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Ref. No : L-565/RLA/IV/17

Ms. Darina Yusof
Country Chief Risk Officer/Ag. Country Chief
Financial Officer
Standard Chartered Bank Indonesia
8th Floor, Menara Standard Chartered
Jl. Prof. Dr. Satrio No. 164
Jakarta 12950

7 April 2017

Dear Ms. Yusof,

Report to Management – 31 December 2016

In the course of our audit of Standard Chartered Bank Indonesia (the “Bank”) as of and for the year ended 31 December 2016, we noticed certain matters we wish to bring to your attention. These comments and recommendations are set out in Appendix A attached to this letter.

Our comments and recommendations reflect our desire to be of continuing assistance to the Bank and are intended solely for the information and use of management and others within the organization. We use our knowledge of the Bank in making comments and suggestions that we hope will be useful to you.

The maintenance of an adequate system of internal controls is the responsibility of management. In planning and performing our audit, we considered the Bank’s internal controls in determining our auditing procedures. This was done for the purpose of expressing an opinion on the financial statements, not to provide assurance on the internal controls. Therefore, this letter may not bring to light all weaknesses in policies or procedures that may exist.

Furthermore, our work should not be relied upon to disclose falsifications, defalcations or other similar irregularities, although their disclosure, if they exist, may result from the audit tests we perform.



Our audit of the financial statements identified above was planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or other irregularities. However, an audit does not provide assurance regarding internal controls.

Please note further that the audit did not incorporate the tests and specific enquiries that might be performed pursuant to a tax audit by the Directorate General of Taxes, and it does not ensure compliance with relevant government regulations. Our audit did consider certain aspects of taxation and the regulatory environment, but it should not be relied upon to detect all exposures that may be identified during a tax audit or all events of non-compliance that may be identified by relevant authoritative bodies.

Please inform us in due course of any steps you decide to take in connection with this letter. It would also be helpful if you would inform us from time to time of any changes in the existing system of internal controls.

We would like to take this opportunity to express our appreciation to you and your staff for cooperation and assistance during our audit. Should you wish to discuss any of the matters raised in this letter further, please do not hesitate to contact us.

Yours sincerely
Siddharta Widjaja & Rekan
Registered Public Accountants

Elisabeth Imelda, S.E., M.Ak., CPA
Partner

RLA/su/s:



Appendix A: Comments and recommendations

1 Group Special Assets Management (“GSAM”) Handover Checklist

Observation

During the course of our audit, we noted there was one instance GSAM handover checklist could not be found and one instance where the GSAM handover checklist was not finalized.

Implication

This will reduce management assurance that the handover procedures have been appropriately performed and have been completely documented.

Recommendation

We recommend that management complete the handover checklist as soon as the accounts are downgraded to GSAM.

Management response

Handover checklist is an administrative paperwork and management agree that this has to be completed properly. Management has subsequently completed and finalized the handover checklist for those 2 accounts. However, there will be no additional impact or risk since the in-country GSAM team has performed day-to-day monitoring on these accounts.