Tetap Tersenyum

Ratih Diah Kartika, Operation Kedaton Lampung

Second Place-Traditional Market Photography Competition

Operational Review

Risk Management

Given the variance of business activities of Danamon and its Subsidiaries, a holistic and integrated approach of risk management is required in the form of a comprehensive process of managing risk in identifying, measuring, monitoring and controlling of various type of risk in every line of business of the Bank and its Subsidiaries, supported by a reliable control system.

Danamon implements an integrated risk management framework and governance to ensure control is comprehensive and risk is managed, instilled and rooted in business activities. The integrated approach to risk management enables the Bank to manage all type of risks which, as defined by Bank Indonesia cover: credit, market, liquidity, operations, strategic, reputation, legal, compliance, yield and investment. This integrated risk management considers the interaction between one risk to another.

In managing risk, Danamon refers to Risk Appetite Statement which outlines the limits for determining the level and characters of the risk the Bank takes in meeting its mission to the Shareholders while adhering to the prevailing limits applied to debtors, customers, and as per guidance provided by the regulators.

In implementing integrated risk management, Danamon formed the Integrated Risk Management Group assigned to monitor all the Bank risks including its Subsidiaries. This group is set to be independent from risk taking unit and internal control unit.

To build a strong risk management culture, the Bank continues to provide training to its working environment including the Subsidiaries. The aim is to provide the best program to strengthen its human resources element and as part of continuing regeneration of employees.

The Bank has Risk Management School that has been implemented since 2013. The program will continue to be reviewed and developed in line with the Bank's roadmap.

PILLARS AND PRINCIPLES OF RISK MANAGEMENT

Risk Management

In managing risk, the Bank implemented seven pillars of risk management that focus on the following:

First Pillar-Good Corporate Governance

In order to strengthen good corporate governance, our risk management organization involves active supervision and oversight from the Board of Commissioners, the Board of Directors and Syariah Supervisory Board (for Syariah Unit). To assist in carrying out its responsibilities, the Board committees are established when required.

Second Pillar-Risk Framework

Each and every member of the staff is expected to comprehend and take part in risk management according to their respective functions and responsibilities. Integrated Risk will be responsible for defining the Risk Architecture and provide ground rules for managing risk as well as risk oversight. All Lines of Businesses and Support Function will work within the general guidelines established by the Integrated Risk Management Group.

The Compliance Department will be responsible to ensure that all the regulations issued by Bank Indonesia and other regulatory authorities are socialized and followed by all related LOB and Support Functions.

Internal Audit Department will be responsible to ensure that the Line of Businesses and Support Functions are performing their roles and responsibilities and comply with the entire approved policies and procedures regarding risk management and control.

Third Pillar-Risk Management Standard

Bank applies a consistent and disciplined approach in identifying, measuring, monitoring and controlling credit, market, liquidity, operational, and other risks in a transparent manner.

Fourth Pillar-Accounting Standard

All financial accounting, reports, and records supplied to regulators and other external stakeholders must comply with at least the local regulations.

Fifth Pillar-Technology & MIS

Bank adopts a scalable and reliable technology that is commensurate to our size and the nature of our business activities. We develop a robust technology to support implementation of risk management framework.

Sixth Pillar-Human Resources

Danamon assures that every officer who manages risk across all levels is a qualified and experience individual in accordance to condition, scope and complexity of the business operations. To meet the minimum requirement and assure their competency and standard expertise, Danamon requires every Bank's Officer and Candidate possesses risk management certification issued by the Professional Certification Institution acknowledged by the Regulator.

Seventh Pillar-Risk Awareness and Culture

Danamon continually applies a prudent approach in developing its business strategy. The business strategy is set in line with the risk appetite of the Bank.

In monitoring, controlling and managing risk, Danamon applies the following framework:

Three Lines of Defense Approach

Danamon implements the following "Three Lines of Defense" approach in designing and executing a risk management and control framework:

First Line of Defense

The Business Units serve as the first line of defense and are accountable for identifying, assessing, controlling and mitigating risks in business. The business units have the primary responsibility for the day-to-day management of the risk exposures of their business. They are accountable for the risk arising from their pursuit of business opportunities, consistent with the approved target market of their business.

Second Line of Defense

The independent Integrated Risk Management unit and Compliance Division are the key operators in providing the second line of defense, through an independent oversight function. The independent Integrated Risk Management Group is expected to review and approve the risk boundaries and limits set for the various business units, and work closely with these units to ensure that risks undertaken by the businesses are appropriately identified, measured and managed within the agreed parameters and reported accordingly, to the designated party.

The Compliance Division manages compliance risk and has the responsibility to ensure that all regulations issued by Bank Indonesia and other regulatory authorities are disseminated and adhered to by all relevant business units in all of the Bank's activities and levels of organization.

Third Line of Defense

Internal Audit acts as the third line of defense in the risk management and control framework by independently examining and auditing the accuracy of the processes in the businesses and support units as to ensure that they are performing their roles and responsibilities, and comply with the various risk management and control, policies and procedures, as approved by the BOD. Internal Audit should also independently review the portfolio quality of each line of business as well as market risk positions and exposures.

Integrated Risk Management

Danamon believes in Integrated Risk Management as an approach to comprehensively manage all risks of all activities of the Bank as well as its subsidiaries. Integrated principles allow Danamon to address all risk in a consolidated manner, whilst contemplate the possible interactions between one risk exposure to another. This holistic approach assures that various types of risk even given their differences, on and off balance sheet can be managed effectively.

Applying an integrated approach to risk management enables Danamon to have a proactive and systematic risk management process to identify, quantify and manage all risks inherent in the Bank's activities covering Credit Risk, Market, Liquidity, Operational, Legal, Strategic, Reputation, Compliance and other risks.

Risk Management

An integrated approach in managing risk ensure:

- The Bank is able to implement a comprehensive approach towards all types of risks-Credit, Market, Liquidity, Operational, Legal, Strategic, Reputation, Compliance and other risks.
- All risks are measured and recorded accurately.
- Sufficient monitoring and reporting on all exposures
- The risk management is structured and adequate for each line of business
- Consistency in risk management policy and implementation
- Availability of a sufficient system and technology to manage risks.
- Availability of adequate and competent human resources for risk management at all levels.

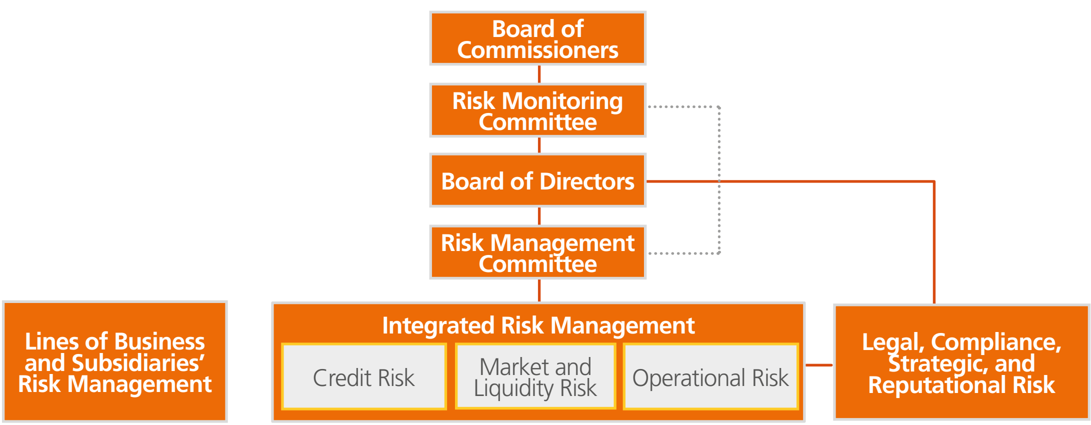
RISK MANAGEMENT ORGANIZATION STRUCTURE

Danamon has developed a distinct organizational structure for risk management, consisting of several risk committees and a Risk Division with varying degrees of responsibility. Based on this structure, there are precise roles and responsibilities for all employees responsible for risk management.

The Bank's risk management organization involves supervision from the Board of Commissioners and Board of Directors. The Risk Monitoring Committee is the highest risk authority, which stands at the Board of Commissioners level. This committee serves as a board of trustees to oversee the implementation of strategies and risk management policies, risk exposure and to evaluate the Board of Directors' accountability.

At the Board of Directors level, a Risk Management Committee is formed to manage the entire Bank's and its subsidiaries risk portfolio. The Committee monitors the development of risk strategy, policy and evaluate risk issues considered significant. In addition, there are other risk related Committees such as Operational Risk Committee, Fraud Risk Management Committee and ALCO, as subset of the Risk Management Committee.

Risk Management Organization Chart



Refer to banking industry practices and in accordance to the framework of Basel II risk management, Danamon formed an Integrated Risk Management Group with members consist of senior professionals to manage credit risk, market and liquidity risk and operations risk. This group functions is centralized and independent from risk taking unit and internal control unit. The independency is aimed to create a managing risk model which is effective, efficient and independent from business interest as well as oversights functions coming from institutions at similar level. However, in daily practices, every business line is held responsible for risk management functions in their respective businesses.

The Integrated Risk Management Group defines the Bank's risk architecture and develops an overall risk management strategy, which includes bank-wide policies, set limits, procedures and controls for all lines of business including subsidiaries.

Managing Risk at the second line of defense level is assigned as follows:

- Credit risk is managed by Enterprise Risk & Policy, Chief Credit Officer Wholesale and Chief Credit Officer Consumer & Mass Market.
- Market and Liquidity risk is managed by Market & Liquidity Risk Management.
- Operational risk is managed by Fraud & Operational Risk Management.
- Reputation risk is managed by the Corporate Secretary.
- Strategic risk is managed by the Strategic Risk Working Unit.
- Legal risk is managed by Legal & Litigation.
- Compliance risk is managed by Compliance.

The main elements of Danamon's risk management good corporate governance structure are:

- Active monitoring by the Board of Commissioners and Directors
- Adequate policy, procedure and limits assigned
- Risk Management processes and Risk Management systems
- Risk Management internal control.

ACTIVE MONITORING FROM THE BOARD OF COMMISSIONERS, SYARIAH SUPERVISORY BOARD AND BOARD OF DIRECTORS

The organization structure of Risk Management indicates that BOC, SSB and BOD through its active monitoring determine the success of managing risk. Aware of their strategic role, Danamon has set monitoring duties for each respective Board as explained in summary as follows.

Active Monitoring the Board of Commissioners

Active monitoring duties of the Board of Commissioners in managing risk covers:

a. Responsible for approving the general framework of risk management policy recommended by the Managing Director and/or Board of Directors, through the Risk Management Director.

b) Monitor risks and evaluate Board of Directors' accountability of implementing risk management policy, strategy and exposure through a periodic review with the Managing Director, Board of Directors or Director of Risk Management.

c) Conduct Risk Management functions as stipulated in the regulations.

d) Delegate authority to the Managing Director, Board of Directors or the Director of Risk Management or recommend business activities and other duties.

Risk Management

The Board of Commissioners may delegate a risk-monitoring function to the Risk Monitoring Committee. However, the final responsibility of the implementation of risk monitoring remains with the Board of Commissioners.

Active Monitoring by the Syariah Supervisory Board

Danamon assigns the Syariah Supervisory Board to the Syariah Line of Business, as recommended by the National Syariah Board-Majelis Ulama Indonesia, and as approved by Bank Indonesia, in compliance with the applied regulation. The Syariah Supervisory Board's functions and active roles in risk management include:

a. Assessing and ensuring compliance of the Syariah Line of Business products, policies/procedures and activities with Syariah principles, and conduct surveillance to conform with the fatwa of the National Syariah Board-Majelis Ulama Indonesia.
b. Evaluating Risk Management Policies in relation to compliance with Syariah principles.
c. Evaluating Board of Directors' accountability of Risk Management policy implementation in relation to compliance with Syariah principles.

Active Monitoring by the Board of Directors

Being responsible for operations, the role of the Board of Directors is to set directions of the policy and strategy for a comprehensive risk management including its implementation. The functions and active role carried out by the Board of Directors in managing risk cover:

a. Responsible for the development of a risk management policy.
b. Responsible for the implementation of risk management policy, strategies, framework and risk exposure undertaken by the Bank.
c. Develop a risk management culture at all levels of the organization.
d. Determine the Bank's risk appetite.
e. Monitor the Bank's risk quality by benchmarking it with a reasonable risk level.
f. Periodically review the risk management framework, processes and policies.
g. Ensure the enhancement of the human resources competency for implementing risk management.

The Board of Directors establishes the Risk Management Committee to assist in carrying out its functions and responsibilities related to Risk Management. However, the final responsibility remain at the Board of Directors for its role in monitoring the implementation of risk management.

Adequacy of Policy, Procedures and Determination of Limits

The Risk Management Policy has been set to ensure that the Bank's risk exposure is consistent with internal policies and procedures, and also with external laws, regulations and other related provisions. The Bank is managed by officials with sufficient knowledge, skills and expertise in risk management, in line with the complexity level of the business. To achieve this, Danamon has assigned the following:

1. An Integrated Risk Management group is responsible to centrally coordinate all risk management policies and implementation.

To develop a risk management culture at all levels of the organization.

This working unit will develop bankwide core risk policies, and control of risk management to be followed by the Line of Business and Subsidiaries.

2. Line of Business and Subsidiaries have to create consistent guidelines and procedures of products consistent with the Bank's policies, prudent principles, and related regulations.
3. Awareness of risk and compliance with the policies, procedures and risk limit, must be embedded as a mindset for all risk officials. No one is allowed to deliberately override or make any change to the policy or limit without approval. All deviations or exceptions must be approved by the authorized officials.
4. All policies and procedures must be disseminated to the entire organization. Senior officials in each Line of Business, Product Unit or Supporting Unit shall provide appropriate risk oversight to ensure that risk policies have been implemented properly and effectively.
5. All policies and limits should be reviewed periodically or more often when significant change occurs to ensure that the Bank's practices are in accordance to the expected risk limits.
6. In drafting its risk management policy, Danamon has included the following items:
    a. Conduct risk identification and know how to mitigate risk in a clear and controlled manner.
    b. Establish a clear line of responsibility and accountability in managing each type of risk.
    c. Establish a methodology that can measure risk and a management information system which will support the business.
    d. Assign a limit determination procedure which describes the maximum acceptable loss that is consistent with the Bank's risk appetite and tolerance.
    e. Prepare contingency plans.
    f. Policies and procedures on new products and activities.
    g. The establishment of an internal control system for the implementation of risk management. A fundamental component in the system of internal control is the independent evaluation and review of the effectiveness of existing processes and systems.

Risk Management Process and Information systems

Risk Management Process

Risk Management

Danamon conducts a process of identification, measurement, monitoring and control of all risks faced, from central to subsidiary level.

Risk Identification (1)
A risk identification process will determine the scope and scale of the measurement, monitoring, and risk control stages. Proactive risk identification covers all Danamon business activities and is conducted in order to analyze the sources and the potential risks and impacts. Identification is done by analyzing all types and characteristics of risk inherent in any business activity, which also includes the Bank's products and other services.

Risk Measurement (2)
The risk measurement system is used to measure Danamon's risk exposure as a reference to exert control. The measurement's approach and methodology can be quantitative, qualitative, or a combination of both. Risk measurement is done on a regular basis for products, portfolio, and for all Danamon's business activities.

Risk Monitoring (3)
Risk monitoring is done by evaluating the risk exposures inherent in the entire portfolio of products and business activities as well as the effectiveness of Danamon's risk management process.

Danamon has also established a portfolio management procedure as an integral part of risk management. The objective of portfolio management is to achieve a balanced risk portfolio and to establish a frame of reference in making decisions on individual exposures. The Integrated Risk Management Group is responsible for managing the Bank's exposure to the portfolio, while the business unit is responsible for individual exposures. The Integrated Risk Management Group recommends various limit concentrations and monitors achieved exposure. Limits will be reviewed at least once a year. Changes on limit can be set when necessary.

In portfolio management, the Bank seeks to maintain capital equal to the level of risk that the Bank undertakes.

Risk Control (4)
Risk control is carried out, among others by following up on risks that are moderate and high that exceed the limit, increasing control (attached supervision), and providing additional capital to absorb potential losses and periodic internal audits.

In Danamon's Risk Management structure, Integrated Risk Management consolidates the entire Bank's risk exposure, managed by the respective unit and persons in charge and responsible for the risk.

Line of Business and subsidiaries are operational working units responsible for managing the risks from the beginning to the end, within its scope of responsibilities. They must clearly identify measure, monitor, control and define mitigation to manage risks before entering into any activities where risk resides. The risk working unit's responsibilities include providing credit approvals and/or recommending credit in the form of credit committee.

Risks in the operational working unit are managed by the Business Risk Heads of the line of business. Business Risk Head has indirect responsibility reporting to the Integrated Risk Director in his supervisory functions. In carrying out its role as risk monitoring and control at the operational unit, the Integrated Risk Management Group will evaluate the entire business plan, policies and products. At a certain level of risk-taking, Integrated Risk Management Group, as a member of the Head Office's Credit Committee, will provide recommendations for credit decisions.

Risk Management Information System

In order to provide an effective control and monitoring system, Danamon's Risk Management Information Systems are in place and cover a sufficient level of detail, such as Internal Rating System, Central Liability System, Market Risk Engine within Treasury System, and Operational Risk Management System. These Management Information Systems enable the Bank to detect any adverse development at an early stage, allowing for timely implementation of corrective measures aimed at minimizing losses to the Bank.

Internal Control

In Danamon the internal control to managing risk covers the following areas:

a. Determining the organizational structure through clear definitions of functions between the business units with risk management unit.
b) Assign the risk management unit, an independent work unit whose role is to create risk management policies, risk measuring methodologies, risk limit determination, and data/model validation.
c) Each functional transaction and activity with risk exposure will be reviewed and monitored as necessary by each business unit.

Additionally, Danamon always ensures compliance with various key points in the control process, including: compatibility of internal control system and bank risks, the establishment of the policy monitoring authority, procedures and limits, a clear organizational structure and adequate "four eyes principle", as well as sufficient procedures to comply with applied regulations.

Danamon implements an effective risk management and internal control system which includes the implementation of the three lines of defense, assignment of risk tolerance and application of risk and cultural awareness as described in the previous section.

Danamon also periodically analyzes the effectiveness of risk management implementation including adequacy of policy, procedures, and management information system. This includes internal audit on risk management process and monitoring on corrective actions taken in response to the audits findings.

RISK MANAGEMENT GOVERNANCE POLICY

Danamon implements an Integrated Risk Management (IRM) that allows Management to manage risks across all business units. Integrated risk management is a combination of a series of strategies, processes, resources, competencies and technologies aimed at evaluating and managing risk. The application of IRM is intended to add value for shareholders through integration between the determination of risk appetite and risk tolerance, to be in alignment with business strategy, by improving the quality of the risk management process to improve effective and efficient capital management.

Risk Management

Integrated Risk Management aims to set the size or magnitude of risk appetite or tolerance limits for the Bank to undertake in determining portfolio in line with the price risk which has been considered thoroughly reflected in the amount of capital allocated for the risk, as well as support business development. Given the importance of risk management in banking, Danamon strives to implement a risk management framework that is adaptive, easy to understand and implement at all levels. To enhance risk management efficacy, Danamon also seeks to develop a culture of risk for the entire staff, to introduce awareness that risk management is essentially a shared responsibility, as any impact of risks will affect all levels of the Bank.

Risk Culture

Danamon believes that it is important for all employees to know and understand the risks faced in its activities. This creates a robust risk management culture. In this regard, the Bank is determined to build a combination of unique values, beliefs, implementation and management monitoring that will ensure all levels of Danamon conduct its operations prudently and refer to best practices.

The risk culture is to be inseminated through:

- Direction and supervision of the Board of Commissioners and Board of Directors.
- Introduction of risk management as an integral part of business operations.
- Compliance with all policies, procedures, laws and regulations.

Danamon is determined to build the risk culture awareness at all levels of the organization through:

- Communicating the importance of risk management
- Communicating the Bank's expected level of risk tolerance and the risk profile through various restrictions and portfolio management
- Giving employees the authority to prudently deal with the risks in their activities
- Monitoring the effectiveness of risk management in all areas.

Risk Appetite

Risk appetite or risk tolerance is the risk value, which Danamon is willing to accept in order to reach a certain level of profit. Risk tolerance (risk appetite) is developed from the risk philosophy and business strategy, so that this tolerance must go in line and does not conflict with the philosophy and strategy of the business risk.

Danamon has developed a Risk Appetite Statement (RAS), which outlines the levels and nature of risks that the Bank will take in order to articulate its mission for stakeholders, subject to constraints imposed by debtors, regulators, and customers. It is the responsibility of the Board of Directors and senior management to define Danamon risk appetite and to ensure that the Bank's risk management framework includes detailed policies that set specific firm-wide prudential limits on the Bank's activities, consistent with its RAS and capacity.

The aim of the Risk Appetite Statement is to enable execution of the Bank's articulated strategy while meeting the reasonable expectations of all stakeholders. It does not seek to prevent risk taking. It aims to ensure that risk taking across the groups is:

- In line with the Board of Directors' objectives
- Understood at appropriate level within the organization
- Optimized on a risk-return basis within the constraints of the Group Risk Appetite.

Risk Management Policy

Danamon's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Danamon has an Enterprise Risk Management Policy that has been reviewed and approved in line with Bank Indonesia regulations. This policy is used as a guideline to the Bank's implementation of Risk Management. In addition, in line with Bank Indonesia regulations on subsidiary risk management activities, subsidiaries have risk officials and the Bank, through Risk Management, oversees the implementation of comprehensive and integrated risk management.

The integrated Risk Management Group is responsible for formulating risk management policy and setting limits for all line of business based on the risk principles and policies served as the credit business guidelines of Danamon. This group is also responsible for setting and renewing the master policy and procedure for identifying, measuring, analyzing and controlling risk in each line of business (risk taking unit). The Integrated Risk Management Group conduct socialization to all relevant business units on risk strategy and policies, with reference to continue building strong risk culture and risk awareness in Danamon and its Subsidiaries.

SPECIFIC RISK MANAGEMENT

Risk Management on new Products and Activities

New Product and Activity Risk Management Danamon includes new product and activity risk management plan in its Business Plan in accordance with applied regulations. This policy stipulates the procedures for the issuance and monitoring of bank products.

New products are prepared and recommended by the Business Unit and Risk Management Unit in the product owner's Line of Business and Subsidiaries, and reviewed by the Risk Management Unit as well as other related divisions such as the Legal and Compliance Division. The product also has to go through a Compliance Test before being launched. Product approval authorities are categorized based on their level of risk, where high-risk products must be approved by the Managing Director. The level of risk is evaluated based on the product's performance, target customers, the complexity of the operational processes, and market conditions. For Syariah Work Unit products, a consultation with the Syariah Supervisory Board is required.

Danamon applies the precautionary principle in new products/activities launched to customers. With its extensive network, sizeable human resources capacity, as well as the capability and appropriate strategy, the Bank will seek to serve all segments of customers.

Risk Management

Risk Management of Syariah Business

Based on the regulations of Bank Indonesia No.13/23/PBI/2011 regarding the Implementation of Risk Management for Commercial Syariah Banks and Syariah Business Units, a bank must implement Risk Management for two types of risks in the Syariah Business Unit: the Equity Investment Risk and Rate of Return Risk.

In line with the regulation, Danamon actively implements Risk Management on the Syariah Business Unit. In terms of policy, the Bank has its Enterprise Risk Management Policy as the main framework and the basic principles of risk management that must be followed by all lines of business and subsidiaries, including the Syariah Business Unit. Additionally, the Syariah Business Unit is also guided by the Syariah Principles, which are the Islamic laws in banking activities based on the fatwa issued by relevant religious authorities.

The Syariah Business Unit's products and activities are reviewed by the Risk Management Working Unit and by other relevant units, and must also pass through a Compliance Test. Risk measurement is done by using a methodology that is appropriate to the Syariah's characteristics, by measuring the level of risk profile conducted on a quarterly basis. The risk profile report is evaluated and later submitted to Bank Indonesia.

In managing risk complying to the Syariah principles, the Syariah Supervisory Board gives approval for policies, procedures, system, products and contract to be used compliance to Syariah principles. The Risk Management Unit of the Bank (Conventional) implements the risk management process and systems of Syariah Business Unit (UUS) wherein the Syariah Business Unit Director is also a member of the Risk Management committee. The Syariah Supervisory Board has been assigned in the Syariah Business Unit and has run its functions and tasks accordingly.

Risk Management of Subsidiaries

Danamon applies a consolidation process with its subsidiaries. The consolidation process of risk management is conducted by observing the differences in entity and characteristics between the Bank and its subsidiaries. Implementation of the consolidation process of risk management is done through assistance and alignment of risk management practices in risk governance, risk management policies and procedures, risk measurement methodologies, risk management reporting, and enhancement of risk awareness culture.

The Risk Management Unit continuously monitors the subsidiaries' portfolio performance and identifies any ”early warning” in subsidiaries' portfolio quality. The Bank also provides technical assistance in the risk management process in relations to credit risk, market and liquidity risk, operational risk, human resources, information systems, policies and procedures, and methodologies of risk management.

Subsidiaries' risk exposure monitoring and evaluation is reported monthly and includes detailed and in-depth monitoring of the portfolio performance, including, but not limited to, a portfolio cap approved in the Product Program. Subsidiaries' risk management is one of the focus of Management, due to its significance in supporting the Bank's strategic plan.

The consolidation process is in line with OJK regulation (POJK) No.17/POJK.03/2014 dated 18 November 2014 regarding the application of Integrated Risk Management for Financial Group. Referring to this regulation, Danamon as the main entity will continue improve risk management process integrated with its Subsidiaries.

