

2020 Annual Report of Integrated Corporate Governance Implementation

OCBC Financial Conglomerate in Indonesia
PT Bank OCBC NISP Tbk as Main Entity



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Corporate Governance Implementation Report PT Bank OCBC NISP Tbk 2020



Preface

To create sustainable and stable growth as well as having high competitiveness in financial sector, implementation of Good Corporate Governance (GCG) is necessary. It is also needed since the existence of Financial Institutions with ownership and/or control relationship in various financial services sectors has increased the complexity of transactions and interactions among Financial Services Institutions (FSIs) in the Financial Conglomerate (FC).

PT Bank OCBC NISP Tbk (hereinafter referred to as “Bank” or “OCBC NISP”), based on the appointment from Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) through OCBC Overseas Investments Pte. Ltd. (“OOI”) as the controlling shareholder, is the Main Entity (“ME”) of OCBC Financial Conglomerate in Indonesia with sister companies as members namely PT Great Eastern Life Indonesia (“GELI”), PT OCBC Sekuritas Indonesia (“PTOS”), and PT Great Eastern General Insurance (“GEGI”) required to implement comprehensive Integrated Governance in accordance with the Financial Services Authority Regulation (“POJK”).

2020 Annual Report of Integrated Corporate Governance Impementation consists of:

1. Integrated Governance Implementation Self-Assessment Report in 2020

OCBC NISP has prepared Self-Assessment Reports on the Integrated Governance Implementation for the period of January-June 2020 and July-December 2020 which have been submitted to OJK timely.

2. Financial Conglomerate Structure and Wider Conglomerate Structure

Relationships between OCBC NISP with GELI, PTOS, and GEGI in OCBC Financial Conglomerate in Indonesia and wider conglomerate structure if it differs.

3. Share Ownership Structure in OCBC Financial Conglomerate in Indonesia

The shareholders of FSIs in the OCBC Financial Conglomerate in Indonesia up to the ultimate shareholders.

4. Management Structure in the Main Entity and FSIs

The Management of OCBC NISP, PTOS, GELI, and GEGI in OCBC Financial Conglomerate in Indonesia.

5. Intra-Group Transaction Policy

Intra-Group Transaction Policy to identify, manage and mitigate intra-group transactions.

6. 2020 Annual Corporate Governance Implementation Report

Bank's 2020 Corporate Governance Implementation Report as stipulated in the applicable provision concerning the implementation of Corporate Governance for Commercial Bank



2020 Integrated Governance Implementation Self Assessment Report

As Main Entity, OCBC NISP carries out a self-assessment of the implementation of Integrated Governance taking into account the significance and/or materiality of issues regarding the Implementation of Integrated Governance in the FC in accordance with POJK. Self-assessment was carried out comprehensively and structured, covering 7 (seven) evaluation factors for the Integrated Governance, namely:

1. Implementation of duties and responsibilities of the Board of Directors (BOD) ME
2. Implementation of duties and responsibilities of the Board of Commissioners (BOC) ME
3. Duties and responsibilities of the Integrated Governance Committee (IGC)
4. Duties and responsibilities of the Integrated Compliance Working Unit (ICWU)
5. Duties and responsibilities of the Integrated Internal Audit Working Unit (IIAWU).
6. Implementation of Integrated Risk Management; and
7. Preparation and implementation of Integrated Governance Guidelines.

Assessment was done by evaluating the structure, process, and outcome of each assessment factor. Based on self-assessment result, the ME prepared Integrated Corporate Governance Self-Assessment Report, signed by the President Director and Compliance Director of ME.

Below are the conclusions of the Integrated Governance Implementation Assessment Report for the period of December 2020:

Corporate Governance Structure

1. The structure of the BOD and BOC of the ME has fulfilled the applicable provisions and is sufficient to carry out its duties and responsibilities. The adequacy of the structure includes number of members, domicile, number of Independent Commissioners, integrity, competence and financial reputation as well as having knowledge and understanding of the ME and the FSIs in FC, including understanding the main business activities and main risks of the FSIs in the FC, obtained from both formal and non-formal education, and work experience.
2. The existing IGC structure is in accordance with the applicable provisions and is sufficient to carry out its duties and responsibilities related to the size and complexity of the FC. The adequacy of the structure includes the number, composition, criteria, concurrent position and independence of Committee members.
3. The ICWU and IIAWU have fulfilled the independence requirements. Human resources in ICWU and IIAWU are qualified to carry out their duties and responsibilities effectively.
4. The ME has an adequate organizational structure to support the Implementation of Integrated Risk Management, namely the Integrated Risk Management Working Unit ("IRMWU") and Integrated Risk Management Committee (IRMC).
5. The infrastructure is adequate in accordance with applicable regulations and are reviewed periodically, including the Integrated Governance Guidelines, Integrated Risk Management Policies, Integrated Risk Profile Policies, Integrated Risk Management Implementation Policies, Integrated Capital Management Policies and Integrated Capital Management Procedures, the Integrated Group Transaction Policy, as well as Corporate Charter.

Corporate Governance Process

1. The BOD ME has effectively carried out its duties and responsibilities, among others by directing, monitoring and evaluating the implementation of the Integrated Governance



Guidelines, as well as following up on the audit findings and recommendations from IIAWU, External Auditors, the supervisory results of OJK and other authorities.

2. The BOC ME oversights on the implementation of BOD ME duties and responsibilities is carried out among others through the BOC ME meeting held on April 21st and August 27th, 2020. Meanwhile, the evaluation of the Integrated Governance Guidelines has been carried out in Semester 2 – 2020 and approved in the meeting dated August 27th, 2020.
3. The IGC has evaluated the implementation of Integrated Governance at least through the assessment of the adequacy of internal control and the implementation of the integrated compliance function, among others, in the IGC meetings which were held on February 13th, August 13th, and November 12th, 2020.
4. ICWU has monitored and evaluated the implementation of the Compliance Function at each FSI, among others, through quarterly coordination meetings and periodic assurance. To ensure the implementation of POJK No.44/POJK.05/2020 concerning Implementation of Risk Management for Non-Bank Financial Services Institutions and POJK No.45/POJK.03/2020 concerning Financial Conglomerate, ICWU has conducted regulatory socialization and discussion of gap analysis with the related units and FSIs.
5. IIAWU has monitored the planning and implementation of internal audit at each FSI, communicated directly on a regular basis with the President Director and Head of Internal Audit at each FSI to increase Internal Audit function effectiveness. The monitoring includes oversight on FSI's Internal Audit governance in reporting its audit activities and results to the respective Audit Committee and the BOC as well as the adequacy of the implementation of follow-up actions on audit findings has been carried out in a timely manner. To support audit monitoring effectiveness, IIAWU has a terms of reference (TOR) agreed with the FSI's internal audit which has been approved by the President Director of each FSI.
6. IRMWU has implemented integrated risk management in accordance with the provisions of the regulator in coordination with the working units that carry out the risk management function in each FSI. The ME and each FSI have agreed on terms of reference (TOR) related to the implementation of Integrated Risk Management to strengthen risk management governance processes in financial conglomerates as well as to improve the monitoring from ME on the implementation of risk management in FSIs. The AML-CFT Working Unit in the Bank as ME has provided an shared the implementation of the AML-CFT program to AML-CFT Working Unit/Function in each FSI. In relation to the COVID-19 pandemic, the ME has established Crisis Situation Communication Guidelines for FC to provide communication guidelines of crisis situations from FSIs to the ME and to conduct continuing coordination concerning the communication between FSIs on the implementation of health protocols in accordance with direction provided by the government.
7. The BOD and BOC ME have approved the Integrated Governance Charter, Integrated Risk Management Policy, Integrated Risk Management Implementation Policies, Integrated Capital Management Policies and Intra-Group Transaction Policies. These Guidelines and Policies have been implemented well by the ME and each FSI. During 2020, BOD and BOC ME approved the Integrated Capital Adequacy Report, the Integrated Risk Profile Report of the FC, and reviewed results of the parameters and threshold of the Integrated Risk Profile 2020.

Corporate Governance Outcome

1. The BOD ME aspect has been met and in accordance with applicable regulations so that there is an effective process supported by adequate structure and infrastructure.
2. The results of BOC ME, BOD ME, IGC, and IRMC meetings have been stated in the minutes of the meetings and are well documented, including clear disclosure of dissenting opinions (if any) along with the reasons that occurred in the meetings.

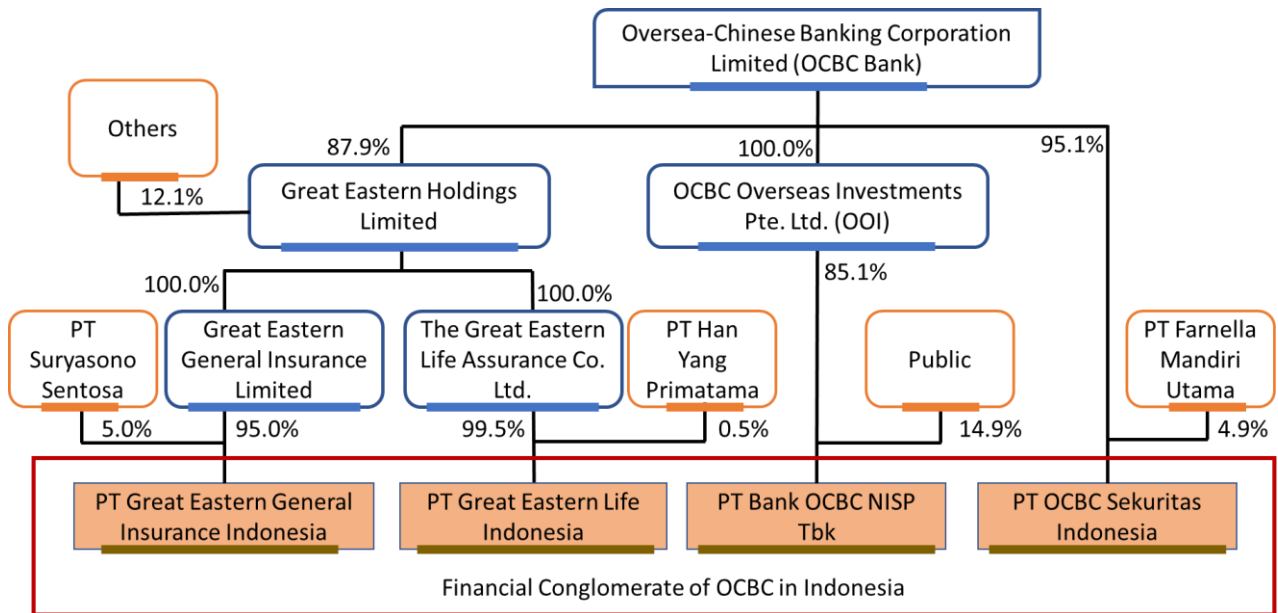


3. Recommendations of the supervision results of the BOC ME have been submitted to the BOD ME, among others through BOC ME meeting.
4. ICWU has prepared and submitted the Implementation of Duties and Responsibilities Report to the Director in charge of the Compliance Function in the Main Entity.
5. Assurance Result Report on the implementation of Governance in each FSIs have been presented in the BOD ME Meeting, IGC Meeting, and BOC ME Meeting.
6. IIAWU has prepared an Implementation Report which is a monitoring result of the internal audit implementation in each FSI. If deemed necessary, IIAWU can recommend certain follow-ups to improve governance, risk management and internal control at FSIs. Meanwhile, ICWU prepared an Integrated Compliance Duties and Responsibilities Implementation Report which was a monitoring and evaluation result of compliance function implementation in each LJK to the Compliance Director of the Main Entity. IRMWU has compiled and submitted integrated risk profile reports regularly to the ME Director who is in charge of the Integrated Risk Management function and to IRMC. Thus, the BOD ME can monitor IIAWU, ICWU, IRMWU, and IRMC reports.
7. Integrated Risk Profile Assessment of FC is very good and effective in accordance with characteristic and complexity of the FC's business, where inherent risk can be managed very well at a low level and supported by a very adequate quality of integrated risk management.
8. Integrated Governance results have reflected that ME and FSIs in the FC always apply the GCG principles in accordance with the Integrated Governance Charter. All aspects have been fulfilled and in accordance with the provisions. The Integrated Governance process is running effectively, supported by adequate structure and infrastructure which resulted in good integrated governance.

Based on Integrated Governance Self-Assessment conducted by ME, the implementation of the Integrated Governance as of December 2020 is 1 (one) or **Very Good**. This is reflected in the very adequate fulfillment of the implementation of the Integrated Governance Principles. If there are weaknesses in the Integrated Governance Principles, in general those weaknesses are not significant and can be immediately corrected by the Main Entity and/or FSIs.



Financial Conglomerat Structure, Wider Conglomerate Structure, and Share Ownership Structure of OCBC Financial Conglomerate in Indonesia



Description:

Share ownership in each company is as follows:

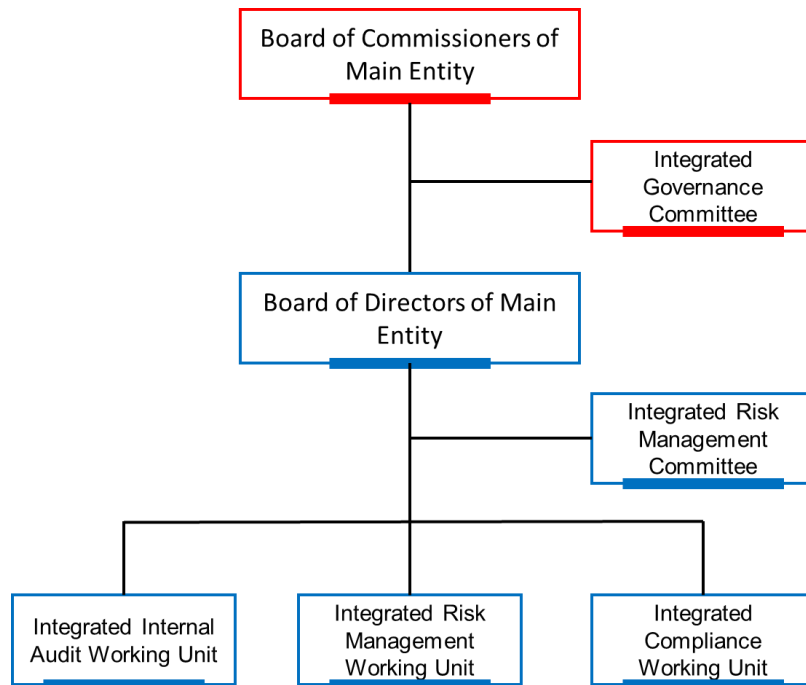
1. OCBC NISP as ME is 85.1% owned by OCBC Overseas Investment Pte. Ltd. (OOI) and 14.9% owned by public.
2. GELI as FSI sister company is owned by The Great Eastern Life Assurance Company Limited (Singapura) 95.5% and PT Han Yang Primatama (Indonesia) 0.5%.
3. PTOS as FSI sister company is owned by OCBC Bank (Singapura) 95.1% and PT Farnella Mandiri Utama (Indonesia) 4.90%.
4. GEGI as FSI sister company is owned by Great Eastern General Insurance Limited (Singapura) 95.0% and PT Suryasono Sentosa (Indonesia) 5.0%.



Management Structure in Main Entity and Financial Services Institutions

Management Structure of Main Entity in OCBC Financial Conglomerate in Indonesia

To fulfill and implement the Integrated Governance well in accordance with applicable regulations, the Main Entity of OCBC FC in Indonesia has a management structure as follows:



The BOC ME

The BOC ME is responsible for supervising the implementation of Integrated Governance in the FC and ensuring the implementation of integrated risk management in accordance with the characteristics and complexity of the FC’s business. The structure of BOC ME is as follows:

1.	Pramukti Surjandaja	President Commissioner
2.	Samuel Nag Tsien	Commissioner
3.	Lai Teck Poh	Commissioner
4.	Jusuf Halim	Independent Commissioner
5.	Kwan Chiew Choi	Independent Commissioner
6.	Hardi Juganda	Independent Commissioner
7.	Betti S. Alisjahbana	Independent Commissioner
8.	Rama P. Kusumaputra	Independent Commissioner



BOD ME

The BOD ME is responsible for ensuring the implementation of integrated governance in the FC and the application of integrated risk management in accordance with the characteristics and complexity of the FC's business. The structure of the BOD ME is as follows:

1.	Parwati Surjaudaja	President Director
2.	Emilya Tjahjadi	Director
3.	Hartati	Director
4.	Martin Widjaja	Director
5.	Andrae Krishnawan W.	Director
6.	Johannes Husin	Director
7.	Low Seh Kiat	Director
8.	Joseph Chan Fook Onn	Director
9.	Ka Jit	Director
10.	Lili S. Budiana	Director

IGC

Duties and responsibilities of IGC at least are as follows:

1. Evaluate the implementation of Integrated Governance, at least through an assessment of the adequacy of internal control and the implementation of the integrated compliance function.
2. Provide recommendations to the BOC ME for improving the Integrated Governance Guidelines.

The composition of IGC as of December 31st, 2020 is as follows:

Position in the Committee	Designation	Name
Chairman, concurrently as Member	Independent Commissioner of OCBC NISP	Jusuf Halim
Member	Independent Commissioner of OCBC NISP	Rama P. Kusumaputra
Member	Independent Commissioner of PTOS	Nancy Effendy
Member	Independent Commissioner of GELI	Washinton Pandapotan Sihombing
Member	Independent Commissioner of GEGI	Ludovicus Sensi Wondabio
Member	Member of Sharia Supervisory Body OCBC NISP	Mohammad Bagus Teguh Perwira
Member	Independent Party of OCBC NISP	Angeline Nangoi

IRMC

IRMC has the duties and responsibilities to assist the BOD ME in the FC in Indonesia in preparing the Integrated Risk Management Policy, overseeing the implementation of the policy and providing recommendations on matters that need to be done related to Intergrated Risk Management, including Implementation of Risk Management in each FSI within the framework of the FC. The composition of IRMC is as follows:



Position in the Committee	Designation
Chairman	Director of Risk Management of OCBC NISP
Member	President Director of GELI
Member	President Director of PTOS
Member	President Director of GEGI
Member	Head of Credit Risk OCBC NISP
Member	Corporate Credit Risk Management Division Head OCBC NISP
Member	Market and Liquidity Risk Management Division Head OCBC NISP
Member	Operational Risk Management Division Head OCBC NISP
Member	Enterprise Risk and Policy Management Division Head OCBC NISP (Secretary)

IIAWU

Internal Audit Division OCBC NISP is appointed as IIAWU in OCBC FC in Indonesia. IIAWU is an independent working unit and is directly responsible to the President Director of ME, and indirectly to the BOC ME. The duties and responsibility of IIAWU is to monitor the implementation of integrated audit in each FSI and to submit reports on its implementation to the BOD ME, BOD ME, and Compliance Director of ME.

ICWU

The implementation of the integrated Compliance duties are carried out by the Compliance Unit at OCBC NISP that has fulfilled the provision related to the Implementation of Compliance Function for Commercial Banks, which is independent from the operational working unit (Risk Taking Unit) that is not directly involved in the Bank's operational activities. The ICWU duties and responsibilities are to monitor and evaluate the implementation of the compliance function at each FSI in the FC.



Management Structure of FSIs in OCBC Financial Conglomerate in Indonesia

As of 31 December 2020, the Management Structure of FSIs are as follows:

1. OCBC NISP

BOC

1.	Pramukti Surjaudaja	President Commissioner
2.	Samuel Nag Tsien	Commissioner
3.	Lai Teck Poh	Commissioner
4.	Jusuf Halim	Independent Commissioner
5.	Kwan Chiew Choi	Independent Commissioner
6.	Hardi Juganda	Independent Commissioner
7.	Betti S. Alisjahbana	Independent Commissioner
8.	Rama P. Kusumaputra	Independent Commissioner

BOD

1.	Parwati Surjaudaja	President Director
2.	Emilya Tjahjadi	Director
3.	Hartati	Director
4.	Martin Widjaja	Director
5.	Andrae Krishnawan W.	Director
6.	Johannes Husin	Director
7.	Low Seh Kiat	Director
8.	Joseph Chan Fook Onn	Director
9.	Mirah Wiryatmodjo	Director

SHARIA SUPERVISORY BOARD

1.	Muhammad Anwar Ibrahim	Chairman
2.	Mohammad Bagus Teguh Perwira	Member

2. PTOS

BOC

1.	He Shaoqin	President Commissioners
2.	Gan Kok Kim	Commissioner
3.	Nancy Effendy	Independent Commissioner

DIREKSI

1.	Adiyasa	President Director
2.	Livius Nurtanio	Director
3.	Jermaine	Director
4.	Djamdjani	Director

3. GELI

BOC

1.	Khor Hock Seng	President Commissioner
2.	Lilies Handayani	Independent Commissioner
3.	Wasinthon Pandapotan Sihombing	Independent Commissioner



BOD

1.	Lien Cheong Kiat Clement	President Director
2.	Fauzi	Director
3.	Yungki Aldrin	Compliance Director
4.	Nina	Director

SHARIA SUPERVISORY BOARD

1.	Huzaemah T. Yanggo	Chairman
2.	Umar Alhaddad	Member

4. GEGI

As of 31 December 2020, the Management Structure of GEGI are as follows:

BOC

1.	Khor Hock Seng	President Commissioner
2.	Jimmy Tong Teng Wah	Commissioner
3.	Iswahyudi Aswar Karim	Independent Commissioner
4.	Ludovicus Sensi Wondabio	Independent Commissioner

BOD

1.	Aziz Adam Sattar	President Director
2.	Linggawati Tok	Director
3.	Andy Soen	Director
4.	Lee Pooi Hor	Director



Intra-Group Transaction Policy

Intra-Group Transaction Risk is the risk due to the dependency of an entity, directly or indirectly, to other entities in a FC, both in the context of fulfilling written and unwritten contractual obligations and whether they are followed by fund transfer or not. To mitigate the risks of intra-group transactions in the FC, ME has prepared an Intra-Group Transaction Policy which stipulates that each FSI in the FC must be able to identify, manage and mitigate intra-group transaction.

Identification of Intra-Group Transactions

1. Each FSI in the FC must identify transactions that can be categorized as intra-group transaction, including:
 - a. Cross ownership among FSIs in FC.
 - b. Guarantees, loans, and commitments given or obtained by an FSI from other FSIs in the FC.
 - c. Exposure to controlling shareholders, including loan exposures and off-balance sheet such as gurantees and commitments.
 - d. Purchase or sale of assets to other FSIs in the FC.
 - e. Risk transfer through reinsurance to other FSIs in the FC.
 - f. Transaction to divert third party risk exposure among FSIs in the FC.
2. Approval of Intra-Group transactions that have been identified must follow the applicable internal procedure in each FSI.
3. In identifying the risks that may arise from intra-group transactions, the following factors must be considered, including:
 - a. Conflicts of interest originating from intra-group transactions.
 - b. Fulfillment of the Arm's Length Principle (principle of transaction fairness).
 - c. Impact of transactions on financial performance of FSIs in the FC.
 - d. Compliance with applicable laws and regulations.

