran pajak berdasarkan Putusan Pengadilan Pajak tersebut. Sampai dengan laporan ini dibuat, DJP belum mengajukan permohonan Peninjauan Kembali kepada Mahkamah Agung atas Putusan Pengadilan Pajak di atas.

- i. Pada tanggal 15 Desember 2017, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 21, dan PPh Final Pasal 4 (2) Tahun Pajak 2013 senilai Rp 8.750 dengan jumlah kurang bayar yang disetujui senilai Rp 133. Bank melakukan pembayaran penuh dan mencatat sejumlah Rp 133 sebagai biaya Bank di tahun 2017 dan Rp 8.617 sebagai pajak dibayar di muka. Pada tanggal 6 Maret 2018, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan.

**34. TAXATION (continued)**

- h. On 29 November 2017, LTO I issued SKB of CIT, Income Tax Article 21, Article 26, and Value Added Tax (VAT) Fiscal Year 2012 amounting to Rp 6,362 with agreed underpayment amounting to Rp 180. The Bank made full payment and recorded Rp 180 as an expense of the Bank in 2017 and Rp 6,182 as prepaid tax. On 28 February 2018, the Bank then filed an objection to the Assessment Letter of CIT and VAT.

On 10 July 2018, DGT issued Objection Decisions on Assessment Letter of VAT Fiscal Period December 2012 which rejected the Taxpayer's objection. The Bank did not file an appeal against those Objection Decisions and recorded a tax dispute amounting to Rp 934 as an expense of the Bank in 2018.

On 25 January 2019, DGT issued Objection Decision on Assessment Letter of CIT Fiscal Year 2012, which accepted most of the Taxpayer's objection of Rp 4,987, so the tax dispute amount became Rp 260. On 24 April 2019, the Bank then filed an appeal to the Tax Court against that Objection Decision. On 25 July 2019, the Bank received a tax refund based on the Objection Decision of CIT Fiscal Year 2012.

On 16 October 2020, Tax Court issued a Tax Court Decision regarding an appeal against Objection Decision on Assessment Letter of CIT Fiscal Year 2012 which accepted all appeal requests of Taxpayer amounting to Rp 260. Such Tax Court decision is delivered on 22 October 2020. On 6 January 2021, the Bank received a tax refund based on that Tax Court Decision. Until this report is prepared, the DGT has not yet submitted the Judicial Review to the Supreme Court on the above Tax Court Decision.

- i. On 15 December 2017, LTO I issued Underpayment Tax Assessment Letters of CIT, Income Tax Article 21, and Final Article 4 (2) Fiscal Year 2013 amounting to Rp 8,750 with agreed underpayment amounting to Rp 133. The Bank made full payment and recorded Rp 133 as an expense of the Bank in 2017 and Rp 8,617 as prepaid tax. On 6 March 2018, the Bank then filed an objection to the Assessment Letter of CIT.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020***(Expressed in millions of Rupiah, unless otherwise stated)***34. PERPAJAKAN (lanjutan)**

Pada tanggal 25 Januari 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan Tahun Pajak 2013 yang mengabulkan sebagian besar keberatan Wajib Pajak sebesar Rp 7.843 sehingga jumlah sengketa pajak menjadi Rp 773. Pada tanggal 24 April 2019, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan PPh Badan 2013. Pada tanggal 25 Juli 2019, Bank menerima pengembalian kelebihan pembayaran pajak berdasarkan Keputusan Keberatan PPh Badan Tahun Pajak 2013.

Pada tanggal 16 Oktober 2020, Pengadilan Pajak mengucapkan Putusan Pengadilan Pajak mengenai banding terhadap Keputusan Keberatan atas SKPKB PPh Badan Tahun Pajak 2013 yang mengabulkan seluruh permohonan banding Wajib Pajak sebesar Rp 773. Keputusan Pengadilan Pajak tersebut dikirimkan pada tanggal 22 Oktober 2020. Pada tanggal 6 Januari 2021, Bank menerima pengembalian kelebihan pembayaran pajak berdasarkan Putusan Pengadilan Pajak tersebut. Sampai dengan laporan ini dibuat, DJP belum mengajukan permohonan Peninjauan Kembali kepada Mahkamah Agung atas Putusan Pengadilan Pajak di atas.

- j. 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 dengan jumlah kurang bayar yang disetujui senilai Rp 748. Bank melakukan pembayaran sebagian sebesar Rp 59.687 dan mencatat sejumlah Rp 748 sebagai biaya Bank di tahun 2018 dan Rp 58.939 sebagai pajak dibayar di muka. 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.

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 dan mencatat jumlah sengketa pajak sebesar Rp 160 sebagai biaya Bank di tahun 2019.

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. Sampai dengan laporan ini dibuat, proses sidang terkait sengketa PPh Pasal 21 Desember 2014 masih berlangsung di Pengadilan Pajak.

**34. TAXATION (continued)**

*On 25 January 2019, DGT issued Objection Decision on Assessment Letter of CIT Fiscal Year 2013 which accepted most of the Taxpayer's objection of Rp 7,843 so the tax dispute amount became Rp 773. On 24 April 2019, the Bank then filed an appeal to the Tax Court against Objection Decision of CIT 2013. On 25 July 2019, the Bank received a tax refund based on the Objection Decision of CIT Fiscal Year 2013.*

*On 16 October 2020, Tax Court issued a Tax Court Decision regarding an appeal against Objection Decision on Assessment Letter of CIT Fiscal Year 2013 which accepted all appeal requests of Taxpayer amounting to Rp 773. Such Tax Court decision is delivered on 22 October 2020. On 6 January 2021, the Bank received a tax refund based on that Tax Court Decision. Until this report is prepared, the DGT has not yet submitted the Judicial Review to the Supreme Court on the above Tax Court Decision.*

- j. 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 with agreed underpayment amounting to Rp 748. The Bank made a partial payment of Rp 59,687 and recorded Rp 748 as an expense of the Bank in 2018 and Rp 58,939 as prepaid tax. 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.*

*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 and recorded a tax dispute amount of Rp 160 as an expense of the Bank in 2019.*

*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. Until this report is prepared, tax hearing on dispute Income Tax Article 21 December 2014 is still on going in Tax Court.*

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020***(Expressed in millions of Rupiah, unless otherwise stated)***34. PERPAJAKAN (lanjutan)**

Pada tanggal 5 September 2019, DJP menerbitkan Keputusan Keberatan atas SKPKB PPN 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 Pajak terhadap Keputusan Keberatan tersebut. Sampai dengan laporan ini dibuat, proses sidang terkait sengketa PPN Desember 2014 masih berlangsung di Pengadilan Pajak.

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.

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 dan mencatat jumlah kurang bayar sebesar Rp 381 sebagai biaya Bank di tahun 2019. Pada tanggal 15 Januari 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut.

- k. 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 dengan jumlah kurang bayar yang disetujui senilai Rp 151. Bank melakukan pembayaran penuh dan mencatat sejumlah Rp 151 sebagai biaya Bank di tahun 2018 dan Rp 93.926 sebagai pajak dibayar di muka. 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 dan mencatat jumlah sengketa pajak sebesar Rp 3.369 sebagai biaya Bank di tahun 2019.

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, proses sidang terkait sengketa PPN Desember 2015 masih berlangsung di Pengadilan Pajak.

