Operational Review

Sub Contents

Risk Management

Risk Management at Danamon is carried out holistically against all risks faced by the Bank. The approach consists of identifying, measuring, monitoring, and controlling many risks in each Danamon business line, support function and Subsidiaries.

Danamon's principles of risk management are implemented proactively to support the achievement of sustainable growth. Danamon's has an integrated risk management policy as a guidance to identify, measuring, monitoring and controlling all risks faced by Danamon and its subsidiaries in carry out their activity.

PILLAR AND RISK MANAGEMENT PRINCIPLES

To manage the risks, Danamon applies Seven Risk Management Pillars on the following seven areas:

First Pillar Good Corporate Governance

The Board of Commissioners, Board of Directors, and Syariah Supervisory Board for the Syariah Business Unit monitor and providie active supervision and establish committees as required to meet their responsibilities.

Second Pillar Risk Framework

Each employee is required to understand and contribute to risk management in accordance with his or her respective function and responsibility. Integrated Risk is responsible for defining the Risk Architecture and preparing the basic fundamentals of risk management and risk monitoring. The entire business line and their supporting functions will operate based on such guidelines.

Third Pillar Risk Management Standards

Adopt a consistent and disciplined approach to identify, measure, monitor and control credit risk, market risk, liquidity risk, operational risk, and other risks in a transparent manner.

Fourth Pillar Accounting Standards

All financial accounting reports and records submitted to regulators and external stakeholders shall meet the prevailing local accounting standards.

Fifth Pillar Technology & MIS

Adopt scalable, robust, and reliable technology aligned with business size and conditions as well as with the Bank's risk management framework.

Sixth Pillar Human Resources

Ensure that the officers responsible for managing risks at all levels are competent and experienced in accordance with the condition, magnitude, and complexity of business operations. Danamon requires the candidates and relevant Bank officers to have risk management certification issued by a Professional Certification Agency accredited by regulators.

Seventh Pillar Risk Awareness and Culture

Use prudent approach in developing business strategies to match Danamon's risk appetite.

Three Lines of Defense Approach

Further, to monitor, control, and manage risks, Danamon applies a Three Lines of Defense approach in designing and implementing risk management and control framework, specifically:

<table>
<tr><th colspan="3">Supervision of the Board of Commissioners</th></tr>
<tr><th colspan="2">Supervision of the Board of Directors</th><th></th></tr>
<tr><th>First Line of Defense</th><th>Second Line of Defense</th><th>Third Line of Defense</th></tr>
<tr><td>• Business Unit
• Support Function</td><td>• Integrated Risk Management
• Compliance</td><td>• Internal Audit</td></tr>
<tr><td>Business unit and supporting functions as risk owners are the first line of defence responsibility in daily risk management in each work unit.</td><td>Integrated Risk Management Unit and Compliance Division are the second line of defense to perform risk management monitoring functions independently.</td><td>Internal Audit is the third line of defense responsible for control through tests and independent audits of the accuracy of the business unit process and its supporting units as well as ensuring that they carry out functions and responsibilities in accordance with the existing policies and procedures.</td></tr>
</table>

Integrated Risk Management

Relying on integration principles, Danamon perceives all risks in a consolidated manner by considering the possibility of interaction between one risk exposure and another risk exposure. A holistic approach will ensure that all different types of risks, both on and off balance sheet, will be managed effectively. Application of Integrated Risk Management will ensure that Danamon has:

- Applied a holistic approach toward all types of risks.
- Measured and recorded all risks accurately.
- Monitored and reported all risk exposures adequately.
- Managed risks in a structured and appropriate manner in each business line.
- Applied risk management in a consistent manner in accordance with policies.
- Maintained adequate systems and technology to manage risks.
- Maintained adequate and competent human resources to manage risks at all levels and business lines.

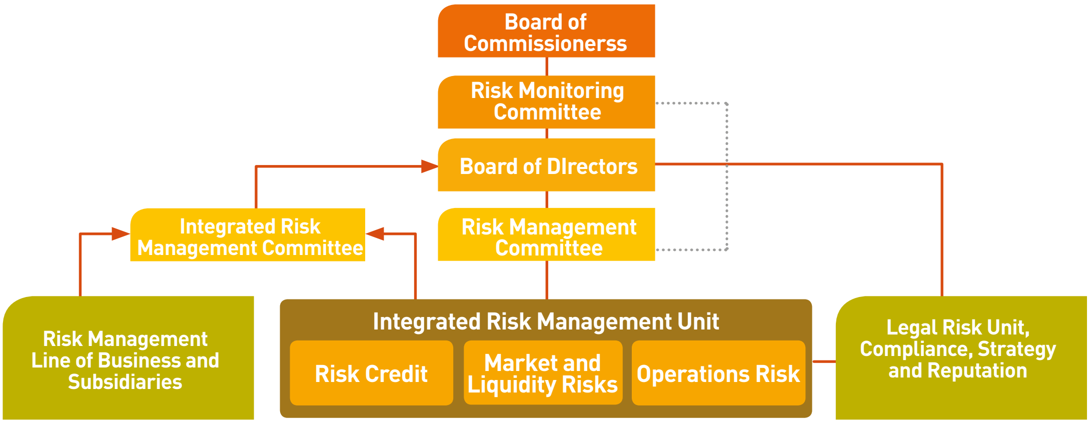
RISK MANAGEMENT ORGANIZATION STRUCTURE

The structure of risk management comprises risk management processes and risk management units, including those in business lines and subsidiaries, with various levels of responsibilities.

