Operational **Review**

Risk Management

Danamon continuously improves the implementation of risk management within the Bank and its Subsidiaries to be in line with the regulation and best practice in business. The implementation of risk management is intended to identify, measure, monitor and control various potential risks in all line of business.

As at 1 May 2019, PT Bank Danamon Indonesia Tbk ("Danamon") and PT Bank Nusantara Parahyangan Tbk ("BNP Bank") have completed the legal merger process. BNP Bank is merged to Danamon as surviving Bank. The operational merger process also has been completed on 2 September 2019. This process provides value added for Danamon to facilitate the Bank's growth in delivering long-term value for all stakeholders.

As at 27 November 2019, Danamon has completed the divestation of equity investment in PT Asuransi Adira Dinamika Tbk ("Adira Insurance"), hence the ownership of Danamon on Adira Insurance has changed to be 19.81%. Based on OJK regulation No. 17/POJK.03/2014 regarding the Implementation of Integrated Risk Management for Financial Conglomeration, Adira Insurance is no longer fulfill the requirement as a member of Danamon's Financial Conglomeration.

VISION & MISSION

Vision

The Bank considers Risk Management as an integral part of its business strategy, thereby, promoting a strong risk culture to be well embedded in the overall day-to-day decision making, operational activities and employee conduct.

Mission

- To be a trusted partner for the line of business by ensuring transparent and appropriate Risk Appetite, resulting in positive outcomes for our clients, shareholders, regulators and employees.
- To be a strong advocate of corporate values & principles, supported by a robust risk framework that is well defined, well communicated and pre-emptive in nature.
- To provide world class policies, models, tools and frameworks that assist in measured and sound risk taking.
- To sponsor a strong risk and control culture that is pro-active, throughout the Bank and its Subsidiaries.

IMPLEMENTATION OF RISK MANAGEMENT

Three Lines of Defense Approach

To support the effectiveness of risk management implementation, Danamon implements the concept of Three Lines of Defense Approach by dividing the roles and tasks of each working unit in implementing risk management as follows:

Board of Commissioners Supervision		
Board of Directors Supervision		
First Line of Defense	Second Line of Defense	Third Line of Defense
• Line of Business • Operational Working Units • Other Supporting Working Units	• Integrated Risk Directorate • Compliance Division	• Internal Audit Working Unit (SKAI)
Line of business, operational working units and other supporting working units are the First Line of Defense that responsible to conduct daily risk management in each working unit.	Integrated Risk Directorate and Compliance Division have a role as a Second Line of Defense to perform risk monitoring function independently.	Internal Audit Working Unit has a role as a Third Line of Defense that responsible for evaluating risk management implementation conducted by the First and Second Line of Defense.

Risk Management in Danamon

In accordance with the Financial Services Authority's (OJK) regulation regarding risk management implementation, the key elements that support Danamon risk management governance structure are:

- Active supervision of Board of Directors and Board of Commissioners.
- Adequacy of policies, procedures and limit setup.
- Adequacy of risk management process and risk management information system.
- Internal Control System of Risk Management.

Active Supervision of Board of Directors, Board of Commissioners, and Sharia Supervisory Board

The implementation of Risk Management in Danamon involve the active oversight and supervision from the Bank's Board of Director (BOD) and Board of Commissioners (BOC) also Sharia Supervisory Board (for Sharia Business Unit). Recognizing the strategic role of these three boards, Danamon has determined the supervision duties for each board as follows:

Active Supervision Function		
Board of Commissioners (BOC)	Sharia Supervisory Board	Board of Directors (BOD)
The Board of Commissioners delegated risk monitoring function to the Risk Monitoring Committee. However, the Board of Commissioners remains the ultimate responsible party.	Danamon appoints Sharia Supervisory Board at Sharia Business Unit in accordance with the recommendation from National Sharia Board – *Majelis Ulama Indonesia* and approval from Financial Services Authority (OJK).	• As the responsible party for implementation of operational activities, including monitoring the implementation of risk management, the BOD has a role in determining the direction of risk management policy and strategy comprehensively including its implementation. • The BOD has established the Risk Management Committee to support their functions and responsibilities in relation to the risk management implementation.
1) Approve the risk management policy, strategy and framework that are aligned with the risk appetite and the risk tolerance, also conduct periodically evaluation. 2) Perform the risk oversight and evaluate the accountability of the BOD on the implementation of risk management policies and strategy, and risk exposures through periodic review with BOD.	1) Evaluate the Risk Management Policies related to compliance with Sharia Principles. 2) Evaluate the accountability of Board of Directors on the implementation of Risk Management Policy related to compliance with Sharia Principles.	1) Prepare the written and comprehensive risk management policy, strategy and framework, also responsible for the implementation. 2) Conduct periodically review on the risk assessment methodology, implementation of risk management information system, risk management policies and procedures, and limit setup. 3) Approve the business activities that require the BOD approval.

Active Supervision Function		
Board of Commissioners (BOC)	Sharia Supervisory Board	Board of Directors (BOD)
3) Approve the business activities that require the BOC approval. 4) Approve the policy that need the BOC approval as required by BI/OJK regulations or other external regulations. 5) Carry out the risk management function as regulated in the regulations. 6) Delegate the authority to the BOD to enable them to approve the business activities and other tasks.	3) Acting as an advisor and provide the recommendation to the BOD and Sharia business management (officers that are related to implementation of Syariah business) regarding the matters related to Sharia principles. 4) Coordinate with National Sharia Board to discuss the Bank's proposal and recommendation on product and service development which need the review and decision from the National Sharia Board.	4) Develop the risk management culture at all levels of the organization. 5) Oversee the risk quality compared to the prevailing level of fairness. 6) Ensure the management adopt a prudent and conservative approach in developing their business. 7) Determine the risk appetite. 8) Ensure the corrective action for the findings that reported by Internal Audit (SKAI). 9) Ensure the effectiveness of management and enhancement of human capital competency related to the implementation of risk management. 10) Place the competent officers in the working unit based on the nature, quantity and its complexity. 11) Develop and put in place the mechanism of transaction approval including those which exceed the authority limit for each level of the position. 12) Ensure that risk management function has independently operated.

Risk Management Policies, Procedures, and Limit Setup

Danamon has Integrated Risk Management Policy which include risk management framework for Bank and Financial Conglomeration, also risk management implementation in each type of risk.

Integrated Risk Management Policy is the main policy in the implementation of risk management in Danamon's Financial Conglomeration and being a reference for all entities within financial conglomeration in developing of risk management policies, procedures and guidelines according to the prevailing regulations.

However, since the Subsidiaries are the separated entities from the Bank, the implementation of the Integrated Risk Management should consider the laws of Limited Liability Companies and Capital Market, also other related external regulations. Danamon as a Main Entity and the Subsidiaries as the member of Financial Conglomeration have developed their own detailed guidelines and procedures. Those guidelines and procedures are in line with the Integrated Risk Management Policy, prudential principles and other related external regulations.

Danamon has had various risk management policies i.e. Credit Risk Policy, Operational Risk Management Policy, Market and Liquidity Risk Management Policy, Intra-group Transaction Policy, Information Security Policy, Business Continuity Management Policy, and others; which are prepared separately and refer to the Integrated Risk Management Policy.

Integrated risk management leads to the establishment of risk appetite and risk tolerance limits that can be afforded/ absorbed by Danamon in determining the portfolio, in line with the price risks that have been carefully considered and reflected in the amount of capital which is managed to anticipate the loss of risk, while also support the business growth of Danamon.

Danamon and Subsidiaries, both individually and integrated, have established the risk limits in accordance to the level of risk appetite, risk tolerance and business strategies in Financial Conglomeration. Establishment of risk limit is done at the group level and then cascaded to line of business and Subsidiaries.

The policies, procedures, risk limits, and risk management systems are reviewed periodically to be in line with the changes in market conditions, products, and services being offered, also prevailing regulations.

The Organization Structure of Risk Management

The organization structure of risk management consists of several risk committees, risk management working unit at the Bank and Subsidiaries and other related working units with various level of responsibility.

a. Risk Monitoring Committee

Risk Monitoring Committee is the highest risk management authority at the BOC level. Its main role is to monitor and provide the recommendations to the BOC related to the evaluation of risk management policy and its implementation, as well as to evaluate the execution of duties of Board of Directors, Risk Management Committee and risk management working unit in the risk management implementation.

b. Risk Management Committee
At the BOD level, a Risk Management Committee has been established that responsible among others to evaluate and provide the recommendation to President Director related to development of risk management strategy and policy, implementation of the overal risk management process, and evaluation of significant risk issues.

c. Integrated Risk Management Committee
For Financial Conglomeration, Danamon has established an Integrated Risk Management Committee that is chaired by the Integrated Risk Director of Danamon and the member of committee consists of Directors who represent Subsidiaries and related Executive Officers as nominated. The main role of this Committee is to provide the recommendation to Danamon's Board of Directors as Main Entity related to the development, improvement, or enhancement of the Integrated Risk Management Policy based on the evaluation of implementation.

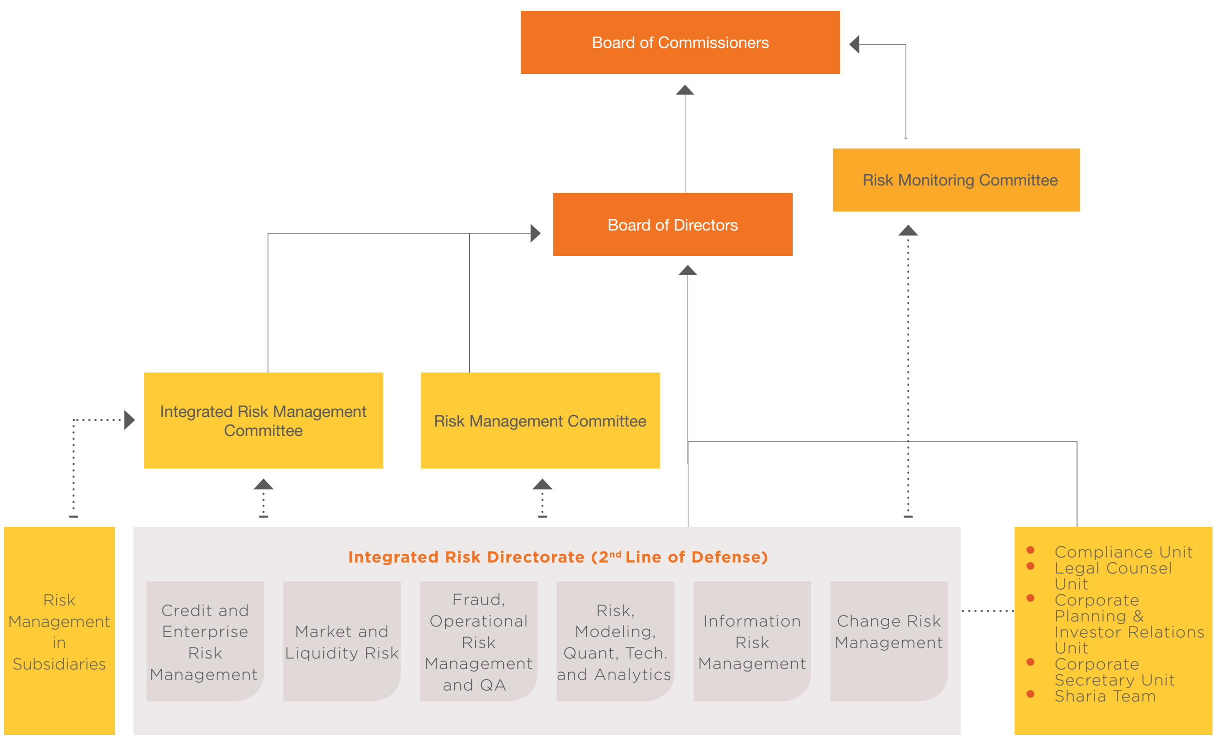
d. Risk Management Working Unit
Integrated Risk Directorate is Risk Management Working Unit in Danamon that is independent from risk taking unit and working unit that conduct the the internal control function. This Directorate consist of several divisions i.e. Credit & Enterprise Risk Management (CERM); Market & Liquidity Risk (MLR); Fraud, Operational Risk Management & QA (ORM); Information Risk Management (IRM); Risk Modelling, Quantitative Technique & Analytics (RA); and Change Risk Management.

In the implementation of integrated risk management, the adjustments have been done to Integrated Risk Directorate by adding an integrated risk management function to ensure that the integrated risk identification, measurement, monitoring and control processes can be done and reported in accordance with the risk management framework and the regulatory regulation.

This directorate consists of professionals and seniors in the risk management. This function is an independent function as a second line of defense.

Integrated Risk Directorate develops an overall risk management strategy that includes the policies, methodologies, frameworks, limits, procedures and control for Danamon and Subsidiaries.

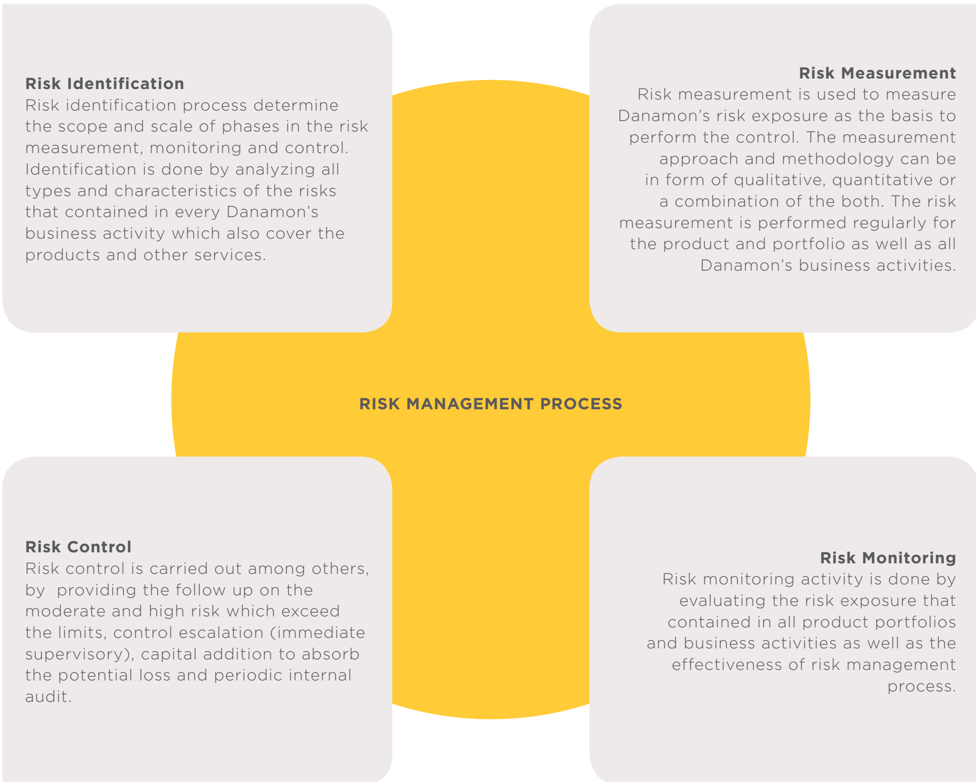
Risk Management Organization Structure



Risk Management Process and Risk Management Information System

Danamon regularly performs the process of identification, measurement, monitoring and control over all risks encountered both at Main Entity and Subsidiary. This process is included in the policy and guidance at every working unit in Bank and Subsidiaries.

The overview of risk management process is as follows:



In the structure of Risk Management applied by Danamon, Integrated Risk Directorate consolidates Danamon's risk exposures that managed by each risk owner.

Line of business, functional units and Subsidiaries are operational working units that are responsible to manage the risks from the beginning up to the end within their scope of responsibilities. They must clearly identify, measure, monitor and control the risk. Before entering a risk-bearing activity, risk mitigation should be considered.

In performing its role as a risk monitor and controller in operational unit, Integrated Risk Directorate will evaluate the business strategy, policies and product programs.

In performing a good control and monitoring system, Danamon has had an adequate detailed risk management information system, including Internal Credit Rating System, ALM System, Operational Risk Management System, etc. Those systems are used to detect any unfavorable development at the early stage, so it is possible to do the corrective actions to minimize losses for Danamon.

Internal Control

Implementation of internal control in risk management includes:

a. Management supervision and culture of control where the BOD and BOC are responsible for improving work ethics and high integrity and creating an organizational culture that emphasizes the importance of internal control that applies at the Bank. To support the control culture, the policies, standards and procedures must be documented in writing and available to relevant employees.

b. Risk identification and assessment are conducted for all type of risks that cover the quantitative and qualitative assessment.

c. Establishment of organization structure by applying a clear separation of functions between the risk taking units and working units that conduct the internal control function. Control activities and separation of functions are done to manage and control the risks that can affect performance or result in losses.

d. The existence of an adequate accounting system, information system and communication flow that can produce reports and information needed to support the implementation of the duties of BOD and BOC.

e. Monitoring on the effectiveness of internal control implementation is done continuosly. Review and monitoring of every transaction and functional activity that has risk exposure, as required, are done by each working unit. Review on the effectiveness of risk management implementation including the adequacy of policies, procedures and management information systems are done on regular basis. Including conduct internal audit on the risk management process and monitoring the corrective action on audit findings.

In addition, Danamon always ensure the fulfillment of various key points in the control process, covering the suitability of the internal control system and Danamon's risk, establishment of authority, monitoring the implementation of policies, procedures and limits, clear organization structure and adequate four eyes principle and procedures to comply with the regulation.

Human Resources

The implementation of risk management in Danamon is supported by adequate and competent human resources at all levels. The capabilities and skills of human resources related to risk management are continuously improved through the trainings that conducted internally and externally as well as the requirement to obtain risk management certification according to prevailing regulations.

Risk Culture

A strong risk management culture has been created if all employees aware of and understand the risks they encounter, as well as perform adequate risk management process in doing their activities. In this context, Danamon is committed to establish a combination of unique values, i.e. trust, implementation, and supervision from management, in order to ensure that all organizational levels in Danamon conduct business and operational activities in a prudent manner and based on best practices.

Risk culture is determined through:

- Direction and supervision from the BOC and the BOD of Danamon and Subsidiaries.
- Familiarization of risk management as an integral part of business practices.
- Adherence to all policies, procedures prevailing laws, and regulations.

Risk awareness and culture at all organizational levels is established through:

- Communicate the importance of risk management.
- Communicate risk tolerance level and expected risk profile through various limits and portfolio management.
- Empower employees to manage risk in their activities prudently, including provide adequate risk mitigation.
- Monitor effectiveness of risk management implementation in all areas.

Risk Management for Particular Area

a. Risk Management of New Products and Activities

In accordance with the Bank's business plan, Danamon has formulated a policy that governs the procedures of product issuance and monitoring. Including the implementation of risk management on new product/activity according to the prevailing regulation.

New product is prepared, recommended and reviewed in accordance to the prevailing policies and must also pass a compliance test before being launched.

The authorization of approval for new product is differentiated based on the risk level. Product risk level is evaluated based on product performance, targeted customer, the complexity of operational process and market condition. For Sharia product, it should be consultated and obtain approval from the Sharia Supervisory Board.

b. Risk Management of Sharia Unit

The implementation of Sharia Risk Management is carried out based on POJK No. 65/POJK.03/2016 regarding the implementation of risk management for Sharia Banks and Sharia Business Unit. In terms of policy, Danamon has an Integrated Risk Management Policy which is used as the main framework and basic principles in managing the risks that must be followed by all lines of business and Subsidiaries, including Sharia Business Unit. In addition, the Sharia Unit is also guided on sharia principles which are the principle of Islamic law in banking practices based on fatwas that issued by the authorised institution.

Risk measurement is performed by using an appropriate methodology for the characteristics of

Sharia Business Unit, through the measurement of risk profile level that evaluated on a quarterly basis.

In terms of risk management relevant to the fulfillment of sharia principles, the Sharia Supervisory Board (DPS) approves the policies, procedures, systems and products related to the fulfillment of sharia principles and the contracts to be used. The implementation of Risk Management process and system in Sharia Business Unit follow Danamon's policies and comply to sharia banking rules. The Director in charge of Sharia Business Unit is also a member of the Risk Management Committee.

c. **Risk Management of Subsidiaries**

Danamon applies a consolidated risk management process with its subsidiaries, by considering the different characteristics of business between Subsidiaries and Danamon. This is done through an assistance and alignment process of risk management practices in term of risk governance, risk management policies and procedures, methodologies of risk measurement, risk management reporting and enhancement of risk awareness culture.

In term of monitoring, Integrated Risk Directorate continuously monitors the portfolio performance of the Subsidiaries and identifies any early warning in the deterioration of portfolio quality. Danamon also provides technical assistance in risk management process related to credit risk, market and liquidity risk, operational risk, human resources, information system, risk management policies, procedures and methodologies.

Monitoring and evaluation results of Subsidiaries' risk exposure are reported periodically. The Subsidiaries' risk management is one of the major focuses of corporate management because it plays an important role in supporting Danamon's strategy plan.

This consolidation process is in line with Financial Services Authority Regulation (POJK) No. 17/POJK.03/2014 dated 18 November 2014 on the Implementation of Integrated Risk Management for Financial Conglomeration and SEOJK No. 14/SEOJK.03/2015 dated 25 May 2015 regarding the Implementation of Integrated Risk Management for Financial Conglomeration. Referring to that regulation, Danamon as the main entity will continue to conduct improvement to the integrated risk management process with Subsidiaries.

Evaluation on Effectiveness of Risk Management System

To carry out an evaluation on the effectiveness of risk management, the BOC and the BOD actively oversee the implementation of risk management through various committees.

To obtain sufficient data and overview of the actions taken in risk management, the committees conduct regular meeting to discuss risk related issues and provide the recommendation to the BOC and the BOD.

Moreover, periodic evaluations are performed on risk assessment methodologies, adequacy of system implementation, management information systems, accuracy of policies, procedures and limits in order to comply with the changes in regulations, business and operational conditions. As a result of the review, Danamon conducts Portfolio Meeting to evaluate the condition of Bank's and Subsidiaries' risk portfolio periodically.

Risk Profile

The risk profile assessment includes the assessment of inherent risk and the quality of risk management implementation that reflects the risk control system either individually, consolidated or integrated. The assessments of individual and consolidated risk profile are performed on 10 (ten) risks i.e. Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategy Risk, Compliance Risk, Reputation Risk, Rate of Return Risk and Investment Risk. While for Integrated Risk Management, the managed risks also include Intra-Group Transaction Risk, but exclude Rate of Return Risk and Investment Risk.

In accordance with the monitoring results of each main risk group that are analysed by Danamon during 2019, the composite rating for Danamon's individual, consolidated and integrated risk profile as of 31 December 2019 were rated at 2 (Low to Moderate).

IMPLEMENTATION OF INTEGRATED RISK MANAGEMENT

In accordance with the OJK regulation on the Implementation of Integrated Risk Management for Financial Conglomeration, Danamon has established a Financial Conglomeration with the Bank as the main entity and its Subsidiaries as the members.

In the implementation of integrated risk management, Danamon Financial Conglomeration has performed the following things:

- Established an Integrated Risk Management Committee.

- Adjusted the organization structure by establishing an Integrated Risk Management Working Unit that monitors the risks of Financial Conglomeration.
- Reviewed an Integrated Risk Management Policy.
- Prepared and submitted an Integrated Risk Profile Report.
- Applied Group Risk Appetite Statement to the Subsidiaries.
- Continuous coordination, communication, and socialisation with Subsidiaries, one of which is to conduct regular meeting on a monthly basis.

During 2019, the Integrated Risk Management Committee held periodically meeting to discuss regarding:

- Integrated Risk Profile Report.
- Update from Subsidiaries.
- Update of Sharia Risk Profile.
- IFRS 9 Update.
- Update on Information Security.
- Update on NSFR and IRRBB.
- Group and Subsidiaries Risk Appetite Statement.
- Update on Recovery Plan document.
- Integrated Capital Adequacy Report.
- Update on Sustainable Finance implementation.
- Other issues that require the recommendations from the Committee.

Risk Management Focus and Activities in 2019

In accordance with the bank's business plan, in 2019 Danamon continued to conduct the previous year programs and implement several new programs as follows:

Risks	Activities
Integrated	• Implementation of Integrated Risk Management in the Bank and its Subsidiaries within the Financial Conglomeration. • Improvement of Risk Profile report in accordance with regulatory requirements. • Preparation and submission of Sustainable Finance Action Plan for period of 2020-2024 in order to fulfill POJK no. 51/POJK.03/2017 regarding the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies. • Implement programs stated in the Sustainable Finance Action Plan, where the focus in 2019 is to increase employee awareness among others through conducting several in-class tranings as well as e-learning related to Sustainable Finance. • Development and issuance of Sustainability Policy has been done. • Update Recovery Plan in accordance with POJK No.14/POJK.03/2017. • Roll out Risk Academy on an ongoing basis as a means of risk management learning for all Bank employees through face-to-face classroom training and various kinds of e-Learning modules related to risk management. • Implementation of ICAAP framework that already had by the Bank continuosly. • Conduct bank-wide stress tests according to Basel II at least once a year. • Participate in the Joint Stress Test exercise using template and macroeconomy scenario provided by OJK and BI. • Conduct various programs of Risk Culture that focus on the campaign of Three Lines of Defense implementation. • Review and monitor the Risk Appetite Statement (RAS) periodically, including cascade it down to the Lines of Business and Subsidiaries. • Establish new division namely Change Risk Management under Integrated Risk Directorate, which in charge to develop policy, procedure, and guideline as well as provide governance and supervision to the overall change projects, one of which is related to merger process between Bank Danamon and Bank Nusantara Parahyangan.
Credit	• Monitor Internal Rating Model result for Corporate, Commercial, Financial Institution and Financing Company. • Implementation pilot of Early Warning Indicator for Corporate and Commercial line of business. • Implement Behaviour Scorecard and Internal Rating Model for Small Medium Enterprise (SME) line of business to support credit process. • Paralel run the calculation of PSAK 71 or IFRS9 Model for Corporate, Commercial, Financial Institution, Financing Company, SME, KPR, KMG, Credit Card, KTA, Micro Credit (SEMM), Auto Loan, Consumption and Investment. • Establish Credit Product Program and Guidelines Standard Policy aims to provide guidance and update on provision related Credit Product Program and Guideline. • Establish and categorize different types of industries into industrial groups of high restricted, high, medium, and low risk levels. The Bank will focus its growth on industries with medium and low risk levels. • In progress to improve the implementation mechanism of One Obligor concept in the banks and the subsidiary. • Establish Credit Guideline and credit authority to manage Business Banking portfolio from ex-BNP as part of the merger process. • Continue the focus on acquiring new loans in low risk line of business such as Mortgage and conduct Cross Sell. • Review SME Credit Guideline and revise credit criteria for segments with bad performance and set caps and triggers for high risk segments. • Limit the lending to high risk segments such as UPL. • Stop the lending to high-risk loans in the Micro Credit (SEMM) and strengthen the collection strategy. • Regularly review of all relevant procedures, policies and limit, and make adjustment if necessary, including any adjustments required by OJK/BI regulation and other relevant authorities.