FOCUS OF RISK MANAGEMENT 2014 ACTIVITIES

The risk management activities of Danamon implemented and the results generated are as follows:

Integrated Risk Activities

- Launching Revised Risk Training Academy modules for Bank and Subsidiaries staff.
- Conduct stress test among others: annual stress test, OJK stress test, foreign exchange stress test, mining industry and palm oil industry stress test.
- Implement ICAAP best practice methods.

Credit Risk

- Syariah Implementing bankwide negative list database to improve underwriting process.
- Developing framework for industry portfolio management including risk level and limit of concentrated industry.
- Implementing systems to detect fraud application of credit card.
- Improving credit risk measurement process for Wholesale credit through development of PD, LGD & EAD model for Corporate, Commercial and Financing Company in December 2014 and application of the model rating for Financial Institution portfolio for business decision making starting February 2014.
- Developing application scoring, behavior scoring and collection model, PD, LGD & EAD for credit card in December 2014 and will be implemented in 2015.
- All the PD models are calibrated using long term cycle neutral central tendency and Danamon has implemented a standardized 25 Grade "Danamon Rating Scale" mapped to Probability of Default to be applied to scores and ratings models built across Line of Business.
- Implementing collection systems auto dialer for credit card.
- Changing DSP credit organization to improve control.
- Implementing rule based decisioning engine in Adira Finance.

Operational risk

- Increase the independency of operational risk officer role and function in line of business, support function and subsidiaries for a stronger control and effectiveness in managing operational risk in risk taking unit.

• Launching Revised Risk Academy Training Module for employees of the Bank and its Subsidiaries
• Implementing stress tests: the annual stress test, OJK stress test, foreign exchange, mining and palm oil industry stress test

Risk Management

- Enhance Operational Risk Management System (ORMS) to increase the recording function, analysis and report generated from operational risk data in integrated function as means to improve the effectiveness to comprehensively manage operational risk in the Bank and its subsidiaries.
- Build Operational Risk Management E-Learning to increase employee's awareness at the management and staff level in managing operational risk.
- Successfully retain the ISO 22301:2012 certification for Business Continuity Management System (BCMS) of British Standard Institution (BSI) Group acquired in 2013 by implementing the 2014 Surveillance Audit, the result from which no uncomformity items was found. Danamon is the first company in Indonesia and the first bank in South East Asia to be ISO 22301:2012-BCMS certified.
- Founder and organizer of Indonesia Business Continuity Management Forum with 108 members from 52 companies.
- Build awareness on fraud to all employees through video on Fraud Awareness and as founder of Fraud Forum in Indonesia banking industry.

Market and Liquidity Risk

- Finalizing the implementation of Sungard Asset & Liquidity Management (ALM System) phase 1 (expected for completion on Q1 2015).
- Sychronizing and improving methodologies in setting limits for market and liquidity risks.
- Prepare and upgrade the implementation of Basel II liquidity risk (LDR-Liquidity Coverage Ratio).

RISK PROFILE

Assessment of Risk Profile includes an assessment of the inherent risks and quality assessment of the implementation of Risk Management, which reflects the risk control system, both individually and on a consolidated basis for the Bank. The assessment is carried out on eight Risks namely Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk, and Reputational Risk. In assessing the risk profile, the Bank refers to Bank Indonesia regulations on the assessment of Commercial Banks' health level. The responsibility for coordinating risk profile report is in the Integrated Risk unit.

Based on monitoring results of each group of core risks of Danamon in 2014, the composite rank for the Bank's overall profile risk as of December 31, 2014 remain at 2 (Low to Moderate).

CAPITAL MANAGEMENT STRATEGY

Capital Composition of Bank

In accordance with Bank Indonesia Regulation No. 14/18/PBI/2012 dated 28 November 2012, regarding the Minimum Capital Adequacy Ratio for Commercial Banks, the capital consists of:

1. Core Capital, Tier 1
2. Supplementary Capital, Tier 2
3. Additional Supplementary Capital

The capital of Danamon is structured as follows:

1. Core Capital (Tier 1)

Comprises paid-up capital of common shares and disclosed reserves which consists of additional paid up capital, general reserve, prior years profit, current year profit (50%), calculating the deduction factors which consists of shortage in regulatory provision over allowance for impairment loses for productive assets, regulatory provision on non productive assets and Bank's investment in subsidiaries.

2. Supplementary Capital (Tier2)

Comprises the regulatory provision general reserve on productive assets (maximum of 1.25% from RWA for credit risk) including deduction factor of Bank's investment in subsidiaries (50%).

Capital Management Strategy

Pursuant to BI regulation No. 14/18/PBI/2012 dated 28 November 2012 on Minimum Capital Adequacy Ratio for Commercial Banks and BI Circular Letter No. 14/37/DPNP dated 27 December 2012 on Capital Adequacy Ratio (CAR) in Accordance with Risk Profile and Fulfillment of Capital Equivalency Maintained Assets (CEMA), Danamon is required to calculate its minimum CAR based on risk profile and to implement the Internal Capital Adequacy Assessment Process (ICAAP).

In assesing its adequacy capital, Danamon ensures capital adequacy both from:

1. Minimum CAR requirement set by Bank Indonesia
2. Internal capital adequacy, by ensuring sustainable capital adequacy to support the continuity of the Bank's operations.

Internal Capital Adequacy Assessment Process

With reference to the Basel II and Bank Indonesia regulations, and to enhance risk management effectiveness within the Bank, Danamon has implemented the Internal Capital Adequacy Assessment Process (ICAAP), which is a process to determine capital adequacy in accordance with the Bank's risk profile and determining strategies to maintain adequate capital levels.

Pursuant to regulations from Bank Indonesia, ICAAP implementation in Danamon is ensured by active monitoring by the Board of Commissioners and the Board of Directors, capital adequacy assessment process, monitoring and reporting of the Bank's risk profile, and adequate internal control.

The assessment result shows that the Bank managed to meet the minimum CAR based on risk profile. Based on ICAAP, the Bank will have sufficient available financial resources to fulfill its capital demand for Pillar 1 and Pillar 2 for the next three years.

Capital Structure

As of December 31, 2014, Danamon is one of the banks with the highest level of capitalization in Indonesia, with consolidated CAR at 17.86% (Bank Stand Alone at 18.17%), well above the level required by Bank Indonesia. With a strong capital and supported by optimal capital management, the Bank's capital adequacy will not limit its future growth potential.

Risk Management

The individual and consolidated quantitative disclosure of the Bank's capital structure is detailed in Table 1.a.

1.a Disclosure of Capital Structure

(in million rupiah)

Capital Component			December 31, 2014		December 31, 2013	
			Bank Only	Consolidated	Bank Only	Consolidated
(1)		(2)	(3)	(4)	(5)	(6)
I		CAPITAL COMPONENT				
	A	**Core Capital (Tier-1)**	**24,230,478**	**28,767,259**	**21,588,379**	**26,794,974**
		1 Paid-in Capital	5,901,122	5,901,122	5,901,122	5,901,122
		2 Additional Reserve Capital	19,655,263	24,528,387	17,150,001	22,453,245
		3 Innovative Capital Instruments	0	0	0	0
		4 Tier-1 Capital Deduction Factor	-1,325,907	-1,662,250	-1,462,744	-1,559,393
		5 Non-controlling Interest	0	0	0	0
	B	**Complementary Capital (Tier-2)**	**0**	**935,484**	**0**	**906,724**
		1 Upper Tier-2	1,319,405	1,523,202	1,182,568	1,391,585
		2 Lower Tier-2 (maximum 50% of Tier-1 Capital)	0	0	0	0
		3 Tier-2 Capital Deduction Factor	-1,319,405	-587,718	-1,182,568	-484,861
	C	**Tier-1 and Tier-2 Capital Deduction Factor**	**0**	**0**	**0**	**0**
		Securitization Exposures	0	0	0	0
	D	**Additional Supplementary Capital (Tier-3)**	**0**	**0**	**0**	**0**
	E	**Additional Supplementary Capital For Market Risk Anticipation**	**0**	**0**	**0**	**0**
II		TOTAL OF CORE CAPITAL AND SUPPLEMENTARY CAPITAL (A+B-C)	24,230,478	29,702,743	21,588,379	27,701,698
III		TOTAL OF CORE CAPITAL, SUPPLEMENTARY CAPITAL, AND ADDITIONAL SUPPLEMENTARY FOR MARKET RISK ANTICIPATION (A+B-C+E)	24,230,478	29,702,743	21,588,379	27,701,698
IV		RISK WEIGHTED ASSETS (RWA) FOR CREDIT RISK **)	110,768,885	133,861,526	102,843,863	126,138,821
V		RISK WEIGHTED ASSETS (RWA) FOR OPERATIONAL RISK	22,214,233	32,060,719	20,269,187	28,600,198
VI		RISK WEIGHTED ASSETS (RWA) FOR MARKET RISK	370,855	372,188	397,427	401,131
VII		CAPITAL ADEQUACY RATIO FOR CREDIT RISK AND OPERATIONAL RISK [II:(IV+V)]	18.22%	17.90%	17.54%	17.90%
VIII		CAPITAL ADEQUACY RATIO FOR CREDIT RISK, OPERATIONAL RISK AND MARKET RISK [III : (IV + V + VI)]	18.17%	17.86%	17.48%	17.86%

IMPLEMENTATION OF RISK MANAGEMENT AND DISCLOSURE OF RISK EXPOSURE

A. Credit Risk

Credit risk is the potential failure of a borrower or counterparty to fulfill its obligations as stipulated in an agreement. Credit risk is a significant risk that mainly arises from the Bank's lending activities. However, credit risk can also arise from a variety of functional activities of the Bank, such as trade finance (guarantees, letters of credit), treasury and investment (inter-bank transactions, foreign exchange transactions, financial futures, swaps, bonds), which are recorded in the banking book or the trading book.

Credit risk may increase due to the concentration of lending, i.e. from the debtors, geographic region, products, types of financing, or a particular business field.

1. Credit Risk Management

Credit Risk Management implementation, including Credit Concentration Risk, is performed individually by the Bank and also on a consolidated basis with its subsidiaries. Credit Risk Management includes end-to-end processes of origination and approval, monitoring, the problem loan management process and portfolio management.

The Bank has Credit Risk Policy to govern the process of extending loans. These policies cover credit acceptance criteria, the origination, credit approval, credit exposure monitoring, managing problem loans and portfolio management.

Danamon also applies the principle of prudence risk management in loan extension activities. Credit approval authority is granted to the credit committee, where each member of the credit committee is selected based on quality, experience and business requirements. The provision of funds for the relevant parties shall be approved by the Board of Commissioners and reviewed by the Director of Compliance.

Danamon applies a policy that governs delegation of authority in approving credit wherein every credit is approved by members of the credit committee. The delegation of authority for approvals is made by selecting members on the basis of their personal and professional qualification in addition to experience, judgement and competency. In executing credit authority, the four-eye principle must be applied while decisions to approve credit must be based on a detailed analysis, well documented, and regularly reviewed,

The Bank closely monitors the developments of its loan portfolio, including those of its subsidiaries, which allows the Bank to initiate preventive measures timely, where and when required, in case of credit quality downgrade occurs. It also continues to conduct regular reviews and make adjustments of all relevant policies and processes, including Legal Lending Limit.

Risk Management

2. Credit Concentration Risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Danamon encourages the diversification of its credit portfolio among a variety of geographic areas, industries, credit products, individual obligors, reflecting a well balanced and healthy risk profile, while focusing marketing efforts toward potential industries and customers in order to minimize credit risk. This diversification is based on the Bank's strategy plan, target sector, current economic conditions, government policy, funding sources, and projected growth.

3. Credit Risk Measurement and Control

Danamon closely monitors the performance, as well as events, that may impact the behavior of its loan portfolios, including those of Subsidiaries. Danamon has implemented a robust credit risk stress testing process, which is conducted regularly to anticipate any possible deterioration in the loan portfolio as a result of any changes in economic conditions.

A bankwide review and credit portfolio monitoring is conducted on the Integrated Risk Work Group level. The same is applied to the line of business level (risk-taking units) for each business portfolio.

4. Past due Loans and Impaired Loans

- **Loans Due**

  To recognize past due loans, the Bank uses the Basel II methodology:

  The loan, in full or partial, inclusive and/or interest payment, is already 90 days past due. The interest due is also included in.

- **Impaired Loan**

  a. Assessment of Wholesale segment

  The four major trigger areas of impaired value are:

  1. Repayment Status
     The minimum criteria that can be used as objective evidence for impairment for loans classified as Non Performing Loans after equalization of collectability.
  2. Financial Performance of Debtor
     Significant financial problems experienced by debtor can be studied from the latest financial position, financial ratios, and cash flows forecasts.
  3. Assessment of the Debtor's Repayment Capacity
     Assessment is conducted in the event of contract/credit agreement breach, significant fraud, loss of assets or key customers, legal actions by debtors that may result in bankruptcy.
  4. Restructured Loans
     Factors above are not an exhaustive list. There may be other factors or events that could impair the repayment capacity of the debtor. Thus, the Risk Management in the line of business must prudently

monitor and document any rationale for the classification of impaired loans categories.

Danamon also monitors and clearly documents the rationale for the classification of impaired loan categories.

b. Assessment of Retail Segment

Collective impairment evaluation covers retail and mass-market portfolios that may not be individually evaluated otherwise. Collective classification applies to loan portfolios with similar credit risk characteristics. Usually these homogeneous pool loans are managed by credit programs.

Impaired loan for retail segment are loan with DPD greater than 90 days and restructured bills. The collective classifications must be supported by adequate documentation and assessed periodically. The addition of credit classifications shall be consented by the Integrated Risk Management Head with the approval of a Financial Control Head.

5. Provisioning

The setup of provisions for loans is made through:

- Loan Loss Provision (LLP), as specified in the Code of Indonesia Banking Accounting (PAPI) 2008 applied as of January 2010. Formation of loss reserves using LLP applied for all Line of Business (LOB) (conventional) and Syariah segment for Murabahah product category.
- Provision for Assets (PPA). The formation of PPA is subject to the prevailing provisions of Bank Indonesia. The formation of PPA applies to all Lines of Business and their subsidiaries. PPA is used for the purpose of calculating the Minimum Capital Adequacy Ratio. The formation of PPA also applies to Syariah financing.

6. Loan Loss Provision Loan Impairment

In line with the Code of Indonesia Banking Accounting (PAPI), a calculation arrangement for Loan Loss Provision (LLP) has been set up, hereinafter called Loan Impairment. The calculation of loan loss provisioning, which was originally based on collectability, changed into Value Impairment using the methodology approved by the Board of Directors.

Impairment is a condition where there is objective evidence of unfavorable events as a result of one or more occurring events after the initial recognition of such credits and such unfavorable events impact on the estimation of future cash flows on financial assets or group financial assets, in a manner that can be reliably estimated.

Risk Management

Loan Loss Provision of Credit is a provision formed in the event that the carrying value of the credit is less than the initial carrying value after the impairment value.

The definition of the above-mentioned term is in line with the Code of Indonesia Banking Accounting Assessment for impairment shall be grouped as follows:

a. Individual

The method of individual impairment calculation uses Discounted Cash Flow method. Effective December 2014, Syariah segment uses this calculation method for Murbahah financing on customers with impaired loan accounts and financing limit above Rp10 billion.

b. Collective

For the wholesale segmentation, if there is no objective evidence of loan impairment that is evaluated individually, loans are therefore included in the classification of loans to be evaluated and calculated by using the method of Migration Loss. Bank performs monitoring for classification of loans in the category of unimpaired loans.

For Retail & Mass Market Segments, collective impairment can be assessed using Net Flow Rate methodology or Vintage Analysis methodology.

Particularly for SME segment, the recognition of impairment is carried out under these conditions:

1. Impairment of debtors with facilities above Rp10 billion: the assessment shall be done individually.
2. Debtors with facilities above Rp10 billion with no objective evidence of impairment and all debtors having plafond under Rp10 billion are collectively assessed.

7. Provisioning for Assets (PPA)

Banks are required to calculate PPA against Earning Assets and Non-Earning Assets, in a form of:

a. General reserves for Earning Assets.
b. Special reserves for Earning Assets and Non-Earning Assets.

PPA calculation is at a minimum made in accordance with the Regulations of Bank Indonesia.

PPA general reserve is set at the lowest at 1% (one percent) of all Earning Assets classified as Current.

PPA Special reserve for Earning Assets and Non-Earning Assets is set at the lowest of:

a. 5% (five percent) of Earning Assets classified in Special Mention after deducting the collateral value.
b. 15% (fifteen percent) of Earning Assets and Non-Earning Assets classified as Substandard after deducting the collateral value.

c. 50% (fifty percent) of Earning Assets and Non-Earning Assets classified as Doubtful after deducting the collateral value; or
d. 100% (one hundred percent) of Earning Assets and Non-Earning Assets classified as Poor after deducting the collateral value.

Particularly for Syariah Financing, formation of reserves is implemented as follows:
a. Murabahah Financing is calculated based on the balance of principal cost
b. Murabahah Financing is calculated based on the balance cost
c. Requirements to form a reserve are not applied to the transaction of Ijarah or Ijarah Muntahiya Bittamlik.

Risk Management

8. Disclosure of Credit Risk With Standardized Approach

The following tables disclose some of the quantitative credit risks of Danamon for year 2014.

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

(in million Rp)

No	Portfolio Category	December 31, 2014							
		Net Receivables Based on Region							
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	24,511,012	-	-	-	-	-	-	24,511,012
2	Receivables on Public Sector Entities	589,051	-	-	-	-	-	-	589,051
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-
4	Receivables on Banks	10,699,867	13,234	280,552	51,574	6	4,178	208,528	11,257,939
5	Loans Secured by Residential Property	1,449,818	64,905	151,662	39,831	93,347	102,621	50,256	1,952,440
6	Loans Secured by Commercial Real Estate	692,347	-	114,445	-	-	50,110	-	856,902
7	Employee/Retired Loans	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	13,906,300	3,858,123	6,513,815	5,660,965	3,653,801	9,669,918	4,958,815	48,221,737
9	Receivables on Corporate	44,241,001	2,459,730	5,086,036	2,445,854	3,062,901	5,727,991	2,644,553	65,668,066
10	Past Due Receivables	266,892	99,118	190,821	215,364	143,303	368,465	149,979	1,433,942
11	Other Assets	3,660,883	247,852	540,669	524,851	337,533	685,094	417,480	6,414,362
12	Exposures at Syariah Based Business Activity Unit (if any)	1,819,134	171,077	456,794	93,256	52,642	233,131	95,783	2,921,817
	Total	**101,836,305**	**6,914,039**	**13,334,794**	**9,031,695**	**7,343,533**	**16,841,508**	**8,525,394**	**163,827,268**

Note:
The disclosure on net receivables are conducted for assets exposure in balance sheet, commitments/contigencies exposure for off balance sheet transactions and counterparty credit exposures

December 31, 2013							
Net Receivables Based on Region							
Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
22,612,824	-	-	-	-	-	-	22,612,824
907,848	-	-	-	-	-	-	907,848
-	-	-	-	-	-	-	-
8,897,954	12,455	217,570	78,088	118	7,829	224,695	9,438,709
1,649,699	65,754	104,835	43,085	79,706	99,727	39,152	2,081,958
422,870	-	178,474	-	-	83,665	-	685,009
-	-	-	-	-	-	-	-
13,293,060	3,899,763	6,419,374	5,425,986	3,393,833	9,685,167	4,996,329	47,113,512
39,939,260	2,269,830	4,309,201	2,288,159	3,053,291	5,732,527	2,485,400	60,077,668
238,683	75,142	177,916	149,312	112,464	264,373	172,024	1,189,914
3,576,626	225,086	563,852	576,165	330,860	775,616	462,584	6,510,789
1,747,084	126,023	344,359	112,459	60,578	164,507	77,489	2,632,499
93,285,908	**6,674,053**	**12,315,581**	**8,673,254**	**7,030,850**	**16,813,411**	**8,457,673**	**153,250,730**

Risk Management

2.1.b. Disclosure of Net Receivables Based on Region-Consolidated

(in million Rp)

No	Portfolio Category	December 31, 2014							
		Net Receivables Based on Region							
		Jakarta, Bogor, Tangerang, Karawang, Bekasi and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	24,511,012	-	-	-	-	-	-	24,511,012
2	Receivables on Public Sector Entities	589,051	-	-	-	-	-	-	589,051
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-
4	Receivables on Banks	11,350,172	46,715	317,630	75,947	43,974	33,887	239,928	12,108,253
5	Loans Secured by Residential Property	1,449,818	64,905	151,662	39,831	93,347	102,621	50,256	1,952,440
6	Loans Secured by Commercial Real Estate	692,347	-	114,445	-	-	50,110	-	856,902
7	Employee/Retired Loans	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	21,333,392	6,403,226	10,911,934	9,030,550	6,139,238	14,660,138	8,272,082	76,750,560
9	Receivables on Corporate	44,170,778	2,459,730	5,086,036	2,445,854	3,062,901	5,727,991	2,644,553	65,597,843
10	Past Due Receivables	370,432	145,382	242,680	250,747	181,441	439,321	184,771	1,814,774
11	Other Assets	4,200,635	295,247	617,691	585,437	387,839	789,846	471,629	7,348,324
12	Exposures at Syariah Based Business Activity Unit (if any)	1,819,134	171,077	456,794	93,256	52,642	233,131	95,783	2,921,817
Total		**110,486,771**	**9,586,282**	**17,898,872**	**12,521,622**	**9,961,382**	**22,037,045**	**11,959,002**	**194,450,976**

Note:
The disclosure on net receivables are conducted for assets exposure in balance sheet, commitments/contigencies exposure for off balance sheet transactions and counterparty credit exposures

December 31, 2013							
Net Receivables Based on Region							
Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
22,612,824	-	-	-	-	-	-	22,612,824
907,848	-	-	-	-	-	-	907,848
-	-	-	-	-	-	-	-
9,394,480	56,673	274,570	99,250	49,622	45,564	271,287	10,191,446
1,649,699	65,754	104,835	43,085	79,706	99,727	39,152	2,081,958
422,870	-	178,474	-	-	83,665	-	685,009
-	-	-	-	-	-	-	-
20,813,576	6,524,187	10,986,630	8,659,193	6,129,285	14,762,044	8,308,349	76,183,264
39,902,772	2,269,830	4,309,201	2,288,159	3,053,291	5,732,527	2,485,400	60,041,180
303,034	102,431	219,551	177,699	149,227	330,501	193,765	1,476,208
4,045,782	270,307	648,204	638,024	388,625	882,817	521,710	7,395,469
1,747,084	126,023	344,359	112,459	60,578	164,507	77,489	2,632,499
101,799,969	**9,415,205**	**17,065,824**	**12,017,869**	**9,910,334**	**22,101,352**	**11,897,152**	**184,207,705**

Risk Management

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

(in million Rp)

No.	Portfolio Category	December 31, 2014					
		Net Receivables by Contractual Maturity					
		≤ 1 year	>1-3 Years	>3-5 Years	>5 Years	Non Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	11,348,541	1,652,057	289,027	128,229	11,093,158	24,511,012
2	Receivables on Public Sector Entities	272,924	316,127	-	-	-	589,051
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,582,440	971,418	373,474	281,387	49,220	11,257,939
5	Loans Secured by Residential Property	11,838	246,803	277,020	1,416,777	2	1,952,440
6	Loans Secured by Commercial Real Estate	451,484	95,067	107,877	202,474	-	856,902
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	10,142,835	24,891,005	11,626,599	1,509,225	52,073	48,221,737
9	Receivables on Corporate	47,515,261	7,666,000	6,596,698	3,884,055	6,052	65,668,066
10	Past Due Receivables	261,936	518,224	302,702	67,648	283,432	1,433,942
11	Other Assets	649	-	-	-	6,413,713	6,414,362
12	Exposures at Syariah Based Business Activity Unit (if any)	427,076	904,752	1,088,278	118,471	383,240	2,921,817
	TOTAL	**80,014,984**	**37,261,453**	**20,661,675**	**7,608,266**	**18,280,890**	**163,827,268**

Note:
The disclosure on net receivables are conducted for assets exposure in balance sheet, commitments/contigencies exposure for off balance sheet transactions and counterparty credit exposures

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

(in million Rp)

No.	Portfolio Category	December 31, 2014					
		Net Receivables by Contractual Maturity					
		≤ 1 year	>1-3 Years	>3-5 Years	>5 Years	Non Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on Sovereigns	11,348,541	1,652,057	289,027	128,229	11,093,158	24,511,012
2	Receivables on Public Sector Entities	272,924	316,127	-	-	-	589,051
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	10,121,685	1,282,487	373,474	281,387	49,220	12,108,253
5	Loans Secured by Residential Property	11,838	246,803	277,020	1,416,777	2	1,952,440
6	Loans Secured by Commercial Real Estate	451,484	95,067	107,877	202,474	-	856,902
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	14,580,019	45,086,931	15,522,312	1,509,225	52,073	76,750,560
9	Receivables on Corporate	47,515,261	7,666,000	6,526,475	3,884,055	6,052	65,597,843
10	Past Due Receivables	346,305	791,617	325,772	67,648	283,432	1,814,774
11	Other Assets	299,559	119,224	88,000	301	6,841,240	7,348,324
12	Exposures at Syariah Based Business Activity Unit (if any)	427,076	904,752	1,088,278	118,471	383,240	2,921,817
	TOTAL	**85,374,692**	**58,161,065**	**24,598,235**	**7,608,567**	**18,708,417**	**194,450,976**

Note:
The disclosure on net receivables are conducted for assets exposure in balance sheet, commitments/contigencies exposure for off balance sheet transactions and counterparty credit exposures