Danamon's risk management organization involves active monitoring by the Board of Commissioners and Directors. The Risk Monitoring Committee is the supreme authority of risk management at the level of the Board of Commissioners. This committee serves as the supervisory council to monitor the implementation of strategy and risk management policies as well as to evaluate the accountability of the Board of Directors in managing risk exposures.

At the Board of Directors' level, the Risk Management Committee is in charge of managing risk as a whole both in the Bank as well as in the subsidiaries. This Committee is responsible to for monitoring the implementation of the strategy, policies, and evaluating significant risk issues. In addition, there are several other risk committees specifically the Operational Risk Management Committee, the Fraud Risk Management Committee, and ALCO which is a sub committee of the Risk Management Committee.

Risk Management Organization Structure



Further to the Financial Service Authority (OJK) regulation on Integrated Risk Management of Financial Conglomeration, Danamon established an Integrated Risk Management Committee with the members consisting of Danamon's Risk Management Director and Directors appointed from each subsidiary. The main function of the Integrated Risk Management Committee is to monitor the implementation of integrated risk management and integrated risk policies over all the financial institutions in the financial group.

In line with industry best practices and the Basel Risk Management Framework, Danamon has established an Integrated Risk function, which combines credit, market and liquidity, and operational risk under one umbrella. This function is fully staffed with experienced senior professionals. It is a centralized and independent function, clearly separated with no reporting line or responsibility to businesses.

The integrated Risk Management Group defines the architecture of Danamon's risks and develops risk management strategies covering bankwide policies, limits, policies, procedures, and controls for all business lines including subsidiaries.

Key elements supporting the structure of Danamon's risk management governance are:
- Active Monitoring by the Board of Commissioners and Board of Directors.
- Adequacy of Policies, Procedures, and Determination of Limits.
- Risk Management Process and Risk Management System.
- Risk Management Internal Control System.

ACTIVE MONITORING BY BOARD OF COMMISSIONERS, BOARD OF DIRECTORS, AND SYARIAH SUPERVISORY BOARD

The Board of Commissioners, Board of Directors, and Syariah Supervisory Board actively monitor the risk framework and this is key to successful risk management. Fully aware of their strategic roles, Danamon has segregated the monitoring duties of each party described as follows:

Active Monitoring Functions		
Board of Commissioners	**Syariah Supervisory Board**	**Board of Directors**
The Board of Commissioners may delegate its risk monitoring function to the Risk Monitoring Committee. However, the final responsibility remains with the Board of Commissioners.	Danamon appoints a Syariah Supervisory Board of its Syariah Business Line as recommended by the National Syariah Council – the Indonesian Council of Ulama and approved by Bank Indonesia	• Act as the responsible party for implementing operational activities, including monitoring the implementation of risk management. The Board of Directors comprehensively guides policy directive and risk management strategy including its implementation. • The Board of Directors has established the Risk Management Committee to support its functions and responsibilities.
a). Perform monitoring of risks and evaluate the Board of Directors' accountability in implementing policies and risk management strategy, as well as risk exposures through periodic review. b). Approve business activity which requires approval of the Board of Commissioners. c). Approve policy which requires the Board of Commissioners approval as mandated by Bank Indonesia or Financial Authority Services (FSA). d). Carry out risk management functions as stipulated in the regulations. e). Delegate authority to the Board of Directors allowing them to approve business activities as well as other tasks. f). Provide direction, monitor, and evaluate information technology strategic plan and policy related to the use of information technology.	a). Ensure that the principles of Integrated Risk Management are not contradictory to Syariah principles. b). Assess and ensure compliance of Syariah Principles to the products, policies, procedures as well as the Syariah business activities, both at the Bank and/or its Subsidiaries on their own and as integrated, and monitor to comply with the opinion of the National Syariah Council - Indonesian Council of Ulama. c). Act as an advisor and provide recommendation to the Board of Directors and Management of the Syariah Business on matters related to Syariah principles. d). Coordinate with National Syariah Council to discuss the Bank's proposals and recommendations on the product and service development requiring reviews and decisions by the National. e). Evaluate the policies of Risk Management relevant to the compliance with Syariah Principles. f). Evaluate the Board of Directors accountability in implementing Risk Management policies related to compliance with Syariah Principles.	a). Responsible for implementing policies, strategies, and risk management framework. b). Approve business activities requiring Board of Directors approval. c). Develop risk management culture for the entire organization. d). Monitor quality of the Bank's risk against the prevailing and appropriate level. e). Ensure the management implements prudent and conservative approach in developing businesses. f). Determine the Bank's risk appetite. g). Periodically reviews the risk framework. h). Ensure that improvement initiatives are followed up on issues or deviations in business activities found by Bank Internal Audit. i). Ensure management effectiveness and competency of the human resources is in relation to the implementation of risk management. j). Assign sufficient numbers of officers to the work unit in line with their character and versatility. k). Arrange and set the mechanism for approving transactions including authority for exceeding authorized limits for every office level.