Risks	Activities
Credit	• Regularly review of product programs, in terms of portfolio, criteria, and restrictions and other requirements, and make necessary adjustments. • Perform backtesting periodically to assess the adequacy of credit provision. If necessary, addition of credit provision will be done based on that backtesting results. • Credit Quality Assurance (CQA) has been effective in 2019 as a second line of defense which responsible to conduct independent forward-looking credit review/monitoring, where currently the coverage only to regional branch that has Enterprise Banking (EB) portfolio. CQA functions are to provide assurance on appropriateness of credit decision making, review adherence to credit guideline and methodology, and review process and outputs of credit approval.
Operational, Fraud & QA	• Improve the independence of functions and roles of operational risk officer in lines of business, support functions and Subsidiaries. • Refine the Operational Risk Management System (ORMS) application to improve the effectiveness in operational risk management comprehensively at the Bank and Subsidiaries. • Build the awareness of Operational Risk Management through e-Learning, Risk Academy module, email blast, and anti fraud awareness campaign. The purpose is to enhance awareness throughout all of management and employees on the importance of operational risk management. • Implement ORPA (Operational Risk Pre-Assessment) to review the risk on new strategic initiatives including the recommendation of risk mitigation. • Campaign of Self Raise Issue to provide a tool for employees to raise an issue that potentially arise the operational risk. • Implement an escalation mechanism for potential/operational risk event. • Implementation of Risk Acceptance to ensure that issues which can not be mitigated, however the process/activity will be carried out and the risk is still borne by the Bank, should be approved by relevant management. • Improve the ability of early detection on the potential fraud by providing the Whistle-blower channel through independent third party.
Information Technology, Information Security and Business Continuity	• Develop an Information Technology Risk Management Policy, which can be used as a reference in the implementation of risk management in the use of Information Technology services in a Bank environment. • Conduct risk assessment and ensure an adequate control in the internal control systems to minimize inherent and residual risk and their impact on management and use of Information Technology services. • Perform effective consultation and communication functions with stakeholders in the first line of defense related to risk management using information technology services. • Gradually implementation of the Bank's Information Security Policy by prioritizing and focusing according to the agreed implementation strategy. • Continuing the previous initiative, Bank will implement the Cyber Threat Modelling system to automate the cyber threat assessment activity. • Develop a framework for handling information security risks for vendors that process sensitive data belonging to banks with the classification of confidential/strictly confidential. • Conduct cyber risk awareness programs through simulation exercises such as Phishing eMail Exercise, and Cyber Table Top Exercise to business unit, operational support units, Incident Management Team and Senior Management. • Revising the framework that regulates the response process to cyber incidents, including the Cyber Incident Response Playbook document, as a simple guideline for employees to identify cyber incidents. • Develop and continue the comprehensive Business Continuity Management (BCM) program implementation to maintain the contingency of the business activities and operational in the event of emergency. The implementation includes critical and non-critical units, by doing a coordination of the preparation of Business Continuity Plan (BCP) documents and supervising the BCP testing. • BCM acts as an Incident Management Team Coordinator who is active in managing and handling incidents both at the head office and in the region to ensure the sustainability of the bank's operations and business in the event of an incident. • Build the awareness regarding Information Risk Management to all levels of management and employees, including BCM, Risk and Information Technology Security through various media, such as: email blast, PC/laptop screen saver, Risk Academy, online training (e-learning).
Market and Liquidity	• Updating the Bank's Market and Liqudity Risks limit structure and policies. • Enhancement of Net Stable Funding Ratio (NSFR) calculation aligning with OJK Regulation No. 50/POJK.03/2017. • Validation of the market and liquidity risk measurement methodology, including those to support Treasury new products. • Implementation of Interest Rate Risk in Banking Book (IRRBB) in compliance with OJK Circular No. 12/SEOJK.03/2018 to be reported starting June 2019 position. • Enhancement of ALM System to support alignment of NSFR calculation and reporting as well as IRRBB. • Study and review the OJK Consultative Paper pertaining to the Revision to the Minimum Capital Adequacy Requirement for Market Risk.

Risk Management Efforts with Disclosure of Exposure and Implementation of Risk Management

a. Credit Risk

Credit risk is the potential financial loss caused by the failure of the borrower or counterparty in fulfilling its obligations in accordance with the agreement. Credit risk exposure to Danamon primarily arises from lending activities as well as other activities such as trade finance, treasury and investment. Credit risk exposure can also increase due to the concentration of credit in a certain geographic area as well as certain borrower characteristics.

1) Credit Risk Management

Danamon implements Credit Risk Management individually and integrated with its Subsidiaries in the Financial Conglomeration, which involves the active role of the Board of Commissioners and the Board of Directors. Danamon always applies the prudential principle and risk management as a whole to every aspect of credit activity.

Danamon has the Credit Risk Policy, which is a core policy and main framework in implementing credit risk management. This policy and the credit guidelines in the lines of business, govern the credit risk management process comprehensively starting from risk identification, measurement, monitoring, and controlling. Credit policy and guidelines are reviewed periodically to fulfill the prevailing regulations as well as being adjusted to Danamon's risk appetite.

Process	Implementation Activities
Identification	• Periodically review Line of Business Product Program, containing Industry analysis and marketing strategies, criteria for credit approval, product performance, as well as the implementation of risk management. • Establish credit approval criteria based on the 5C approach: Character, Capacity to Repay, Capital, Collateral, and Conditions of Economy as well as adjusting the risk appetite, risk profile, and the Bank's business plan.
Assessment	• Develop and implement credit risk assessment methodology, such as internal credit rating and credit scorecards that are consistently enhanced and validated to evaluate loan disbursements and other facilities related to credit. • Establish credit risk assessment parameters, the trigger score and limits on non-performing loans level, portfolio concentration, and other credit parameters. • Conduct stress test on significant changes in the conditions as an estimated potential impact towards portfolios, revenues, as well as Danamon capital conditions.
Monitoring	• Periodically monitor risks taken in accordance with risk appetite and business performance remain within the desired limits. • Monitor product performance and portfolio at the Bank and lines of business level, through a reliable Management Information System. • Evaluate the adequacy of risk management implementation, which may provide improvement and adjustment towards risk management strategies.
Control	• Establish and periodically review the Policies and Guidelines on the implementation of credit risk management that applicable to business units in both general and specific terms. • Implement adequate four eyes principles in every process of credit facility approval. • Delegate authority on credit approvals to selected members of the Credit Committee, based on qualifications and competencies. • Set internal limit for Legal Lending Limit for both individual and group debtors, also related and non related parties. • Set the risk level and concentration limit on certain industrial sectors. • Identify non-performing loans at an early stage so remedial process can be conducted properly and efficient. • Build-up reserves in line with the existing regulations. • Develop an independent and sustainable internal control system.

Credit Risk Management process is performed thoroughly at all lines of defense in Danamon. Line of Business, Subsidiaries and CCO Office as the risk taking units are the first line of defense which have important role in the implementation of adequate risk management.

The Credit Risk Management Division serves as an independent second line of defense. This unit is responsible for monitoring and reviewing credit risk parameters, reviewing and adjusting Credit Risk Policy, and developing risk measurement methodologies and risk control procedures. The Compliance Division as the second line is also active in providing recommendations on the implementation of credit risk management in line with regulations and granting credit facilities to Danamon related parties.

Compliance with the implementation of credit risk management is continuously evaluated by an independent Internal Audit Unit acting as a third line of defense. This unit actively provides recommendations for the improvement and development of Danamon's risk management across all units.

Credit Risk Internal Rating and Scorecard Model

Danamon has Risk Modelling, Quantitative Technique & Analytics (RA) Division to develop, implement, monitor, and review risk modelling and methodology of quantitative technique. This also includes to ensure that the bank has its robust risk modeling for prudent portfolio management, for the credit business as follows:

- Corporate
- Commercial
- Mid Market
- Financing Company
- Financial Institutions
- Credit card
- Micro Credit
- Unsecured Loans
- Small and Medium Enterprise Loans
- Home Ownership Loans
- Automotive loan

In addition to the above models, RA Division also develops Probability of Default (PD) model and implement "Danamon Rating Scale" (DRS) which is mapped to PD Model and scores/rating that are applicable to all lines of business.

Internal Rating Model and Credit Scorecard are used as one of the several indicators as the reference to make credit decision, acquisition and portfolio monitoring. By implementing Internal Rating Model and Credit Scorecard, it is expected to improve the overall quality of Danamon's loan portfolio.

2) Credit Concentration Risk

The credit concentration risk arises when borrowers are engaged in similar business activities, or have business activities in the same geographical area, or have similar characteristics that may affect the ability of the customer to fulfill his contractual obligations, and are equally affected by changes in economic conditions or other conditions.

Danamon encourages diversification of its loan portfolio in various geographical areas, industries, credit products, individual debtor that reflects a balanced and healthy risk profile and focuses on marketing efforts toward the industry and potential customers to minimize credit risk. This diversification is based on Danamon's strategic plan, the target sector, current economic conditions, government policy, funding sources and growth projections.

3) Measurement and Control Mechanism of Credit Risk

Danamon conducts intensive and rigorous monitoring of any changes that may affect Danamon portfolio individually or integrated with its Subsidiaries within the Financial Conglomeration. Review of loan portfolio are conducted by the business unit level as a risk taking unit and the Risk Management Working Unit level which is also monitored periodically by the Risk Management Committee at the Board of Directors level and by the Risk Monitoring Committee at the Board of Commissioners level.

Danamon also carries out measurement on past due and impaired loans. This includes claims that have matured in the form of financial assets both in a whole or in part, including interest payments, which overdue more than 90 (ninety) days and impaired claims which are financial assets that have objective evidence of impairment based on future cash flow estimates.

Evaluation of impaired loans is categorized into two main segments which are Wholesale (Enterprise Banking & SME) and Retail & Mass Market. In the Wholesale Banking segment, the assessment includes four main categories which are payment status, debtor's financial performance, assessment of debtors' repayment status and restructured loans. While for Retail & Mass Market segment, the assessments are conducted using collective approach through the portfolio and assessed based on the asset quality and the restructuring condition.

4) Provisioning

The loan provision for Danamon is established using Loan Loss Provision (LLP) and Provision for Assets (PPA) methodology for all Danamon lines of business and its Subsidiaries, both conventional credit and sharia financing and complying with the existing conditions and regulations.

The LLP calculation refers to the Indonesian Banking Accounting Standard (PAPI) that is called as loan impairment. The calculation of loan provision is based on the impairment of loan value using the methodology which is developed by Danamon and approved by the Board of Directors.

Calculation of LLP is defined as follows:
- Collective LLP is provision for impairment of financial assets which are evaluated collectively, if there is no objective evidence of assets impairment that is evaluated individually.
- Individual LLP is provision for impairment of financial asset which is evaluated individually using discounted cash flow method, where the difference between the fair value of the asset at this time and the fair value of the asset before the impairment is calculated.

For Enterprise Banking (Corporate and Commercial) and SME segment, Danamon applies the migration loss method (calculation based on the migration of collectibility of debtor's exposure after certain period. In this case, Danamon applies 1 year period). While for Retail & Mass Market segment, the collective LLP calculation use the net flow rate method (calculation based on the migration of debtor's exposure between days-past-due (DPD) bucket) or vintage analysis.

Danamon is required to calculate PPA for productive and non-productive assets, which refer to OJK regulations.

In order to prepare the application of PSAK 71, Danamon also performs parallel calculations for LLP using PSAK 71.

5) Disclosure of Danamon Quantitative Credit Risk

Danamon quantitative credit risk calculations for 2019 are disclosed in the following table:

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Main Highlights
Management Report
Company Profile
Management Discussion and Analysis
Operational Review
Good Corporate Governance
Corporate Social Responsibility
Corporate Data

1.1. Disclosure of Net Receivables Based on Region-Bank Stand Alone

The disclosure on net receivables is conducted for assets exposure in balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures

No	Portfolio Category	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on Sovereigns	28,582,049	-	-	-
2	Receivables on Public Sector Entities	1,803,653	212	-	26
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	5,882,797	65,529	152,069	27,539
5	Loans Secured by Residential Property	4,973,527	267,864	118,698	477,243
6	Loans Secured by Commercial Real Estate	835,328	173,947	35,761	134,716
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	11,693,360	3,131,134	1,882,809	2,995,688
9	Receivables on Corporate	48,811,282	5,602,346	4,471,650	5,111,250
10	Past Due Receivables	1,060,810	304,152	143,818	450,198
11	Other Assets	4,066,996	241,684	484,280	380,695
	Total	**107,709,802**	**9,786,868**	**7,289,085**	**9,577,355**

No	Portfolio Category				
(1)	(2)	(13)	(14)	(15)	(16)
1	Receivables on Sovereigns	27,648,248	-	-	-
2	Receivables on Public Sector Entities	1,579,077	124	-	40
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	2,929,394	73,070	69,620	25,183
5	Loans Secured by Residential Property	4,231,624	254,293	109,916	485,506
6	Loans Secured by Commercial Real Estate	1,111,798	5,813	31,876	149,298
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	10,815,015	2,684,051	2,023,113	2,989,992
9	Receivables on Corporate	47,673,133	3,134,265	3,436,880	5,795,328
10	Past Due Receivables	1,003,630	129,535	159,770	309,394
11	Other Assets	3,343,230	243,711	453,687	344,702
	Total	**100,335,149**	**6,524,862**	**6,284,862**	**10,099,443**

(in million Rupiah)

December 31, 2019					
Net Receivables Based on Region					
Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
(7)	(8)	(9)	(10)	(11)	(12)
-	-	-	-	-	28,582,049
-	772	174	134	-	1,804,971
-	-	-	-	-	-
127,289	46,847	1	10	23	6,302,104
110,240	47,595	17,413	98,893	3,953	6,115,426
26,779	3,648	20,257	85,287	33,263	1,348,986
-	-	-	-	-	-
300,385	3,829,198	2,185,348	5,422,619	283,447	31,723,988
1,388,141	2,396,071	2,597,107	4,928,663	1,730,190	77,036,700
98,174	248,864	84,386	186,691	85,188	2,662,281
257,805	611,817	432,015	589,250	275,566	7,340,108
2,308,813	**7,184,812**	**5,336,701**	**11,311,547**	**2,411,630**	**162,916,613**
December 31, 2018					
(17)	(18)	(19)	(20)	(21)	(22)
-	306	197	-	-	27,648,751
-	196	93	171	-	1,579,701
-	-	-	-	-	-
107,612	71,793	2	16	28	3,276,718
122,113	58,911	16,814	82,307	1,828	5,363,312
32,998	10,527	21,416	76,267	24,683	1,464,676
-	-	-	-	-	-
371,945	4,025,597	2,444,059	5,807,471	566,703	31,727,946
1,531,204	2,697,799	2,886,738	4,761,630	1,918,404	73,835,381
110,581	213,900	147,517	155,704	100,005	2,330,036
244,052	575,222	363,023	451,070	283,605	6,302,302
2,520,505	**7,654,251**	**5,879,859**	**11,334,636**	**2,895,256**	**153,528,823**

1.2. Disclosure of Net Receivables Based on Region-Consolidated

The disclosure on net receivables is conducted for assets exposure in balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures

No	Portfolio Category	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on Sovereigns	28,582,049	-	-	-
2	Receivables on Public Sector Entities	1,803,668	503	24	29
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	7,205,801	65,529	152,069	27,539
5	Loans Secured by Residential Property	4,974,981	268,251	118,698	477,243
6	Loans Secured by Commercial Real Estate	835,328	173,947	35,761	134,716
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	20,984,482	6,457,657	4,682,232	7,714,067
9	Receivables on Corporate	47,365,657	5,602,346	4,471,929	5,112,126
10	Past Due Receivables	1,185,560	371,425	181,948	512,624
11	Other Assets	4,864,252	295,546	524,141	445,222
	Total	**117,801,778**	**13,235,204**	**10,166,802**	**14,423,566**

No	Portfolio Category				
(1)	(2)	(13)	(14)	(15)	(16)
1	Receivables on Sovereigns	27,648,252	325	-	21
2	Receivables on Public Sector Entities	1,579,154	213	-	44
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables on Banks	3,719,079	73,070	69,620	25,183
5	Loans Secured by Residential Property	4,234,625	254,758	109,916	485,506
6	Loans Secured by Commercial Real Estate	1,111,798	5,813	31,876	149,298
7	Employee/Pensioner Loans	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	18,752,967	5,581,934	4,861,178	7,407,769
9	Receivables on Corporate	47,751,031	3,134,265	3,437,093	5,796,948
10	Past Due Receivables	1,103,552	180,214	198,690	362,956
11	Other Assets	4,193,955	296,949	490,575	411,429
	Total	**110,094,413**	**9,527,541**	**9,198,948**	**14,639,154**

(in million Rupiah)

December 31, 2019					
Net Receivables Based on Region					
Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
(7)	(8)	(9)	(10)	(11)	(12)
-	-	-	-	-	28,582,049
-	1,048	195	182	-	1,805,649
-	-	-	-	-	-
127,289	46,847	1	10	23	7,625,108
110,240	47,595	17,413	98,893	3,953	6,117,267
26,779	3,648	20,257	85,287	33,263	1,348,986
-	-	-	-	-	-
300,385	8,059,470	4,123,058	9,824,216	283,447	62,429,014
1,388,141	2,397,307	2,597,219	4,937,816	1,730,190	75,602,731
98,174	289,808	110,192	264,000	85,188	3,098,919
257,805	692,257	473,654	678,555	275,566	8,506,998
2,308,813	**11,537,980**	**7,341,989**	**15,888,959**	**2,411,630**	**195,116,721**

December 31, 2018					
(17)	(18)	(19)	(20)	(21)	(22)
-	492	223	-	-	27,649,313
-	292	103	189	-	1,579,995
-	-	-	-	-	-
107,612	71,793	2	16	28	4,066,403
122,113	58,911	16,814	82,307	1,828	5,366,778
32,998	10,527	21,416	76,267	24,683	1,464,676
-	-	-	-	-	-
371,945	7,682,319	4,449,100	10,592,875	566,703	60,266,790
1,531,204	2,697,799	2,886,738	4,774,366	1,918,404	73,927,848
110,581	294,997	169,680	229,585	100,005	2,750,260
244,052	703,954	408,200	554,036	283,605	7,586,755
2,520,505	**11,521,084**	**7,952,276**	**16,309,641**	**2,895,256**	**184,658,818**

2.1. Disclosure of Net Receivables Based on the Remaining Term of Contract-Bank Stand Alone

The disclosure on net receivables is conducted for assets exposure in balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures

No.	Portfolio Category	≤ 1 year	>1-3 Years
(1)	(2)	(3)	(4)
1	Receivables on Sovereigns	13,171,983	6,920,269
2	Receivables on Public Sector Entities	1,353,814	451,034
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	4,417,921	1,226,582
5	Loans Secured by Residential Property	24,923	255,985
6	Loans Secured by Commercial Real Estate	911,668	115,568
7	Employee/Pensioner Loans	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	6,404,374	16,695,396
9	Receivables on Corporate	57,981,934	8,053,328
10	Past Due Receivables	523,103	366,429
11	Other Assets	63,183	-
	Total	**84,852,903**	**34,084,591**

No.	Portfolio Category		
(1)	(2)	(9)	(10)
1	Receivables on Sovereigns	15,768,810	4,326,841
2	Receivables on Public Sector Entities	919,396	659,888
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	2,441,741	477,652
5	Loans Secured by Residential Property	11,515	186,965
6	Loans Secured by Commercial Real Estate	1,038,529	59,506
7	Employee/Pensioner Loans	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	5,970,284	15,555,051
9	Receivables on Corporate	55,620,907	7,074,611
10	Past Due Receivables	313,761	443,868
11	Other Assets	-	-
	Total	**82,084,943**	**28,784,382**

(in million Rupiah)

December 31, 2019			
Net Receivables by Remaining Contractual Maturity			
>3-5 Years	>5 Years	Non Contractual	Total
(5)	(6)	(7)	(8)
2,707,992	568,223	5,213,582	28,582,049
123	-	-	1,804,971
-	-	-	-
405,598	167,511	84,492	6,302,104
618,267	5,216,251	-	6,115,426
213,154	108,596	-	1,348,986
-	-	-	-
7,454,149	1,143,783	26,286	31,723,988
6,283,755	4,496,314	221,369	77,036,700
238,180	474,761	1,059,808	2,662,281
21,340	-	7,255,585	7,340,108
17,942,558	**12,175,439**	**13,861,122**	**162,916,613**

December 31, 2018			
(11)	(12)	(13)	(14)
911,980	119,623	6,521,497	27,648,751
417	-	-	1,579,701
-	-	-	-
229,678	124,380	3,267	3,276,718
592,215	4,572,613	4	5,363,312
297,337	69,304	-	1,464,676
-	-	-	-
9,087,775	1,086,757	28,079	31,727,946
5,953,651	5,048,957	137,255	73,835,381
337,661	275,866	958,880	2,330,036
-	-	6,302,302	6,302,302
17,410,714	**11,297,500**	**13,951,284**	**153,528,823**

2.2. Disclosure of Net Receivables Based on the Remaining Term of Contract-Consolidated

The disclosure on net receivables is conducted for assets exposure in balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures

No.	Portfolio Category	≤ 1 year	>1-3 Years
(1)	(2)	(3)	(4)
1	Receivables on Sovereigns	13,171,983	6,920,269
2	Receivables on Public Sector Entities	1,353,812	451,592
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	5,564,638	1,402,869
5	Loans Secured by Residential Property	24,923	256,522
6	Loans Secured by Commercial Real Estate	911,668	115,568
7	Employee/Pensioner Loans	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	6,685,316	31,095,874
9	Receivables on Corporate	56,411,817	8,123,572
10	Past Due Receivables	539,394	601,913
11	Other Assets	253,638	23,875
	Total	**84,917,189**	**48,992,054**

No.	Portfolio Category		
(1)	(2)	(9)	(10)
1	Receivables on Sovereigns	15,768,811	4,327,019
2	Receivables on Public Sector Entities	919,435	660,100
3	Receivables on Multilateral Development Banks and International Institutions	-	-
4	Receivables on Banks	3,104,230	604,848
5	Loans Secured by Residential Property	11,515	187,480
6	Loans Secured by Commercial Real Estate	1,038,529	59,506
7	Employee/Pensioner Loans	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	7,269,892	32,722,079
9	Receivables on Corporate	55,564,266	7,142,276
10	Past Due Receivables	363,731	737,915
11	Other Assets	316,659	7,375
	Total	**84,357,068**	**46,448,598**

(in million Rupiah)

	December 31, 2019			
	Net Receivables by Remaining Contractual Maturity			
	>3-5 Years	>5 Years	Non Contractual	Total
	(5)	(6)	(7)	(8)
	2,707,992	568,223	5,213,582	28,582,049
	245	-	-	1,805,649
	-	-	-	-
	405,598	167,511	84,492	7,625,108
	619,439	5,216,383	-	6,117,267
	213,154	108,596	-	1,348,986
	-	-	-	-
	21,427,997	3,193,541	26,286	62,429,014
	6,349,659	4,496,314	221,369	75,602,731
	413,189	484,615	1,059,808	3,098,919
	381,725	62	7,847,698	8,506,998
	32,518,998	**14,235,245**	**14,453,235**	**195,116,721**

	December 31, 2018			
	(11)	(12)	(13)	(14)
	912,363	119,623	6,521,497	27,649,313
	460	-	-	1,579,995
	-	-	-	-
	229,678	124,380	3,267	4,066,403
	594,946	4,572,833	4	5,366,778
	297,337	69,304	-	1,464,676
	-	-	-	-
	18,195,145	2,051,595	28,079	60,266,790
	6,035,094	5,048,957	137,255	73,927,848
	411,551	278,183	958,880	2,750,260
	374,947	-	6,887,774	7,586,755
	27,051,521	**12,264,875**	**14,536,756**	**184,658,818**

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3.1. Disclosure of Net Receivables Based on Economic Sector-Bank Stand Alone

The disclosure on net receivables is conducted for assets exposure in balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures

No.	Economic Sectors*	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks
(1)	(2)	(3)	(4)	(5)	(6)
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	280,237	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	796	-	-
6	Construction	-	365,873	-	-
7	Wholesale and Retail Trading	-	123	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	6,302,104
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	-	544	-	-
13	Education Services	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	277,736	-	-	-
16	Activities of Households as Employers	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	-	-	-	-
20	Others	28,304,313	1,157,398	-	-
	Total	**28,582,049**	**1,804,971**	**-**	**6,302,104**

*) Economic sector refers to economic sector used in the Commercial Bank Monthly Report (Laporan Bulanan Bank Umum - LBU). Net receivables to bank without economic sector information in LBU is classified as "Financial Intermediary" while other than that is classified as "Others"

(in million Rupiah)

December 31, 2019						
Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	-	1,053,245	1,872,964	31,054	-
-	-	-	90,126	29,965	1,457	-
-	-	-	150,295	994,732	5,048	-
-	-	-	909,606	21,046,791	299,130	-
-	-	-	53,240	58,568	404	-
-	742,085	-	275,016	1,544,892	167,293	-
-	-	-	5,097,110	29,313,964	1,428,208	-
-	-	-	173,192	1,309,578	9,691	-
-	-	-	1,231,507	2,473,297	141,579	-
-	-	-	75,394	6,106,814	2,936	-
-	606,901	-	984,739	1,289,150	27,547	-
-	-	-	518	-	-	-
-	-	-	11,785	14,931	216	-
-	-	-	23,583	219,387	982	-
-	-	-	94,121	239,413	23,959	-
-	-	-	2,707	-	-	-
-	-	-	128	-	-	-
-	-	-	35,142	1,857	205	-
6,115,426	-	-	20,360,079	1,742,783	522,572	-
-	-	-	1,102,455	8,777,614	-	7,340,108
6,115,426	**1,348,986**	**-**	**31,723,988**	**77,036,700**	**2,662,281**	**7,340,108**

No,	Economic Sectors*	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks
(1)	(2)	(3)	(4)	(5)	(6)
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	432,337	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	170,473	-	-
7	Wholesale and Retail Trading	-	-	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	3,276,718
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	503	624	-	-
13	Education Services	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	290,648	-	-	-
16	Activities of Households as Employers	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	142	88	-	-
20	Others	27,357,458	976,179	-	-
	Total	**27,648,751**	**1,579,701**	**-**	**3,276,718**

*) Economic sector refers to economic sector used in the Commercial Bank Monthly Report (Laporan Bulanan Bank Umum - LBU). Net receivables to bank without economic sector information in LBU is classified as "Financial Intermediary" while other than that is classified as "Others"

(in million Rupiah)

	December 31, 2018						
	Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	1,220,090	2,247,052	14,212	-
	-	-	-	98,756	26,205	1,773	-
	-	-	-	137,048	1,425,934	3,443	-
	-	-	-	1,063,275	17,672,857	400,497	-
	-	-	-	59,500	31,262	260	-
	-	929,202	-	273,547	1,337,647	65,413	-
	-	-	-	6,669,420	28,225,802	1,168,758	-
	-	-	-	317,269	1,049,738	22,776	-
	-	-	-	1,147,213	2,822,979	228,682	-
	-	-	-	56,302	4,038,468	-	-
	-	535,474	-	882,141	1,602,446	32,250	-
	-	-	-	404	-	-	-
	-	-	-	12,193	14,551	161	-
	-	-	-	36,158	217,830	2,596	-
	-	-	-	235,783	451,939	16,632	-
	-	-	-	2,170	-	15	-
	-	-	-	268	-	58	-
	-	-	-	30,487	45,103	147	-
	5,363,140	-	-	18,368,104	1,426,611	372,363	-
	172	-	-	1,117,818	11,198,957	-	6,302,302
	5,363,312	**1,464,676**	**-**	**31,727,946**	**73,835,381**	**2,330,036**	**6,302,302**

3.2 Disclosure of Net Receivables Based on Economic Sector-Consolidated

The disclosure on net receivables is conducted for assets exposure in balance sheet, commitments/ contingencies exposure for off balance sheet transactions and counterparty credit exposures

No,	Economic Sectors*	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks
(1)	(2)	(3)	(4)	(5)	(6)
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	280,237	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	1,346	-	-
6	Construction	-	365,873	-	-
7	Wholesale and Retail Trading	-	138	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	7,625,108
11	Real Estate, Rental and Business Services	-	29	-	-
12	Public Administration, Defense and Compulsory Social Security	-	629	-	-
13	Education Services	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	277,736	-	-	-
16	Activities of Households as Employers	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	-	-	-	-
20	Others	28,304,313	1,157,397	-	-
	Total	**28,582,049**	**1,805,649**	**-**	**7,625,108**

*) Economic sector refers to economic sector used in the Commercial Bank Monthly Report (Laporan Bulanan Bank Umum - LBU). Net receivables to bank without economic sector information in LBU is classified as "Financial Intermediary" while other than that is classified as "Others"

(in million Rupiah)

December 31, 2019						
Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	-	1,373,131	1,884,404	34,354	-
-	-	-	122,761	29,965	1,639	-
-	-	-	240,864	1,013,772	7,418	-
-	-	-	1,085,419	21,046,873	300,919	-
-	-	-	79,826	58,568	491	-
-	742,085	-	431,137	1,553,571	168,239	-
-	-	-	6,268,519	29,316,072	1,440,871	-
-	-	-	217,128	1,309,578	10,272	-
-	-	-	1,307,370	2,482,400	142,154	-
-	-	-	85,765	4,539,809	2,956	-
-	606,901	-	1,330,257	1,289,242	29,787	-
-	-	-	604	-	-	-
-	-	-	14,948	14,931	219	-
-	-	-	26,178	219,387	986	-
-	-	-	104,528	239,413	24,015	-
-	-	-	3,337	-	-	-
-	-	-	128	-	-	-
-	-	-	101,995	28,646	4,004	-
6,117,267	-	-	48,532,663	1,798,486	930,595	-
-	-	-	1,102,456	8,777,614	-	8,506,998
6,117,267	**1,348,986**	**-**	**62,429,014**	**75,602,731**	**3,098,919**	**8,506,998**