Intra-group Transaction Management

1. Each FSI must avoid conflicts of interest and fulfill the Arm's Length Principle in managing intra-group transactions. Disclosure of conflicts of interest must comply with applicable regulations.
2. Each FSI in FC must determine the level of intra-group transaction risk that will be taken in accordance with the strategy and business characteristics of each FSI and the laws and regulations in force in each financial sector. The implementation of intra-group transaction risk levels can be expressed through thresholds or limits on inherent risk levels in the risk profile.
3. In managing intra-group transactions, it must meet four components of risk management implementation, namely (i) risk management; (ii) risk management framework that include the adequacy of policies, procedures and limit setting; (iii) risk management processes, adequacy of human resources, and adequacy of management information systems; and (iv) the adequacy of the risk control system.
4. OCBC NISP as ME along with each FSI in the FC prepares an intra-group transaction risk profile report every six months to be informed to the BOC ME and BOD ME and submitted to OJK.
5. Each FSI must record and keep complete an adequate documentation of the intra-group transactions conducted.



Mitigation of Intra-Group Transactions

1. In each intra-group transaction, each FSI must ensure that the intra-group transaction is still in accordance with the specified risk level. In the event of a conflict of interest and/or increase in risk arising from intra-group transactions, each FSI conducting the transaction must take mitigation actions to minimize the negative impact on the performance of FC.
2. Mitigation of intra-group transactions is carried out by each FSI by preparing an action plan to reduce the increased risk of intra-group transactions.
3. Mitigation of intra-group transactions must be in line with the applicable laws and regulations in each financial sector.



CORPORATE GOVERNANCE IMPLEMENTATION REPORT 2020 PT BANK OCBC NISP TBK

GOVERNANCE POLICY

The Bank has Guidelines of Corporate Governance Implementation which contains (1) The governance system, (2) Roles and responsibilities of each of the Company's organs, as well as (3) Monitoring and reporting.

Subsequently, the Bank's commitment on the implementation of good corporate governance (GCG) includes, among others:

1. Incorporation of GCG principles into the Bank's philosophy, vision, mission, and culture.
2. The Board of Commissioners and Directors Charter, as well as Code of Conduct.
3. The working relationship of the Board of Commissioners and the Board of Directors is carefully laid out to incorporate a system of checks and balances to ensure the Bank's robust and sound development.

The Bank regularly assesses and evaluates the GCG implementation for continuous improvement to safeguard the interests and expectations of all stakeholders.

Governance Structure and Infrastructure

- Governance Structure consists of the Company Organs which include General Meeting of Shareholders (GMS), the Board of Commissioners, Board of Directors, and Committees of the Board of Commissioners and Independent Units (Compliance Function, Internal and External Audit Functions, Risk Management, and Corporate Secretary Function).
- Infrastructure is the Bank's policies in conducting business, including (a) Corporate Plan, Work and Budget Plan; (b) Business Policy; (c) Supervisory Policy.

Governance Implementation Assessment

Governance implementation assessment is conducted through self-assessment and by external parties.

- The Governance self-assessment was referring to OJK Regulation (POJK) No. 55/POJK.03/2016 concerning the Governance Implementation for Commercial Banks, conducted for the 1st and 2nd semester 2020 resulted in the 1st Rating or Very Good. In addition, governance selfassessment was also conducted by referring to POJK No.21/POJK.04/2015 concerning the Governance Guidelines for Public Companies with details presented on page 56.
- The external assessments are performed by, among others, the Domestic Rating Body appointed by the Financial Services Authority (OJK) based on ASEAN Corporate Governance Scorecard (ACGS). The Bank is awarded as one of Top 10 public listed companies in Indonesia with the highest scores.

Action Plan

The implementation of Good Corporate Governance for the Bank and its subsidiary is generally very good, as reflected in adequate compliance in implementation of the principles of



Governance. Although there were several identified weaknesses in the aspect of Governance, the Bank and its subsidiary were able to complete and carry out the follow-up well.

GENERAL MEETING OF SHAREHOLDERS (GMS)

LEGAL BASIS OF GMS

The GMS was conducted in accordance with the provisions specified in the Bank's Articles of Association and POJK No.32/POJK.04/2014 concerning the Planning and Implementation of General Meeting of Shareholders for Public Companies.

MECHANISM OF 2020 ANNUAL GMS (AGMS) IMPLEMENTATION

The Bank held AGMS on April 2nd, 2020 at the Bank's Head Office, OCBC NISP Tower, Prof. Dr. Satrio Street Kav. 25, South Jakarta.

Quorum stipulations, Meeting Decision Making and Voting Mechanisms have been stated in the AGMS can be accessed at the Bank's website: www.ocbcnisp.com.

The Implementation of 2020 AGMS

Date	Description
February 11th, 2020	Notification of AGMS Agenda to OJK through electronic reporting.
February 18th, 2020	Announcement through print media advertisement in Bisnis Indonesia, website of Bursa Efek Indonesia (BEI), and the Bank's website www.ocbcnisp.com
March 4th, 2020	Invitation through print media advertisement in Bisnis Indonesia, website of Bursa Efek Indonesia (BEI), and the Bank's website www.ocbcnisp.com .
April 2nd, 2020	AGMS Implementation at 10.12 – 11.00, located in OCBC NISP Tower 23rd Fl., Jl. Prof. Dr. Satrio Kav. 25, South Jakarta
April 3rd, 2020	Summary of AGMS Minutes announced through print media advertisement in Bisnis Indonesia, websites of OJK and Indonesia Stock Exchange (IDX), as well as the Bank's website www.ocbcnisp.com

Resolution and Realization of 2020 AGMS

The result and all resolutions of the AGMS can be seen on the Bank's website www.ocbcnisp.com.

The realization of the 2020 AGMS resolutions is as follows:

1st Agenda

The resolutions of:

1. Approval of the Company's Annual Report and the Report of the Board of Directors and the Report on the supervisory duties of the Board of Commissioners for the financial year 2019.
2. Ratification of the Company's Consolidated Statements for the financial year 2019 audited by Tanudiredja, Wibisana, Rintis & Rekan Public Accounting Firm, member of PricewaterhouseCoopers global network as set forth in its report dated 23 January 2020 with an unmodified opinion.

And granting release and discharge of responsibilities (acquiescence) to the Company's Board of Directors and Board of Commissioners on all management and supervisory actions performed during financial year 2019, as long as such actions are reflected in the Company's Annual Report and Consolidated Financial Statements for financial year 2019, except for acts of embezzlement, fraud and other crimes have been realized.



2nd Agenda

The resolution for the appropriation of the Company's net profit earned in financial year 2019, in the amount of Rp2,939,241,091,893.- after deducting the general reserves in the amount of Rp100,000,000,- in accordance with Law No.40 of 2007 concerning Limited Liability Company, entirely has been used to strengthen the Company's capital position instead of being distributed as dividends to shareholders.

3rd Agenda

The resolution for the buyback of Company shares was realized on July 8th-9th, 2020 and was reported to OJK via letter number 007/CPDD-CDU/MG/BB/VII/2020 dated July 24th, 2020.

4th Agenda

The resolution to appoint Public Accountant and Public Accounting Firm for the Financial Year of 2020 has been realized.

Based on the Audit Committee Recommendation No. 002/AC-Reco/IPC-WS/IV/2020 dated April 30, 2020, the Board of Commissioners appointed Public Accountant Angelique Dewi Daryanto, S.E., CPA and KAP Tanudiredja, Wibisana, Rintis & Partners as the Public Accountant and Public Accounting Firm of the 2020 financial year based on the Board of Commissioners Decree No.003/DEKOM/IPC-WS/V/2020 dated May 5th, 2020.

5th Agenda

Resolution on the changes in the composition of Company's Management have been realized.

- The reappointment of the Board of Commissioners, Board of Directors, and Board of Sharia Supervisory's members, as well as the resignation of Mirah Wiryoatmodjo as Director have been stated in a separate Notarial Deed and have been registered in the company register number AHU-0075683.AH.01.11. YEAR 2020 dated April 29th, 2020.
- The appointment of Ka Jit (effective on June 22, 2020) and Lili S. Budiana (effective on July 8th, 2020) as Directors has been approved by OJK and stated in a separate Notarial Deed and was registered in Company Registry number AHU-0113375.AH.01.11. YEAR 2020 dated July 15th, 2020.
- The complete composition of the Board of Commissioners, Board of Directors, and Sharia Supervisory Board are available at the Bank's website www.ocbcnisp.com.

Statement Concerning Unrealized 2020 GMS Resolutions

All 2020 GMS resolutions have been realized. There were no GMS resolutions that had not been realized or delayed.

THE IMPLEMENTATION OF 2019 GMS

The resolutions of the AGMS dated April 9th, 2019, have been fully delivered in the 2019 Annual Report, and in the summary of the 2019 AGMS available on the Bank's website www.ocbcnisp.com.

The realization of AGMS April 9th, 2019 resolutions had been fully implemented as stated in the Bank's 2019 Annual Report and can be accessed on the Bank's website www.ocbcnisp.com.

Statement Concerning Unrealized 2019 GMS Resolutions

All of 2019 GMS resolutions have been realized. There were no GMS resolutions that had not been realized or delayed.



THE BOARD OF COMMISSIONERS

LEGAL BASIS

The Board of Commissioners was appointed through a GMS and is responsible for GCG supervisory within the Bank.

BOARD OF COMMISSIONERS' CHARTER

The Board of Commissioners Charter which can be accessed on the Bank website www.ocbnisp.com.

DUTIES AND RESPONSIBILITIES

The Board of Commissioners carries out the oversight function and advisory to the Board of Directors regarding the Bank management according to the Bank's Articles of Association.

Duties and Responsibilities of the President Commissioner

Other than carrying out its duties and responsibilities as Commissioner, the Bank's President Commissioner has also the following duties and responsibilities:

1. Coordinating the implementation of duties and responsibilities of the Board of Commissioners.
2. Presenting the Board of Commissioners' duties implementation and oversight report for approval of the AGMS.
3. Ensuring the implementation of responsibilities of the Board of Commissioners with due observance to the prevailing rules.
4. Ensuring effective decision making in the meeting of the Board of Commissioners.

MEMBERS CRITERIA

The criteria for members of the Board of Commissioners' including:

1. Having good character, morals and integrity.
2. Capable in carrying out legal actions.
3. Having a good track record in the 5 (five) years prior to appointment and during tenure.
4. Having a commitment to comply with laws and regulations.
5. Having the knowledge and/or expertise in the required fields.

BOARD OF COMMISSIONERS COMPOSITION



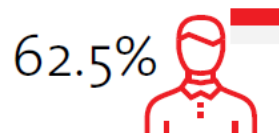
Composition of Independent Commissioners



Total Commissioners



Total Female Commissioner



Commissioners with Indonesian Citizenship

DIVERSITY POLICY OF THE BOARD OF COMMISSIONERS

The Board of Commissioners' composition reflects the diversity of its members in terms of nationality, age, education, work experience, and gender.



BOARD OF COMMISSIONERS MEETINGS

Board of Commissioners Meeting Policy

The Board of Commissioners Charter regulates the Board of Commissioners Meetings, as follows:

1. Meetings are held at least once every 2 (two) months, and joint meetings with the Board of Directors at least once every 4 (four) months.
2. The Board of Commissioners shall attend at least 2 (two) meetings, either physically or via video conference/conference call.
3. The meeting results are stated in the meeting minutes and signed by the Board of Commissioners' members (and the Board of Directors' members) present and delivered to all members of the Board of Commissioners (and Board of Directors). The dissenting opinion that occurred in the meeting shall be clearly stated in the minutes of the meeting and the reasons for such disagreement.

Total Meetings and Attendance Levels

9 (nine) Board of Commissioners including 1 (one) Board of Commissioner's meeting without Management Presence meeting were conducted during 2020. Attendance level of each member was 100% except for Samuel Nag Tsien, Lai Teck Poh, and Kwan Chiew Choi was 89%.

Board of Commissioners and Board of Directors Joint Meetings

3 (three) joint meetings were held during 2020 with attendance level of 100%.

Board of Commissioners Recommendations

In 2020, the Board of Commissioners provided recommendations to the Board of Directors on the following matters:

1. The Bank Business Plan and Financial Sustainable Finance Action Plan 2021.
2. Guidelines of Corporate Governance Implementation Policy.
3. Risk Appetite Statement
4. Policies in Risk Management areas
5. 2019 Annual Report
6. Application of Anti-Fraud Strategy
7. Threshold of Liquidity Risk and Market Risk 2020.

BOARD OF COMMISSIONERS PERFORMANCE ASSESSMENT

Assessment Procedures

The performance assessment for the Board of Commissioners is carried out by the following selfassessment, which includes:

1. Composition
2. Quality of the Board's meetings
3. Board of Commissioners' oversight performance on Bank performance
4. Board of Directors' succession implementation
5. Ensuring the implementation of risk management and internal controls.

Assessment Criteria

1. Assessment of the adequacy of the Bank's governance structure and infrastructure, hence to meet the Bank's stakeholders' expectation on the outcomes of GCG principles implementation process.
2. Assessment of the effectiveness on the governance principles implementation process, supported by the Bank's governance structure and infrastructure adequacy.
3. Assessment of the governance results on the outcome quality that fulfilled the Bank's stakeholders expectations.



Assessors

1. The Board of Commissioners through Self-Assessment.
2. The Board of Directors through questionnaires that provide assessment and input to the Board of Commissioners.

ORIENTATION PROGRAM

The Bank has in place the orientation and introduction program for new members of the Board of Commissioners and its Independent Committee members, aimed at providing knowledge and understanding of the Bank, as well as the scope of work. In 2020 there was no new member of the Board of Commissioners, but there is a new independent member of the Audit Committee, Angeline Nangoi. The orientation program was carried out independently.

TRAINING PROGRAMS FOR MEMBERS OF BOARD OF COMMISSIONERS'

In 2020, the Board of Commissioners participated in various online training sessions organized by intern and extern (regulators and other institutions) for competency enhancement and to conform with business development, specifically in supporting their duties and responsibilities, among others in the areas of Corporate Governance, Strategy and Leadership, Politics and Economy, Banking, Financial Technology and Technology, Risk Management, Compliance, AML-CFT, Digital Transformation, Growth Prospect for Indonesia's Digital Economy Post COVID-19, How COVID-19 is Transforming Financial Markets and Monetary Policy, Global Trade and Business in the Face of Pandemics, Digital Led Recovery from COVID-19, as well as Impact of COVID-19 Pandemic.

INDEPENDENT COMMISSIONER

Independent Commissioners Requirements

An Independent Commissioner has no financial, management, shareholding, and/or familial relations with other members of the Board of Commissioners, members of the Board of Directors, and/or controlling shareholders or relationship with the Bank that may disrupt his/her independencies.

During their tenure, all Independent Commissioners have fulfilled the independency criteria as stipulated in the prevailing regulations.

Independent Statement of Independent Commissioners

There are 2 (two) Independent Commissioners who have served 2 (two) consecutive terms, Jusuf Halim and Kwan Chiew Choi. Following OJK regulation, both have declared their independency at the Company AGMS on April 2nd, 2020. Details can be access at website www.ocbcnisp.com.

AFFILIATION

Pramukti Surjaudaja has a family relationship with a member of the Board of Directors, Parwati Surjaudaja. Pramukti Surjaudaja, Samuel Nag Tsien and Lai Teck Poh are Commissioners who have executive and non-executive relationships with the Bank's Controlling Shareholders. The other Commissioners have neither familial nor financial relationships with members of the Board of Directors, Board of Commissioners, or the Bank's Controlling Shareholders.



BOARD OF COMMISSIONERS’ REMUNERATION DETERMINATION POLICY

Procedure for Determining the Board of Commissioners’ Remuneration is as follows:

REMUNERATION AND NOMINATION COMMITTEE	BOARD OF COMMISSIONERS	GENERAL MEETING OF SHAREHOLDERS	MAJORITY SHAREHOLDERS	BOARD OF COMMISSIONERS’ REMUNERATION
Prepare recommendation for the Board of Commissioners to be submitted to GMS	Propose that the GMS to give the power and authority to the Bank’s majority shareholders to determine the Board of Commissioners’ remuneration based on the Remuneration and Nomination Committee’s Recommendations	Provide power and authority to the Bank’s majority shareholders to determine the Board of Commissioners’ remuneration based on the Remuneration and Nomination Committee’s recommendation.	Upon the power and authority granted by the GMS, determine the remuneration for the Board of Commissioners based on the Remuneration and Nomination Committee’s recommendations.	

DISCLOSURE OF PERFORMANCE BONUSES, NON PERFORMANCE BONUSES, AND/OR STOCK OPTIONS RECEIVED BY EACH BOARD OF COMMISSIONERS’ MEMBER

To maintain independence in carrying out its duties, since 2008 the Bank’s Board of Commissioners has not received any performance bonuses, non performance bonuses, and/or stock options.

BOARD OF COMMISSIONERS’ COMMITTEES

For effectiveness of duties and responsibilities, the Board of Commissioners established the Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee, and Ethics and Conduct Committee.

Legal Basis of Committee Member Appointment

The Board of Directors appoints the Committees’ members following a Decree of the Board of Commissioners based on the Remuneration and Nomination Committee’s recommendations.



AUDIT COMMITTEE

Audit Committee Profile

Kwan Chiew Choi – Chairman

Singapore citizen, 71 years old.

Domicile: Singapore.

Work Experience:	<ul style="list-style-type: none"> 1973-1982: Loans Department Manager in Sumitomo Bank Ltd, Singapore Branch. 1983: General Manager in Hock Seng Hardware Pte Ltd. 1984-1987: Vice President of Corporate Banking in First National Bank of Chicago, Singapore Branch. 1987-2007: Last position as Senior Vice President & Head Credit Control and Approval in OCBC Bank. 2008-2010: Independent Commissioner in PT Bank OCBC Indonesia. <p>No Concurrent Positions.</p>
Organization:	None
Education:	Bachelor of Social Science (Honours) from University of Singapore (1971).
Appointment History:	Initial appointment as an Independent Commissioner at the EGMS on November 9 th , 2010, effective on January 1 st , 2011, reappointment in 2013, restatement of Independent Commissioner's terms of office at the AGMS on April 7 th , 2014 and reappointment at the AGMS in 2017 and April 2 nd , 2020.
History of appointment as Committee Member:	<ul style="list-style-type: none"> Audit Committee: 2017 dan 2020. Risk Monitoring Committee: 2011, 2014, 2017, 2018, and 2020.

Hardi Juganda – Member

Indonesian citizen, 62 years old.

Domicile: Bandung, Indonesia.

Work Experience:	<ul style="list-style-type: none"> 1985: Joined Bank NISP and served in various positions. 1991-1997: Head of Asia Afrika Bandung Branch, Bank NISP. 1997-2012: Director of Bank OCBC NISP. July 17th, 2012 - March 30th, 2017: Commissioner of Bank OCBC NISP. <p>No Concurrent Positions.</p>
Organization:	None
Education:	<ul style="list-style-type: none"> Bachelor's degree in Law from Parahyangan University, Bandung (1985). SESPIBANK (LPPI Banking Management Institute) (1989).
Appointment History:	Initial appointment as an Independent Commissioner at the AGMS on March 30 th , 2017, effective on November 27 th , 2017 and reappointment at the AGMS April 2 nd , 2020.
History of appointment as Committee Member:	Audit Committee: 2018 and 2020.

Rufina Tinawati Marianto – Member – Independent Party

Indonesian Citizen, 61 years old.

Audit Committee Member of Bank OCBC NISP since March 2017.

Work Experience	<ul style="list-style-type: none"> 1987-2003: Served in various positions at Bank Bali with last positions as General Manager of Large Commercial Banking – Jakarta Business Unit 2003-2006: General Manager of Commercial Jatabeka at Bank Permata 2007-2014: Commercial Business Division Head, Executive VP, Commercial Business Unit, Member of the Commercial Credit Committee and Commercial Sales & Marketing Support Head at Bank OCBC NISP. 2016-present: Independent Commissioner of PT Bank Mayora. *) <p>*) Concurrent Position</p>
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Term of office as Audit Committee Member	AGMS 2020 – AGMS 2023.
Education	Bachelor's degree in Economics majoring in Management (1986) and Architecture (1985) from Parahyangan Catholic University, Bandung.
Training	Risk Management Certification Refreshment – Anti Fraud, Compliance and Risk Management.

Angeline Nangoi – Member – Independent Party

Indonesian Citizen, age 64.

Audit Committee Member of the Bank since April 2nd, 2020.

Work Experience	<ul style="list-style-type: none"> • 1980-1982: PT Desigras (Engineering Consultant). • 1982–1993: PT Indonesian Investment International with last position as Manager and Head of Corporate Finance Division. • 1993-1995: PT Indovest Bank with last position as General Manager. • 1995–1997: PT Bank Bumiraya Utama as General Manager for Marketing and Credit Division and hold as Credit Committee member. • 1997–2001: Credit Director of PT Bank Global Internasional Tbk. • 2001–2003: Compliance Director of PT Bank Societe Generale Indonesia. • 2003–2010: Compliance Director of PT Bank OCBC Indonesia. • 2011–2014: PT Bank OCBC NISP Tbk Compliance Division Head and last position as Corporate Secretary. • 2014–2017: Compliance Director of PT Bank Commonwealth. • 2018–July 2019: Independent Commissioner of PT Bank OKE Indonesia. • Member of Risk Monitoring Committee Bank OCBC NISP since 9th April 2019.
Term of office as Audit Committee Member	AGMS 2020 – AGMS 2023.
Education	Bachelor Degree in Industrial Engineering from Bandung Institute of Technology (ITB), Bandung (1980).
Training	Participated in various trainings in the fields of Risk Management, Governance, Bank Business Sustainability, and Sustainable Finance.

Structure, Membership, and Expertise

The Audit Committee consists of 1 (one) Independent Commissioner as Chairman, 1 (one) Independent Commissioner as member, 1 (one) Independent Party as member who has expertise in finance or accounting, and 1 (one) Independent Party as member who has expertise in law or banking.

Audit Committee Charter

In carrying out its duties, the Audit Committee has the Audit Committee Charter which can be accessed on the Bank's website www.ocbcnisp.com.

Audit Committee Independence Declaration

The Audit Committee acts independently in carrying out its duties and responsibilities, including in providing recommendations in the event of dissenting opinions between the management and independent auditors.

Audit Committee Duties and Responsibilities

The Audit Committee assists the Board of Commissioners in overseeing the quality and integrity of the financial reporting, internal control system, internal and external audit processes, governance, as well as in monitoring compliance with prevailing laws and regulations.

Audit Committee Meetings

The Audit Committee may hold a meeting any time, at least four times in a year. A meeting may be conducted when at least 51% of members are in attendance. The meeting resolutions shall be based on discussion and consensus. In the event of disagreement, the decision is made legitimate by the approval of a majority of the members of the Audit Committee attending the meeting.



During 2020, the Audit Committee held 20 (twenty) meetings, with:

1. Public Accountant: 4 (four) meetings, including 1 (one) meeting without the Board of Directors.
2. Finance Director: 4 (four) meetings
3. Internal Audit: 6 (six) meetings, including 1 (one) meeting without the Board of Directors
4. Compliance Director: 4 (four) meetings
5. Board of Commissioners: 2 (two) meeting.

Attendance of Audit Committee Meetings

During 2020, the Audit Committee held 20 (twenty) meetings with the attendance level of each Chairman and member was 100%.

Audit Committee Activities

During 2020, the Audit Committee has conducted reviews, evaluations and monitoring based on its scope of duties and responsibilities, as follows:

With the Compliance Director, to discuss among others:

- Implementation of applicable regulations and efforts to enhance compliance culture
- Current development of banking regulations and other relevant regulations as well as analysis of its impact on the Bank, including the implementation by the management.
- Implementation of (Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) policies, procedures and program as well as follow-up on internal audit recommendations.

