Appendix 1.

Implementation of Bank Foreign Funding Ratio (RPLN) Policy

Macroprudential policy in the form of a Bank Foreign Funding Ratio (RPLN) covers the following:

1. Currently, the RPLN ratio is set at 30% with a countercyclical parameter of 0% or a total threshold of 30%, which will be reviewed every six months or as necessary. Banks must fulfil the RPLN ratio.
2. Banks must comply with prudential principles when managing foreign funding, including: (a) Capital Capacity, namely a Minimum Capital Adequacy Requirement in accordance with the risk profile, (b) Market Risk, namely a net open position (NOP) in accordance with prevailing regulations (up to 20%), and (c) Credit Risk, namely a gross NPL ratio below 5%, which will be monitored periodically by Bank Indonesia.
3. If a bank fails to comply with prudential principles, Bank Indonesia is authorised to take supervisory actions, which include requesting an adjustment to the RPLN by the bank, formulating an action plan and/or other supervisory actions to be regulated in the RPLN provisions.
4. RPLN regulations cover strengthening the scope of bank foreign funding included in the RPLN calculation by excluding several funding components from the RPLN calculation in accordance with Bank Indonesia Regulation (PBI) No. 21/1/PBI/2019 concerning Bank External Debt and Other Bank Liabilities in a Foreign Currency, with the following additions:
   a. demand deposits, savings deposits and term deposits held by non-residents at bank branches overseas headquartered in Indonesia and used to disburse loans/financing to non-residents,

b. short-term foreign liabilities to non-residents originating from repo transactions with foreign currency instruments issued by the Government and/or Bank Indonesia,
c. short-term bank external debt guaranteed or collateralised in the form of foreign securities (back-to-back) issued by the Government and/or Bank Indonesia, and/or
d. other bank obligations determined by Bank Indonesia.

When calculating components beyond the scope of the new RPLN calculation, banks must ensure that no asset and/or liability components are double counted.

5. RPLN policy and strengthening the scope of foreign funding will be regulated further in Bank Indonesia Regulations (PBI) and Board of Governors Regulations (PDG), effective from 1st August 2024. Calculating the fulfilment of RPLN obligations, which includes additional funding components not calculated in RPLN, as stated in Point iii, will commence in the report of bank external debt and other short-term liabilities in a foreign currency as of 1st August 2024.