No.	Economic Sectors*	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks
(1)	(2)	(3)	(4)	(5)	(6)
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	432,337	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	170,473	-	-
7	Wholesale and Retail Trading	-	-	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	4,066,403
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	1,052	844	-	-
13	Education Services	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	290,648	-	-	-
16	Activities of Households as Employers	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	155	162	-	-
20	Others	27,357,458	976,179	-	-
	Total	**27,649,313**	**1,579,995**	**-**	**4,066,403**

*) Economic sector refers to economic sector used in the Commercial Bank Monthly Report (Laporan Bulanan Bank Umum - LBU). Net receivables to bank without economic sector information in LBU is classified as "Financial Intermediary" while other than that is classified as "Others"

(in million Rupiah)

December 31, 2018						
Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Pensioner Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate	Past Due Receivables	Other Assets
(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	-	1,496,804	2,265,854	17,117	-
-	-	-	122,955	26,205	2,256	-
-	-	-	188,484	1,438,409	3,836	-
-	-	-	1,235,158	17,672,857	402,858	-
-	-	-	79,701	31,262	328	-
-	929,202	-	421,683	1,352,207	66,304	-
-	-	-	7,852,235	28,225,802	1,184,345	-
-	-	-	357,733	1,049,738	23,455	-
-	-	-	1,662,478	2,897,560	231,972	-
-	-	-	62,028	3,976,269	-	-
-	535,474	-	1,095,967	1,602,624	34,377	-
-	-	-	541	-	-	-
-	-	-	15,502	14,551	161	-
-	-	-	39,144	217,830	2,602	-
-	-	-	255,834	451,939	17,040	-
-	-	-	3,027	-	15	-
-	-	-	268	-	58	-
-	-	-	125,034	75,990	2,419	-
5,366,606	-	-	44,134,396	1,429,794	761,117	-
172	-	-	1,117,818	11,198,957	-	7,586,755
5,366,778	**1,464,676**	**-**	**60,266,790**	**73,927,848**	**2,750,260**	**7,586,755**

4.1. Disclosure of Receivables and Provisioning Based on Region-Bank Stand Alone

No	Explanation	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables	117,514,480	9,859,456	7,326,614	9,671,075
2	Impaired Receivables				
	a. Non Past Due	1,425,662	213,647	167,124	351,347
	b. Past Due	1,046,735	184,737	118,557	267,944
3	Allowance for Impairment Losses-Individual	740,129	54,394	14,127	41,080
4	Allowance for Impairment Losses-Collective	991,477	219,219	135,857	237,714
5	Written-Off Receivables	1,819,458	270,470	208,874	385,148

No	Explanation	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(13)	(14)	(15)	(16)
1	Receivables	108,912,654	6,572,289	6,331,694	10,178,452
2	Impaired Receivables				
	a. Non Past Due	1,765,495	64,265	93,123	351,790
	b. Past Due	876,878	170,313	155,652	224,704
3	Allowance for Impairment Losses-Individual	786,792	17,072	3,314	47,995
4	Allowance for Impairment Losses-Collective	827,415	147,796	148,885	201,420
5	Written-Off Receivables	1,214,708	201,057	195,575	310,142

(in million Rupiah)

	December 31, 2019					
	Net Receivables Based on Region					
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	2,339,234	7,254,327	5,373,614	11,358,301	2,431,389	173,128,490
	91,150	75,900	167,319	78,291	44,988	2,615,428
	57,528	223,098	82,608	172,862	77,024	2,231,093
	9,995	34,894	17,196	14,335	-	926,150
	39,830	184,600	119,015	248,127	45,557	2,221,396
	72,531	262,713	134,354	308,670	101,450	3,563,668
	December 31, 2018					
	Net Receivables Based on Region					
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(17)	(18)	(19)	(20)	(21)	(22)
	2,550,289	7,736,603	5,930,261	11,401,938	2,938,943	162,553,123
	69,282	101,130	241,705	122,648	85,688	2,895,126
	49,578	261,558	105,745	187,961	112,392	2,144,781
	9,302	12,578	20,938	25,365	-	923,356
	44,902	217,096	127,699	250,746	74,714	2,040,673
	53,088	262,322	132,563	293,310	152,840	2,815,605

4.2. Disclosure of Receivables and Provisioning Based on Region-Consolidated

No	Explanation	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables	120,377,725	13,335,321	10,222,593	14,548,533
2	Impaired Receivables				
	a. Non Past Due	1,460,979	237,997	178,024	368,617
	b. Past Due	1,253,394	295,417	186,002	372,678
3	Allowance for Impairment Losses-Individual	740,129	54,394	14,127	41,080
4	Allowance for Impairment Losses-Collective	1,476,359	396,944	297,026	484,813
5	Written-Off Receivables	2,304,321	503,324	389,668	632,553

No	Explanation	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	Central Java and Yogyakarta	East Java
(1)	(2)	(13)	(14)	(15)	(16)
1	Receivables	112,123,220	9,599,781	9,264,490	14,741,818
2	Impaired Receivables	-	-	-	-
	a. Non Past Due	1,827,178	92,663	108,919	362,252
	b. Past Due	1,008,957	257,037	213,197	305,972
3	Allowance for Impairment Losses-Individual	786,792	17,072	3,314	47,995
4	Allowance for Impairment Losses-Collective	1,225,894	298,741	307,176	422,876
5	Written-Off Receivables	1,629,465	427,091	347,936	546,195

(in million Rupiah)

December 31, 2019						
Net Receivables Based on Region						
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(7)	(8)	(9)	(10)	(11)	(12)
	2,339,234	11,633,671	7,391,726	15,975,534	2,431,389	198,255,726
	91,150	150,517	185,662	135,178	44,988	2,853,112
	57,528	316,936	133,326	345,212	77,024	3,037,517
	9,995	34,894	17,196	14,335	-	926,150
	39,830	359,855	222,462	472,760	45,557	3,795,606
	72,531	484,050	251,172	681,483	101,450	5,420,552
December 31, 2018						
Net Receivables Based on Region						
	Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	North Sumatra	South Sumatra	Total
	(17)	(18)	(19)	(20)	(21)	(22)
	2,550,289	11,644,454	8,013,258	16,416,347	2,938,943	187,292,600
	-	-	-	-	-	
	69,282	173,639	261,986	213,357	85,688	3,194,964
	49,578	367,995	152,262	353,395	112,392	2,820,785
	9,302	12,578	20,938	25,365	-	923,356
	44,902	393,393	229,965	486,747	74,714	3,484,408
	53,088	464,019	246,042	616,950	152,840	4,483,626

5.1. Disclosure of Receivables and Provisioning Based on Economic Sector-Bank Stand Alone

(December 31, 2019)

No	Economic Sectors	Receivables
(1)	(2)	(3)
1	Agriculture, Hunting and Forestry	2,968,469
2	Fishery	121,872
3	Mining and Quarrying	1,606,484
4	Manufacturing	22,706,765
5	Electricity, Gas and Water	113,363
6	Construction	3,138,944
7	Wholesale and Retail Trading	36,147,607
8	Hotel and Food & Beverage	1,504,081
9	Transportation, Warehousing and Communications	3,901,615
10	Financial Intermediary	12,294,719
11	Real Estate, Rental and Business Services	2,921,504
12	Public Administration, Defense and Compulsory Social Security	1,062
13	Education Services	27,047
14	Human Health and Social Work Activities	244,553
15	Public, Socio-Culture, Entertainment and Other Personal Services	640,520
16	Activities of Households as Employers	2,707
17	International Institution and Other Extra International Agencies	143
18	Undefined Activities	37,205
19	Non Business Field	28,925,518
20	Others	55,824,312
	Total	**173,128,490**

(in million Rupiah)

Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written Off Receivables
Non Past Due	Past Due			
(4)	(5)	(6)	(7)	(8)
106,018	22,866	4,236	52,804	48,413
131	1,774	-	2,881	4,030
246,762	3,094	175,370	16,391	208,834
503,048	468,377	422,426	259,687	585,742
-	673	-	2,304	1,449
148,054	62,379	32,803	58,084	38,507
919,724	596,818	214,762	673,816	1,271,133
166,282	12,394	4,989	20,413	30,234
285,933	90,051	47,911	67,527	334,405
105,384	4,754	-	60,925	6,448
66,060	16,998	7,395	47,813	65,193
-	-	-	28	-
182	328	-	458	165
244	1,565	-	3,038	4,547
11,125	9,342	464	13,810	33,131
-	-	-	57	62
140	-	-	15	70
52	205	-	3	673
55,399	590,903	4,044	911,456	930,485
890	348,572	11,750	29,886	147
2,615,428	**2,231,093**	**926,150**	**2,221,396**	**3,563,668**

(December 31, 2018)

No	Economic Sectors	Receivables
(1)	(2)	(3)
1	Agriculture, Hunting and Forestry	3,542,584
2	Fishery	128,115
3	Mining and Quarrying	2,293,435
4	Manufacturing	19,313,885
5	Electricity, Gas and Water	91,158
6	Construction	2,796,779
7	Wholesale and Retail Trading	36,433,524
8	Hotel and Food & Beverage	1,406,819
9	Transportation, Warehousing and Communications	4,422,156
10	Financial Intermediary	7,262,642
11	Real Estate, Rental and Business Services	3,064,488
12	Public Administration, Defense and Compulsory Social Security	1,530
13	Education Services	27,042
14	Human Health and Social Work Activities	259,840
15	Public, Socio-Culture, Entertainment and Other Personal Services	810,456
16	Activities of Households as Employers	2,216
17	International Institution and Other Extra International Agencies	342
18	Undefined Activities	30,750
19	Non Business Field	25,682,573
20	Others	54,982,789
	Total	**162,553,123**

(in million Rupiah)

Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written Off Receivables
Non Past Due	Past Due			
(4)	(5)	(6)	(7)	(8)
127,983	28,033	50,553	58,744	63,501
1,173	3,068	-	4,035	5,501
504,008	1,209	294,088	17,167	4,766
273,949	347,309	126,584	210,564	548,721
1	395	-	1,845	1,498
83,161	42,353	15,136	32,097	8,513
1,039,830	486,331	220,296	704,292	1,008,357
71,643	30,539	404	32,801	46,166
513,866	336,063	211,916	59,895	187,069
111,198	42	-	41,067	28,851
108,451	24,929	4,379	49,759	37,903
-	-	-	36	227
602	265	-	473	268
1,411	5,738	-	5,770	4,603
13,022	25,886	-	25,470	47,796
-	46	-	83	116
269	70	-	16	-
-	-	-	803	-
43,683	484,615	-	753,116	821,749
876	327,890	-	42,640	-
2,895,126	**2,144,781**	**923,356**	**2,040,673**	**2,815,605**

5.2. Disclosure of Receivables and Provisioning Based on Economic Sector-Consolidated

(December 31, 2019)

No	Economic Sectors	Receivables
(1)	(2)	(3)
1	Agriculture, Hunting and Forestry	3,304,822
2	Fishery	154,749
3	Mining and Quarrying	1,718,700
4	Manufacturing	22,885,232
5	Electricity, Gas and Water	140,646
6	Construction	3,305,229
7	Wholesale and Retail Trading	37,340,278
8	Hotel and Food & Beverage	1,548,800
9	Transportation, Warehousing and Communications	3,987,481
10	Financial Intermediary	13,455,061
11	Real Estate, Rental and Business Services	3,270,688
12	Public Administration, Defense and Compulsory Social Security	1,232
13	Education Services	30,214
14	Human Health and Social Work Activities	247,154
15	Public, Socio-Culture, Entertainment and Other Personal Services	651,026
16	Activities of Households as Employers	3,337
17	International Institution and Other Extra International Agencies	143
18	Undefined Activities	134,760
19	Non Business Field	57,760,470
20	Others	48,315,704
	Total	**198,255,726**

(in million Rupiah)

	Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written Off Receivables
	Non Past Due	Past Due			
	(4)	(5)	(6)	(7)	(8)
	118,518	37,830	4,236	63,367	62,177
	913	2,948	-	3,819	5,793
	249,105	4,992	175,370	19,584	210,336
	508,206	475,734	422,425	265,378	593,478
	512	1,234	-	3,144	2,075
	150,335	65,823	32,803	63,126	41,419
	954,173	648,508	214,762	713,308	1,322,298
	167,567	13,920	4,989	21,958	32,383
	289,237	93,122	47,911	69,972	355,772
	105,497	4,861	-	61,457	6,658
	71,236	23,742	7,395	58,973	74,339
	-	-	-	33	2
	208	328	-	551	176
	311	1,570	-	3,113	4,578
	11,203	9,791	464	14,186	34,124
	-	-	-	78	62
	140	-	-	15	70
	238	4,114	-	2,740	1,178
	224,824	1,300,428	4,045	2,400,918	2,673,487
	889	348,572	11,750	29,886	147
	2,853,112	**3,037,517**	**926,150**	**3,795,606**	**5,420,552**

(December 31, 2018)

No	Economic Sectors	Receivables
(1)	(2)	(3)
1	Agriculture, Hunting and Forestry	3,842,427
2	Fishery	153,036
3	Mining and Quarrying	2,357,919
4	Manufacturing	19,489,377
5	Electricity, Gas and Water	111,457
6	Construction	2,960,600
7	Wholesale and Retail Trading	37,639,153
8	Hotel and Food & Beverage	1,448,247
9	Transportation, Warehousing and Communications	5,017,308
10	Financial Intermediary	7,702,024
11	Real Estate, Rental and Business Services	3,281,301
12	Public Administration, Defense and Compulsory Social Security	2,435
13	Education Services	30,355
14	Human Health and Social Work Activities	262,840
15	Public, Socio-Culture, Entertainment and Other Personal Services	831,434
16	Activities of Households as Employers	3,073
17	International Institution and Other Extra International Agencies	342
18	Undefined Activities	159,056
19	Non Business Field	52,026,868
20	Others	49,973,348
	Total	**187,292,600**

(in million Rupiah)

	Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written Off Receivables
	Non Past Due	Past Due			
	(4)	(5)	(6)	(7)	(8)
	139,160	36,147	50,553	67,270	73,692
	1,952	3,750	-	4,888	6,603
	504,991	2,608	294,088	18,874	6,694
	280,059	353,533	126,584	216,268	557,508
	625	489	-	2,459	2,228
	85,215	45,310	15,136	36,247	11,704
	1,076,477	535,324	220,296	741,198	1,077,278
	73,110	32,060	404	34,228	48,889
	531,792	348,740	211,916	75,788	199,412
	111,198	189	-	41,253	28,989
	111,324	28,510	4,379	55,989	45,575
	1,040	-	-	59	246
	643	265	-	559	298
	1,507	5,738	-	5,854	4,615
	13,519	27,132	-	26,510	49,298
	-	46	-	106	126
	269	70	-	16	-
	806	3,277	-	4,423	3,148
	260,401	1,069,707	-	2,109,780	2,367,323
	876	327,890	-	42,640	-
	3,194,964	**2,820,785**	**923,356**	**3,484,409**	**4,483,626**

6.1 Disclosure of Movements Details of Allowances for Impairment Losses-Bank Stand Alone

(in million Rupiah)

	Description	December 31, 2019		December 31, 2018	
		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective
(1)	(2)	(3)	(4)	(5)	(6)
1	Beginning balance of allowance for impairment losses	923,356	2,040,673	925,604	2,042,875
2	Additional/reversal allowance for impairment losses during the year (net)	1,825,912	1,004,582	1,380,439	1,476,965
3	Allowance for impairment losses used to cover written off receivables during the year	(1,687,252)	(1,876,416)	(1,155,459)	(1,660,146)
4	Other additional (reversal) allowance during the year	(135,866)	1,052,557	(227,228)	180,979
Ending Balance of Allowance for Impairment Losses		**926,150**	**2,221,396**	**923,356**	**2,040,673**

6.2. Disclosure of Movements Details of Allowances for Impairment Losses-Consolidated

(in million Rupiah)

Description		December 31, 2019		December 31, 2018	
		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective
(1)	(2)	(3)	(4)	(5)	(6)
1	Beginning balance of allowance for impairment losses	923,356	3,484,408	925,604	3,390,730
2	Additional/reversal allowance for impairment losses during the year (net)	1,825,912	2,991,942	1,380,439	3,240,866
3	Allowance for impairment losses used to cover written off receivables during the year	(1,687,252)	(3,733,300)	(1,155,459)	(3,328,167)
4	Other additional (reversal) allowance during the year	(135,866)	1,052,556	(227,228)	180,979
Ending Balance of Allowance for Impairment Losses		**926,150**	**3,795,606**	**923,356**	**3,484,408**

6) Credit Risk Assessment using Standardized Approach

In calculating the Risk Weighted Assets (RWA) for credit risk, Danamon applies the Standardized Approach, which refer to OJK regulation i.e. the OJK Circular Letter No. 42/SEOJK.03/2016 regarding Calculation Guideline of Credit Risk Weighted Asset based on Standardized Approach.

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7.1 Disclosure of Net Receivables based on Portfolio Categories and Ratings-Bank Stand Alone

The disclosure on net receivables is conducted for assets exposure in balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures

	Portfolio Category	Company Rating	December 31, 2019				
			Long Term Rating				
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns		71,029	-	-	15,665,122	-
2	Receivables on Public Sector Entities		189,513	28,092	51,122	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-	-
4	Receivables on Banks		1,044,110	162,588	-	167,656	-
5	Loans Secured by Residential Property						
6	Loans Secured by Commercial Real Estate						
7	Employee/ Pensioner Loans						
8	Receivables on Micro, Small Business & Retail Portfolio						
9	Receivables on Corporate		1,408,813	939,183	95,428	-	-
10	Past Due Receivables						
11	Other Assets						
	Total		**2,713,465**	**1,129,863**	**146,550**	**15,832,778**	**-**

(in million Rupiah)

						Unrated	Total
		Short Term Rating					
B+ to B-	Less than B-	A-1	A-2	A-3	Less than A-3		
B+ to B-	Less than B-	F1+ to F1	F2	F3	Less than F3		
B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
B+(idn) to B-(idn)	Less than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
id B+ to id B-	Less than idB-	idA1	idA2	idA3 to id A4	Less than idA4		
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	12,845,898	28,582,049
-	-	-	-	-	-	1,536,244	1,804,971
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,927,750	6,302,104
						6,115,426	6,115,426
						1,348,986	1,348,986
						-	-
						31,723,988	31,723,988
-	-	-	-	-	-	74,593,276	77,036,700
						2,662,281	2,662,281
						7,340,108	7,340,108
-	**-**	**-**	**-**	**-**	**-**	**143,093,957**	**162,916,613**

Portfolio Category		Company Rating	December 31, 2018				
			Long Term Rating				
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns		308,130	-	-	11,889,713	-
2	Receivables on Public Sector Entities		184,383	30,914	-	17,120	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-	-
4	Receivables on Banks		553,624	92,478	-	-	-
5	Loans Secured by Residential Property						
6	Loans Secured by Commercial Real Estate						
7	Employee/ Pensioner Loans						
8	Receivables on Micro, Small Business & Retail Portfolio						
9	Receivables on Corporate		1,303,267	825,933	44,793	-	-
10	Past Due Receivables						
11	Other Assets						
	Total		**2,349,404**	**949,325**	**44,793**	**11,906,833**	**-**

(in million Rupiah)

		Short Term Rating				Unrated	Total
B+ to B-	Less than B-	A-1	A-2	A-3	Less than A-3		
B+ to B-	Less than B-	F1+ to F1	F2	F3	Less than F3		
B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
B+(idn) to B-(idn)	Less than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
id B+ to id B-	Less than idB-	idA1	idA2	idA3 to id A4	Less than idA4		
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	15,450,908	27,648,751
-	-	-	-	-	-	1,347,284	1,579,701
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,630,616	3,276,718
						5,363,312	5,363,312
						1,464,676	1,464,676
						-	-
						31,727,946	31,727,946
-	-	-	-	-	-	71,661,388	73,835,381
						2,330,036	2,330,036
						6,302,302	6,302,302
-	**-**	**-**	**-**	**-**	**-**	**138,278,468**	**153,528,823**

7.2 Disclosure of Net Receivables based on Portfolio Categories and Ratings-Consolidated

The disclosure on net receivables is conducted for assets exposure in balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures

	Portfolio Category	Company Rating	December 31, 2019				
			Long Term Rating				
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns		71,029	-	-	15,665,122	-
2	Receivables on Public Sector Entities		189,513	28,092	51,122	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-	-
4	Receivables on Banks		1,044,110	162,588	-	167,656	-
5	Loans Secured by Residential Property						
6	Loans Secured by Commercial Real Estate						
7	Employee/ Pensioner Loans						
8	Receivables on Micro, Small Business & Retail Portfolio						
9	Receivables on Corporate		1,408,813	939,183	95,428	-	-
10	Past Due Receivables						
11	Other Assets						
	Total		**2,713,465**	**1,129,863**	**146,550**	**15,832,778**	**-**

(in million Rupiah)

		Short Term Rating				Unrated	Total
B+ to B-	Less than B-	A-1	A-2	A-3	Less than A-3		
B+ to B-	Less than B-	F1+ to F1	F2	F3	Less than F3		
B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
B+(idn) to B-(idn)	Less than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
id B+ to id B-	Less than idB-	idA1	idA2	idA3 to id A4	Less than idA4		
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	12,845,898	28,582,049
-	-	-	-	-	-	1,536,922	1,805,649
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,250,754	7,625,108
						6,117,267	6,117,267
						1,348,986	1,348,986
						-	-
						62,429,014	62,429,014
-	-	-	-	-	-	73,159,307	75,602,731
						3,098,919	3,098,919
						8,506,998	8,506,998
-	**-**	**-**	**-**	**-**	**-**	**175,294,065**	**195,116,721**

	Portfolio Category	Company Rating	December 31, 2018				
			Long Term Rating				
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns		308,130	-	-	11,889,714	-
2	Receivables on Public Sector Entities		184,383	30,914	-	17,120	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-	-
4	Receivables on Banks		553,624	92,478	-	-	-
5	Loans Secured by Residential Property						
6	Loans Secured by Commercial Real Estate						
7	Employee/ Pensioner Loans						
8	Receivables on Micro, Small Business & Retail Portfolio						
9	Receivables on Corporate		1,303,267	825,933	44,793	-	-
10	Past Due Receivables						
11	Other Assets						
	Total		**2,349,404**	**949,325**	**44,793**	**11,906,834**	**-**

(in million Rupiah)

		Short Term Rating				Unrated	Total
B+ to B-	Less than B-	A-1	A-2	A-3	Less than A-3		
B+ to B-	Less than B-	F1+ to F1	F2	F3	Less than F3		
B1 to B3	Less than B3	P-1	P-2	P-3	Less than P-3		
B+(idn) to B-(idn)	Less than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
id B+ to id B-	Less than idB-	idA1	idA2	idA3 to id A4	Less than idA4		
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	15,451,469	27,649,313
-	-	-	-	-	-	1,347,578	1,579,995
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,420,301	4,066,403
						5,366,778	5,366,778
						1,464,676	1,464,676
						-	-
						60,266,790	60,266,790
-	-	-	-	-	-	71,753,855	73,927,848
						2,750,260	2,750,260
						7,586,755	7,586,755
-	**-**	**-**	**-**	**-**	**-**	**169,408,462**	**184,658,818**

7. **Credit Risk Due to Failure of Counterparty**
Counterparty Credit Risk arises from the type of transactions that generally affected by the following characteristics:
- Transactions influenced by the movement of fair value or market value.
- Fair value of transaction is influenced by movements of certain market variables.
- Transactions resulting in the exchange of cash flows or financial instruments.
- Bilateral in nature.

One of the transactions which may incite credit risk due to the counterparty's failure is over the counter (OTC) derivative and repo/reverse repo transactions for both the Trading Book and Banking Book position.

For both Repo and Reverse Repo transactions, Danamon refers to OJK Circular Letter No. 42/SEOJK.03/2016 regarding Guidelines on Risk Weighted Assets calculation for Credit Risk using Standardized Approach. For Repo Transactions, Danamon records a positive difference between the net carrying values of securities as the underlying repo with carrying values of the obligated repo. Net carrying value of securities is the carrying value of securities after deducted by LLP of securities. While for Reverse Repo Transactions, Danamon records the value of reverse repo receivables after deducted by LLP of receivables.

The following table details the disclosure of counterparty credit risk:

8.1.a and 8.2.a Disclosure of counterparty credit risk: Derivative Transactions Over the Counter

(in million Rupiah)

No.	Underlying Variables	December 31, 2019							
		Potential Future Exposure (PFE)**			Derivative Receivables	Derivative Payables	Net Receivables before CRM**	CRM	Net Receivables after CRM**
		≤1 year	>1 years ≤5 years	>5 years					
BANK STAND ALONE									
1	Interest Rate	-	-	-	-	-	-	-	-
2	Exchange Rate*	107,002	42,496	-	159,123	71,443	432,069	-	432,069
3	Others	-	-	-	-	-	-	-	-
	Total	**107,002**	**42,496**	**-**	**159,123**	**71,443**	**432,069**	**-**	**432,069**
CONSOLIDATED									
1	Interest Rate	-	-	-	-	-	-	-	-
2	Exchange Rate*	107,002	168,416	-	159,123	581,662	608,357	-	608,357
3	Shares	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metal other than Gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	-	-	-	-	-
	Total	**107,002**	**168,416**	**-**	**159,123**	**581,662**	**608,357**	**-**	**608,357**

* Include cross currency swap
** Refer to SE OJK No. 48/SE OJK.03/2017

(in million Rupiah)

No.	Underlying Variables	December 31, 2018							
		Potential Future Exposure (PFE)**			Derivative Receivables	Derivative Payables	Net Receivables before CRM**	CRM	Net Receivables after CRM**
		≤1 year	>1 years ≤5 years	>5 years					
BANK STAND ALONE									
1	Interest Rate	-	-	-	-	-	-	-	-
2	Exchange Rate*	161,391	59,045	-	195,535	228,215	582,360	-	582,360
3	Others	-	-	-	-	-	-	-	-
	Total	**161,391**	**59,045**	**-**	**195,535**	**228,215**	**582,360**	**-**	**582,360**
CONSOLIDATED									
1	Interest Rate	-	-	-	-	-	-	-	-
2	Exchange Rate*	252,400	149,899	-	449,092	466,185	1,191,949	-	1,191,949
3	Shares	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metal other than Gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	-	-	-	-	-
	Total	**252,400**	**149,899**	**-**	**449,092**	**466,185**	**1,191,949**	**-**	**1,191,949**

* Include cross currency swap
** Refer to SE OJK No. 48/SE OJK.03/2017

8.1.b Disclosure of counterparty credit risk: Repo transactions-Bank Stand Alone

(in million Rupiah)

No	Portfolio category	December 31, 2019			
		Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivable	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Receiveable on Sovereigns	-	-	-	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Instutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Bussiness & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
	Total	**-**	**-**	**-**	**-**

(in million Rupiah)

No	Portfolio category	December 31, 2018			
		Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivable	RWA
(1)	(2)	(7)	(8)	(9)	(10)
1	Receiveable on Sovereigns	246,623	248,145	-	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Instutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Bussiness & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
	Total	**246,623**	**248,145**	**-**	**-**

8.2.b Disclosure of counterparty credit risk: Repo transactions-Consolidated

(in million Rupiah)

No	Portfolio category	December 31, 2019			
		Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivable	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Receiveable on Sovereigns	-	-	-	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Instutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Bussiness & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
	Total	**-**	**-**	**-**	**-**

(in million Rupiah)

No	Portfolio category	December 31, 2018			
		Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivable	RWA
(1)	(2)	(7)	(8)	(9)	(10)
1	Receiveable on Sovereigns	246,623	248,145	-	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Instutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Bussiness & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
	Total	**246,623**	**248,145**	**-**	**-**

8.1.c Disclosure of counterparty credit risk: Reverse Repo transactions-Bank Stand Alone

(in million Rupiah)

No	Portfolio category	December 31, 2019			
		Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Receiveable on Sovereigns	3,785,836	-	3,785,836	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Instutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Bussiness & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
	Total	**3,785,836**	**-**	**3,785,836**	**-**

(in million Rupiah)

No	Portfolio category	December 31, 2018			
		Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM
(1)	(2)	(7)	(8)	(9)	(10)
1	Receiveable on Sovereigns	-	-	-	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Instutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Bussiness & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
	Total	-	-	-	-

8.2.c Disclosure of counterparty credit risk: Reverse Repo transactions-Consolidated

(in million Rupiah)

No	Portfolio category	December 31, 2019			
		Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Receiveable on Sovereigns	3,785,836	-	3,785,836	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Instutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Bussiness & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
	Total	**3,785,836**	**-**	**3,785,836**	**-**

(in million Rupiah)

No	Portfolio category	December 31, 2018			
		Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM
(1)	(2)	(7)	(8)	(9)	(10)
1	Receiveable on Sovereigns	-	-	-	-
2	Receiveable on Public Sector Entities	-	-	-	-
3	Receiveable on Multilateral Development Banks and International Instutions	-	-	-	-
4	Receiveable on Banks	-	-	-	-
5	Receiveable on Micro, Small Bussiness & Retail Portfolio	-	-	-	-
6	Receiveable on Corporate	-	-	-	-
	Total	**-**	**-**	**-**	**-**

8. Credit Risk Mitigation Disclosure

Danamon has determined the collateral as one of credit risk mitigation techniques. However, Danamon does not consider the collateral as a sole basis of credit decision making nor as a main source of loan repayment. The purpose of credit risk mitigation is as follows:

a. To limit the risk of losses when the debtor can not meet their obligation to the Bank.
b. To protect the unexpected risk and risk inherent to credit exposure in the future.