RISK MANAGEMENT PROCESS AND INFORMATION SYSTEM

Risk Management Process

Danamon conducts identification, measurement, monitoring, and control over all the risks encountered both at the head office level and the subsidiaries' level through:

Risk Identification
A risk identification process determines the scope and scale of measuring, monitoring, and controlling risk. Proactive risk identification covers all Danamon business activities and is conducted by analyzing all types and characteristics of the risks existing in all Danamon's business activities which also cover products and other services.

Risk Measurement
Measurement of risk is aimed to assess Danamon's risk exposure as a basis for implementing and managing control. The measurement approach and methodology can be quantitative, qualitative, or a combination of both. Risk measurement is conducted periodically on product, portfolio, as well as Danamon's business activities.

Risk Controlling
Risk controlling is carried out among others by taking follow-up actions over moderate and high risks which exceed the limits, control escalation (immediate supervisory), capital addition to absorb potential loss and periodic internal audit.

Risk Monitoring
Conduct risk monitoring activities by evaluating risk exposures existing in all product portfolios and Danamon's business activities as well as effectiveness of risk management process.

Within the Risk Management structure applied by Danamon, Integrated Risk Management consolidates all of the Bank's risk exposure managed by each risk holder, specifically functional units.

Business lines and subsidiaries are operational work units which are responsible for managing risks from the beginning up to the end of their scope of responsibilities. They should clearly identify, measure, monitor, control, and define mitigation to manage the risks before embarking on a risk-bearing activity.

Risks in operational work units are managed by the Business Risk Head of business line. The Business Risk Head is indirectly responsible to the Director of Integrated Risk in conjunction with supervisory functions. In assuming its roles as monitoring and risk controller in operational work units, The Integrated Risk Management Group will evaluate all business plans, policies, programs and products. At certain levels of risk taking activities, The Integrated Risk Management Group which is a member of the Credit Committee at the Head Office will provide recommendations on credit decisions.

Risk Management Information System

To achieve good control and system monitoring, Danamon already has a sophisticated risk management information system in place, which covers Internal Rating System, Central Liability System, Market Risk System and Operational Risk Management System. This Management Information System is intended to detect less favorable developments at an early stage. Therefore, corrective measures can be taken to minimize loss potential of the Bank.

Internal Control

Implementation of internal control in Danamon's risk management, covers:

a. Establishment of organization structure, by clearly defining functions of among operational business units and risk management units.
b. Establish risk management unit, to be an independent business unit which makes risk management policies, risk measurement methodology, and sets risk limits and validates data and models.
c. Review and monitor each transaction and functional activity with risk exposures, as necessary, by each business unit.

Additionally, Danamon consistently ensures the fulfillment of various essential points during the control process, covering: agreement between internal control system and Bank risks, appointment of policy monitoring authority, procedures and limits, well-defined organization structure, and adequate four eyes principles, plus procedure adequacy to comply with regulations.

The Bank also periodically reviews the effectiveness of risk management implementation including policy adequacy, procedures, and management information system. Such reviews also include internal audit during the risk management process and monitoring of the corrections upon audit findings.

RISK MANAGEMENT GOVERNANCE POLICIES

Danamon practices Integrated Risk Management which enables the Management to manage risks of all its business units including subsidiaries in an integrated manner. Integrated risk management is a series of combined strategies, processes, resources, competencies, and technologies designed to evaluate and manage risks. The purpose of implementing integrated risk management is to provide added value to the stakeholders in conjunction with the business strategies. Additionally it also enhances the quality of risk management process, thus improving capital management's effectiveness and efficiency.

Integrated risk management leads to the establishment of risk appetite magnitude and tolerance limits that the Bank may absorb in setting a portfolio in line with thorough consideration of the cost of the risk as reflected in the magnitude of the anticipated risk, and at the same time support business development. Considering the importance of risk management in the banking business, Danamon attempts to implement an adaptive risk management framework, which is easily understandable and carried out at all levels. To support the effectiveness of risk management, Danamon also strives to nurture the risk culture across all ranks. In this way, the entire Company will eventually be aware that risk management is essentially a common responsibility.

Risk Culture

Danamon is convinced of the importance for all employees to be aware of and understand the risks they encounter in all of their activities. This awareness will then eventually instill a strong culture of risk management. In respect to this awareness, Danamon is determined to nurture a combination of unique values, trust, implementation, and management supervision which will ensure that Danamon's operations will be conducted in a prudent manner, based on best practices.