**34. TAXATION (continued)**

*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 appeal to the Tax Court against that Objection Decision. Until this report is prepared, tax hearing on dispute VAT December 2014 is still on going in Tax Court.*

*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.*

*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 and recorded the tax dispute amount of Rp 381 as an expense of the Bank in 2019. On 15 January 2020, the Bank received a tax refund based on that Objection Decision.*

- k. 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 with agreed underpayment amounting to Rp 151. The Bank made full payment and recorded Rp 151 as an expense of the Bank in 2018 and Rp 93,926 as prepaid tax. 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 and recorded a tax dispute amount of Rp 3,369 as an expense of the Bank in 2019.*

*On 13 December 2019, DGT issued Objection Decision on Assessment Letter of VAT Fiscal Period December 2015 which rejected the Taxpayer's objection, so the tax dispute amount remained Rp 391. On 12 March 2020, the Bank then filed appeal to the Tax Court against that Objection Decision. Until this report is prepared, tax hearing on dispute VAT December 2014 is still on going in Tax Court.*



**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020***(Expressed in millions of Rupiah, unless otherwise stated)***34. PERPAJAKAN (lanjutan)**

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, proses sidang terkait sengketa PPh Badan 2015 masih berlangsung di Pengadilan Pajak.

- I. Pada tanggal 24 November 2017, KPP WPB I menerbitkan SKPKB PPN atas Pemanfaatan Barang Kena Pajak Tidak Berwujud dari Luar Daerah Pabean Masa Pajak April 2017 senilai Rp 2.300.911. Pada tanggal 23 Februari 2018, Bank kemudian mengajukan keberatan atas SKPKB tersebut. Pada saat pengajuan keberatan, Bank belum melakukan pembayaran atas SKPKB tersebut.

Pada tanggal 28 Desember 2018, DJP menerbitkan Keputusan Keberatan atas SKPKB PPN Masa Pajak April 2017 yang mengabulkan sebagian keberatan Wajib Pajak sebesar Rp 2.016.138 sehingga jumlah sengketa pajak menjadi Rp 284.773. Bank melakukan pembayaran sebesar Rp 284.773 pada tanggal 28 Desember 2018 dan kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut pada 26 Maret 2019.

Pada tanggal 16 Oktober 2020, Pengadilan Pajak mengucapkan Putusan Pengadilan Pajak mengenai banding terhadap Keputusan Keberatan atas SKPKB PPN Masa Pajak April 2017 yang mengabulkan seluruh permohonan banding Wajib Pajak sebesar Rp 284.773. Keputusan Pengadilan Pajak tersebut dikirimkan pada tanggal 22 Oktober 2020. Pada tanggal 6 Januari 2021, Bank menerima pengembalian kelebihan pembayaran pajak berdasarkan Putusan Pengadilan Pajak tersebut. Sampai dengan laporan ini dibuat, DJP belum mengajukan permohonan Peninjauan Kembali kepada Mahkamah Agung atas Putusan Pengadilan Pajak di atas.

**34. TAXATION (continued)**

*On 23 December 2019, DGT issued Objection Decision on Assessment Letter of CIT Fiscal Year 2015, 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 appeal to the Tax Court against that Objection Decision. Until this report is prepared, tax hearing on dispute CIT 2015 is still on going in Tax Court.*

- I. On 24 November 2017, LTO I issued an Underpayment Tax Assessment Letter of VAT on the Utilization of Taxable Intangibles from Outside Custom Area Fiscal Period April 2017 amounting to Rp 2,300,911. On 23 February 2018, the Bank then filed an objection to that Assessment Letter. When filing the objection, the Bank had not made any payment on that Tax Assessment Letter.*

*On 28 December 2018, DGT issued Objection Decision on Assessment Letter of VAT Fiscal Period April 2017 which accepted some of the Taxpayer's objection of Rp 2,016,138 so the tax dispute amount became Rp 284,773. The Bank made payment of Rp 284,773 on 28 December 2018 and then filed an appeal to Tax Court against that Objection Decision on 26 March 2019.*

*On 16 October 2020, Tax Court issued a Tax Court Decision regarding an appeal against Objection Decision on Assessment Letter of VAT Fiscal Period April 2017 which accepted all appeal requests of Taxpayer amounting to Rp 284,773. Such Tax Court decision is delivered on 22 October 2020. On 6 January 2021, the Bank received a tax refund based on that Tax Court Decision. Until this report is prepared, the DGT has not yet submitted the Judicial Review to the Supreme Court on the above Tax Court Decision.*

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020***(Expressed in millions of Rupiah, unless otherwise stated)***34. PERPAJAKAN (lanjutan)**

- m. 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 dengan jumlah kurang bayar yang disetujui senilai Rp 392. Bank melakukan pembayaran penuh dan mencatat sejumlah Rp 392 sebagai biaya Bank di tahun 2019 dan Rp 35.853 sebagai pajak dibayar di muka. Pada tanggal 23 Juli 2019, Bank kemudian mengajukan keberatan atas SKPLB PPh Badan, SKPKB PPh Pasal 21, PPh Pasal 23, PPh Pasal 26, PPh Final Pasal 4 (2), dan PPN.

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.

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.

Pada tanggal 21 Februari 2020, Bank menerima kelebihan pembayaran pajak berdasarkan SKPLB PPh Badan Tahun Pajak 2017.

Pada tanggal 28 dan 29 Mei 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Pasal 26 Masa Pajak Januari s.d. Desember 2017 yang mengabulkan sebagian kecil keberatan Wajib Pajak sehingga jumlah sengketa pajak menjadi Rp 7.578. Pada tanggal 26 Agustus 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut.

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 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 15.893. Pada tanggal 14 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut.

**34. TAXATION (continued)**

- m. On 24 April 2019, LTO I issued Overpayment Tax Assessment Letter of CIT Fiscal Year 2017 amounting to Rp 182,963, as well as Underpayment Tax Assessment Letters of Income Tax Article 21, Article 23, Article 26, Final Article 4 (2), and VAT Fiscal Year 2017 amounting to Rp 36,246 with agreed underpayment amounting to Rp 392. The Bank made full payment and recorded Rp 392 as an expense of the Bank in 2019 and Rp 35,853 as prepaid tax. On 23 July 2019, the Bank then filed an objection to Assessment Letter of CIT, Income Tax Article 21, Article 23, Article 26, Final Article 4 (2), and VAT.

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.

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.

On 21 February 2020, the Bank received a tax refund based on Overpayment Tax Assessment Letter of CIT Fiscal Year 2017.

On 28 and 29 May 2020, DGT issued Objection Decisions on Assessment Letters of Income Tax Article 26 Fiscal Period January up to December 2017 which accepted a small portion of the Taxpayer's objection so the tax dispute amount became Rp 7,578. On 26 August 2020, the Bank then filed appeal to the Tax Court against those Objection Decisions.

On 4 June 2020, DGT issued Objection Decision on Assessment Letter of VAT on the Utilization of Taxable Services from Outside Custom Area Fiscal Period December 2017 which fully accepted the Taxpayer's objection 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 15,893. On 14 September 2020, the Bank then filed appeal to the Tax Court against that Objection Decision.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**34. PERPAJAKAN (lanjutan)**

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.

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.

- n. Pada tanggal 30 Oktober 2019, KPP WPB I menerbitkan Surat Tagihan Pajak (STP) PPh Pasal 25 Masa Pajak Maret dan Juli 2019 senilai total Rp 189.703. Bank hanya melakukan pembayaran atas pokok kurang bayar pajak sebesar Rp 169.711. Pada tanggal 12 Desember 2019, Bank kemudian mengajukan permohonan penghapusan sanksi administrasi.

Pada tanggal 4 Februari 2020, DJP menerbitkan Keputusan tentang Penghapusan Sanksi Administrasi atas Surat Tagihan Pajak Secara Jabatan untuk Masa Pajak Maret 2019. Pada tanggal 6 Maret 2020, Bank menerima kelebihan pembayaran pajak berdasarkan keputusan tersebut.

- 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.
- p. 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.

**34. TAXATION (continued)**

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 so the tax dispute amount remained Rp 7,436. On 18 September 2020, the Bank then filed appeal to the Tax Court against that Objection Decision.