	December 31, 2013					
	Net Receivables by Contractual Maturity					
	≤ 1 year	>1-3 Years	>3-5 Years	>5 Years	Non Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	9,019,929	3,055,201	283,016	123,119	10,131,559	22,612,824
	644,675	196,558	66,615	-	-	907,848
	-	-	-	-	-	-
	7,600,412	1,000,435	407,973	317,315	112,574	9,438,709
	8,444	147,725	485,824	1,439,965	-	2,081,958
	450,965	50,243	133,725	50,076	-	685,009
	-	-	-	-	-	-
	11,151,916	23,677,999	10,951,868	1,283,636	48,093	47,113,512
	42,431,763	7,635,621	6,772,788	3,229,014	8,482	60,077,668
	248,370	454,570	245,641	61,520	179,813	1,189,914
	966	1,308	-	-	6,508,515	6,510,789
	469,991	805,076	650,013	9,183	698,236	2,632,499
	72,027,431	**37,024,736**	**19,997,463**	**6,513,828**	**17,687,272**	**153,250,730**

	December 31, 2013					
	Net Receivables by Contractual Maturity					
	≤ 1 year	>1-3 Years	>3-5 Years	>5 Years	Non Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	9,019,929	3,055,201	283,016	123,119	10,131,559	22,612,824
	644,675	196,558	66,615	-	-	907,848
	-	-	-	-	-	-
	8,287,509	1,066,075	407,973	317,315	112,574	10,191,446
	8,444	147,725	485,824	1,439,965	-	2,081,958
	450,965	50,243	133,725	50,076	-	685,009
	-	-	-	-	-	-
	14,865,573	43,494,181	16,491,781	1,283,636	48,093	76,183,264
	42,431,763	7,635,621	6,736,300	3,229,014	8,482	60,041,180
	304,404	658,566	271,905	61,520	179,813	1,476,208
	244,960	149,445	75,820	917	6,924,327	7,395,469
	469,991	805,076	650,013	9,183	698,236	2,632,499
	76,728,213	**57,258,691**	**25,602,972**	**6,514,745**	**18,103,084**	**184,207,705**

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

(in million Rp)

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)
	December 31, 2014				
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	3,775	-	-
7	Wholesale and Retail Trading	-	10,213	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	11,257,939
11	Real Estate, Rental and Business Services	-	273	-	-
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-
13	Education Services	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	-	-	-	-
16	Activities of Households as Employers	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	-	-	-	-
20	Others	24,511,012	574,790	-	-
	Total	**24,511,012**	**589,051**	**-**	**11,257,939**
	December 31, 2013				
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	62,029	-	-
7	Wholesale and Retail Trading	-	11,592	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	9,438,709
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-
13	Education Services	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	-	-	-	-
16	Activities of Households as Employers	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	-	-	-	-
20	Others	22,612,824	834,227	-	-
	Total	**22,612,824**	**907,848**	**-**	**9,438,709**

Note:
1. The disclosure on net receivables are conducted for assets exposure in balance sheet, commitments/contigencies exposure for off balance sheet transactions and counterparty credit exposures
2. Economic sector refers to economic sector used in Laporan Bulanan Bank Umum (LBU). Net Receivables to bank without sector economy information in LBU is classified as "Financial Intermediary", while other than that is classified as "Others"

Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Retired Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate Portfolio	Past Due Receivables	Other Assets	Exposures at Syariah Based Business Activity Unit (if any)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	-	1,389,436	1,533,888	44,023	-	30,206
-	-	-	72,832	5,103	5,779	-	-
-	-	-	17,405	1,369,654	61,165	-	25,517
-	-	-	1,724,061	16,767,153	108,313	-	17,320
-	-	-	3,212	112,739	3	-	-
-	333,749	-	68,016	824,686	25,517	-	67,757
-	-	-	12,885,306	22,045,216	723,015	-	208,780
-	-	-	1,132,193	972,065	39,167	-	435
-	-	-	493,742	4,369,621	29,697	-	54,544
-	-	-	418	1,962,145	-	-	1,913,770
-	523,153	-	773,117	2,865,390	92,126	-	39,249
-	-	-	920	-	-	-	-
-	-	-	23,849	12,669	798	-	-
-	-	-	209,520	9,516	5,265	-	17
-	-	-	1,031,027	243,591	37,552	-	32,999
-	-	-	3,223	-	44	-	27
-	-	-	2,980	-	2	-	-
-	-	-	-	-	-	-	2,115
1,952,440	-	-	26,943,040	1,046,153	261,476	-	70,841
-	-	-	1,447,440	11,528,477	-	6,414,362	458,240
1,952,440	**856,902**	**-**	**48,221,737**	**65,668,066**	**1,433,942**	**6,414,362**	**2,921,817**
-	-	-	1,523,600	1,271,714	53,292	-	-
-	-	-	91,675	9,132	4,895	-	-
-	-	-	23,413	2,149,622	69,246	-	-
-	-	-	1,759,969	17,080,430	63,301	-	-
-	-	-	4,356	14,376	10	-	-
-	304,491	-	63,674	781,480	3,763	-	-
-	-	-	13,369,059	19,656,462	559,542	-	54,771
-	-	-	1,105,824	766,339	28,963	-	39
-	-	-	436,829	4,145,781	20,527	-	1,460,091
-	-	-	864	2,194,044	-	-	149,263
-	380,518	-	873,380	3,427,857	67,236	-	-
-	-	-	935	-	-	-	-
-	-	-	20,620	10,164	3,763	-	-
-	-	-	195,851	122,570	5,155	-	-
-	-	-	994,674	212,832	30,426	-	-
-	-	-	4,794	-	331	-	-
-	-	-	5,251	-	32	w-	-
-	-	-	-	-	-	-	173,515
2,081,958	-	-	25,272,006	945,639	279,432	-	20,342
-	-	-	1,366,738	7,289,226	-	6,510,789	774,478
2,081,958	**685,009**	**-**	**47,113,512**	**60,077,668**	**1,189,914**	**6,510,789**	**2,632,499**

2.3.b. Disclosure of Net Receivables Based on Economic Sector-Consolidated

(in million Rp)

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)
	December 31, 2014				
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	3,775	-	-
7	Wholesale and Retail Trading	-	10,213	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	12,108,253
11	Real Estate, Rental and Business Services	-	273	-	-
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-
13	Education Services	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	-	-	-	-
16	Activities of Households as Employers	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	-	-	-	-
20	Others	24,511,012	574,790	-	-
	Total	**24,511,012**	**589,051**	**0**	**12,108,253**
	December 31, 2013				
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	62,029	-	-
7	Wholesale and Retail Trading	-	11,592	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	10,191,446
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-
13	Education Services	-	-	-	-
14	Human Health and Social Work Activities	-	-	-	-
15	Public, Socio-Culture, Entertainment and Other Personal Services	-	-	-	-
16	Activities of Households as Employers	-	-	-	-
17	International Institution and Other Extra International Agencies	-	-	-	-
18	Undefined Activities	-	-	-	-
19	Non Business Field	-	-	-	-
20	Others	22,612,824	834,227	-	-
	Total	**22,612,824**	**907,848**	**-**	**10,191,446**

Note:

1. The disclosure on net receivables are conducted for assets exposure in balance sheet, commitments/contigencies exposure for off balance sheet transactions and counterparty credit exposures
2. Economic sector refers to economic sector used in Laporan Bulanan Bank Umum (LBU). Net Receivables to bank without sector economy information in LBU is classified as “Financial Intermediary”, while other than that is classified as “Others”

Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Retired Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate Portfolio	Past Due Receivables	Other Assets	Exposures at Syariah Based Business Activity Unit (if any)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	-	1,389,436	1,533,888	44,023	-	30,206
-	-	-	72,832	5,103	5,779	-	0
-	-	-	17,405	1,369,654	61,165	-	25,517
-	-	-	1,724,061	16,767,153	108,313	-	17,320
-	-	-	3,212	112,739	3	-	-
-	333,749	-	68,016	824,686	25,517	-	67,757
-	-	-	12,885,306	22,045,216	723,015	-	208,780
-	-	-	1,132,193	972,065	39,167	-	435
-	-	-	493,742	4,369,621	29,697	-	54,544
-	-	-	-418	1,962,145	-	-	1,913,770
-	523,153	-	773,117	2,865,390	92,126	-	39,249
-	-	-	920	-	-	-	-
-	-	-	23,849	12,669	798	-	-
-	-	-	209,520	9,516	5,265	-	17
-	-	-	1,031,027	243,591	37,552	-	32,999
-	-	-	3,223	-	44	-	27
-	-	-	2,980	-	2	-	-
-	-	-	-	-	-	-	2,115
1,952,440	-	-	55,471,863	1,046,153	642,308	-	70,841
-	-	-	1,447,440	11,458,254	-	7,348,324	458,240
1,952,440	**856,902**	**-**	**76,750,560**	**65,597,843**	**1,814,774**	**7,348,324**	**2,921,817**
-	-	-	1,523,600	1,271,714	53,292	-	-
-	-	-	91,675	9,132	4,895	-	-
-	-	-	23,413	2,149,622	69,246	-	-
-	-	-	1,759,969	17,080,430	63,301	-	-
-	-	-	4,356	14,376	10	-	-
-	304,491	-	63,674	781,480	3,763	-	-
-	-	-	13,369,059	19,656,462	559,542	-	54,771
-	-	-	1,105,824	766,339	28,963	-	39
-	-	-	436,829	4,145,781	20,527	-	1,460,091
-	-	-	864	2,194,044	-	-	149,263
-	380,518	-	873,380	3,427,857	67,236	-	-
-	-	-	935	-	-	-	-
-	-	-	20,620	10,164	3,763	-	-
-	-	-	195,851	122,570	5,155	-	-
-	-	-	994,674	212,832	30,426	-	-
-	-	-	4,794	-	331	-	-
-	-	-	5,251	-	32	-	-
-	-	-	-	-	-	-	173,515
2,081,958	-	-	54,341,758	945,639	565,726	-	20,342
-	-	-	1,366,738	7,252,738	-	7,395,469	774,478
2,081,958	**685,009**	**-**	**76,183,264**	**60,041,180**	**1,476,208**	**7,395,469**	**2,632,499**

Risk Management

2.4.a. Disclosure of Receivables and Provisioning Based on Region-Bank Stand Alone
(in million Rp)

No	Portfolio Category	December 31, 2014							
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables	103,087,650	7,010,578	13,485,087	9,219,221	7,450,247	17,126,773	8,695,419	166,074,975
2	Impaired Receivables								
	a. Non Past Due	1,549,275	114,476	209,369	232,891	228,021	385,247	186,357	2,905,636
	b. Past Due	412,325	145,536	251,227	291,972	168,082	348,003	212,141	1,829,286
3	Allowance for Impairment Losses-Individual	521,129	-	10,091	5,959	40,562	9,599	6,196	593,536
4	Allowance for Impairment Losses-Collective	823,806	165,399	276,899	232,554	120,999	385,894	230,936	2,236,487
5	Written-Off Receivables	631,265	218,046	358,394	256,279	154,201	510,771	302,322	2,431,278

2.4.b. Disclosure of Receivables and Provisioning Based on Region-Consolidated
(in million Rp)

No	Portfolio Category	December 31, 2014							
		Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables	111,140,917	9,724,508	18,106,516	12,740,519	10,099,906	22,389,213	12,166,308	196,367,887
2	Impaired Receivables	-	-	-	-	-	-	-	
	a. Non Past Due	1,554,335	114,774	210,394	245,831	270,376	408,606	202,473	3,006,789
	b. Past Due	562,655	212,413	327,572	349,302	266,919	464,052	301,196	2,484,109
3	Allowance for Impairment Losses-Individual	521,129	-	10,091	5,959	40,562	9,599	6,196	593,536
4	Allowance for Impairment Losses-Collective	1,117,793	284,981	468,560	328,840	220,065	596,234	366,404	3,382,877
5	Written-Off Receivables	631,265	218,046	358,394	256,279	154,201	510,771	302,322	2,431,278

	December 31, 2013							
	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	93,661,060	6,745,819	12,419,401	8,797,261	7,102,832	17,038,939	8,617,494	154,382,806
	-	-	-	-	-	-	-	-
	831,906	96,698	121,603	217,727	205,472	216,338	183,028	1,872,772
	588,410	110,169	222,518	209,345	128,964	349,602	241,193	1,850,201
	296,071	-	-	1,156	7,778	25,891	3,097	333,993
	787,655	143,006	262,370	167,760	114,417	316,779	235,789	2,027,776
	910,773	233,729	369,582	213,332	185,744	547,974	349,692	2,810,826

	December 31, 2013							
	Jakarta, Bogor, Tangerang, Karawang, Bekasi, and Lampung	West Java	East Java, Bali, NTT, and NTB	Sulawesi, Maluku, and Papua	Kalimantan	Sumatera	Central Java and Yogyakarta	Total
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	101,567,115	9,510,378	17,208,209	12,163,399	10,008,031	22,379,761	12,078,376	184,915,269
	-	-	-	-	-	-	-	
	841,421	98,184	124,728	226,523	221,619	232,533	185,275	1,930,283
	686,710	148,869	281,290	254,472	187,966	445,828	273,664	2,278,799
	296,071	-	-	1,156	7,778	25,891	3,097	333,993
	1,029,176	237,103	421,782	238,211	202,808	487,765	338,882	2,955,727
	910,773	233,729	369,582	213,332	185,744	547,974	349,692	2,810,826

Risk Management

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

December 31, 2014 (in million Rp)

No	Economic Sectors	Receivables	Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written-Off Receivables
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture, Hunting and Forestry	3,049,426	81,526	82,975	-	67,186	133,197
2	Fishery	89,319	7,330	10,011	-	5,863	8,854
3	Mining and Quarrying	1,891,046	817,213	25,097	410,127	14,177	12,254
4	Manufacturing	18,730,226	368,130	93,137	87,401	193,868	148,836
5	Electricity, Gas and Water	115,962	63	5	-	674	-
6	Construction	1,342,479	4,526	31,099	14,618	10,720	2,351
7	Wholesale and Retail Trading	36,506,047	794,918	786,135	10,831	786,619	944,332
8	Hotel and Food & Beverage	2,187,148	63,855	52,823	-	52,123	64,581
9	Transportation, Warehousing and Communications	5,007,677	402,504	55,828	40,667	51,609	22,920
10	Financial Intermediary	14,982,708	2,618	10,308	-	40,320	2
11	Real Estate, Rental and Business Services	4,353,707	190,522	119,835	29,821	70,341	55,639
12	Public Administration, Defense and Compulsory Social Security	920	-	-	-	4	-
13	Education Services	37,773	1,949	727	-	587	304
14	Health Services and Social Activity	228,072	9,452	6,324	-	4,378	6,387
15	Public, Socio-Culture, Entertainment and Other Personal Services	1,391,075	90,527	67,446	71	50,986	60,989
16	Personal Services Serving Households	3,748	1,808	453	-	473	155
17	International Institution and Other Extra International Agencies	4,524	2,994	1,464	-	1,558	234
18	Undefined Activities	2,130	-	-	-	21	354
19	Non Business Field	30,677,848	65,701	465,120	-	855,875	962,412
20	Others	45,473,140	-	20,499	-	29,105	7,477
	Total	**166,074,975**	**2,905,636**	**1,829,286**	**593,536**	**2,236,487**	**2,431,278**

December 31, 2013 (in million Rp)

No	Economic Sectors	Receivables	Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written-Off Receivables
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture, Hunting and Forestry	2,907,337	50,239	98,663	20,532	52,472	76,912
2	Fishery	109,381	5,373	7,620	-	3,972	10,936
3	Mining and Quarrying	2,462,951	521,117	201,277	265,249	21,722	3,504
4	Manufacturing	18,965,305	156,403	83,439	1,170	219,338	523,769
5	Electricity, Gas and Water	18,775	51	12	-	108	85
6	Construction	1,218,003	46,208	1,420	463	8,210	7,935
7	Wholesale and Retail Trading	34,126,817	575,709	692,848	18,753	625,364	856,053
8	Hotel and Food & Beverage	1,928,288	44,454	44,484	-	38,205	55,472
9	Transportation, Warehousing and Communications	6,072,775	141,228	23,741	1,723	85,218	20,795
10	Financial Intermediary	11,653,886	-	-	-	26,707	332
11	Real Estate, Rental and Business Services	4,749,768	193,193	96,894	2,812	52,182	75,317
12	Public Administration, Defense and Compulsory Social Security	935	-	-	-	4	-
13	Education Services	35,724	1,069	810	-	1,287	750
14	Health Services and Social Activity	327,640	6,827	7,367	-	5,028	5,897
15	Public, Socio-Culture, Entertainment and Other Personal Services	1,275,043	67,778	52,038	-	41,510	58,416
16	Personal Services Serving Households	5,269	2,991	89	-	158	600
17	International Institution and Other Extra International Agencies	5,356	5,221	-	-	96	201
18	Undefined Activities	201,740	-	-	-	561	118
19	Non Business Field	28,951,018	54,911	429,633	-	819,542	1,104,658
20	Others	39,366,795	-	109,866	23,291	26,092	9,076
	Total	**154,382,806**	**1,872,772**	**1,850,201**	**333,993**	**2,027,776**	**2,810,826**

Risk Management

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

December 31, 2014 (in million Rp)

No	Economic Sectors	Receivables	Impaired Receivables		Allowance for Impairment Losses-Individual	Allowance for Impairment Losses-Collective	Written-Off Receivables
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture, Hunting and Forestry	3,049,426	81,526	82,975	-	67,186	133,197
2	Fishery	89,319	7,330	10,011	-	5,863	8,854
3	Mining and Quarrying	1,891,046	817,213	25,097	410,127	14,177	12,254
4	Manufacturing	18,730,226	368,130	93,137	87,401	193,868	148,836
5	Electricity, Gas and Water	115,962	63	5	-	674	-
6	Construction	1,342,479	4,526	31,099	14,618	10,720	2,351
7	Wholesale and Retail Trading	36,506,047	794,918	786,135	10,831	786,619	944,332
8	Hotel and Food & Beverage	2,187,148	63,855	52,823	-	52,123	64,581
9	Transportation, Warehousing and Communications	5,007,677	402,504	55,828	40,667	51,609	22,920
10	Financial Intermediary	15,509,567	2,618	10,308	-	40,320	2
11	Real Estate, Rental and Business Services	4,353,707	190,522	119,835	29,821	70,341	55,639
12	Public Administration, Defense and Compulsory Social Security	920	-	-	-	4	-
13	Education Services	37,773	1,949	727	-	587	304
14	Health Services and Social Activity	228,072	9,452	6,324	-	4,378	6,387
15	Public, Socio-Culture, Entertainment and Other Personal Services	1,391,075	90,527	67,446	71	50,986	60,989
16	Personal Services Serving Households	3,748	1,808	453	-	473	155
17	International Institution and Other Extra International Agencies	4,524	2,994	1,464	-	1,558	234
18	Undefined Activities	2,130	-	-	-	21	354
19	Non Business Field	59,950,480	166,854	1,119,943	-	2,002,265	962,412
20	Others	45,966,561	-	20,499	-	29,105	7,477
	Total	**196,367,887**	**3,006,789**	**2,484,109**	**593,536**	**3,382,877**	**2,431,278**

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December 31, 2013 (in million Rp)

No	Economic Sectors	Receivables	Impaired Receivables		Allowance for Impairment Losses- Individual	Allowance for Impairment Losses- Collective	Written-Off Receivables
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture, Hunting and Forestry	2,907,337	50,239	98,663	20,532	52,472	76,912
2	Fishery	109,381	5,373	7,620	-	3,972	10,936
3	Mining and Quarrying	2,462,951	521,117	201,277	265,249	21,722	3,504
4	Manufacturing	18,965,305	156,403	83,439	1,170	219,338	523,769
5	Electricity, Gas and Water	18,775	51	12	-	108	85
6	Construction	1,218,003	46,208	1,420	463	8,210	7,935
7	Wholesale and Retail Trading	34,126,817	575,709	692,848	18,753	625,364	856,053
8	Hotel and Food & Beverage	1,928,288	44,454	44,484	-	38,205	55,472
9	Transportation, Warehousing and Communications	6,072,775	141,228	23,741	1,723	85,218	20,795
10	Financial Intermediary	12,327,974	-	-	-	26,707	332
11	Real Estate, Rental and Business Services	4,749,768	193,193	96,894	2,812	52,182	75,317
12	Public Administration, Defense and Compulsory Social Security	935	-	-	-	4	-
13	Education Services	35,724	1,069	810	-	1,287	750
14	Health Services and Social Activity	327,640	6,827	7,367	-	5,028	5,897
15	Public, Socio-Culture, Entertainment and Other Personal Services	1,275,043	67,778	52,038	-	41,510	58,416
16	Personal Services Serving Households	5,269	2,991	89	-	158	600
17	International Institution and Other Extra International Agencies	5,356	5,221	-	-	96	201
18	Undefined Activities	201,740	-	-	-	561	118
19	Non Business Field	58,553,661	112,422	858,232	-	1,747,493	1,104,658
20	Others	39,622,527	-	109,865	23,291	26,092	9,076
	Total	**184,915,269**	**1,930,283**	**2,278,799**	**333,993**	**2,955,727**	**2,810,826**

Risk Management

2.6.a. Disclosure of Movements Details of Loan Loss Provision-Bank Stand Alone

(in million Rp)

No	Description	December 31, 2014		December 31, 2013	
		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	333,993	2,027,775	559,207	1,788,189
2	Additional/reversal allowance for impairment losses during the year (net)	381,476	1,936,351	273,626	1,793,666
3	Allowance for impairment losses used to cover written off receivables during the year	(108,870)	(2,322,408)	(530,808)	(2,280,018)
4	Others additional allowance during the year	(13,063)	594,769	31,968	725,939
Ending Balance of Allowance for Impairment Losses		**593,536**	**2,236,487**	**333,993**	**2,027,776**

2.6.b. Disclosure of Movements Details of Loan Loss Provision-Consolidated

(in million Rp)

No	Description	December 31, 2014		December 31, 2013	
		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	333,993	2,955,726	559,207	2,559,170
2	Additional/reversal allowance for impairment losses during the year (net)	381,476	3,760,378	273,626	3,088,174
3	Allowance for impairment losses used to cover written off receivables during the year	(108,870)	(3,927,996)	(530,808)	(3,417,556)
4	Others additional allowance during the year	(13,063)	594,769	31,968	725,939
Ending Balance of Allowance for Impairment Losses		**593,536**	**3,382,877**	**333,993**	**2,955,727**

9. Disclosure of Credit Risk With Standardized Approach

Danamon currently complies with the prevailing regulation of Bank Indonesia on Risk Weighted Assets calculation using the standardized approach, in line with PBI No.10/18/2008, ratified on 24 September 2008.

RWA calculation with standardized approach in general is based on the calculation of ratings issued by rating agencies recognized by Bank Indonesia.

Use of Ratings

Danamon currently only uses ratings for securities portfolios. The ratings used by the Bank at present are the current ratings issued by agencies recognized by Bank Indonesia in line with Bank Indonesia's regulation, namely Pefindo, Standard & Poor's, and Moody's.

The determination of risk weights on the loans in the form of securities is based on the issue of ratings: if the securities do not have a rating then the specifying of risk weight is based on the receivables without ratings.

3.1.a. Disclosure of Net Receivables based on Portfolio Categories and Ratings-Bank Stand Alone

December 31, 2014 (in million Rp)

	Portfolio Category	Rating Company	Long Term Rating			
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
(1)	**(2)**	**(3)**	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	9,738,858
2	Receivables on Public Sector Entities		179,511	131,236	-	171,510
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		674,958	129,315	-	100,335
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Retired Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		560,291	482,942	679,484	-
10	Past Due Receivables					
11	Other Assets					
12	Exposures at Syariah Based Business Activity Unit (if any)		50,000	-	25,000	-
	TOTAL		**1,464,760**	**743,493**	**704,484**	**10,010,703**

December 31, 2013 (in million)

	Portfolio Category	Rating Company	Long Term Rating			
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
(1)	**(2)**	**(3)**	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	8,678,936
2	Receivables on Public Sector Entities		201,583	110,471	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		758,930	191,180	-	45,904
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Retired Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		-	812,072	478,203	-
10	Past Due Receivables					
11	Other Assets					
12	Exposures at Syariah Based Business Activity Unit (if any)		-	50,000	25,000	-
	TOTAL		**960,513**	**1,163,723**	**503,203**	**8,724,840**

Note:
The disclosure on net receivables are conducted for assets exposure in balance sheet, commitments/contigencies exposure for off balance sheet transactions and counterparty credit exposures

	Net Receivables								
				Short Term Rating				Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	id BB+ s.d id BB-	id B+ s.d id B-	Lower than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	14,772,154	24,511,012
	-	-	-	-	-	-	-	106,794	589,051
	-	-	-	-	-	-	-	-	-
	89,675	-	-	-	-	-	-	10,263,656	11,257,939
								1,952,440	1,952,440
								856,902	856,902
								-	-
								48,221,737	48,221,737
	60,893	-	-	-	-	-	-	63,884,456	65,668,066
								1,433,942	1,433,942
								6,414,362	6,414,362
	-	-	20,000	-	-	-	-	2,826,817	2,921,817
	150,568	**-**	**20,000**	**-**	**-**	**-**	**-**	**150,733,260**	**163,827,268**

	Net Receivables								
				Short Term Rating				Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	id BB+ s.d id BB-	id B+ s.d id B-	Lower than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	13,933,888	22,612,824
	80,176	-	-	-	-	-	-	515,618	907,848
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	8,442,695	9,438,709
								2,081,958	2,081,958
								685,009	685,009
								-	-
								47,113,512	47,113,512
	-	-	-	-	-	-	-	58,787,393	60,077,668
								1,189,914	1,189,914
								6,510,789	6,510,789
	-	-	-	-	-	-	-	2,557,499	2,632,499
	80,176	**-**	**-**	**-**	**-**	**-**	**-**	**141,818,275**	**153,250,730**

3.1.b. Disclosure of Net Receivables based on Portfolio Categories and Ratings-Consolidated.