The acceptable collateral according to the collateral policy approved by Danamon are as follows :

a. Cash and cash equivalent.
b. Government and Bank Indonesia Securities.
c. Standby L/C of prime bank.
d. Land and building.
e. Machinery.
f. Personnel guarantee.
g. Corporate guarantee.

Collateral valuation should be done in the credit initiation process. The revaluation is conducted at certain period in accordance to the collateral requirement as PPA deduction. For collateral as PPA deduction, the collateral valuation for credit facilities of more than Rp5 billion should be conducted by an independent external appraiser with good qualification, is certified and does not have any relationship with the debtor. External appraiser should be appointed by Danamon.

The collateral valuation can be conducted by internal appraisers. Danamon ensures that the appraisers have the knowledge, education and experience on collateral valuation and appraisers do not have any relationship with the debtor. The assessment results should be properly documented in the Credit file.

Credit Risk Mitigation Methods for Standardized Approach

To calculate credit risk mitigation as RWA deduction (Credit Risk), Danamon uses the CRM (Credit Risk Mitigation) - collateral. The type of financial collateral recognised are those in accordance with regulations i.e, cash, savings, current accounts, savings deposits, security deposits, gold and securities with certain criteria as per OJK/Bank Indonesia.

For reverse repo transactions, collateral in the form of securities underlying the reverse repo transactions and/or cash, is calculated as a form of credit risk mitigation on reverse repo transactions.

The following are the disclosures of credit risk after calculating the impact of credit risk mitigation:

9.1 Disclosure of Net Receivables Based on Risk Weighted Assets After Calculating Credit Risk Mitigation Impacts-Bank Stand Alone

Portfolio Category		December 31, 2019				
		Net Receivables After Calculating Credit Risk Mitigation Impacts				
		0%	20%	25%	35%	40%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	Exposure on Balance Sheet					
1	Receivables on Sovereigns	24,794,196	-	-	-	-
2	Receivables on Public Sector Entities	-	217,605	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-		-		
4	Receivables on Banks	7,382	3,574,285	-	-	-
5	Loans Secured by Residential Property	-	1,129,832	2,202,231	2,782,483	-
6	Loans Secured by Commercial Real Estate	204,153	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	75,245	-	-	-	-
9	Receivables on Corporate	1,563,074	2,347,996	-	-	-
10	Past Due Receivables	640	-	-	-	-
11	Other Assets	2,779,681	-	-	-	-
	Total Exposure on Balance Sheet	**29,424,371**	**7,269,718**	**2,202,231**	**2,782,483**	**-**
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions					
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-
5	Loans Secured by Residential Property	-	753	127	-	-
6	Loans Secured by Commercial Real Estate	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	16,765	-	-	-	-
9	Receivables on Corporate	126,015	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	**142,780**	**753**	**127**	**-**	**-**
C	Exposure on Counterparty Credit Risk					
1	Receivables on Sovereigns	3,787,853	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	68,254		-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	**3,787,853**	**68,254**	**-**	**-**	**-**

(in million Rupiah)

45%	50%	75%	100%	150%	Others	RWA	Capital Charge (12.5% x RWA)
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
-	-	-	-	-	-	-	-
-	1,587,366	-	-	-	-	837,204	104,651
					-	-	-
-	2,472,668	-	-	-	-	1,951,191	243,899
-	-	-	-	-	-	1,750,393	218,799
-	-	-	1,143,783	-	-	1,143,783	142,973
-	-	-	-	-	-	-	-
-	-	30,637,670	-	-	-	22,978,253	2,872,282
-	95,428	-	69,258,833	-	-	69,776,146	8,722,018
-	-	-	179,843	2,481,798	-	3,902,540	487,818
-	-	-	3,806,191	754,236	-	4,937,545	617,193
-	**4,155,462**	**30,637,670**	**74,388,650**	**3,236,034**	**-**	**107,277,055**	**13,409,633**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	9,024	-	-	-	-	4,512	564
-	-	-	-	-	-	182	23
-	-	-	1,050	-	-	1,050	131
-	-	-	-	-	-	-	-
-	-	937,293	-	-	-	702,970	87,871
-	-	-	3,511,062	-	-	3,511,061	438,883
-	-	-	-	-	-	-	-
-	**9,024**	**937,293**	**3,512,112**	**-**	**-**	**4,219,775**	**527,472**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	170,491	-	-	-	-	98,897	12,362
-	-	57,015	-	-	-	42,761	5,345
-	-	-	134,292	-	-	134,292	16,787
-	**170,491**	**57,015**	**134,292**	**-**	**-**	**275,950**	**34,494**

Portfolio Category		December 31, 2018				
		Net Receivables After Calculating Credit Risk Mitigation Impacts				
		0%	20%	25%	35%	40%
(1)	(2)	(16)	(17)	(18)	(19)	(20)
A	Exposure on Balance Sheet					
1	Receivables on Sovereigns	27,624,724	-	-	-	-
2	Receivables on Public Sector Entities	-	215,298	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	4,858	2,080,156	-	-	-
5	Loans Secured by Residential Property	-	1,062,287	1,840,837	2,460,060	-
6	Loans Secured by Commercial Real Estate	158,000	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	83,672	-	-	-	-
9	Receivables on Corporate	1,666,218	2,129,201	-	-	-
10	Past Due Receivables	21,271	-	-	-	-
11	Other Assets	2,574,174	-	-	-	-
	Total Exposure on Balance Sheet	**32,132,917**	**5,486,942**	**1,840,837**	**2,460,060**	**-**
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions					
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	52,788	-	-	-
5	Loans Secured by Residential Property	-	123	5	-	-
6	Loans Secured by Commercial Real Estate	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	20,788	-	-	-	-
9	Receivables on Corporate	93,572	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	**114,360**	**52,911**	**5**	**-**	**-**
C	Exposure on Counterparty Credit Risk					
1	Receivables on Sovereigns	24,027	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	86,349	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	**24,027**	**86,349**	**-**	**-**	**-**

(in million Rupiah)

	45%	50%	75%	100%	150%	Other	RWA	Capital Charge (11.625% x RWA)
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
	-	-	-	-	-	-	-	-
	-	1,309,380	-	-	-	-	697,750	81.113
	-	-	-	-	-	-	-	-
	-	728,638	-	-	-	-	780,350	90.716
	-	-	-	-	-	-	1,533,688	178.291
	-	-	-	1,303,576	-	-	1,303,576	151.541
	-	-	-	-	-	-	-	-
	-	-	30,695,352	-	-	-	23,021,514	2.676.251
	-	44,793	-	66,523,083	-	-	66,971,320	7.785.416
	-	-	-	111,450	2,197,315	-	3,407,423	396.113
	-	-	-	3,137,470	590,658	-	4,023,457	467.727
	-	**2,082,811**	**30,695,352**	**71,075,579**	**2,787,973**	**-**	**101,739,078**	**11.827.168**
	-	-	-	-	-	-	-	-
	-	55,023	-	-	-	-	27,511	3.198
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	10,558	1.227
	-	-	-	-	-	-	26	3
	-	-	-	3,100	-	-	3,100	360
	-	-	-	-	-	-	-	-
	-	-	890,518	-	-	-	667,888	77.642
	-	-	-	3,268,074	-	-	3,268,075	379.914
	-	-	-	-	-	-	-	-
	-	**55,023**	**890,518**	**3,271,174**	**-**	**-**	**3,977,158**	**462.345**
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	323,929	-	-	-	-	179,234	20.836
	-	-	37,616	-	-	-	28,212	3.280
	-	-	-	110,440	-	-	110,440	12.839
	-	**323,929**	**37,616**	**110,440**	**-**	**-**	**317,886**	**36.954**

9.2 Disclosure of Net Receivables Based on Risk Weighted Assets After Calculating Credit Risk Mitigation Impacts-Consolidated

	Portfolio Category	December 31, 2019				
		Net Receivables After Calculating Credit Risk Mitigation Impacts				
		0%	20%	25%	35%	40%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	Exposure on Balance Sheet					
1	Receivables on Sovereigns	24,794,196	-	-	-	-
2	Receivables on Public Sector Entities	-	217,604	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	7,383	4,721,000	-	-	-
5	Loans Secured by Residential Property	-	1,131,542	2,202,362	2,782,483	-
6	Loans Secured by Commercial Real Estate	204,153	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	75,245	-	-	-	-
9	Receivables on Corporate	1,563,074	2,278,790	-	-	-
10	Past Due Receivables	640	-	-	-	-
11	Other Assets	2,950,562	-	-	-	-
	Total Exposure on Balance Sheet	**29,595,253**	**8,348,936**	**2,202,362**	**2,782,483**	**-**
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions					
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-
5	Loans Secured by Residential Property	-	753	127	-	-
6	Loans Secured by Commercial Real Estate	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	16,765	-	-	-	-
9	Receivables on Corporate	126,015	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	**142,780**	**753**	**127**	**-**	**-**
C	Exposure on Counterparty Credit Risk					
1	Receivables on Sovereigns	3,787,853	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	68,254	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	**3,787,853**	**68,254**	**-**	**-**	**-**

(in million Rupiah)

45%	50%	75%	100%	150%	Other	RWA	Capital Charge (12.5% x RWA)
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
-	-	-	-	-	-	-	-
-	1,588,045	-	-	-	-	837,543	104.693
-	-	-	-	-	-	-	-
-	2,472,668	-	-	-	-	2,180,534	272.567
-	-	-	-	-	-	1,750,768	218.846
-	-	-	1,143,783	-	-	1,143,783	142.973
-	-	-	-	-	-	-	-
-	-	61,342,696	-	-	-	46,007,022	5.750.878
-	95,428	-	67,894,070	-	-	68,397,542	8.549.693
-	-	-	179,843	2,918,436	-	4,557,497	569.687
-	-	-	4,802,200	754,236	-	5,933,554	741.694
-	**4,156,141**	**61,342,696**	**74,019,896**	**3,672,672**	**-**	**130,808,243**	**16.351.031**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	9,024	-	-	-	-	4,512	564
-	-	-	-	-	-	182	23
-	-	-	1,050	-	-	1,050	131
-	-	-	-	-	-	-	-
-	-	937,293	-	-	-	702,970	87.871
-	-	-	3,511,062	-	-	3,511,061	438.883
-	-	-	-	-	-	-	-
-	**9,024**	**937,293**	**3,512,112**	**-**	**-**	**4,219,775**	**527.472**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	346,779	-	-	-	-	187,041	23.380
-	-	57,015	-	-	-	42,761	5.345
-	-	-	134,292	-	-	134,292	16.787
-	**346,779**	**57,015**	**134,292**	**-**	**-**	**364,094**	**45.512**

Portfolio Category		December 31, 2018				
		Net Receivables After Calculating Credit Risk Mitigation Impacts				
		0%	20%	25%	35%	40%
(1)	(2)	(16)	(17)	(18)	(19)	(20)
A	Exposure on Balance Sheet					
1	Receivables on Sovereigns	27,625,286	-	-	-	-
2	Receivables on Public Sector Entities	-	215,298	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	4,858	2,260,253	-	-	-
5	Loans Secured by Residential Property	-	1,065,070	1,841,520	2,460,060	-
6	Loans Secured by Commercial Real Estate	158,000	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	83,672	-	-	-	-
9	Receivables on Corporate	1,666,218	2,067,002	-	-	-
10	Past Due Receivables	21,271	-	-	-	-
11	Other Assets	2,823,774	-	-	-	-
	Total Exposure on Balance Sheet	**32,383,079**	**5,607,623**	**-**	**2,460,060**	**-**
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions					
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	52,788	-	-	-
5	Loans Secured by Residential Property	-	123	5	-	-
6	Loans Secured by Commercial Real Estate	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	20,788	-	-	-	-
9	Receivables on Corporate	93,572	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	**114,360**	**52,911**	**-**	**-**	**-**
C	Exposure on Counterparty Credit Risk					
1	Receivables on Sovereigns	24,027	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	-	86,349	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	**24,027**	**86,349**	**-**	**-**	**-**

(in million Rupiah)

	45%	50%	75%	100%	150%	Other	RWA	Capital Charge (11.625% x RWA)
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
	-	-	-	-	-	-	-	-
	-	1,309,674	-	-	-	-	697,897	81.131
	-	-	-	-	-	-	-	-
	-	728,638	-	-	-	-	816,370	94.903
	-	-	-	-	-	-	1,534,415	178.376
	-	-	-	1,303,576	-	-	1,303,576	151.541
	-	-	-	-	-	-	-	-
	-	-	59,234,196	-	-	-	44,425,647	5.164.481
	-	44,793	-	66,677,749	-	-	67,113,546	7.801.950
	-	-	-	111,450	2,617,539	-	4,037,760	469.390
	-	-	-	4,172,323	590,658	-	5,058,309	588.028
	-	**2,083,105**	**59,234,196**	**72,265,098**	**3,208,197**	**-**	**124,987,520**	**14.529.799**
	-	-	-	-	-	-	-	-
	-	55,023	-	-	-	-	27,511	3.198
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	10,558	1.227
	-	-	-	-	-	-	26	3
	-	-	-	3,100	-	-	3,100	360
	-	-	-	-	-	-	-	-
	-	-	890,518	-	-	-	667,888	77.642
	-	-	-	3,268,074	-	-	3,268,074	379.914
	-	-	-	-	-	-	-	-
	-	**55,023**	**890,518**	**3,271,174**	**-**	**-**	**3,977,157**	**462.345**
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	933,517	-	-	-	-	484,028	56.268
	-	-	37,616	-	-	-	28,212	3.280
	-	-	-	110,440	-	-	110,440	12.839
	-	**933,517**	**37,616**	**110,440**	**-**	**-**	**622,680**	**72.387**

10.1 Disclosure of Net Receivables and Credit Risk Mitigation Techniques-Bank Stand Alone

	Portfolio Category	December 31, 2019				
		Net Receivables	Exposure which is Secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	Exposure on Balance Sheet					
1	Receivables on Sovereigns	24,794,196	-	-	-	-
2	Receivables on Public Sector Entities	1,804,971	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	6,054,335	7,382	-	-	-
5	Loans Secured by Residential Property	6,114,546	-	-	-	-
6	Loans Secured by Commercial Real Estate	1,347,936	204,153	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	30,712,915	75,245	-	-	-
9	Receivables on Corporate	73,265,331	1,563,074	-	-	-
10	Past Due Receivables	2,662,281	640	-	-	-
11	Other Assets	7,340,108	-	-	-	-
	Total Exposure on Balance Sheet	**154,096,619**	**1,850,494**	**-**	**-**	**-**
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions					
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	9,024	-	-	-	-
5	Loans Secured by Residential Property	880	-	-	-	-
6	Loans Secured by Commercial Real Estate	1,050	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	954,058	16,765	-	-	-
9	Receivables on Corporate	3,637,077	126,015	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	**4,602,089**	**142,780**	**-**	**-**	**-**
C	Exposure on Counterparty Credit Risk					
1	Receivables on Sovereigns	3,787,853	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	238,745	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	57,015	-	-	-	-
6	Receivables on Corporate	134,292	-	-	-	-
	Total Exposure Counterparty Credit Risk	**4,217,905**	**-**	**-**	**-**	**-**
	Total (A+B+C)	**162,916,613**	**1,993,274**	**-**	**-**	**-**

(in million Rupiah)

		December 31, 2018					
	Unsecured Exposure	Net Receivables	Exposure which is Secured by				Unsecured Exposure
			Collateral	Guarantee	Credit Insurance	Others	
	(8) = (3) - [(4) + (5) +(6) +(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9) - [(10) + (11) +(12) +(13)]
	24,794,196	27,624,724	-	-	-	-	27,624,724
	1,804,971	1,524,678	-	-	-	-	1,524,678
	-	-	-	-	-	-	-
	6,046,953	2,813,652	4,858	-	-	-	2,808,794
	6,114,546	5,363,184	-	-	-	-	5,363,184
	1,143,783	1,461,576	158,000	-	-	-	1,303,576
	-	-	-	-	-	-	-
	30,637,670	30,779,024	83,672	-	-	-	30,695,352
	71,702,257	70,363,295	1,666,218	-	-	-	68,697,077
	2,661,641	2,330,036	21,271	-	-	-	2,308,765
	7,340,108	6,302,302	-	-	-	-	6,302,302
	152,246,125	**148,562,471**	**1,934,019**	**-**	**-**	**-**	**146,628,452**
	-	-	-	-	-	-	-
	-	55,023	-	-	-	-	55,023
	-	-	-	-	-	-	-
	9,024	52,788	-	-	-	-	52,788
	880	128	-	-	-	-	128
	1,050	3,100	-	-	-	-	3,100
	-	-	-	-	-	-	-
	937,293	911,306	20,788	-	-	-	890,518
	3,511,062	3,361,646	93,572	-	-	-	3,268,074
	-	-	-	-	-	-	-
	4,459,309	**4,383,991**	**114,360**	**-**	**-**	**-**	**4,269,631**
	3,787,853	24,027	-	-	-	-	24,027
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	238,745	410,278	-	-	-	-	410,278
	57,015	37,616	-	-	-	-	37,616
	134,292	110,440	-	-	-	-	110,440
	4,217,905	**582,361**	**-**	**-**	**-**	**-**	**582,361**
	160,923,339	**153,528,823**	**2,048,379**	**-**	**-**	**-**	**151,480,444**

10.2 Disclosure of Net Receivables and Credit Risk Mitigation Techniques-Consolidated

	Portfolio Category	December 31, 2019				
		Net Receivables	Exposure which is Secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	Exposure on Balance Sheet					
1	Receivables on Sovereigns	24,794,196	-	-	-	-
2	Receivables on Public Sector Entities	1,805,649	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	7,201,051	7,382	-	-	-
5	Loans Secured by Residential Property	6,116,387	-	-	-	-
6	Loans Secured by Commercial Real Estate	1,347,936	204,153	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	61,417,941	75,245	-	-	-
9	Receivables on Corporate	71,831,362	1,563,074	-	-	-
10	Past Due Receivables	3,098,919	640	-	-	-
11	Other Assets	8,506,998	-	-	-	-
	Total Exposure on Balance Sheet	**186,120,439**	**1,850,494**	**-**	**-**	**-**
B	Commitments/Contingencies Exposure for Off Balance Sheet Transactions					
1	Receivables on Sovereigns	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	9,024	-	-	-	-
5	Loans Secured by Residential Property	880	-	-	-	-
6	Loans Secured by Commercial Real Estate	1,050	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	954,058	16,765	-	-	-
9	Receivables on Corporate	3,637,077	126,015	-	-	-
10	Past Due Receivables	-	-	-	-	-
	Total Commitments/ Contingencies Exposure for Off Balance Sheet Transactions	**4,602,089**	**142,780**	**-**	**-**	**-**
C	Exposure on Counterparty Credit Risk					
1	Receivables on Sovereigns	3,787,853	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables on Banks	415,033	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	57,015	-	-	-	-
6	Receivables on Corporate	134,292	-	-	-	-
	Total Exposure Counterparty Credit Risk	**4,394,193**	**-**	**-**	**-**	**-**
	Total (A+B+C)	**195,116,721**	**1,993,274**	**-**	**-**	**-**

(in million Rupiah)

		December 31, 2018					
			Exposure which is Secured by				
	Unsecured Exposure	Net Receivables	Collateral	Guarantee	Credit Insurance	Others	Unsecured Exposure
	(8) = (3) - [(4) + (5) +(6) +(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9) - [(10) + (11) +(12) +(13)]
	27,625,286	-	-	-	-	27,625,286	27,626,250
	1,524,972	-	-	-	-	1,524,972	639,309
	-	-	-	-	-	-	-
	2,993,749	4,858	-	-	-	2,988,891	3,447,247
	5,366,650	-	-	-	-	5,366,650	3,924,634
	1,461,576	158,000	-	-	-	1,303,576	1,180,133
	-	-	-	-	-	-	-
	59,317,868	83,672	-	-	-	59,234,196	58,105,114
	70,455,762	1,666,218	-	-	-	68,789,544	66,471,479
	2,750,260	21,271	-	-	-	2,728,989	2,951,703
	7,586,755	-	-	-	-	7,586,755	8,950,519
	179,082,878	**1,934,019**	**-**	**-**	**-**	**177,148,859**	**173,296,388**
	-	-	-	-	-	-	-
	55,023	-	-	-	-	55,023	-
	-	-	-	-	-	-	-
	52,788	-	-	-	-	52,788	7,165
	128	-	-	-	-	128	47
	3,100	-	-	-	-	3,100	-
	-	-	-	-	-	-	-
	911,306	20,788	-	-	-	890,518	837,918
	3,361,646	93,572	-	-	-	3,268,074	2,989,805
	-	-	-	-	-	-	-
	4,383,991	**114,360**	**-**	**-**	**-**	**4,269,631**	**3,834,935**
	24,027	-	-	-	-	24,027	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	1,019,866	-	-	-	-	1,019,866	1,003,843
	37,616	-	-	-	-	37,616	25,228
	110,440	-	-	-	-	110,440	38,999
	1,191,949	**-**	**-**	**-**	**-**	**1,191,949**	**1,068,070**
	184,658,818	**2,048,379**	**-**	**-**	**-**	**182,610,439**	**178,199,393**

9. **Disclosure of Assets Securitization**

Securitization is a process of taking non-liquid assets or asset groups and, through financial engineering, transforming them into securities. Securities that are issued based on the transfer of financial assets from the original borrower followed by the payment from proceeds of the sale of asset-backed securities to investors.

As of December 31, 2019 Danamon did not have any position of KIK EBA Asset.

11.1. Calculation of the Standardized Approach of Credit Risk Weighted Assets-Bank Stand Alone

a. Disclosure of Asset Exposures in the Balance Sheet

(in million Rupiah)

	Portfolio Category	December 31, 2019			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	24,794,196	-	-	27,624,724	-	-
2	Receivables on Public Sector Entities	1,804,971	837,204	837,204	1,524,678	697,750	697,750
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,054,335	1,954,882	1,951,191	2,813,652	782,779	780,350
5	Loans Secured by Residential Property	6,114,546	1,750,393	1,750,393	5,363,184	1,533,688	1,533,688
6	Loans Secured by Commercial Real Estate	1,347,936	1,347,936	1,143,783	1,461,576	1,461,576	1,303,576
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	30,712,915	23,034,686	22,978,253	30,779,024	23,084,268	23,021,514
9	Receivables on Corporate	73,265,331	71,339,220	69,776,146	70,363,295	68,637,538	66,971,320
10	Past Due Receivables	2,662,281	3,903,500	3,902,540	2,330,036	3,439,329	3,407,423
11	Other Assets	7,340,108	-	4,937,545	6,302,302	-	4,023,456
	Total	**154,096,619**	**104,167,821**	**107,277,055**	**148,562,471**	**99,636,928**	**101,739,077**

b. Disclosure of Commitments/Contingencies Exposure for Off Balance Sheet Transactions

(in million Rupiah)

	Portfolio Category	December 31, 2019			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	55,023	27,511	27,511
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,024	4,512	4,512	52,788	10,558	10,558
5	Loans Secured by Residential Property	880	182	182	128	26	26
6	Loans Secured by Commercial Real Estate	1,050	1,050	1,050	3,100	3,100	3,100

	Portfolio Category	December 31, 2019			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	954,058	715,543	702,970	911,306	683,479	667,888
9	Receivables on Corporate	3,637,077	3,637,077	3,511,061	3,361,646	3,361,646	3,268,075
10	Past Due Receivables	-	-	-	-	-	-
	Total	**4,602,089**	**4,358,364**	**4,219,775**	**4,383,991**	**4,086,320**	**3,977,158**

c. Disclosure of Exposures causing Counterparty Credit Risk

(in million Rupiah)

	Portfolio Category	December 31, 2019			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	3,787,853	-	-	24,027	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	238,745	98,897	98,897	410,278	179,234	179,234
5	Receivables on Micro, Small Business & Retail Portfolio	57,015	42,761	42,761	37,616	28,212	28,212
6	Receivables on Corporate	134,292	134,292	134,292	110,440	110,440	110,440
7	Weighted Exposure from Credit Valuation Adjustment (CVA)			40,483			56,815
	Total	**4,217,905**	**275,950**	**316,433**	**582,361**	**317,886**	**374,701**

d. Disclosure of Exposures causing Credit Risk due to Settlement Risk

There is no exposure that cause Credit Risk due to Settlement Risk in 31 December 2019 and 31 December 2018.

e. Disclosure of Securitization Exposures

There is no exposure of Securitization in 31 December 2019 and 31 December 2018.

f. Disclosure of Total Credit Risks Measurement

(in million Rupiah)

	December 31, 2019	December 31, 2018
Total Credit Risk RWA	111,813,263	106,090,936
Total Capital Deduction Factor	-	-

Corporate Data
Corporate Social Responsibility
Good Corporate Governance
Operational Review
Management Discussion and Analysis
Company Profile
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11.2. Calculation of the Standardized Approach of Credit Risk Weighted Assets-Consolidated

a. Disclosure of Assets Exposures in the Balance Sheet

(in million Rupiah)

	Portfolio Category	December 31, 2019			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	24,794,196	-	-	27,625,286	-	-
2	Receivables on Public Sector Entities	1,805,649	837,543	837,543	1,524,972	697,897	697,897
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	7,201,051	2,184,225	2,180,534	2,993,749	818,799	816,370
5	Loans Secured by Residential Property	6,116,387	1,750,768	1,750,768	5,366,650	1,534,415	1,534,415
6	Loans Secured by Commercial Real Estate	1,347,936	1,347,936	1,143,783	1,461,576	1,461,576	1,303,576
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	61,417,941	46,063,456	46,007,022	59,317,868	44,488,401	44,425,647
9	Receivables on Corporate	71,831,362	69,960,616	68,397,542	70,455,762	68,779,764	67,113,546
10	Past Due Receivables	3,098,919	4,558,457	4,557,497	2,750,260	4,069,666	4,037,760
11	Other Assets	8,506,998	-	5,933,554	7,586,755	-	5,058,308
	Total	**186,120,439**	**126,703,001**	**130,808,243**	**179,082,878**	**121,850,518**	**124,987,519**

b. Disclosure of Commitments/Contingencies Exposure for Off Balance Sheet Transactions

(in million Rupiah)

	Portfolio Category	December 31, 2019			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	55,023	27,511	27,511
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,024	4,512	4,512	52,788	10,558	10,558
5	Loans Secured by Residential Property	880	182	182	128	26	26
6	Loans Secured by Commercial Real Estate	1,050	1,050	1,050	3,100	3,100	3,100
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	954,058	715,543	702,970	911,306	683,479	667,888
9	Receivables on Corporate	3,637,077	3,637,077	3,511,061	3,361,646	3,361,646	3,268,075
10	Past Due Receivables	-	-	-	-	-	-
	Total	**4,602,089**	**4,358,364**	**4,219,775**	**4,383,991**	**4,086,320**	**3,977,158**

c. Disclosure of Exposures causing Counterparty Credit Risk

(in million Rupiah)

	Portfolio Category	December 31, 2019			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	3,787,853	-	-	24,027	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	415,033	187,041	187,041	1,019,866	484,028	484,028
5	Receivables on Micro, Small Business & Retail Portfolio	57,015	42,761	42,761	37,616	28,212	28,212
6	Receivables on Corporate	134,292	134,292	134,292	110,440	110,440	110,440
7	Weighted Exposure from Credit Valuation Adjustment (CVA)			166,812			309,758
	Total	**4,394,193**	**364,094**	**530,906**	**1,191,949**	**622,680**	**932,438**

d. Disclosure of Exposures causing Credit Risk due to Settlement Risk
There is no exposure that cause Credit Risk due to Settlement Risk in 31 December 2019 and 31 December 2018.

e. Disclosure of Securitization Exposures
There is no exposure of Securitization in 31 December 2019 and 31 December 2018.

f. Disclosure of Total Credit Risks Measurement

(in million Rupiah)

	December 31, 2019	December 31, 2018
Total Credit Risk RWA	135,558,924	129,897,115
Total Capital Deduction Factor	-	-

b. Market Risk

Market Risk Management encompasses not only limited to the management of risk, but also monitoring of all risks exposed to the Bank as a result of movements against market factors (interest rates and foreign exchange rates). Market risk may arise from two different areas which are separately managed. The first area is trading activity in treasury (Trading Book risk) and the second is the activity in Bank's balance sheet (especially interest rate risk in the Banking Book). Implementation of Market Risk Management shall cover both risks.