On 17 July 2020, DGT issued Objection Decision on Assessment Letter of CIT Fiscal Year 2017 which accepted some of the Taxpayer's objection so the tax dispute amount became Rp 269,804. On 11 August 2020, the Bank received a tax refund based on that Objection Decision. On 15 October 2020, the Bank then filed appeal to the Tax Court against that Objection Decision.

- n. On 30 October 2019, LTO I issued Tax Collection Letters of income Tax Article 25 Fiscal Period March and July 2019 amounting to Rp 189,703. The Bank only made payment for the underpaid tax of Rp 169,711. On 12 December 2019, the Bank then submitted a request for nullification of administrative sanction.

On 4 February 2020, DGT issued a Decision regarding the Nullification of Administrative Sanction on Tax Collection Letter ex Officio for Fiscal Period March 2019. On 6 March 2020, the Bank received a tax refund based on that decision.

- 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.
- p. 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 Financial Service 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.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**34. PERPAJAKAN (lanjutan)**

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.

- q. Pada tanggal 17 dan 23 Desember 2015, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 21, PPh Pasal 23, PPh Final Pasal 23/26, PPh Final Pasal 4 (2), dan PPN Tahun Pajak 2010 atas Wajib Pajak BUT HSBC senilai Rp 386.531. BUT HSBC melakukan pembayaran penuh dan mencatat sejumlah Rp 3.688 sebagai biaya dalam laporan laba rugi BUT HSBC tahun 2015 dan Rp 382.843 sebagai pajak dibayar di muka. BUT HSBC kemudian mengajukan keberatan atas SKPKB PPh Badan pada tanggal 11 Maret 2016 dan PPh Final Pasal 23/26 pada tanggal 14 Maret 2016.

Pada tanggal 21 Februari 2017, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2010 yang mengabulkan sebagian keberatan Wajib Pajak sebesar Rp 17.746 sehingga jumlah sengketa pajak menjadi Rp 365.097. Pada tanggal 11 April 2017, BUT HSBC kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan PPh Badan dan PPh Final Pasal 23/26 dan mencatat jumlah sengketa pajak sebesar Rp 3.255 yang tidak diajukan banding sebagai biaya dalam laporan laba rugi BUT HSBC tahun 2017.

Pada tanggal 20 Februari 2019, Pengadilan Pajak mengucapkan Putusan Pengadilan Pajak mengenai banding terhadap Keputusan Keberatan PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2010 yang mengabulkan seluruh permohonan banding Wajib Pajak sebesar Rp 361.987.

Pada tanggal 4 April 2019 dan 26 Juni 2019, Bank menerima pengembalian kelebihan pembayaran pajak BUT HSBC untuk PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2010 berdasarkan Keputusan Keberatan dan Putusan Pengadilan Pajak.

Pada tanggal 27 Mei 2019, DJP menyampaikan permohonan Peninjauan Kembali ke Mahkamah Agung atas Putusan Pengadilan Pajak di atas yang diterima oleh Bank pada tanggal 14 Juni 2019. Bank menyampaikan jawaban (kontra memori) terhadap permohonan peninjauan kembali tersebut pada tanggal 10 Juli 2019. Pada tanggal 17 Februari 2020, Mahkamah Agung kemudian mengeluarkan Putusan Mahkamah Agung yang menolak permohonan Peninjauan Kembali DJP.

**34. TAXATION (continued)**

*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.*

- q. *On 17 and 23 December 2015, LTO I issued Underpayment Tax Assessment Letters of CIT, Income Tax Article 21, Article 23, Final Article 23/26, Final Article 4 (2), and VAT Fiscal Year 2010 for Taxpayer PE HSBC amounting to Rp 386,531. PE HSBC made full payment and recorded Rp 3,688 as expense in the statement of profit or loss of PE HSBC for the year 2015 and Rp 382,843 as prepaid tax. PE HSBC then filed an objection to Assessment Letter of CIT on 11 March 2016 and Income Tax Final Article 23/26 on 14 March 2016.*

*On 21 February 2017, DGT issued Objection Decisions on Assessment Letter of CIT and Income Tax Final Article 23/26 Fiscal Year 2010 which accepted some of the Taxpayer's objection of Rp 17,746, so the tax dispute amount became Rp 365,097. On 11 April 2017, PE HSBC then filed an appeal to the Tax Court against Objection Decisions of CIT and Income Tax Final Article 23/26 and recorded tax dispute amount of Rp 3,255 which was not appealed as expense in the statement of profit or loss of PE HSBC for the year 2017.*

*On 20 February 2019, Tax Court issued Tax Court Decisions regarding an appeal against Objection Decisions on Assessment Letters of CIT and Income Tax Final Article 23/26 Fiscal Year 2010 which accepted all appeal requests of Taxpayer amounting to Rp 361,987.*

*On 4 April 2019 and 26 June 2019, the Bank received a tax refund of PE HSBC for CIT and Income Tax Final Article 23/26 Fiscal Year 2010 based on Objection Decisions and Tax Court Decisions.*

*On 27 May 2019, DGT submitted a civil review request to the Supreme Court on the above Tax Court Decisions which was received by the Bank on 14 June 2019. The Bank submitted responses (counter-memorials) to that civil review request on 10 July 2019. On 17 February 2020, the Supreme Court then issued a Supreme Court Decision that rejected the review request of DGT.*

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**34. PERPAJAKAN (lanjutan)**

- r. Pada tanggal 19 dan 28 Desember 2016, KPP WPB I menerbitkan SKPKB PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2011 atas Wajib Pajak BUT HSBC senilai Rp 136.706. BUT HSBC melakukan pembayaran penuh dan mencatat sejumlah Rp 1 sebagai biaya dalam laporan laba rugi BUT HSBC tahun 2016 dan Rp 136.705 sebagai pajak dibayar di muka. Pada tanggal 7 Maret 2017, BUT HSBC kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26.

Pada tanggal 13 Desember 2017, DJP menerbitkan Keputusan Keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2011 yang mengabulkan sebagian keberatan Wajib Pajak sebesar Rp 24.359 sehingga jumlah sengketa pajak menjadi Rp 112.346. Pada tanggal 12 Maret 2018, BUT HSBC kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan PPh Badan dan PPh Final 23/26.

Pada tanggal 18 September 2019, Pengadilan Pajak mengucapkan Putusan Pengadilan Pajak mengenai banding terhadap Keputusan Keberatan PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2011 yang mengabulkan seluruh permohonan banding Wajib Pajak sebesar Rp 112.346.

Pada tanggal 4 April 2019 dan 17 Januari 2020, Bank menerima pengembalian kelebihan pembayaran pajak BUT HSBC untuk PPh Badan dan PPh Final Pasal 23/26 Tahun Pajak 2011 berdasarkan Keputusan Keberatan dan Putusan Pengadilan Pajak.

Pada tanggal 19 Desember 2019, DJP menyampaikan permohonan Peninjauan Kembali ke Mahkamah Agung atas Putusan Pengadilan Pajak di atas yang diterima oleh Bank pada tanggal 9 Januari 2020. Bank menyampaikan jawaban (kontra memori) terhadap permohonan peninjauan kembali tersebut pada tanggal 5 Februari 2020. Pada tanggal 9 September 2020, Mahkamah Agung kemudian mengeluarkan Putusan Mahkamah Agung yang menolak permohonan Peninjauan Kembali DJP.

- s. 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 dan mencatat sejumlah Rp 2.685 sebagai biaya dalam laporan laba rugi BUT HSBC tahun 2017 dan Rp 44.189 sebagai pajak dibayar di muka. Pada tanggal 20 Maret 2018, BUT HSBC kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26.

**34. TAXATION (continued)**

- r. On 19 and 28 December 2016, LTO I issued Underpayment Tax Assessment Letters of CIT and Income Tax Final Article 23/26 Fiscal Year 2011 for Taxpayer PE HSBC amounting to Rp 136,706. PE HSBC made full payment and recorded Rp1 as expense in the statement of profit or loss of PE HSBC for the year 2016 and Rp 136,705 as prepaid tax. On 7 March 2017, PE HSBC then filed an objection to the Assessment Letter of CIT and Income Tax Final Article 23/26.