With the Finance Director, to discuss among others:

- Review the accounting and financial reporting systems
- Review to ensure the follow-up by the Management on key findings and recommendations from internal audit, public accountant, and regulators regarding financial reporting.
- Review to ensure that Management keeps abreast of current issues and changes to accounting standards that had a direct impact on the Bank's financial statements and conducts immediate preparations for its accurate implementation.
- Review to ensure appropriate contents and disclosures of financial statements, accounting principles application, the use of significant estimates and judgements and the treatment of accounting changes, including the application of new accounting standards effective in the current year, such as PSAK 71 (IFRS 9), are in accordance with the applicable Financial Accounting Standards in Indonesia.

With Internal Audit, among others:

- Review risk-based audit plans, audit scope and focus.
- Review periodic audit reports submitted by Internal Audit.
- Review to ensure effective coordination and communication between Internal Audit and the External Auditor, the Financial Services Authority and other Regulators.
- Discuss the adequacy of resources and competencies, as well as sustainable development and training of internal auditors.
- Conduct meeting with Internal Audit without the management to discuss any important matters raised by Internal Audit.
- Provide recommendations to the Board of Commissioners regarding audit plan preparation, audit scope, Internal Audit budget, Internal Audit Charter, Internal Audit annual remuneration, selection of external independent quality controllers to review Internal Audit performance.



With the Public Accountant, among others:

- Obtain confirmation on the independence of the public accountant and the public accounting firm, reviewing the audit plan, risk assessment results, audit strategy, audit scope and focus, auditor's response to identify key risks so as to ensure the proper address and response of audit to the identified key risks.
- Review the results of auditor's evaluation on the adequacy and effectiveness of internal control system, significant audit findings, including results of accounting principles and policies application review, the quality of management's assumptions, significant estimates and judgements including the adequacy of the allowance for impairment losses, other significant financial reporting issues, the adequacy of disclosures and transparency of the Bank's financial condition, management's support during the audit, including in the event of dissenting opinions with the management. Moreover, reviewing the current development of financial accounting standards in order to understand the impact of newly and soon-to-be issued accounting standards, including the results of auditor's review on the adequacy of PSAK 71 (IFRS 9) implementation in 2020.
- Monitoring the effectiveness of an independent and objective external audit process in accordance with the applicable auditing standards.
- Conducting meeting with the Public Accountant in a separate session without the management.

With the Board of Commissioners, among others:

- Report the quarterly activities of the Audit Committee, key issues for the Board of Commissioners' attention and recommendations by Audit Committee to the Board of Commissioners on governance, accounting, audits, compliance, and internal controls. Report the Audit Committee's evaluation of the audit performance of the Public Accountant for the previous year's Financial Statements, as well as the Audit Committee's recommendation on the appointment of Public Accountant for the current year.

The Audit Committee also performed self-assessment on the performance of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

Remuneration and Nomination Committee Profiles

Jusuf Halim – Chairman

Indonesian citizen, 64 years old.

Domicile: Jakarta, Indonesia

Work Experience	<ul style="list-style-type: none"> • 1982-1990: Last position as Senior Audit Manager at Drs. Utomo & Co, Arthur Andersen, Jakarta. • 1990-2003: Partner in Accounting Firm Jusuf Halim & Co. • 1990–present: Lecturer at the Faculty of Economics and Business, University of Indonesia. *) • 2003-2004: Partner in Deloitte Tax Solution. <p>*) Concurrent Positions</p>
Organization:	<ul style="list-style-type: none"> • 1994-1998: Chairman of Financial Accounting Standards Committee, the Indonesian Institute of Chartered Accountants (IAI). • 2003-2006: Chairman of CPA Examination Board, IAI. • 2004-2010: Board Member, the Indonesian Institute of Audit Committee (IKAI). • 2010-2014: Member of National Council, IAI. • 2010-2016: Member of Honorary Board, IKAI. • 2014-present: Member of Advisory Board, IAI. • 2016-2019: Member of Certification Board, IKAI.



	<ul style="list-style-type: none"> 2017-2020: Member of Disciplinary Board – as external party representing the accounting profession – State Audit Agency.
Education:	<ul style="list-style-type: none"> PhD in Strategic Management from University of Indonesia (2009). Master of Business Law from Pelita Harapan University (2003). Bachelor of Accounting from University of Indonesia (1982).
Appointment History:	Initial appointment as an Independent Commissioner at the EGMS on September 11 th , 2006, effective October 11 th , 2006 and reappointment in 2009 and 2012, restatement of Independent Commissioner's terms of office at the AGMS on April 7 th , 2014 and reappointment at the AGMS in 2017 and on April 2 nd , 2020.
History of appointment as Committee Member:	<ul style="list-style-type: none"> Audit Committee: 2007, 2011, dan 2014. Remuneration and Nomination Committee: 2017 and 2020. Risk Monitoring Committee: 2010, 2017, 2018, and 2020.

Pramukti Surjaudaja – Member

Indonesian citizen, 58 years old.

Domicile: Jakarta, Indonesia

Work Experience:	<ul style="list-style-type: none"> 1987–1989: Executive Trainee, Daiwa Bank New York, London and Tokyo. 1989–1997: Managing Director, Bank NISP. 1997–2000: Commissioner, Bank OCBC Indonesia. 1997–2008: President Director, Bank OCBC NISP. 2005–Present: Non-executive Director, OCBC Bank, Singapore. 2014–Present: Commissioner of PT Biolaborindo Makmur Sejahtera. *) <p>*) Concurrent Positions</p>
Organization:	<ul style="list-style-type: none"> 2002-Present: ASEAN Council Member, INSEAD. 2011-Present: Member of Board Trustee, Karya Salemba Empat Foundation. 2015-Present: Advisory Board Member, Parahyangan Catholic University. 2018-Present: Deputy Chairman of Supervisory Board, IOA.
Education:	<ul style="list-style-type: none"> Bank Indonesia-SESPIBI XVI; Scholarship program – International Relations, International University of Japan, Japan. MBA Banking, Golden Gate University, USA (1986). BSc Banking and Finance, San Francisco State University, USA (1985).
Awarded the following:	<ul style="list-style-type: none"> Best CEO Award 2004 - SWA Magazine Best CEO Award 2006 - Business Review Magazine Most Prominent Banker Award 2006 - Investor Magazine Outstanding Entrepreneur Award 2008 - Asia Pacific Entrepreneurship.
Appointment History:	Initial appointment as a President Commissioner at the EGMS on October 16 th , 2008, effective on December 16 th , 2008, reappointment at AGMS 2011, 2014, 2017, and April 2 nd , 2020.
History of appointment as Committee member:	<ul style="list-style-type: none"> Risk Monitoring Committee: 2009, 2012, 2015, 2017 and 2020. Remuneration and Nomination Committee: 2009, 2012, 2015, 2017, and 2020. Ethics and Conduct Committee: 2019 and 2020.

Samuel Nag Tsien

British citizen, 66 years old.

Domicile: Singapore..

Work Experience:	<ul style="list-style-type: none"> 1995-2006: President and Chief Executive Officer of Bank of America (Asia). 2006-2007: Director of the Board, President and Chief Executive Officer of China Construction Bank (Asia). 2007-present: Group Chief Executive Officer and Executive Director of Oversea-Chinese Banking Corporation Limited (OCBC Bank) since April 2012. Joined OCBC Bank in July 2007 as Senior Executive Vice President and Global Head, Global Corporate Bank. 2012-present: Served on the boards of major OCBC Group companies including Great Eastern Holdings, OCBC Bank (Malaysia) Bhd, OCBC Wing Hang Bank Ltd., OCBC Wing Hang (China) Ltd., and Bank of Singapore. 2014–present: Director of Mapletree Investment Pte Ltd. *)
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	*) Concurrent Positions
Organization:	<ul style="list-style-type: none"> Chairman of the Association of Banks in Singapore, Vice Chairman of the Institute of Banking and Finance (IBF) and Chairman of IBF Standards Committee. Member of the Monetary Authority of Singapore (MAS) Financial Centre Advisory Panel. Member of the MAS Payments Council. Chairman of the Steering Committee for Singapore Dollar Interest Rates Transition (Steering Committee for SOR and SIBOR Transition to SORA) Member of National Jobs Council, Singapore Director of ASEAN Bankers Association Director of Dr Goh Keng Swee Scholarship Fund.
Education:	Bachelor of Arts with Honours in Economics from University of California, Los Angeles (UCLA) (1977).
Awarded as:	IBF Distinguished Fellow (2010)
Appointment History:	Initial appointment as a Commissioner at the AGMS on May 22 nd , 2012, effective on December 12 th , 2012, reappointment in 2015 and at the AGMS on April 3 rd , 2018.
History of appointment Committee Member:	<ul style="list-style-type: none"> Risk Monitoring Committee: 2012, 2015, and 2018. Remuneration and Nomination Committee: 2012, 2015, and 2018

Betti S. Alisjahbana

Indonesian Citizen, 60 years old.

Domicile: Jakarta, Indonesia..

Work Experience:	<ul style="list-style-type: none"> 1984-2008: IBM ASEAN & South Asia with the last position as President Director of PT IBM Indonesia. 2008-present: Founder & Leadership Coach at QB Leadership Center. 2010-July 2017: Independent Commissioner of PT Sigma Cipta Caraka (Telkom Sigma). 2012-Desember 2014: Independent Commissioner of PT Garuda Indonesia Tbk. 2015-September 2017: Independent Commissioner of PT Bhinneka Mentari Dimensi. 2015-present: Independent Commissioner of PT Anabatic Technologies Tbk. *) <p>*) Concurrent Positions</p>
Organization:	<ul style="list-style-type: none"> 2018-present: Chairperson of the Council of Professions & Association, Indonesian Telematics Society. 2019-present: Chairperson of the Board of Supervisors, WWF Indonesia. September 1st, 2020-present: Trustee Board Member, Indonesian Institute for Corporate Directorship.
Education:	Bachelor's degree in Architecture from Bandung Institute of Technology (1984).
Awarded the following:	<ul style="list-style-type: none"> IBM Country General Manager Excellence Award – IBM (2000) Ganesha Wira Adi Utama (2013) - Bandung Institute of Technology. Satyalancana Wira Karya (2013) - Presiden Republik Indonesia. Ganesha Wira Adi Utama (2020) – Bandung Institute of Technology
Appointment History:	Initial appointment as an Independent Commissioner at the EGMS on November 1 st , 2017, effective on December 7 th , 2017 and reappointment at the AGMS April 2 nd , 2020.
History of Appointment as Committee Member:	<ul style="list-style-type: none"> Risk Monitoring Committee: 2018 and 2020. Remuneration and Nomination Committee: 2020. Ethics and Conduct Committee: 2019 dan 2020.

Julie Anwar – Member

Indonesian citizen, 46 years old.

Remuneration and Nomination Committee member of the Bank since March 30th, 2017.



Work Experience:	<ul style="list-style-type: none"> • 1998-2001: Analyst at HSBC Securities Indonesia, Jakarta • 2001–2004: Associate at Mercer Human Resources Consulting, Jakarta • 2004–2013: Served in various positions at Citibank N.A. Jakarta. • 2013–2014: Head of Human Resources of PT Bank QNB Kesawan Tbk. • July 2014–present: Head of Human Capital at Bank OCBC NISP Bank. No Concurrent Position
Term of office as Remuneration and Nomination Committee Member	AGMS 2020 – AGMS 2023.
Training	Bachelor's degree in Business from Deakin University, Victoria, Australia (1998).
Training	Participated in various trainings regarding New Normal arrangement, COVID-19, Refreshment Future Smart Awareness Level, and Virtual Public Speaking.

Structure, Membership, and Expertise

The Remuneration and Nomination Committee comprises 1 (one) Independent Commissioner as Chairman, 1 (one) Independent Commissioner as member, 2 (two) Commissioners as members, and 1 (one) executive officer with expertise in human capital.

Remuneration and Nomination Committee Charter

In performing its duties and responsibilities, the Remuneration and Nomination Committee has in place the Charter which can be accessed on the Bank's website www.ocbcnisp.com.

Remuneration and Nomination Committee Independence Declaration

In performing its duties and responsibilities, the Remuneration and Nomination Committee acts independently, professionally and self-sufficiently, free from influence by other parties.

Remuneration and Nomination Committee Duties and Responsibilities

The duties and responsibilities of the Remuneration and Nomination Committee include:

1. On Remuneration: the Committee performs an evaluation of remuneration policies and reports the evaluation results and recommendations to the Board of Commissioners, ensuring that the remuneration policies are in line with the applicable regulations, and regularly evaluates the implementation of remuneration policies.
2. On Nomination: the Committee provides recommendations to the Board of Commissioners on the composition, nomination, performance evaluation, and capability development program for the members of the Board of Directors, Board of Commissioners, and Sharia Supervisory Board, as well as Committee under the Board of Commissioners.

Remuneration and Nomination Committee Meetings

Meetings are held periodically at least once every 4 (four) months. Meetings can take place if they are attended by at least 51% (fifty-one percent) of all members, including an Independent Commissioner and an Executive Officer who oversees human capital or an employee representative, with one of the members being the Committee Chairman, and the meeting resolutions being decided based on deliberations for a consensus.

Further information on the Meeting Policy of the Remuneration and Nomination Committee is available in the Remuneration and Nomination Committee Charter on the Bank's website www.ocbcnisp.com.

During 2020, the Remuneration and Nomination Committee held 3 (three) meetings with the attendance level of each Chairman and member was 100%.



Remuneration and Nomination Committee Activities

During 2020, the Remuneration and Nomination Committee performed its duties and responsibilities which included conducting evaluations and providing recommendations to the Board of Commissioners concerning the following matters:

Remuneration Function

1. Remuneration for the Board of Commissioners, Board of Directors, Sharia Supervisory Board, and Committees of the Board of Commissioners.
2. Remuneration for all executive officers and employees to be reported to the Board of Directors.
3. Variable remuneration for Material Risk Takers (MRT).
4. Deferred payment policy on variable remuneration for MRT and malus provisions.

Nomination Function

1. Proposing the appointment and reappointment of Commissioners and Directors, to be submitted to the AGMS for approval.
2. Proposing the appointment and re-appointment of members of Sharia Supervisory Board and members of the Committees under the Board of Commissioners.

Succession Policy for Directors

Pursuant to the Remuneration and Nomination Committee Charter, amongst the Remuneration and Nomination Committee's duties is to provide recommendations to the Board of Commissioners on the criteria for qualified candidates as prospective Directors to be submitted to the GMS for approval.

The Committee is responsible for establishing the criteria and identifying the candidates, reviewing and approving the nominations in accordance with the established criteria. In its review, the Committee takes into account the track record, age, and capabilities of the candidates, and other relevant factors.

Remuneration for the Remuneration and Nomination Committee's Members in 1 (one) year

No remuneration is given by the Bank to the Chairman and Members of the Remuneration and Nomination Committee and Committees of the Board of Commissioners.

RISK MONITORING COMMITTEE

Risk Monitoring Committee Profiles

Profil Komite Pemantau Risiko

Jusuf Halim - Ketua	Complete profile can be seen in the Remuneration and Nomination Committee Profile
Pramukti Surjandaja – Anggota	Complete profile can be seen in the Remuneration and Nomination Committee Profile
Samuel Nag Tsien – Anggota	Complete profile can be seen in the Remuneration and Nomination Committee Profile
Kwan Chiew Choi – Anggota	Complete profile can be seen in the Audit Committee Profile
Betti S. Alisjahbana – Anggota	Complete profile can be seen in the Remuneration and Nomination Committee Profile



Lai Teck Poh - Member

Singapore citizen, 76 years old.

Domicile: Singapore.

Work Experience:	<ul style="list-style-type: none"> 1968-1986: Corporate relationship management with last position as Head of Corporate Account Management at Citibank N.A. 1986-1987: Managing Director/CEO at Citicorp Investment Bank (Singapore). 1988-2010: Head of Corporate Banking, Head of Information Technology & Central Operations and Head of Risk Management with last position as Head of Group Audit at OCBC Bank. 2010-2019: Non-Executive Director of OCBC Bank 2011-2019: Non-Executive Director OCBC Bank (Malaysia) Bhd. Jan 2020-present: Non-executive and Independent Director of Bank of Singapore. 2011-present: Non-Executive Independent Director of AV Jennings Ltd. *) <p>*) Concurrent Positions</p>
Organization:	None
Education:	<ul style="list-style-type: none"> Bachelor of Arts (Honours) from University of Singapore (1968). Executive Development Program in Cornell University, USA (1977). Participated in the Risk Management Training at INSEAD (2003). Participated in various training programs in the areas of Risk Management, Accounting, GCG and Management.
Appointment History:	Initial appointment as a Commissioner at the AGMS on April 30th, 2008, effective on September 4 th , 2008, and reappointment at AGMS 2011, 2014, 2017, and April 2, 2020.
History of appointment as Committee Member:	<ul style="list-style-type: none"> Risk Monitoring Committee: 2010, 2013, 2016, 2017, and 2020. Ethics and Conduct Committee: 2019 and 2020.

Paulus Agus Tjarman – Member – Independent Party

Indonesian Citizen, age 58.

Member of Risk Monitoring Committee of the Bank since 9th April 2019.

Work Experience:	<ul style="list-style-type: none"> 1987 - 2000: Worked at Bank Bali with last position as Credit Approval Officer. 2000 - 2017: Joined Bank OCBC NISP with last position as Staff for Board of Directors. During his assignment in Bank OCBC NISP hold various position as Branch Manager, Regional Coordinator, Assistant Director, Senior Corporate Executive, and Human Capital. <p>No Concurrent Position</p>
Term of office as Risk Monitoring Committee Member	AGMS 2019 – AGMS 2022.
Education	Bachelor Degree of Commerce Administration from the Faculty of Social and Political Science of Catholic University of Parahyangan, Bandung (1986).
Training	Resilience in Turbulence, 72nd Semi Annual Political Forecast, and Navigating Economic Recovery in 2021.

Angeline Nangoi – Member – Independent Party

Term of office as Risk Monitoring Committee Member	AGMS 2019 – AGMS 2022.
	The complete profile can be seen at the Audit Committee Profile



Structure, Membership, and Expertise

The Risk Monitoring Committee consists of 1 (one) Independent Commissioner as Chairman and member, 2 (two) Independent Commissioners, 3 (three) Commissioners, 1 (one) Independent Party with expertise in finance, and 1 (one) Independent Party with expertise in risk management as member.

Risk Monitoring Committee Charter

The Risk Monitoring Committee has in place the Charter covering its duties performance, which can be accessed on the Bank's website www.ocbcnisp.com.

Risk Monitoring Committee Independence

The Risk Monitoring Committee acts independently in performing its duties and responsibilities.

Risk Monitoring Committee Duties and Responsibilities

The Risk Monitoring Committee's duties and responsibilities include reviewing major risk policies and providing recommendations to the Board of Commissioners on the results of conformity evaluations of risk management policies and their implementation and the results of evaluations of the execution of the duties of the risk management committee and risk management unit.

Risk Monitoring Committee Meetings

The Committee meetings take place at least 4 (four) times a year. The meetings can only be held if attended by at least 51% (fifty-one percent) of all members, including an Independent Commissioner and an Independent Party. Meeting decisions are made based on deliberations for consensus. In the event of disagreement, decisions are made by a majority vote, with the principle of one (1) person, one (1) vote. Further information on the Committee Meeting Policy is available in the Risk Monitoring Committee Charter on the Bank's website www.ocbcnisp.com.

During 2020, the Risk Monitoring Committee held 11 (eleven) meetings including Ad Hoc with 100% attendance level by the Chairman and all members.

Risk Monitoring Committee Activities

During 2020, the Risk Monitoring Committee has conducted evaluations and provided recommendations to the Board of Commissioners, involving among others:

1. The Risk Appetite Statement as a key principle guideline for a risk management framework, risk limits, and policies related to risk management.
2. The Bank's, consolidated, and Syariah Business Unit risk profile based on the Risk-Based Bank Rating approach, risk profile of Financial Conglomeration, and the feedback provided on the Bank's risk strategies and management.
3. Risk management policies that include ORM Framework, Market Risk Stress Testing Policy, Model Risk Policy, Responsible Financing Policy, and Technology, Information & Cyber Risk Policy.
4. Risk limit determination, such as Market and Liquidity Risk Limit, Recovery Plan Review, Value at Risk (VaR) Limit Treasury Trading, and PV01 L2 Limit.
5. Temporary Limit of PV01 Treasury Banking Limit.
6. Implementation of the risk management policies and strategies related to Technology, Information & Cyber Risk, Internal Capital Adequacy Assessment Process (ICAAP), anti-fraud strategy, and Outsourcing.
7. The impact of COVID-19 pandemic on credit, liquidity, operational and other key risks, major regulations in relation to COVID-19, and the risk mitigation actions taken by management.



ETHICS AND CONDUCT COMMITTEE

Ethics and Conduct Committee Profile

Betti S. Alisjahbana – Ketua	Complete profile can be seen in the Remuneration and Nomination Committee Profile
Pramukti Surjaudaja – Anggota	Complete profile can be seen in the Remuneration and Nomination Committee Profile
Lai Teck Poh – Anggota	Complete profile can be seen in the Risk Monitoring Committee Profile

Rama P. Kusumaputra – Member

Indonesian citizen, 55 years old.

Domicile: Jakarta, Indonesia

Work Experience:	<ul style="list-style-type: none"> • 1989-2000: Served in various positions at Bank Bali, with last position as General Manager. • 2001-2005: Regional Coordinator II (Jakarta, Bogor, Depok, Tangerang, Bekasi and Sukabumi) at Bank NISP. • 2005-2006: Assistant to the Board of Directors of Bank NISP. • 2006-2018: Director of Bank OCBC NISP. <p>No Concurrent Positions.</p>
Organization:	None
Education:	Bachelor of Economics from Catholic University of Atmajaya, Jakarta (1989).
Appointment History:	Initial appointment as an Independent Commissioner at the AGMS on April 9 th , 2019.
History of appointment as Committee Member:	Ethics and Conduct Committee: 2020

Structure, Membership, and Expertise

The Ethics and Conduct Committee comprises 1 (one) Independent Commissioner as Chairman concurrently as member, 1 (one) Independent Commissioner as member, and 2 (two) Commissioners as members.

Ethics and Conduct Committee Charter

In performing its duties and responsibilities, the Ethics and Conduct Committee has in place the Charter which can be accessed on the Bank's website www.ocbcnisp.com.

Ethics and Conduct Committee Duties and Responsibilities

The Ethic and Conduct Committee is a voluntarily established committee under the Board of Commissioners with purpose to advise and oversee Management's effort to develop and nurture the culture of ethical business conduct within the organization and in working with external stakeholders.

Ethics and Conduct Committee Independence

The Ethics and Conduct Committee acts independently in carrying out its duties and responsibilities.

Ethics and Conduct Committee Meetings

During 2020, the Ethics and Conduct Committee has convened 4 (four) meetings with 100% attendance level .