1) Market Risk Management Organization

Market Risk Management is a top-down process within the Bank organizational structure, starting from the Risk Monitoring Committee, the Board of Directors through the Asset & Liabilities Committee (ALCO), and senior management actively involved in the planning, approval, review and study of all risks involved.

2) Market Risk Management Implementation

Market Risk Management is implemented through a process of identification, measurement, monitoring and controlling, supported by the implementation of management information systems. Market risk is monitored by Market and Liquidity Risk (MLR) Division (as the Second line of Defense), an independent function in the Bank, which develops, implements, and maintains a comprehensive and integrated market risk management framework. This includes qualitative and quantitative aspect to identify, measure, monitor, control and report market risks.

a. Trading Risk

Trading risk is primarily managed through a limit structure and monitored daily by the Market & Liquidity Risk (MLR) Division.

b. Interest Rate Risk in the Banking Book

Interest rate risk is an exposure arising from adverse interest rate market movement to the bank balance sheet.

This risk is an inherent part of the banking business. Proper risk management could turn an exposure to be an additional source of income, which could increase shareholders' value. However, excessive exposure to the interest rate risk could cause a significant threat to a bank's income and capital. Monitoring of interest rate risk on the banking book is carried out daily by the MLR Division.

3) **Risk Factors**
Risk factors are defined as variables that may changes the value of a financial instrument or a portfolio of financial instruments, both on and off-balance sheet. Major market risk factors included in the risk measurement systems are foreign exchange rates (FX), interest rates, equity and commodity.

Risk factors may occur individually or combined, if the Bank's products or activities have several risk factors to be managed. Market risk management in Indonesian banking is limited to interest rate and foreign exchange risk factor.

4) **Measurement, Monitoring, and Control of Market Risk**
In general, market risk measurement covers foreign exchange risk and interest rate risk in the Bank's Trading Book and Banking Book. Market risk measurement includes the valuation of financial instruments, calculation of market risk capital charge, stress testing and sensitivity analysis. The methodology of market risk measurement refers to regulatory requirements and general banking industry standards in market risk management.

Danamon manages the interest rate risk by using sensitivity analysis based on the repricing gap format and Earning-at-Risk (EAR) method. EAR measures the impact of interest rate changes to the Bank's net interest income in the next 1 year.

To complement the management of interest rate risk, the Bank also uses the Economic Value of Equity (EVE) method. EVE provides measurements of interest rate risk for a longer period of time, as well as estimates the impact of interest rate changes on the Bank's capital.

EaR and EVE measurements refer to the Bank's internal guidelines. Starting June 2019 position, Bank also calculates and reports the regulatory EVE and NII Sensitivity to align with OJK regulation related to Interest Rate Risk in the Banking Book (IRRBB).

Internal EAR and EVE measurements are conducted on a daily basis for both banking book and trading book instruments according to its repricing assumption for products with contractual maturity and non-maturing. While regulatory EVE and NII Sensitivity measurement are conducted to banking book instrument. EAR and EVE measurement was done for the increase or decrease on the yield curve, both in normal and stressed conditions. The assumptions used are reviewed periodically based on its relevance to the generally applied methodology.

The monitoring and controlling processes are conducted through market risk limit mechanism, for both the Trading and Banking Book parameters, including the monitoring of Treasury limits utilization. MLR independently monitors the limits relevant to market risk on a daily basis by taking into account the risk appetite and business strategy direction of the Bank.

In 2019, EAR limit utilization, both individually and consolidated, are still within internal threshold.

EVE Limit utilization, individually and consolidated, is also within internal threshold.

In general, based on the current composition of assets and liabilities (a combination of tenor and fixed/floating rates), the interest rate risk impact to the Bank's capital, both individually and consolidated, is still within internal Risk Appetite threshold.

5) **Minimum Capital Adequacy**
Danamon is committed to meet the Minimum Capital Adequacy (CAR) as stipulated by the regulator. Therefore, on a monthly basis, the Bank will calculate market risk RWA based on standardized approach. In the calculation, the Bank takes two exposures into account, namely, interest rate risk exposure and foreign exchange (FX) risk exposure. Interest rate risk exposure consists of specific risks and general risks, which covers debt, debt related instruments, and interest rate derivatives in the Trading Book. On the other hand, FX risk exposure is calculated for foreign exchange risk in the Trading Book and Banking Book.

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Disclosure of Market Risks by Using Standardized Approach

(in million Rupiah)

No.	Type of Risk	December 31, 2019				December 31, 2018			
		Bank		Consolidated		Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risk								
	a. Specific Risk	259	3,244	259	3,244	-	-	-	-
	b. General Risk	47,169	589,613	47,169	589,613	22,730	284,125	22,730	284,125
2	Foreign Exchange Risk	38,806	485,081	38,759	484,484	29,914	373,930	29,966	374,575
3	Equity Risk			-	-			-	-
4	Commodity Risk			-	-			-	-
5	Option Risk	-	-	-	-	-	-	-	-
	Total	**86,235**	**1,077,938**	**86,187**	**1,077,341**	**52,644**	**658,055**	**52,696**	**658,700**

c. Liquidity Risk

Banks are exposed to liquidity risk arising from various business aspects. Liquidity risk arises due to cashflow mismatch between assets and liabilities of the Bank. Liquidity risk management is one of Danamon's key success factors in managing its business.

In general, Danamon liquidity risk management emphasizes the following items:

- Various liquidity risk characteristics and sources.
- Appropriate funding strategy (including diversified funding sources).
- Infrastructure enhancement to align with Basel III and Financial Service Authority (OJK) regulations related to Liquidity Risk.

Liquidity risk is one of the keys in managing the Bank's risks; thus, liquidity risk management implementation must be sustainable.

1) Liquidity Risk Management Organization

Liquidity risk management is a top-down process, starting from the Risk Monitoring Committee of the Board of Commissioners and the Board of Directors/Senior Management through ALCO, which are actively involved in the planning, approval, review and assessment of all risks involved.

In order to evaluate the fulfilment of liquidity, ALCO has a wide scope of authority delegated by the Board of Directors to manage the assets and liabilities structure including funding strategies of Danamon. ALCO focuses on liquidity management with the following objectives:

- Understanding the various liquidity risk sources and integrate the characteristics and risks of various liquidity sources, particularly under stress conditions.
- Developing a comprehensive risk approach to ensure compliance with the overall risk appetite.
- Determining relevant funding strategies to meet liquidity requirements, including consolidating all funding resources.
- Developing effective contingency plans.
- Improving resilience in the event of a sharp decline of liquidity risk and demonstrating the Bank's ability to address closed access to one or more financial markets by ensuring funding can be generated through a variety of funding sources.

ALCO, as Danamon's senior management committee, serves as the apex body assigned to oversee and evaluate the structure and trends of the balance sheet in terms of liquidity, interest rates, and capital management. This includes the establishment of policies and procedures, the determination of a limit framework, and evaluation of strategies on the balance sheet with the objectives to provide adequate liquidity and capital for the Bank as well as a diversified funding structure.

2) Liquidity Risk Indicators

A wide variety of internal indicators and market indicators that can be a warning to Danamon of the threat of a liquidity crisis are:

Internal Indicator	Market Indicator
1. Excessive concentration on specific assets and sources of funding 2. The increase in overall funding costs 3. Sudden increase of assets through instable wholesale funding 4. Decrease in cash flow position indicated by the widening of negative position on maturity disparity especially in the short term	1. Rating downgrade 2. External financial crisis 3. Prolonged tight liquidity conditions

3) **Liquidity Risk Assessment**
In general, the assessment of liquidity risk may be grouped into regulatory measurement and internal or non-regulatory measurement.

Danamon has conducted regulatory liquidity risk measurements, including:

a) **Macroprudential Intermediary Ratio (*Rasio Intermediasi Makroprudensial*/RIM)**
Macroprudential Intermediary Ratio is a ratio comparing:

- loans granted in both rupiah as well as foreign currencies; and
- marketable securities issued by corporate in both rupiah as well as foreign currencies fulfilling certain criterias, which are held by the Bank;

against

- Customer deposits in the form of current account, savings account and term deposits in both rupiah and foreign currencies, exclude interbank funds; and
- marketable securities in both rupiah as well as foreign currencies fulfilling certain criterias, issued by the Bank to raise funding.

b) **Reserve Requirements (*Giro Wajib Minimum*/GWM)**
Reserve Requirements are minimum deposits in Rupiah as well as foreign currency, which have to be maintained by the Bank in the form of Current Account balance with Bank Indonesia in which the amount is set by Bank Indonesia at a certain percentage of third party funds (DPK) periodically.

c). **Macropudential Liquidity Buffer (*Penyangga Likuiditas Makroprudensial*/ PLM)**
PLM is a minimum liquidity buffer in Rupiah, which have to be maintained by the Bank in the form of marketable securities fulfilling certain conditions, in the amount as determined by Bank Indonesia at a certain percentage of third party funds in Rupiah.

d) **Liquidity Coverage Ratio (LCR)**
The purpose of this standard is to ensure that the Bank retains a sufficient level of unencumbered and high quality assets which are convertible into cash to fulfill liquidity requirements within 30 calendar days under a severe liquidity stress scenario as defined by regulators. At minimum, liquid asset stocks will enable the Bank to maintain its operations for up to 30 days during the stress scenario, by which time it is assumed that appropriate corrective actions have been taken by the management and/or regulators.

Danamon's Individual and Consolidated LCR ratio for the year of 2019 above the defined ratio set forth in POJK No. 42/POJK.03/2015.

Calculation of consolidated LCR is the combination of Danamon's LCR with subsidiaries' LCR (in this case, financial institution subsidiaries engaged in multi finance). In general, the subsidiaries' LCR has a marginal impact to the Consolidated LCR.

Disclosure on LCR

LCR value (%)	2019			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(1)	(2)	(3)	(4)
Danamon as Individual	148.22%	143.88%	151.60%	155.18%
Danamon as Consolidated	147.88%	143.80%	151.07%	158.33%

e. Net Stable Funding Ratio (NSFR)

This ratio aims to assess the Bank's resilience from a stable funding profile in accordance with balance sheet composition and off-balance sheet activity.

To measure regulatory liquidity risk, the Bank internally set additional thresholds from those pre-set by regulation, where such thresholds are more conservative than those set by regulation.

Danamon's Individual and Consolidated NSFR ratio for year 2019 above the defined ratio set forth in POJK No. 42/POJK.03/2015, which is 100%.

Disclosure on NSFR

NFSR value (%)	2019			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(1)	(2)	(3)	(4)
Danamon as Individual	128.06%	128.92%	132.77%	133.39%
Danamon as Consolidated	121.43%	125.22%	128.77%	129.04%

In general, Danamon's liquidity is well-managed. Liquidity risk management is supported by the measurement of liquidity risk parameters indicating a low risk level. In addition, Danamon is supported by strong capital.

f. Others

Apart from the regulatory liquidity risk assessment, the Bank applies other internal assessments that are commonly used in liquidity risk management, including Maximum Cumulative Outflow (MCO) and Large Fund Provider (LFP).

Third Party Funds (DPK) Composition remains diversified in the wholesale and retail segment financing. Monitoring of funding concentrations is monitored on a daily basis.

Derivative transactions are recorded centralized in Danamon. The ratio of derivative transactions both in the receivables as well as liabilities to total assets and liabilities (excluding capital) has minimum impact to the internal as well as regulatory liquidity ratios. The background for derivatives portfolio activity is limited to plain vanilla products for hedging needs, supporting customer transactions, or liquidity needs through the Balance Sheet Management.

4) Monitoring and Control of Liquidity Risk

Danamon manages liquidity risks through liquidity gap analysis and liquidity ratios. Liquidity risks are measured and monitored on a daily basis based on the limit framework of liquidity risks.

The monitoring and control processes are conducted through the Liquidity Risk Limit mechanism. MLR is an independent division (as the Second Line of Defense) that monitors the limit relevant to liquidity risk on a daily basis by taking into account the risk appetite and business strategy direction of the Bank.

a) Disclosure of Maturity Profile for Rupiah-Bank Stand Alone

No	Items	Balance	December 31, 2019				
			≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	BALANCE SHEET						
	A. Asset						
	1. Cash	2,619,295	2,619,295	-	-	-	-
	2. Placements with Bank Indonesia	6,142,232	4,251,049	1,302,098	489,085	100,000	-
	3. Placements with Other Banks	2,298,567	903,644	561,528	242,164	591,231	-
	4. Marketable Securities	16,474,436	527,297	2,868,345	1,538,244	1,237,472	10,303,078
	5. Loans	102,747,038	13,385,556	11,223,736	10,520,633	31,837,532	35,779,581
	6. Other Receivables	4,090,228	1,737,849	82,983	1,372,378	843,386	53,632
	7. Others	1,213,158	71,160	97,421	48,625	9,311	986,641
	Total Assets	**135,584,954**	**23,495,850**	**16,136,111**	**14,211,129**	**34,618,932**	**47,122,932**
	B. Liabilities						
	1. Deposits from Customers	95,106,208	35,071,651	18,463,984	2,881,501	1,796,953	36,892,119
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	4,477,324	2,912,458	541,637	30,445	70,762	922,022
	4. Securities issued	2,493,481	-	499,759	1,144,673	-	849,049
	5. Borrowings	75,038	-	-	-	-	75,038
	6. Other Liabilities	381,617	98,524	70,018	74,289	-	138,786
	7. Others	4,256,942	300,242	19,914	-	-	3,936,786
	Total Liabilities	**106,790,610**	**38,382,875**	**19,595,312**	**4,130,908**	**1,867,715**	**42,813,800**
	On Balance Sheet Assets and Liabilities Differences	28,794,344	(14,887,025)	(3,459,201)	10,080,221	32,751,217	4,309,132
II	OFF BALANCE SHEET						
	A. Off Balance Sheet Receivables						
	1 Commitments	-	-	-	-	-	-
	2 Contingencies	7,161	7,161	-	-	-	-
	Total Off Balance Sheet Receivables	7,161	7,161	-	-	-	-
	B. Off Balance Sheet Payables						
	1 Commitments	38,068,922	2,849,732	4,507,961	6,836,702	13,274,818	10,599,709
	2 Contingencies	4,498,150	815,579	818,816	846,842	1,525,568	491,345
	Total Off Balance Sheet Payables	**42,567,072**	**3,665,311**	**5,326,777**	**7,683,544**	**14,800,386**	**11,091,054**
	Off Balance Sheet Receivables and Payables Differences	(42,559,911)	(3,658,150)	(5,326,777)	(7,683,544)	(14,800,386)	(11,091,054)
	Differences [(IA-IB)+(IIA-IIB)]	(13,765,567)	(18,545,175)	(8,785,978)	2,396,677	17,950,831	(6,781,922)
	Cumulative Differences		(18,545,175)	(27,331,153)	(24,934,476)	(6,983,645)	(13,765,567)

(in million Rupiah)

Balance	December 31, 2018				
	≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(9)	(10)	(11)	(12)	(13)	(14)
2,433,464	2,433,464	-	-	-	-
6,938,677	6,687,269	251,408	-	-	-
182,746	84,221	-	98,525	-	-
14,867,099	715,346	2,408,675	4,454,920	1,589,287	5,698,871
97,281,582	14,296,039	14,730,317	14,069,982	19,764,881	34,420,363
677,260	263,604	245,570	113,274	20,344	34,468
1,209,608	60,397	143,544	50,229	-	955,438
123,590,436	**24,540,340**	**17,779,514**	**18,786,930**	**21,374,512**	**41,109,140**
86,322,733	30,889,151	11,708,589	4,468,580	4,765,045	34,491,368
-	-	-	-	-	-
3,146,329	965,035	245,892	265,170	508,998	1,161,234
-	-	-	-	-	-
75,283	50,000	-	-	-	25,283
1,115,128	595,245	246,603	80,013	11,591	181,676
2,642,209	30,202	-	-	-	2,612,007
93,301,682	**32,529,633**	**12,201,084**	**4,813,763**	**5,285,634**	**38,471,568**
30,288,754	(7,989,293)	5,578,430	13,973,167	16,088,878	2,637,572
-	-	-	-	-	-
14,900	-	9,400	-	5,500	-
14,900	-	9,400	-	5,500	-
32,519,484	2,027,475	4,924,292	6,351,130	10,131,977	9,084,610
4,191,995	797,733	802,393	948,794	1,359,710	283,365
36,711,479	**2,825,208**	**5,726,685**	**7,299,924**	**11,491,687**	**9,367,975**
(36,696,579)	(2,825,208)	(5,717,285)	(7,299,924)	(11,486,187)	(9,367,975)
(6,407,825)	(10,814,501)	(138,855)	6,673,243	4,602,691	(6,730,403)
	(10,814,501)	(10,953,356)	(4,280,113)	322,578	(6,407,825)

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b) Disclosure of Maturity Profile for Rupiah-Consolidated

No	Items	Balance	December 31, 2019				
			≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	BALANCE SHEET						
	A. Asset						
	1. Cash	2,790,178	2,790,178	-	-	-	-
	2. Placements with Bank Indonesia	6,142,232	4,251,049	1,302,098	489,085	100,000	-
	3. Placements with Other Banks	3,444,762	2,049,839	561,528	242,164	591,231	-
	4. Marketable Securities	16,390,566	527,277	2,868,345	1,538,244	1,237,472	10,219,228
	5. Loans	132,435,575	12,017,987	11,567,713	11,506,730	35,203,333	62,139,812
	6. Other Receivables	4,390,820	1,739,676	85,381	1,382,856	860,613	322,294
	7. Others	1,792,134	231,510	102,332	51,839	9,996	1,396,457
	Total Assets	**167,386,267**	**23,607,516**	**16,487,397**	**15,210,918**	**38,002,645**	**74,077,791**
	B. Liabilities						
	1. Deposits from Customers	93,029,298	32,994,743	18,463,984	2,881,501	1,796,952	36,892,118
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	4,477,320	2,912,451	541,640	30,445	70,762	922,022
	4. Securities issued	13,446,342	-	1,903,444	2,558,647	2,090,972	6,893,279
	5. Borrowings	3,472,239	-	637,455	422,734	1,216,538	1,195,512
	6. Other Liabilities	891,836	98,524	70,018	74,289	-	649,005
	7. Others	7,650,982	2,612,456	88,528	339,715	673,497	3,936,786
	Total Liabilities	**122,968,017**	**38,618,174**	**21,705,069**	**6,307,331**	**5,848,721**	**50,488,722**
	On Balance Sheet Assets and Liabilities Differences	44,418,250	(15,010,658)	(5,217,672)	8,903,587	32,153,924	23,589,069
II	OFF BALANCE SHEET						
	A. Off Balance Sheet Receivables						
	1 Commitments	-	-	-	-	-	-
	2 Contingencies	7,161	7,161	-	-	-	-
	Total Off Balance Sheet Receivables	7,161	7,161	-	-	-	-
	B. Off Balance Sheet Payables						
	1 Commitments	38,068,922	2,849,732	4,507,961	6,836,702	13,274,818	10,599,709
	2 Contingencies	4,498,150	815,579	818,816	846,842	1,525,568	491,345
	Total Off Balance Sheet Payables	**42,567,072**	**3,665,311**	**5,326,777**	**7,683,544**	**14,800,386**	**11,091,054**
	Off Balance Sheet Receivables and Payables Differences	(42,559,911)	(3,658,150)	(5,326,777)	(7,683,544)	(14,800,386)	(11,091,054)
	Differences [(IA-IB)+(IIA-IIB)]	1,858,339	(18,668,808)	(10,544,449)	1,220,043	17,353,538	12,498,015
	Cumulative Differences		(18,668,808)	(29,213,257)	(27,993,214)	(10,639,676)	1,858,339

(in million Rupiah)

	Balance	December 31, 2018				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,683,064	2,683,064	-	-	-	-
	6,938,677	6,687,269	251,408	-	-	-
	362,303	263,778	-	98,525	-	-
	14,805,140	715,346	2,408,675	4,454,920	1,589,287	5,636,912
	126,348,722	14,419,120	15,045,131	15,009,962	23,049,488	58,825,021
	925,385	265,583	249,414	125,598	43,784	241,006
	1,815,655	218,701	154,412	59,771	1,292	1,381,479
	153,878,946	**25,252,861**	**18,109,040**	**19,748,776**	**24,683,851**	**66,084,418**
	84,840,453	29,406,871	11,708,589	4,468,580	4,765,045	34,491,368
	-	-	-	-	-	-
	3,146,329	965,035	245,892	265,170	508,998	1,161,234
	10,126,907	-	330,433	1,684,236	1,258,608	6,853,630
	4,023,922	116,667	50,000	1,120,834	1,128,755	1,607,666
	1,353,098	595,245	246,603	80,013	11,591	419,646
	4,887,997	1,561,015	70,097	7,998	636,880	2,612,007
	108,378,706	**32,644,833**	**12,651,614**	**7,626,831**	**8,309,877**	**47,145,551**
	45,500,240	(7,391,972)	5,457,426	12,121,945	16,373,974	18,938,867
	-	-	-	-	-	-
	14,900	-	9,400	-	5,500	-
	14,900	-	9,400	-	5,500	-
	32,519,484	2,027,475	4,924,292	6,351,130	10,131,977	9,084,610
	4,191,995	797,733	802,393	948,794	1,359,710	283,365
	36,711,479	**2,825,208**	**5,726,685**	**7,299,924**	**11,491,687**	**9,367,975**
	(36,696,579)	(2,825,208)	(5,717,285)	(7,299,924)	(11,486,187)	(9,367,975)
	8,803,661	(10,217,180)	(259,859)	4,822,021	4,887,787	9,570,892
		(10,217,180)	(10,477,039)	(5,655,018)	(767,231)	8,803,661

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c) Disclosure of Maturity Profile for Foreign Currency-Bank Stand Alone

No	Items	Balance	December 31, 2019				
			≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	BALANCE SHEET						
	A. Asset						
	1. Cash	160,385	160,385	-	-	-	-
	2. Placements with Bank Indonesia	5,248,321	3,027,232	1,534,808	-	686,281	-
	3. Placements with Other Banks	1,401,008	1,401,008	-	-	-	-
	4. Marketable Securities	4,645,417	151,486	1,152,997	8,829	-	3,332,105
	5. Loans	8,724,303	3,378,889	1,864,822	1,652,892	582,190	1,245,510
	6. Other Receivables	679,465	291,782	156,511	200,866	20,963	9,343
	7. Others	79,633	8,901	35,596	12,952	-	22,184
	Total Assets	**20,938,532**	**8,419,683**	**4,744,734**	**1,875,539**	**1,289,434**	**4,609,142**
	B. Liabilities						
	1. Deposits from Customers	16,762,689	5,771,663	3,438,376	1,533,933	263,865	5,754,852
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	5,302	1,277	2,540	-	-	1,485
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	-	-	-	-	-	-
	6. Other Liabilities	774,617	292,075	156,511	200,866	20,963	104,202
	7. Others	138,811	1,513	28	-	-	137,270
	Total Liabilities	**17,681,419**	**6,066,528**	**3,597,455**	**1,734,799**	**284,828**	**5,997,809**
	On Balance Sheet Assets and Liabilities Differences	3,257,113	2,353,155	1,147,279	140,740	1,004,606	(1,388,667)
II	OFF BALANCE SHEET						
	A. Off Balance Sheet Receivables						
	1 Commitments	5,303,976	3,356,539	1,102,895	323,934	-	520,608
	2 Contingencies	88,071	4,278	-	74,077	9,717	-
	Total Off Balance Sheet Receivables	5,392,047	3,360,817	1,102,895	398,011	9,717	520,608
	B. Off Balance Sheet Payables						
	1 Commitments	14,279,470	5,460,612	3,184,854	1,530,143	3,214,354	889,507
	2 Contingencies	242,459	16,479	41,314	90,778	81,088	12,800
	Total Off Balance Sheet Payables	**14,521,929**	**5,477,091**	**3,226,168**	**1,620,921**	**3,295,442**	**902,307**
	Off Balance Sheet Receivables and Payables Differences	(9,129,882)	(2,116,274)	(2,123,273)	(1,222,910)	(3,285,725)	(381,699)
	Differences [(IA-IB)+(IIA-IIB)]	(5,872,769)	236,881	(975,994)	(1,082,170)	(2,281,119)	(1,770,366)
	Cumulative Differences		236,881	(739,113)	(1,821,283)	(4,102,402)	(5,872,768)

(in million Rupiah)