December 31, 2014 (in million Rp)

Portfolio Category		Rating Company	Long Term Rating			
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	9,738,858
2	Receivables on Public Sector Entities		179,511	131,236	-	171,510
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		674,958	129,315	-	100,335
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Retired Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		560,291	482,942	679,484	-
10	Past Due Receivables					
11	Other Assets					
12	Exposures at Syariah Based Business Activity Unit (if any)		50,000	-	25,000	-
	TOTAL		**1,464,760**	**743,493**	**704,484**	**10,010,703**

December 31, 2013 (in million Rp)

Portfolio Category		Rating Company	Long Term Rating			
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on Sovereigns		-	-	-	8,678,936
2	Receivables on Public Sector Entities		201,583	110,471	-	-
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		758,930	191,180	-	45,904
5	Loans Secured by Residential Property					
6	Loans Secured by Commercial Real Estate					
7	Employee/Retired Loans					
8	Receivables on Micro, Small Business & Retail Portfolio					
9	Receivables on Corporate		-	812,072	478,203	-
10	Past Due Receivables					
11	Other Assets					
12	Exposures at Syariah Based Business Activity Unit (if any)		-	50,000	25,000	-
	TOTAL		**960,513**	**1,163,723**	**503,203**	**8,724,840**

Note:
The disclosure on net receivables are conducted for assets exposure in balance sheet, commitments/contigencies exposure for off balance sheet transactions and counterparty credit exposures

Net Receivables	Short Term Rating							Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Lower than [Idr] B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	id BB+ s.d id BB-	id B+ s.d id B-	Lower than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	14,772,154	24,511,012
	-	-	-	-	-	-	-	106,794	589,051
	-	-	-	-	-	-	-	-	-
	89,675	-	-	-	-	-	-	11,113,970	12,108,253
								1,952,440	1,952,440
								856,902	856,902
								-	-
								76,750,560	76,750,560
	60,893	-	-	-	-	-	-	63,814,233	65,597,843
								1,814,774	1,814,774
								7,348,324	7,348,324
	-	-	20,000	-	-	-	-	2,826,817	2,921,817
	150,568	**-**	**20,000**	**-**	**-**	**-**	**-**	**181,356,968**	**194,450,976**

Net Receivables	Short Term Rating							Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Lower than [Idr] B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	id BB+ s.d id BB-	id B+ s.d id B-	Lower than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	13,933,888	22,612,824
	80,176	-	-	-	-	-	-	515,618	907,848
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	9,195,432	10,191,446
								2,081,958	2,081,958
								685,009	685,009
								-	-
								76,183,264	76,183,264
	-	-	-	-	-	-	-	58,750,905	60,041,180
								1,476,208	1,476,208
								7,395,469	7,395,469
	-	-	-	-	-	-	-	2,557,499	2,632,499
	80,176	**-**	**-**	**-**	**-**	**-**	**-**	**172,775,250**	**184,207,705**

Risk Management

10. Credit Risk Due to Failure of Counterparty

Counterparty Credit Risk arises from the type of transactions that generally are affected by the following characteristics:

- Transactions affected by the movements of fair value or market value.
- Fair value of transactions is affected by the movements of certain market variables.
- Transactions resulting in exchange of cash flows or financial instruments.
- Bilateral in nature.

One of the transactions that cause counterparty credit risk due to counterparty failure is a derivative transaction of over the counter (OTC) transactions and repo/reverse transactions, for both the position of Trading Book and Banking Book.

For both Repo and Reverse Repo transactions, the Bank refers to in SEBI No.13/6/DPNP on Guidelines on Risk Weighted Assets calculation for Credit Risk, based on a Standardized Approach. For Repo Transactions, Bank recorded the positive difference between the net carrying values of securities as the underlying repo with carrying values of obligated repo. Net carrying value is the value recorded after deducting loan loss provisions from securities.

As for Reverse Repo Transactions, Bank recorded reverse repo receivables after deducting the loan loss provisions from receivables.

The following tables present the disclosure of counterparty credit risk.

Table 3.2.a. Disclosure of counterparty credit risk: Derivative Transactions

(in million Rp)

No	Underlying Variables	December 31, 2014							
		Notional Amount			Derivative Receivables	Derivative Liabilities	Net Receivables before CRM	CRM	Net Receivables after CRM
		≤1 year	>1 year-≤5 years	>5 years					
BANK STAND ALONE									
1	Interest Rate	305,573	1,868,531	-	1,385	22	10,728	-	10,728
2	Exchange Rate	7,441,175	1,713,258	-	240,882	101,416	400,957	-	400,957
3	Others								
	TOTAL	**7,746,748**	**3,581,789**	**-**	**242,267**	**101,438**	**411,684**	**-**	**411,684**
CONSOLIDATED									
1	Interest Rate	1,544,073	7,524,348	-	1,385	22	39,007	-	39,007
2	Exchange Rate	8,679,675	7,369,075	-	459,906	129,239	915,157	-	915,157
3	Shares								
4	Gold								
5	Metal other than Gold								
6	Others								
	TOTAL	**10,223,748**	**14,893,423**	**-**	**461,291**	**129,261**	**954,163**	**-**	**954,163**

(in million Rp)

No	Underlying Variables	December 31, 2013							
		Notional Amount			Derivative Receivables	Derivative Liabilities	Net Receivables before CRM	CRM	Net Receivables after CRM
		≤1 year	>1 year-≤5 years	>5 years					
BANK STAND ALONE									
1	Interest Rate	1,589,172	1,685,125	-	4,295	177	12,721	-	12,721
2	Exchange Rate	10,200,156	1,484,740	-	735,705	456,034	911,944	-	911,944
3	Others								
	TOTAL	**11,789,328**	**3,169,865**	**-**	**740,000**	**456,211**	**924,664**	**-**	**924,664**
CONSOLIDATED									
1	Interest Rate	4,099,235	2,658,725	-	4,295	177	17,589	-	17,589
2	Exchange Rate	12,710,219	2,458,340	-	1,170,222	458,673	1,420,241	-	1,420,241
3	Shares								
4	Gold								
5	Metal other than Gold								
6	Others								
	TOTAL	**16,809,454**	**5,117,065**	**-**	**1,174,517**	**458,850**	**1,437,830**	**-**	**1,437,830**

Risk Management

3.2.b.1. Disclosure of counterparty credit risk: Repo transactions-Bank Stand Alone

(in million Rp)

No	Portfolio Category	December 31, 2014				December 31, 2013			
		Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivables	RWA	Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	933,094	750,000	183,094	-	937,500	759,245	178,255	-
2	Receivables on Public Sector Entities								
3	Receivables on Multilateral Development Banks and International Institutions								
4	Receivables on Banks								
5	Receivables on Micro, Small Business & Retail Portfolio								
6	Receivables on Corporate								
7	Exposures at Syariah Business Unit (if any)								
	TOTAL	**933,094**	**750,000**	**183,094**	**-**	**937,500**	**759,245**	**178,255**	**-**

3.2.b.2. Disclosure of counterparty credit risk: Repo transactions-Consolidated

(in million Rp)

No	Portfolio Category	December 31, 2014				December 31, 2013			
		Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivables	RWA	Fair Value of Securities Sold Under Repo Agreement	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	933,094	750,000	183,094	-	937,500	759,245	178,255	-
2	Receivables on Public Sector Entities								
3	Receivables on Multilateral Development Banks and International Institutions								
4	Receivables on Banks								
5	Receivables on Micro, Small Business & Retail Portfolio								
6	Receivables on Corporate								
7	Exposures at Syariah Business Unit (if any)								
	TOTAL	**933,094**	**750,000**	**183,094**	**-**	**937,500**	**759,245**	**178,255**	**-**

3.2.c.1. Disclosure of counterparty credit risk: Reverse Repo transactions-Bank Stand Alone

(in million Rp)

No	Portfolio Category	December 31, 2014				December 31, 2013			
		Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM	Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	542,833	-	542,833	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-	-	-	-
7	Exposures at Syariah Business Unit (if any)								
	TOTAL	**542,833**	**-**	**542,833**	**-**	**-**	**-**	**-**	**-**

3.2.c.2. Disclosure of counterparty credit risk: Reverse Repo transactions-Consolidated

(in million Rp)

No	Portfolio Category	December 31, 2014				December 31, 2013			
		Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM	Net Receivables	CRM Value	Net Receivables after CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivables on Sovereigns	542,833	-	542,833	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	-	-	-	-	-	-	-
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	-	-
6	Receivables on Corporate	-	-	-	-	-	-	-	-
7	Exposures at Syariah Business Unit (if any)								
	TOTAL	**542,833**	**-**	**542,833**	**-**	**-**	**-**	**-**	**-**

Risk Management

11. Credit Risks Mitigation Disclosure

Danamon takes into consideration the collateral availability as one of credit mitigation technique. The main purpose of the collateral is to limit the risk of loss if counterparty is unable to fulfill its obligations to the Bank and to protect against future risks that are unexpected and associated with credit exposure. However, the Bank does not consider collateral as a sole basis of credit decision-making, nor as a main source of loan payment.

Danamon has collateral policies and specifies the accepted collateral, amongst others:

a. Movable Asset
   1. Cash and cash equivalent collateral
   2. Securities of Government and Bank Indonesia
   3. Standby L/C of prime bank.

b. Immovable Asset
   1. Land and building
   2. Planted machines.

c. Guarantee
   1. Personal Guarantee
   2. Corporate Guarantee

Collateral assessment can be done by an internal or external appraisers. For the assessment, Danamon will always ensure appraisers have the knowledge, education, and experience in the field of collaterals. Bank external appraisers shall have good qualifications and may not have a relationship with the borrower. The external appraisers are appointed by the Bank.

If, after the assessment, there is a difference in results between internal and external assessors, then the value used is the most conservative value. The results of the assessment shall be documented in the Credit Archives.

If there is a change of collateral, Bank shall reassess the collateral. Depending on the type of changes, the appraisers need to adjust the parts relevant to the changes, and perform adjustments and update the prepared assessment reports. The absence of presence of changes in collateral value shall be completely documented.

Assessment of collateral is performed in the initial period of credit, and reassessed periodically, in accordance with the provision of collateral as a PPA deduction. For collateral that is used as a deducting factor for the formation of reserves, the assessment of collateral for credit facilities of more than Rp. 5 billion is done by an independent external appraisers.

Credit Risk Mitigation Methods for Standardized Approach

To calculate the credit risk mitigation as a deduction to Risk Weighted Assets (Credit Risk), Bank uses MRK-Collateral techniques. The eligible type of collateral is the type of financial collateral which complies with the regulation of Bank Indonesia; namely, cash, savings, current accounts, savings deposits, security deposits, gold and securities that have certain criteria set by 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.

Risk Management

4.1.a. Disclosure of Net Receivables Based on Risk Weighted Assets After Calculating the Credit Risk Mitigation Impacts-Bank Stand Alone

(in million rupiah)

No.	Portfolio Category	December 31, 2014										
		Net Receivables After Calculating the Credit Risk Mitigation Impacts										RWA
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
A	**Exposure on Balance Sheet**											
1	Receivables on Sovereigns	23,742,503										-
2	Receivables on Public Sector Entities	-	310,747	-	-	-	258,458	-	-	-		191,378
3	Receivables on Multilateral Development Banks and International Institutions	-										-
4	Receivables on Banks	19,125	8,073,751	-	-	-	2,728,117	-	89,675	-		3,068,484
5	Loans Secured by Residential Property	-	-	1,781,276	167,953	-	-	-	-	-		690,628
6	Loans Secured by Commercial Real Estate	131,880	-	-	-	-	-	-	725,022	-		725,021
7	Employee/Pensioner Loans	-										-
8	Receivables on Micro, Small Business & Retail Portfolio	117,316	-	-	-	-	-	46,811,657	-	-		35,108,742
9	Receivables on Corporate	2,125,388	1,043,233	-	-	-	679,484	-	59,352,561	-		59,900,949
10	Past Due Receivables	-	-	-	-	-	-	-	23,584	1,410,358		2,139,121
11	Other Assets	2,712,740							3,697,243	4,379		3,703,812
12	Exposures at Syariah Business Unit (if any)	390,504	240,607	16,213	-	-	75,000	-	2,139,106	-	60,387	2,281,730
	Total Exposure on Balance Sheet	**29,239,456**	**9,668,338**	**1,797,489**	**167,953**	**-**	**3,741,059**	**46,811,657**	**66,027,191**	**1,414,737**	**60,387**	**107,809,865**
B	**Commitments/Contigencies Exposure for Off Balance Sheet Transactions**											
1	Receivables on Sovereigns	-										-
2	Receivables on Public Sector Entities	64	-	-	-	-	17,899	-	-	-		8,949
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-		-
4	Receivables on Banks	-	7,242	-	-	-	7,218	-	-	-		5,057
5	Loans Secured by Residential Property	-	-	3,211	-	-	-	-	-	-		1,124
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-		-
7	Employee/Pensioner Loans	-										-
8	Receivables on Micro, Small Business & Retail Portfolio	69,110	-	-	-	-	-	1,219,429	-	-		914,572
9	Receivables on Corporate	610,086	-	-	-	-	-	-	1,827,130	-		1,827,131
10	Past Due Receivables	-	-	-	-	-	-	-	-	-		-
11	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-	-	-	-	-	-
	Total Commitments/Contigencies Exposure for Off Balance Sheet Transactions	**679,260**	**7,242**	**3,211**	**-**	**-**	**25,117**	**1,219,429**	**1,827,130**	**-**	**-**	**2,756,833**
C	**Exposure on Counterparty Credit Risk**											
1	Receivables on Sovereigns	768,509										-
2	Receivables on Public Sector Entities	-	-	-	-	-	1,883	-	-	-		941
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-		-
4	Receivables on Banks	-	26,879	-	-	-	305,932	-	-	-		158,343
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	4,225	-	-		3,169
6	Receivables on Corporate	-	-	-	-	-	-	-	30,184	-		30,184
7	Exposures at Syariah Business Unit (if any)	-										-
	Total Counterparty Credit Risk Exposures	**768,509**	**26,879**	**-**	**-**	**-**	**307,815**	**4,225**	**30,184**	**-**	**-**	**192,637**

Capital Charge (9% x RWA)	December 31, 2013										RWA	Capital Charge (9% x RWA)
	Net Receivables After Calculating the Credit Risk Mitigation Impacts											
	0%	20%	35%	40%	45%	50%	75%	100%	150%	Others		
(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
-	21,947,312										-	-
17,224	-	312,055	-	-	-	474,607	-	80,176	-		379,891	34,190
-	-										-	-
276,164	15,900	8,194,542	-	-	-	816,565	-	-	-		2,047,191	184,247
62,157	-	-	1,791,236	288,457	-	-	-	-	-		742,315	66,808
65,252	170,892	-	-	-	-	-	-	514,117	-		514,117	46,271
-	-										-	-
3,159,787	139,901	-	-	-	-	-	45,772,133	-	-		34,329,100	3,089,619
5,391,085	2,244,976	812,072	-	-	-	478,203	-	54,148,506	-		54,550,021	4,909,502
192,521	-	-	-	-	-	-	-	16,995	1,172,919		1,776,373	159,874
333,343	2,782,603							3,714,480	13,706		3,735,039	336,154
205,356	815,174	199,263	19,832	-	-	25,000	-	1,424,618	-	147,370	1,609,176	144,826
9,702,889	**28,116,758**	**9,517,932**	**1,811,068**	**288,457**	**-**	**1,794,375**	**45,772,133**	**59,898,892**	**1,186,625**	**147,370**	**99,683,223**	**8,971,491**
-	-										-	-
805	442	-	-	-	-	40,568	-	-	-		20,284	1,826
-	-	-	-	-	-	-	-	-	-		-	-
455	-	7,888	-	-	-	11,578	-	-	-		7,366	663
101	-	-	2,255	10	-	-	-	-	-		793	71
-	-	-	-	-	-	-	-	-	-		-	-
-	-										-	-
82,311	56,352	-	-	-	-	-	1,142,116	-	-		856,587	77,093
164,442	334,298	-	-	-	-	-	-	2,017,452	-		2,017,452	181,571
-	-	-	-	-	-	-	-	-	-		-	-
-	-	1,242	-	-	-	-	-	-	-	-	248	22
248,114	**391,092**	**9,130**	**2,255**	**10**	**-**	**52,146**	**1,142,116**	**2,017,452**	**-**	**-**	**2,902,730**	**261,246**
-	665,512										-	-
85	-	-	-	-	-	-	-	-	-		-	-
-	-	-	-	-	-	-	-	-	-		-	-
14,251	-	6,197	-	-	-	386,039	-	-	-		194,259	17,483
285	-	-	-	-	-	-	3,010	-	-		2,257	203
2,717	-	-	-	-	-	-	-	42,161	-		42,161	3,794
-	-										-	-
17,338	**665,512**	**6,197**	**-**	**-**	**-**	**386,039**	**3,010**	**42,161**	**-**	**-**	**238,677**	**21,480**

Risk Management

4.1.b. Disclosure of Net Receivables Based on Risk Weighted Assets After Calculating the Credit Risk Mitigation Impacts-Consolidated

(in million rupiah)

No.	Portfolio Category	December 31, 2014										
		Net Receivables After Calculating the Credit Risk Mitigation Impacts										RWA
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
A	**Exposure on Balance Sheet**											
1	Receivables on Sovereigns	23,742,503	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	310,747	-	-	-	258,458	-	-	-	-	191,378
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	19,125	8,381,586	-	-	-	2,728,117	-	89,675	-	-	3,130,051
5	Loans Secured by Residential Property	-	-	1,781,276	167,953	-	-	-	-	-	-	690,628
6	Loans Secured by Commercial Real Estate	131,880	-	-	-	-	-	-	725,022	-	-	725,021
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	117,316	-	-	-	-	-	75,340,480	-	-	-	56,505,360
9	Receivables on Corporate	2,125,388	973,010	-	-	-	679,484	-	59,352,561	-	-	59,886,905
10	Past Due Receivables	-	-	-	-	-	-	-	23,584	1,791,190	-	2,710,369
11	Other Assets	2,840,688	-	-	-	-	-	-	4,503,257	4,379	-	4,509,825
12	Exposures at Syariah Business Unit (if any)	390,504	240,607	16,213	-	-	75,000	-	2,139,106	-	60,387	2,281,730
	Total Exposure on Balance Sheet	**29,367,404**	**9,905,950**	**1,797,489**	**167,953**	**-**	**3,741,059**	**75,340,480**	**66,833,205**	**1,795,569**	**60,387**	**130,631,267**
B	**Commitments/Contigencies Exposure for Off Balance Sheet Transactions**											
1	Receivables on Sovereigns	-	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	64	-	-	-	-	17,899	-	-	-	-	8,949
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	7,242	-	-	-	7,218	-	-	-	-	5,057
5	Loans Secured by Residential Property	-	-	3,211	-	-	-	-	-	-	-	1,124
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	69,110	-	-	-	-	-	1,219,429	-	-	-	914,572
9	Receivables on Corporate	610,086	-	-	-	-	-	-	1,827,130	-	-	1,827,131
10	Past Due Receivables	-	-	-	-	-	-	-	-	-	-	-
11	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-	-	-	-	-	-
	Total Commitments/ Contigencies Exposure for Off Balance Sheet Transactions	**679,260**	**7,242**	**3,211**	**-**	**-**	**25,117**	**1,219,429**	**1,827,130**	**-**	**-**	**2,756,833**
C	**Exposure on Counterparty Credit Risk**											
1	Receivables on Sovereigns	768,509	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	1,883	-	-	-	-	941
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	26,879	-	-	-	848,411	-	-	-	-	429,582
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	4,225	-	-	-	3,169
6	Receivables on Corporate	-	-	-	-	-	-	-	30,184	-	-	30,184
7	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-	-	-	-	-	-
Total Counterparty Credit Risk Exposures		**768,509**	**26,879**	**-**	**-**	**-**	**850,294**	**4,225**	**30,184**	**-**	**-**	**463,876**

Capital Charge (9% x RWA)	December 31, 2013 Net Receivables After Calculating the Credit Risk Mitigation Impacts										RWA	Capital Charge (9% x RWA)
	0%	20%	35%	40%	45%	50%	75%	100%	150%	Others		
(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
-	21,947,312	-	-	-	-	-	-	-	-	-	-	-
17,224	-	312,055	-	-	-	474,607	-	80,176	-	-	379,891	34,190
-	-	-	-	-	-	-	-	-	-	-	-	-
281,705	15,900	8,434,113	-	-	-	816,565	-	-	-	-	2,095,105	188,559
62,157	-	-	1,791,236	288,457	-	-	-	-	-	-	742,315	66,808
65,252	170,892	-	-	-	-	-	-	514,117	-	-	514,117	46,271
-	-	-	-	-	-	-	-	-	-	-	-	-
5,085,482	139,901	-	-	-	-	-	74,841,885	-	-	-	56,131,414	5,051,828
5,389,821	2,244,976	775,584	-	-	-	478,203	-	54,148,506	-	-	54,542,723	4,908,845
243,934	-	-	-	-	-	-	-	16,995	1,459,213	-	2,205,814	198,524
405,884	2,901,280	-	-	-	-	-	-	4,480,483	13,706	-	4,501,042	405,095
205,356	815,174	199,263	19,832	-	-	25,000	-	1,424,618	-	147,370	1,609,176	144,826
11,756,815	**28,235,435**	**9,721,015**	**1,811,068**	**288,457**	**-**	**1,794,375**	**74,841,885**	**60,664,895**	**1,472,919**	**147,370**	**122,721,598**	**11,044,946**
-	-	-	-	-	-	-	-	-	-	-	-	-
805	442	-	-	-	-	40,568	-	-	-	-	20,284	1,826
-	-	-	-	-	-	-	-	-	-	-	-	-
455	-	7,888	-	-	-	11,578	-	-	-	-	7,366	663
101	-	-	2,255	10	-	-	-	-	-	-	793	71
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
82,311	56,352	-	-	-	-	-	1,142,116	-	-	-	856,587	77,093
164,442	334,298	-	-	-	-	-	-	2,017,452	-	-	2,017,452	181,571
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	1,242	-	-	-	-	-	-	-	-	248	22
248,114	**391,092**	**9,130**	**2,255**	**10**	**-**	**52,146**	**1,142,116**	**2,017,452**	**-**	**-**	**2,902,730**	**261,246**
-	665,512	-	-	-	-	-	-	-	-	-	-	-
85	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
38,663	-	6,197	-	-	-	899,205	-	-	-	-	450,842	40,575
285	-	-	-	-	-	-	3,010	-	-	-	2,257	203
2,717	-	-	-	-	-	-	-	42,161	-	-	42,161	3,794
-	-	-	-	-	-	-	-	-	-	-	-	-
41,750	**665,512**	**6,197**	**-**	**-**	**-**	**899,205**	**3,010**	**42,161**	**-**	**-**	**495,260**	**44,572**

Risk Management

4.2.a. Disclosure of Net Receivables and Credit Risk Mitigation Techniques-Bank Stand Alone

(in million rupiah)

No.	Portfolio Category	December 31, 2014					
		Net Receivables	Secured Portion				Unsecured Portion
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Exposure on Balance sheet**						
1	Receivables on Sovereigns	23,742,503	-				23,742,503
2	Receivables on Public Sector Entities	569,205	-				569,205
3	Receivables on Multilateral Development Banks and International Institutions	-	-				-
4	Receivables on Banks	10,910,668	19,125				10,891,543
5	Loans Secured by Residential Property	1,949,229	-				1,949,229
6	Loans Secured by Commercial Real Estate	856,902	131,880				725,022
7	Employee/Pensioner Loans	-	-				-
8	Receivables on Micro, Small Business & Retail Portfolio	46,928,973	117,316				46,811,657
9	Receivables on Corporate	63,200,666	2,125,388				61,075,278
10	Past Due Receivables	1,433,942	-				1,433,942
11	Other Assets	6,414,362					6,414,362
12	Exposures at Syariah Business Unit (if any)	2,921,817	49,829	-	-	-	2,871,988
	Total Exposure on Balance sheet	**158,928,267**	**2,443,538**	**-**	**-**	**-**	**156,484,729**
B	**Commitments/Contigencies Exposure for Off Balance Sheet Transactions**						
1	Receivables on Sovereigns	-	-				-
2	Receivables on Public Sector Entities	17,963	64				17,899
3	Receivables on Multilateral Development Banks and International Institutions	-	-				-
4	Receivables on Banks	14,460	-				14,460
5	Loans Secured by Residential Property	3,211	-				3,211
6	Loans Secured by Commercial Real Estate	-	-				-
7	Employee/Pensioner Loans	-	-				-
8	Receivables on Micro, Small Business & Retail Portfolio	1,288,539	69,110				1,219,429
9	Receivables on Corporate	2,437,216	610,086				1,827,130
10	Past Due Receivables	-	-				-
11	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-
	Total Commitments/Contigencies Exposure for Off Balance Sheet Transactions	**3,761,389**	**679,260**	**-**	**-**	**-**	**3,082,129**
C	**Counterparty Credit Risk Exposures**						
1	Receivables on Sovereigns	768,509					768,509
2	Receivables on Public Sector Entities	1,883					1,883
3	Receivables on Multilateral Development Banks and International Institutions	-					-
4	Receivables on Banks	332,811					332,811
5	Receivables on Micro, Small Business & Retail Portfolio	4,225					4,225
6	Receivables on Corporate	30,184					30,184
7	Exposures at Syariah Business Unit (if any)						-
	Total Counterparty Credit Risk Exposures	**1,137,612**	**-**	**-**	**-**	**-**	**1,137,612**
Total (A+B+C)		**163,827,268**	**3,122,798**	**-**	**-**	**-**	**160,704,470**