Ethics and Conduct Committee Activities in 2020

The Ethics and Conduct Committee has conducted review, evaluation, and monitoring, as well as provided recommendations in accordance with its duties and responsibilities, in the following areas :

1. The Ethics and Conduct Committee Charter as the guidelines of duties and responsibilities, including work ethics and procedures that bind each member of the Committee.
2. Dashboard as a medium for reporting violations of ethics and conduct so that the Committee can have an overview of the Bank's current conditions, and the Management's consistency in upholding the code of conduct.
3. Feedback from customers and the internal employees related to Code of Conduct & Fair Dealing, which is conveyed through various channels, including social media and whistle blowing system. Including feedback obtained proactively by the bank through surveys and reviews of sales activities.
4. Strengthening Corporate Culture program inline with the Bank's Core Values.

PERFORMANCE ASSESSMENT FOR COMMITTEES OF THE BOARD OF COMMISSIONERS

The Board of Commissioners conducts the performance assessment of its committees, namely the Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee and Ethics and Conduct Committee. The assessments covered the fulfillment of duties and responsibilities, frequency and quality of meetings, and recommendations, diversity of capabilities, experience as well as the expertise of Committee members to effectively support the Board of Commissioners' duties and responsibilities.

Members of the Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee, and Ethics and Conduct Committee conducted selfassessments during 2020 to evaluate each of the Committees' performances.

Among others, the results indicated that the Committees had carried out their proper duties and responsibilities in accordance with each Charter, has met the frequency and quality of meetings and provided recommendations as required, including having adequate diversity of capabilities and expertise to support the Board of Commissioners' duties.

THE BOARD OF DIRECTORS

LEGAL BASIS

The Board of Directors was appointed through a General Meeting of Shareholders and is responsible for GCG implementation and development within the Bank.

BOARD OF DIRECTORS CHARTER

The Board of Directors Charter serves as a guideline in carrying out duties and responsibilities that can be accessed on the Bank's website www.ocbcnisp.com.



BOARD OF DIRECTORS DUTIES AND RESPONSIBILITIES

The duties and responsibilities of each member of the Board of Directors are updated and regulated in the Directors Decree No. KPTS/DIR/KB.01/HC/026/2019 dated August 28th, 2020, as follows:

No.	Name	Position	Duties and Responsibilities
1.	Parwati Surjaudaja	Presiden Direktur	Coordinating the Bank's management implementation through all Board of Directors' members and directly responsible of: <ul style="list-style-type: none"> • <i>Human Capital</i> • <i>Internal Audit</i> • <i>Operations and IT</i> • <i>Business Transformation</i>
2.	Emilya Tjahjadi	Direktur	<i>Commercial and Enterprise Banking</i>
3.	Hartati	Direktur	<i>Finance</i>
4.	Martin Widjaja	Direktur	<ul style="list-style-type: none"> • <i>Wholesale Banking</i> • <i>Transaction Banking</i> • <i>Business Management & Analytics</i> • <i>Financial Institution</i>
5.	Andrae Krishnawan W.	Direktur	<ul style="list-style-type: none"> • <i>Network</i> • <i>Unit Usaha Syariah</i>
6.	Johannes Husin	Direktur	<ul style="list-style-type: none"> • <i>Treasury</i> • <i>Private Banking</i>
7.	Low Seh Kiat	Direktur	<i>Retail Banking</i>
8.	Joseph Chan Fook Onn	Direktur	<i>Risk Management</i>
9.	Ka Jit	Direktur	<i>Strategy and Innovation</i>
10.	Lili S. Budiana	Direktur	<ul style="list-style-type: none"> • <i>Compliance</i> • <i>AML-CFT</i> • <i>Corporate Secretary</i> • <i>Corporate Legal</i>

BOARD OF DIRECTORS AUTHORITY

The Board of Directors has the authority to manage the Bank according to the policies deemed to be appropriate, aligned with the purpose and objectives in the Articles of Association.

BOARD OF DIRECTORS CRITERIA

Criteria for members of the Board of Directors, among others:

1. Having good character, morals and integrity.
2. Capable in carrying out legal actions.
3. Having a good track record in the 5 (five) years prior to appointment and during tenure.
4. Having a commitment to comply with laws and regulations.
5. Having the knowledge and/or expertise in the required fields.

BOARD OF DIRECTORS COMPOSITION

As at December 31st, 2020 the Board of Directors comprises of 10 (ten) members, including 1 (one) President Director and 1 (one) Director in charge of compliance. The majority of members of the Board of Directors are Indonesian citizens and are all domiciled in Jakarta, Indonesia.

BOARD OF DIRECTORS INDEPENDENCE

The majority of the Board of Directors' members have no family relationships up to the second degree with fellow Directors and/or the Board of Commissioners. In addition, there is no concurrent positions as members of the Board of Directors, Board of Commissioners or



Executive Officers in the banks, companies, and/or institutions that may create a conflict of interest for the Board of Directors in managing the Bank. As such, the Board of Directors maintains its independence and professionalism in the Bank operations.

BOARD OF DIRECTORS CONCURRENT POSITIONS

None of the members of the Board having concurrent positions as members of the Board of Commissioners, Board of Directors, or Executive Officers in other banks, companies, and/or other institutions.

BOARD OF DIRECTORS MEETINGS

Board of Directors Meeting Policy

The Board of Directors Charter regulates the Board of Directors Meeting, as follows:

1. Meetings are held periodically at least once a month, and joint meetings with the Board of Commissioners at least once every 4 (four) months.
2. The meetings can be held when attended or represented by majority of members of the Board of Directors'.
3. The meeting schedule for the following year is determined prior to the end of financial year.
4. All policies and strategic decisions must be decided through the Board of Directors' meeting.
5. The meeting results must be stated in the minutes of meeting, signed by present members of the Board of Directors and for meeting attended by member of Board of Commissioners also signed by present members of the Board of Commissioners, and circulated to all members of the Board of Directors and members of the Board of Commissioners.

Board of Directors Meeting Agenda

In 2020, the Board of Directors meetings discussed the Bank's key issues, including:

1. Discussions on operations
2. Financial performance
3. Business and digital performance
4. Internal audit reports
5. Compliance dan AML-CFT reports
6. Transformation update (business, strategy & innovation, human capital)
7. Risk Culture
8. Three Lines of Defense
9. The Bank's Business Plan
10. Vision and Mission
11. Crisis Management regarding COVID-19 & New Normal

Joint Meeting Agenda

In 2020, the Joint Meeting's agenda included discussions on corporate plan operational performance, financial performance reports, BOD Charter, digital and OCBC NISP Ventura update.

Meetings and attendance of Board of Directors in Board of Directors Meeting and Joint Meeting of Board of Directors and Board of Commissioners

The following were the meetings and attendance of the Board of Commissioners and the Board of Directors Joint Meetings in 2020:



Name	Board of Directors Meeting			Joint Meeting of Board of Directors and Board of Commissioners Meeting		
	Number of Meetings	Attendance	% Attendance	Number of Meetings	Attendance	% Attendance
Parwati Surjaudaja	25	25	100%	3	3	100%
Emilya Tjahjadi	25	25	100%	3	3	100%
Hartati	25	25	100%	3	3	100%
Martin Widjaja	25	24	96%	3	3	100%
Andrae Krishnawan W.	25	25	100%	3	3	100%
Low Seh Kiat	25	18	72%	3	3	67%
Johannes Husin	25	25	100%	3	3	100%
Joseph Chan Fook Onn	25	25	100%	3	3	100%
Mirah Wiryoatmodjo *)	7	6	86%	-	-	-
Ka Jit **)	13	13	100%	2	2	100%
Lili S. Budiana **)	12	12	100%	2	2	100%

*) Mirah Wiryoatmodjo has resigned as Director effective as at the AGMS April 2nd, 2020

***) Ka Jit and Lili S. Budiana serve as Directors effective as of June 22nd and July 8th, 2020.

BOARD OF DIRECTORS PERFORMANCE ASSESSMENT

Board of Directors Performance Assessment Procedures

The Bank carries out the performance evaluations on the Directors including President Director individually and collegially based on the Bank's predetermined plans and strategies.

Board of Directors performance assessment Criteria

1. Individual Director Assessment

The Bank applies a Balance Score Card (BSC) by assessing the goal setting and the more detailed and mutually agreed Key Performance Indicators (KPI), which refer to the Bank's strategy. The individual directors' assessments are conducted by President Director.

The KPI assessment criteria for the Board of Directors' members refers to 5 (five) assessment criteria aspects, namely financial, customer, products and services, process, and people.

2. Group or collegial performance assessments

Assessment of the Board of Directors' duties and responsibilities as a group is carried out by the Board of Commissioners and assisted by the Remuneration and Nomination Committee. The Board of Directors' self-assessment method is based on GCG Structure, Process and Outcome in accordance with OJK Circular Letter No.13/SEOJK.3/2017 on the Implementation of Corporate Governance for Commercial Banks.

ORIENTATION PROGRAM FOR NEW DIRECTOR

The Bank has an orientation and introduction program for new Directors aimed at providing knowledge and understanding of the Bank. In 2020 there are 2 (two) new members of the Board of Directors from internal, and orientation program was done independently.

TRAINING PROGRAMS FOR BOARD OF DIRECTORS' MEMBERS

In 2020, the Board of Directors participated in various online training sessions organized by intern and extern (regulators and other institutions) for competency enhancement and to



conform with business development, specifically in supporting their duties and responsibilities, among others in the areas of Corporate Governance, Strategy and Leadership, Politics and Economy, Banking, Financial Technology and Technology, Risk Management and Compliance, Digital Transformation, Unlocking Capital For Sustainable 2020, Responding to COVID-19, Business Usual with COVID-19, Accounting Impact to COVID-19, Heightened Fraud Risk due to COVID-19, as well as New Normal Arrangement.

AFFILIATIONS

The majority of the Board of Directors’ members do not have affiliate relationships, either financial or family, with the Board of Commissioners, and other Directors and/or the Bank’s Controlling Shareholders.

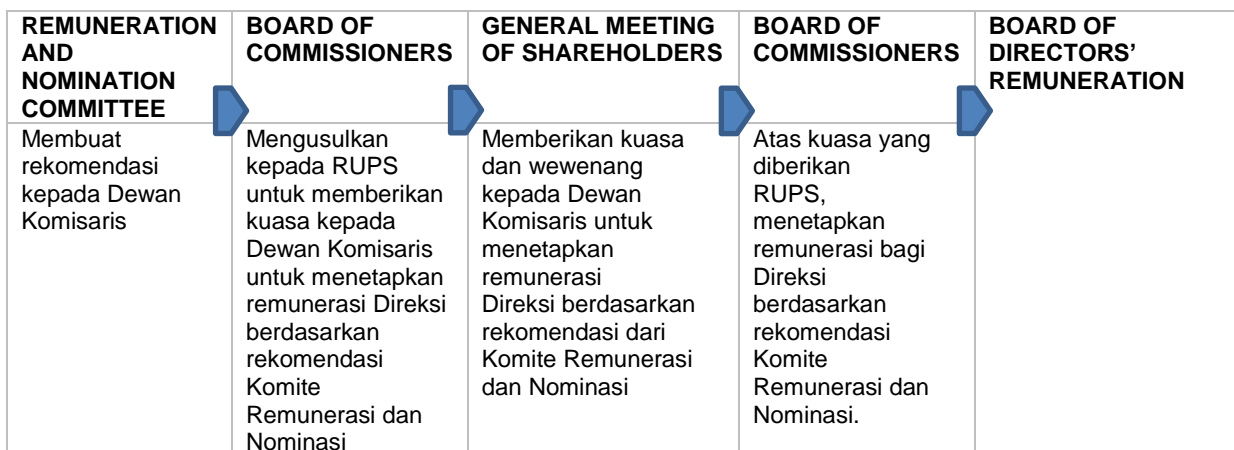
Parwati Surjaudaja has a family relationship with a member of the Board of Commissioners, Pramukti Surjaudaja, while Low Seh Kiat and Joseph Chan Fook Onn have financial relationships with the Controlling Shareholders, OCBC Bank.

SHAREHOLDING OF THE BOARD OF DIRECTORS AND COMMISSIONERS

No members of the Board of Commissioners have 5% of shares or more of the paid-in capital of the Bank, other banks, nonbank financial institutions, or other companies.

As of December 31st, 2020, only Low Seh Kiat held 15% of shares in a non-bank financial institution, Yolland Investment Pte. Ltd. No other members of the Board of Directors have 5% of shares or more of the paid-in capital of the Bank, other banks, non-bank financial institutions, or other companies.

BOARD OF DIRECTORS REMUNERATION DETERMINATION PROCEDURES





COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has in place the following Committees to assist in its duties, as follows:

Committee	Scope and Responsibilities and Composition
Board Risk Committee (BRC)	Preparing and supervising the implementation of risk management policies, presenting recommendations to the Board of Directors on risk management, including risk management in the Sharia Business Unit (SBU) Chairman : President Director Deputy-Chairman : Risk Management Director Member : All Directors Secretary : Enterprise Risk & Policy Management Division Head
Credit Risk Management Committee (CRMC)	Monitoring and evaluating the development of the loan portfolio, formulating and supervising the implementation of the loan policies, and providing suggestions for required improvements and measures. Chairman : President Director Deputy Chairman : Risk Management Director Member : All Directors Secretary : Head of Credit Risk
Market Risk Management Committee (MRMC)	Supporting the Board Risk Committee (BRC) and the President Director in controlling the Bank's market risk management. The MRMC's functions are to supervise the implementation of the Bank's market risk management, and to ensure that the Bank's market risk management policies and practice are conducted accurately, effectively, and support the Bank's business strategy. Chairman : President Director Member : <ul style="list-style-type: none"> • Finance Director (Substitute Chairman) • Treasury Director • Treasury Trading Division Head • Asset Liability Management Division Head • Market & Liquidity Risk Management Division Head Secretary : Market Risk Management Head
Asset Liability Management Committee (ALCO)	Supervising the Bank's balance sheet management and taking a role in ensuring that the balance sheet has the appropriate and consistent structure to maximize net interest income and shareholders value within tolerant limit concurred by the Board of Commissioners. ALCO also establishes policies regarding balance sheet exposure management, structural interest rate risk management, liquidity and funding risk management, as well as the Bank's FTP internal mechanisms. Chairman : President Director Deputy Chairman : Finance Director Member with Voting Rights: All Directors, except Compliance Director Member without Voting Rights: Compliance Director Secretary: Market & Liquidity Risk Management Division Head
Asset Liability Management Committee (ALCO) Sharia Business Unit (SBU)	Determining the Asset and Liability Management strategy and ensuring the SBU balance has the appropriate and consistent structure to maximize investments and benefits both the Bank and the community. Determining the balance sheet exposure management, including liquidity and funding risk management, yield risk and investment risk management, and the Bank's FTP internal mechanism. Chairman : Sharia Business Unit Director Deputy Chairman : <ul style="list-style-type: none"> • Finance Director • Risk Management Director Member : <ul style="list-style-type: none"> • Sharia Business Unit Head • Market & Liquidity Risk Management Division Head • Management Reporting & Methodologies Division Head Secretary : Asset Liability Risk Management Head
IT Steering Committee	Providing recommendation for IT Policy, including budget review for IT & Information Security, IT & Business strategy alignment, risk management and IT performance evaluation Chairman : President Director Member : <ul style="list-style-type: none"> • Risk Management Director • Finance Director • Head of the Operations and Information Technology Business Transformation Head Secretary :



COMMITTEES OF THE BOARD OF DIRECTORS PERFORMANCE ASSESSMENT

The executive committees have performed optimum and proper duties and responsibilities during 2020. The Board of Directors' assessment was generated from regular submitted reports, input and recommendations on matters included in the Board of Directors' duties, as well as the Committees' duties implementation.

CORPORATE SECRETARY

Corporate Secretary Profile

Ivonne P. Chandra - Corporate Secretary

Indonesian citizen, 57 years old.

Domicile: Jakarta, Indonesia.

Corporate Secretary since February 28th, 2014 based on Board of Directors' Decree No. KPTS/DIR/HCM/HK.02.02/180/2014 dated February 28th, 2014.

Work Experience	<ul style="list-style-type: none"> • 1989-1994: Management Associate, last position as Citigold Service Head at Citibank, N.A. • 1994-2003: Branch Manager, latest position as Consumer Distribution Head at Bank Universal (Permata Bank). • 2003-2006: Sales & Marketing Director at Astra CMG Life (FWD Life). • 2006-2008: Privilege Banking Head at Bank Danamon. • 2009-2011: Metropolitan Consumer Distribution Head at Bank OCBC NISP. • 2011-2013: Metropolitan Liabilities & Wealth Distribution Head at Bank OCBC NISP. • 2013-2014: Consumer Quality Assurance Division Head at Bank OCBC NISP. <p>No Concurrent Position</p>
Organization:	<ul style="list-style-type: none"> • 2017-present: Treasurer of Indonesia Corporate Secretary Association (ICSA). • 2006-present: Deputy Chairman of Education, IOA.
Education:	<ul style="list-style-type: none"> • MBA in Marketing from Golden Gate University, San Francisco, USA (1988). • Sarjana Hubungan Masyarakat, Fakultas Ilmu Komunikasi, Universitas Padjadjaran, Bandung (1986).
Awarded the following:	The High Performing Corporate Secretary - Top GRC Awards 2020.

Corporate Secretary Activities Report

In carrying out its duties, the Corporate Secretary and its units have carried out the following activities in 2020, among others:

- a. Following the Capital Market developments in particular the prevailing laws and regulations of the Capital Market.
- b. Providing recommendations to the Board of Directors and Board of Commissioners on the compliance with the prevailing laws and regulations of the Capital Market.
- c. Providing assistance to the Board of Directors and Board of Commissioners on the implementation of corporate governance.
- d. As a liaison of the Bank with shareholders, OJK and other stakeholders.

Training Programs

In 2020, Corporate Secretary participated in various online training sessions to develop the competency, organized by intern and extern (regulators and other institutions), among others: Corporate Legal & Corporate Action, Risk Management, ASEAN Corporate Governance Scorecard (ACGS): Building Stakeholders' Confidence and Trust, Future Smart Future Workforce (FSFW): Around The World Series – Unlocking Your Leadership Effectiveness through Behaviour Intelligence, Towards the Planet 50:50 Business Contribution to achievement of SDG 5, and some regulation socialization.



INVESTOR RELATIONS

The Bank continued to foster communication and maintained relationships with investors, including:

- through official groups and individual meetings
- conference calls
- publications of quarterly and annual financial statements,
- disclosure of information and significant events, press conferences, and
- periodic updates of the Bank's website.

In 2020, the Investor Relations Unit conducted 7 (seven) meetings with investors/analysts.

INTERNAL AUDIT DIVISION

The Bank has in place the Internal Audit Division as required by and in accordance with OJK Regulation No.1/POJK.03/2019 regarding the Implementation of Internal Audit Function for Commercial Banks.

Internal Audit Division has two main functions:

1. Providing reasonable assurance to the Board of Directors and Board of Commissioners (through the Audit Committee) that the Bank has designed and implemented adequate and effective governance, risk management and internal control processes;
2. Carrying out consulting functions for internal purposes within the scope of Internal Audit, as per Management's request, without Internal Audit assuming management responsibility. Such consulting activities will not be done where they would impair Internal Audit's independence or objectivity, nor where Internal Audit lack the knowledge, skills or other competencies to perform the engagement effectively.

Internal Audit Division Head Profile

Sani Effendy - Internal Audit Division Head

Indonesian Citizen, 56 years old.

Domicile: Jakarta, Indonesia

Internal Audit Division Head since December 1, 2015 based on

Appointment Letter No. 4752/HCS-JKT/OR.08.03/NA/XII/2015..

Work Experience:	<ul style="list-style-type: none"> • 2008 – 2015: Head of Wholesale Banking Bank OCBC NISP. • 1998 – 2008: Head of Corporate Finance Rabobank International Indonesia. <p>Concurrent Position: None</p>
Education:	<ul style="list-style-type: none"> • 1988: Bachelor Degree in Accounting from University of Indonesia • 2008: Master in Business Administration from the Institute of Technology Bandung (ITB). • 2016: Certified Internal Auditor (CIA).

Auditor Training Program

The Internal Audit Division participated in various training programs during 2020 that included Executing Audit Engagement, Environmental & Social Governance, and Cyber Security.

Internal Audit Profession Certification

As of December 31st, 2020, some of the Bank's Internal Auditors has obtained profession certifications among others: Certified Internal Auditor, Certified Information Systems Auditor, Qualified Internal Auditor.

Internal Audit Charter

The Internal Audit Charter and Internal Audit Manual serve as the guidelines for Internal Audit Division activities which was developed based on OJK Regulation No.1/POJK.03/2019



regarding the Implementation of Internal Audit Function for Commercial Banks. As a reference to global best practices, the Internal Audit Division adapts the standards and code of ethics issued by the Institute of Internal Auditors (IIA).

Internal Audit Structure and Position

The Internal Audit Division Head reports directly to and is responsible to the President Director, and indirectly to the Board of Commissioners through the Audit Committee. The Internal Audit Division Head regularly meets with the President Director, Audit Committee, the Board of Commissioners, and Sharia Supervisory Board.

The Internal Audit Division Head oversees several audit departments according to the audit area, among others; the Corporate Banking Audit, Network and Retail Banking Audit, Treasury Audit, Corporate Function Audit, Operations Audit, and IT Audit. The Internal Audit Division Head also oversees the Audit Methodology and Standards and Main Entity Audit functions.

Internal Audit Key Duties and Responsibilities

Pursuant to the Internal Audit Charter, the Internal Audit Division's main duties and responsibilities are:

- Developing and executing the Annual Audit Plan and monitoring the action plans of audit observations.
- Communicating the summary of audit activities and status of action plans on audit observations to the Board of Directors, Board of Commissioners, Audit Committee and Sharia Supervisory Board.
- Communicating with the External Auditor, Risk Management, and Regulators for the purpose of providing optimal audit coverage.
- Providing objective information and recommendations for improvement.

Details of Internal Audit Charter can be accessed on www.ocbcnisp.com.

Internal Audit Activities and Effectiveness

During 2020, Internal Audit Division has done audit in line with its Annual Audit Plan, including (1) 38 audit assignments covering branch office business and operations, lending and funding, treasury, technology and information systems activities, and Head Office support and operational functions, and (2) Developing the initiative to increase the Internal Audit's strategic roles through the development of data analytics, continuous auditing implementation, strategic risk auditing and digital risk auditing.

The effectiveness of the Internal Audit function and its compliance with the Professional Standard of Internal Audit was reviewed once a year by the Internal Audit, and at least once every 3 (three) years by external parties. The latest review was performed in August 2020 with the result that in general, activities carried out by Internal Audit Division are in accordance with the provisions set out in POJK, PBI, and Institute Internal Auditors (IIA) Standards.

COMPLIANCE FUNCTION

The advancement of digital technology, digital banking transformation and financial market integration have increased the complexity of the Bank's business activities, which has impacted the Bank's risk exposure. As such, the Bank's compliance function is designed for preventive (ex-ante) and curative (ex-post) efforts to mitigate business activity risks, hence it can be immediately anticipated.

Throughout 2020, Compliance Division has carried out the following duties and responsibilities:

1. Measures to foster the creation of a Compliance Culture in all Bank's business activities including Anti-Money Laundering and Counter Terrorism Funding Program (AML-CTF).