Balance	December 31, 2018				
	≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(9)	(10)	(11)	(12)	(13)	(14)
140,708	140,708	-	-	-	-
8,983,905	6,826,905	2,157,000	-	-	-
1,190,046	1,190,046	-	-	-	-
4,312,806	370,774	2,398,469	260,968	10,368	1,272,227
7,290,172	2,080,211	1,443,709	918,523	507,600	2,340,129
1,203,103	751,010	241,742	178,441	31,507	403
124,431	8,556	75,941	2,330	14	37,590
23,245,171	**11,368,210**	**6,316,861**	**1,360,262**	**549,489**	**3,650,349**
23,234,442	7,176,066	4,467,219	4,695,214	2,894,104	4,001,839
-	-	-	-	-	-
6,097	259	503	762	1,524	3,049
-	-	-	-	-	-
-	-	-	-	-	-
1,345,322	757,898	231,087	181,907	31,507	142,923
78,083	2,243	-	-	-	75,840
24,663,944	**7,936,466**	**4,698,809**	**4,877,883**	**2,927,135**	**4,223,651**
(1,418,773)	3,431,744	1,618,052	(3,517,621)	(2,377,646)	(573,302)
11,715,544	5,620,811	4,926,344	143,800	287,600	736,989
50,847	-	15,098	35,749	-	-
11,766,391	5,620,811	4,941,442	179,549	287,600	736,989
15,513,604	4,719,703	4,695,573	2,612,659	2,171,855	1,313,814
254,541	21,843	35,001	81,693	109,389	6,615
15,768,145	**4,741,546**	**4,730,574**	**2,694,352**	**2,281,244**	**1,320,429**
(4,001,754)	879,265	210,868	(2,514,803)	(1,993,644)	(583,440)
(5,420,527)	4,311,009	1,828,920	(6,032,424)	(4,371,290)	(1,156,742)
	4,311,009	6,139,929	107,505	(4,263,785)	(5,420,527)

d) Disclosure of Maturity Profile for Foreign Currency-Consolidated

No	Items	Balance	December 31, 2019				
			≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	BALANCE SHEET						
	A. Asset						
	1. Cash	160,385	160,385	-	-	-	-
	2. Placements with Bank Indonesia	5,248,321	3,027,232	1,534,808	-	686,281	-
	3. Placements with Other Banks	1,401,528	1,401,528	-	-	-	-
	4. Marketable Securities	4,645,417	151,486	1,152,997	8,829	-	3,332,105
	5. Loans	8,724,303	3,378,889	1,864,822	1,652,892	582,190	1,245,510
	6. Other Receivables	679,465	291,782	156,511	200,866	20,963	9,343
	7. Others	79,633	8,901	35,596	12,952	-	22,184
	Total Assets	**20,939,052**	**8,420,203**	**4,744,734**	**1,875,539**	**1,289,434**	**4,609,142**
	B. Liabilities						
	1. Deposits from Customers	16,762,612	5,771,586	3,438,376	1,533,933	263,865	5,754,852
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	5,302	1,277	2,540	-	-	1,485
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	6,952,819	-	-	-	-	6,952,819
	6. Other Liabilities	774,617	292,075	156,511	200,866	20,963	104,202
	7. Others	229,840	51,842	40,728	-	-	137,270
	Total Liabilities	**24,725,190**	**6,116,780**	**3,638,155**	**1,734,799**	**284,828**	**12,950,628**
	On Balance Sheet Assets and Liabilities Differences	(3,786,138)	2,303,423	1,106,579	140,740	1,004,606	(8,341,486)
II	OFF BALANCE SHEET						
	A. Off Balance Sheet Receivables						
	1 Commitments	5,303,976	3,356,539	1,102,895	323,934	-	520,608
	2 Contingencies	88,071	4,278	-	74,077	9,717	-
	Total Off Balance Sheet Receivables	5,392,047	3,360,817	1,102,895	398,011	9,717	520,608
	B. Off Balance Sheet Payables						
	1 Commitments	14,279,470	5,460,612	3,184,854	1,530,143	3,214,354	889,507
	2 Contingencies	242,459	16,479	41,314	90,778	81,088	12,800
	Total Off Balance Sheet Payables	**14,521,929**	**5,477,091**	**3,226,168**	**1,620,921**	**3,295,442**	**902,307**
	Off Balance Sheet Receivables and Payables Differences	(9,129,882)	(2,116,274)	(2,123,273)	(1,222,910)	(3,285,725)	(381,699)
	Differences [(IA-IB)+(IIA-IIB)]	(12,916,020)	187,149	(1,016,694)	(1,082,170)	(2,281,119)	(8,723,185)
	Cumulative Differences		187,149	(829,545)	(1,911,715)	(4,192,834)	(12,916,019)

(in million Rupiah)

Balance	December 31, 2018 ≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(9)	(10)	(11)	(12)	(13)	(14)
140,708	140,708	-	-	-	-
8,983,905	6,826,905	2,157,000	-	-	-
1,190,585	1,190,585	-	-	-	-
4,312,806	370,774	2,398,469	260,968	10,368	1,272,227
7,290,172	2,080,211	1,443,709	918,523	507,600	2,340,129
1,456,659	751,010	326,331	235,422	143,493	403
124,431	8,556	75,941	2,330	14	37,590
23,499,266	**11,368,749**	**6,401,450**	**1,417,243**	**661,475**	**3,650,349**
23,234,336	7,175,960	4,467,219	4,695,214	2,894,104	4,001,839
-	-	-	-	-	-
6,097	259	503	762	1,524	3,049
-	-	-	-	-	-
7,829,198	-	1,005,399	933,228	1,648,471	4,242,100
1,345,322	757,898	231,087	181,907	31,507	142,923
179,299	67,425	36,034	-	-	75,840
32,594,252	**8,001,542**	**5,740,242**	**5,811,111**	**4,575,606**	**8,465,751**
(9,094,986)	3,367,207	661,208	(4,393,868)	(3,914,131)	(4,815,402)
11,715,544	5,620,811	4,926,344	143,800	287,600	736,989
50,847	-	15,098	35,749	-	-
11,766,391	5,620,811	4,941,442	179,549	287,600	736,989
15,513,604	4,719,703	4,695,573	2,612,659	2,171,855	1,313,814
254,541	21,843	35,001	81,693	109,389	6,615
15,768,145	**4,741,546**	**4,730,574**	**2,694,352**	**2,281,244**	**1,320,429**
(4,001,754)	879,265	210,868	(2,514,803)	(1,993,644)	(583,440)
(13,096,740)	4,246,472	872,076	(6,908,671)	(5,907,775)	(5,398,842)
	4,246,472	5,118,548	(1,790,123)	(7,697,898)	(13,096,740)

Contingency Funding Plan

An event of liquidity stress is an emergency situation with the potential to have a substantial impact on the Bank's liquidity position. To anticipate liquidity crisis, Danamon maintains a Contingency Funding Plan (CFP), which formally establishes strategies in facing a liquidity crisis and procedures to compensate for cash flow deficits during emergency situations. CFP should comprehensively describe contingency management strategies, escalation procedures, and responsibilities in addressing liquidity stress.

Relevant to CFP, there are indicators that represent external factors (Market Indicators) and internal factors, namely CFP Monitoring, with the following indicator details:

Internal Indicator	Market Indicator
• Macroprudential Intermediary Ratio • Liquidity Coverage Ratio • Stress Test Maximum Cummulative Outflow	• Rupiah exchange rate against the US Dollar • Inflation rate • Trade Balance • Credit Rating • Rate of return of Government Bond

d. Operational Risk

The definition of operational risk has been established in OJK Regulation No. 18/POJK.03/ 2016. Operational Risk is loss arising from the inadequacy or failure of internal processes, human error, system failure, or a problem due to an external event, which affects the Bank's operational activities.

Danamon's approach to operational risk management is to define the best mitigation strategy to get optimum balance between operational risk exposure, effectiveness of control mechanisms and to create a risk appetite as a Danamon strategy by consistent implementation of an Operational Risk Management (ORM) framework.

Major components of the Operational Risk Management Framework which are being consistently applied are:

1) Three Lines of Defense

In the implementation of ORM framework, the Three Lines of Defense concept is applied, with the following description:

- Line of business and supporting units as the executor of the risk management process, ORM at the Line of Business and Support Functions, and Internal Control functions in each Risk Taking Unit act as the first line of defense in day-to-day execution of operational risk management implementation. They are responsible for identifying, managing, mitigating and reporting on Operational Risk.
- ORM division together with Information Risk Management (IRM) Division, and Compliance Division and Legal Division serve as the second line of defense responsible for overseeing operational risk management in Danamon.
- ORM division is responsible for designing, defining, developing and maintaining an overall operational risk framework, monitoring the implementation of the framework by the RTU, ensuring adequate control over policies and procedures, and acting as coordinator / facilitator for effective operational risk management activities.
- Meanwhile, the Internal Auditor (SKAI) independently performs the role as third line of defense to identify any weaknesses found in operational risk management and assesses whether the implementation of operational risk management has been in line with regulations.
- The Board of Directors and Board of Commissioners are responsible for overseeing the effectiveness of the overall implementation of the operational risk management framework.

2) Operational Risk Management

The operational risk management framework of the Bank and its subsidiaries is implemented in an integrated fashion, the process of which consists of identifying, assessing/measuring, monitoring, as well as controlling risk. The process involves:

a) Risk identification, which is used to identify and analyse inherent risks in new products, services, and processes, as well as ensuring adequate preventive control over all processes.

b) Risk assessment at the operating unit level is supported by the Risk/Loss Event Database (R/LED), Risk Control Self Assessment (RCSA), and Key Risk Indicators (KRI) to assess the Bank's risk profile quantitatively and to identify the effectiveness of operational risk management.

The measurement of operational risk uses the Basic Indicator Approach based on Circular Letter of OJK No. 24/SEOJK.03/2016. Based on this Circular Letter, the capital cost of operational risk is 15% of the average gross income during the previous three years.

Danamon's Individual and consolidated quantitative operational risk disclosures are illustrated in the following tables:

b.1 Quantitative Exposure of Operational Risks-Bank Stand Alone

(in million Rupiah)

No	Indicator Approach	December 31, 2019			December 31, 2018		
		Average Gross Income in the last 3 years	Capital Charge	RWA	Average Gross Income in the last 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	12,323,227	1,848,484	23,106,050	12,606,919	1,891,038	23,637,973
	Total	**12,323,227**	**1,848,484**	**23,106,050**	**12,606,919**	**1,891,038**	**23,637,973**

b.2 Quantitative Exposure of Operational Risks-Consolidated

(in million Rupiah)

No	Indicator Approach	December 31, 2019			December 31, 2018		
		Average Gross Income in the last 3 years	Capital Charge	RWA	Average Gross Income in the last 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	18,214,911	2,732,237	34,152,959	18,047,177	2,707,077	33,838,458
	Total	**18,214,911**	**2,732,237**	**34,152,959**	**18,047,177**	**2,707,077**	**33,838,458**

c) Operational risk is monitored through periodic reports to management in the Risk Management Committee to identify emerging issues related to weaknesses or failures in the implementation of control functions.

As part of the Danamon's efforts to improve the monitoring of operational risk, the following are some of the efforts that have been implemented and will continue to be improved upon:

- Expansion on the coverage of recording, analysis, and risk event reports in a more detailed manner to ascertain the position of the Bank concerning existing problems relevant to operational risks.
- Development of an Operational Risk Management System (ORMS) application to improve the effectiveness of operational risk management.
- Effectiveness of ORM tools, such as Risk/Loss Event Database, Risk Control Self Assessment, and Key Risk Indicators used to identify operational risk and take preventive measures.

In addition, one of the primary mitigations of operational risks is the implementation of coordinated and comprehensive insurance through maximum insurance policy coverage towards Danamon's operational risk exposure.

d) Risk controlling is conducted through ensuring operational policy and control adequacy in all operational procedures to mitigate operational risk.

Insurance Management is done as a major operational risk mitigation effort and is conducted in a well-coordinated manner to ensure optimum balance between operational risk exposures, effectiveness of control mechanisms, insurance coverage, premium expenses, and Danamon's risk appetite.

One of controlling function is by implementing Quality Assurance / Internal Control on each unit of Danamon, which refers to the general practices in the industry (COSO), application of quantitative measurements as well as Bank-wide control effectiveness, cross validation with a control mechanism conducted by independent parties (SKAI/Internal Audit). The Focus of QA for this year and coming years is to develop an integrated, effective, measurable, and informative QA application system, which will be implemented across the QA Units in Danamon and subsidiaries.

3) Supporting Infrastructure

The implementation of the comprehensive ORM process is supported by the ORMS (Operational Risk Management System), an internally designed online real-time tool.

The ORMS strengthens the capture, analysis, and reporting of operational risk data by enabling risk identification, assessment/measurement, monitoring, controlling/mitigating, which is conducted in an integrated manner, thereby enhancing the effectiveness of operational risk management in Danamon.

To increase awareness about operational risk, a learning media has been made in the form of e-learning. This e-learning has been, and still is, implemented for all employees and management of Danamon.

4) IT Risk Management

In managing the technology related risk, the IT Risk Management unit, refers and follows operational risk methodology and framework; however, it will put more concentration on the control aspects and the risk related to the extensive use of Information Technology in supporting the Bank's products and services.

5) Information Security Management

Information Security is a set of policies and frameworks or guidances aimed to protect the Bank's information in relation to aspects of confidentiality, integrity and availability.

The developed Information Security Policy and all frameworks provide the minimum requirements for the implementation of Information Security in the Bank, which all employees (either permanent or contractual) must comply with, including third parties who work and gain access to the Bank's information.

The Information Security Policy is developed by adopting the international standard regulates the Information Security, i.e. ISO 27001. Additionally, it also put local laws and regulations as consideration.

The key success of implementing the Information Security aspects as governed in the Information Security Policy is the awareness, culture, commitment and collective effort of all functions in the Bank, starting from the employee level up to the senior management level.

To increase the awareness level of the Information Security, as mentioned above, we have performed the following:

a. Development of education material as part of e-learning for all Bank's employees.
b. Delivering a sharing session to line of business and/or support function who need it.
c. Providing an educational material and practical tips related to Information Security via all available communication channels.

As part of the Information Security Policy, the Information Security Unit will also support the IT Risk Management Unit in performing the risk assessment, from Information Security perspective, to the Bank's products and services, which is supported by Information Technology. The role of Information Security Management Unit in this activity is to identify vulnerabilities and threats to information used by the Bank to achieve business objectives, and provide guidance on the necessary measures, to mitigate the risks identified, if any, based on the value arising from classification of such information.

6) Business Continuity Management (BCM)

BCM was developed to improve the Bank's resilience and establish preventive measures to respond to all incidents that may disrupt the continuity of Bank and its Subsidiaries' activities regardless of the causes. This includes risks classified as low probability-high impact in order to safeguard the stakeholders' interests, reputation, brand and valuable business activities as well as to increase the Bank's resilience. Management and implementation of BCM in the Bank and its Subsidiaries is not only focused on handling disturbance like a natural disaster, but also focuses and covers the disorders that might threaten the strategic plan of the Bank' operations.

In accordance to the above reasons, the Bank has:

a. Expanded the scope of BCM (framework and the implementation) to all lines of business of the Bank by improving BCM awareness and knowledge of all staffs through internal training, socialization to regions, workshops and email blasts.
b. Ensured that the BCM plan is up to date and effective by periodically testing, maintaining and reviewing the established procedures and strategies.

BCM's framework and programs are prepared to be effectively implemented by Danamon and Subsidiaries, with the following objectives:

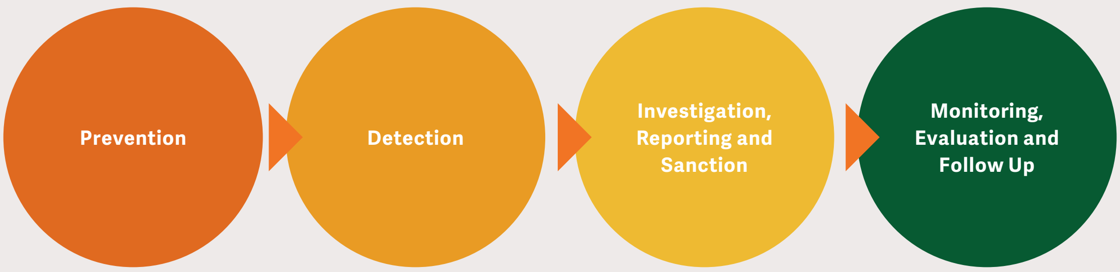
a. Ensure continuity of operational processes / business activities on a timely basis from all functions / units in the event of crisis or disaster.
b. Prepare adequate resources that may be required to support the recovery process under a crisis situation.
c. Minimize the impact of incidents to the services provided to customers.
d. Minimize the reputation risk.
e. Improve the trust of the public and macro financial system to the Bank and its Subsidiaries.
f. Improve the Bank resiliency and/or its recovery capacity.
g. Ensure the existence of Danamon under a crisis situation.

Implementation of BCM related programs at Danamon involves all components and fully supported by the management starting from planning, development, maintenance, monitoring and upgrading. With the full involvement and support from all components, Danamon was able to maintain and improve its resilience by handling all incidents occurring during 2019.

7) Fraud

Danamon mitigates and manages risks arising from fraud based on the framework of anti fraud strategy as set forth in"Fraud Management Policy and Framework" which has been implemented nationally in the Bank and subsidiaries. These policies and strategies are in line with Bank Indonesia Circular Letter No. 13/28 / DPNP regarding the implementation of anti fraud strategy for commercial banks where Danamon has reported to OJK every semester.

Danamon has consistently implemented the 4 pillars regarding fraud control strategy, which consist of prevention, detection, investigation, reporting & sanctions, and monitoring, evaluation, and follow-up.



Fraud can affect any part of an institution, and the Bank needs to remain vigilant and put more emphasis on internal control and risk management.

Danamon has implemented this strategy with various initiatives by involving employees and systems, including continuous improvement on the effectiveness of internal control, active supervision from the management, as well as development of a culture of, and concern for, Anti-Fraud across all levels of Danamon's organization.

e. Legal Risk

Legal risk arises from lawsuits or claims from customers or third parties through the courts or the outside court, caused either by internal or external parties and/or from weakness of juridical aspects of the Bank, including the absence and/or amendment of legal documents and laws or weaknesses in the legally binding documents. In the Risk Management Framework and in accordance with the prevailing regulations, legal risk is one of the important aspects which essentially aim to anticipate future risks.

Along with the increasing scope of Danamon's business and dynamic product development as influenced by many factors, the level of legal risk needs to be properly managed. Basically, the main objective of legal risk management implementation is to ensure that the risk management process can minimize the possibility of negative impacts of juridical weakness, and the absence and/or amendments of laws and litigation processes in the activities of Danamon and its subsidiaries.

1) Danamon Legal Risk Management Organization

Legal risk in Danamon is managed by a team coordinated by the Legal Division and chaired by the General Legal Counsel. In the implementation of legal risk management, the legal risk management team under Legal Division cooperates with the relevant working units, namely, the Litigation Division, Hello Danamon, Industrial Relation Division, Consumer Legal and Collection Division, and Remedial division in each line of business (in relation to the execution of Mortgage and bankruptcy).

Meanwhile, in line with consolidated Danamon legal risk management, the Legal Division (legal risk management team) cooperates with its counterparts in the Legal Division (legal risk management team) in PT Adira Dinamika Multi Finance Tbk.

2) Policies and Legal Risk Management Procedures

Danamon already has a Legal Term Framework and Standard Operation Procedure (SOP) of Legal Risk Management Implementation, which are evaluated periodically based on the Bank's internal/external development as well as changes in the applicable laws, adapted to the regulation of Financial Services Authority (OJK) and its implementation regulations in accordance with the risk management.

3) Legal Risk Management and Control Mechanism

Legal Risk Management is conducted through a process of identification, assessment, monitoring, and risk control as well as through a management information system. In the identification process, all business lines, support functions, and Danamon's subsidiaries need to identify and analyze the factors that can lead to the occurrence of legal risk in business lines, products, processes and information technology that have an impact on the Danamon's financial position and reputation. Identification of risk also includes legal risk assessments arising from operational activities/products/agreements, and inherent risks.

In assessing inherent risk of legal risk, the following parameters/indicators are used:

- Litigation factor.
- Weaknesses in Binding Commitments factor.
- Absence/ changes in laws factor.

In relation to the implementation of the legal risk management, Danamon has implemented the following:

- Implementation of legal risk monitoring by Danamon Senior Management (especially for high risk legal cases).
- Development of Legal Term Framework and Standard Operation Procedure (SOP) of Legal Risk Management Implementation, which regulates the identification and mapping of legal risks including the mitigations and matrix parameters for the inherent risk and quality of legal risk management implementation.
- The establishment of working units designated by management to monitor and manage the inherent legal risk in a product and Danamon's or its subsidiaries' activities so that the possibility of existing legal risk does not act as a trigger for other risks.

The implementation of a comprehensive legal risk management process with monitoring of the legal risk is expected to be consistent, with active participation of all concerned parties. Through joint efforts with the Legal Division and Litigation Division as the division in charge, the existing risks are expected not to exceed the risk appetite determined by management of Danamon, and to decrease the risk rating of existing legal cases. To assure the improvement of legal risk management, Danamon regularly provides legal training/ socialization for employees.

f. Strategic Risk

Weaknesses or inaccuracies in strategy formulation, as well as failure to anticipate changes in the business environment could cause strategic risk. Strategic risk management is intended to address a variety of risks due to inadequate strategy establishment and implementation.

1) Strategic Risk Management Organization

The Strategic Risk Unit plays a role in managing strategic risk and is under active supervision of the Board of Commissioners and Board of Directors. Danamon's Strategic Risk working unit covers all line of business and support functions which also working closely with Corporate Planning and Investor Relations Division from CFO Directorate to analyze and monitor strategic risk.

2) Strategic Risk Management

The implementation of strategic risk management is done through active supervision of the Boards of Commissioners and Directors. The Board of Commissioners is responsible for directing and approving the Bank's business plan for the Bank itself and for its subsidiaries. While the Board of Directors is responsible for:

- Developing a strategic business plan for Danamon and its subsidiaries.
- Ensuring that the strategic objectives are in line with Danamon's and its subsidiaries' mission, vision, culture, business direction and risk tolerance.
- Approving changes in the strategic plans and periodically assessing their suitability.
- Ensuring that conditions, managerial competence as well as systems and control mechanisms in Danamon and subsidiaries are adequate to support the implementation of the strategy set.
- Monitoring the development of internal and external environment that affect Danamon's and subsidiaries' business strategies.
- Establishing working units that are responsible and authorized to formulate and monitor the strategy implementation, of both business and strategic plans.
- Ensuring that strategic risk management has been applied effectively and consistently.

Danamon and subsidiaries managed strategic risk by monitoring the inherent strategic risk as well as the quality of strategic risk management. The parameters used in assessing inherent strategic risk are as follows:

- The impact of external risk factors, including macroeconomic conditions, regulations, technology, target customers, competition, as well as the Bank's and subsidiaries' positioning in the banking/financial services industry.
- The impact of internal risk factors, including the alignment of business strategy, business model and strategy focus, effective organizational structure, adequacy and quality of human resources, technology and operational efficiency.
- Strategy implementation monitoring, including the result of successful implementation of strategic risk, strategic projects, and impact of strategic decisions.

Furthermore, in order to assess the quality of strategic risk management, few factors which need to be considered are:

- Risk Governance, including risk preference, risk tolerance and active supervision by the Board of Commissioners and Board of Directors.
- Risk management framework, including the adequacy of organization structure, policy and procedure.
- Risk management process, human resources and management information systems, including the process of identification, measurement, management information system and risk control, as well as the number and quality of human resources to support risk management.
- Risk control system, including the adequacy of internal control systems, and the adequacy of reviews by independent parties in the Bank and subsidiaries.

3) Inherent Strategic Risk

Danamon and subsidiaries have well managed the inherent strategic risk. Fundamentally, Danamon and subsidiaries have a clear and well-defined vision and mission as well as a good organizational culture which in line with the business processes and structure. Danamon and subsidiaries also have a clear, aligned and measurable business strategy.

Danamon and its subsidiaries anticipate more intensified competitive business environment and plan to introduce better services and innovate in order to launch new products to attract new customers and retain existing customers.

Despite improvements, economic factors will impact the achievement of the Bank's strategic plan. For that reason, Danamon and its subsidiaries continue to monitor several important indicators such as inflation rate, Bank Indonesia rate, and fluctuation in the Rupiah exchange rate. Danamon and its subsidiaries are actively adjusting a number of their activities, such as lending and improve operational cost efficiency with the current business environment.

Competition in customer service directly affects the competition between companies in acquiring qualified Human Capital. Employee turnover and performance levels and multiple vacant positions in some divisions and subsidiaries is also became management attention. On top of that, there are various positions within the organizational structure that have not been filled by the ideal resources as well as the relatively limited bench strength resources available in Danamon. Danamon responded these matters promptly by enhancing the available human resources to Danamon's and its subsidiaries' aspirations by providing the necessary training, and opportunities for its human capital to excel. Additionally, Danamon and its subsidiaries continue to improve employee performance appraisals mechanism to encourage employee performances as well as rewarding the best performing employee.

4) Strategic Risk Management Implementation Quality

The implementation of risk management has been accomplished with satisfactory rating. Nevertheless, Danamon and its subsidiaries continue to improve upon it. The formulation of an acceptable level of risk (risk appetite) is sufficient in the form of limits, policies and procedures for risky processes. Risk managers in each division and subsidiaries are in place to support the implementation of business strategies that have been formulated.

Danamon and subsidiaries continue to monitor various relevant strategic risk elements and regularly update the mitigation action plan in response to dynamic business environment.

g. Compliance Risk

Compliance risk is a risk due to the Bank does not comply with and/ or not implement the laws and regulations. Compliance risk generally arises from activities that deviate or violate the prevailing provisions or laws or standards.

Implementation of risk management for Compliance Risk is carried out to minimize the impact of compliance risk as early as possible.

In implementing risk management, in addition to paying attention to the compliance risk of the Bank individually, it also considers the compliance risk in an integrated manner with Subsidiaries in the Financial Conglomeration.

1) Compliance Risk Management Organization

The compliance risk management organization involves active supervision by the Board of Directors and the Board of Commissioners on compliance risk. To support the supervisory function, the Bank established the necessary committees, including Risk Monitoring Committee at the Board of Commissioners level and Risk Management Committee at the Board of Directors level.

The Board of Commissioners through the Risk Monitoring Committee oversees the policies and implementation of risk management including the implementation of compliance functions in compliance risk management. The Board of Directors plays an active role in nurturing and realizing the implementation of compliance culture at all levels of the organization and business activities of the Bank. The Board of Directors ensures the implementation of compliance function and establishes the Compliance Working Unit.

The Bank appoints a Director in charge of the Compliance Function (Compliance Director) who has met the independency requirements and does not hold concurrent positions as prohibited by regulation. The Compliance Director plays an important role in compliance risk management by being responsible for implementing the compliance function at the Bank.

The Compliance Function is a series of preventive actions or measures (ex-ante) to ensure that the policies, provisions, systems and procedures, as well as business activities undertaken by the

Bank are in accordance with the provisions of the Financial Services Authority and the statutory provisions, including sharia principles for sharia commercial banks and sharia business units, as well as to ensure the Bank's compliance with commitments made by the Bank to the Financial Services Authority and/ or other authorized supervisory authorities.

In carrying out its duties and responsibilities, the Compliance Director is supported by the Compliance Working Unit. The Compliance Working Unit is an independent unit and is responsible to the Compliance Director. The Bank's Compliance Working Unit also performs the functions of the Integrated Compliance Working Unit in the Financial Conglomeration.

2) Strategy & Effectiveness of Compliance Risk Management

Compliance Risk Management is generally implemented in accordance with the Bank's Integrated Risk Management Policy and the Bank's Compliance Terms of Reference. Compliance risk management is performed on matters that may potentially lead to an increase in compliance risk exposure, both potential financial sanctions and non-financial sanctions.

The compliance risk management strategy is implemented through 3 (three) lines of defense scheme.

The Compliance Working Unit acts as the second line of defense.

3) Compliance Risk Management Implementation Procedures

Compliance risk management implementation is conducted through the process of risk identification, measurement, monitoring, and control. The process of identifying and measuring compliance risk is done through the assessment of Bank's policies, products, activities, fund provisioning and raising as well as other business activities.

This process is carried out to detect potential non-compliance with applicable laws and regulations, prudential principles, and sound business ethics standards. Compliance risk monitoring and control are conducted based on the compliance review of Bank's policies and activities as well as the fulfilment of Bank's commitments to the Financial Services Authority/ Bank Indonesia/ other authorized supervisory authorities, including the fulfilment of prudential principles of Bank and Subsidiaries.

Bank as the Main Entity coordinates, monitors, and evaluates the implementation of the Subsidiaries' compliance function.

h. Reputation Risk

Reputation risk is defined as the risks associated with adverse negative perception of a bank, triggered from a variety of undesirable events, such as negative publicity, a violation of business ethics, customer complaints, governance weakness, and other events that may impair the Bank's reputation.

1) Reputation Risk Management Organization

The Danamon reputation risk is managed by Corporate Secretary Unit, which coordinate with unit who handle customer complaint, finance unit, treasury unit and unit who handle corporate communication.

Consolidated reputation risk is managed by collaborated with the risk team from Subsidiaries.

2) Policy and Mechanism of Reputation Risk Management

The policy and mechanism of reputation risk management always refer to regulation that focus on the following:

a) Negative news related to the owner of Danamon and/or companies related to Danamon.
b) Violation of common practices of business ethics/norms.
c) The amount and level of customer usage of Danamon's complex products and the amount and materiality of Danamon's cooperation with its business partners.
d) Frequency, types of media, and materiality of negative publicity of Danamon, including its officials.
e) Frequency and materiality of customer complaints.

Danamon strives to implement high standards of reputation risk management through continuous improvement and updates of governance, policies and appropriate procedures, utilization of improved information systems, as well as continuous improvement to the quality of human resources.