December 31, 2013					
	Secured Portion				
Net Receivables	Collateral	Guarantee	Credit Insurance	Others	Unsecured Portion
(8)	(9)	(10)	(11)	(12)	(13) = (8)-[(9)+(10)+(11)+(12)]
21,947,312	-				21,947,312
866,838	-				866,838
-	-				-
9,027,007	15,900				9,011,107
2,079,693	-				2,079,693
685,009	170,892				514,117
-	-				-
45,912,034	139,901				45,772,133
57,683,757	2,244,976				55,438,781
1,189,914	-				1,189,914
6,510,789					6,510,789
2,631,257	191,306	-	-	-	2,439,951
148,533,610	**2,762,975**	**-**	**-**	**-**	**145,770,635**
-	-				-
41,010	442				40,568
-	-				-
19,466	-				19,466
2,265	-				2,265
-	-				-
-	-				-
1,198,468	56,352				1,142,116
2,351,750	334,298				2,017,452
-	-				-
1,242	-	-	-	-	1,242
3,614,201	**391,092**	**-**	**-**	**-**	**3,223,109**
665,512					665,512
-					-
-					-
392,236					392,236
3,010					3,010
42,161					42,161
					-
1,102,919	**-**	**-**	**-**	**-**	**1,102,919**
153,250,730	**3,154,067**	**-**	**-**	**-**	**150,096,663**

Risk Management

4.2.b. Disclosure of Net Receivables and Credit Risk Mitigation Techniques-Consolidated

(in million Rp)

No.	Portfolio Category	December 31, 2014					
		Net Receivables	Secured Portion				Unsecured Portion
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Exposure on Balance sheet**						
1	Receivables on Sovereigns	23,742,503	-	-	-	-	23,742,503
2	Receivables on Public Sector Entities	569,205	-	-	-	-	569,205
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	11,218,503	19,125	-	-	-	11,199,378
5	Loans Secured by Residential Property	1,949,229	-	-	-	-	1,949,229
6	Loans Secured by Commercial Real Estate	856,902	131,880	-	-	-	725,022
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	75,457,796	117,316	-	-	-	75,340,480
9	Receivables on Corporate	63,130,443	2,125,388	-	-	-	61,005,055
10	Past Due Receivables	1,814,774	-	-	-	-	1,814,774
11	Other Assets	7,348,324	-	-	-	-	7,348,324
12	Exposures at Syariah Based Business Activity Unit (if any)	2,921,817	49,829	-	-	-	2,871,988
	Total Exposures-Balance sheet	**189,009,496**	**2,443,538**	**-**	**-**	**-**	**186,565,958**
B	**Off Balance Sheet Exposures**						
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	17,963	64	-	-	-	17,899
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	14,460	-	-	-	-	14,460
5	Loans Secured by Residential Property	3,211	-	-	-	-	3,211
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	1,288,539	69,110	-	-	-	1,219,429
9	Receivables on Corporate	2,437,216	610,086	-	-	-	1,827,130
10	Past Due Receivables	-	-	-	-	-	-
11	Exposures at Syariah Based Business Activity Unit (if any)	-	-	-	-	-	-
	Total Exposures-Off Balance Sheets	**3,761,389**	**679,260**	**-**	**-**	**-**	**3,082,129**
C	**Counterparty Credit Risk**						
1	Receivables on Sovereigns	768,509	-	-	-	-	768,509
2	Receivables on Public Sector Entities	1,883	-	-	-	-	1,883
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	875,290	-	-	-	-	875,290
5	Receivables on Micro, Small Business & Retail Portfolio	4,225	-	-	-	-	4,225
6	Receivables on Corporate	30,184	-	-	-	-	30,184
7	Exposures at Syariah Based Business Activity Unit (if any)	-	-	-	-	-	-
	Total Exposures-Counterparty Credit Risk	**1,680,091**	**-**	**-**	**-**	**-**	**1,680,091**
Total (A+B+C)		**194,450,976**	**3,122,798**	**-**	**-**	**-**	**191,328,178**

December 31, 2013					
	Secured Portion				
Net Receivables	Collateral	Guarantee	Credit Insurance	Others	Unsecured Portion
(8)	(9)	(10)	(11)	(12)	(13) = (8)-[(9)+(10)+(11)+(12)]
21,947,312	-	-	-	-	21,947,312
866,838	-	-	-	-	866,838
-	-	-	-	-	-
9,266,578	15,900	-	-	-	9,250,678
2,079,693	-	-	-	-	2,079,693
685,009	170,892	-	-	-	514,117
-	-	-	-	-	-
74,981,786	139,901	-	-	-	74,841,885
57,647,269	2,244,976	-	-	-	55,402,293
1,476,208	-	-	-	-	1,476,208
7,395,469	-	-	-	-	7,395,469
2,631,257	191,306	-	-	-	2,439,951
178,977,419	**2,762,975**	**-**	**-**	**-**	**176,214,444**
-	-	-	-	-	-
41,010	442	-	-	-	40,568
-	-	-	-	-	-
19,466	-	-	-	-	19,466
2,265	-	-	-	-	2,265
-	-	-	-	-	-
-	-	-	-	-	-
1,198,468	56,352	-	-	-	1,142,116
2,351,750	334,298	-	-	-	2,017,452
-	-	-	-	-	-
1,242	-	-	-	-	1,242
3,614,201	**391,092**	**-**	**-**	**-**	**3,223,109**
665,512	-	-	-	-	665,512
-	-	-	-	-	-
-	-	-	-	-	-
905,402	-	-	-	-	905,402
3,010	-	-	-	-	3,010
42,161	-	-	-	-	42,161
-	-	-	-	-	-
1,616,085	**-**	**-**	**-**	**-**	**1,616,085**
184,207,705	**3,154,067**	**-**	**-**	**-**	**181,053,638**

Risk Management

12. Disclosure of Asset Securitization

Securitization is a process of taking non-liquid assets or asset group and through financial engineering transforming it into securities. Securities issued are based on the transfer of financial assets from the originator followed by the payment for proceeds of the sale of asset-backed securities to investors.

In line with the Regulations of Bank Indonesia No. 7/4/PBI/2005 and Circular Letter of BI, SEBI No.7/51/DPNP on Prudential Principles of Securitization Activities for Commercial Banks, in the activity of asset securitization, the Bank can perform its functions as Originator, Credit Enhancer, Funding Provider, Servicer, Custodian Bank, and/or Investor (Senior Investor and Junior Investor). Danamon takes the role of a Senior Investor, which will be firstly prioritized.

The main purpose of investment is as follows:

a. To optimize the return of excess liquidity of the Bank, resulting from the structural position of the Bank's balance sheet.
b. To diversify the Bank's risks through marginal investment (as a percentage of loan portfolio) in KPR (mortgage risk).
c. To gain access to the knowledge mechanism of potential process of EBA issuance by the Bank's group.

The granting of credit to purchase EBA securities also comes with a risk. Credit risk of EBA securities is the inability of debtors to pay their installments at a certain interest rate above Junior Tranches', which exceeds the reserve account and the inability of Credit Support to make payments to Senior Tranches.

Summary of EBA Accounting Treatment on EBA Securities

EBA securities for the Bank are classified as securities (financial assets). The Bank will evaluate whether there is an objective evidence of a purchase of EBA securities, which cannot be recorded at fair value through the profit and loss report, and whether this has been impaired. Securities classified as available for sale (AFS) are measured at a fair value, plus transaction costs.

Following initial recognition, such securities are recorded at a fair value. The changes of other fair value are recognized directly in equity, until such investments are sold or impaired, where the previous cumulative profit recognized in equity shall be recognized in a profit and loss report based on the weighted average method.

The interest income is recognized in the profit and loss report by using the effective interest method, and interest income generated from EBA securities is charged as Bank's income tax.

The Bank limits investment in EBA securities to Rp. 50 billion and its application shall be approved and recommended by the Treasury and Capital Market Director and Integrated Risk Director. In addition, EBA securities shall be recorded as securities available for sale (AFS). Currently, EBA exposure held by the Bank as a senior investor uses Moody's ratings.

The following is the List of Disclosures of Quantitative Transactions of Danamon Asset Securitization.

Risk Management

5.1.a. Disclosure of Securitization Transactions-Bank Stand Alone

(in million rupiah)

No.	Securitization Exposure	December 31, 2014					
		Value of Securitized Asset	Impaired Securitized Assets		Profit/ Loss from Securitization Activity	Risk Weighted Asset	Capital Deduction
			Past Due	Non-Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bank acting as First Creditor						
2	Bank acting as Credit Enhancement Provider						
	a. First Risk Insurer Facility						
	b. Second Risk Insurer Facility						
3	Bank acting as Liquidity Facility Provider						
4	Bank acting as Service Provider						
5	Bank acting as Custodian Bank						
6	Bank acting as Investor						
	a. Senior Tranche					9,550	
	Exposure Types: Asset Backed Securities						
	b. Junior Tranche						

5.1.b. Disclosure of Securitization Transactions-Consolidated

(in million rupiah)

No.	Securitization Exposure	December 31, 2014					
		Value of Securitized Asset	Impaired Securitized Assets		Profit/ Loss from Securitization Activity	Risk Weighted Asset	Capital Deduction
			Past Due	Non-Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bank acting as First Creditor						
2	Bank acting as Credit Enhancement Provider						
	a. First Risk Insurer Facility						
	b. Second Risk Insurer Facility						
3	Bank acting as Liquidity Facility Provider						
4	Bank acting as Service Provider						
5	Bank acting as Custodian Bank						
6	Bank acting as Investor						
	a. Senior Tranche					9,550	
	Exposure Types: Asset Backed Securities						
	b. Junior Tranche						

	December 31, 2013					
	Value of Securitized Asset	Impaired Securitized Assets		Profit/ Loss from Securitization Activity	Risk Weighted Asset	Capital Deduction
		Past Due	Non-Past Due			
	(9)	(10)	(11)	(12)	(13)	(14)
					19,233	

	December 31, 2013					
	Value of Securitized Asset	Impaired Securitized Assets		Profit/ Loss from Securitization Activity	Risk Weighted Asset	Capital Deduction
		Past Due	Non-Past Due			
	(9)	(10)	(11)	(12)	(13)	(14)
					19,233	

Risk Management

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

Table 6.1.1. Disclosure of Asset Exposures in the Balance Sheet

(in million Rp)

No.	Portfolio Category	December 31, 2014			December 31, 2013		
		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	23,742,503	-	-	21,947,312	-	-
2	Receivables on Public Sector Entities	569,205	191,378	191,378	866,838	379,891	379,891
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	10,910,668	3,078,046	3,068,484	9,027,007	2,055,141	2,047,191
5	Loans Secured by Residential Property	1,949,229	690,628	690,628	2,079,693	742,315	742,315
6	Loans Secured by Commercial Real Estate	856,902	856,902	725,021	685,009	685,009	514,117
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	46,928,973	35,196,730	35,108,742	45,912,034	34,434,026	34,329,100
9	Receivables on Corporate	63,200,666	62,026,337	59,900,949	57,683,757	56,794,997	54,550,021
10	Past Due Receivables	1,433,942	2,139,121	2,139,121	1,189,914	1,776,373	1,776,373
11	Other Assets	6,414,362	-	3,703,812	6,510,789	-	3,735,039
TOTAL		**156,006,450**	**104,179,142**	**105,528,135**	**145,902,353**	**96,867,752**	**98,074,047**

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

(in million Rp)

No.	Portfolio Category	December 31, 2014			December 31, 2013		
		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	17,963	8,982	8,949	41,010	20,505	20,284
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	14,460	5,057	5,057	19,466	7,366	7,366
5	Loans Secured by Residential Property	3,211	1,124	1,124	2,265	793	793
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	1,288,539	966,404	914,572	1,198,468	898,851	856,587
9	Receivables on Corporate	2,437,216	2,437,216	1,827,131	2,351,749	2,351,750	2,017,451
10	Past Due Receivables	-	-	-	-	-	-
TOTAL		**3,761,389**	**3,418,783**	**2,756,833**	**3,612,958**	**3,279,265**	**2,902,481**

6.1.3. Disclosure of Exposures causing Counterparty Credit Risk
(Counterparty Credit Risk)
(in million Rp)

No.	Portfolio Category	December 31, 2014			December 31, 2013		
		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	768,509	-	-	665,512	-	-
2	Receivables on Public Sector Entities	1,883	941	941	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	332,811	158,343	158,343	392,236	194,259	194,259
5	Receivables on Micro, Small Business & Retail Portfolio	4,225	3,169	3,169	3,010	2,257	2,257
6	Receivables on Corporate	30,184	30,184	30,184	42,161	42,161	42,161
TOTAL		**1,137,612**	**192,637**	**192,637**	**1,102,919**	**238,677**	**238,677**

6.1.4. Disclosure of Exposures causing Credit Risk due to Settlement Risk
(Settlement Risk)
(in million Rp)

No.	Portfolio Category	December 31, 2014			December 31, 2013		
		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	Delivery versus Payment	-	-	-	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-	-	-	-
	d. Capital Charge 100% (more than 45 days)	-	-	-	-	-	-
2	Non-delivery versus Payment	-	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**-**	**-**	**-**

6.1.5. Disclosure of Securitization Exposures
(Securitization)
(in million Rp)

No.	Portfolio Category	December 31, 2014		December 31, 2013	
		Capital Deduction Factor	RWA after CRM	Capital Deduction Factor	RWA after CRM
(1)	(2)	(3)	(4)	(3)	(4)
1	Qualified Enhancement Credit Facility	-	-	-	-
2	Unqualified Enhancement Credit Facility	-	-	-	-
3	Qualified Liquidity Facility	-	-	-	-
4	Unqualified Liquidity Facility	-	-	-	-
5	Qualified Purchase of Assets-Backed Security	-	9,550	-	19,233
6	Unqualified Purchase of Assets-Backed Security	-	-	-	-
7	Securitization Exposure which is not included in the regulation of Bank Indonesia regarding prudent principles in activating banks assets securitization	-	-	-	-
TOTAL		**-**	**9,550**	**-**	**19,233**

Risk Management

6.1.6. Disclosure of Exposures in Syariah Business Unit

(in million Rp)

No.	Portfolio Category	December 31, 2014		December 31, 2013	
		Capital Deduction Factor	RWA after CRM	Capital Deduction Factor	RWA after CRM
(1)	(2)	(3)	(4)	(3)	(4)
1	Total Exsposure	-	2,281,730	-	1,609,425
TOTAL		**-**	**2,281,730**	**-**	**1,609,425**

6.1.7. Disclosure of Total Credit Risks Measurement

(in million Rp)

	December 31, 2014	December 31, 2013
TOTAL CREDIT RISK RWA	**110,768,885**	**102,843,863**
TOTAL CAPITAL DEDUCTION FACTOR	**-**	**-**

Calculation of the Standardized Approach of Credit Risk Weighted Assets-Consolidated

6.2.1. Disclosure of Assets Exposures in the Balance Sheet

(in million Rp)

No.	Portfolio Category	December 31, 2014			December 31, 2013		
		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	23,742,503	-	-	21,947,312	-	-
2	Receivables on Public Sector Entities	569,205	191,378	191,378	866,838	379,891	379,891
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	11,218,503	3,139,613	3,130,051	9,266,578	2,103,055	2,095,105
5	Loans Secured by Residential Property	1,949,229	690,628	690,628	2,079,693	742,315	742,315
6	Loans Secured by Commercial Real Estate	856,902	856,902	725,021	685,009	685,009	514,117
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	75,457,796	56,593,347	56,505,360	74,981,786	56,236,339	56,131,413
9	Receivables on Corporate Portfolio	63,130,443	62,012,293	59,886,905	57,647,268	56,787,700	54,542,724
10	Past Due Receivables	1,814,774	2,710,369	2,710,369	1,476,208	2,205,815	2,205,815
11	Other Assets	7,348,324	-	4,509,825	7,395,469	-	4,501,042
TOTAL		**186,087,679**	**126,194,530**	**128,349,537**	**176,346,161**	**119,140,124**	**121,112,422**

6.2.2. Disclosure of Commitment Exposures/Contingency on Administrative Account Transactions

(in million Rp)

No.	Portfolio Category	December 31, 2014			December 31, 2013		
		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	17,963	8,982	8,949	41,010	20,505	20,284
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	14,460	5,057	5,057	19,466	7,366	7,366
5	Loans Secured by Residential Property	3,211	1,124	1,124	2,265	793	793
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	1,288,539	966,404	914,572	1,198,468	898,851	856,587
9	Receivables on Corporate	2,437,216	2,437,216	1,827,131	2,351,750	2,351,750	2,017,451
10	Past Due Receivables	-	-	-	-	-	-
TOTAL		**3,761,389**	**3,418,783**	**2,756,833**	**3,612,959**	**3,279,265**	**2,902,481**

6.2.3. Disclosure of Exposures causing Counterparty Credit Risk

(Counterparty Credit Risk)

(in million Rp)

No.	Portfolio Category	December 31, 2014			December 31, 2013		
		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	768,509	-	-	665,512	-	-
2	Receivables on Public Sector Entities	1,883	941	941	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	875,290	429,582	429,582	905,402	450,842	450,842
5	Receivables on Micro, Small Business & Retail Portfolio	4,225	3,169	3,169	3,010	2,257	2,257
6	Receivables on Corporate	30,184	30,184	30,184	42,161	42,161	42,161
TOTAL		**1,680,091**	**463,876**	**463,876**	**1,616,085**	**495,260**	**495,260**

6.2.4. Disclosure of Exposures causing Credit Risk due Settlement Risk

(Settlement Risk)

(in million Rp)

No.	Portfolio Category	December 31, 2014			December 31, 2013		
		Exposure Value	RWA before CRM	RWA after CRM	Exposure Value	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus Payment	-	-	-	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-	-	-	-
	d. Capital Charge 100% (more than 45 days))	-	-	-	-	-	-
2	Non-delivery versus Payment	-	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**-**	**-**	**-**

Risk Management

6.2.5. Disclosure of Securitization Exposures

(in million Rp)

No.	Portfolio Category	December 31, 2014		December 31, 2013	
		Capital Deduction Factor	RWA after CRM	Capital Deduction Factor	RWA after CRM
(1)	(2)	(3)	(4)	(3)	(4)
1	Qualified Enhancement Credit Facility	-	-	-	-
2	Unqualified Enhancement Credit Facility	-	-	-	-
3	Qualified Liquidity Facility	-	-	-	-
4	Unqualified Liquidity Facility	-	-	-	-
5	Qualified Purchase of Assets-Backed Security	-	9,550	-	19,233
6	Unqualified Purchase of Assets-Backed Security	-	-	-	-
7	Securitization Exposure which is not included in the regulation of Bank Indonesia regarding prudent principles in activating banks assets securitization	-	-	-	-
TOTAL		**-**	**9,550**	**-**	**19,233**

6.2.6. Disclosure of Exposures in Syariah Business Unit

(in million Rp)

No.	Portfolio Category	December 31, 2014		December 31, 2013	
		Capital Deduction Factor	RWA after CRM	Capital Deduction Factor	RWA after CRM
(1)	(2)	(3)	(4)	(3)	(4)
1	Total Exposure	-	2,281,730	-	1,609,425
TOTAL		**-**	**2,281,730**	**-**	**1,609,425**

6.2.7. Disclosure of Total Credit Risks Measurement

(in million Rp)

	December 31, 2014	December 31, 2013
Total RWA for Credit Risk	**133,861,526**	**126,138,821**
Total Capital Deduction Factor		**-**

B. MARKET RISK

Market Risk Management covers the management and monitoring of all risks faced by banks as a result of movements against the market factor. Market factors include (but are not limited to) the interest rate, FX, interest rate movement and FX movement.

As a consequence of the daily activities of the Bank, market risks arise from two different areas and are separately managed. First, there is risk from treasury trading activities and second, there is risk due to the gap of interest rate on the balance sheet. Furthermore, the former area is defined as risk in Trading Book while the latter is defined as the Interest Rate Risk in Banking Book. Market Risk Management applies to both risks.

Market Risk Management Organization

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

Market Risk Management Implementation

Market Risk Management Implementation is carried out through a process of identification, measurement, and monitoring, and is supported by the implementation of management information systems. Market risk is managed by Market and Liquidity Risk (MLR) Management Division (as the Second line of defense), which is an independent function in the Bank, which develops, implements and maintains a comprehensive and integrated market risk framework including qualitative and quantitative methodologies/tools to identify, measure, aggregate, manage, monitor, control and report market risks.

1. Trading Risk

Trading risk is primarily managed by a limit structure and monitored by the Market & Liquidity Risk (MLR) Management division on daily basis.

2. Interest Rate Risk in Banking Book

Interest rate risk is exposure over the financial conditions of a bank, moving opposite to the movement of interest rates (adverse movement). The risk element is an inherent part of the banking business. Good risk management could turn an exposure to be an additional source of income which could increase value for shareholders. However, excessive exposure to the interest rate risk could cause a significant threat to bank's income and capital of the bank. Monitoring of interest rate risk on banking book is carried out daily by the Market and Liquidity Risk Division.

Risk Management

Risk Factors

Risk factors are defined as variables that cause changes in the value of a financial instrument or a portfolio in a financial instrument, either on or off-balance sheet. Fundamental market risk factors that will be included in the risk measurement systems are:

1. Foreign Exchange (FX)
2. Interest Rate
3. Equity
4. Commodity
5. Optionality

The risk factors may occur separately or in a combination of several risk factors, if the Bank's products or activities have several risk factors to be managed; however, in this context it is only limited to interest rate risk and FX due to Indonesia banking regulation.

Measurement, Monitoring, and Controlling of Market Risks

In general, market risk is measured to cover foreign exchange risk and interest rate, recorded in the trading book and banking book of the Bank. The process of measuring market risk covers the valuation of financial instruments, calculation of market risk capital charge, stress testing and sensitivity analysis. The measurement methods used is based on regulatory requirement and general banking standard of market risk management. The monitoring and controlling processes are carried out applying market limit mechanism as well as limit on trading and banking book which include the monitoring on the utilization of Treasury limit. MLR independently conducts monitoring on the limit related to market risk on daily basis and refers to risk appetite and business strategy direction set by the management.

Minimum Capital Adequacy

The Bank is committed to meet the Minimum Capital Adequacy (KPMM) stipulated by the regulator. Therefore, each month the Bank will calculate the Risk Weighted Assets (ATMR) by using a standardized approach. In the calculation, the bank takes two exposures into account, namely, interest rate exposure and FX exposure. Interest rate exposure consists of specific risks and general risks, including debt, debt related instruments, and interest rate derivatives on trading book. On the other hand, FX exposure is targeted at foreign exchange risk on trading book and banking book.

Quantitative Disclosure of Market Risks

7.1. Disclosure of Market Risks by Using Standardized Methodology

(in million Rp)

No.	Type of Risk	December 31, 2014				December 31, 2013			
		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		104,213		104,213		270,382		270,382
	a. Specific Risk	-	-	-	-	-	-	-	-
	b. General Risk	8,337	104,213	8,337	104,213	21,631	270,382	21,631	270,382
2	Foreign Exchange Risk	21,331	266,643	21,438	267,975	10,164	127,045	10,460	130,749
3	Equity Risk *)	-	-	-	-	-	-	-	-
4	Commodity Risk *)	-	-	-	-	-	-	-	-
5	Option Risk	-	-	-	-	-	-	-	-
	Total	**29,668**	**370,855**	**29,775**	**372,188**	**31,795**	**397,427**	**32,091**	**401,131**

C. OPERATIONAL RISK

Operational risk is a risk of loss arising from the inadequacy or failure of internal processes, human error, systems failure or due to an external event, which affects the Bank's operational activities.

In determining the scope of operational risk management policies, a definition of operational risk has been specified in the Regulation of Bank Indonesia (PBI no.05/PBI/8/2003) and its amendment (PBI No.11/25/PBI/2009), where the legal risk, business risk, strategic and reputation risk is not included in the operational risk category.

Operational Risk Management Organization

The Bank's objective in managing operational risk is to minimize the impact of failure/fail to function internal processes, human factors, systems or external events which may have resulted in a financial and non-financial loss as well as the ability of damaging reputation of the Bank. To achieve its objective, the Bank established an organization structure to manage operational risk.

The aim of forming Risk Management Committee is to enable the Board of Commissioners and Directors to carry out monitoring functions toward operational risks by reviewing and discussing issues related to significant operational risk, monitoring of the implementation of operational risk management framework and provide directions on the required follow-up. The Risk Management Director and Operational Risk Division Head act as the Operational Risk Management Committee Chairman and Vice Chairman respectively.

The Operational Risk Management Division functions as a facilitator in operational risk management practice, and is responsible for the planning, defining, developing and maintaining of an operational risk management framework, monitoring the implementation of framework in all working units and ensuring adequate control over the policies and procedures on the activity of operational risk management.

Risk Management

The risk taking unit is responsible for identifying, managing, mitigating and reporting of operational risk incidents on daily basis. To ensure consistency in applying operational risk management, an operational risk officer is appointed within every line of business, supporting function and subsidiaries, wherein the officer is assigned to facilitate the operational risk management process and implement the operational risk management framework to ensure they are working accordingly.

To improve awareness and build operational risk culture to employees of all levels, the Bank continues to provide training, socialization and campaign on preventing operational risk related incident.

Operational Risk Management

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

All lines of business, subsidiaries and support functions as risk taking units are required to identify and assess inherent risks in their products, process, services, systems as well as to ensure preventive control to all processes is adequate.

Furthermore, all lines of business, subsidiaries and support functions measure Operational Risk by using the Risk/Loss Event Database (R/LED), Risk Control Self Assessment (RCSA), Key Risk Indicator (KRI) in order to capture their risk profile quantitatively and qualitatively and furthermore allow them to measure the effectiveness of operational risk management implementation.

The monitoring of operational risk is carried out by preparing periodic report to the management for identifying issues and incident due to weaknesses in implementing control function. The Operational Risk Management Division is also responsible for providing a comprehensive operational risks expossure to the Risk Management Committee, both at the Board of Commissioners, Directors and every unit Head for supporting effective monitoring of operational risk.