2. Ensuring Bank's policies, regulations, systems, procedures, and business activities have met the prevailing banking laws and regulations, including Sharia Principles for Sharia Business Units (SBU), including to monitor the Bank's prudential principles implementation.
3. Reviewing new products/activities and policies/procedures/documents of loans, conducting discussion forums to discuss gap analysis, monitoring compliance with regulatories and applicable laws and regulations, including Sharia Principles.
4. Monitoring the implementation of AML-CTF program in all Bank's activities, including to monitoring related reports in accordance with applicable regulations.

The Bank's Compliance to the Laws and Regulations and Commitments to the Regulators

To encourage compliance culture implementation in order to create compliance towards the Regulators' provisions and the prevailing laws in line with the Bank's business and organization growth, Compliance Division has applied self assessment methodology (Regulatory Requirement Self Assessment) on the monitoring process of the implementation of the regulation to mitigate compliance risk as well as to support and improve the Banks's performance on the prudential principles.

As a highly regulated industry, the Bank needs to build an effective relationship with the Regulators in managing its business activities. As such, the Compliance Division strives to effectively communicate with the Regulators to bridge the gap between the Bank's business requirements and the suitability to Regulators rules and to ensure commitment to the authority.

EXTERNAL AUDITOR

Appointment of Public Accounting Firm

With the authority granted by AGMS 2 April 2020, based on Audit Committee Recommendation dated April 30th, 2020, the Board of Commissioners has appointed Angelique Dewi Daryanto, S.E., CPA and Tanudiredja, Wibisana, Rintis & Rekan as the Public Accountant and Public Accounting Firm for the 2019 fiscal year based on the Board of Commissioners' Decree dated May 5th, 2020 and granted the power of attorney to the Board of Directors for its implementation.

Public Accounting Firms and Public Accountants that Conducted the Annual Audited Financial Statements during 6 Years

Year	Public Accounting Firm	Public Accountants
2015-2017	KAP Tanudiredja, Wibisana, Rintis & Rekan	Lucy Luciana Suhenda, SE, AK, CPA
2018-2020	KAP Tanudiredja, Wibisana, Rintis & Rekan	Angelique Dewi Daryanto, S.E., CPA

Audit and Non-Audit Services Fees

The total fees paid to Tanudiredja, Wibisana, Rintis & Rekan (a member firm of the PricewaterhouseCoopers Global Network) for audit services of the annual and interim financial statements services in 2020 was Rp4.1 billion.

There were no non-audit services fee in 2020.

External Audit Effectiveness

To fulfill the External Audit function application in accordance with POJK No.55/POJK.03/2016 concerning the Corporate Governance for Commercial Banks, the effective implementation of the External Audit and the Bank's compliance to the rules were as follows:



1. The Public Accountant and Public Accounting Firm appointed by the Bank were registered with the OJK in accordance with applicable regulations. The appointment has been approved by the GMS based on the recommendations of the Audit Committee.
2. The Public Accountant and Public Accounting Firm worked independently and professionally according to the Generally Accepted Auditing Standards (GAAP) and work agreement and the set audit scope.
3. The Public Accountant acted objectively in carrying out its audits in accordance with the stipulated audit scope. The audit results and management letters were submitted to the OJK in a timely manner.

IMPLEMENTATION OF REMUNERATION

REMUNERATION POLICY PREPARATION

Background

Based on OJK Regulation No.45/POJK.03/ 2015 and OJK Circular No. 40/SEOJK.03/ 2016 concerning Governance Implementation in Providing Remuneration for Commercial Banks, the Bank has a Remuneration Policy which is part of the Human Capital Policy. The remuneration policy covers the general remuneration for the Board of Commissioners, Board of Directors and Employees. The remuneration policy is supported by other Human Capital policies related to the benefits for employee.

Purpose

1. Provide clear guidance and awareness on the Bank's remuneration programs.
2. Maintain harmonious industrial relations in which the remuneration and benefits will take into account the employee's equal roles and contribution, while taking into consideration the Bank's ability and practices in banking industry as a whole.

Review of Remuneration Policy

The Bank has renewed the remuneration policy as part of the Human Capital Policy and has been set on July 27th, 2020. The changes included the governance for Employees' benefits.

Mechanism

The Bank implements the remuneration strategy by taking into account the Bank's performance, the units' performances, and employees' performances. The Bank shall also ensure that the mechanism allows employees in control units to maintain their independence in carrying out their functions according to the Bank's good governance.

Remuneration Policy Scopes and Implementation per Business Units, Regions and Branch Offices

The remuneration policy regulates the remuneration amount for the Board of Commissioners, Sharia Supervisory Board, Committees under the Board of Commissioners, Board of Directors and employees. The remuneration was granted with due observance of the annual performances of the Bank, work units, and individuals.

Remuneration associated with risks

The remuneration policy is correlated to the main risk types, criteria, impact, and changes of risk types, as illustrated in the following table:



Jenis Risiko Utama	Criteria	Impact on Remuneration	Changes of Main Risk and Criteria Compared to the previous Year
Loans	NPL	Providing variable pay in the form of bonuses, and not as incentives, for employees who provide loans to non retail customers, and for employees of certain position.	No change
Treasury	<i>Liquidity Risk</i>	Memberikan <i>variable pay</i> dalam bentuk bonus dan bukan insentif untuk karyawan di Tresuri.	Providing variable pay in the form of bonuses, and not as incentives, for employees in the Treasury.

Remuneration is linked to performance measurement

The Bank has a Performance Management policy, by which the Bank applies the principle of meritocracy to create the expected strategic harmony to support the Bank in achieving its goals.

Method

To determine the share of the annual performance bonus, the Bank takes into account the Bank's performance, operating unit performance and individual performance.

Description

The amount of the performance bonus is stipulated based on the achievements of the operating unit and individual. The Bank's also stipulated the amount of salary increases based on individual achievements.

Remuneration adjustment linked with performance and risk

1. Policy regarding deferred variable remuneration, amount, and the criteria for determining the amount.
2. The Bank's policy regarding deferred variable remuneration by deferring the payment (Malus) or implementation of clawback.

A vesting policy for deferrals, including payment terms.

The Bank does not differentiate between deferred variable remuneration among employees or groups of employees.

Deferred Remuneration	Variable	Bank Policy	Magnitude	Criteria	Time period
Bonus		Deferral in the form of cash and shares.	80% cash and 20% deferred	Qualitative	Deferred (malus) three years.

Deferred Variable Remuneration	Bank Policy
Payment is deferred (Malus)	20% of the bonus
Clawback	-

Name of external consultants and their assignments regarding the Remuneration policy, in case the Bank uses external consultant services

To ensure conformity of the Bank's remuneration with the remuneration practices in the banking industry and maintains the Bank's competitiveness, the Bank participated in a remuneration survey with Willis Towers Watson in 2020.

Board of Directors and Board of Commissioners remuneration packages and benefits received, including the remuneration structure and nominal amount shown in the table below:



Type of Remuneration and Benefits	Total Amount Received in 1 (one) Year			
	Board of Directors		Board of Commissioners	
	Persons	Million Rp	Persons	Million Rp
Salaries, bonuses, routine allowances, tantièmes, and other nonnatura benefits	11	112,329	9	37,820
Other benefits (housing, health insurance, etc.) that:	-	-	-	-
a. Could be owned				
b. Could not be owned				
Total	11	112,329	9	37,820

Note: 1 of the Board of Directors member and 1 of the Board of Commissioners member ceased their term of office in AGMS April 2nd, 2020.

Board of Directors and Board of Commissioners annual remuneration packages, by level of income group, as shown in the table below:

Annual Remuneration per Person	Number of Directors	Number of Commissioners
Above Rp2,000,000,000,-	9	8
Above Rp1,000,000,000,- up to Rp2,000,000,000,-	-	1
Above Rp500,000,000,- up to Rp1,000,000,000,-	-	-
Rp500,000,000,- and below	-	-

Note:

- Remuneration received in cash
- Board of Commissioners does not accept performance bonus
- 1 of the Board of Directors member and 1 of the Board of Commissioners member ceased their term of office in AGMS April 2nd, 2020.

Variable Remuneration

The following table illustrates the variable remuneration and reasons for the provision:

Type of Variable Remuneration	Reason
Bonus	Type of Bank reward to employees, taking into account bank performance, work unit performance and individual performance.
Incentive	Type of Bank reward to front office employees (seller) based on achievement of targets.
Long Term Cash Incentive (LTCI)	Type of Bank reward to employees who have shown good performance and have potential in accordance with the Bank's ambitions. This award is given in an effort for the Bank to retain talent.
Special Recognition Program (SRP)	The Bank's recognition to front office employee (sellers) that perform well and has the potential that conform to the Bank's aspirations. The award is granted as the Bank's effort to retain talent.
Shares	Type of Bank reward to employees who are Material Risk Takers. This is a fulfillment of POJK No.45/POJK.03/2015s.

The number of Directors, Commissioners, and Employees receiving Variable Remuneration in 1 (one) year and total amounts, as shown in the table below:

Variable Remuneration	Amount Received in 1 (one) Year					
	Board of Directors		Board of Commissioners		Employees	
	Total	Amount (IDR Million)	Total	Amount (IDR Million)	Total	Amount (IDR Million)
Total	11	54,242	-	-	5,660	266,089

Note: 1 of the Board of Directors member and 1 of the Board of Commissioners member ceased their term of office in AGMS April 2nd, 2020.



Material Risk Takers positions and numbers

Position	Jumlah
President Director	8
Director	1
Asset Liability Management Division Head	1
Treasury Trading Division Head	1
Head of Credit Risk	1

Share options held by the Board of Directors, Board of Commissioners and Executive Officers

The Banks does not provide share options, but provides variable bonuses in the form of shares as stipulated in POJK No.45/POJK.03/2015.

Ratio of the highest and lowest salaries

Salary ratios include salaries received by the Board of Directors, Board of Commissioners and employees per month.

Definition of "employees" is the Bank's permanent employees.

Description	Salary Ratios
Karyawan	1 : 83.5
Direksi	1 : 2.01
Dewan Komisaris	1 : 4.5

	Highest Employee and Director
Ratio	1 : 2.4

The number of recipients, and the total amount of variable remuneration, guaranteed without conditions, given by the Bank to prospective Directors, Commissioners, and/or Employees during the first 1 (one) year of work: None.

Number of employees whose employment terminated and the total nominal severance paid

Total severance pay amount paid per person in 1 (one) year	Number of Employees
Above Rp1.000.000.000,-	16
Above Rp500.000.000,- up to Rp1.000.000.000,-	19
Rp500.000.000,- and below	45

Notes: Including normal pension

Total deferred variable remuneration, comprising of cash and/or shares or stock-based instruments issued by the Bank and Total deferred variable remuneration paid for 1 (one) year.

Deferred Variable Remuneration Type	Amount paid in 1 (one) year	Total
Cash *)	4,652	13,958
Shares	133,333 shares	400,000 shares

Note: *) Only for MRT and expressed in million rupiah

Details of the amount of remuneration given in 1 (one) year

A. Fixed remuneration		
	Not Deferred	Deferred
Tunai	64,622	-
Saham	-	-
B. Variable remuneration		
	Not Deferred	Deferred
Tunai	57,291	13,958
Saham		400,000 shares

Note: Only for MRT and expressed in million rupiah



Quantitative information

Quantitative information regarding the total remaining deferred remuneration that is exposed to implicit or explicit adjustments, the total remuneration reduction due to explicit adjustments during the reporting period, and the total remuneration reduction due to implicit adjustments during the reporting period.

Variable Remuneration Types*)	Total Reduction During Reporting Period			
	Deferred Balance	Due to Implicit Adjustment	Due to Implicit Adjustment	Total
1. Cash (in million rupiah)	Rp9,305	-	-	-
2. Shares/Instrument of share based issued by Bank	266,667 shares	-	-	-

Note: *) Only for MRT

IMPORTANT/LITIGATION CASES OF THE COMPANY/ SUBSIDIARIES/MEMBERS OF BOARD OF DIRECTORS/MEMBERS OF BOARD OF COMMISSIONERS

The following are the Bank's litigation actions in 2020:

Legal Case	Civil	Criminal
Resolved (final and binding)	32	1
Ongoing Process	78	6
Total	110	7

The Bank's civil cases in 2020 were, among other caused by the following:

1. Objection to the auction of collateral.
2. Dispute between the debtor and third party claiming to be the original owner of the item held as collateral in the Bank.
3. Objection to the Bank's calculation of the outstanding value of debtor's liabilities.

Cases/Lawsuits Facts and Settlement Status

The following are the 3 (three) civil cases with the largest case values faced by the Bank up to December 31st, 2020:

No.	Cases	Parties	Case Value	Settlement Status
1.	Lawsuit for the cancellation of the Debtor's certificate issued by the Indonesian National Land Office. The certificate was collateral for Debtor's loan from Bank OCBC NISP.	Plaintiff: S Bank as Defendant in Intervention	Rp54,500,000,000	The Bank has won at the District Court, High Court, Supreme Court, currently in the PK process.
2.	Third party's lawsuit with Debtor on borrowing, regarding the request to the Bank to not transferring the collateral to any other parties.	Plaintiff: I Bank (As Co- Defendants)	Rp4,579,834,272	The Bank has won the litigation at the District Court, and currently undergoing examination at the High Court.
3.	Lawsuit on Debtor's debt balance and request on installment	Plaintiff: A Bank (As a Defendant)	Rp2,400,000,000	The Bank has won the case at the District Court, High Court and Supreme Court. Currently is undergoing Re-Assessment Process.

Risks Faced by the Bank related to Claims/Lawsuits

With regards to the significant cases faced by the Bank in 2020, no cases were found to have had a material negative impact on the Bank's future financial conditions and business continuity.



Significant Cases Faced by Members of the Board of Directors and/or the Board of Commissioners

During 2020, there were no significant cases faced by the Bank that involved the members of the Board of Commissioners and the Board of Directors.

Impact on the Bank's condition

With regards to the significant cases faced by the Bank in 2020, no cases were found to have had a material negative impact on the Bank's future financial conditions and business continuity.

CONFLICT OF INTEREST TRANSACTIONS

In 2020, there were no transactions that contained conflicts of interest that could potentially harm the Bank or its profitability.

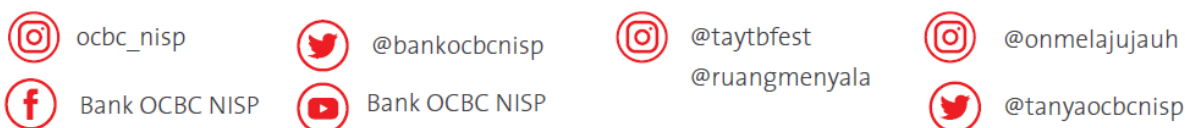
ADMINISTRATIVE SANCTION

No administrative sanctions that affected or significantly impacted the Bank during 2020.

INFORMATION DISCLOSURE

The Bank is committed to provide convenience for the stakeholders to access various information, such as on the Bank's performance, corporate actions, product information and promotion, customer service, and other information through the website, www.ocbcnisp.com, both in Bahasa Indonesia and English. Aligned with its aspiration to inspire Indonesian people to go beyond, turning challenges into opportunities and continuing to transform, Bank OCBC NISP transformed the appearance of Bank OCBC NISP's website (ocbcnisp.com) to be more fresh and more informative by strengthening the *User Interface (UI)* and *User Experience (UX)* which.

The Bank's information may also be accessed through other digital communication platforms, among others:



To realize the Bank's commitment to provide access and information convenience for the stakeholders, the Bank maintains good relations and builds close collaboration with media for regularly delivering corporate information.

This was to regulatory deliver:

24 news releases	8 media events	3.235 positive articles about the Bank through online, print and TV media
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CODE OF CONDUCT

The Bank has a Code of Conduct in place as an effort in implementing quality governance principles. The Code of Conduct as the basic rules and shall be adhered by all employees, Board of Directors and Board of Commissioners.



Code of Conduct Principles:

1. Comply with the laws and regulations;
2. Avoid of conflicts of interests;
3. Protect customers and Bank data confidentially;
4. Record and report correctly;
5. Against of money-laundering and terrorism-financing;
6. Prohibition of “Insider Trading”;
7. Protect the Bank’s assets and reputation;
8. No affiliations with political parties;
9. Develop healthy work environment;
10. Commit to social and environmental responsibility.

Code of Conduct Dissemination and Enforcement Efforts

Code of Conduct dissemination is regularly done through mandatory e-learning and every employee is required to provide a statement that they have read, acknowledge, and pledge to comply with the Bank’s Code of Conduct. The Code of Conduct is also accessible through the Bank’s internal website.

Code of Conduct enforcement is done by integrating it into a Collective Labor Agreement (CLA) and establishing violations sanction mechanisms into the Sanctions Policy.

Sanctions for each Type of Violation

In the event of a Code of Conduct violation, the Bank may impose minimum sanctions of a Second Warning Letter by taking into account the faults that occurred and its impacts. Sanctions for the Code of Conduct violators and those who are responsible will be stipulated based on the decision of the Disciplinary Council or Human Capital Council.

Number of Code of Conduct Violations and Sanctions

During 2020, the Bank recorded 2 (two) cases of Code of Conduct violations. Of these, all have has been handled and each sanction was given with a warning letter.

SHARES BUYBACK AND/OR BONDS BUYBACK

The Bank did not conduct any Bonds Buyback in 2020 however enacted a Shares Buyback transaction.

Policy in Shares Buyback In 2020

Pursuant to the AGMS resolution dated April 2nd, 2020, the shares buyback was conducted on July 8th – 9th, 2020 with average price per share buyback of Rp745, amounted to 400,000 shares of the total issued and fully paid shares. The shares buyback was intended to provide variable remuneration to management and employees to fulfill POJK No.45/POJK.03/2015. The Bank has reported the shares buyback to OJK through letter No.005/CPDD-CDU/MG/BB/VII/2020 dated July 9th, 2020.

There was no change in earning per share in relation to the shares buyback in 2020.

FUNDING FOR SOCIAL AND/OR POLITICAL ACTIVITIES

The Bank has never been involved in political activities nor provided assistance for political activities. Conversely, in line with the Bank’s vision and mission to be the trusted partner to enrich quality of life, the Bank continuously endeavors to provide optimal contributions to social activities as part of its corporate social responsibility.



For the 2020 fiscal year, the Bank allocated Rp3.8 billion for Corporate Social Responsibility (CSR) to support the education, health and environment also humanity.

PROVISION OF FUNDS TO RELATED PARTY AND LARGE EXPOSURE

The Bank has formulated policies for provision of funds to related party in the form of rules and procedures as part of its prudential banking principle. The policies are continuously updated to align with the prevailing laws and regulations.

The Board of Commissioners undertakes a monitoring role to ensure that provision of funds related parties are aligned with the prevailing laws and regulations.

In 2020, provision of funds related party and large exposures were implemented according to the applicable laws and regulations, and there were no exceeds and/or violations of the lending, both to non-related party and related party.

Funding	Debitur	TOTAL
To Related Parties	196	2,166,183
Main debitur		
- Individual	1	1,883,400
- Group	24	69,352,088

THE BANK'S STRATEGIC PLAN

The Bank will continue its efforts to maintain healthy and sustainable business growth while still adhering to the strong principles of prudence as well as maintaining the implementation of the principles of good governance in all business activities of the bank. Digital transformation efforts will also continue to be made to anticipate developments in information technology and digital disruption, either through the “beyond traditional banking” strategy, collaboration with start-ups or Business to Business (B2B) services. Meanwhile, responsible funding efforts will also continue to be carried out to support the achievement of the Sustainable Development Goals (SDGs), as outlined in the Bank OCBC NISP Sustainable Finance Action Plan (RAKB).

Short Term Plan

The Bank has formulated strategic measures to achieve its new vision and mission, including:

1. Strengthening business model by:
 - Developing and strengthening the propositions for Retail and Business Banking segments.
 - Continuing its efforts to deepen customer relationship and increase customer acquisition innovatively.
 - Formulating specific industrial strategies in health and education.
 - Harmonizing office networks as part of our transformation strategy to support digital services and office network services.
2. Continuing the transformation of networks, integrated channels, operations and IT, human capital and data analytics.
3. Strengthening Bank OCBC NISP's brand by continually aligning marketing initiatives across communication network that focus on efforts to improve customer acquisition, wealth management, product holding, customer loyalty and the number of active users of digital services.
4. Improving the effectiveness of three lines of defense.
5. Optimizing synergies with OCBC Group, including focusing on wealth management, future capability development and collaborative ecosystem development.



Medium and Long Term Plans

The Bank has established the following medium and longterm (3 to 5 years) strategic measures:

1. Increasing lending with due observance to loan growth direction and maintaining the non-performing loan ratio in compliance with regulations.
2. Increasing funds collection by remaining focused on products with low interest rates to improve the financing structure and enhance cost efficiency.
3. Increasing fee-based income contributions, as well as intensifying product bundling and cross selling. The Bank will also launch several products and services with customized features that meet customer needs.
4. Intensifying efficiency and productivity through end-to-end control of operational costs, process improvement, and digitalization, as well as increasing office and ATM network productivities.

TRANSPARENCY OF THE BANK'S FINANCIAL AND NON-FINANCIAL CONDITIONS

The Bank's financial condition has been clearly and transparently communicated in several reports, including:

Financial Condition Transparency

1. Annual Report, which includes:
 - a. Financial Highlights, Board of Commissioners' Report, Board of Directors' Report, Company Profile, Business Review, Business Function Review, Financial Review, Corporate Governance, Risk Management, and Sustainability Report.
 - b. Audited Annual Financial Statements by a Public Accountant and Public Accounting Firm registered at OJK.
 - c. The Board of Commissioners' and Board of Directors' Statements on the accuracy of the Annual Report's contents, signed by all members of the Board of Commissioners and Board of Directors.
2. Quarterly Financial Statements
The Bank routinely announces the quarterly Financial Statements in the nation-wide Indonesian newspapers and presents it on the Bank's website www.ocbcnisp.com.
3. Monthly Financial Statements
The Bank publishes the Monthly Financial Statements on the Bank's website www.ocbcnisp.com, in compliance with the OJK's format.

Non-Financial Condition Transparency

The Bank has provided clear, accurate and updated product information. Such information is easily accessible by the Customers, among others brochures that may be easily attained in every Branch Office by the customers, and/or electronic information through the Bank's Call Center or website www.ocbcnisp.com.

For Customers complaints and/or recommendations, the Bank has provided several communication channels, such as Call Center, online Contact Us menu at the Bank's website, and through [@tanyaocbcnisp](https://twitter.com/tanyaocbcnisp) (twitter account).

For other stakeholders such as shareholders and regulators, the Bank's website presents various other non-financial condition information such as GCG Implementation Report, Shareholders Structure, Corporate Actions through Press Releases, Awards, and etc.



Bank's Governance Readiness During COVID-19's Pandemic

Prioritizing the safety and health of all stakeholders

The Bank saw the COVID-19's pandemic as a momentum to carry out a comprehensive transformation in creating new ways of working. Responding to the COVID-19's outbreak in Indonesia, the Bank has focused its efforts to ensure the health and safety of the employees and customers while continuing to provide excellent banking services.

Four areas that the Bank has identified and implemented in response to this pandemic which are aligned with government instructions, includes:

Operational Readiness.

As COVID-19 pandemic spread in an exponential speed, the Bank has ensured excellent banking services through operational readiness and taken excellent care of employees and customers' health and safety.