3) **Risk Management During Crisis**
Danamon already has policy and procedure in handling risk reputation management on crisis.

i. Investment Risk

Investment Risk (Equity Investment Risk) arises because the Bank also bears the loss of customer business financed under a profit-loss sharing basis agreement (for example mudharabah, musyarakah mutanaqishah atau MMQ). This risk arises from the Bank's financing activities that use mudharabah and musyarakah contracts.

Financing based on a mudharabah contract takes the form of business cooperation between the Bank, which provides all the capital, and the customer , who acts as fund manager , by sharing in the profit of the business, based on the contract agreement, while the loss will be fully borne by the Bank unless the customer is proven to have committed willful misconduct, is negligent or has violated the agreement.

Financing based on a musyarakah contract takes the form of cooperation between the Bank and its customers for a certain business, in which each party invests a certain portion of funds, under the provision that the profit will be shared based on an agreement while any loss will be borne by all parties, according to the respective fund portion.

Musyarakah mutanaqisah or MMQ is musyarakah or syirkah, where ownership of assets (goods) or capital of one syarik (bank) is reduced due to gradual purchases by other parties (customers).

Organization and Policy of Investment Risk Management

Investment risk organization and policy is the same as Credit Risk Organization, given both of the risks arise from financing activities.

Syariah Business Unit (UUS) Danamon has a working unit responsible for analyzing reports containing actual realization against the business targets. Danamon maintains adequate infrastructure to monitor business performance and operations of those financed by the Bank or who are regarded as partners.

Investment Risk Mitigation

To prevent any breach on the part of customers and as collateral for the Bank if customers should make an intentional mistake, be negligent or violate an agreement, the Bank requests collateral from customers who are financed. Collateral type and collateral assessment follow prevailing collateral policies, applied in the financing business in general.

j. Rate of Return Risk

Rate of Return Risk arises from changes in the level of return rate paid by the Bank to a customer, due to changes in returns received by the Bank and/or from the financing, which can affect the behavior of funding a third-party customer of the Bank. Rate of Return Risk Management also applies to the Syariah Business Unit (UUS). The process of Return of Risk Management refers to the provisions of the OJK.

k. Intragroup Transaction Risk

Intragroup Transaction Risk is the risk due to the dependence of an entity either directly or indirectly to other entities in a Financial Conglomeration to fulfill a contractual obligation of written or unwritten agreement which either followed or not followed by transfer of funds.

1) **Organization and Policy of Intragroup Transaction Risk**
Intragroup Transaction Risk is managed by the Bank as the Main Entity and its Subsidiaries as the members of the Financial Conglomeration. The implementation of Intragroup Transaction Risk Management is conducted by taking into account the transaction activities between entities within the Financial Conglomeration.

The Bank as the Main Entity governs the implementation of intragroup transaction risk management in the Integrated Risk Management Policy that are periodically reviewed. The implementation of Intragroup Transaction Risk Management is conducted through the process of risk identification, measurement, monitoring, and control, as well as the Management Information System.

2) **Intragroup Transaction Risk Management**
Danamon and its Subsidiaries identify the types of intragroup transactions which may cause the risks to the Financial Conglomeration and be responsible in conducting the integrated measurement of intragroup transaction risks within the Financial Conglomeration.

Danamon and its Subsidiaries monitor the intragroup transactions to ensure that the intragroup transactions are conducted in accordance with the fairness principles, prevailing regulations and well documented. Monitoring of intragroup transactions between entities in the Financial Conglomeration is conducted periodically.

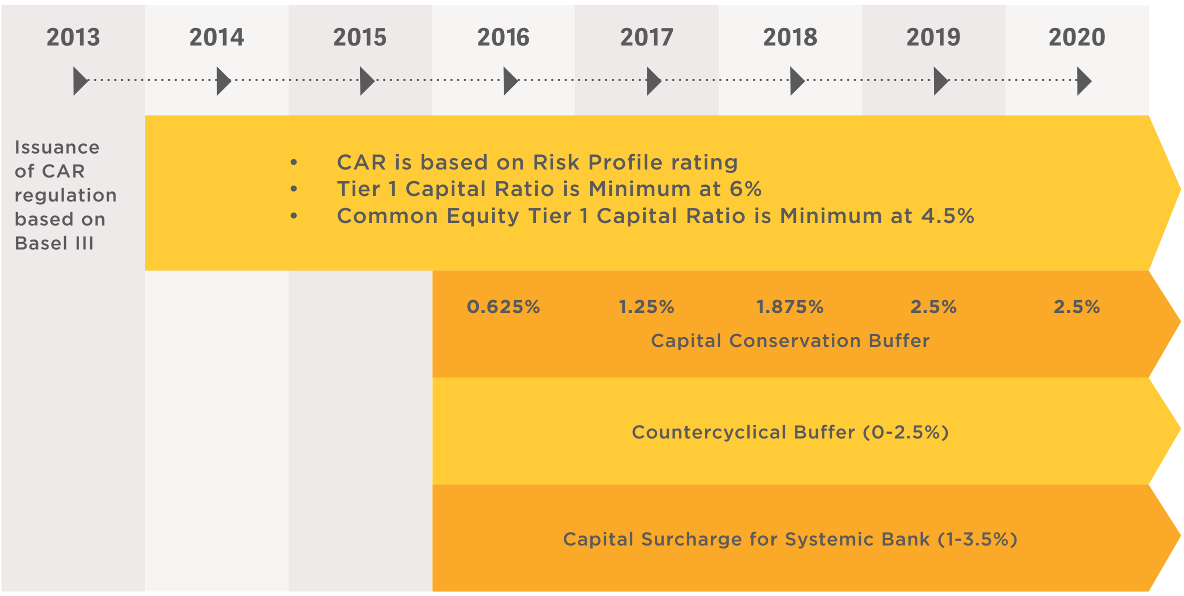
Danamon and its Subsidiaries incorporated in the Financial Conglomeration are committed to control the intragroup transactions that may cause a risk to the Financial Conglomeration. Risk control is performed on the monitoring result of intra-group transactions between entities in the Financial Conglomeration. Intragroup transactions between entities in the Financial Conglomeration are monitored by using the Management Information System that is available in each entity within the Financial Conglomeration.

Danamon has implemented the assessment for risk profile of intragroup transaction for the Financial Conglomeration that integrated with the Subsidiaries. The reporting of intragroup transaction risk management is prepared comprehensively and periodically to the management and regulator to monitor, assess and evaluate the risks continuously.

BASEL III IMPLEMENTATION

With regard to capital, BI and OJK have issued several regulations related to the Minimum Capital Adequacy Requirement to support the implementation of Basel III in Indonesia.

The following is the phase of Basel III implementation for Danamon, in conjunction with the capital management:



There are 3 (three) additional capital buffers which must be provided by the Bank since 2016, as follows:

- Capital Conservation Buffer, is an additional capital that serves as a buffer in the event of a loss during crisis condition, which is implemented in stages as follows:
  i. 1 January 2016: 0.625% of RWA
  ii. 1 January 2017: 1.25% of RWA
  iii. 1 January 2018: 1.875% of RWA
  iv. 1 January 2019: 2.5% of RWA

- Countercyclical Buffer, is an additional capital that serves as a buffer to anticipate losses in the event of excessive banking credit growth which potentially disrupt financial system stability.

The range of countercyclical buffer is between 0% - 2.5% of RWA. Based on the latest BI press release dated on November 15, 2018, the countercyclical buffer is still set at 0%.

- Capital Surcharge Buffer for Systemic Banks, is an additional capital that serves to reduce negative impact on financial and economic system stability in the event of a Bank's failure that has a systemic impact through increasing the Bank's ability to absorb losses.

  Capital Surcharge only applies to those Banks categorized as Systemic Bank, with additional buffer of 1% - 3.5% of RWA, depending on OJK's decision.

In terms of bank liquidity management, the implementation of Liquidity Coverage Ratio is based on Financial Services Authority (POJK) Regulation No. 42/POJK.03/2015 on Liquidity Coverage Ratio-LCR for Commercial Banks issued in December 2015 and POJK No. 32/POJK.03/2016 on Transparency and Publication of Bank Reports in August 2016, where the implementation is in compliance with the Basel III liquidity framework.

In addition to LCR, Basel also introduced an additional ratio of Net Stable Funding Ratio (NSFR) as a complement to liquidity risk management, as well as leverage ratio as a complement to capital ratios. The introduction of leverage ratio is the backstop of capital ratio, according to risk profile, to prevent the occurrence of the deleveraging process which can damage the financial system and economy.

The implementation of the Net Stable Funding Ratio (NSFR) is based on Financial Services Authority (POJK) Regulation No. 50/POJK.03/2017 on Obligation of Net Stable Funding Ratio (NSFR) for Commercial Banks issued in July, 2017. Implementation of the POJK is effective as of January 2018, with a minimum ratio of 100%. NSFR aspects related to calculation, implementation period, reporting, publication, and others refer to the above POJK.

As part of Basel III implementation framework, starting June 2019 position, the Bank implemented the management of interest rate risk in the banking book as regulated by OJK in its Circular Letter No. 12/SEOJK.03/2018 pertaining to the Implementation of Risk Management and Measurement based on Standardized Approach for Interest Rate Risk in the Banking Book.

RISK APPETITE

Risk Appetite is the amount of risk that is prepared to take / tolerate in the pursuit of its business objectives. The objective of setting Risk Appetite is not to limit risk taking but to establish transparency and ensure that the risk profile is aligned to its business strategy.

Danamon has set the Group and Management Risk Appetite with approval from Board of Commissioners and Directors, including cascading the Risk Appetite into the Lines of Business and Subsidiaries level. In 2019, Bank has also reviewed parameters and threshold of Risk Appetite to ensure its alignment with internal and external conditions of the Bank, management expectations, as well as prevailed regulatory provisions.

The determination of the various parameters of Risk Appetite is based on various risks which are deemed material for the Bank, which covering capital, credit risk, liquidity risk, credit concentration risk, operational risk, and fraud. In addition, the Bank also set various risk limits for each type of risk and certain functional activities that have risk exposure, which shall conform to the established Risk Appetite.

To ensure effectiveness of Risk Appetite management, the Bank also has a Risk Appetite Statements Policy which outlines duties and responsibilities of each party in managing Risk Appetite, and also governs process of defining, reviewing, and monitoring, including escalating of breaches in Risk Appetite.

RECOVERY PLAN

Following recent financial crisis, regulations have been put in place globally requiring systemic financial institutions to develop recovery and resolution plans. In April 2017, Financial Service Authority (herewith referred as "OJK") has issued a regulatory requirement, No. 14/POJK.03/2017 for Systemic Banks in Indonesia to develop, review, and implement a Recovery Plan. The Recovery Plan is established to ensure that Systemic Banks have established credible and feasible recovery options to survive a range of severe but plausible stress scenarios.

Being one of the Systemic Banks in Indonesia, Danamon has reviewed Recovery Plan in 2019 that complies with the applicable regulations. The update of Recovery Plan has been approved by President Director, President Commissioner, and Controlling Shareholder, and has been submitted to OJK.

The Bank's Recovery Plan covers the following:

1) **Overview of the Bank**
   Bank has assessed the contribution of each line of business and Subsidiary from both quantitative (i.e. contribution to profit, funding, and loan book) and qualitative perspectives in order to identify the materiality of line of business and Subsidiaries, including office network of the Bank. The result of this assessment will be used by the Bank as a reference in determining line of business, subsidiary, and office network that need to be maintained when financial condition stress occurs.

The Bank has also conducted a wide range of scenario analysis in order to assess the resilience and potential vulnerabilities of the Bank to several indicators that are specified by OJK (i.e. capital, liquidity, asset quality, and profitability). The outcome of scenario analysis indicates that the Bank has a resilient capital position, which is unlikely to threaten going concern of the Bank.

2) **Recovery Option**

Bank implements a traffic light system for implementing Recovery Plan, supplemented with clearly established thresholds as triggers under three phases of recovery plan, namely green as "Preventive", yellow as "Recovery", and red as "Corrective".

Bank has also identified various recovery options under each phase and assessed these options in terms of feasibility, credibility, implementation timeframe, and effectiveness. These recovery options cover key financial indicators of the Bank, namely capital, liquidity, asset quality, and profitability and will form the basis of Recovery Plan and strategy for Bank under stressed conditions.

3) **Disclosure of Recovery Plan**

Due to highly confidential nature of certain sections of recovery plan (e.g. detailed recovery options and strategies), therefore the disclosure of Recovery Plan of Bank shall be on a need-to-know basis only, where the different degrees of disclosure will apply for different parties. The Bank discloses Recovery Plan to both internal and external parties as per applicable regulations.

In addition, the Bank has developed Recovery Plan Policy that regulates the governance of Recovery Plan where the Crisis Management Protocol Working Group (CMPWG) becomes a special committee that will be activated by BOD to supervise the implementation of recovery plan and other matters related to implementation of recovery plan, especially under "Recovery" and "Corrective" phases. In carrying out its duties, CMPWG will be supported by the Recovery Planning Team (RPT).

The Recovery Plan Policy also regulates processes as well as duties and responsibilities of each party in the process of development, monitoring and implementation of Recovery Plan. The Bank monitors Recovery Plan indicators on a monthly basis and will be reported to Board of Directors through the Risk Management Committee if there are indicators that had already violated or potentially may violate the "Recovery" or "Corrective" phase.

SUSTAINABLE FINANCE

Danamon recognises that the realisation of sustainable development of national economic system that prioritize harmony between economic, social and environmental aspects, and to address global environmental issues, are responsibility of all human being. Therefore, Danamon aims to contribute in realizing it, among others by reducing negative environmental and social impacts that can be arised from our business and operational activities, actively working to find solutions to global environmental issues through its business activities as well as comply with the prevailing laws and regulations.

In line with Financial Service Authority Regulation (POJK) No. 51 /POJK.03/2017 about Implementation of Sustainable Finance for Financial Service Institution, Issuers, and Public Company that issued in 2017, Danamon implements the Sustainable Finance starting from 1 January 2019.

Detailed information can be seen in the Sustainability Report.

RISK MANAGEMENT ACTIVITY PLAN IN 2020

Indonesia's economy in 2020 is expected to grow relatively stable at the range of 5% growth. Domestic consumption is expected to still be the driver of the economy supported by contained inflation and government's stimulus in the form of larger social transfer and village fund. Investment growth is expected to recover in line with the continuity of structural reform effort by the government i.e. the streamlining of bureaucracy and regulation, and efforts to increase competitiveness.

Yet, global uncertainty remains high as the global economy started to enter a slowdown due to the ongoing uncertainty of trade war and unstable geopolitics, i.e. Brexit, and political crisis in Hongkong.

The following are some challenges that will be faced in 2020:

- Rupiah this year may still face by global volatility as uncertainty remains high. The risk of trade war-led slowdown seems bigger especially on China and the US, the world's largest economies which would dominate the world trade. Declining global demand could be negative for our exports which would be a risk to the currency. Yet, global monetary easing has made the interest differential attractive and has led capital inflows to Indonesia. This should provide some support to the Rupiah.

- Inflation rate is expected to slightly increase due to adjustment of subsidized energy price, i.e. electricity. Meanwhile, adjustment to the price of subsidized fuel are expected to be small given the pressure on global oil prices in line with the global economic slowdown. Therefore, the inflation rate is predicted at 3.4%.

- Inflation rate will still be in the range of BI's target at 2.5-4.5%, thus the direction of BI's benchmark rate will depend mostly on the currency and the state of domestic economy. BI had lowered the policy rate by 100bps in 2019 and expected to maintain dovish stance. To be estimated there is still room for another 25bps policy rate cut (BI 7D Reverse Repo Rate) to 4.75%.

- Commodity price could fluctuate in line with the growing sentiment of global economic slowdown. Slowing global demand could put pressure on our main commodity export prices i.e. Coal and CPO. For CPO there may be some support from the government's Biodiesel program. In addition, the prospect of coal, is not expected to be too good. Therefore, the outlook for Indonesia's export performance will still be limited.

- Implementation of the government's fiscal stimulus policy as well as the intensification of social aid ("bansos") and village aid funds will provide a positive bearing on the economy, especially for the poor and lower income levels.

Anticipating these external conditions, Danamon has conducted a range of initiatives in terms of risk management in 2020, including:

1) Integrated Risk Management
   a) Perform review of Risk Appetite Statement.
   b) Improve risk monitoring and controlling in the implementation of Integrated Risk Management for the Financial Conglomeration.
   c) Conduct a comprehensive review on the integrated risk monitoring and measurement process.
   d) Keep Danamon's business growth at an acceptable level while remaining prudent.
   e) Restructure the Integrated Risk Directorate to improve the effectiveness and productivity.
   f) Apply the study results of Risk Culture to build and raise awareness on the importance of Risk Culture in Danamon.
   g) Implement the activities related to Sustainable Finance as written in the Sustainable Finance Action Plan that have been submitted to OJK.
   h) Implement ICAAP framework.

2) Credit Risk Management
   a) Review the credit policies periodically.
   b) Monitor credit portfolio of all business lines and subsidiaries regularly, compare the actual performance against target, and escalate to management if there is any indication of portfolio performance worsening.
   c) Continue the system implementation of Credit Risk Internal Ratings Model and scorecard for all Line of Business gradually, such as the system implementation of retail scorecard for SME (Small and Medium Enterprise Credit) and Mortgage (Housing Loan).
   d) Use Standardized Approach for Credit Risk Weighted Asset calculations.
   e) Perform periodically rating model scorecard evaluation.
   f) Conduct bank-wide stress testing at least once a year, or more frequent if there are changes in the industrial and economic sectors and when requested by the regulator.
   g) Perform quarterly back testing for LLP adequacy for all lines of Business.
   h) Conduct parallel run to PSAK 71 / IFRS 9 calculation in preparation PSAK 71 / IFRS 9 implementation by early year of 2020.
   i) Monitor Internal Ratings Refinement for Corporate and Commercial.
   j) Pilot test to Early Warning Indicator model implementation for Corporate and Commercial line of business.

3) Operational Risk and Fraud Management
   a) The implementation of ORM cycles has been and will continue to be consistent, including the identification, measurement, monitoring and control of operational risks to Danamon and its subsidiaries.
   b) The application of anti fraud strategy is continuously improved and adapted to the latest developments and fraud trends, including the application of systems and technology as support for detection pillars and pillars of reporting and sanctions, covering credit and non-credit cases.

c) Risk identification conducted through the implementation of risk registration and risk assessment of existing products, processes and systems as well as new systems to determine the inherent risks and the mitigation action required.
d) Capture risk / loss event data and its contributing factors, carried out in a centralized database, conduct RCSA activities periodically, report related risks, and monitor operational risks through the Key Risk Indicator (KRI).
e) Development of the Operational Risk Management System (ORMS) application for the effectiveness of ORM cycle implementation in all units of Danamon and its subsidiaries.
f) Asset and financial insurance (i.e.: money insurance, property all risks, earthquakes, and Electronic Equipment Insurance) as one of the most important forms of operational risk mitigation have been coordinated by the insurance coordinator within ORM Division.
g) ORM workshops and dissemination, and visits to RTUs and training (Risk School and E-Learning) to new employees are continuously implemented to ensure continuity and operational risk awareness level uniformity and risk culture recognition in Danamon.
h) Perform assessment to identify any gaps and/or potential vulnerability from the Information Security implementation of the agreed policy. This also includes providing a direction for risk taking units, from risk management perspective, to complete the action plan in order to close those gaps and/or potential vulnerability as identified.
i) Develop and implement the Cyber Security Incident policy, procedures and handling guidelines.
j) Roll out the Information Security and Business Continuity Management (BCM) awareess program, with intention to embed these aspects, as a culture, to all employees in doing their daily operational job.
k) Develop and implement BCM comprehensively, to ensure readiness of the line of business and support function units in maintaining the business continuity during the emergency or crisis situation.
l) Rectify escalation and self raise issue campaign to ensure Danamon employees proactively identify risks to conduct necessary corrective actions prior to any operational risk incident.

4) Market Risk and Liquidity Management

a) Continue to exercise ICAAP-related Stress Testing to ensure that Danamon has the capacity to survive in the event of liquidity stress conditions.
b) Preparing for the implementation of Revision to the Minimum Capital Adequacy Requirement for Market Risk in compliance with OJK regulation.
c) Participating in the development of necessary infrastructure to support Treasury new products and activities.
d) Maintaining continuous enhancement and regular review as well as validation of market and liquidity risk measurement methodologies.

Human Capital

HUMAN CAPITAL MANAGEMENT

Bank Danamon Indonesia Human Capital continued the transformation journey that has been taking place in recent years, with special emphasis on initiatives that were considered important in 2019. One of the highligths was the efforts to reduce the level of employee resignation, especially in the sales department. Further in-depth analysis has been carried out and there were three focuses of the intervention program that were expected to reduce the level of employee resignation.

The new corporate values have been introduced at the end of 2017, and various internalization efforts have been conducted since. To continuously internalizing this to employees, the values were used as a theme in many activities of the Bank and employees. These values were part of the renewal of the Bank's code of conduct which was agreed upon and signed by all levels of management in December 2019 and will be socialized in early 2020.

On the technology side, the EAZY Human Capital Management System continued to undergo various functions to improve the positive experience of employees in using the system.

Human Capital Management Vision and Mission

Bank Danamon Indonesia Human Capital strives to continue its vision to be the employer of choice, recognized as a high-performance company, and a company where it develops careers for its employees.

In addition to providing user-centric human resources management services, solutions, and utilizing modern technology to support high-performance company, comprehensive engagement building to both internal and external customers was brought to focus for Bank Danamon Indonesia in 2019.

In order to achieve this vision, Bank Danamon Indonesia Human Capital has made further updates on the strategic plan, as determined below:

2018 – 2019 Excelling & Sustaining	2019 – 2020 Agile & Enabling Orga-nization	2020 – 2021 Sustainable High Per-forming Culture	2021 – 2022 Partner of Choice
Institutionalize HC process to sustain a high performing organization	Adapting to dynamic working environment leveraging updated HC technology	Partner of choice in human centered technology organization	Strengthening the core to be the stakeholder's partner of choice
• Data analytics-driven HC practices/decisions • High agility, responsive and transparant culture BISA • Competitive organization • New group of jobs • Sustain meritocracy-based performance management • High performing human capital (Up skilling)	• Reinforce/internalize BISA culture • High value added organization, i.e. Develop EVP, compensation benefit for broadband grade structure, flexy-benefits and way of working • Open talent workforces focus on task performance • Synergy to Enhance Digital Learning Culture (immersive learning) • Enhance HC System for better employee experience • Organization citizenship strategy to create engaging experience (Ways of Work-social impact) • Continuation High Performing HC	• Created more value and meaningful work (beyond organization) • Dynamic working environment leveraging technology, communication and colaboration. • Career-preneurship philosophy (your career is in your hand) • Partnership and collaboration with external and relevant stakeholder/customer to create added value .	• Focus on core capabilities while leveraging ecosystem capabilities for non-core • BISA based culture in partnering within the Bank and across MUFG group companies • Recognized as talent power-house across management segmentation • Agile, lean and learning organization

HC Management Policy

The review of the Human Capital Policy has been carried out consistently and continuously to ensure that all applicable policies are always up-to-date and in line with the development of the Bank's business.

In 2019, Bank Danamon Indonesia Human Capital has issued the latest Human Capital Policy, where some of the policy contents were adjusted in connection with the development of the Bank's business and the Collective Labor Agreement.

The renewal of Human Capital policies was not only done at the level of the philosophy and principles of Human Capital, but also included updates at the level of Operational Guideline and Standard Operating Procedures (SOP).
The Human Capital Policy update has also been in line with the applicable Company Policy Hierarchy.

In 2019 there has been a shift in the ownership of shares from the previous majority shareholders to the current majority shareholders. On this matter, the alignment of the code of conduct was very important to be done in addition to reviewing risk events that have occurred during the last 2 years. The alignment of the code of conduct was not only on the material code of conduct itself, but also touched on all policies that apply at the Bank, such as harmonizing provisions on anti bribery and corruption.

The review and renewal of the Bank's code of conduct has been carried out in 2019. This has become a commitment of the Bank to periodically conduct a review of the applicable code of conduct.

The Bank's code of conduct included the addition of provisions relating to fraud, violations that affect the Bank's reputation, expansion of provisions related to customer service, and the importance of escalating, and the provisions governing sustainable growth.

The Merit-based Rewards System (SIPASTI) remains a key policy for performance management. Its primary goal is to consistently monitor and improve employee performance. Financial rewards are positioned as an outcome of good performance and not as a primary goal.

Bank Danamon Indonesia will focus more attention on job rotation among experienced employees in order to fulfill internal manpower needs. This is backed by a policy that allows employees with good performance records who have held a certain position for at least three years to be transferred to other working units commensurate to their expertise. This job rotation is the right of all employees, as well as a form of career development, whereby employees fulfilling requirements may apply for rotation by notifying their supervisor, without necessarily seeking for approval.

HC Management Performance

Employer Branding

Bank Danamon Indonesia understands strong employer branding is conducive for building a quality workforce. The current workforce, dominated by the millennial generation, is known to be selective in choosing workplaces with good reputations. Therefore, the Bank conducted various initiatives to strengthen employer branding.

Bank Danamon Indonesia has been constantly active on various social media platforms, such as Instagram and LinkedIn, to complement internal employees' activities such as D'Talk, Financial Literacy, accelerated programs for fresh graduates, and cooperation with universities and Corporate Social Responsibility (CSR) activities.

As an impact of good employer branding, Bank Danamon Indonesia has hosted many interns from local and international universities. It has also forged partnerships with those universities to provide opportunities for their students to learn about banking sector activities.

Recruitment

In 2019, Bank Danamon Indonesia has recruited 2,378 people consisted of 43 in Senior Management level, 146 people in Middle Management level, 935 people in First Line Management level and 374 people in Clerical level.

Bank Danamon Indonesia absorbed 880 employees as a result of the merger between Bank Nasional Parahyangan (BNP) with Bank Danamon Indonesia.

Bank Danamon Indonesia recruited a total of 48 Danamon Bankers Trainee (DBT) in 2019.

Recruitment and employee selection initiatives conducted by Bank Danamon Indonesia in 2019 were among others:

- Collaboration of Bank Danamon Indonesia with one of the professional career sites (LinkedIn) and one of the social media platforms (Instagram) pursuing improvement of the Bank's corporate branding and job posting in order to attract more professional hire and fresh graduate candidates.
- Continuation of partnership with reputable universities and alumni organizations in order to attain fresh graduate talents for Danamon Bankers Trainee (DBT) candidates selection.
- Evaluation and simplification of candidate interviewing process and matrix approval on candidates remuneration package.
- Evaluation on online psychometric test in order to fulfill the needs of candidates for Danamon Bankers Trainee (DBT) and mass-recruited positions.
- Implementation and training roll-out of competency-based interview during candidate interview process to Branch Network.
- Revision of an employee offering letter to become an employment letter with implementation target date in early 2020.

Going forward, Bank Danamon Indonesia aims to continue improving its digital recruitment module in EAZY human capital management system, in accordance to the developments and the needs of the Bank in order to accommodate most dominant millennial job seekers.

Job Level	2019	2018	2017	2016	2015
Top Management	12	3	3	3	4
Senior Manager	35	184	38	37	20
Manager	182	1,213	247	136	95
Officer	1,088	194	1,385	1,173	800
Staff	2,952	4,503	5,705	9,159	10,808
Total	**4,269**	**6,097**	**7,378**	**10,508**	**11,727**

Job function	2019	2018	2017	2016	2015
Sales	1,494	1,716	3,389	4,892	6,545
Non-sales	2,775	4,381	3,989	5,616	5,182
Total	**4,269**	**6,097**	**7,378**	**10,508**	**11,727**

Training and Competence/Education Development

Bank Danamon Indonesia strives to provide ongoing training and development programs for its employees. In 2019, the Bank delivered technical and leadership skills development programs for 90,203 participants totaling 49,641 mandays at Bank Danamon Indonesia and Danamon Corporate University training centers.

In 2019, the Bank enrolled 1,476 of its employees in Risk Management Certification (SMR) training, refresher courses and subsequent examinations.

As part of talent development, in 2019 the Bank initiated planning to conduct a talent development program covering the scopes in Leadership and Business Management, Leading Transformation Change, Business Projects and Business Simulation. The program strengthens the Bank's benchstrength, preparing leaders to take on more challenging roles and responsibility.