On 13 December 2017, DGT issued Objection Decisions on Assessment Letter of CIT and Income Tax Final Article 23/26 Fiscal Year 2011 which accepted some of the Taxpayer's objection of Rp 24,359 so the tax dispute amount became Rp 112,346. On 12 March 2018, PE HSBC then filed an appeal to the Tax Court against Objection Decisions of CIT and Income Tax Final Article 23/26.

On 18 September 2019, Tax Court issued Tax Court Decisions regarding an appeal against Objection Decisions on Assessment Letters of CIT and Income Tax Final Article 23/26 Fiscal Year 2011 which accepted all appeal requests of Taxpayer amounting to Rp 112,346.

On 4 April 2019 and 17 January 2020, the Bank received a tax refund of PE HSBC for CIT and Income Tax Final Article 23/26 Fiscal Year 2011 based on Objection Decisions and Tax Court Decisions.

On 19 December 2019, DGT submitted a civil review request to the Supreme Court on the above Tax Court Decisions which was received by the Bank on 9 January 2020. The Bank submitted responses (counter-memorials) to that civil review request on 5 February 2020. On 9 September 2020, the Supreme Court then issued a Supreme Court Decision that rejected the review request of DGT.

- s. 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 and recorded Rp 2,685 as expense in the statement of profit or loss of PE HSBC for the year 2017 and Rp 44,189 as prepaid tax. On 20 March 2018, PE HSBC then filed an objection to the Assessment Letter of CIT and Income Tax Final Article 23/26.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**34. PERPAJAKAN (lanjutan)**

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 44.189. Pada tanggal 29 Mei 2019, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan PPh Badan dan PPh Final 23/26. Sampai dengan laporan ini dibuat, Pengadilan Pajak belum mengucapkan Putusan Pengadilan Pajak mengenai banding atas Keputusan Keberatan tersebut.

- t. Pada tanggal 7 Desember 2018, KPP WPB I menerbitkan SKPKB PPh Badan, PPh Pasal 23, PPh Final Pasal 23/26, dan PPh Final Pasal 4 (2) Tahun Pajak 2013 atas Wajib Pajak BUT HSBC senilai Rp 86.029 dengan jumlah kurang bayar yang disetujui senilai Rp 1.725. BUT HSBC melakukan pembayaran sebagian sebesar Rp 67.001 dan mencatat sejumlah Rp 1.725 sebagai biaya dalam laporan laba rugi BUT HSBC tahun 2019 dan Rp 65.277 sebagai pajak dibayar di muka. 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.

- u. 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 dengan jumlah kurang bayar yang disetujui senilai Rp 643. Bank melakukan pembayaran sebagian sebesar Rp 39.682 dan mencatat sejumlah Rp 643 sebagai biaya Bank di tahun 2019 dan Rp 39.039 sebagai pajak dibayar di muka. Pada tanggal 13 Februari 2020, Bank kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPh Final 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 berencana untuk mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut.

**34. TAXATION (continued)**

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 44,189. On 29 May 2019, 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 Court has not issued Tax Court Decision regarding appeal against those Objection Decisions.

- t. On 7 December 2018, LTO I issued Underpayment Tax Assessment Letters of CIT, Income Tax Article 23, Final Article 23/26, and Final Article 4 (2) Fiscal Year 2013 for Taxpayer PE HSBC amounting to Rp 86,029 with agreed underpayment amounting to Rp 1,725. PE HSBC made a partial payment of Rp 67,001 and recorded Rp 1,725 as expense in the statement of profit or loss of PE HSBC for the year 2019 and Rp 65,277 as prepaid tax. On 5 March 2019, PE HSBC then filed an objection to Assessment Letter of CIT and Income Tax Final 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 objection 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 on going in Tax Court.

- u. On 15 November 2019 and 9 December 2019, LTO I issued Underpayment Tax Assessment Letters of CIT, Income Tax Article 23, Final Article 23/26, and Final Article 4 (2) Fiscal Year 2014 for Taxpayer PE HSBC amounting to Rp 45,919 with agreed underpayment amounting to Rp 643. The Bank made a partial payment of Rp 39,682 and recorded Rp 643 as an expense of the Bank and Rp 39,039 as prepaid tax. 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 plans to file appeal to the Tax Court against those Objection Decisions.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**34. PERPAJAKAN (lanjutan)**

- v. 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 dengan jumlah kurang bayar yang disetujui senilai Rp 104. Bank melakukan pembayaran penuh dan mencatat sejumlah Rp 104 sebagai biaya dalam laporan laba rugi BUT HSBC tahun 2019 dan Rp 49.889 sebagai pajak dibayar di muka. Pada tanggal 26 Maret 2019, BUT HSBC kemudian mengajukan keberatan atas SKPKB PPh Badan dan PPh Final Pasal 23/26.

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 Pasal 23/26. Sampai dengan laporan ini dibuat, proses sidang terkait sengketa PPh Badan dan PPh Final Pasal 23/26 2015 masih berlangsung di Pengadilan Pajak.

- w. 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 dengan jumlah kurang bayar yang disetujui senilai Rp 176. Bank melakukan pembayaran sebagian sebesar Rp 79.259 dan mencatat sejumlah Rp 176 sebagai biaya Bank di tahun 2019 dan Rp 79.083 sebagai pajak dibayar di muka. Bank kemudian mengajukan keberatan atas SKPKB PPh Badan, PPh Pasal 26 (4), PPh Pasal 26, dan PPN pada tanggal 19 Juli 2019.

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 5.941. Pada tanggal 6 Juli 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut. Pada tanggal 4 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut.

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 berdasarkan Keputusan Keberatan tersebut. Pada tanggal 4 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut.

**34. TAXATION (continued)**

- v. 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 with agreed underpayment amounting to Rp 104. The Bank made full payment and recorded Rp 104 as expense in the statement of profit or loss of PE HSBC for the year 2019 and Rp 49,889 as prepaid tax. On 26 March 2019, the Bank then filed an objection to Assessment Letter of CIT and Income Tax Final Article 23/26.

On 24 and 31 January 2020, DGT issued Objection Decisions on Assessment Letters of CIT and Income Tax Final Article 23/26 Fiscal Year 2015 which rejected the Taxpayer's objection, so the tax dispute amount remained Rp 49,889. 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 2015 is still on going in Tax Court.

- w. On 25 April 2019, 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 2017 for Taxpayer PE HSBC amounting to Rp 96,167 with agreed underpayment amounting to Rp 176. The Bank made a partial payment of Rp 79,259 and recorded Rp 176 as an expense of the Bank in 2019 and Rp 79,083 as prepaid tax. The Bank then filed an objection to Assessment Letter of CIT, Income Tax Article 26 (4), Article 26, and VAT on 19 July 2019.

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 5,941. On 6 July 2020, the Bank received a tax refund based on that Objection Decision. On 4 September 2020, the Bank then filed appeal to the Tax Court against that Objection Decision.

On 9 June 2020, DGT issued Objection Decision on Assessment Letter of Income Tax Article 26 (4) Fiscal Period December 2017 which accepted some of the Taxpayer's objection so the tax dispute amount became Rp 8,636. On 6 July 2020, the Bank received a tax refund based on that Objection Decision. On 4 September 2020, the Bank then filed appeal to the Tax Court against that Objection Decision.

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020***(Expressed in millions of Rupiah, unless otherwise stated)***34. PERPAJAKAN (lanjutan)**

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 3.964. Pada tanggal 6 Juli 2020, Bank menerima kelebihan pembayaran pajak berdasarkan Keputusan Keberatan tersebut. Pada tanggal 4 September 2020, Bank kemudian mengajukan banding ke Pengadilan Pajak terhadap Keputusan Keberatan tersebut.