- Bank applied a large-scale implementation of social distancing, by applying Work from Home (WFH), split operations, flexible working hours and other corporate initiatives. More than 80% employees in head office applied WFH and nearly 60% of branch offices.
- Bank has made several adjustments to operational activities with strict hygiene protocols implementation, such as : cleaning offices with disinfectant regularly (especially in public areas) such as elevators and ATMs, providing hand sanitizers in easily accessible locations and measuring body temperature and enforced a safe distance for the queue.
- For those who still need to go to the office, the Bank provided hand sanitizer, gloves, face mask as well as multi-vitamin to ensure their health.
- The Bank has also partnered with one of online health provider to provide health consultation via apps for our employees who are feeling unwell, so they don't need to go to hospital if not urgent.

Service Readiness.

We go beyond our services to help our customers, both retail & corporate customer.

- The Bank encourages the customers to utilize the Banking from Home solution using *ONE Mobil* for individual customers and *Velocity@ocbcnisp* for corporate customers.
- Bank launch and actively communicated the loan relaxation to the customers, especially small-medium business players. For individual customers, the Bank has also implemented credit card's cost and interest rate adjustment.
- Bank also has provided financial education series to share the latest information or tips in order to manage their financial needs.

Social Action.

The Bank has made extraordinary effort to lift-up its communities, especially in this challenging time. The Bank has reallocated the CSR and Corporate budget for humanitarian relief program.

ANTI CORRUPTION POLICY

One of the measures taken by the Bank in maintaining integrity and public trust is by implementing various policies, including anti-money laundering and combating the financing of terrorism (AML-CFT) policy, procurement policy, the no-gift acceptance policy and whistleblowing policy, and anti-fraud policy. The integrated policies implemented in all Bank activities at-risk are expected to reduce the space and opportunity for anyone to commit acts of corruption and gratification.



Policy of Goods and/or Services Procurement within the Bank

All management activities on the procurement process of goods and/or services within the Bank are constantly based on the User and corporate needs with a national distribution scale.

In order to achieve a proper coordination in implementing procurement of goods and/or services, the Bank has several policies as guidance for the related parties, among others:

1. Policy of Goods and/or Services Procurement.
2. Procedure of Planning and Goods and/or Services Procurement Budget Making.
3. Procedure of Vendor Management.

In conducting its operation/business, the Bank does not only use internal resources. The Bank also engage external vendors' services in relation to the procurement of office stationaries, information technology, consultant services, security recruitment services, office boy, etc, meanwhile the Bank does not use the external vendors' services to run its main business. Detail information can be accessed in www.ocbcnisp.com.

No-Gift Acceptance Policy

No-gift acceptance stipulates by the Board of Commissioners, Board of Directors, the Sharia Supervisory Board, committee members of the Board of Commissioners, Bank employees and/or their direct dependents the prohibition on receiving gifts from any external parties, which relate to Bank activities.

The Bank's Gratuity Policy regulates the following:

1. Prohibition on receiving or requesting gifts in any form from external parties.
2. Obligation to refuse and return gifts from external parties.
3. Obligation to declare and handover of gifts unable to return.

WHISTLEBLOWING SYSTEM

The Bank has in place the whistleblowing program as a confidential communication tool to provide ease or prevent reluctance by employees and/or external parties to report acts of abuse of authority, acts of fraud, or violations of the company's code of ethics, whether carried out by employees from the lowest to the highest levels.

Whistleblowing Report Submission

The fraud reports can be submitted verbally or in writing through the following channel:

1. Via e-mail whistleblowing@ocbcnisp.com
2. Addressed to the Internal Audit Division Head, Operational Risk Management Division Head, Human Capital Services Division Head, or Fraud Management Team (TPF).
3. Addressed to the President Director or President Commissioner if uncomfortable reporting to the appointed officials.
4. Through the website, <https://whistleblowing.ocbcnisp.com>

Whistleblowing Protection Program

To protect whistleblowers from unfair actions, the Human Capital Services Division Head appoints a Whistleblowing Protection Officer to provide protection to the whistleblowers.

Whistleblowing Handling

- Investigation
All complaints received will be investigated by an independent unit, namely the Fraud Handling Team.



- Reporting
The whistleblowing statistical report is presented to the Fraud Council, the Board Risk Committee and the Risk Monitoring Committee. Whistleblowing reports that have a significant impact will also be reported to the President Director.
- Sanctions
The Bank imposes strict sanctions on guilty employees. Sanction decisions are made by the Disciplinary Council.

Whistleblowing Management

Four parties handle fraud complaints as a whistleblowing follow up:

1. Fraud Handling Team: to investigate all complaint reports.
2. Human Capital Services Division Head: to provide protection to reporters.
3. The Disciplinary Council to impose sanctions on guilty offenders.
4. Operational Risk Management: to administer the investigation report and to coordinate with relevant unit in preparing improvements and mitigation efforts.

Whistleblowing Report Records

The following 10 whistleblowing reports were recorded during 2020, resulted from the indication of Fraud, as stated in below table.

Status of whistleblowing (WB) report	2020
Number of WB reports received	10
Number of WB reports investigated	6
Number of WB reports still under investigation	4
Number of WB reports including violations	5

Resolved Whistleblowing Sanctions/Follow Up in 2020

Of 6 whistleblowing reports that have been investigated, a total of 2 reports were involvement of Bank staff(s) and have been given sanctions in accordance with their respective involvement.

INTERNAL FRAUD

Internal fraud is an offense or omission deliberately carried out by the Bank's employees to defraud or manipulate the Bank, customers or other parties, which occur within the Bank's environment and/or by using the Bank's facilities that may cause potential losses and/or the fraud offenders to gain benefits either directly or indirectly by all levels of the Bank's organization.

The Bank has implemented an anti-fraud strategy consisting of four main pillars:

1. Prevention
Preventive actions for minimizing the chance of fraud, including:
 - a. Anti Fraud awareness.
 - b. Identification of exposures.
 - c. Know your employee policy.
2. Detection
Detection is conducted to minimize the impact of possible fraud as early as possible, including:
 - a. Impromptu audit by the Internal Audit or monitoring / Quality Assurance unit.
 - b. Surveillance system.
 - c. Whistleblowing policy and mechanism.
3. Investigation, Reporting and Sanctions
Investigation, Reporting and Sanctions are carried out through:



- a. Fraud investigations conducted by Independent officers.
 - b. Fraud reporting to Fraud Council, Board Risk Committee and Risk Monitoring Committee (with Board of Commissioners as members).
 - c. Reporting to Regulators.
 - d. Imposing sanctions on the offenders or the involved parties.
4. Monitoring, Evaluation and Follow-Up Monitoring follow-up of fraud handling and improvement development is done by the Fraud Council and followed-up by Internal Audit.

During 2020, from investigated whistleblowing report, there is no internal fraud by employees with losses exposure of more than Rp100 million.

PROTECTION OF CREDITORS' RIGHTS

In implementing good corporate governance, the Bank is obliged to ensure creditors rights are protected, and they retain confidence in the Bank. It is outlined in the agreement between both parties, and the Bank fulfils its obligation in a timely manner and avoids delays or negligence that could potentially cause losses to both parties.

OTHER INFORMATION RELATING TO THE BANK'S GOVERNANCE

In carrying out its activities, there is no owner intervention, internal disputes or problems that arise as a result of the Bank's remuneration policy.

GCG GUIDELINES IMPLEMENTATION FOR PUBLIC COMPANIES

The Bank disclosed the information as referred in the OJK Regulation No.21/POJK.04/2015 dated November 16th, 2015 and OJK Circular Letter No.32/SEOJK.04/2015 dated November 17th, 2015 concerning the *Corporate Governance Guidelines for Public Companies*. As such, the Bank has conducted various activities to meet the recommendation as described in the table below:

Fulfillment of Corporate Governance Guidelines for Public Companies

No.	Recommendation	Description
Aspect 1. Relationship between Public Company and Shareholders in Ensuring the Rights of the Shareholders		
Principle 1. Improving the Value of GMS Convention		
1.1	Public Company has voting procedures either publicly or confidentially, which promotes independency and shareholder interest	Complied. The Bank has an open voting system conducted through the raising of hands following the selected option offered by the GMS chairman that prioritizes the shareholders' independence and interests as stated in the GMS Rules which have been read out in the GMS and made available on the website www.ocbcnisp.com before the GMS.
1.2	All Board of Directors and Board of Commissioners members attended the Annual General Meeting of Shareholders.	Even though in the Covid -19 pandemic situation, 7 (seven) out of 9 (nine) of the Board of Directors and 4 (four) of the total 9 (nine) members of the Board of Commissioners attended the 2020 Annual GMS.
1.3	The GMS Summary is available on the company's website for at least 1 (one) year.	Complied. GMS summaries for the pas 5 (five) years are available on the website at www.ocbcnisp.com
Principle 2. Improving the quality of Public Companies Communication with Shareholders or Investors		
2.1	Public Company has a communication policy with shareholders or investors.	Complied. The Bank has a Policy on Information Disclosure and Performance Reports for the Investors and Analysts since 2015. Communication with shareholders and investors is conducted through the GMS, Public Expose, Analyst



		Meetings, and distribution of financial performance on a regular basis.
2.2	Company discloses its communication policy with shareholders or investors on website.	Complied. The Policy on Information Disclosure and Performance Reports for the Investors can be obtained at the website www.ocbcnisp.com
Aspect 2: Board of Commissioners Functions and Roles		
Principle 3: Strengthening the Board of Commissioners Membership and Composition		
3.1	Determining the Board of Commissioners membership composition by considering the company's condition.	Complied. Considering the Company's need, condition, and capability, in 2020, the Bank Commissioner has 8 members of the Board of Commissioners.
3.2.	Determining the Board of Commissioners membership composition by considering various skills, knowledge, and experiences.	Complied. The Bank's Board of Commissioners members have the skills, knowledge and experience to support company development.
Principle 4: Improving the Quality of the Board of Commissioners Duties and Responsibilities		
4.1	The Board of Commissioners has a selfassessment policy for its performance.	Complied. The Bank has a self-assessment policy to assess the Board of Commissioners' performance.
4.2.	The self-assessment policy to assess the Board of Commissioners, is disclosed to the Annual Report of the public company.	Complied. The self-assessment policy has been disclosed in this Annual Report on page 15.
4.3	The Board of Commissioners has a policy with respect to the resignation of Board of Commissioners member if such member involved in financial crime.	Complied. The Board of Commissioners Charter requires that Board member should never have been convicted of a crime, or sentenced under criminal law, that harmed public finance and/or was related to the financial sector within a period of 5 (five) years prior to their appointment and while serving in office. Thus, if any Board of Commissioners member is involved in a financial crime, then it is deemed a failure in criteria and the member must resign.
4.4.	The Board of Commissioners or Committee that carries out the Nomination and Remuneration function develops succession policies for the Board of Directors members' nomination.	Complied. The Remuneration and Nomination Committee has the Nomination Policy that includes the succession policy for the nomination process of the Board of Directors.
Aspect 3: Board of Directors Functions and Roles		
Principle 5: Strengthening the Board of Directors Membership and Composition		
5.1.	Determining the number of Board of Directors members considering the company's condition and effectiveness in decision making.	Complied. Currently the Bank has 10 (ten) Board of Directors members which suit the needs and complexity of the Bank.
5.2	Determining the Board of Directors membership composition by considering various skills, knowledge, and experiences.	Complied. The Bank's Board of Directors members have the various skills, knowledge and experience as shown in the Board of Directors Profiles on website www.ocbcnisp.com
5.3.	The Board of Directors members who are in charge of accounting or financial have expertise and/or knowledge in accounting.	Complied. Refer to the Finance Directors Profile on website www.ocbcnisp.com
Principle 6: Improving the Quality of the Board of Directors Duties and Responsibilities		
6.1	The Board of Directors has a self-assessment	Terpenuhi. Bank melaksanakan proses evaluasi kinerja Direksi secara individu dan berkelompok, terkait rencana dan



	policy to assess its Board of Directors performance	strategi Bank yang telah ditentukan sebelumnya. Penilaian antara lain menggunakan Balance Score Card (BSC) dan penyusunan Key Performance Indicator (KPI).
6.2	The self-assessment policy to be disclosed in the Annual Report.	Complied. The self-assessment policy has been disclosed in this Annual Report on page 15.
6.3.	The Board of Directors has policies relating to the resignation of Board of Directors members if they are involved in financial crimes.	Complied. The Board of Directors' Charter requires that all Board members should never have been convicted of a crime, or sentenced under criminal law, that harmed public finance and/or was related to the financial sector within a period of 5 (five) years prior to their appointment and while serving in office. Thus, if any Board of Directors member is involved in a financial crime, then it is deemed a failure in criteria and the member must resign.
Aspect 4: Stakeholder Participation		
Principle 7: Increasing Good Corporate Governance Aspects through Stakeholder Participation		
7.1	Public Company has policies to prevent insider trading.	Complied. The Bank has a Code of Conduct prohibiting insider trading. The Bank also has an Information Wall policy that regulates confidential/for-limited audience only information flow (also referred to as "inside information") and to avoid any conflict of interest that might arise.
7.2.	Public Company has anti-corruption and anti-fraud policies.	Complied. The Bank has policies to regulate anti-corruption which is covered in the No-gifts acceptance, Goods and/or Services Procurement, Whistleblowing, Anti-Fraud.
7.3.	Public Company has policies regarding the selection and increase in the abilities of suppliers or vendors.	Complied. The Bank has a vendor selection process Policy that follows the principles of transparency and fairness. The Policy also regulates vendor performance evaluations that can be used in assisting vendor improvements.
7.4.	Public Company has policies regarding the fulfillment of creditor rights.	Complied. The Bank ensures creditor's rights are fulfilled in every credit agreement between the Bank and the creditor.
7.5.	Public Company has whistleblowing system policies.	Complied. The Bank has a whistleblowing system policy that can be obtained on the website at www.ocbcnisp.com .
7.6.	Public Company has policies for providing longterm incentives to the Board of Directors and employees.	Complied. The Bank ensures creditor's rights are fulfilled in every credit agreement between the Bank and the creditor.
Aspect 5: Information Disclosure		
Principle 8: Improving Information Disclosure		
8.1.	Public Companies utilize information technology widely outside its website in the form of information disclosure media.	Complied. The Bank utilize information technology for information disclosure as seen on the Bank's website www.ocbcnisp.com and on several social media accounts such as facebook, twitter, instagram and youtube.
8.2	Public Companies Annual Reports disclose the final beneficial owners of their shares holding at least five percent, in addition to the disclosure of the final beneficial owners in the Public Companies through the majority and controlling shareholder.	Complied. The Bank has disclosed this information in the Annual Report.



SHARIA BUSINESS UNIT (SBU) GCG IMPLEMENTATION REPORT

The implementation of GCG on the Bank's Sharia Business Unit refers to the Sharia Principles issued by the National Sharia Board of the Indonesian *Ulama* Council (DSN-MUI) *Fatwa* and to stipulations from the regulator, the PBI No. 11/33/PBI/2009 concerning *Implementation of Good Corporate Governance in Sharia Commercial Banks and Sharia Business Units*, as well as the 2007 Law No. 40 concerning *Limited Liability Companies*.

SBU GCG Principles



Transparency



Accountability



Responsibility



Professional



Fairness

SBU DIRECTOR

The Bank has appointed Andrae Krishnawan W. as SBU Director, effective since July 29th, 2013.

The SBU Director's Duties and Responsibilities

The SBU Director is responsible for managing all SBU activities, and for ensuring the management of business activities in accordance with prevailing sharia principles and regulations. Detailed information on the SBU Directors' duties and responsibilities can be accessed on the website, www.ocbcnisp.com, in The Board of Directors Charter section.

SHARIA SUPERVISORY BOARD (SSB)

Chairman of the Sharia Supervisory Board: Muhammad Anwar Ibrahim
Member of the Sharia Supervisory Board: Mohammad Bagus Teguh Prawira

SSB Duties and Responsibilities

The SSB's duties and responsibilities include providing advice and suggestions to the SBU Director, as well as supervising the Bank's SBU activities based on Sharia principles, including the following:

- Assessing and ensuring the fulfillment of Sharia Principles in the operational and product guidelines issued by the Bank's SBU.
- Supervising new product development processes by the Bank SBU from the start to the launch of the products.
- Providing sharia opinions on new products of the Bank SBU and/or restructured financing.
- Requesting *fatwa* from the DSN-MUI for new products for which no *fatwa* has been issued.
- Performing periodic reviews of Sharia Principles compliance for funds collection and disbursement mechanisms, as well as the Bank SBU's services.
- Requesting data and information related to sharia aspects from the SBU task force in support of its duties.
- Reporting the sharia supervision results to the Board of Directors, Board of Commissioners, DSN-MUI, and the OJK in accordance with the applicable laws and regulations.
- Evaluation policy of Risk Management related with fulfillment of Sharia Principle at least once a year.
- Evaluation about responsibility of Director on the implementation of Risk Management policy related to the fulfillment of Sharia Principles at least on quarterly basis.



SSB Criteria and Independence

The Criteria and independence was aligned with Bank Indonesia regulations and included the following:

- SSB members must have integrity, which at least includes:
 1. Good character and morals.
 2. Committed to comply with sharia banking regulations and the applicable laws and regulations.
 3. Committed to the development of sound and sustainable sharia banking.
 4. Not included in the fit and proper test unqualified list, as stated in the OJK regulation concerning the *fit and proper test*.
- SSB members must be competent professionals, who at least have knowledge and experience in sharia *mu'amalah* and banking and/or finance in general.
- SSB members must have good financial reputations, which at least includes:
 1. Not included on Non-Performing Loan lists.
 2. Having never been declared bankrupt or been a shareholder, a member of Board of Commissioners, or Board of Directors of a company and/or an executive member of a company that has been found guilty, causing the company and/or institution to become bankrupt in the last 5 (five) years before being nominated.
- SSB members hold maximum 4 (four) concurrent positions at other Sharia financial institutions according to the regulation on GCG implementation of Sharia Bank and Sharia Business Unit.

SSB Meetings

SSB meeting must be held at least 1 (one) time in 1 (one) month. During 2020 SSB held 12 (twelve) meetings with 100% attendance of the Chairman and members of SSB.

SSB Supervision Report

For 2020, the SSB submitted supervision reports to OJK in the form of an Implementation report on the suitability of the Bank's products and services with the DSN – MUI *fatwa*, which are:

1. New Product : there are no new product in 2020
2. Financing: KPR iB Financing and investment (corporation) with Musyarakah Mutanaqisah and Musyarakah agreement.
3. Third Party Funds: Tanda iB, Taka iB, Time Deposit iB, Mudharabah Saving Account, Hajj Saving Account.
4. Banking Services: National Clearing System (SKN) and Real-time Gross Settlement (RTGS).
5. Treasury Activities: Government Sukuk and Fasbis.

SSB Remuneration

Type of Remuneration and Other Facilities	Sharia Supervisory Board	
	Person	Amount (Rp million)
Remuneration	2	1,098
Other facilities such housing, transport, insurance, healthcare, etc.		
- Can be owned	-	-
- Cannot be owned	-	-
Total	2	1,098

Total Annual Remuneration per Person in 1 (one) year	Number of Sharia Supervisory Board (SSB)
Above Rp2.000.000.000,-	-
Above Rp1.000.000.000,- up to Rp2,000,000,000,-	2
Above Rp500.000.000,- up to Rp1.000.000.000,-	-



Rp500.000.000,- and below	-
Total	2

List of SBU Consultants

In 2020, the SBU did not use consulting services.

Internal Fraud

Up to December 2020, there was no internal fraud committed by the Bank's employees.

Legal Cases

As of December 2020, there have been 6 (six) civil cases, 2 (two) cases have been completed and 4 (four) cases are still in process. There are no criminal cases within the SSB of the Bank.

Non-Halal Income and Its Use

Up to December 2020, there was no Non-halal income.

Distribution of Interest-Free Loans from the Bank SBU for Social Activities

Throughout to December 2020, Bank SBU distributed charitable funds amounting to Rp482,697,182 originating from Bank SBU, and interest free loans were distributed through social activities, such as religious celebrations, improvement of education facilities, and infrastructure, as well as disaster relief and the provision of mask and APBD to hospital related to COVID-19.

GCG Self-Assessment of the Bank's SBU

In 2020, Bank's SBU performed a GCG Self-Assessment that referred to Bank Indonesia stipulations concerning the Implementation of Good Corporate Governance for Islamic Commercial Banks and Islamic Business Units, as regulated in Bank Indonesia Regulation No.11/33/PBI/2009 and Bank Indonesia Circular Letter No.12/13/DPbS.

The Bank SBU GCG implementation assessment was conducted and focused on 5 (five) factors, including:

1. Implementation of the SBU Director's duties and responsibilities.
2. Implementation of the Sharia Supervisory Board's duties and responsibilities.
3. Implementation of Sharia Principles in fund accumulation and funds distribution as well as service activities.
4. Funds distribution to key financing customers and funds deposits by key depositors.
5. Transparency of the SBU's financial and non-financial conditions, GCG implementation report, and internal reporting.

General Conclusion for the Sharia Business Unit's GCG Self-Assessment Results

Based on the GCG Self-Assessment, the following results were obtained:

Composite Score and Rating	The Bank SBU Good Corporate Governance Implementation achieved a rating of 1 or Very Good Category.
Weakness and Factors of Self-Assessment Result	There were no significant weaknesses in the Bank SBU Good Corporate Governance implementation.
Strength in Good Corporate Governance Implementation	The SBU Director's and the SSB active role ensure the fulfillment of Sharia principles in the business activities, as well as the commitment of all parties in the SBU Organization and relevant units.
Follow Up	The Bank's SBU remains committed to Good Corporate Governance Implementation and performs continuous improvement on every aspects of Good Corporate Governance Implementation.



PROFILE OF SHARIA SUPERVISORY BOARD

MUHAMMAD ANWAR IBRAHIM - Chairman of Sharia Supervisory Board

Indonesian citizen, aged 79 years old.

Domicile: Jakarta, Indonesia.

Bank OCBC NISP Sharia Supervisory Board Chairman since 2009.

Work experience:	<ul style="list-style-type: none"> • 1999-present: Deputy Chief Executive of the National Sharia Council (Sharia Banking and Islamic Financial Institutions), – Indonesian Ulema Council (MUI). • 2001-present: Lecturer of Public Financial Institutions at the Sharia Faculty, Jakarta Institute of Al-Quran Sciences. • 2003-present: Chairman of Sharia Supervisory Board at PT Maybank Indonesia. *) • 2008-October 2020: Chairman of Sharia Supervisory Board at PT Prudential Life Assurance. • 2008-present: Lecturer of Introduction to Islamic Economy at the Faculty of Economics, University of Trisakti. • 2013-present: Lecturer in Financial Systems in Islam, Faculty of Dirasat Islamiah, State Islamic University. <p>*) Concurrent Positions</p>
Educational Background:	<p>Master's degree and a PhD degree in Ushulfiqh Comparative (Source and Philosophy of Islamic Law) from the Faculty of Sharia and Jurisprudence, Al Azhar University, Cairo, Egypt in 1969 and 1978 respectively.</p>
Appointment History:	<p>First appointed as Sharia Supervisory Board Chairman at the AGMS 2009, effective as at September 14th, 2009, and has been reappointed several times with the latest appointment at 2020.</p>

MOHAMMAD BAGUS TEGUH PERWIRA - Member of Sharia Supervisory Board

Indonesian citizen aged 42 years old.

Domicile: Jakarta, Indonesia.

Bank OCBC NISP Sharia Supervisory Board Member since 2009..