Human Capital has established the Danamon Bankers Trainee (DBT) program for the most talented Bachelors and Masters graduates to prepare them to become future leaders of the Bank. Up to the end of 2019, there have been five batches with a total of 112 participants.

In order to accelerate the capabilities of frontliners, Danamon runs the Danamon Bankers Network-Relationship Officer (DBN-RO). The program trained a total of 269 participants in 2019.

Since 2016, Bank Danamon Inonesia has reduced employee training costs. With the introduction of e-learning, training expenditures have declined significantly, while the number of training recipients throughout the Bank's network has increased.

The downward trend in the cost of training is projected to continue. E-Learning enables employees to access training materials anywhere and anytime via their own personal mobile device and network though the EAZY Learning system. This is already a direct cost-saving for the Bank, while the mobile access allows employees to be more efficient with their working hours by spending less time on e-Learning.

Bank Danamon Indonesia invested Rp147.6 billion in 2019 on training, both in-class and e-Learning, tailored to the various needs of employees.

In 2019, Bank Danamon Indonesia achieved a training ratio of 5.9%, well above BI regulations, which stipulate a minimum training ratio of 5%. The total number of employees involved in-class and e-Learning was 10,012 out of 10,382 employees (96.4 %). The Bank will continuously facilitate and invest in its employees' skill development through in-class and/or e-Learning programs.

Training Program Statistics

Training Programs	2019	2018	2017	2016	2015
Total Training Programs	982	1.232	1.411	3.109	2.580
Number of Training Participants	90,203	128,399	164,554	207,739	64,216
Total Man-days	49,641	80,049	139,637	167,428	157,056
Total Training Investment (Rp million)	147,617	182,701	235,517	248,355	182,170
Average Investment per Employee (Rp million)	1,63	1,42	1,43	1,20	2,84

Year 2019 and 2018 Totals are Bank Danamon Indonesia Only

Employee Engagement

During 2019, employees were engaged through the following series of programs:

- D'Talk, a face-to-face sharing session that involves Bank Danamon Indonesia leaders and prominent external speakers discussing trending topics such as leadership, entrepreneurship, digital technology, fast-moving consumer goods, etc. These sessions allow employees to broaden their horizons beyond the workplace, providing them with skills and insight regarding the latest developments in the market.

- Financial Literacy, the program was conducted using a seminar method that involved Bank Danamon Indonesia, Adira Finance and Adira Insurance. Equips employees with practical financial management skills, so they can anticipate the needs of individual customers and families. The program also instructs employees on the details and benefits of Bank Danamon Indonesia's products and services. This builds their awareness of how the Bank can meet consumers' financial needs.

Organizational Development

Over the last five years, Bank Danamon Indonesia has been conducting bankwide transformation initiatives. There have been changes to organizational structure, job transfers, merging of positions, branch closures, streamlining processes and automation.

Evaluation and restructuring of Danamon's organizational framework are essential for maintaining internal equity and market competitiveness. In Q4 2018, HC started a job simplification and competency project with a 'job family approach'.

The project's objectives are:

- Bring the strategy and culture of SIPASTI to life by explaining how critical 'job families' should perform to provide a seamless experience for customers.
- Create a job framework that simplifies and structures the organization, jobs and levels, while remaining flexible to adapt to future organizational changes.
- To become the foundation for managers and Human Capital to take control and shape a nimbler organization, as well as align policies to create a better experience for employees.

By creating transparency, employees will be empowered to take control of their careers and become more proactive.

Business Process Reengineering

In mid 2018, Bank Danamon Indonesia began an assessment of various work processes along with organizational arrangements in various work units. Within Human Capital, one of the assessment results was an implementation of a merger of work functions in the Regional Human Capital unit, that was combining functions of training, employee development, industrial relations, and staffing administration into one unit in each regional Human Capital office. In 2019, the recruitment function also merged so that various Human Capital functions in the region are managed in one leadership in each of these regions. In addition, improvements were also made to the efficiency of work processes in recruitment, training and employee development, performance management, and management of personnel administration.

Performance Management

In September 2017, Danamon introduced a new online performance management system under the EAZY platform. This greatly assisted employees and their supervisors in setting objectives and achieving transparency. A 'cascade' function allows supervisors to pass work targets to their subordinates.

Moreover, the availability of a continuous performance management module, accessible through personal communication devices, enables supervisors to more easily monitor and record work achievements. This new system has made the process of achieving objectives more focused and planned, so that execution and achievement are immediately and easily communicated between subordinate and supervisor.

These changes to the system have made employees more objective-focused in their work attitudes and behavior. Should any employee struggle to achieve work targets, the system can immediately detect this, and their respective supervisor can take immediate action to coach the employee.

Development of Talent Management and Employee Careers

Talent management is important for Human Capital. Our comprehensive and sustainable talent management program aims to ensure the availability and readiness of future leaders to hold key positions within the Bank.

The program begins with the identification and mapping of talent using two criteria: performance and potential. An assessment and talent review identify and manage high-performing employees within the Company to advance according to their individual expertise. The program aims to increase employee engagement through their own initiative, both bankwide and within their respective divisions. The program also implements succession planning, ensuring Company sustainability by preparing high-performing candidates to become prospective leaders.

The Management Trainee Program and Development Program were established to cultivate talent within Bank Danamon Indonesia. These programs aim to nurture future leaders by strengthening their banking knowledge and by systematically job-rotating them in order to accelerate their skills progression.

To accomplish this strategy, Human Capital of Bank Danamon Indonesia is devising a career advancement system to improve employees' competency through training in soft skills, technical skills, and tiered leadership. This Leadership Program includes people management skills for first tier, middle management skills, and leadership skills for senior managers. With enhanced skills, employees have a higher probability of success in more challenging assignments.

In developing internal benchstrength, in 2019 Bank Danamon Indonesia collaborated with MUFG Japan by sending some employees to Tokyo, Japan to join as an observer on some technical and business trainings such as Global Analyst Program and Relationship Management Academy. From this program, the knowledge on business strategy of MUFG and other Partner Banks can be leveraged and adopted in Bank Danamon Indonesia.

Employee Remuneration

Bank Danamon Indonesia formulates remuneration strategy based on company's remuneration policy which follows the meritocracy principle, whereby the Company rewards its employees corresponding to their competence and performance. This strategy is part of the SIPASTI principle that has been consistently implemented since 2015 through either short-term or long-term incentive which is given in the form of financial and non-financial.

Employee remuneration component consists of fixed component, which is based on job value, job family, position scarcity in the market, as well as market benchmark and variable component in the form of performance bonus and incentive. Performance bonus is awarded based on the Company's achievement against targets, industry benchmark, operating unit achievement, and individual achievement. Incentive is given to the positions that directly generate revenue, such as salesperson and collector which is designed to increase motivation and establish an effective sales or collection behavior. Through a fair and balance compensation system, the Company expects to build a productive working environment as well as motivating employees to continuously deliver and contribute their best.

In 2020, the Company will conduct a review on employee remuneration by considering changes in organizational design which is derived from the job simplification project.

Employee Welfare

In the area of employee welfare, in addition to providing government health insurance (BPJS) and pension plan (JHT) benefits, Bank Danamon Indonesia provides additional health insurance, pension fund and housing loan (KPR) for its employees. The housing loan policy has been reviewed, and management has approved an increase in the lending limit. The motor vehicle allowance has also been revamped; the Car Ownership Program (COP) scheme has been replaced by the Car Ownership Cash Program (COCP), in which eligible employees receive a cash allowance paid along with their monthly salary payment.

In 2019, Bank Danamon Indonesia launched a voluntary individual pension program in cooperation with a Pension Fund Institution (DPLK) in order to assist employees preparing for better planning retirement period. In addition, the Bank provided special compensation rewards for retiring employees in accordance to prevailing regulations.

Furthermore, Bank Danamon Indonesia collaborated with Adira Finance and Adira Insurance to launch a financing and insurance program, known as Danamon Adira Employee Program (DAEP), which was specially designed to give additional benefits for Bank Danamon Indonesia and Adira employees. Through this program, employees may apply for motor vehicle loan, home appliance loan, and various types of insurance with lower interest rates or premiums than commercial ones.

Pension Program

Bank Danamon Indonesia's pension plan is in accordance to prevailing government regulations. Bank Danamon Indonesia provides retiring employees with a counseling workshop to enable them to be better prepared for their retirement. Topics include retirement activities, as well as mental and financial preparation.

Human Capital Management Information System

Following the implementation of EAZY Human Capital Management System in 2018, some system enhancements were done in 2019 to improve the user experience. For instance, the employee performance appraisal process was simplified from a two-layered to a one-layered approval.

The post-implementation review of EAZY also suggested of moving from paper-based old way of working to digital paperless new way of working. Communication efforts of this new way of working have been continuously done to familiarize users to fully utilize the system.

Risk Management

Efforts to increase awareness of potential risks (risk awareness) became the main theme raised in the Human Capital Bank Danamon Indonesia during 2019.

To achieve that objective, Human Capital has implemented a Self Raise Month (escalation) initiative in the Human Capital Directorate. It is an initiative to identify any potential risks that may lead to operational risks. For this, Human Capital has identified the root cause, mitigating actions, then agreed and followed up on the improvement plan.

Human Capital also continued to strive to increase risk awareness to management and employees through communication and socialization of the code of conduct on an ongoing basis, both through e-Learning and other media such as email, SMS and EAZY.

In addition to the above, in 2019 Human Capital also made an effort to improve outsourcing management at the Bank. Some improvement initiatives that have been and are being carried out are operational policies improvement to align with applicable laws and regulations, outsourcing database enrichment, and monitoring reinforcement of the implementation of outsourcing at the Bank.

All internal and external auditor's findings for the Human Capital area have been followed up by Human Capital in a timely manner and in accordance to the agreed improvement plan between the auditor and Human Capital.

The results of examinations from the Internal Auditor indicate that initiatives and efforts to increase risk awareness in Human Capital have succeeded in raising the Human Capital risk profile to be better than the 2 previous audit periods.

Industrial Relations

A strong Industrial Relations policy is essential for Bank Danamon Indonesia to ensure business continuity, to create a favorable working environment, to instill employees' pride, and to foster a good public reputation. The development of harmonious industrial relations is a measure of ensuring improved working conditions, productivity, competitiveness, and work quality. A solid industrial relations framework is also an indicator of Good Corporate Governance for Bank Danamon Indonesia.

Bank Danamon Indonesia's management consistently strives to build constructive communication and consolidation regarding expectations put forward by the Labor Union. As part of this effort, management have met with the Labor Unions for 23 times, nation and regional wide. There are now two official Labor Unions in Bank Danamon Indonesia, and the Bank welcomes the presence of the additional Labor Union and hopes it can strengthen the industrial relations.

Implementation of agreed 2018 Collective Labor Agreement has been carried out.

Danamon: Rumah Kita is a program aimed to fostering harmonious industrial relations between management and employees, and between employees. This activity was carried out in 12 regions involving all elements of employees. Through Danamon: Rumah Kita program its is expected that the commitment to always provide the best for the progress of the Bank will grow.

On social activities side, Karyawan Danamon Peduli (KDP) conducted some aid programs in terms of school tuition to assist children education of the Bank's 2,094 employees, and disaster relief donation for employees. Logistics distribution was also conducted to employees and their family that were affected by natural disasters such as flood in Manado, Makassar, Sentani, Samarinda and Pekalongan as well as forest fire smoke in Palembang, Pekanbaru, Jambi and Pontianak.

Per September 30th, 2019, KDP distributed donation in the amount of 1,644,249,217 Rupiah.

Bank Danamon Indonesia management also specifically provided home renovation aid for 106 employees who were severely affected by earthquake and tsunami in Lombok and Palu.

Bank Danamon Indonesia also facilitated employee interest and talent activity through D'Club. The activity was in the form of routine sports activities (both weekly and monthly) such as Yoga, Bowling, Basketball, Futsall, Badminton and other sports held in 72 locations throughout Indonesia, including participation in events organized by OJK. Bank Danamon Indonesia also collaborated with the Indonesian Red Cross for blood donation program held in 36 locations involving 2,664 of the Bank's employees.

Primary Personnel Demographic Data

Danamon Headcount Data as of December 2019 (Consolidated)

Company	2019	2018	2017	2016	2015
Danamon	10,382	12,442	16,811	22,832	27,223
Adira Finance	17,677	19,028	18,760	20,094	21,351
Adira Quantum	-	-	-	8	524
Adira Insurance*	-	759	839	1,085	1,128
Total	**28.059**	**32,299**	**36,410**	**44,019**	**50,226**

* Since november 2019, Adira Insurance no longer included in Danamon's consolidation report

From 2015-2019, Bank Danamon Indonesia has undertaken numerous initiatives to improve its business performance. These measures have resulted in some changes to the business model and manpower numbers.

Employee Composition Based on Organization Level (Consolidated)

Position	2019	2018	2017	2016	2015
Top Management & Technical Advisors	22	26	24	27	23
Senior Managers	339	329	340	378	384
Managers	2,934	3,192	3,376	3,108	3,229
Officers	8,380	9,640	11,369	12,487	13,751
Staff	16,384	19,112	21.301	28,019	32,839
Total	**28,059**	**32,299**	**36,410**	**44,019**	**50,226**

Reductions in employee numbers occurred almost evenly across all levels of the organization, with the exception of Top Management and Technical Advisor level. The largest percentage of employee reductions occurred at the Staff level due to company transformation and work efficiency processes.

Employee Composition Based on Employment Tenure (Consolidated)

Employment Tenure	2019	2018	2017	2016	2015
0-3 years	8,975	10,975	11,213	13,872	18,380
3-5 years	3,138	3,230	3,757	6,770	10,391
5-10 years	7,946	10,179	12,998	14,700	12,576
10-20 years	5,894	5,554	5,883	6,562	7,450
> 20 years	2,106	2,361	2,649	2,115	1,429
Total	**28,059**	**36,410**	**44,019**	**50,226**	**60,618**

The largest employee reductions occurred among those with employment tenure of between 5 to 10 years. Specific courses of action and employee engagement are required to improve this matter.

Employee Composition by Age (Consolidated)

Age	2019	2018	2017	2016	2015
<25 years old	1,763	3,218	2,603	3,912	4,655
25-34 years old	11,633	16,189	19,252	25,120	29,616
35-44 years old	11,173	9,533	11,340	11,875	12,996
> 45 years old	3,490	3,359	3,215	3,112	2,959
Total	**28,059**	**32,299**	**36,410**	**44,019**	**50,226**

The segment of employees between 25-34 years of age dominated the total employees.

Employee Composition by Academic Background (Consolidated)

Academic Background	2019	2018	2017	2016	2015
Postgraduate	419 (1,49%)	415 (1,28%)	461 (1,27%)	438 (1,00%)	445 (0,89%)
Bachelor	19,620 (69.92%)	22,159 (68.61%)	24,733 (67.93%)	29,137 (66.19%)	31,963 (63.64%)
Diploma	5,204 (18.55%)	6,037 (18.69%)	6,932 (19.04%)	8,399 (19.08%)	9,719 (19.35%)
High School	2,812 (10.02%)	3,680 (11.39%)	4,272 (11.73%)	6,022 (13.68%)	8,065 (16.06%)
Junior High/ Elementary	4 (0,01%)	8 (0,02%)	12 (0,03%)	23 (0,05%)	34 (0,07%)
Total	**28,059**	**32,299**	**36,410**	**44,019**	**50,226**

The percentage of employees with undergraduate and postgraduate education has risen over the last five years. This indicates the educational quality of Danamon's Human Capital has improved.

Employee Composition Based on Employment Status (Consolidated)

Employment status	2019	2018	2017	2016	2015
Permanent [1)]	22,999	26,389	25,596	31,950	35,606
Non Permanent [2)]	5,060	5,910	6,814	12,069	14,620
Total	**28,059**	**32,299**	**36,410**	**44,019**	**50,226**

Notes:
1) Permanent employees include permanent employees and employees on probation.
2) Non Permanent Employees include contract workers, trainees, those on honorariums and expatriates. Data does not include outsourced employees.

2020 Human Capital Strategy and Work Plan

2020 Human Capital strategy and work plan will be focusing on continuing the initiatives from the previous year, with the additions to further foster the human resources in facing the Industry 4.0 era. Bank Danamon Indonesia will specifically develop relevant future skills and culture through a project consisting of:

1. Identification and formulation of the type of skills and work culture relevant to future business challenges and technology advancements.
2. Assessment of current Bank Danamon Indonesia's human resources and work culture, and preparation of work plans/initiatives to build the desired skills and work culture.
3. Implementation of the resulted work plan/initiatives to develop the desired skills and work culture.

This project is expected that its work plans/initiatives will be formulated as a three-year journey, focusing on continuous improvements in the implementation by paying close attention on inputs from related stakeholders.

Bank Danamon Indonesia also plans to provide better digital experience to its employees through the implementation of electronic employee benefit administration, which allows employees to utilize their mobile phones to directly access their employee benefits such as health club membership and ticketing purchase.

Furthermore, Bank Danamon Indonesia plans to continue collaborating with MUFG in talent development program at the Group level. The program plans to allow the Bank's talents to join development programs and assignments within units of MUFG Group, as well as to offer the opportunity for employee exchange program with aims to improve learning experience and strengthening organization capability.

Information Technology

IT INITIATIVES AND PERFORMANCE 2019

Throughout 2019, Danamon's Information Technology (IT) Division implemented a number of initiatives to streamline transactions and the customer experience. These included development of an omni-channel customer experience, application programming interface (API) management, big data analytics, infrastructure enhancements and other digital-based applications.

System Enhancements and Digital Strategy

Danamon is continuing the journey to develop digital services to facilitate customer interactions across all channels. The Bank will further enhance its products and services through these channels.

IT has progressed to develop microservice technology to align digital services and electronic channels, and support the development of internal and external integration solutions. Our Omni-channel will be ready with microservices technology in the first quarter of 2020.

API Central is being used to collaborate with digital partners (fintech and e-commerce) and Danamon will continue to participate in supporting Indonesia's digital ecosystems.

IT is implementing new switching solutions as part of the strategy to improve ATM/CDM transaction services.

A Customer Relationship Management (CRM) system (service module) has been implemented bank-wide and its usage has been expanded for loan origination used by Wholesale. The bank-wide sales module will be implemented in 2020.

IT launched D-Bismart in 2019 to support the financial supply chain ecosystem. IT is implementing a digital loan solution with the straight through processing (STP) mechanism and supported by business process management (BPM) workflow with an initial focus on loan processes within consumer business.

Further, IT will continue to assess the Treasury System to determine what is required to better support business development of Treasury products.

Infrastructure Enhancements

IT is implementing containerization to support digital initiatives and to optimize system performance, ensuring flexibility and cost efficiency.

IT is also implementing unified communication using Microsoft Office 365 to support a faster, flexible, mobile and modern way of working.

Robotic process automation (RPA) has been implemented to automate end-of-day processes of IT systems.

IT is implementing cloud solutions by engaging with third-party cloud providers to support the transformation process in the infrastructure area. This implementation will adopt cloud security standards and compliance.

Big Data Analytics

IT is implementing Data Analytics with Master Data Management to manage and implement data governance, data quality and data security. In addition, IT is still assessing the Advanced Analytics and tools that may be required in future.

IT Security

IT is conducting an assessment for the implementation of Database Activity Monitoring to monitor anomalies in activities and strengthen audit capabilities.

IT Organization and Skills

IT has implemented the concept of Digital Workspace in aligning the workings of IT teams with Agile Collaboration Tools supported by DevOps and Continuous Integration/ Continuous Delivery (CI/CD) to enhance collaboration between IT units to achieve better results.

Risk Management and Regulatory

As part of compliance with BI and OJK regulations, IT implemented OBOX (OJK Box) and IFRS9 in 2019. IT also commenced implementing BI's new integrated reporting system, Antasena, for regulatory reporting.

Disaster Management

Danamon has disaster management processes and solutions to anticipate and respond to any unforeseeable events that may occur, with the objective of ensuring that Danamon's banking services remain accessible to customers at all times. In line with Business Continuity Management (BCM) rules and guidelines, Danamon has established necessary measures to ensure uninterrupted customer service.

REGULATORY COMPLIANCE AND INFORMATION TECHNOLOGY GOVERNANCE

IT Steering Committee meetings are held regularly to review and approve IT projects and to ensure alignment with the Bank's strategy.

STRATEGY AND INITIATIVES 2020

Danamon's IT Division has established a number of strategies and initiatives for 2020 in alignment with the Bank's business strategy. IT is also embarking on the journey toward cloud-ready infrastructure, which will allow us to adopt best-in-class services and stay competitive in terms of scalability, cost and speed.

System Enhancements and Digital Strategy

IT will continue the modernization of the Bank's technology platform toward more advanced solutions and architecture.

In supporting the growth of the financial supply chain ecosystem, IT will develop comprehensive solutions including the development of internet and mobile banking for financial supply chain business.

In improving service and sales to customers, IT will continue to develop and enhance the CRM system. To support digitization on the operational and business side, IT will use a combination of implementing BPM and RPA for automation of loan processes from initiation to disbursement. In addition, as part of digitization, IT will modernize the Bank's collection system.

Infrastructure Enhancements

IT will continue its efforts to migrate from physical to virtual servers, prioritizing the use of virtual servers as a standard for every new application.

The transformation process in infrastructure will be continued by gradually moving testing environment, microservices and encrypted data to cloud service providers.

IT will continue the implementation of unified communication using Microsoft Office 365. As part of infrastructure modernization, wireless LAN will be implemented.

Big Data Analytics

IT will continue on its Analytics journey and implement Advanced Analytics by focusing on two areas. First, Data Quality (Data Insight Platform) to implement data identification, data governance and data security. Second, Analytical Modeling by using tools such as artificial intelligence and data visualization. IT will also update the Big Data ecosystem to improve data processing capabilities.

IT Security

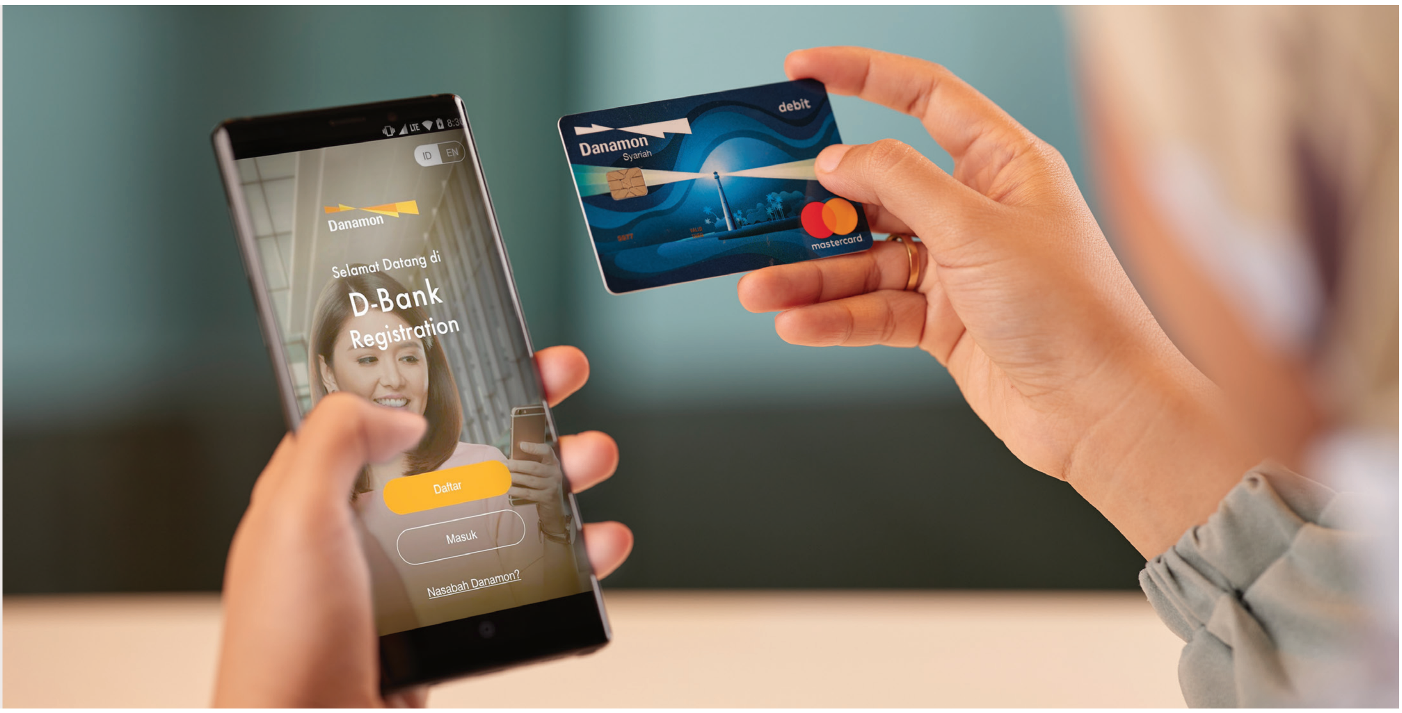
In addition to completing the implementation of Database Activity Monitoring and Third Party Monitoring, IT will implement Network Access Control (NAC) to strengthen the Bank's security. Regarding cloud initiatives, IT will also implement cloud-embedded security to ensure security standards are applied to the cloud-based solutions and environment.

IT Organization and Skills

In improving the performance of IT teams, specifically to support initiatives related to Digital solutions, IT will continuously enhance and enforce Agile models of working, which will lead to improvements in project leadership, execution and advocacy.

Risk Management and Regulatory

As part of compliance with BI and OJK regulations, IT will upgrade and develop regulatory applications as required.



Operations

Danamon's Operations Unit is responsible for executing transactions throughout the Bank's entire network. Danamon continues to improve infrastructure and internal processes to provide a superior customer experience, which includes exceptional delivery of transactions.

PERFORMANCE IN 2019

Throughout 2019, Danamon implemented several strategies to continuously evaluate its operational process to support customer needs. The Operations Unit collaborated with all Danamon stakeholders to create a lean operating model and efficient processes to ensure high quality of delivery and good corporate governance.

Strategies in operational transformation were as follows:

1. Enhanced operation credit processing to improve appraisal and legal credit processes. The enhancement also included implementation of a digital management system.
2. Development of an integrated limit and collateral management system.
3. Enhancement of bank custodian systems to an integrated system.
4. Workspace optimization, resulting in smaller office space required.
5. Merging the operational processes of Bank Nusantara Parahyangan (BNP) into Danamon on Operations Day 1 (1 September 2019).
6. Expansion of independent control unit to allow deeper quality control of critical processes.

Danamon is also aware of the importance of people development. The Operations Unit undertook the following initiatives to improve employee capabilities:

1. Prepared future leaders and successors for the Operations Unit through the Danamon Banker Trainee (DBT) program.
2. Implemented the Upskilling program for all operational staff.
3. Launched e-learning modules and established the Special Workforce & Agile Team (SWAT) to fast-track the development of selected staff.

AWARDS AND RECOGNITION IN 2019

Danamon's achievements were recognized by the following awards:

1. Elite Quality Recognition Award for US Dollar Clearing in the MT 202 category with a straight-through processing (STP) rate of 99.9%. From JP Morgan Chase.
2. Award for Outgoing Transfer Remittance with STP Rate of more than 99%. From Standard Chartered.
3. Award for Outgoing Transfer Remittance with STP Rate of more than 99%. From Citibank.
4. Recognition of Outstanding Payment Formatting and Straight-Through Rate of 95.8%. From Bank of New York Mellon.
5. Award for Bank Perception as Partner in the Administration of State Revenue through State Revenue Module (MPN). From the Indonesian Finance Ministry.

2020 PLAN

The Operations Unit will continue to focus on improving operational efficiency while maintaining a satisfactory risk and compliance culture. Operations will also maintain its focus on customer satisfaction and people development. Operations' strategy for 2020 is as follows:

1. Implement further automation, including cash online, checkbook order, auto-transfer and auto-reconciliation to ensure accuracy and timeliness of transaction execution.
2. Continuously comply with regulatory requirements including Anti-Money Laundering, Sanction Screening and implementation of a new regulatory reporting tool called Antasena.
3. Perform Business Process Re-engineering on several key areas in Operations.
4. Implement the contactless credit card for better transaction security.
5. Continue with staff development through job rotation and upskilling training programs, and Bank Indonesia certification for Payment and Rupiah Management System (SPPUR).

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