Pada tanggal 8 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPN 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.

Pada tanggal 9 Juni 2020, DJP menerbitkan Keputusan Keberatan atas SKPKB PPN 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 PPN 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.

- x. 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 dengan jumlah kurang bayar yang disetujui senilai Rp 320. Bank melakukan pembayaran penuh sebesar Rp 133.981 dan mencatat sejumlah Rp 320 sebagai biaya Bank di tahun 2020 dan Rp 133.661 sebagai pajak dibayar di muka. 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.

**35. 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.

**34. TAXATION (continued)**

*On 9 June 2020, DGT issued Objection Decisions on Assessment Letters of Income Tax Article 26 Fiscal Period July, August, September, November, and December 2017 which accepted some of the Taxpayer's objection so the tax dispute amount became Rp 3,964. On 6 July 2020, the Bank received a tax refund based on those Objection Decisions. On 4 September 2020, the Bank then filed appeal to the Tax Court against those Objection Decisions.*

*On 8 June 2020, DGT issued Objection Decision on Assessment Letter of VAT Fiscal Period December 2017 which rejected the Taxpayer's objection so the tax dispute amount remained Rp 4,508. On 14 September 2020, the Bank then filed appeal to the Tax Court against that Objection Decision.*

*On 9 June 2020, DGT issued Objection Decision on Assessment Letter of VAT on the Utilization of Taxable Intangibles from Outside Custom Area (VAT on Offshore Intangibles) Fiscal Period December 2017 which fully accepted 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 VAT on the Utilization of Taxable Services from Outside Custom Area (VAT on Offshore Services) Fiscal Period December 2017 which fully accepted the Taxpayer's objection of Rp 21,271. On 6 July 2020, the Bank received a tax refund based on that Objection Decision.*

- x. *On 30 November 2020, 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 2016 for Taxpayer PE HSBC amounting to Rp 133,981 with agreed underpayment amounting to Rp 320. The Bank made a full payment of Rp 133,981 and recorded Rp 320 as an expense of the Bank in 2020 and Rp 133,661 as prepaid tax. On 23 February 2021, the Bank then filed an objection to Assessment Letter of CIT, Income Tax Article 26 (4), Article 26, VAT on Offshore Intangibles, and VAT on Offshore Services.*

**35. CUSTODIAL SERVICES**

*The Bank's Custodial Services Division obtained a license to provide custodial services from the Capital Market Supervisory Agency Division of Financial Service Authority under its Decree No. S-05/PM.2/2017 dated 20 January 2017.*



**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**35. JASA KUSTODIAN (lanjutan)**

Pada tanggal 31 Desember 2020 dan 2019, 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.

Jasa yang ditawarkan oleh Divisi Jasa Kustodian Bank meliputi jasa penyimpanan, penyelesaian dan penanganan transaksi, aksi korporasi, serta jasa-jasa penunjang terkait lainnya.

**35. CUSTODIAL SERVICES (continued)**

As at 31 December 2020 and 2019, 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.

The services offered by the Bank's Custodial Services Division include safekeeping, settlement and transaction handling, corporate action, and other related supporting services.

**36. SIFAT HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI**

Rincian saldo yang signifikan dengan pihak berelasi pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

**36. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES**

The details of significant balance with related parties as of 31 December 2020 and 2019 are as follows:

	2020		2019		
	Jumlah/ Amount	Persentase/ Percentage <sup>1)</sup>	Jumlah/ Amount	Persentase/ Percentage <sup>1)</sup>	
Giro pada bank-bank lain	2.908.335	2,58	1.746.901	1,56	Demand deposits with other banks
Penempatan pada bank-bank lain	10.519.314	9,34	7.696.511	6,88	Placements with other banks
Wesel ekspor	51.517	0,05	-	0,00	Export bills
Tagihan derivatif	15.567	0,01	67.888	0,06	Derivative receivables
Kredit yang diberikan kepada nasabah	5.507	0,00	2.954	0,00	Loans to customers
Aset Lain-lain	578.319	0,51	205.096	0,18	Other Assets
Simpanan dari nasabah	11.629	0,01	24.786	0,03	Deposits from customers
Simpanan dari bank-bank lain	785.843	0,84	1.628.842	1,74	Deposits from other banks
Liabilitas derivatif	119.612	0,13	94.397	0,10	Derivative payables
Utang akseptasi	76.525	0,08	136.367	0,15	Acceptance payables
Beban akrual dan provisi	10.852	0,01	74.445	0,08	Accruals and provisions
Liabilitas lain-lain	91.795	0,10	129.788	0,14	Other Liabilities
Pinjaman yang diterima	7.516.750	8,06	15.062.513	16,07	Borrowings
Pinjaman subordinasi	1.053.750	1,13	1.041.188	1,11	Subordinated debt

<sup>1)</sup> Persentase terhadap jumlah aset/liabilitasPercentage of the total assets/liabilities <sup>1)</sup>

Pada tanggal 31 Desember 2020 dan 2019, seluruh aset keuangan dengan pihak berelasi memiliki kualitas lancar.

As of 31 December 2020 and 2019, all financial assets with the related party are classified as current.

Pada tanggal 1 Mei 2013, Bank menandatangani perjanjian pinjaman dengan The Hongkong and Shanghai Banking Corporation Limited untuk fasilitas sebesar USD 150 juta (dalam nilai penuh) dan tenor pinjaman sampai dengan 3 tahun. Perjanjian pinjaman ini telah diperbaharui pada tanggal 9 September 2016. Pada tanggal 31 Desember 2020, saldo terhutang atas fasilitas ini adalah sebesar Rp 7.516.750 (USD 535 juta). Pinjaman ini memiliki tingkat suku bunga mengambang, yaitu LIBOR 1 bulan ditambah *spread* berkisar antara 46 bps sampai dengan 116 bps (*basis point*). Tanggal jatuh tempo pinjaman ini mulai dari November 2021 sampai dengan Juli 2022. Tidak ada aset yang ditempatkan sebagai jaminan atas pinjaman ini.

On 1 May 2013, the Bank entered into a borrowing agreement with the Hongkong and Shanghai Banking Corporation Limited for a facility amounting to USD 150 million (in full amount) and borrowing tenor up to 3 years. This borrowing agreement was renewed on 9 September 2016. As of 31 December 2020, the outstanding amount from this facility was Rp 7,516,750 (USD 535 million). This borrowing bears a floating interest rate of 1 month LIBOR plus spread between 46 bps to 116 bps (*basis point*). The maturity dates of the borrowing balances are ranging from November 2021 to July 2022. There is no asset put as collateral for this borrowing.

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

36. SIFAT HUBUNGAN DAN TRANSAKSI DENGAN  
PIHAK BERELASI (lanjutan)

Sebagai bagian dari integrasi usaha, terdapat pengalihan fasilitas pinjaman sebesar USD 1.250 juta. Jumlah saldo pinjaman yang ditransfer dari IMO kepada Bank pada 17 April 2017 adalah sebesar Rp 9.942.375 (USD 750 juta).

Pada tanggal 10 April 2017, Bank menandatangani perjanjian pinjaman subordinasi dengan HSBC Asia Pacific Holdings (UK) Limited (HAPH) 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 2020, saldo terhutang atas fasilitas ini adalah sebesar Rp 1.053.750 (USD 75 juta). Pinjaman subordinasi ini ditujukan untuk mendukung Modal Pelengkap (Tier 2).