Such risk cultures will be established through:

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

Danamon is determined to consistently nurture the awareness of a risk culture at all organization levels through:

- Communication on the importance of managing risks.
- Communication on the levels of bank risk tolerance and anticipated risk profiles through various caps and portfolio management.
- Authorize employees to handle risks in their activities in a prudent manner.
- Monitor the effectiveness of risk management in all areas of the Bank.

Risk Appetite

Danamon Risk Appetite Settlement outlines the levels and nature of risks that the Bank will take in order to articulate its mission to stakeholders, subject to constraints arising from the creditors, regulators, and customers. The Risk Appetite Settlement has been approved by the Board of Commissioners, and contains various matrices of key measurements including Growth, Earnings and Volatilities, Solvency, and Regulation.

Risk Management Policies

To carry out the risk management framework, Danamon maintains a risk management policy to identify and analyze risks faced by the Bank, establish risk caps, control, and monitor the risks of compliance with the predetermined caps. Policies and risk management systems are reviewed periodically to reflect changes in market conditions, products, and services.

The Bank maintains Integrated Risk Management Policies which have been reviewed and approved in accordance with the regulation of Bank Indonesia/ Financial Services Authority. These policies serve as references in managing integrated risk management in the Bank and its subsidiaries. Additionally, in accordance with the regulation of Bank Indonesia on risk management of subsidiaries' activities, the subsidiaries have appointed officials in charge of the risks. The Bank through its risk management serves to monitor the implementation of comprehensive and integrated risk management.

The Integrated Risk Management Group is responsible for complying with risk management policies and caps for all business lines in accordance with the risk policy principles which serve as reference for Danamon credit businesses. This Group is also responsible for defining and updating the policy umbrella and procedures to identify, measure, analyze, and control the risks in all business line. The Integrated Risk Management Group then socializes the risk strategies and policies to the all relevant business units in an effort to create a sound risk culture and risk awareness in Danamon and its subsidiaries.

SPECIFIC RISK MANAGEMENT

Risk Management of New Products and Activities

Danamon sets out specifications of new products and activities in the Bank Business Plan in accordance with the applicable regulations. This policy stipulates the procedures of issuance and monitoring of bank products.

New products are prepared and recommended by the Business Unit and the Risk Management Unit in the business lines and subsidiaries of product holders. They are reviewed by the Risk Management Work Unit as well as other relevant divisions such as Legal Division and Compliance Division. The Product Program will also undergo a compliance test before being launched. Product approval authority is categorized based on the level of risk, where high-risk products must be approved by the Managing Director. The level of risk is evaluated based on product performance, target customers, complexity of operational processes, and market conditions. For Syariah Work Unit products, consultation with the Syariah Supervisory Board is required.

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

Risk Management of Syariah Business

The Bank actively applies risk management on the Syariah Business Unit in line with PBI regulation No. 13/23/PBI/2011 on the implementation of risk management for Commercial Syariah Banks and Syariah Business Units. In terms of policies, the Bank maintains an Integrated 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.

Products and activities of the Syariah Business Unit are reviewed by the Risk Management Work Unit and other relevant units, and also undergo a compliance test. Risk Measurement is carried out by using methodologies which match the characteristics of Syariah Business. Such measurement is accomplished through risk profile levels, evaluated on a three monthly basis and subsequently submitted to Bank Indonesia.

In managing risks relevant to the fulfillment of Syariah principles, the Syariah Supervisory Board gives approval to policies, procedures, systems, and products relevant to the fulfillment of Syariah principles and contracts to be used. The Risk Management Unit of the Bank (Conventional) implements the risk management process and systems of the 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 to the Syariah Business Unit and has run its functions and tasks accordingly.

Risk Management of Subsidiaries

Danamon applies a consolidation process to its subsidiaries. The consolidation process of risk management is conducted by observing the differences 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 relation 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 points 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 and Circular Letter of OJK No. 14/SEOJK.03/2015 dated 25 May 2015 on the Application of Integrated Risk Management on Financial Group. Referring to this regulation, Danamon as the main entity will continue to refine risk management process in an integrated manner with its Subsidiaries.