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

- Expansion of recording coverage, 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.
- Identify the inherent operational risks through the development of a Risk/ Loss Event Database, Risk Control Self Assessment and Key Risk Indicator used to ascertain the potentials of operational risks and thus enable preventive actions.

Risk is controlled amongst others by ensuring the operational risk management is managed correctly to enable any potential loss occurred is covered adequately by the capital reserve in accordance to the Bank's risk appetite.

In addition, one of the primary mitigations of operational risks is the implementation of coordinated insurance in a comprehensive manner through maximum insurance policy coverage towards risk exposure. Insurance policies covering Bank's assets and financial comprehensively consist of Money Insurance, Property All Risk, Bankers Blanket Bonds/Electronic Computer Crime and Directors and Officers and Electronic Equipment Insurance.

Operational Risk Measurement

Operational Risks Measurement still uses the basic standardized approach in accordance with Circular Letter of BI No. 11/3/DPNP on January 27, 2009. Based on this circular letter, capital charges of operational risk is 15% of the average gross income over the last three years.

Quantitative disclosure of operational risks in the Bank as an individual and as a consolidated entity is presented in the following tables.

8.1.a. Quantitative Exposure of Operational Risks-Bank Stand Alone

(in million Rp)

No.	Indicator Approach	December 31, 2014			December 31, 2013		
		Average Gross Income in the past 3 years	Capital Charge	RWA	Average Gross Income in the past 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	11,847,591	1,777,139	22,214,233	10,810,233	1,621,535	20,269,187
	Total	**11,847,591**	**1,777,139**	**22,214,233**	**10,810,233**	**1,621,535**	**20,269,187**

8.1.b. Quantitative Exposure of Operational Risks-Consolidated

(in million Rp)

No.	Indicator Approach	December 31, 2014			December 31, 2013		
		Average Gross Income in the past 3 years	Capital Charge	RWA	Average Gross Income in the past 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Basic Indicator Approach	17,099,050	2,564,858	32,060,719	15,253,439	2,288,016	28,600,198
	Total	**17,099,050**	**2,564,858**	**32,060,719**	**15,253,439**	**2,288,016**	**28,600,198**

Business Continuity Management (BCM)

BCM is an integrated and comprehensive management process (protocol) to ensure the Bank's continuity of operations in conducting its business and in serving the customers, as well as to ensure the Bank's existence. BCM was created as the Bank's preventive measures in the events of worst risk scenario that could affect the Bank's operational sustainability, and it also provides a framework to develop resilience and the ability to effectively respond in order to safeguard the stakeholders' interests, reputation, brand, and the valuable business activities. This demonstrates Danamon's robustness and immune system, which is reflected in its daily work process in response to any threats.

Risk Management

As an integral part of the Risk Management framework, daily operations and to maintain the Bank's existence and to improve the resilience of the Bank and its subsidiaries, an effective implementation of BCM is vital for the Bank in anticipating all risks that may arise from any condition of any scenario of events, including from risks classified as low probability-high impact (catastrophic event). BCM's program and framework is made to be effectively applied across the Bank to its subsidiaries.

The objectives of implementing BCM in the Bank and its subsidiaries are to:

1. Ensure a timely continuation of process of all functions/units in the event of crisis or major disaster;
2. Maintain key business resources required to support Bank's recovery activities;
3. Minimize impact to Bank's services;
4. Mitigate reputational risk;
5. Increase public trust and macro financial system's towards the Bank;
6. Improve the Bank's resilience or recovery capacity, and
7. Safeguard the existence of Bank and its Subsidiaries.

The implementation of BCM-related programs in Danamon involves and is fully supported by the entire management from its planning, preparation, maintenance, supervision, to improvement stage. With this solid support, Danamon has been able to protect and refine its sustainability in handling all incidents throughout 2014.

BCM in Danamon is managed in reference to policy and framework adopted from international standard best practices of Business Continuity Institute-United Kingdom (BCI-UK) supported by reputable and internationally certified and competent BCM professionals. Danamon has successfully retain its ISO 22301:2012-BCMS certification. This is an international recognition for an institution that promotes the principles of continuous improvement and for the application of Business Continuity Management System (BCMS) granted in 2013. In April 2014 Danamon secured a good maintenance results wherein there were no inconsistency found in the audit conducted by ISO and BSI auditors.

As a medium for learning and experience sharing on applying and implementing BCM in the industry, Danamon initiated the BCM Forum in 2009, which was later formed into Forum BCM Indonesia chaired by the Bank. In 2014 the 8th BCM Forum was held with members made up of BCM professionals across different industries in Indonesia.

Fraud & QA

Fraud risk affects the Bank's business and holds a significant financial impact on the Bank's profit. It can also affect the Bank's reputation. Effective fraud management is crucial to mitigate and manage risks arise due to fraud.

To anticipate the possibility of Fraud risks caused by Bank's internal or external employees, the Bank has established anti fraud framework strategy served as the basis for the "Fraud Management Policy and Framework" which has been implemented nationwide. This framework is in line with the Bank Indonesia Circular Letter No. 13/28/DPNP on the Implementation of Anti-Fraud Strategy for Commercial Banks where Danamon submit report to OJK every semester.

In implementing the policy, the Bank continually improve the effectiveness of internal control, active supervision from the Management as well as development of culture and concern for Anti Fraud across all level of the Bank's organization.

The implementation of the Bank's anti-fraud strategy in the form of bank fraud control system is described by 4 (four) pillars of interrelated fraud control strategies, as follows:

1. Prevention;
2. Detection;
3. Investigation, reporting and sanctions;
4. Monitoring, evaluation and follow-up.

The Bank has implemented the above strategy through various iniatives to prevent, detect and manage fraud risk, including among others:

- detecting and managing fraud risk, including among others improvement on the prevailing Fraud Management Policy and Framework
- development of internal control procedure in units managing fraud risk
- socialization of anti fraud campaign, training to build awareness of anti fraud and conduct anti fraud workshop to increase the competency and integrity of fraud unit
- implement strategy to identify fraud risk and mitigate the required control
- development of fraud database to the relevant units
- use of systems to detect application fraud in consumer banking which need to be extended to other areas various application of anti fraud strategy to prevent and detect fraud incident in working units.

The implementation of anti fraud strategy of the Bank has been reported every semester to the OJK as the supervisor.

Fraud impacts every unit in an institution, therefore we should stay alert and emphasize more to internal control and risk management

The Bank also emphasized the importance of control prevention and early detecting mechanism to the risk exposure through empowering the quality assurance function. The role of this function in the Bank is important in the effort to:

- strengthen in managing internal systems in every line of business and support function
- analyze root causes of the problem and
- recommend improvement plan where required.

Risk Management

Quality Assurance is a program designed to allow an early and systematic way to monitor and evaluated critical aspects of the Bank's processes and products, as to ensure quality standards are met. The most important standard quality the Bank aims to achieve is managing the risk factors and implementing control and the needed mechanism to control and mitigate. Several initiatives taken to meet the objectives are:

- issuing the National Quality Assurance Policy, standardization of QA/Internal Control methodology in reference to industry common practices (COSO)
- distribution on quantitative measurement on bankwide control effectiveness, implementation of QA Unit Maturity Model approach.

D. LIQUIDITY RISK

A bank is exposed to liquidity risks coming from various business aspects. Liquidity risk arises due to gap between assets and liabilities of the Bank. Liquidity risk management is one of the Bank's key success factor in managing business.

Liquidity risk in Danamon is managed based on the following:

1. The different characteristics of sources of liquidity risk sources
2. Funding strategy including the sources and its variance
3. Infrastructure readiness to ensure alignment with Basel III Liquidity Risk.

Liquidity risk is key for bank, accordingly, Danamon must ensure Liquidity Risk management is sustainable.

Liquidity Risk Management Organization

The management of liquidity risk is a top-down process, which begins with Risk Monitoring Committee (RMC), Board of Directors through Assets and Liabilities Committee (ALCO) and senior management, which actively involved in the planning, ratifications, review and assessment of all existing risks.

In order to evaluate the fulfillment of liquidity, Assets and Liabilities Committee ("ALCO") has wide scope of authority delegated by the Board of Directors to manage structure of the asset, obligations and funding strategy of the Bank. ALCO focuses on liquidity management with the objectives:

1. To understand various liquidity risks and integrating with the characteristics and risks of various liquidity sources especially under stress condition.
2. To develop comprehensive risk approach to ensure the compliance with the entire risk appetite.
3. To determine relevant funding strategies to meet the need of liquidity (including consolidating all funding sources).
4. To develop effective contingency plans.
5. To increase resilience in case of a sharp decline of liquidity risk and demonstrate the Bank's ability to address closure of one or more financial markets occurs by ensuring funding can be generated through variety of funding sources.
6. ALCO as the Bank senior management committee serves as the highest body assigned to oversee and evaluate the structure and trends of the balance sheet in terms of liquidity, interest rate, and capital management. This includes the establishment of policies and procedures, the determination of limit framework, and evaluation of strategies on balance sheet aim to provide adequate liquidity and capital for the Bank and diversified funding structure.

Liquidity Risk Indicator

To study whether a potential liquidity problem may be growing, the Bank has a various range of internal indicators and market indicators which can warn the Bank over the threat of a liquidity crisis.

Included in the internal indicators are:

1. Impairment of asset quality.
2. Excessive concentration on specific assets and sources of funding.
3. The decrease in income and interest rate margin.
4. The increase in overall funding costs.
5. The quick increase of assets through unstable wholesale funding.
6. The decrease in cash flow position indicated by the widening of negative position on maturity disparity especially in the short term.

Market indicators include:

1. Credit rating downgrade.
2. Ongoing decline of Bank stock prices.
3. Widening spread on senior loans and subordinated loans of banks.
4. The decrease of credit lines from connected banks.
5. Unwillingness of partners to extend transactions without guarantee or transactions with a longer period of time.
6. Increasing trend of Bank's deposit withdrawal.
7. External financial crisis.
8. Prolonged tight liquidity conditions.

Liquidity Risk Measurement

Liquidity risk is measured using limit among others:

a. Maximum Cumulative Outflow (MCO)
   MCO on maturity bucket refers to maximum net cumulative cash flows that arise from the on and off balance sheet.

b. Loan to Deposit Ratio (LDR) & Modified Loan to Deposit Ratio (MLDR)
   Loan to Deposit Ratio is defined as the target ratio of customer's total loans to total fund of the third party (not including interbank loans). Third party funds include current accounts, savings and deposit. This ratio is used by the Bank to monitor dependence on customers' savings compared to non-bank savings.

   Modified LDR is defined as the target ratio of customer's total loans to total fund of the third party by including all structural funding. MLDR reflects the actual liquidity position of the Bank as it combines all sources and uses of funds.

c. Large Fund Provider (Liquidity Concentration Risk)
   From the perspective of liquidity risks, it is very important not to rely on few large customers to fulfill the Bank's funding needs.

d. Liquidity Stress Test
   Limit framework above manages Bank liquidity situation based on the normal condition of business situations however, it is important to measure the impact and prepare for the action if there is a possibility of stress event. For this case, the Bank distinguishes two stress events: Name Problem and Systemic Problem.

Liquidity Risk Monitoring and Mitigation

Bank manages the liquidity risks through liquidity gap analysis and liquidity ratio. Liquidity risk is measured and monitored on a daily basis pursuant to liquidity risk framework.

Risk Management

Target and indicator consist of ratio and balance sheet analysis, which provides an overview in many levels of liquidity profiles. Danamon uses a variety of targets and third party indicators. Assessment on stress condition is carried out periodically to ensure availability of funds should stress condition occurs.

9.1.a Disclosure of Maturity Profile for Rupiah-Bank Stand Alone

(in million Rp)

No.	Items	December 31, 2014					
		Balance	Maturity				
			≤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. Asests						
	1. Cash	2,566,048	2,566,048	-	-	-	-
	2. Placement with Bank Indonesia	12,173,212	7,564,121	1,608,894	1,170,530	1,829,667	-
	3. Placement with Other Banks	3,049,426	562,675	224,572	135,022	896,851	1,230,306
	4. Marketable Securities	8,449,716	138,265	359,229	2,877,396	1,706,462	3,368,364
	5. Loans	96,730,279	7,815,561	12,133,834	11,161,899	13,478,702	52,140,283
	6. Other Receivables	582,023	377,662	19,782	179,211	-	5,368
	7. Others	863,721	66,546	27,095	7,011	-	763,069
	Total Asests	**124,414,425**	**19,090,878**	**14,373,406**	**15,531,069**	**17,911,682**	**57,507,390**
	B. Liabilities						
	1. Deposits from Customer	89,606,369	12,349,700	7,932,669	6,084,139	10,452,625	52,787,236
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	2,874,188	2,403,307	20,294	19,409	416,117	15,061
	4. Securities issued	529,972	-	-	-	529,972	-
	5. Borrowings	-	-	-	-	-	-
	6. Other Liabilities	1,017,997	56,389	4,482	750,000	-	207,126
	7. Others	2,317,593	11,790	20	-	-	2,305,783
	Total Liabilities	**96,346,119**	**14,821,186**	**7,957,465**	**6,853,548**	**11,398,714**	**55,315,206**
	On Balance Sheet Asests and Liabilities Differences	**28,068,306**	**4,269,692**	**6,415,941**	**8,677,521**	**6,512,968**	**2,192,184**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitment	-	-	-	-	-	-
	2. Contingency	-	-	-	-	-	-
	Total Off Balance Sheet Receivables	-	-	-	-	-	-
	B. Off Balance Sheet Liabilities						
	1. Commitment	507,063	27,825	104,860	13,789	273,466	87,123
	2. Contingency	2,910,891	377,701	552,469	640,041	1,144,562	196,118
	Total Off Balance Sheet Receivables	3,417,954	405,526	657,329	653,830	1,418,028	283,241
	Off Balance Sheet Asset and Liabilities Differences	(3,417,954)	(405,526)	(657,329)	(653,830)	(1,418,028)	(283,241)
	Differences [(IA-IB)+(IIA-IIB)]	24,650,352	3,864,166	5,758,612	8,023,691	5,094,940	1,908,943
	Cumulative Differences	24,650,352	3,864,166	9,622,778	17,646,469	22,741,409	24,650,352

	December 31, 2013					
		Maturity				
	Balance	≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,704,592	2,704,592	-	-	-	-
	13,893,349	10,852,735	347,098	680,797	2,012,719	-
	3,022,445	1,049,912	141,412	158,943	248,780	1,423,398
	6,947,335	49,984	284,906	168,712	1,182,297	5,261,436
	92,231,950	11,042,598	11,586,649	9,025,530	12,683,991	47,893,182
	122,472	65,442	-	-	-	57,030
	795,494	40,378	19,072	5,243	-	730,801
	119,717,637	**25,805,641**	**12,379,137**	**10,039,225**	**16,127,787**	**55,365,847**
	86,796,521	12,597,904	7,619,767	7,096,767	11,738,843	47,743,240
	-	-	-	-	-	-
	2,334,378	1,758,693	16,415	108,569	60,701	390,000
	528,968	-	-	-	-	528,968
	-	-	-	-	-	-
	1,160,077	17,282	-	4,872	49,459	1,088,464
	2,294,175	30,552	-	-	-	2,263,623
	93,114,119	**14,404,431**	**7,636,182**	**7,210,208**	**11,849,003**	**52,014,295**
	26,603,518	**11,401,210**	**4,742,955**	**2,829,017**	**4,278,784**	**3,351,552**
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	651,168	117,290	234,947	22,233	139,768	136,930
	2,764,076	582,544	451,580	728,994	939,323	61,635
	3,415,244	699,834	686,527	751,227	1,079,091	198,565
	(3,415,244)	(699,834)	(686,527)	(751,227)	(1,079,091)	(198,565)
	23,188,274	10,701,376	4,056,428	2,077,790	3,199,693	3,152,987
	23,188,274	10,701,376	14,757,804	16,835,594	20,035,287	23,188,274

Risk Management

9.1.b Disclosure of Maturity Profile for Rupiah-Bank Stand Alone

(in million Rp)

No.	Items	December 31, 2014					
		Balance	Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**						
	A. Assets						
	1. Cash	2,693,996	2,693,996	-	-	-	-
	2. Placement with Bank Indonesia	12,173,212	7,564,121	1,608,894	1,170,530	1,829,667	-
	3. Placement with Other Banks	3,355,985	869,234	224,572	135,022	896,851	1,230,306
	4. Marketable Securities	8,380,662	138,265	359,229	2,877,396	1,706,462	3,299,310
	5. Loans	124,057,309	7,929,186	12,384,943	11,967,222	16,068,958	75,707,000
	6. Other Receivables	2,533,846	385,336	22,325	188,554	12,540	1,925,091
	7. Others	1,020,921	145,307	44,286	7,911	2,685	820,732
	Total Assets	**154,215,931**	**19,725,445**	**14,644,249**	**16,346,635**	**20,517,163**	**82,982,439**
	B. Liabilities						
	1. Deposits from Customer	89,038,227	11,781,558	7,932,669	6,084,139	10,452,625	52,787,236
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	2,874,188	2,403,307	20,294	19,409	416,117	15,061
	4. Securities issued	11,632,630	-	183,946	2,710,408	1,800,831	6,937,445
	5. Borrowings	5,621,040	800,000	2,308,497	549,771	622,152	1,340,620
	6. Other Liabilities	1,060,239	68,577	6,866	753,191	9,027	222,578
	7. Others	4,364,158	1,162,580	457,967	125,161	3,668	2,614,782
	Total Liabilities	**114,590,482**	**16,216,022**	**10,910,239**	**10,242,079**	**13,304,420**	**63,917,722**
	On Balance Sheet Assets and Liabilities Differences	**39,625,449**	**3,509,423**	**3,734,010**	**6,104,556**	**7,212,743**	**19,064,717**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitment	-	-	-	-	-	-
	2. Contingency	-	-	-	-	-	-
	Total Off Balance Sheet Receivables	-	-	-	-	-	-
	B. Off Balance Sheet Liabilities						
	1. Commitment	507,063	27,825	104,860	13,789	273,466	87,123
	2. Contingency	2,910,891	377,701	552,469	640,041	1,144,562	196,118
	Total Off Balance Sheet Receivables	3,417,954	405,526	657,329	653,830	1,418,028	283,241
	Off Balance Sheet Asset and Liabilities Differences	(3,417,954)	(405,526)	(657,329)	(653,830)	(1,418,028)	(283,241)
	Differences [(IA-IB)+(IIA-IIB)]	36,207,495	3,103,897	3,076,681	5,450,726	5,794,715	18,781,476
	Cumulative Differences	36,207,495	3,103,897	6,180,578	11,631,304	17,426,019	36,207,495

Balance	December 31, 2013 Maturity ≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	>12 months
(9)	(10)	(11)	(12)	(13)	(14)
2,823,269	2,823,269	-	-	-	-
13,893,349	10,852,735	347,098	680,797	2,012,719	-
3,258,424	1,285,891	141,412	158,943	248,780	1,423,398
6,911,489	49,984	284,906	168,712	1,182,297	5,225,590
120,323,550	11,110,427	11,768,984	9,714,689	15,447,037	72,282,413
1,639,814	72,159	1,014	4,689	13,228	1,548,724
980,276	146,395	44,384	5,742	1,026	782,729
149,830,171	**26,340,860**	**12,587,798**	**10,733,572**	**18,905,087**	**81,262,854**
85,743,826	11,545,209	7,619,767	7,096,767	11,738,843	47,743,240
-	-	-	-	-	-
2,334,378	1,758,693	16,415	108,569	60,701	390,000
11,856,524	-	504,661	766,627	2,055,683	8,529,553
7,797,780	2,300,000	925,000	1,889,410	1,025,211	1,658,159
1,183,207	35,137	735	4,932	50,051	1,092,352
4,349,424	1,231,977	439,728	116,187	33,435	2,528,097
113,265,139	**16,871,016**	**9,506,306**	**9,982,492**	**14,963,924**	**61,941,401**
36,565,032	**9,469,844**	**3,081,492**	**751,080**	**3,941,163**	**19,321,453**
-					
-					
-	-	-	-	-	-
651,168	117,290	234,947	22,233	139,768	136,930
2,764,076	582,544	451,580	728,994	939,323	61,635
3,415,244	699,834	686,527	751,227	1,079,091	198,565
(3,415,244)	(699,834)	(686,527)	(751,227)	(1,079,091)	(198,565)
33,149,788	8,770,010	2,394,965	(147)	2,862,072	19,122,888
33,149,788	8,770,010	11,164,975	11,164,828	14,026,900	33,149,788

Risk Management

9.2.a Disclosure of Maturity Profile for Foreign Currency-Bank Stand Alone

(in million Rp)

No.	Items	December 31, 2014					
		Balance	Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**						
	A. Assets						
	1. Cash	162,092	162,092	-	-	-	-
	2. Placement with Bank Indonesia	5,930,558	5,930,558	-	-	-	-
	3. Placement with Other Banks	8,011,051	7,007,610	386,072	372,592	244,777	-
	4. Marketable Securities	874,987	23,182	34,749	312,772	-	504,284
	5. Loans	11,762,388	2,556,022	3,049,104	1,911,158	825,866	3,420,238
	6. Other Receivables	7,511,036	872,286	3,013,380	2,386,009	1,238,500	861
	7. Others	68,916	4,320	265	6,850	-	57,481
	Total Assets	**34,321,028**	**16,556,070**	**6,483,570**	**4,989,381**	**2,309,143**	**3,982,864**
	B. Liabilities						
	1. Deposits from Customer	27,559,342	4,404,415	5,109,685	4,817,760	6,278,119	6,949,363
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	8,725,197	1,221,951	3,011,803	2,385,971	1,238,500	866,972
	4. Securities issued	13	13	-	-	-	-
	5. Borrowings	816,155	-	-	-	-	816,155
	6. Other Liabilities	38,781	14,110	7,840	1,345	-	15,486
	7. Others	160,861	-	5,626	3,139	-	152,096
	Total Liabilities	**37,300,349**	**5,640,489**	**8,134,954**	**7,208,215**	**7,516,619**	**8,800,072**
	On Balance Sheet Assets and Liabilities Differences	**(2,979,321)**	**10,915,581**	**(1,651,384)**	**(2,218,834)**	**(5,207,476)**	**(4,817,208)**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitment	6,939,126	3,955,820	1,263,648	374,646	1,239	1,343,773
	2. Contingency	130,105	-	2,254	32,028	95,823	-
	Total Off Balance Sheet Receivables	7,069,231	3,955,820	1,265,902	406,674	97,062	1,343,773
	B. Off Balance Sheet Liabilities						
	1. Commitment	5,618,599	2,617,643	2,261,620	126,424	20,718	592,194
	2. Contingency	708,112	69,618	106,732	142,523	307,575	81,664
	Total Off Balance Sheet Receivables	6,326,711	2,687,261	2,368,352	268,947	328,293	673,858
	Off Balance Sheet Asset and Liabilities Differences	742,520	1,268,559	(1,102,450)	137,727	(231,231)	669,915
	Differences [(IA-IB)+(IIA-IIB)]	(2,236,801)	12,184,140	(2,753,834)	(2,081,107)	(5,438,707)	(4,147,293)
	Cumulative Differences	(2,236,801)	12,184,140	9,430,306	7,349,199	1,910,492	(2,236,801)

	December 31, 2013					
			Maturity			
	Balance	≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	120,490	120,490	-	-	-	-
	2,518,339	2,518,339	-	-	-	-
	6,618,857	6,203,728	269,913	39,152	48,456	57,608
	636,502	88,389	37,882	133,534	-	376,697
	12,625,701	1,644,049	5,120,953	916,638	1,079,828	3,864,233
	4,080,231	330	4,040,656	59	-	39,186
	51,404	842	781	4,532	-	45,249
	26,651,524	**10,576,167**	**9,470,185**	**1,093,915**	**1,128,284**	**4,382,973**
	23,500,503	4,592,110	3,322,432	3,539,036	5,500,536	6,546,389
	-	-	-	-	-	-
	8,031,594	1,088	7,054,320	51,028	316,575	608,583
	5	5	-	-	-	-
	899,713	-	-	-	-	899,713
	21,024	5,070	4,277	48	1,104	10,525
	152,096	762	13,249	2,464	996	134,625
	32,604,935	**4,599,035**	**10,394,278**	**3,592,576**	**5,819,211**	**8,199,835**
	(5,953,411)	**5,977,132**	**(924,093)**	**(2,498,661)**	**(4,690,927)**	**(3,816,862)**
	8,927,052	2,050,331	3,107,220	1,139,389	1,718,173	911,939
	85,908	-	-	-	85,908	-
	9,012,960	2,050,331	3,107,220	1,139,389	1,804,081	911,939
	5,362,510	1,246,245	1,107,892	1,013,556	1,199,877	794,940
	588,718	27,058	97,044	209,125	238,042	17,449
	5,951,228	1,273,303	1,204,936	1,222,681	1,437,919	812,389
	3,061,732	777,028	1,902,284	(83,292)	366,162	99,550
	(2,891,679)	6,754,160	978,191	(2,581,953)	(4,324,765)	(3,717,312)
	(2,891,679)	6,754,160	7,732,351	5,150,398	825,633	(2,891,679)

Risk Management

9.2.b Disclosure of Maturity Profile for Foreign Currency-Consolidated

(in million Rp)