Rincian transaksi yang signifikan dengan pihak berelasi untuk tahun yang berakhir tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

	2020		2019		
	Jumlah/ Amount	Persentase/ Percentage <sup>2)</sup>	Jumlah/ Amount	Persentase/ Percentage <sup>2)</sup>	
Pendapatan bunga	27.093	0,51	184.422	2,98	Interest income
Pendapatan provisi dan komisi	15.249	0,97	13.352	0,68	Fees and commission income
Beban bunga	245.577	17,14	638.326	28,80	Interest expenses
Beban provisi dan komisi	82.594	22,73	118.729	18,56	Fees and commission expenses
Beban umum dan administrasi	382.706	30,52	262.445	23,60	General and administrative expenses
Pendapatan lainnya - bersih	-	0,00	1.607	0,37	Other income - net

<sup>2)</sup> Persentase terhadap masing-masing jumlah pendapatan/beban

Percentage of the respective total income/expenses <sup>2)</sup>

Rincian tagihan kontinjensi dengan pihak-pihak berelasi pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

The details of contingent receivables with related parties as at 31 December 2020 and 2019 are as follows:

	2020		2019		
	Jumlah/ Amount	Persentase/ Percentage <sup>3)</sup>	Jumlah/ Amount	Persentase/ Percentage <sup>3)</sup>	
Tagihan kontinjensi : Garansi yang diterima dari bank-bank lain	3.633.224	18,57	8.365.089	52,71	Contingent receivables : Guarantees received from other banks

<sup>3)</sup> Persentase terhadap jumlah komitmen dan kontinjensi

Percentage of the total commitments and contingencies <sup>3)</sup>

Rincian sifat hubungan dan jenis transaksi yang signifikan dengan pihak berelasi pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

The details of the relationship and type of significant transactions with related parties as of 31 December 2020 and 2019 are as follows:

Pihak berelasi/Related party	Sifat relasi/Nature of relationship	Jenis transaksi/Type of transaction
HSBC Bank Australia Limited	Perusahaan afiliasi/Affiliated company	Giro/Demand deposits
HSBC Bank Canada	Perusahaan afiliasi/Affiliated company	Giro dan pendapatan provisi dan komisi/Demand deposits and fees and commissions income
The Hongkong and Shanghai Banking Corporation Limited, (Thailand branch) Bangkok	Perusahaan afiliasi/Affiliated company	Giro/Demand deposits

<sup>1)</sup> Telah dilakukan pencabutan ijin usaha pada tanggal 8 April 2019. Terdapat saldo laba rugi selama periode 1 January 2019 - 8 April 2019

There was revocation of business licence on 8 April 2019. <sup>1)</sup> There was remaining profit and loss from period 1 January 2019 - 8 April 2019

**PT BANK HSBC INDONESIA**

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**36. SIFAT HUBUNGAN DAN TRANSAKSI DENGAN  
PIHAK BERELASI (lanjutan)**

Rincian sifat hubungan dan jenis transaksi yang signifikan dengan pihak berelasi pada tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut: (lanjutan)

**36. 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 2020 and 2019 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, (Australian branches) Sydney	Perusahaan afiliasi/Affiliated company	Giro/Demand deposits
The Hongkong and Shanghai Banking Corporation Limited, (Indian branches) Mumbai	Perusahaan afiliasi/Affiliated company	Giro dan akseptasi/Demand deposits and acceptance
The Hongkong and Shanghai Banking Corporation Limited, (Japanese branches) Tokyo	Perusahaan afiliasi/Affiliated company	Giro/Demand deposits
The Hongkong and Shanghai Banking Corporation Limited, (New Zealand branches) Auckland	Perusahaan afiliasi/Affiliated company	Giro/Demand deposits
Hang Seng Bank Limited	Perusahaan afiliasi/Affiliated company	Call money
HSBC Bank plc	Perusahaan afiliasi/Affiliated company	Giro, surat berharga dan transaksi derivatif/Demand deposits, investment securities and derivative transactions
The Hongkong and Shanghai Banking Corporation Limited, (Singaporean branches) Singapore	Perusahaan afiliasi/Affiliated company	Giro, akseptasi, transaksi derivatif, dan surat berharga/Demand deposits, acceptance, derivative transactions, and investment securities
The Hongkong and Shanghai Banking Corporation Limited	Perusahaan afiliasi/Affiliated company	Giro, akseptasi, transaksi derivatif, call money, pinjaman yang diterima, surat berharga, dan beban bunga yang masih harus dibayar/Demand deposits, acceptance, derivative transactions, call money, borrowings, investment securities, and accrued expenses
The Hongkong and Shanghai Banking Corporation Limited, Jakarta branch <sup>1)</sup>	Perusahaan afiliasi/Affiliated company	-
HSBC Trinkaus and Burkhardt AG	Perusahaan afiliasi/Affiliated company	Giro dan akseptasi/Demand deposits and acceptance
HSBC Bank Malaysia Berhad	Perusahaan afiliasi/Affiliated company	Giro dan akseptasi/Demand deposits and acceptance
HSBC Amanah Malaysia Berhad	Perusahaan afiliasi/Affiliated company	Giro/Demand deposits
HSBC Asia Pacific Holdings (UK) Limited	Perusahaan induk/Parent company	Liabilitas lain-lain, Pinjaman subordinasi/Other liabilities, Subordinated debt
Dewan Komisaris, Direksi dan keluarga	Manajemen kunci/Key management	Kredit yang diberikan kepada nasabah dan simpanan dari nasabah/Loans to customers and Deposits from customers
HSBC Bank USA	Perusahaan afiliasi/Affiliated company	Giro/Demand deposits
HSBC Bank (China) Company Limited	Perusahaan afiliasi/Affiliated company	Giro dan akseptasi/Demand deposits and acceptance
HSBC France	Perusahaan afiliasi/Affiliated company	Giro/Demand deposits
HSBC Bank (Taiwan) Limited	Perusahaan afiliasi/Affiliated company	Giro dan akseptasi/Demand deposits and acceptance

<sup>1)</sup> Telah dilakukan pencabutan ijin usaha pada tanggal 8 April 2019. Terdapat saldo laba rugi selama periode 1 Januari 2019 - 8 April 2019

<sup>1)</sup> There was revocation of business licence on 8 April 2019. There was remaining profit and loss from period 1 January 2019 - 8 April 2019

**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.

**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.*

PT BANK HSBC INDONESIA

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**36. SIFAT HUBUNGAN DAN TRANSAKSI DENGAN  
PIHAK BERELASI (lanjutan)**

**Transaksi dengan personil manajemen kunci  
(lanjutan)**

Pada tanggal 31 Desember 2020 dan 2019, kredit yang diberikan kepada personil manajemen kunci dikategorikan sebagai lancar.

Remunerasi personil manajemen kunci untuk tahun yang berakhir tanggal 31 Desember 2020 dan 2019 terdiri dari:

	2020	2019
Imbalan kerja jangka pendek	324.038	325.374
Imbalan kerja berbasis saham	8.788	21.769
Imbalan kerja jangka panjang lainnya	5.767	2.536
Imbalan pasca-kerja	34.465	3.873

Rincian gaji, tunjangan dan bonus Dewan Komisaris, Direksi, Komite Audit dan Komite Pemantau Risiko selama tahun yang berakhir tanggal 31 Desember 2020 dan 2019 adalah sebagai berikut:

	2020	2019
Direksi	74.791	62.299
Dewan Komisaris	8.453	5.075
Komite Audit dan Komite Pemantau Risiko	720	720
Jumlah	83.964	68.094

**36. NATURE OF RELATIONSHIP AND  
TRANSACTIONS WITH RELATED PARTIES  
(continued)**

**Transactions with key management personnel  
(continued)**

As of 31 December 2020 and 2019, loans to the key management personnel are classified as current.