FOCUS AND ACTIVITIES OF RISK MANAGEMENT IN 2015

A number of programs have been conducted and results generated through Danamon risk management activities including:

Risks	Activities
Integrated	• Implementation of Integrated Risk Management in the Bank and subsidiaries within the Financial Group. • Integrated risk management which includes Intragroup Risk and Insurance Risk. • Refinement of Risk Appetite Statement parameters. • Refinement of Risk Profile report in accordance with regulator's requirements. • Risk Academy refinement including improvement in training material and preparation of risk academy roadmap risks for employees. • Implementation of stress test including: annual stress test, OJK stress test, foreign exchange stress test, mining industries, and palm oil industries. • Implementation of ICAAP method best practices.
Credit	• Development of bank wide negative list database to improve underwriting process. • Implementation of wholesale credit risk measurement process through PD, LGD, and EAD model development for corporate, commercial and Financing Company in 2015 and implementation of rating model for Financial Institution portfolio for business decision. • Model development for scoring application, behavior scoring, collection scoring, PD, LGD and EAD for credit card on December 2014 and were implemented in 2015. • Calibration of all PD models using long term cycle neutral tendency and implementation of 25 Grade standardization called "Danamon Rating Scale" mapped to the Probability of Default applied to score and rating models developed in each business unit. • Implementation of New Central Liability System (CLS).
Operations, BCM, and Fraud	• Improve function independence and roles of Operational Risk Officer in Business Line, Support Function, and Subsidiaries. • Refine Operational Risk Management System (ORMS) application to improve effectiveness in operational risk management comprehensively both in the Bank and its subsidiaries. • Build awareness on Operational Risk Management through e-learning, risk management school module, e-mail blast, anti-fraud awareness videos, BCM Response Plan test including BCP. The purpose is to enhance awareness throughout the ranks of management and employees on the importance of operational risk management. • Successfully maintain ISO 22301:2012 certification for Business Continuity Management System (BCMS), by carrying out Maintenance Audit in 2015 without unconformity item. Founder, Chairperson, and organizer of cross industry Business Continuity Management Indonesia Forum and Anti-Fraud Forum in Indonesia.
Market and Liquidity	• Limit structure updates and Market Risks as well as Bank Liquidity Risks policies. • Implementation of ALM SunGard System Phase I (Static Module) and Phase II (Dynamic Module). • Application of market and liquidity risk measurement methodology validation. • Implementation of limit structure and Market and Liquidity Risk policies on the subsidiaries in line with the Bank as the main entity.

RISK PROFILE

Risk Profile includes an assessment of the inherent risks and quality of the 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 10 (ten) risks namely Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk, Reputational Risk, Return Risk, and Investment Risk. Meanwhile, Integrated Risk Management includes Intragroup Risks and Insurance Risks. In assessing the risk profile, the Bank is required to refer to the conditions stipulated by Bank Indonesia and OJK, which define the assessment on the health level of a commercial bank. The responsibility to coordinate the preparation of the Risk Profile report lies with 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, 2015 remained at 2 (Low to Moderate).

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 exposure 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 (interbank transactions, foreign exchange transactions, financial futures, swaps, bonds). 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 an integrated basis with its subsidiaries. Credit Risk Management includes end-to end processes of origination and approval, monitoring, problem loan management process and portfolio management.

The Bank has Credit Risk Policy which is a core policy and key reference framework in implementing credit risk management both at the Bank and Financial Group. These policies, along with the credit risk guidelines at the Line of Business and Subsidiaries levels, govern the risk management process comprehensively starting from the identification, measurement, monitoring, up to risk control. All Bank policies and credit risk guidelines are reviewed periodically to fulfill the existing regulations as well as adjusted to the Bank's risk appetite level.

Process	Implementation Measures
Identification	• Periodically review Line of Business Product Program as well as subsidiaries which contain target analysis and marketing strategies, criteria for credit approval, product performance, as well as implementation of risk management. • Establish credit approval criteria based on 5C approach: Character, Capacity to Repay, Capital, Collateral, and Condition of Economy as well as make adjustments to risk appetite, risk profile, and Bank's business plan.
Measurement	• Build and apply credit risk measurement methodologies such as internal credit rating and credit scorecards which are consistently developed and validated to evaluate loan disbursement as well as other facilities relevant to credit and investment decisions. • Define credit risk measurement parameters as well as establish trigger scores and caps on non-performing loans level, portfolio concentration, as well as other credit parameters. • Conduct stress test of significant changes in the conditions as an estimated potential impact of such conditions toward portfolios, revenues, as well as Bank capital conditions.
Monitoring	• Monitor product performance and Bank portfolios as a whole as well as on a business level through a reliable Management Information System. • Evaluate adequacy of risk management implementation which may provide improvement measures and adjustments toward risk management strategies.
Control	• Establish and periodically review the Policies and Guidelines on the implementation of credit risk management both that are applicable in general or in specific terms on business units. • Implement adequate four eyes principles on every process of credit facility disbursement. • Delegate authorities of credit disbursement to members of Credit Committee selected based on qualifications and competences. • Set Legal Lending Limit to both individual and group debtors, both to affiliated or non-affiliated parties. • Set the risk level and concentration limit toward certain industrial sectors. • Identify non-performing loans at an early stage so that remediation process may be carried out in proper and efficient manners. • Build-up reserve in line with existing regulations; • Develop mechanism for independent and sustainable internal control system.