Work Experience:	<ul style="list-style-type: none"> • 2009–present: Member of Sharia Supervisory Board at PT Schroder Investment Management Indonesia. *) • 2015-2017: Chairman of Sharia Supervisory Board at PT Indosurya Asset Management. • 2015–present: Chairman of Sharia Supervisory Board at PT Aberdeen Standard Investments Indonesia (formerly named PT Aberdeen Asset Management). *) • 2015–present: Member of Executive Board of the National Sharia Board - Indonesian Ulema Council as a Secretary of Islamic Capital Market Task Force. • 2020–present: Member of Sharia Supervisory Board PT Bank Maybank Indonesia Tbk. *) <p>*) Concurrent Positions</p>
Educational Background:	<ul style="list-style-type: none"> • Bachelor's degree in Islamic Studies and Arabic from Al Azhar University, Cairo (1999). • Master's degree in Islamic Economics from Universitas Islam Negeri Syarif Hidayatullah, Jakarta (2007).
Appointment History:	<ul style="list-style-type: none"> • First appointed as Sharia Supervisory Board Member at the AGMS 2009, effective as at September 14th, 2009 and has been reappointed several times with the latest appointment at the 2014, 2017, and 2020 AGMS. • A member of the Integrated Governance Committee (KTKT) through the Decision of the Board of Commissioners of the Main Entity No. 001/DEKOM-EU/IPC-NK/X/2019 dated October 9th, 2019



RISK MANAGEMENT

OVERVIEW OF RISK MANAGEMENT IN 2020

Bank continues to improve its risk management quality by taking into account the Environmental, Social, and Governance factors (ESG Factor).

In 2020, the Bank's Risk Management Group (RMG) exercised robust risk management and focused on:

1. Effective risk management as an enabler for a strengthened business model by implementing the strengthen/build proposition, customer, network alignment and Group synergy.
2. Effective Three Lines of Defense (3LoD) which are effective governance and decision making, effective first, second and third lines of defense.
3. Crisis Management and Cyber Security Defense.
Crisis management includes COVID-19 pandemic handling by taking into account business portfolio, People Health & Safety, Business Continuity & Sustainable Growth, Comply to Laws & Regulations and Seamless & Effective Crisis Communication.
4. Continuation of transformation journey that includes integrated channel transformation, human capital, supply chain product and data management governance framework.
5. Sustainable support towards digital transformation through effective credit risk management initiatives.

In general, the impact on domestic and global economic developments caused by the COVID-19 pandemic was prudently addressed by the Bank. Hence, the Bank was able to successfully maintain a sound credit quality as indicated by the Bank's Non-Performing Loan (NPL) ratio that was below 2% during the year, below average banking industry.

Bank's financial position and operational capabilities remain strong throughout the COVID-19 crisis and are ready to enter new normal era.

RISK MANAGEMENT IMPLEMENTATION

The Bank's risk management implementation adheres to the Risk Appetite Statement (RAS), which becomes the foundation in risk-taking. Thereby, the Bank's business may continue to grow prudently and sustainably.

Board of Commissioners and Board of Directors' Active Supervision

In conducting its supervisory function on the Bank's implementation of risk management, the Board of Commissioners has clear duties and responsibilities, including overseeing its implementation in accordance with the RAS, established framework and policies, and providing strategic direction to improve its quality and effectiveness. In relation to the above function, the Board of Commissioners would review and concur on the recommendations of the Risk Monitoring Committee pertaining to such risk matters, including risk thresholds and limits that may be undertaken. The Board of Commissioners is also responsible for:

1. Approving lending to related parties.
2. Overseeing the implementation of integrated risk management in the financial conglomerate.

Related to the impact of COVID-19 pandemic, Board of Commissioners have performed closer supervision, especially in conjunction to credit, market, liquidity and operational risk, including to conduct monthly meeting for that purpose.



In carrying out its risk management function, the Board of Directors has clear duties and responsibilities, including:

1. Developing written policies and comprehensive risk management strategies.
2. Being responsible for the implementation of the risk management policies and the overall risk exposures taken by the Bank.
3. Evaluating and deciding on transactions that require the Board of Directors' approval.
4. Developing a risk management culture at every level in the Bank.
5. Ensuring competency improvement for human resources associated with risk management.
6. Ensuring the independence operations of risk management functions.
7. Conducting periodical reviews to ensure the accuracy of risk assessment methodologies, the adequacy of risk management system implementation and the accuracy of the policies, procedures, as well as risk thresholds.
8. Ensuring effective risk management implementation by each Financial Services Institution (FSI) affiliated in the financial conglomerate.

Adequacy of Risk Management Policies, Procedures, and Limit Setting

The Bank has adequate risk management policies, procedures, and thresholds supporting an effective, efficient and professional Risk Management framework covering 8 (eight) main risk types. The risks are credit risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk and compliance risk as well as other risks that support the Bank's growth in a prudent, consistent and sustainable manner, while improving on the Bank's added value for all of its stakeholders. The risk policies, procedures, and thresholds are periodically documented and reviewed according to internal and external development.

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

The Bank has in place the infrastructure to identify, measure, supervise and control risk supported by an adequate management information system capable of supporting the overall risk management function.

To anticipate the potential future risks, through forward looking analysis, the Bank has developed an emerging risk approach that serves as an early warning mechanism to identify various potential risks that may be encountered by the Bank in the future.

Through this emerging risk approach, the Bank is able to identify potential risks in accordance with the Bank's business profile characteristics, both on risk impact (severity of material impact) and the estimated time of risks occurrence (imminence), hence the Bank is prepared to take the necessary actions to mitigate and control the potential risks.

In accordance with the second pillar of Basel II, the Bank applies Internal Capital Adequacy Assessment Process (ICAAP) to ensure the capital adequacy is in accordance with the Bank's risk profile outside of the risk profile already covered in the first pillar. The Bank consistently ensures there is sufficient capital adequacy to absorb potential material losses that may occur in stress condition scenarios and to support the Bank's sustainable business growth.

Risk Management Organization and Governance

The Bank has several work units in its Risk Management Group's organizational structure that are responsible to manage various risk types. As a second line of defense, besides being responsible to carry out risk management governance independently, the Risk Management



Group also works closely and partners with all business units and supporting units, from the strategic to transaction levels in order to build a process of risk identification, measurement, monitoring, control and an information system as well as the overall internal control system.

In conducting effective risk management, the Board of Directors is supported by committees or councils with relevant risk management function. They are the Board Risk Committee, Credit Risk Management Committee, Market Risk Management Committee, ALCO, ALCO SBU. Meanwhile, the overall supervision for the organization is conducted by the Board of Commissioners with the support of related committees, such as the Risk Monitoring Committee and Audit Committee, as illustrated in the organizational structure.

Risk Management of Sharia Business Unit

The Bank provides banking services based on the Sharia principle through Sharia Business Units (SBU). The implementation of risk management in the SBU covers all business activities and are integrated with the Bank's risk management. The implementation covers 8 risk type as mention above including rate of return risk and equity investment risk. The implementation involves all banking elements, including the Board of Directors supported by the ALCO SBU, with active supervision by the Board of Commissioners and the Sharia Supervisory Board (SSB). The SBU risk profile assessments involve an assessment of the inherent risks and the quality of risk management implementation in the Bank's operations. Based on the self-assessment results in 2020, the SBU composite risk rating was low.

Risk Control for New Products and/or Activities

The Bank continues to meet an increasing variety of customers' needs, by innovates its products and/or activities to prepared infrastructure, process, and comply with the proper regulations and risk control as well as aligned with the targeted Sustainable Development Goals (SDGs), each new product and/or activity must meet the required processes and provisions stipulated in the Product Management Policy known as the New Product Approval Process (NPAP).

Integrated Risk Management

Bank OCBC NISP, as the Main Entity appointed by OCBC Bank Ltd through OCBC Overseas Investment Pte. Ltd. As the controlling shareholder, has carried out comprehensive Integrated Risk Management for Financial Conglomerate.

In this Financial Conglomerate, the Bank is related to PT Great Eastern Life Indonesia (GELI), PT Great Eastern General Insurance Indonesia (GEGI), and PT OCBC Sekuritas Indonesia (PTOS).

CAPITAL AND RISK MANAGEMENT PRACTICES

Capital Policy

The Bank has established a Capital Management Policy on the approaches, principles and basic framework for capital measurement, monitoring and supervision in order to not violate external rules and/or internal prudential guidelines.

Capital management is the Bank's effort to maintain financial stability and sustainability management that remained inherent in the Bank's operational procedures as a legal entity, and the Bank's strategic planning. Moreover, the Capital Management Strategy is also driven by the Bank's strategic objectives, requirements, and Risk Appetite set by the Board of Directors.



Based on regulations and measurable capital, and to support the future business plan and strategy, the Bank focuses on the management of internal financing sources to meet the Minimum Capital Adequacy Requirement in accordance with regulatory provisions.

Capital Adequacy

As of December 31, 2020, the Bank's capital adequacy ratio stood at 22.0 %, well above the minimum requirement set by the Financial Services Authority.

In line with each work unit's initiatives in the Risk Management Group, the Bank undertook the following risk management initiatives during 2020:

CREDIT RISK MANAGEMENT

Credit risk is the risk that exists due to the failure of the debtor and/or counter-party in fulfilling their obligations to the Bank.

Credit Risk Management Supervision and Organization

The Credit Risk Management Committee (CRMC) has been established to assist the Board of Directors in formulating the Bank's Credit Policy (KPB), supervising its implementation, monitoring the progress and the conditions of credit portfolio as well as providing suggestions on remedial actions.

The Credit Risk Management Unit manages the credit risk based on pre-determined risk appetite, target customers, limits and risk standards. The work unit is also responsible for controlling lending activities by supervising the risk portfolio, risk measurement methodology, risk reporting and remedial loans in line with prudent banking principles in lending activities, as well as ensuring that all of the credit risks have been optimally managed.

To ensure sound management of the credit risk, the Bank conducted various efforts, including:

1. Monitoring the credit portfolio quality by observing current trends in terms of deterioration or improvement, as well as analysis by observing the portfolio in detail from many sides, as well as compiling various related reports periodically.
2. Formulating a work plan to be executed in line with the monitoring and credit portfolio quality analysis results, both for improving or maintaining credit quality.
3. Conducting stress tests for credit portfolios by using top-down or bottom-up scenarios, as well as ensured mitigating actions were taken in relation to the stress test results.
4. The above efforts were carried out on a regular basis and were objectively, transparently and timely submitted to the Board of Directors through the Credit Risk Management Committee and Board Risk Committee. Such reporting may be used by the management for improvements and to ensure a sound credit portfolio quality.

Credit Risk Management Approach

The credit risk management framework at the Bank covers the complete credit risk cycle, supported by comprehensive credit risk processes, which use models to efficiently and consistently quantify and manage risks.

The Bank accepts credit risks that are within its established standards and those commensurate with an adequate return to increase the shareholder value.



Consumer and Emerging Business Loans

The Credit Portfolio for Retail Banking consumers (Consumer and Emerging Business) is derived from credit programs, including:

- Commercial Property Loans
- Mortgage Loans
- Working Capital Loans
- Credit Cards
- Unsecured Loans

Lending facilities are in accordance with the target markets and comply with the Product Program policy. The Product Program is regularly examined to ensure that the target markets have kept abreast with the market development and the set policies have complied with the current regulations.

Credit analysis is conducted by prioritizing the prudent banking principles whereby the limit holders' performance is regularly examined and used as the basis for feasibility evaluations on authorized lending, in accordance with the internal and regulator policies.

The risk level of processed credit applications will be calculated automatically by the Loan Origination System (LOS) as it has been integrated with the Application Scorecard model and applicable parameter policy, hence to ensure the effective, efficient, objective and consistent performance of the loans decision making process as expected.

Commercial, Corporate and Financial Institution Loans

Lending to commercial, corporate and financial institution customers are assessed and recommended by experienced Credit Risk Officers. They identify and assess the credit risk of commercial, corporate or financial institution customers, both as individuals and groups, by considering the management, financial and company profile quality against industry and economic threats. The collateral or other credit support is also assessed to mitigate or reduce the risks. Credit extensions are directed towards pre-defined Target Markets and Risk Acceptance Criteria (TM RAC). The pre-defined target is used as a screening reference on the debtors/potential debtors based on the industry that they are in, while the Risk Acceptance Criteria are used to analyze the quality of debtors, which represents the Bank's Risk Appetite.

To ensure lending objectivity, the approval process follows the four-eyes principle as an absolute requirement, with risk handling shared between the business units and credit risk management functions.

As part of the implementation of sustainable finance, the Bank has created a Responsible Financing Framework and Policy, including policies by industry sector. In addition, the Bank has an Environmental and Social Management System (ESMS), which consists of a set of policies, procedures and measurements to identify and manage environmental and social risks of debtors/potential debtors in a systematic and sustainable manner.

Credit Risk from Investment or Trading Activities

Counterparty credit risk from trading, derivatives and debt security activities are closely monitored, and actively managed, to protect the Bank from potential losses that may occur when replacing a contract if the counterparty defaults. A credit limit is set following a counterparty credit capacity assessment in accordance with the internal policy and following a feasibility and counterparty compatibility for products offered. The credit exposure is controlled through



independent monitoring and direct reporting related to breaches of the approved limit and risk mitigation threshold.

Credit Risk Control

Human resource development is continuously performed through credit training programs, both for business and risk functions relating to credit. Collaboration with the business units has been strengthened through a series of improvements, including working closely with the risk management teams from the initial process of credit proposal to the final credit approval.

The Bank also periodically conducts forward-looking emerging risk assessments to ascertain the future potential risk. The assessment is a collaborative effort between the Business Units and Credit Risk Management Unit. The commonly used scenarios, include global economic crisis risk, Indonesia's macroeconomic conditions, interest rate hikes, inflation rate hikes, Rupiah depreciation, and other scenario related to credit risk.

Based on stress testing exercises performed by the Business Units and Credit Risk Management Unit, the Bank also undertakes proactive and preventive actions, such as determining a Watchlist category for companies affected by changes in certain economic conditions as well as COVID-19 impact whose financial condition is projected to decline. The debtors included in the Watchlist category will be closely and regularly monitored in anticipation of future deterioration in credit quality.

Backed by the above strategies, the Bank's Non- Performing Loan (NPL) as of December 31, 2020 was consistently maintained low level of 1.9% (gross). This reflects proper implementation of the Bank's prudent banking principles on credit risk management throughout the year.

Credit Risk Mitigation

To calculate the Risk Weighted Assets (RWA) for credit risk based on the Standardized Approach, the Bank recognizes the existence of collateral, warranty, guarantee, collateral, or credit insurance as Credit Risk Mitigation Techniques (CRMT).

Disclosure of Risk Weighted Net Receivables After Calculating the Impact of Credit Risk Mitigation can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.

Disclosure of Risk Weighted Net Receivables and Credit Risk Mitigation Techniques can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.

Calculation of Risk Weighted Assets (RWA) for Credit Risk

The Risk Weighted Assets for credit risk as of December 31st, 2020 for individual Bank was stood at Rp 120.5 trillion.

Information of Assets Exposure in the Financial Statement, Commitment/Contingency Liabilities Exposure on Off Balance Sheet Transactions, Counter-party Credit Risk Exposure, Sharia Business Unit Exposure, Total Credit Risk Measurement, and Analysis of Counterparty Credit Risk Exposure (CCR1) can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.



Credit Concentration Risk Management

Credit concentration risk is the risk that arises from financing concentration with certain debtors, geographic regions, products, types of financing or certain business fields.

In managing credit concentration risk, the Bank has several threshold determination guidelines stipulated in the Risk Appetite statement, rules on the Target Market and Risk Acceptance Criteria (TM RAC), as well as stipulations on Legal Lending Limit, including the limits for Top Borrowers, individuals or groups, certain industrial sectors, as well as groups of borrowers, related parties and others.

With these guidelines, credit concentration risk can be properly controlled as the credit exposure for certain parties and industrial sectors are limited, managed and regularly monitored.

Remedial Management

The Bank consistently strives to anticipate non-performing loans at an early stage, and proactively manages the non-performing loans and/or recovery towards a sound condition. As such, the Bank has established the Asset Recovery Management (ARM) Division, a dedicated special work unit to manage non-performing loans. Specifically for the unsecured consumer loan portfolio, the risk control function is performed by Consumer Collection team.

Moreover, loan relaxation or restructuring has been implemented by credit team and Asset Recovery Management (ARM) to anticipate crisis related to COVID-19. At the same time, this also supports Government Policy on financial/banking related to national economic stimulus as the countercyclical policy of COVID-19. Bank implements Loan Relaxation or Restructuring program prudently to meet the targets. The program was delivered by reducing interest rates, extension of installment period, reduction of principal arrears or reduction of interest arrears. The program enables control of loan quality assessment, hence optimizing the Bank's performance in its intermediation function.

Matured Account Receivables and Impairment of Receivables

The Bank defines matured account receivables as all receivables with 90 days overdue, both for principal and/or interest repayments. All receivables are subject to impairment based on the Bank's evaluation, which is based on objective evidence on the impairment due to one or more "loss events", after initial credit problem recognition where the loss event has had an impact on the reliable estimated future cash flow of the financial asset or group of financial assets.

The Bank has established criteria used as the basic guidelines for determining objective evidence of impairment. Also, there are several additional criteria used specifically for credits for significant amounts.

Information of Disclosure of Net Receivables Based on Region, Net Receivables Based on Maturity Term, and Net Receivables Based on Economic Sector can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.

Approach Used for Calculating Allowance for Impairment Losses (CKPN)

Allowance for Impairment losses for financial assets are assessed using a forward-looking expected credit loss (ECL) model in accordance with the requirement of PSAK 71.



The ECL model is applied to debt financial assets measured at amortised costs, *Fair Value through Other Comprehensive Income* (FVOCI) and most off-balance sheet loan commitments and financial guarantees.

Credit loss allowances are measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 – On initial recognition, expected credit loss will be that resulting from default events that are possible over the next 12 months.
- Stage 2 – Following a significant increase in credit risk of financial assets since its initial recognition, the credit loss allowance will be that resulting from default events that are possible over the expected life of the asset.
- Stage 3 – When a financial assets exhibits objective evidence of impairment and is considered to be creditimpaired, the credit loss allowance will be the full lifetime expected credit loss.

Movement between stage 1 and stage 2 are based on whether an instruments' credit risk as at the reporting date has increased significantly since its initial recognition.

Movement between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of whether a financial asset is credit-impaired under PSAK 71 will be based on objective evidence of impairment

The Bank considers both qualitative and quantitative parameters in the assessment of whether there is a significant increase in credit risk. These include the following:

- The Bank conducts qualitative assessment to ascertain if there has been significant increase in credit risk.
- The Bank has established threshold for significant increases in credit risk based on both a relative and absolute changes in credit scoring.
- The Bank uses days past due (DPD) as a further indication of significant increase in credit risk.

ECL is a probability-weighted estimate of credit losses. The key inputs used in the measurement of ECL are:

- Probability of default (PD) – This is an estimate of the likelihood of default over a given time horizon.
- Exposure at default (EAD) – This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest as well as expected drawdowns on committed facilities.
- Loss given default (LGD) – This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, including from any collateral.

The ECL used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on three macroeconomic scenarios ("Base", "Upside" dan "Downside" or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

The Bank has guidelines to determine whether an allowance for impairment losses should be applied individually or collectively. Individual allowance for impairment losses is applied on individually significant financial assets with impairment. While, collective allowance for impairment losses is applied for individually insignificant financial assets with impairment; and on financial assets individually assessed with no objective evidence of impairment.



Information of Disclosure of Receivables and Allowance based on Region, Receivables and Allowance By Economic Sector, and Movements in Allowance for Impairment Losses (CKPN) can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.

Regulatory and Basel Requirements Compliance

Align with the Bank's commitment to consistently implement the risk management best practices, it has established an infrastructure to meet the various stipulations by the regulators, including the Basel framework as an international best practices.

Currently, the Bank still adopts a Standardized Approach in credit risk measurement by referring to the regulatory provisions. The risk weight refers the rules set by the regulators. In the event of required rating for receivables, the Bank uses a rating agency recognized by the regulators in accordance with the domestic rating agency stipulations, such as Pefindo, as well as international credit rating agencies such as S&P, Moody's and Fitch.

In preparation of meeting the criteria for Internal Rating Based (IRB) in accordance with Basel standards, the Bank has established and developed a credit rating model and a scorecard model for corporate credit, and an application scorecard and behavior scorecard for retail and consumer credit.

Both the corporate credit rating and retail credit scorecard have been implemented in the credit decision making process. Through the credit rating and scorecard, the Bank is able to objectively assess the credit feasibility, with a view to improve credit analysis quality for portfolios and individually.

All models used for credit rating and scorecard have been validated by an independent party in accordance with the model risk management framework prior to implementation, and will be constantly evaluated as well as periodically analyzed according to the regulations to ensure the model's feasibility and compatibility with prevailing business patterns.

Disclosure of Net Receivables Based on Portfolio Categories and Individual Rating can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.

MARKET RISK MANAGEMENT

Market risk is the risk of losses on the balance sheet and offbalance sheet positions, including derivative transactions, resulting from overall movements in market conditions such as changes in interest rate, foreign exchange, including changes in option prices.

Market risk management strategy is established in line with the Bank's risk appetite and business strategy, by considering macro economic and market conditions.

Market Risk Management Framework

Market risk management is carried out by referring to a comprehensive risk management framework and policies covering clearly separation between the Trading Book and Banking Book portfolio, segregation of duties between risk-taking units and units which carry out control and supervision, that prepare various mandatory rules and limitations for risk-taking units.

To control the amount of risk that can be taken, the Bank has established various market risk limits and thresholds to ensure that each market risk exposure is within the approved risk tolerance level and risk appetite.



Market risk exposure is reported on daily basis equipped with proper escalation process and discussed in the Market Risk Management Committee meeting.

Market Risk Management Organization and Supervision

To ensure the adequacy of the Bank's market risk management, active monitoring by the Board of Directors and Board of Commissioners is needed. At the Board of Directors level, the risk monitoring function is performed through the Market Risk Management Committee (MRMC), ALCO, and the Board Risk Committee (BRC), while at the Board of Commissioners level, the monitoring function is performed by the Risk Monitoring Committee (RMC). The MRMC and ALCO meetings are held on a monthly basis, while the BRC meetings are held minimum four times a year and RMC meetings are held minimum six times a year.

MRMC is the committee consisting of senior management as members that support BRC, and the President Director in managing the overall market risk processes. The MRMC is responsible to supervise the Market Risk Management, by ensuring the appropriate, effective, and sufficient policies and practices are in place to support the Bank's business strategies. Moreover, any potential problems in the market risk management will be discussed with MRMC and reported to the BRC.

Treasury is the risk taking unit with segregation between trading and banking book activities. The Market and Liquidity Risk Management Division (MLRMD) is an independent control unit responsible to monitor and control any market risk activities in accordance with market risk management framework and policies, both trading book and banking book. MLRMD is in charge of identifying risks, establishing and validating risk management models and reporting risks independently.

Market Risk Management Approach

The Bank is aware that market risk management is a joint responsibility between risk taking unit and control unit with regards to the approved strategy and trading mandate.