Remuneration of key management personnel for the years ended 31 December 2020 and 2019 comprised:

Short-term employee benefits  
Share-based compensation plan  
Other long-term employee benefits  
Post-employment benefits

Details of salaries, allowance and bonuses of the Board of Commissioners, Directors, Audit Committee and Risk Monitoring Committee for the years ended 31 December 2020 and 2019 are as follows:

Directors  
Board of Commissioners  
Audit Committee and Risk Monitoring Committee

Total

**37. KOMITMEN DAN KONTINJENSI**

Pada tanggal 31 Desember 2020 dan 2019, komitmen dan kontinjensi Bank adalah sebagai berikut:

	2020	2019
<b>Komitmen</b>		
Kewajiban komitmen		
L/C yang tidak dapat dibatalkan	(2.050.678)	(2.332.307)
Fasilitas kredit yang belum digunakan - committed	(9.611.269)	(4.242.629)
Jumlah kewajiban komitmen	(11.661.947)	(6.574.936)
<b>Kontinjensi</b>		
Kewajiban kontinjensi		
Bank garansi yang diterbitkan	(7.908.442)	(9.294.264)
Jumlah	(19.570.389)	(15.869.200)

Bank garansi diterbitkan atas nama nasabah dalam rangka penjaminan pembayaran kredit dan pelaksanaan proyek.

Pada tanggal 31 Desember 2020 dan 2019, semua L/C dan bank garansi diterbitkan untuk pihak ketiga.

**37. COMMITMENTS AND CONTINGENCIES**

As of 31 December 2020 and 2019, Bank's commitment and contingencies are as follows:

Commitment  
Committed liabilities  
Irrevocable L/C

Unused credit facilities - committed

Total committed liabilities

Contingency  
Contingent liability  
Bank guarantees issued

Total

Bank guarantees are issued on behalf of customers for credit repayment and project implementation purposes.

As of 31 December 2020 and 2019, all L/C and bank guarantees were issued to third parties.

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 37. KOMITMEN DAN KONTINJENSI (lanjutan)

Pada tanggal 31 Desember 2020 dan 2019, terdapat beberapa tuntutan hukum, pengurusan administrasi dan klaim yang belum terselesaikan dalam kegiatan usaha Bank. 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.

Bank tidak memiliki liabilitas kontinjensi yang signifikan pada tanggal 31 Desember 2020 dan 2019.

## 37. COMMITMENTS AND CONTINGENCIES (continued)

As of 31 December 2020 dan 2019, there are several legal actions, administrative proceedings, and claims in the ordinary course of the Bank's business. 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.

The Bank has no significant contingent liability as of 31 December 2020 and 2019.

## 38. 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.

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 antargrup - HBAP**

Pada tanggal 31 Maret 2017, Bank telah menandatangani Perjanjian Layanan Jasa Antargrup 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.

## 38. SIGNIFICANT AGREEMENT

*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.

Subsequently, the *Management Services Agreement* was changed and restated by the Bank and HBAP through the signing of the *Amendment and Restatement Management Services 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.

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

## 38. PERJANJIAN PENTING (lanjutan)

Perjanjian layanan jasa antargrup – HBAP  
(lanjutan)

Efektif tanggal 1 Januari 2019, pemberi layanan jasa untuk layanan *management support agreement* dan perjanjian layanan jasa antargrup - 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 layanan jasa antargrup - IMO

Dalam rangka membantu The Hongkong and Shanghai Banking Corporation Limited - Cabang Jakarta (IMO) untuk melakukan operasinya setelah integrasi dengan tujuan penutupan cabang, Bank telah menandatangani Perjanjian Layanan Jasa Intra-Grup dengan IMO dimana Bank telah setuju untuk memberikan jasa-jasa yang berkaitan dengan manajemen resiko, tata kelola, operasional usaha, pelaporan serta jasa lainnya sebagaimana disetujui kedua belah pihak efektif sejak tanggal 17 April 2017 sampai dengan tanggal 8 April 2019.

Pada tanggal 24 Januari 2019, Perjanjian Layanan Jasa Intra-Grup telah ditandatangani oleh HBAP dan HBID dimana karyawan HBID akan memberikan jasa untuk menunjang operasi sehari-hari terkait kegiatan yang tersisa paska penutupan Bank.

## 38. SIGNIFICANT AGREEMENT (continued)

## Intra-group service agreement – HBAP (continued)

Effective 1 January 2019, the service provider for the above management support agreement and intra-group service agreement - HBAP, will 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.

## Intra-group service agreement - IMO

In order to assist The Hongkong and Shanghai Banking Corporation Limited – Jakarta branches (IMO) to conduct in operation post integration for the purpose of branch closure, the Bank has signed an Intra-Group Service Agreement with IMO in which the Bank agrees to provide services relating to risk management, corporate governance, business operation, reporting, and other services as mutually agreed by both parties effectively since 17 April 2017 up to 8 April 2019.

On 24 January 2019, an Intra-Group Service Agreement was signed by HBAP and HBID in order for relevant HBID's personnel in which HBID will provide day-to-day operational support for residual activities post the Bank's closure.

## 39. DAMPAK PENERAPAN PSAK 71

Bank telah menerapkan PSAK 71 pada tanggal 1 Januari 2020, dampak atas transisi tersebut pada laporan posisi keuangan 1 Januari 2020 adalah sebagai berikut:

## 39. IMPACT OF THE IMPLEMENTATION OF SFAS 71

Bank has adopted SFAS 71 as of 1 January 2020, the effect of this transition to SFAS 71 has had on these financial statements as of 1 January 2020 are as follows:

	Catatan/ Notes	Saldo sebelum penerapan PSAK 71/ Balance before adoption of SFAS 71	Dampak penerapan PSAK 71/ Impact of SFAS 71 implementation	Saldo setelah penerapan PSAK 71/ Balance after adoption of SFAS 71	ASSET
<b>ASET</b>					<b>ASSET</b>
Kas	6	696.281	-	696.281	Cash
Giro pada Bank Indonesia	7	7.343.788	-	7.343.788	Demand deposits with Bank Indonesia
Giro pada bank-bank lain - bersih	8	2.261.135	(57)	2.261.078	Demand deposits with other banks - net
Penempatan pada Bank Indonesia		1.488.506	-	1.488.506	Placements with Bank Indonesia - net
Penempatan pada bank - bank lain - bersih	9	7.696.511	(193)	7.696.318	Placements with other banks - net
Efek - efek tujuan investasi	10	14.418.802	-	14.418.802	Investment securities
Aset keuangan dalam kelompok diperdagangkan	11	2.863.738	-	2.863.738	Financial assets held for trading
Tagihan derivatif	12	476.731	-	476.731	Derivative receivables
Efek-efek yang dibeli dengan janji dijual kembali		464.945	-	464.945	Securities purchase with agreements to resell
Wesel ekspor		1.434.664	-	1.434.664	Export bills - net
Tagihan akseptasi - bersih	13	2.601.928	(5.535)	2.596.393	Acceptance receivables - net
Kredit yang diberikan kepada nasabah- bersih	14	65.533.877	169.001	65.702.878	Loans to customers - net
Aset lain-lain	15	3.451.068	-	3.451.068	Other assets
Aset tetap - bersih	16	716.157	-	716.157	Properties and equipments - net
Aset tak berwujud - bersih	17	137.065	-	137.065	Intangible assets - net
Aset pajak tangguhan	34g	275.182	(32.991)	242.191	Deferred tax assets
<b>JUMLAH ASET</b>		<b>111.860.378</b>	<b>130.225</b>	<b>111.990.603</b>	<b>TOTAL ASSETS</b>

PT BANK HSBC INDONESIA

CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020

(Expressed in millions of Rupiah, unless otherwise stated)

39. DAMPAK PENERAPAN PSAK 71 (lanjutan)

Bank telah menerapkan PSAK 71 pada tanggal 1 Januari 2020, dampak atas transisi tersebut pada laporan posisi keuangan 1 Januari 2020 adalah sebagai berikut: (lanjutan)

39. IMPACT OF THE IMPLEMENTATION OF SFAS 71  
(continued)

Bank has adopted SFAS 71 as of 1 January 2020, the effect of this transition to SFAS 71 has had on these financial statements as of 1 January 2020 are as follows: (continued)