No.	Items	December 31, 2014					
		Balance	Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**						
	A. Assets						
	1. Cash	162,092	162,092	-	-	-	-
	2. Placement with Bank Indonesia	5,930,558	5,930,558	-	-	-	-
	3. Placement with Other Banks	8,012,325	7,008,884	386,072	372,592	244,777	-
	4. Marketable Securities	874,987	23,182	34,749	312,772	-	504,284
	5. Loans	11,762,388	2,556,022	3,049,104	1,911,158	825,866	3,420,238
	6. Other Receivables	7,730,060	872,286	3,013,380	2,386,009	1,259,481	198,904
	7. Others	68,916	4,320	265	6,850	-	57,481
	Total Assets	**34,541,326**	**16,557,344**	**6,483,570**	**4,989,381**	**2,330,124**	**4,180,907**
	B. Liabilities						
	1. Deposits from Customer	27,559,288	4,404,361	5,109,685	4,817,760	6,278,119	6,949,363
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	8,725,197	1,221,951	3,011,803	2,385,971	1,238,500	866,972
	4. Securities issued	13	13	-	-	-	-
	5. Borrowings	7,649,226	-	-	-	1,238,278	6,410,948
	6. Other Liabilities	38,781	14,110	7,840	1,345	-	15,486
	7. Others	256,397	35,456	45,745	23,100	-	152,096
	Total Liabilities	**44,228,902**	**5,675,891**	**8,175,073**	**7,228,176**	**8,754,897**	**14,394,865**
	On Balance Sheet Assets and Liabilities Differences	**(9,687,576)**	**10,881,453**	**(1,691,503)**	**(2,238,795)**	**(6,424,773)**	**(10,213,958)**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitment	6,939,126	3,955,820	1,263,648	374,646	1,239	1,343,773
	2. Contingency	130,105	-	2,254	32,028	95,823	-
	Total Off Balance Sheet Receivables	7,069,231	3,955,820	1,265,902	406,674	97,062	1,343,773
	B. Off Balance Sheet Liabilities						
	1. Commitment	5,618,599	2,617,643	2,261,620	126,424	20,718	592,194
	2. Contingency	708,112	69,618	106,732	142,523	307,575	81,664
	Total Off Balance Sheet Receivables	6,326,711	2,687,261	2,368,352	268,947	328,293	673,858
	Off Balance Sheet Asset and Liabilities Differences	742,520	1,268,559	(1,102,450)	137,727	(231,231)	669,915
	Differences [(IA-IB)+(IIA-IIB)]	(8,945,056)	12,150,012	(2,793,953)	(2,101,068)	(6,656,004)	(9,544,043)
	Cumulative Differences	(8,945,056)	12,150,012	9,356,059	7,254,991	598,987	(8,945,056)

			December 31, 2013			
			Maturity			
	Balance	≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	120,490	120,490	-	-	-	-
	2,518,339	2,518,339	-	-	-	-
	6,622,449	6,207,320	269,913	39,152	48,456	57,608
	636,502	88,389	37,882	133,534	-	376,697
	12,625,701	1,644,049	5,120,953	916,638	1,079,828	3,864,233
	4,514,748	64,272	4,072,740	240,874	85,584	51,278
	51,404	842	781	4,532	-	45,249
	27,089,633	**10,643,701**	**9,502,269**	**1,334,730**	**1,213,868**	**4,395,065**
	23,500,391	4,591,998	3,322,432	3,539,036	5,500,536	6,546,389
	-	-	-	-	-	-
	8,031,594	1,088	7,054,320	51,028	316,575	608,583
	5	5	-	-	-	-
	4,353,844	486,792	243,395	1,216,947	562,777	1,843,933
	21,024	5,070	4,277	48	1,104	10,525
	208,046	16,346	47,438	8,641	996	134,625
	36,114,904	**5,101,299**	**10,671,862**	**4,815,700**	**6,381,988**	**9,144,055**
	(9,025,271)	**5,542,402**	**(1,169,593)**	**(3,480,970)**	**(5,168,120)**	**(4,748,990)**
	8,927,052	2,050,331	3,107,220	1,139,389	1,718,173	911,939
	85,908	-	-	-	85,908	-
	9,012,960	2,050,331	3,107,220	1,139,389	1,804,081	911,939
	5,362,510	1,246,245	1,107,892	1,013,556	1,199,877	794,940
	588,718	27,058	97,044	209,125	238,042	17,449
	5,951,228	1,273,303	1,204,936	1,222,681	1,437,919	812,389
	3,061,732	777,028	1,902,284	(83,292)	366,162	99,550
	(5,963,539)	6,319,430	732,691	(3,564,262)	(4,801,958)	(4,649,440)
	(5,963,539)	6,319,430	7,052,121	3,487,859	(1,314,099)	(5,963,539)

Risk Management

E. LEGAL RISK

Legal risk is a risk arising from lawsuit (taken either by the internal or external party) and/or the weakness of juridical aspect (the absence of legal documents and regulations or weaknesses in the legal binding documents). In the risk management framework and in accordance with the prevailing regulations, legal risk is one of important legal aspects that essentially aim to anticipate risks that will occur in the future.

Along with the increasing scope of Danamon's business and dynamic product development influenced by many factors, the level of legal risk needs to be properly managed.

In principle, the main purpose of the application of legal risk management is to ensure that the risk management process can minimize the possibility of negative impact of juridical weakness, the absence and/or amendments of legislations and litigation processes over the activities of Danamon and its Subsidiaries.

Danamon's Legal Risk Management Organization

Legal risk in Danamon is managed by a team coordinated by the Legal Division and chaired by General Legal Counsel. In the implementation of such legal risk, Legal Risk Management Team in Legal Division cooperates with relevant working unit namely: Litigation Unit and Danamon Access Center.

Meanwhile, related to consolidated Danamon Legal Risk management, legal risk management team cooperates with legal risk management team in PT Adira Dinamika Multi Finance Tbk and PT Adira Quantum Multifinance.

Legal Risk Management Policy and Procedure

The Bank has Legal Handbook/Legal Manual and Standard Operating Procedures (SOP) of Legal Assistance which is evaluated regularly according to the development of Danamon's external/internal and the amendment of prevailing laws and regulations and has been adapted to the regulations of Bank Indonesia in line with the risk management.

Legal Handbook/Legal Manual and SOP of Legal Assistance can be accessed through the portal and used by all working units of Danamon.

Legal Risk Management and Control Mechanism

Legal Risk Management is done through a process of identification, measurement, monitoring, and risk control as well as information management system. In the identification process, all business lines, support functions, as well as the Bank'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 which has impact on Bank's financial position reputation. Identification of risk also includes legal risk assessment arising from operating activities/products/agreements and inherent risks.

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

1. Litigation factor
2. Weaknesses of Binding Commitment
3. Elimination/changes inregulation/legislation.

In relation to implementation of legal risk management, Danamon has implemented several things namely:

- Implementation of legal risk by Danamon Senior Management (especially legal cases);
- Realization of "Legal Policy & Documentation" and SOP of legal risk management, as mentioned above, which among others regulate 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 unit designated by the management to monitor and manage the inherent legal risk in a product and Danamon's activity and its subsidiary so that the possibility of existing legal risk does widely impact and become a trigger of other risk.

The implementation of legal risk management process that is comprehensive with the presence of monitoring over the legal risk is targeted to be consistently running with active participation of all concerned parties. Through the joint endeavors, with Legal and Litigation Division as the division in charge, the existing risk is expected not to exceed the risk appetite pre-determined by Danamon management, and the existing legal cases decreases.

To assure the improvement of legal risk management quality, Danamon has regularly provide legal training/socialization to the employees.

F. STRATEGIC RISK

The management of strategic risk is intended to address a variety of risks caused by the establishment and implementation of inadequate strategies.

Strategic risk can originate from among others weakness or inaccuracy of strategic formulations, or failure to anticipate the changes of business environment.

Strategic Risk Management Organization

Strategic risk working unit plays a role in managing strategic risk and is under the active supervision of Board of Commissioners and Board of Directors of the Bank. The Bank's strategic risk working unit covers the entire Business Lines and Support Functions that work closely with financial working unit in analyzing and monitoring the strategic risk.

Strategic Risk Management

The implementation of strategic risk management is carried out through active supervision of Board of Commissioners and Directors. In terms of strategic risk management, the Board of Commissioners is responsible to direct and approve the Bank's business and strategic plans. While the Board of Directors is responsible to:

- Formulate the Bank's strategic business and strategic plans.
- Ensure that the strategic objectives set in line with the mission, vision, culture, business direction and risk tolerance of the Bank.
- Approve changes of strategic plans and periodically review the alignment of strategic plans.
- Ensure the managerial competence and system and control in the Bank are adequate to support the established strategic implementation.
- Monitor the development of internal and external conditions that affect the Bank's predetermined business strategy.
- Establish working unit/function that is responsible and authorized to formulate and oversee strategy implementation including business and strategic plans.

Risk Management

- Ensure that risk management for strategic risk has been implemented effectively and consistently.

Danamon manages strategic risk by monitoring inherent strategic risk and the quality of strategic risk management implementation. In assessing inherent strategic risk, the parameters are:
- The influence of external risk factors, including macroeconomic condition, regulation, technology, target customers, competition as well as Bank's position in the banking/finance industry.
- The influence of internal risk factors, including alignment of business strategy, business model and strategy focus, effective organizational structure, adequacy and human resources quality, technology, and operational efficiency.
- Monitoring the strategy implementation, including its results, successful implementation of strategic projects, and impact of strategic decisions made.

Furthermore, in assessing the quality of strategic risk management, the following factors are to be considered:
- Risk Governance, including risk preference, risk tolerance, and active supervision by Board of Commissioners and Board of Directors.
- Risk management framework, including the adequacy of organizational structure and organizational policy and procedure.
- The process of risk managements, human resources and management information systems, including the process of identification, measurement, management information systems and risk management, as well as the quantity and quality of human resources to support risk management.
- Risk control system, including the adequacy of internal control systems, and the adequacy of the review by an independent party in the Bank.

Inherent Strategic Risk

Danamon has managed the inherent strategic risk well. In essence, the Bank has a clear and well defined vision as well as good organizational culture that is in line with business structure and process. The Bank also has a clear, aligned, and measurable business strategy. This supports the Bank to keep in line with the strong and stable economic growth amid global economic uncertainty and a higher level of business competition.

Danamon anticipates the intense business competition by creating better service to attract new customers and maintain existing customers.

Danamon also understands that the macroeconomic condition can lead to strategic risk. Therefore, the Bank continues to monitor some indicators such as inflation rate, BI interest rate, and the changes in exchange rate of Rupiah. The Bank actively adapts some of its activities, such as lending, by anticipating the movement of macroeconomic movement. Danamon also seeks to improve operational cost efficiency.

Competition in customer service directly affects the competition between companies in acquiring qualified human resources. The high turnover of employees and the occurrence of vacant positions in divisions and subsidiaries, as well as an amount of employee performance management has become an important concern of the management. To that end, Danamon optimizes a recruitment system to support business requirements and to conduct analyses/employee evaluation to confirm the competence of human resources capability with business needs. Danamon also conducted a survey of employees to discover how to improve employee satisfaction and to prepare HR support (bench strength) for important positions.

Strategic Application of Quality Risk Management

Application of risk management has been implemented quite satisfactorily. However, the Bank continues to fine-tune the process. Formulation of an acceptable level of risk (risk appetite) is quite adequate in terms of limits, policy and procedure of processes with risks. Risk managers in their respective divisions and subsidiaries have also been positioned to support the implementation of a business strategy determined by senior management.

Danamon also continues to monitor various elements of relevant strategic risk and continually updates its mitigation action plan in response to changes in the Bank's risk situation.

G. COMPLIANCE RISK

Compliance risk may arise from bank's activities which do not meet the requirements or regulations or generally prevailing laws and regulations. Effective management of Compliance Risk is very essential to minimize the impact of the risk as quickly as possible. To that end, a comprehensive study was conducted on applied aspects of adherence to policies/products/systems at the Bank. Compliance Risk Management is also conducted in the Bank's compliance risk on an individual basis, and compliance risk of the Bank on a consolidated basis with its Subsidiaries.

Compliance Risk Management Organization

The management of compliance risk is supported by an adequate governance structure, including the Board of Commissioners, a Risk Monitoring Committee, the Board of Directors, a Compliance Committee and Compliance Working Unit, Senior Management, Business Units and other supporting units.

The implementation of compliance risk is managed by Danamon's compliance function as one of the components in Integrated Risk Management Bank and Control Framework. To ensure effectiveness of compliance risk management in all Bank's activities, compliance risk management becomes a responsibility shared across Bank's organizational lines.

The Board of Commissioners, through the Risk Monitoring Committee, is responsible for overseeing the function of Bank Compliance, including assurance that risks have been monitored and managed properly.

The Board of Directors plays an instrumental role in building Compliance Culture at all levels of the organization and activities. The Board of Directors is supported by Compliance Committee which evaluates and reviews the implementation of the Bank's compliance and activities with potential compliance risk. The Compliance Committee is chaired by the Compliance Director.

Risk Management

The Compliance Director exercises duties and responsibilities in formulating strategies to encourage a culture of compliance, establish policy, systems, and procedures of compliance, ensuring the compliance fits the Bank's activity, minimizes compliance risk and prevents any decisions of management that might run the risk of non-compliance. The Compliance Director thus plays an important role in the management of compliance risk.

The Compliance Working Unit is a working unit formed to support the implementation of the Compliance Director's duties and responsibilities. Compliance Working Unit is independent and free from any influence of any other working units. Compliance Working Unit is supported by experienced resources and has professional compliance competence covering all Danamon business activities, including Syariah business unit and its Subsidiaries. Compliance Working Unit has clear duties and responsibilities as it is regulated in Bank's Compliance Policy.

To support the Compliance Function, the Bank appoints a Business Unit Compliance Coordinator (BUCO) and Business Unit Compliance Officer (BUFO) officials at business/branch working units, as officials in charge of planning, implementation and compliance monitoring with prevailing laws and regulations governing its working units. In a compliance risk management framework, the business/branch working unit is in the vanguard, which plays an important role in the management of the Bank's compliance risk.

Strategy & Effectiveness of Compliance Risk Management

Implementation of compliance risk is achieved through the process of identifying and measuring, monitoring and controlling of risk and a management information system. The process of risk identification and measurement of compliance is achieved through a review of the policy, provision of funds and collection of funds, as well as other Danamon activities, to detect any potential non-compliance with Bank Indonesia provisions, laws and regulations in force, prudential principles and standardized sound business ethics.

Compliance risk management is also carried out on matters that can increase the risk exposure of potential to either penalties or reputations. A business/branch working unit continuously manages compliance risk and participates in performing identification, control and mitigation of compliance risk in its activities.

The followings are among the efforts performed by the Compliance Unit to support the process of compliance risk management, among others:

- Use of a reminder system to ensure that commitment and reporting are implemented in accordance with deadlines.
- Use of results of Compliance Regulatory Self Assessment (CRSA) done periodically as a basis to measure the level of compliance risk.
- Socialize regulations and provide regulation consultation to ensure that the Bank's activities are in line with prevailing laws and regulations.
- Develop e-learning programs containing modules of Bank Indonesia regulations.

- Provide a regulation database through the Bank's intranet system, updated regularly and accessible for all employees.

The commitment of all components to support the realization of compliance in Bank's organization that is consistent with the management of reliable compliance risks is expected to improve the effectiveness of compliance risk management and effect robust control of compliance risk.

Monitoring and Control Mechanism of Compliance Risk

Danamon conducts monitoring and control of compliance risk through compliance risk results, assessment results, compliance results of self assessment and commitment to Bank Indonesia, including the fulfillment of primary regulations of the Bank and its subsidiaries.

In compliance risk management, Integrated Risk Management coordinates periodically with the Internal Audit Unit. Integrated risk management and Internal Audit Unit ensure the adequacy of Bank's policy, and that procedure is in line with the provisions of Bank Indonesia and relevant external provisions, as well as their ongoing implementation in the Bank.

Implementation of Regulatory Provisions

Danamon always strives to comply with provisions set by the Regulators; regulations issued during the year 2014 have been implemented, include those relating to Good Corporate Governance Implementation for Commercial Banks, Application of Risk Management to Bank with Lending or Property Ownership Financing, Credit or Vehicle Financing, Calculation of Secondary Statutory Reserves and Statutory Reserves based on Loan to Deposit Ratio in Rupiah.

H. REPUTATION RISK

Reputation risk is defined as the risk associated with adverse negative perception toward which can be 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 impaired the Bank's reputation.

Reputation Risk Management Organization

Danamon's reputation risk is managed by Corporate Secretary Unit coordinates with Risk Management Unit and cooperates with Public Affairs Unit, Customer Complaints Handling Unit, Compliance Unit, Financial Unit and other relevant units. Given its importance, reputation risk management through implemented in an integrated approach with full support from relevant working units that handle customer complaints, perform public relations functions, respond to negative publicity, and communicate necessary information to stakeholders.

Meanwhile, to ensure Reputation Risk Management is carried out consolidatedly the reputation risk management team at Danamon work closely with PT Adira Dinamika Multi Finance, Tbk. and PT Adira Quantum Multi Finance, Tbk.

Risk Management

Policy and Mechanism of Reputation Risk Management

The policy and mechanism of reputation risk management are aligned with regulations and focusing on inherent reputation risk management, such as:

1. Negative news related to the owner of Danamon and/or companies related to Danamon.
2. Violation of common practices of business ethics/norms.
3. The amount and significant level of customer's usage of Danamon's complex products and the amount and materiality of Danamon's cooperation with its business partners.
4. Frequency and materiality of negative publicity towards Danamon, including its officials.
5. Frequency and materiality of customer complaints.

Danamon strives to implement high standard of reputation risk management through continuous improvement of governance, policies and procedures utilization of better information systems and quality enhancement of resources.

Risk Management During Crisis Situation

Danamon has a separate policy and procedure that governs the handling of activities during crashes, and the management of reputation risk, during crisis follows the policy and procedure accordingly.

I. INVESTMENT RISK

Investment Risk (Equity Investment Risk) arises because the Bank also bears the loss of business of its financing customers, under a profit-loss sharing basis agreement. This risk arises from Bank's financing activities, using 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 customers, who act as fund managers, by sharing the profit of the business, based on the agreement realized in a contract, while the loss will be fully borne by the Bank unless the customers are proven to have committed willful misconduct, are negligent or violates the agreement.

Financing based on musyarakah contract takes the form of cooperation between the Bank and its customers for a certain business, in which each party invests 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.

Equity Investment Risk Organization and Policy

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

UUS Danamon has its own working unit to process of providing financing covering criteria for accepting customers, financing approvals, monitoring, managing financing problem and portfolio management where financing in this case in financing based on profit and loss sharing. The risk control is conducted independently carried out by Integrated risk working unit.

UUS Danamon has a working unit empowered and responsible for analyzing report containing actual realization against business target set. The Bank ensures adequate infrastructure to monitor business performance and operations of those financed or regarded as partners.

Investment Mitigation Risk

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

J. RATE OF RETURN RISK

Rate of Return Risk is risk arising from changes of level of return rate paid by the Bank to a customer, as a result of changes in returns received by the Bank from the disbursements of funds, which can affect the behavior of funding a third-party customer of the Bank. Rate of Risk Management applies also to Syariah Business Unit (UUS) business. Process of Return of Risk Management refers to the provision established by Bank Indonesia.

Rate of Return Risk Organization

The Syariah Director, working through the Syariah Asset and Liabilities Committee (ALCO), is actively involved in funding planning and strategy. The establishment of a rate of return is reviewed periodically each month, in ALCO Syariah meetings, by considering comparative data in the Syariah Banking market.

RISK MANAGEMENT EFFECTIVENESS EVALUATION

In order to carry out a proper evaluation of the effectiveness of risk management, the Board of Commissioners and the Board of Directors actively supervise the implementation of risk management through committees related to risk management. To support the implementation of Syariah Supervisory Board duties, the Risk Monitoring Committee monitors the implementation of strategies and risk management policies, risk exposures to be used as a basis for evaluating the accountability of the Board of Directors.

In order to obtain sufficient data and maintain an overview of the steps that have been taken in the management or risk, the Risk Monitoring Committee conducts a monthly meeting to discuss risk-related problems.

As a follow-up of Risk Monitoring Committee recommendations, the Risk Management Committee supervises the development of a risk strategy and policy, and evaluates significant risk issues. Based on the report of the Bank's risk profile, submitted quarterly, the Bank concludes that the effectiveness of risk management of the Bank and its subsidiaries should be rated at 2 (Low to Moderate).

Risk Management

In addition to evaluation of risk management and profiles, periodic evaluation/reviews are also conducted over the methodology of risk appraisal, adequacy of system implementation, management information system, and accuracy of policies, procedures, and limits. Based on the results of the review process, Danamon will conduct a periodic Meeting Portfolio to evaluate the condition of its risk portfolio against the Bank and its subsidiaries.

RISK MANAGEMENT ACTIVITIES PLAN IN 2015

As described in the "2015 Economy Outlook" section, Indonesia's economy in the year 2015 is predicted to still be in recovery. The following are some of the challenges projected for 2015:

- Rupiah Exchange Rate against USD remains weak, threatening risk towards USD-denominated credit portfolios.
- Inflation remains high, and therefore the benchmark interest rate (BI rate) will also remain high and will result high interest costs for customers.
- It is possible that new, more stringent policies be issued in response to the unfavorable economy.
- Risk of increasing operating costs.
- The commencement of Basel III provisions, expected to have a gradual impact on the increase of capital.

To anticipate these external conditions in 2015, Danamon has prepared various risk management initiatives as follows:

1. Integrated Risk Management.
   - Build integrated Bankwide Data Warehouse
   - Improve the Risk Academy which include enhancement of training material and preparation of risk academy roadmap for employees
   - Implementation of SAS EG allowing monitoring through bankwide dashboard

2. Credit Risk Management.
   - Develop a new internal rating module for Micro business, ADMF and SME integrated into policy and systems
   - Develop Collateral Management Systems (CMS)
   - Implement New Central Liability Systems (CLS)
   - Implement Credit Processing Systems for SME

3. Operational Risk Management and Fraud.
   - Improve the Bank's early fraud detection strategy through optimal use of existing systems such as anti money laundering systems, monitoring of application fraud (Instinc) and others aimed to minimize fraud risk
   - Improve execution of Business Continuity Management (BCM) through introduction of BCM Heat Map

- Improve the implementation of Integrated ORM Tools for Risk/Loss Event Database, Risk Control Self Assessment dan Key Risk Indicator
- Improve E-Learning for increase risk awareness in Subsidiaries

4. Market Risk Management.
    - Continue the development of Asset Liquidity Management System to support monitoring of liquidity risk and interest rate risk
    - Improve Market and Liquidity limit fro 2015 which include infrastructure and to align with Basel III (LCR)
    - Continue the implementation of integrating market and liquidity risk with Subsidiaries covering policy, risk measurement tools and monitoring including escalation process due to over limit.

Human Resources

Danamon provided 2,948 learning programs participated by 70,278 employees generating 172,059 training man-days.

Danamon is very much aware that Employees are unique resources, a source for the Bank competitive advantage, and very difficult to be replicated by competitors. This is the parameter for human resources management at Danamon, for constantly developing each employee to be a continuously growing investment for the Bank.

COMPETENCY DEVELOPMENT AND TRAINING

Danamon strive to ensure that the competency of each of its employees is appropriate with the demand of roles and responsibilities of each position. In realizing this, in addition to facilitating specific program development in each line of business, comprehensively Danamon also provides a series of individual program development for each employee group from the clerical level, first line management, middle management to senior management.

Corresponding to the organizational aspiration to be Employer of Choice, the leadership development program is always the focus of Danamon in preparing the Bank future leaders. Leadership education is conducted through the program of Danamon Leadership Academy, which is based on the leadership platform of Danamon: Grow Yourself – Grow Your People – Grow Your Business, which is known as 3G. In running this program, Danamon works in partnerships with a number of leading national and global institutions.

A variety of training activities are coordinated by Danamon Corporate University, which are conducted mostly in Danamon training center at Ciawi, West Java and in a number of training centers located in several regions.

2014 HR LEARNFEST

In addition to facilitating training programs for various divisions in Danamon, HR Division organized 2014 LearnFest for the first time. The first learning festival in Danamon is an initiative HR Division in its efforts improving the competency of HR team leaders and members in providing the many services required by the latest HR function. HR function is one of the most important pillars for serving multi dimensional human resource dynamics in an organization, thus it always needs to be improved to respond to future challenges.

For five days in a row, around 200 members of Human Resources team from Head Office, Regional Offices and HR Business Partners participated in learning processes using several different approaches. There were 25 learning classes organized in this Learning Festival week, presenting the latest HR topics with a variety of learning methods and facilitated by HRD practitioners and prominent figures in Indonesia.

The first Learning Festival, which is organized in August 2014 was opened by President Director, Henry Ho Hon Cheong, and attended by Danamon Commissioner JB Kristiadi who welcomed the idea and requested that similar learning models are replicated for other Danamon divisions.

Human Resources

Danamon Leadership Academy


Internal Training Program

Following the success of HR LearnFest, its approach of integrated collective learning was relaunched for Division of Self-Employed Mass Market, presented as "Science Market" program with "Change" as its main topic. It was aimed for preparing team leaders and members who manage Danamon Simpan Pinjam (DSP) to face a number of organizational transformation processes in 2015, which are designed for responding to the market dynamics of Indonesia micro business.

A series of 12 classes were conducted during 3 days in succession, presenting several topics on Management of Change, attended by 400 leaders from First Line, Middle to Senior Management levels. The sessions were warmly welcomed, and the subsequent sessions were awaited.

Until October 2014 more than 1000 learning programs had been conducted where more than 28,100 employees participated and produced more than 72,000 training man-days. Around 40% of these programs were conducted in Ciawi training center and four regional training centers.

In accordance with BI regulation on Risk Management Certification (RMC), until October 2014 the Bank had trained 436 employees and sent 503 employees to participate in RMC Examinations, and 453 employees had formally passed.