The market risk management working guidelines include the following main risk processes:

- **Market Risk Identification**
The market risk identification is conducted through market price movement analysis and changes in financial portfolios compared to the business unit strategies, as well as analysis of market risks inherent in new products launch.
- **Market Risk Measurement**
Market risk measurement are conducted using the following risk control methodologies.
 1. Value-At-Risk
Value-At-Risk (VaR) is a methodology for measuring the potential risk of maximum losses that may occur in a financial portfolio within a specific time frame and based on certain confidence levels. VaR is measured and monitored for interest rate and currency risk factors by using a historical simulation approach, under 99% confidence level.
 2. Financial Portfolio Sensitivity
Financial portfolio sensitivity is calculated by measuring the impact of movements in the underlying risk instruments on the financial portfolio. The calculation of sensitivity is:
 - »» PV01 to measure the potential change in price of a financial portfolio from the movement of interest rates



- »» CS01 to measure the impact from the credit spread on a financial portfolio exposed to credit risk.
3. **Stress Testing**
Market risk stress testing is carried out to estimate potential economic losses that may occur due to certain scenario assumptions, based on a hypothetical assumption (anticipatory stress test) or historical observations, which has a low probability but is plausible. Market Risk Stress Testing is conducted regularly and stress test result presented to MRMC, BRC and RMC.
 4. **Market Risk Weighted Asset**
Currently in calculating market risk weighted asset the Bank adopts Standardized Approach for market risk measurement by referring to the regulatory guidelines.
- **Market Risk Monitoring and Management**
 1. **Limits**
The Bank has established a set of risk limit and threshold to ensure market risk exposure always within the Bank's risk tolerance and appetite. These risk limits approved by Board of Directors and concurred by Board of Commissioners. Market risk limits include PV01, VaR, FX NOP, Stop Loss, and FX Option Greeks limits.
 2. **Model Validation**
Model validation is an integral part of the Bank's risk control process. Model validation is a series of processes carried out periodically aimed at verifying that a model used is in accordance with its intended purpose, after going through internal verification and evaluation by an independent party.
 3. **Back-testing**
Back testing is a process to ensure a model's integrity and to evaluate a statistical model's quality. The Bank conducts back testing to confirm the consistency of its market risk model against assumptions for the statistical model used.
 4. **Market Risk Management System**
The Bank's market risk management system has been built in accordance with the scope, size and complexity of the existing market risk activities, which covers all material market risks, both on and off-balance sheet. The Bank uses Murex system to manage, measure and control market risk exposures arising from the trading and banking book portfolios. In addition, to measure the interest rate risk in the banking book (IRRBB), the Bank uses the Fermat ALM system.
The Bank believes that good risk reporting is important for ensuring compliance with risk limits and identifying any improvements needed in the Bank's risk profiles, hence necessary corrective actions can be taken in a timely manner.

Tabel VaR

Table VaR

Jenis Risiko Risk Type	2020				2019			
	Year End	Average	Minimum	Maximum	Year End	Average	Minimum	Maximum
IR VAR	12,412,974,649	11,709,864,003	2,254,183,856	26,111,037,627	7,710,197,569	11,353,976,716	5,075,556,801	28,948,646,205
FX VAR	2,283,454,377	5,785,331,933	378,389,585	22,732,736,641	8,500,612,900	4,658,092,435	157,198,157	17,043,012,008
TOTAL VAR	11,623,945,322	15,429,998,099	2,255,570,735	43,467,681,289	8,187,007,422	10,943,911,209	4,308,602,261	28,684,056,771

Tabel PV01 (nilai penuh)

PV01 (absolute value)

Rupiah	2020				2019			
	Year End	Average	Minimum	Maximum	Year End	Average	Minimum	Maximum
PV01 - Trading Book	502,360	688,049	256	1,348,107	959,940	855,723	381,295	1,569,029



Information of Market Risk Weighted Assets, and Interest Rate Risk in the Banking Book can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.

ASSET AND LIABILITY RISK MANAGEMENT

The asset and liability risk management is a strategic management carried out by the Bank to regulate the Bank's assets and liabilities composition and structure, with the aim of maximizing revenue and optimizing liquidity risk and interest rate risk management, in accordance with risk tolerance limits and set limits. The main focus in asset and liability (ALM) risk management is liquidity risk and interest risk in the banking book (IRRBB).

Asset and Liability Risk Management Framework and Control

Implementation of liquidity risk management and IRRBB is limited to risk limits with reference to the Bank's Risk Appetite Statement (RAS). Limit setting and ALM risk management policies are established in line with business strategies, market developments and economic conditions, and the Bank's risk appetite.

The ALM risk exposure are monitored and reported on a daily basis, by an independent unit within the Risk Management Group. The monitoring process has equipped with an escalation procedure to ensure limits and triggers implementation governance.

In addition to risk limits and trigger, the Bank also conducts stress test simulations on a monthly basis to anticipate and measure the Bank's ability to address the possible worst conditions, due to the market changes and customer behavior.

Assets and Liabilities Risk Management Oversight and Organization

The Asset Liability Management Committee (ALCO) consists all Directors and chaired by the President Director. This committee is responsible for overseeing the overall management of the Bank's balance sheet and providing strategic direction in managing liquidity risk and IRRBB.

In addition, the liquidity-risk updates and IRRBB exposures are also reported at the Board Risk Committee (BRC) meeting, and to the Board of Commissioners through the Risk Monitoring Committee (RMC) meetings.

The ALM risk analysis and control is conducted by the Market and Liquidity Risk Management (MLRM) Division which is responsible for monitoring, measuring, and reporting on liquidity and IRRBB risk.

The daily liquidity and IRRBB risk management is conducted by the Treasury ALM unit, as a risk-taking unit, which actively manages liquidity risk exposure and IRRBB within the set limits and predetermined triggers.

Assets and Liabilities Risk Management Measurement and Approach

Liquidity Risk Management

Liquidity risk is the risk of the Bank being unable to meet its financial obligations as they fall due without incurring unacceptable costs or losses through fund raising and assets liquidation. This risk includes the inability of the Bank to manage unplanned decreases or changes in funding sources and the failure to recognise or address changes in market conditions that affect the Bank's ability to liquidate assets quickly with minimal loss in value.



The liquidity risk management aims to ensure that sufficient funding sources are available to meet financial obligations, so that it can maintain the Bank's ability to conduct business activities properly.

The Bank manages and monitors operational liquidity by projecting cash flows on a daily basis based on the contractual and behavioral approaches. Liquidity exposure simulations under stress scenarios are also performed to measure the Bank's liquidity position resistance levels, using approved stress test scenarios.

In addition to the daily liquidity gap reports, the Bank also monitors structural liquidity ratio indicators such as the Loan to Deposit Ratio (LDR), Non-Bank Funding Ratio, Medium Term Funding Ratio, Net Interbank Borrowing Ratio, and Deposit Concentration Ratio to maintain the optimal composition between funding and assets.

In accordance with the regulatory provisions related to implement BASEL III liquidity standards, the Bank also monitors its daily Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) on a monthly basis.

In addition, the Bank has built early warning indicators, which are monitored on a monthly basis, to provide early warning to the management with regards to potential liquidity risk that might occur at any time. These early warning indicators are useful for activating the Contingency Funding Plan (CFP), if needed.

Information of the Regulatory LCR, NSFR, as well as Encumbered and Unencumbered Assets can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.

Interest Rate Risk Management in Banking Book

IRRBB is the risk to earnings and capital arising from mismatches in the timing of repricing assets and liabilities in the Bank's banking book activities, which can possibly exposed to adverse movements in interest rates.

IRRBB management is aimed to ensure that IRRBB exposures can be identified, measured, monitored and managed in accordance within defined risk tolerances.

As such, the Bank measures IRRBB exposure from the following three perspectives:

- Point in time repricing gaps and PV01.
- Earnings perspective, the impact of interest rate change on Net Interest Income (NII) – over different interest rate scenarios.
- Economic value of equity (EVE) perspective. The economic value approach provides a more comprehensive view of the potential long-term effects of changes in interest rates on capital adequacy.

In calculating NII, the Bank measures changes in interest rates to net interest income for the next 12 months, assuming constant balance sheet compositions. In calculating EVE, the Bank applies a behavioral cash flow for non-maturity deposit, early redemption of time deposit, and taken into account prepayment cash flow of loan products. The calculation includes commercial margins and spreads in the cash flow, and uses risk-free rate as the discount rate. The Bank uses standard OJK shock scenarios on the calculation of EVE sensitivity, i.e. parallel up, parallel down, flattener, steepener, short rate up and short rate down.

Information of Sensitivity of Net Interest Income and Sensitivity of Economic Value of Equity, and IRRBB Report according to OJK can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.



System and Infrastructure

To support the implementation of the liquidity risk management process and IRRBB, the Bank has implemented “Moody’s Fermat ALM System” to produce ALM risk profile reports on a daily basis.

Through the Fermat system, the reporting of Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for the regulator is done effectively.

OPERATIONAL RISK MANAGEMENT

Operational Risk is a risk that can arise due to losses caused by the insufficiency or failure of internal processes, human errors, system and management failures, or external events. Operational risk management aims to minimize unexpected losses or catastrophic losses, manage expected losses, and supports new business opportunities with controlled risk.

Operational Risk Management Oversight and Organization

The Operational Risk Management Division (ORM Division) conducts monitoring on operational risks related to products, work processes, systems, and infrastructure as well as external factors. Each division/work unit has an employee appointed as an Operational Risk Partner (ORP) to team-up with the ORM Division to implement effective operational risk management in each work unit.

Operational Risk Management Approach

The Bank has implemented the operational risk management framework, policies and procedures to handle the risk identification, assessment, treatment, monitoring process as well as reporting to the Board of Directors and Board of Commissioners on risk exposures that affect the Bank. The operational risk management framework is also supported by an effective Internal Control System through determination of duties, responsibilities as well as clear authorities for the employees in carrying out their duties and control function. Each work unit conducts Self-Assessments on inherent risk in each work process, including compliance with regulations. Furthermore, the Self-Assessment results will measure the control effectiveness levels from each work unit. Key Risk Indicators (KRI) have been used to detect and decide the prompt actions that must be taken by the management prior to the Bank suffering losses due to potential risks.

Bank also has an insurance program to reduce the impact of financial loss due to operational risk. The Bank has a system to support reliable operational risk management. To optimize the trading activities control function, the Bank has established a Control Assurance Function unit. Every year, the management routinely submits reports to the President Director and the Board of Commissioners on the adequacy and effectiveness of risk management and Internal Control System.

To enhance risk understanding and awareness by employees, the Bank conducts training sessions for employees through classroom training, e-learning and email blasts.

Outsourcing

The Bank is aware of the inherent risks that may occur at anytime due to its outsourcing program. Therefore, the Bank has policies for managing any potential risks that may arise in this program in accordance with the prevailing regulations.



Business Continuity Management

The Bank's Business Continuity Management aims at reducing disruption to business processes and the Bank's operations mainly in crisis situations. Every year, the Bank conducts a review and testing on the Business Sustainability Management plan to keep abreast of the current conditions.

The COVID-19 pandemic has an impact on the temporary closure of several branch offices and ATM machines according to the number of transaction volumes as well as the result of buildings where the location of branch offices and ATM machines are closed by building owners. Customer transaction activities can still be done at other branches or ATM machines nearby as well as through Internet and Mobile Banking channels.

Employee activities in the office are reduced and conducted by a combination of work from home and work from office. Employees who are indicated or showed COVID-19 symptoms, must carry out rapid and/or PCR testing according to doctor's direction. If the result shows positive COVID-19, the employee should do the isolation/Home Self Monitoring (HSM) or receive treatment at a health facility/hospital. The Bank conducted comprehensive contact tracing, monitored it intensively, provided support in the recovery process and carried out disinfection in the office area.

On business continuity, in addressing the COVID-19 pandemic the Bank has activated Crisis Management Team (CMT) and implements the Business Continuity Management such as split operation, work from home, implement physical distancing through the arrangement of number of employees that work at home and in office, virtual meetings, dissemination of health protocols, vitamin, masks and hand sanitizer distribution, employee's daily health self assessment and report the presence through digital attendance system. The Bank also communicates to all employees on how to increase awareness on the danger of COVID-19 through email blasts, Leader's Guide, CEO's Message, and COVID-19 guidelines at internal web.

Fraud Risk Management

The Bank anti-fraud strategy consists of four main pillars, which are prevention, detection, investigation, reporting & sanctions, as well as monitoring, evaluation & follow-ups. The management calls on all employees to immediately report any knowledge or suspicion of fraud indications, abuse of procedures and authority through its Whistleblowing channel. The Bank imposes strict sanctions on any employee engaged in fraud. Regularly, fraud handling and control process or mitigation improvements are reported to the Fraud Council, Board Risk Committee and Risk Monitoring Committee.

Information Technology and Security Risk Management Strategy

The Bank protects and ensures the confidentiality, integrity and availability of asset information with adequate systems and control to prevent and avoid misuse of the Bank's assets information. The information technology risk management policy ensures that the risk of using technology has been identified, managed, monitored, mitigated and reported consistently and continuously. The report related to information technology and security risk is presented periodically to the Operational Risk Management Council and Board Risk Committee.

The Bank has also developed a cyber security system as a tool to protect the Bank from increasing cyber-attacks. To keep abreast of technological developments, the Bank updates its security technology to keep up with the latest trends in accordance with the Bank's needs. Currently the Bank has implemented an integrated Cyber Security Defense System to protect



the Bank from internal or external attacks. The systems have been implemented thoroughly, both for the network, servers, application, database, and end users, which is monitored by a cyber security operation monitoring center team (24 hours). The Bank has received ISO 2000 certification for its service management system, and ISO 27001:2013 for its information security management system to keep improving banking and customer information security. Moreover, to continuously increase awareness for all employees, the Bank periodically performs awareness programs using email, e-Learning and social engineering testing.

Risk-Weighted Asset (RWA)

Risk-Weighted Asset (RWA) is calculated by using a Basic Indicator Approach.

Allocation of Capital and Operational Risk RWA can be accessed on website www.ocbcnisp.com part Investor Relation - Annual Report.

INTERNAL CONTROL SYSTEM

The Bank established an effective and efficient Internal Control System (ICS) as a continuous supervision mechanism for all head office and branch office levels. The Bank's ICS consists of 5 (five) main components, including:

1. Management supervision and environmental support controls.
2. Risk identification and measurement.
3. Control activities and separation of duties and responsibilities.
4. Reliable and effective accounting, information and communication systems.
5. Monitoring and shortfall improvements.

The Bank's ICS implementation covers 3 (three) main control aspects, including:

1. Operational Control
 - a. Comprehensive policies and procedures that support daily operations are routinely evaluated.
 - b. The Bank conducts risk assessments on products and activities and implements Key Risk Indicators (KRI) and Risk and Control Self-Assessments (RCSA).
 - c. The Bank implements the preparation, review and testing of the Business Continuity Plan (BCP) and reports to the Board of Directors the Board of Commissioners.
2. Laws and Regulations Compliance Control
 - a. The Bank has the Working Units that function to maintain and support the Bank's compliance with prevailing regulations.
 - b. The Bank embedded Regulatory Requirement Self-Assessments (RRSA) within the RCSA process.
3. Financial Control
 - a. The Bank has a 'Bank Business Plan' containing short and long-term achievements that align with Bank Capital Capability.
 - b. Emphasis on effective control implementation, such as availability of:
 - A Control Unit or Quality Assurance to supervise each related unit's processes.
 - An Independent Risk Management Unit, Compliance Division, and Internal Audit.
 - Information system and communication channels equipped with encryption system security. The Bank also disseminated information related to the use of data and information security to all employees, such as email awareness and e-learning, through publication on media.



Compliance with Regulatory and International System Requirements

The Bank's ICS design and implementation referred to the Standard Internal Control System Guidelines for Commercial Banks, and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

ICS Effectiveness Evaluation

The management has submitted a statement on the adequacy of internal controls to the Board of Commissioners, stating that the execution of internal controls and risk management had been satisfactorily and effectively conducted throughout 2020.

LEGAL RISK

Legal risk is the risk arising from lawsuits and/or weakness in managing legal requirements including the absence of/ changes in laws and regulations or weakness of agreement and litigation proceeding arising from a lawsuit by a third party against the Bank and vice versa.

Legal Risk Control Mechanism

The Corporate Legal Department carries out a legal risk management strategy that emphasizes 3 (three) factors including its controlling process: (i) litigation that is controlled by handling the disputes in the pre-litigation stage and during the litigation stage, (ii) weakness of agreement and the weakness of legal relationship formed through digital technology utilized and the development era of digital banking transformation that is controlled by providing legal opinions and legal advice on legal documentations, internal policies and procedures, as well as in the drafting and establishment of legal documentation standards in relation to the Bank's services and transactions in accordance with all legal rules and (iii) the absence or changes in laws and regulations that is controlled by regularly reviewing the laws and regulations and best practices in the banking industry in relevant legal documentation standards for the Bank.

The Corporate Legal Department also organizes socialization sessions, training and workshops to create risk culture and to ensure all Work Units understand and are able to manage and control the legal risks of the Bank and coordinate with the Asset Recovery Management Division, Fraud Handling Team, Human Capital Services Division, and Credit Legal & Appraisal to carry out legal risk management based on the Bank's internal policies and procedures.

STRATEGIC RISK

Strategic risk is the risk that may arise due to decisions and/or application of an incorrect or inappropriate Bank strategy, and risks that may arise if the Bank fails to respond to, or anticipate, changes that occur in the business and economic environment.

Mitigation Efforts

The Bank, through the Board of Directors and Board of Commissioners, determines and periodically adjusts short, medium and long-term strategies through a collective and comprehensive consideration and decision-making process. In relation to Indonesia's economic development impacted by COVID-19 pandemic, Bank strives to maintain sound and sustainable business development.

In addition, the Bank also continues to carry out strategic risk management efforts, including the following:



1. Preparing strategic plans as Bank's Business Plan.
2. Conducting periodic reviews of the Bank's achievements against the business targets to measure the suitability of targets for refinement of the business strategies (if needed).
3. Communicating the performance against the financial targets, realization of strategies, and follow-up in the framework of the Corporate and the Bank's Business Plan through various forums and coordination meetings.

COMPLIANCE RISK

Compliance risk is the risk that arises when the Bank fails to comply with and/or implement the prevailing laws and regulations. In managing the compliance risk, the Bank has established system, policies, and procedures to build a compliance culture which is a key factor to the Bank's success in compliance risk management implementation, either individually, consolidated, or integrated, in the framework of Financial Conglomeration.

Compliance Risk Management Strategy

The Bank's compliance risk management strategy is based on preventive (ex-ante) actions or steps to ensure that system, policies, and procedures, as well as business activities performed by the Bank are in accordance with the OJK, BI, and other Supervisory Authorities prevailing rules and regulations. It also ensures that the Bank adheres to its commitment to comply with its practice standards that improve operational and business performance and also the stakeholders' trust.

Compliance Risk Monitoring and Control Mechanism

Compliance risk monitoring and controlling is carried out through the process of risk identification, measurement, monitoring, and control. This process was also part of compliance risk control during the COVID-19 Pandemic.

Compliance risk monitoring and controlling is carried out through:

1. Identification and Measurement is conducted through review of compliance towards: systems, policies, and procedures, including the Bank's efforts to address business continuity during COVID-19 pandemic with the aim to detect potential non-compliance to the prevailing rules or regulations.
2. Monitoring and Control is performed based on: (i) Assessment of the appropriateness of the Bank's systems, policies and procedures and (ii) The Bank's adherence to its commitment made to the OJK, Bank Indonesia, and other Supervisory Authorities.

Result of compliance risk monitoring and control are submitted by Compliance Director to the President Director and Board of Commissioners, periodically.

REPUTATIONAL RISK

Reputational risk is the risk of the declining levels of stakeholders' trust due to negative perceptions of the Bank from customers, counterparties, shareholders, investor, debt-holders, market analyst, other relevant parties or regulators. In order to keep the Bank's reputation reliable, The Bank has strengthened its reputation risk management to ensures business and operations could continue run sustainably through the implementation of good corporate governance and the prudent principles.



Reputational risk management

The Bank has appointed several units responsible for managing reputation risk: Human Capital Group, Network Service & Quality Management, Network Communication, Corporate Communication and Corporate Secretary; with the Board of Commissioners and Board of Directors as supervisors of reputation risk management.

Reputation risk policy and mechanism

The Bank implements reputation risk management continuously on an ongoing basis within the Bank as follows: building a consistent communication program on a continuous basis, strengthening the handling of customer complaints through various communication channels, and conducting comprehensive and periodic monitoring of matters that have the potential to affect the Bank's reputation.

During COVID-19 pandemic, the Bank transparently communicates the steps taken in implementing health protocols within the Bank, business operations and excellent customer service, as well as Bank's support for people affected by COVID-19. All messages conveyed by the Bank are wrapped in positive manner messages that invite all Indonesian to #GoFarBeyond by transforming challenges into opportunities to develop while adhering to health protocols.

Reputational Risk Management During Crisis

1. The Bank has an established Business Continuity Plan (BCP) to manage any potential disruptions to the Bank's operations and adverse impact to the Bank's reputation during a crisis.
2. The Bank's has set up a dedicated Crisis Management Team that is responsible for crisis management, including managing the communications to customers and other external parties, including the mass media.

RISK MANAGEMENT EVALUATION

Risk management evaluation is not only carried out by the work units in the Risk Management Group and in the Internal Audit Division as independent supervisors, but is also actively carried out by the Board of Commissioners and Board of Directors. At the Board of Commissioners and Board of Directors levels through committees or councils that are established specifically to the scope of each managed risk type.

The active supervision carried out in 2020 by the Board of Commissioners' Committees can be viewed on GCG chapter.

More in-depth evaluations carried out by the risk management unit and other related supporting work units using the Risk-Based Bank Rating (RBBR) approach in accordance with the guidelines on the Banks' financial health, using risk profile assessments. Risk profile assessments are performed regularly on a quarterly basis through an evaluation process on the 8 (eight) inherent type of as well as the evaluation on the quality of risk management implementation for each type of risk.

The final output of the assessment and evaluation of inherent risks and quality of risk management implementation are summarized as the Bank's overall risk profile rating, which is subsequently submitted and evaluated by the Board of Commissioners through the Risk Monitoring Committee and to the Board of Directors through the Board Risk Committee.



As tangible evidence that the Bank's governance and risk management has been carried out properly and has delivered added value to the company, in 2020, the Bank successfully retained its title as "Indonesia Most Trusted Company" by CGPI Award (Corporate Governance Perception Index) for the ninth time.

Risk Management System Effectiveness Review

The oversight function and risk management evaluations are performed by various committees or councils related to risk management and the Internal Audit Division. As the Bank's executor for internal control and risk assurance, Internal Audit Division actively conducts evaluations and recommendations on the quality and processes of risk governance in the Bank. In addition to internal evaluations, independent risk management evaluation is obtained from the external auditor and other external parties. Based on the assessments conducted in 2020, Internal Audit considered that the overall risk management system implemented by the Bank was generally acceptable.

RISK MANAGEMENT MOVING FORWARD

With the development of more diverse and complex banking activities, and with increasing potential risks, the Bank continuously improves its risk management in terms of organization and human resources structure, policies and procedures, supporting systems, and methodologies. The Bank's overall risk profile based on self-assessment measurement for the fourth quarter of 2020 was at "Low" composite risk rating. Looking ahead, the Bank remain committed to continuously maintaining and improving our risk management implementation within the Bank in order to optimize the Bank's sustainable performance.

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