	Catatan/ Notes	Saldo sebelum penerapan PSAK 71/ Balance before adoption of SFAS 71	Dampak penerapan PSAK 71/ Impact of SFAS 71 implementation	Saldo setelah penerapan PSAK 71/ Balance after adoption of SFAS 71	
<b>LIABILITAS DAN EKUITAS</b>					<b>LIABILITIES AND EQUITY</b>
<b>LIABILITAS</b>					<b>LIABILITIES</b>
Simpanan dari nasabah	18	65.469.257	-	65.469.257	Deposits from customers
Simpanan dari bank-bank lain	19	5.058.515	-	5.058.515	Deposits from other banks
Liabilitas derivatif	12	473.541	-	473.541	Derivative payables
Utang akseptasi	13	2.601.928	-	2.601.928	Acceptance payables
Beban akrual dan provisi	20	502.670	-	502.670	Accruals and provisions
Liabilitas lain-lain	21	2.984.880	26.977	3.011.857	Other liabilities
Pinjaman yang diterima		15.062.513	-	15.062.513	Borrowings
Pinjaman subordinasi		1.041.188	-	1.041.188	Subordinated debt
					Employee benefits obligation
Liabilitas imbalan kerja	23	529.546	-	529.546	
<b>JUMLAH LIABILITAS</b>		<b>93.724.038</b>	<b>26.977</b>	<b>93.751.015</b>	<b>TOTAL LIABILITIES</b>
<b>EKUITAS</b>					<b>EQUITIES</b>
Modal saham	24	10.586.395	-	10.586.395	Share capital
Tambahan modal disetor - bersih	25	257.610	-	257.610	Additional paid-in-capital - net
Cadangan program kompensasi berbasis saham	22	14.894	-	14.894	Share-based payments program reserves
Pengukuran kembali atas liabilitas imbalan pasca kerja		(67.363)	-	(67.363)	Remeasurement from post employee benefits obligation
Perubahan nilai wajar bersih-efek-efek untuk tujuan investasi pada nilai wajar melalui penghasilan komprehensif lain	10	133.381	-	133.381	investment securities at fair value through other comprehensive income
Cadangan kerugian kredit ekspektasian - efek-efek untuk tujuan investasi pada nilai wajar melalui penghasilan komprehensif lain		-	4.276	4.276	Allowance for expected credit loss - investment securities at fair value through other comprehensive income
Saldo laba					Retained earnings
telah ditentukan penggunaannya	26	26.306	-	26.306	Appropriated
belum ditentukan penggunaannya		7.185.117	98.972	7.284.089	Unappropriated
<b>JUMLAH EKUITAS</b>		<b>18.136.340</b>	<b>103.248</b>	<b>18.239.588</b>	<b>TOTAL EQUITY</b>
<b>JUMLAH LIABILITAS DAN EKUITAS</b>		<b>111.860.378</b>	<b>130.225</b>	<b>111.990.603</b>	<b>TOTAL LIABILITIES AND EQUITY</b>

Berikut ini menyajikan dampak atas transisi dari "incurred loss approach" menjadi "kerugian kredit ekspektasian" untuk aset keuangan yang diukur pada biaya perolehan diamortisasi:

The following summarizes the effects of transitioning from the "incurred loss approach" to the "expected credit loss" approach for financial assets measured at amortised cost:

1 Januari/January 2020									
Cadangan kerugian penurunan nilai menurut PSAK 55/ Allowance for impairment losses per SFAS 55				Kerugian penurunan nilai menurut PSAK 71/ Impairment losses per SFAS 71					
Catatan/ Notes	Cadangan kerugian penurunan nilai kolektif/ Collective impairment provision	Cadangan kerugian penurunan nilai individual/ Individual impairment provision	Jumlah/ Total	Stage 1	Stage 2	Stage 3	Jumlah/ Total	Kenaikan/ (penurunan)/ Increase/ (decrease)	
Giro pada bank-bank lain	8	-	-	-	55	2	-	57	57
Penempatan pada bank-bank lain	9	-	-	-	193	-	-	193	193
Tagihan akseptasi Kredit yang diberikan kepada nasabah	13	-	-	-	3.600	1.931	4	5.535	5.535
Liabilitas lain-lain	21	753.944	1.369.239	2.123.183	256.127	267.021	1.431.034	1.954.182	(169.001)
		-	-	-	16.081	10.865	31	26.977	26.977
Cadangan kerugian kredit ekspektasian - efek-efek tujuan investasi pada nilai wajar melalui penghasilan komprehensif lain		-	-	-	4.276	-	-	4.276	4.276
		753.944	1.369.239	2.123.183	280.332	279.819	1.431.069	1.991.220	(131.963)

**CATATAN ATAS LAPORAN KEUANGAN  
TAHUN BERAKHIR 31 DESEMBER 2020**

(Dinyatakan dalam jutaan Rupiah, kecuali dinyatakan lain)

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

(Expressed in millions of Rupiah, unless otherwise stated)

**40. PERISTIWA PENTING SETELAH PERIODE  
PELAPORAN**

Pada bulan November 2020, Pemerintah Republik Indonesia telah menandatangani Undang-Undang No.11/2020 tentang Cipta Kerja ("Omnibus Law") yang antara lain akan berdampak pada liabilitas imbalan paska kerja. Namun demikian, peraturan pelaksanaannya baru dikeluarkan pada bulan Februari 2021 sehingga Bank masih melakukan perhitungan liabilitas imbalan paska kerja berdasarkan Perjanjian Kerja Bersama ("PKB") yang sejalan dengan UU No.13/2003. Sampai dengan tanggal penyelesaian laporan keuangan ini, Bank masih menganalisis dampak yang mungkin timbul dari penerapan *Omnibus law* tersebut.

**40. SIGNIFICANT EVENT AFTER THE REPORTING  
PERIOD**

In November 2020, the Government of the Republic of Indonesia has signed Law No.11/2020 relating to Job Creation ("Omnibus Law") that among others will impact the obligation for post-employment benefits. However, the implementation regulation has just issued in February 2021 therefore, the Bank still calculated the obligation for post-employment benefits based on Collective Labor Agreement ("CLA") which in line with UU No.13/2003. Until the completion date of this financial statements, the Bank is still analysing the possible impact of the implementation of this Omnibus Law.

**41. REKLASIFIKASI**
**Laporan arus kas**

Aktivitas tertentu dalam laporan arus kas untuk tahun yang berakhir pada tanggal 31 Desember 2019 telah direklasifikasi sehubungan dengan perolehan hak guna usaha agar sesuai dengan penyajian laporan arus untuk tahun yang berakhir pada tanggal 31 Desember 2020.

**41. RECLASSIFICATION**
**Statement of cash flows**

Certain activities in the statement of cash flows for the year ended 31 December 2019 has been reclassified in relation with acquisition of right of use assets to conform with the presentation of statement of cash flows for the year ended 31 December 2020.

31 Desember/December 2019			
	Disajikan sebelumnya/ As previously stated	Reklasifikasi/ Reclassification	Setelah reklasifikasi/ After reclassification
<b>ARUS KAS DARI AKTIVITAS OPERASI:</b>			<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>
Aset lain-lain	(552.533)	117.282	(435.251) Other assets
<b>ARUS KAS DARI AKTIVITAS INVESTASI:</b>			<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>
Perolehan aset hak guna usaha	-	(117.282)	(117.282) Acquisition of right of use assets





ANNUAL  
REPORT  
**2020**

# AGILITY TO **WITHSTAND**



PT Bank HSBC Indonesia  
World Trade Center 1  
Jl. Jenderal Sudirman Kav. 29-31  
Jakarta 12920 Indonesia

Personal: 1500 808  
Business: 1500 237

Website: [www.hsbc.co.id](http://www.hsbc.co.id)