The Bank conducted accelerated learning programs through Officer Development Program, covering the following areas:

- Integrated Risk, in Risk Officers training programs.
- SME Banking, in Relationship Officer and Funding Officer training programs.
- Wholesale Banking, in Relationship Officer and Funding Officer training programs.
- Consumer Banking, in Personal Banking Officers, Sales Service Officers (Customer Service), Relationship Managers, Branch Managers, Mortgage Officers and Consumer Banking Management Development training programs.
- Operation, in Teller and Branch Service Manager training programs.
- Micro Banking, in Account Officers, Operation Officers, Unit Managers and Collection Officers training programs.

Training Program Statistics

Training Program	2010	2011	2012	2013	2014
Number of Training Programs	8,000	6,237	4,230	3,329	**2,948**
Total Training Participants	70,500	67,632	83,277	90,864	**70,278**
Total Man-days	165,000	218,480	203,397	237,446	**175,059**
Total Training Investment (Rp million)	204,713	285,673	265,705	261,079	**225,942**
Average Investment per employee (Rp million)	2.90	4.22	3.19	2.87	**3.21**

INTERNALIZING COMPANY CULTURE

Activities to internalize the Danamon's culture starts since an employee begin his/her employment through employees orientation program. Communicating the Bank's culture is an integral part of training classes, meetings, workshops and various other meeting forums.

One of the initiatives for internalizing the Danamon's culture which has turned into Danamon's yearly agenda is the program Bisa! Award, an activity for showing appreciations to the employees who show Can Do Spirit – producing useful real results for the environment around him/her, exceeding the demand of his/her daily roles and works, and representing the application of Danamon core values.

RECRUITMENT

2014 is a challenging year for the Danamon to keep its employees. In the space of ten months until October 2014, the number of newly recruited employees had reached 5,227, mostly for filling the positions vacated by the employees who already left, attracted by aggressive offers from various competitors.

At the start of 2014, the number of Danamon employees was 67,727 and slightly reduced to 60,618 employees at the end of the year. 46% of the new employees were fresh graduates, possessing at least D3 diploma, while the remaining 54% are new employees who already have working experience, mostly in the banking and financial industry. The recruitment activities for fresh graduates were performed through several means. In addition to open invitations in job vacancy ads

Human Resources

in mass-media or the Bank website, Danamon also conducted talents search directly in the selected universities and other education institutions. The later was conducted by Danamon HR by holding seminar or public lecture, and participating in events of Career Day in a number of universities.

Domestic recruitment was still a priority in 2014. Nevertheless, external manpower including expatriates were still needed in some particular areas, such as risk management.

WELFARE

Danamon's Management makes every effort to retain the best employees, and ensure the right positions for them. By means of HR Division, several strategies are implemented to support the effort, among them consolidating remuneration practices to guarantee that compensation policies in the organization have implemented effectively to support performance and in accordance with the existing regulations.

Danamon also provides health insurance facilities, which is currently one of the best in the industry, in addition to mortgage and motor vehicle loans.

TALENT MANAGEMENT

Talent management is the main focus of HR Division by performing improvement of frameworks and processes. The activities of Talent Review for senior and critical positions in the Bank are expected to be a means for identifying high potential employees and selecting appropriate employee development and retention programs.

Talent management is expected to improve employees engagement, which at the end, generates the best contribution for the company.

EMPLOYEE ENGAGEMENT AND INDUSTRIAL RELATIONS

The meetings between the Board of Directors with the Central Leadership Council (DPP) of Workers Union are held quarterly ini a year, thus an open two-way communication is created to discuss industrial relationship issues. Additionally, direct monthly meetings were also held in central and regional offices attended by representatives from HR Division and Workers Union.

In 2014, settlements of complaint were accomplished smoothly, conforming to the prevailing regulations, either through direct meeting between the employees and their superiors, or through mediation of HR Division and/or Workers Union. Although there are cases where settlements were achieved outside the Bank, it is certain that they were in conformity with the relevant laws and regulation.

OPENNESS

For strengthening the culture of openness and transparency, Danamon periodically conducts "Live-Chat with Director" through Danamon Intranet Portal. President Director and other Directors take turns hosting the live-chat, while all employees can interact by sending questions, suggestions, complaints to the top executives, and getting answers and attentions directly. This initiative is expected to maintain the communication between management and employees and to produce optimal coordination and performance.

DANAMON EMPLOYEES CARE

To develop strong relationships among employees, mutual-care among employees was organized and coordinated through a program – Karyawan Danamon Peduli (KDP). KDP is a employees' voluntary funds collection program, where for every employee fund contribution, Danamon is committed to match it with the same amount of company contribution. Karyawan Danamon Peduli (KDP) requests each employee to actively help and support other employee by providing Scholarships, Treatment/Care, Sympathies for Loss of Parents/Parents in Law, and Care for employees stricken by calamities/natural disasters.

WORK LIFE BALANCE

As an expression of the Bank's commitment who constantly seek to create working environment supportive to work-life balance, Danamon Club (Da'club) was established. It is a place for employees gathering according to their personal interests in sports, arts, hobbies, including social and religious activities.

The Bank constantly made strong efforts to improve employees' awareness on staying healthy, and maintaining medical preventions. HR Division organized several health talks on the themes of health management and healthy life style. HR Division also promotes regular stretching activities twice daily, at 10.00 and 15.00, and furnished Danamon offices with 'Health Corner', which are equipped with an instrument for measuring Body Mass Index (BMI) and tensimeter. Furthermore, HR Division has started a health campaign by appointing a Health Ambassador from employees as a role model and to help spreading information on healthy live.

Starting last year Danamon piloting nursery room in several buildings in Jakarta and seven regions. The room enables employee to continue perform breast feeding or pumping during office hour. The POMCYN Club manages the room and provides education and facilities to store breast milk.

BANK INVESTMENT IN HUMAN RESOURCE MANAGEMENT

As described earlier, human resource is one of the most important assets of Danamon that needs to be guarded, retained and developed. For this reason, Danamon pays a special attention to human resource management, from recruitment, training, competency development, provision of fair compensation, health insurances, and other welfare package scheme.

In 2014, the expenses incurred for human resource development amounted to Rp5.8 trillion, grew by 1.7% from the previous year, due to the increase in employee expenses.

For the activities related to competency development and human resource training, the investment made by Danamon in 2014 was Rp225 billion (consolidated). This is a 13% decline from the amount of the same investment in 2013, which was Rp261 billion (consolidated)

Human Resources

Data Headcount Danamon Per December 2014

Source	2010	2011	2012	2013	2014
Danamon	26,275	30,736	33,939	35,423	31,660
Adira Finance	24,392	28,272	28,093	28,519	26,098
Adira Quantum	2,026	2,417	2,439	2,863	1,691
Adira Insurance	709	841	867	922	1,169
Total	53,402	62,266	65,338	67,727	60,618

Employee Composition by Education (Consolidated)

Education	2010	2011	2012	2013	2014
Post Graduate	575	579	577	573	542
Bachelor	34,487	40,256	41,162	42,361	37,834
Diploma	11,155	13,297	13,678	14,007	11,982
High School	7,003	7,986	9,789	10,671	10,161
Junior High/Elementary School	182	148	132	115	99
Total	53,402	62,266	65,338	67,727	60,618

Employee Composition by Length of Service (Consolidated)

Year of Service	2010	2011	2012	2013	2014
0-3 years	31,297	38,040	39,385	36,053	25,128
3-5 years	5,963	7,661	8,066	11,676	14,555
5-10 years	8,799	9,259	10,311	11,479	10,896
10-20 years	6,510	6,344	6,534	7,354	8,774
>20 years	833	962	1,042	1,165	1,265
Total	53,402	62,266	65,338	67,727	60,618

Employee Composition by Age (Consolidated)

Age	2010	2011	2012	2013	2014
<25 years	6,850	9,676	9,364	9,066	6,343
25-34 years	34,444	39,484	40,960	41,983	36,584
35-44 years	10,630	11,297	12,764	13,966	14,520
>45 years	1,478	1,809	2,250	2,712	3,171
Total	53,402	62,266	65,338	67,727	60,618

Employee Composition by Position (Consolidated)

Grade	2010	2011	2012	2013	2014
Top Management & Technical Advisor	46	38	45	49	39
Senior Manager	325	336	362	407	422
Manager	2,410	2,586	2,909	3,495	4,045
Officer	12,117	13,903	15,618	16,894	16,818
Staff	38,504	45,403	46,404	46,882	39,294
Total	53,402	62,266	65,338	67,727	60,618

* Employee data covers permanent, probation, contract, trainee, part-time and expatriate
* Above data exclude outsource staff

2015 REVIEW

The challenges of human resource management confronted by the Bank in 2015 will be strong, among them, high rate of employees attrition in several areas, rising cost of manpower that should be followed by proportional increase of rising productivity, business growth requiring sufficient number of competent leaders in the working units, and the program of embedding company culture which still needs to be strengthened within the Bank's organization.

To respond to these challenges, in 2015 HR will have several focuses, among them;

1. Creating synergy between functions of work units in the organization through analysis of business process, clarification of job's accountability, harmonizing KPI for every work unit.
2. Process improvement in performance management system, in line with the Bank's strategy, and a more objective and transparent performance evaluation process.
3. Programs related to competency and capacity development for line managers and middle managers, among others; launching of People Manager Program, which is especially designed to sharpen the skills of managing a working team and optimizing efforts to achieve targets through an effective team.
4. Conducting leadership and talent management program continuously, to create and prepare future leaders.

With these focuses, Danamon believes human resources will be more prepared to confront business challenges and stronger competitions ahead.

Information Technology

In order to safeguard the security, traffic, and operation efficiency, Danamon's IT always makes certain that all products and services can be accessed at any time and wherever the customer is located.

Information Technology at Danamon is tasked with supporting business growth of the Bank and its subsidiaries, and ensuring that the operation of the Bank is secure, smooth and efficient and maximizing the availability and minimizing the disruptions of services.

The role of Information Technology at Danamon is crucial in safeguarding the security, smoothness and efficiency of the overall operation of the Bank. It is for obvious reason that Danamon highly prioritized the development of IT, considering that most of banking services rely on IT capacity. Through IT Directorate, Danamon makes certain that all products and services are available for customers and can be securely accessed whenever and wherever a customer is.

The IT of Danamon is aimed toward the achievement of several objectives;

- Supporting business growth of the Bank and its subsidiaries;
- Ensuring operation of the Bank is secure, smooth and efficient; and
- maximizing the availability and minimizing the disruptions of services.

For achieving these objectives, Danamon conducted several important initiatives in IT in 2014, which include:

1. Development of System and Application for Business

As one of the ten biggest banks in Indonesia, Danamon has developed Mobile Banking applicaton. Danamon strengthened brand positioning by highlighting Simplicity and Delightful. Furnished with dynamic and customized menu, customers who use the application will get several benefits; ability to conduct banking transactions that includes new features of payment via Facebook (social media), and cash withdrawal without a card. Customer can also enjoy the latest Danamon promotions using the technology of 'augmented reality', and information/simulation on the latest products. Mutual funds investment and online account opening will be added as new features. Users who are not customers of Danamon can still benefit from the latest products and promotions of Danamon. Danamon Mobile Banking application can be obtained by downloading from the respective application store of each smartphone platform (Google Play, App Store, Blackberry Application World, and the official site of Danamon).

The new design for Retail Internet Banking was introduced and launched in September 2014. The latest design adopted the looks and feel of more interactive web pages, including more responsive design (able to adjust screen size automatically). The new function of online shopping payment for e-commerce feature has also been developed. Another new additional feature, which is being finalized, is the registration for opening new account through e-form or DDF (Danamon Digital Form).

To widen the current product variety of Danamon credit card, Mastercard Corporate Card was launched on June 2014. Furthermore, for preventing incidents of fraud utilizing fake application (fake identity), and supporting

Information Technology

business growth, IT implemented Retail Banking Application Fraud Detection System on September 2014 to monitor and perform early detection of every suspicious incoming application for minimizing the Bank's loss.

Implementation of Collection Auto Dialer for credit cards was completed in October 2014. This automatic calling system is able to eliminate unproductive calling, thus improving agents' productivity by anticipating when to make the next call, and how to detect unproductive call e.g busy signals, answering machine, no answer and disconnect. There is no delay in transferring the call to the collection agent. This automatic call system produces cost and time saving for each business call.

For supporting DSP business segment, IT implemented Mobile SPA (Sales Prospecting Application) in May 2014 to increase the efficiency of prospecting sales agents who use cellphone. For supporting the administration, control and search of DSP documents, IT has implemented Document Management System, which can also perform the function of centralized document keeping for DSP. The improvement of EDC DSP is conducted not only for improving DSP transaction services, but other bank's line of business on DSP branches as well.

As for supporting the business growth of Trade Finance & Transaction Banking, IT is currently implementing New Trade Finance system equipped with a capability of SWIFT interfacing, which is not currently supported.

2. Development of Bankwide System and Application

For managing liquidity and interest rates risks in the balance sheet, the New Asset & Liability Management system was implemented for Treasury Division in October 2014 for acquiring information timely and accurate.

IT is currently implementing Centralized Limit System, capable to monitor groups of borrowers, Omnibus, and to satisfy the need of reporting requirements. Additionally, IT has completed the selection of SOA Middleware System that will be implemented in 2015. The Middleware will provide a capacity for stand-in for Core Banking, and capacity for channel integration and provide a foundation for future initiatives such as Enterprise CIF, Customer Communication Hub and Omni Channel Capability.

3. Hardware and Communication Network

IT has implemented virtualization for UAT & Development server in February 2014 to gain more efficiency on the current facility, especially on the utilization capacity of Data Center, electricity usage and cost.

In April 2014, IT completed the improvement and replacement of bandwidth management for ensuring correct bandwidth allocation and traffic priority for application data on the basis of their level of criticality for connecting Data Center to the branches and vice-versa.

4. Regulations and Compliance

IT implemented LBU Syariah XBRL in April 2014 in compliance with BI regulation, and in June 2014 IT implemented Negative List system that contains list of customers on the blacklist, to get a better process of loan approval for more effective management of credit risks.

Gradual implementation of 6-digits PIN credit card for EDC has been started since September 2014, and will be completed on December 2014 in compliance with the OJK regulation whereby June 30, 2015 all credit card acquirers must upgrade all EDC and system to process transaction with 6 digit PIN.

5. A Plan For 2015

The development of Danamon IT ahead will be more focused on the improvement of electronic channel capacity and implementation of several new systems for supporting the business needs of the Bank.

In 2015, the following initiatives will be implemented:

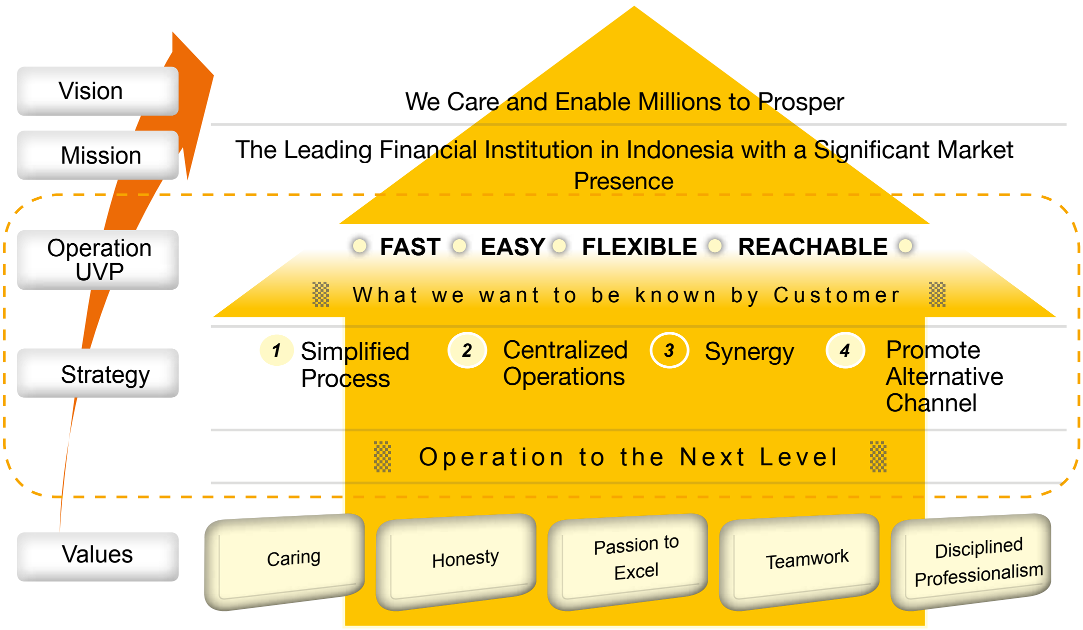
- As part of Customer Service Without Disruptions, Danamon will continue the renewal of core banking technology infrastructure refresh.
- Asset Liability Management phase 2, which covers Dynamic ALM, Liquidity Risk, FTP analysis, and phase 3 that includes Basel III function.
- Conducting preparatory stage for Enterprise Data Warehouse. In this preparatoy stage, Danamon will form Data Governance team, including its policies and procedures. Danamon will also conduct a process of improvement of data quality.
- Implementing SOA Middleware.
- IT has implemented virtualization for Production & DRC server for better efficiency.
- Continuing development phase 2 and 3 of Danamon Mobile Banking Application, which will add more functions and ability for customers to open an account, invest in mutual funds, and e-saving.
- Implementing a new application of Wholesale Internet Banking phase 1, which includes cash management functions, financial supply chain, and phase 2 that includes integrated gateway for trade finance and treasury transactions.
- Continuing the implementation and rolling out EMV for Debit Card with 6-digits PIN, and preparing cards able to support 6-digits PIN.
- DSP will continue its piloting launch of Mobile Branch.
- Implementation of new function in SEMM Mobile Sales Application, which will enable a customer to open an account without visiting any branch.
- Danamon IT will also continue the implementation of Loan Origination System for SMEC.
- Completing the implementation of the new Trade Finance System.
- Enterprise CIF initiatives will be started.

Furthermore, IT Directorate will continue to be on guard on the risks of misuse of IT access by internal or external parties with ill intentions.

Operations

Danamon continuously endeavors to be regarded as a bank who provides services that are quick, convenient, flexible and accessible anywhere and anytime.

In line with business development and customer demand for better services, Danamon's operation in 2014 continued the improvement processes in many areas. Operating under a proactive and constructive supervision from the Regulator, Danamon constantly seeks to ensure that every transaction is conducted in security, competency, compliancy and efficiency that correspond to the rising need of customers for banking products and services, the risks involved and the progress of banking technology.



The role of Danamon Operations in 2014 is as "enabler", in accordance with the Operational Framework that is grounded on Vision, Missions and Core Values of Danamon (see the diagram above). Danamon continuously endeavors to be regarded as a bank who provides services that are quick, convenient, flexible and accessible anywhere and anytime. Building on this endeavors, four basic strategies of Danamon Operations have been developed to achieve sustainable growth of business. They are:

- Promoting simplified banking processes on the whole network of the Bank, enabling customers to enjoy faster services through simpler process.
- Centralizing banking process at the branch offices to make operational costs more efficient and organizations of branch offices more streamlined.
- Increasing the use of alternative banking channels by customers.

Operasional

- Strengthening the synergy with subsidiary companies within Danamon business group, on the banking services needed for their business.

2014 OPERATIONAL PERFORMANCE

OPERATIONS

2014 is the year where operational performance produced significant improvements, which are shown by:

1. Financial achievement, 13% less than the budget formulated at the beginning of the year with various initiatives to improve efficiency.
2. Improvement of controls, indicated by the ratio of Acceptable Audit Rating which is up from 52% in 2013 to 77% in 2014.
3. Better service quality, which is indicated by many awards and recognitions awarded to Danamon:
   - Best Teller in Banking Industry (BSEM-Survey)
   - WOW Service Excellence Award 2014 (Markplus)
   - Excellent Service Experience Award 2014 (ESEA)
   - Institute of Service Management Survey 2014:
     - 1st Place for Bandung
     - 3rd Place for Jakarta
   - Bank Indonesia Recognition for Banda Aceh : “2014 Best Cash & Clearing Administration”
   - Recognition of Bank Indonesia Regional Representative Office at Region VII Palembang as “Best Management for Cash Administration 2014”
   - Bank Indonesia recognition for Counterfeit Money Reporting in Padang, Pontianak and Denpasar
   - Bank Indonesia recognition for “Best LBU Reporting Bank-Second Place”
   - Citi’s Performance Excellence Award for Outstanding Achievement in Straight Through Processing from Citibank with STP rating 99.90% for MT 103 and MT 202
   - Elite Quality Recognition Award US Dollar Clearing from JP Morgan with Rating STP 99.42% MT 103
   - STP Excellent Award Deutsche Bank
   - Best Domestic Providers of FX Service, Best for FX Products and Services, Best for FX Options, dan Best for FX Research and Market Coverage from Asiamoney, Foreign Exchange Poll.

As part of operations ongoing improvements, several programs were conducted as the continuation of the previous year’s activities:

1. An event “Operation Initiative Award 2014” was organized with the objective of encouraging innovative spirit at all levels of operational staffs. The event was well appreciated by all staffs, and it was expanded with participation of CREM staffs, from the initial participation of just Operational staffs in the previous year. There was also a clear progress in the number of ideas proposed, from 129 in 2013 to 254 in 2014, an increase of 100%.
2. Organizing “Control Award” where the participation was not limited to branch operation only, but broadened with participation from central and regional offices, thus every units in Danamon network would be considered for the recognition for good process control.

3. Continuing the innovations in branches operational efficiency, among others by widening the coverage of outsourcing Mailroom activities to Bandung and Surabaya. This generates Rp600 million of cost saving for the Bank every year. Additionally, Operational team continues to apply Branch Capacity Planning to achieve optimal operational capacity at the branch level, enabling Rp27 billion cost saving annually while maintaining excellent services to the customers.
4. The backbone of Danamon Trade Finance business growth, New Trade Finance System, was developed and implemented further in 2014 by Operational team, enabling Danamon to expand this line of business agressively in 2015.
5. Maintaining the strategy of centralization, among others by taking over the process of payment for Cash Pickup claims at Cash Management, centralizing sundries at SEMM, transferring the CLS process at SMEC and the CDP process at SEMM to LTS, consolidating CCDM from 8 into 2, and centralizing Helpdesk in line of businesses to Helpdesk Operation.

Furthermore, Danamon Operational also implemented new initiatives in 2014 to improve operational performance in terms of process simplification and standardization. Some of them are as follows:

1. Avatar Project, an Operational team long term initiative that was launched and initiated in 2014. It is an innovation based on shared services and allocated into 3 streams; Lending Stream, Payment Stream and Support Stream. This initiative does not improve Operational efficiency only, but also improves bankwide efficiency.
2. Changing “Passbook” into “Savings Book” where Savings Book is not a verification tool anymore, thus customers can do the necessary transactions more quickly and conveniently.
3. Launching Video Control to facilitate learning process on control aspects at the branch and division level.

Corporate Real Estate Management (CREM)

In the area of Corporate Real Estate Management (CREM), some initiatives implemented in 2014 are as follows:

- Supporting business units in the branch offices network project, including the completion of ATM & Branches Relocation projects.
- Implementing restacking project (relayout of working area) to improve the employees productivity by redesigning for more efficient office space and creating healthy and better working environment.
- Continuing the construction of new Head Office building to consolidate Head Office working units, which presently are located in several rented building.
- Continuing branches relocation project by maximizing the efficiency of space use, and reducing the cost of rental space by opening conventional branch offices in Adira group offices, or combining business works in conventional branch offices and vice-versa.

Operasional

- Implementing programs of operational cost savings on Danamon property, which include replacement of light bulbs with LED light bulbs, replacement of AC refrigerant with energy saving refrigerant, installations of timers and reducing the use of overtime electricity.
- Continuing the improvement program on branches infrastructure, head office and regional offices buildings.
- Development of Real Estate Management System to support management in designing strategies and making decisions, and centralizing real estate information.

2015 REVIEW

Operation

Operational focus in 2015 is performing comprehensive transformation at the levels of head office, regional and branches to expand shared service and increase efficiency in all areas. The transformation process does not include working process only, but a transformation of organizational operations in totality to achieve optimum results.

2015 work plan will be focused on this strategy, and will be realized on, among others:

1. Continuing the long term Avatar Project, which covers more than 20 initiatives from Lending Stream, Payment Stream and Support Stream for supporting target achievement of Cost to Income Ratio and Bank ROE in 2015.
2. Implementing systems to improve automation, productivity and SLA in the forms of New Trade Finance System, RTGS Gen 2, SKN Gen 2, MPN Gen 2, Bank Wide Reconciliation System, and many other applications.
3. Continuing the concept of Savings Book to other products such as Primadollar, so customer convenience in transactions can be expanded to all.
4. Performing shared service with DSP branches and implementing rationalization stage 2.
5. Optimizing shared service at branch level by preparing programs of Teller Multitasking, Head Teller Multifunction, and Operation Officer Inhouse Training.

Corporate Real Estate Management (CREM)

Division of Corporate Real Estate Management (CREM), has a strategy of focusing on the improvement of efficiency in administering property infrastructure, which includes several core initiatives, such as:

- Carrying out the construction of the new Danamon head office, which is expected to be completed in July 2015, and the process of moving in will be conducted between October to December 2015.
- Preparing the engineering design and preparatory works for the project of consolidated operational office (shared service) that provides property solutions, which are more efficient, energy saving and conducive for improvement of employees productivity. It is expected that construction of the office of integrated operational supports can be finalized before 2018.

- Preparing the engineering design and preparatory works for construction project of Danamon data center in Cikarang, whose construction is expected to be completed before 2018.
- Continuing the programs and projects supporting the consolidation of Danamon and Group network of branches in cities across Indonesia, which will improve the efficiency of space use, reduce rental and operational costs, including the acquisition and construction of branch offices network in large cities.
- Continuing the implementation of cost saving programs for property operational cost in all branch and regional offices in Indonesia.
- Supporting business units in the project of branch offices network, including the completion of ATM & Branches relocation project.