The Credit Risk Management process is carried out comprehensively at every line of the Bank's defense. The Business units of the Bank's Business Lines and Subsidiaries as risk taking units contribute to the first line of defence which assume a key role in the risk management implementation adequacy. The Integrated Risk Management Work Unit contributes to the independent second line of defense with responsibilities to monitor and review credit risk parameters, review and adjust the Credit Risk Policies, as well as develop risk measurement methodology and risk control procedures. The complience Work Unit contributes to the second line as well as being consistently active in providing recommendations on the implementation of credit risk management along with the direction on the regulation and disbursement of credit facilities to parties associated with the Bank. Conformity of credit risk management implementation in terms of the sustainability is evaluated by the independent Internal Audit Work Unit which contributes to the third line of defense. This Internal Audit Work Unit actively provides recommendations for improvement and development of risk management implementation in the all units of the Bank.

Credit Risk Rating Model

As part of the Danamon Road Map to conform to Basel II Internal Rating Based (IRB), Danamon has developed a Risk Analytic Team and has developed a customer rating process for Corporate, Commercial, and Financial Institution counterparties. In the retail segment, Danamon has developed credit card scorecards that are used for acquisition and portfolio risk monitoring. These tools will enhance the overall portfolio quality for Danamon.

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 debtors, 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 intensively and closely monitors the performance, as well as events, that may impact the behavior of its loan portfolios, including those of Subsidiaries and Financial Conglomerate. Reviews on credit portfolios are carried out starting from the business line as a risk-taking unit and up to the Integrated Risk Management Work Unit level. Periodic monitoring has also been conducted by Risk Management Committee at the Board of Directors level as well as the Risk Monitoring Committee at the Board of Commissioners' level.

The Bank also conducts measurements on past due loans and impaired loans in the following manner:

- Past due Loans are financial assets both in part or as a whole, including interest payment, which are already overdue by more than 90 (ninety) days.
- Impaired loans are financial assets with objective evidence of value deterioration based on an estimated future cash flow. Evaluation on loan repayment with an impaired value are categorized into two main segments, specifically wholesale and retail mass market. On a wholesale segment, the assessment covers four main categories specifically repayment status, debtor financial performance, assessment of debtor's repayment capacity, and restructured loans. As for retail mass market segment, evaluation is done collectively based on portfolio instead of assessment on an individual basis otherwise. Collective classification applies to loan portfolios with similar credit risk characteristics. Impaired loans for the retail segment are loans with DPD greater than 90 days, and restructured loans.

4. Provisioning

The setup of provisions for loans is made through Bank credit portfolio both through Loan Loss Provision (LLP) as well as Provision for Assets (PPA) which are applicable for the Bank's and subsidiaries entire business line, both for conventional credit as well as Syariah financing which conform to the existing conditions and regulations of the provision.

A calculation of Loan Loss Provision is established based on the Code of Indonesian Banking Accounting (PAPI) and hereinafter referred to as Loan Impairment. The calculation of loan loss provisioning is based on Value Impairment using the methodology developed by the Bank and approved by the Board of Directors.

Calculation of Loan Loss Provision may be grouped as follows:

- **Individual** is the method of individual impairment calculation using Discounted Cash Flow method in which the difference between present fair values and present fair values before impairment is calculated.
- **Collective** is provisioning on financial asset value impairment which is evaluated collectively, that is when objective evidence of asset value impairment being evaluated individually is not present. For the wholesale credit segment such as corporate and commercial segments, the Bank will apply the migration loss method, while Collective Impairment calculation will apply net flow rate or vintage analysis methods.

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

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

Banks are required to calculate PPA against Earning Assets and Non-Earning Assets, in a form of general reserve for Earning Assets as well as special reserve for Earning Assets and Non-Earning Assets.

PPA general reserve is set at the lowest at 1% (one percent) of all Earning Assets classified as Current. Meanwhile, special reserves for Productive and Non-Productive Assets are set from the values of Productive and Non-Productive Assets after a collateral deduction at the lowest:

Quality of Productive and Non-Productive Assets	Minimum PPA Special Reserve
Special Mention	5%
Sub Standard	15%
Doubtful	50%
Poor	100%

Particularly for Syariah Financing, formation of reserves is implemented as follows:

a. Murabahah Financing is calculated based on Pedoman Akuntansi Perbankan Syariah Indonesia (PAPSI) using individual and collective computation.
b. Mudharabah Financing and Qardh Financing are calculated based on the outstanding balance.
c. Requirements to form a reserve are not applied to the transaction of Ijarah or Ijarah Muntahiya Bittamlik.

5. Disclosure of Danamon Quantitative Credit Risk

Danamon quantitative credit risk calculations for 2015 are disclosed in the tables below.

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

(Rp million)

No	Portfolio Category	December 31, 2015							
		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	28,706,123	375	37	-	-	227	-	28,706,762
2	Receivables on Public Sector Entities	1,149,878	57	-	267	-	475	71	1,150,748
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-
4	Receivables on Banks	9,428,150	8,233	249,310	30,409	12	2,418	86,542	9,805,074
5	Loans Secured by Residential Property	1,708,361	74,550	160,014	29,371	87,515	87,702	57,006	2,204,519
6	Loans Secured by Commercial Real Estate	726,203	2,578	156,694	15,428	17,632	80,059	20,087	1,018,681
7	Employee/ Retired Loans	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	11,021,464	3,588,255	5,826,541	5,043,889	3,208,754	8,273,650	3,987,174	40,949,727
9	Receivables on Corporate	40,764,515	2,556,853	5,234,941	2,374,864	2,439,159	5,348,941	2,656,055	61,375,328
10	Past Due Receivables	521,538	119,996	273,337	224,108	234,619	403,029	191,908	1,968,535
11	Other Assets	3,634,467	240,235	477,445	528,711	350,952	628,092	384,518	6,244,420
12	Exposures at Syariah Based Business Activity Unit (if any)	2,285,831	204,460	589,707	155,268	43,508	239,986	96,100	3,614,860
	Total	**99,946,530**	**6,795,592**	**12,968,026**	**8,402,315**	**6,382,151**	**15,064,579**	**7,479,461**	**157,038,654**

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

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
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
24,511,012	-	-	-	-	-	-	24,511,012
589,051	-	-	-	-	-	-	589,051
-	-	-	-	-	-	-	-
10,699,867	13,234	280,552	51,574	6	4,178	208,528	11,257,939
1,449,818	64,905	151,662	39,831	93,347	102,621	50,256	1,952,440
692,347	-	114,445	-	-	50,110	-	856,902
-	-	-	-	-	-	-	-
13,906,300	3,858,123	6,513,815	5,660,965	3,653,801	9,669,918	4,958,815	48,221,737
44,241,001	2,459,730	5,086,036	2,445,854	3,062,901	5,727,991	2,644,553	65,668,066
266,892	99,118	190,821	215,364	143,303	368,465	149,979	1,433,942
3,660,883	247,852	540,669	524,851	337,533	685,094	417,480	6,414,362
1,819,134	171,077	456,794	93,256	52,642	233,131	95,783	2,921,817
101,836,305	**6,914,039**	**13,334,794**	**9,031,695**	**7,343,533**	**16,841,508**	**8,525,394**	**163,827,268**

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

(Rp million)

No	Portfolio Category	December 31, 2015							
		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	28,706,123	384	42	21	0	228	87	28,706,885
2	Receivables on Public Sector Entities	1,149,878	61	43	278	28	957	74	1,151,319
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-
4	Receivables on Banks	10,459,601	22,973	268,981	57,193	26,848	21,359	109,060	10,966,015
5	Loans Secured by Residential Property	1,708,361	74,550	160,014	29,371	87,515	87,702	57,006	2,204,519
6	Loans Secured by Commercial Real Estate	726,203	2,578	156,694	15,428	17,632	80,059	20,087	1,018,681
7	Employee/ Retired Loans	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	17,079,774	5,886,990	9,734,262	8,275,386	5,254,973	12,822,134	7,020,870	66,074,389
9	Receivables on Corporate	40,969,035	2,556,853	5,234,941	2,374,864	2,439,159	5,348,941	2,656,072	61,579,865
10	Past Due Receivables	605,553	158,616	322,319	259,450	274,311	479,263	221,994	2,321,506
11	Other Assets	4,320,759	295,144	549,308	588,598	395,726	726,984	424,077	7,300,596
12	Exposures at Syariah Based Business Activity Unit (if any)	2,285,831	204,460	589,707	155,268	43,508	239,986	96,100	3,614,860
	Total	**108,011,117**	**9,202,609**	**17,016,311**	**11,755,857**	**8,539,700**	**19,807,613**	**10,605,427**	**184,938,634**

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

	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
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	24,511,012	-	-	-	-	-	-	24,511,012
	589,051	-	-	-	-	-	-	589,051
	-	-	-	-	-	-	-	-
	11,350,172	46,715	317,630	75,947	43,974	33,887	239,928	12,108,253
	1,449,818	64,905	151,662	39,831	93,347	102,621	50,256	1,952,440
	692,347	-	114,445	-	-	50,110	-	856,902
	-	-	-	-	-	-	-	-
	21,333,392	6,403,226	10,911,934	9,030,550	6,139,238	14,660,138	8,272,082	76,750,560
	44,170,778	2,459,730	5,086,036	2,445,854	3,062,901	5,727,991	2,644,553	65,597,843
	370,432	145,382	242,680	250,747	181,441	439,321	184,771	1,814,774
	4,200,635	295,247	617,691	585,437	387,839	789,846	471,629	7,348,324
	1,819,134	171,077	456,794	93,256	52,642	233,131	95,783	2,921,817
	110,486,771	**9,586,282**	**17,898,872**	**12,521,622**	**9,961,382**	**22,037,045**	**11,959,002**	**194,450,976**

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

(Rp million)

No.	Portfolio Category	December 31, 2015					
		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	15,622,053	2,869,008	249,197	598,863	9,367,641	28,706,762
2	Receivables on Public Sector Entities	937,499	213,062	187	-	-	1,150,748
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	8,091,220	1,218,220	258,568	198,253	38,813	9,805,074
5	Loans Secured by Residential Property	16,934	240,143	285,109	1,662,333	-	2,204,519
6	Loans Secured by Commercial Real Estate	595,269	63,919	185,061	173,616	816	1,018,681
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	8,200,867	22,521,361	9,048,017	1,140,223	39,259	40,949,727
9	Receivables on Corporate	45,343,961	6,856,418	5,141,430	4,010,362	23,157	61,375,328
10	Past Due Receivables	389,825	620,026	345,664	78,968	534,052	1,968,535
11	Other Assets	-	-	-	-	6,244,420	6,244,420
12	Exposures at Syariah Based Business Activity Unit (if any)	814,823	1,081,339	1,170,375	523,613	24,710	3,614,860
	TOTAL	**80,012,451**	**35,683,496**	**16,683,608**	**8,386,231**	**16,272,868**	**157,038,654**

Notes:
Disclosure of net receivables is conducted for exposure of assets on the balance sheet, exposure of commitment and contingent liabilities in off-balance sheet transactions, and ex

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

(Rp million)

No.	Portfolio Category	December 31, 2015					
		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	15,622,059	2,869,124	249,198	598,863	9,367,641	28,706,885
2	Receivables on Public Sector Entities	937,574	213,077	668	-	-	1,151,319
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,031,659	1,438,722	258,568	198,253	38,813	10,966,015
5	Loans Secured by Residential Property	16,934	240,143	285,109	1,662,333	-	2,204,519
6	Loans Secured by Commercial Real Estate	595,269	63,919	185,061	173,616	816	1,018,681
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	12,525,568	39,374,634	12,994,705	1,140,223	39,259	66,074,389
9	Receivables on Corporate	45,387,968	6,980,310	5,178,068	4,010,362	23,157	61,579,865
10	Past Due Receivables	486,396	853,618	368,472	78,968	534,052	2,321,506
11	Other Assets	561,499	95,556	107,533	834	6,535,174	7,300,596
12	Exposures at Syariah Based Business Activity Unit (if any)	814,823	1,081,339	1,170,375	523,613	24,710	3,614,860
	TOTAL	**85,979,749**	**53,210,442**	**20,797,757**	**8,387,065**	**16,563,622**	**184,938,635**

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

	December 31, 2014					
	Net Receivables by Contractual Maturity					
	≤ 1 year	>1-3 Years	>3-5 Years	>5 Years	Non Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	11,348,541	1,652,057	289,027	128,229	11,093,158	24,511,012
	272,924	316,127	-	-	-	589,051
	-	-	-	-	-	-
	9,582,440	971,418	373,474	281,387	49,220	11,257,939
	11,838	246,803	277,020	1,416,777	2	1,952,440
	451,484	95,067	107,877	202,474	-	856,902
	-	-	-	-	-	-
	10,142,835	24,891,005	11,626,599	1,509,225	52,073	48,221,737
	47,515,261	7,666,000	6,596,698	3,884,055	6,052	65,668,066
	261,936	518,224	302,702	67,648	283,432	1,433,942
	649	-	-	-	6,413,713	6,414,362
	427,076	904,752	1,088,278	118,471	383,240	2,921,817
	80,014,984	**37,261,453**	**20,661,675**	**7,608,266**	**18,280,890**	**163,827,268**

xposure to counterparty credit risk.

	December 31, 2014					
	Net Receivables by Contractual Maturity					
	≤ 1 year	>1-3 Years	>3-5 Years	>5 Years	Non Contractual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	11,348,541	1,652,057	289,027	128,229	11,093,158	24,511,012
	272,924	316,127	-	-	-	589,051
	-	-	-	-	-	-
	10,121,685	1,282,487	373,474	281,387	49,220	12,108,253
	11,838	246,803	277,020	1,416,777	2	1,952,440
	451,484	95,067	107,877	202,474	-	856,902
	-	-	-	-	-	-
	14,580,019	45,086,931	15,522,312	1,509,225	52,073	76,750,560
	47,515,261	7,666,000	6,526,475	3,884,055	6,052	65,597,843
	346,305	791,617	325,772	67,648	283,432	1,814,774
	299,559	119,224	88,000	301	6,841,240	7,348,324
	427,076	904,752	1,088,278	118,471	383,240	2,921,817
	85,374,692	**58,161,065**	**24,598,235**	**7,608,567**	**18,708,417**	**194,450,976**

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

(Rp million)

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, 2015				
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	-	-	-
7	Wholesale and Retail Trading	-	13,281	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	9,805,074
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	633	773	-	-
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	12	96	-	-
20	Others	28,706,117	1,136,598	-	-
	Total	**28,706,762**	**1,150,748**	**-**	**9,805,074**
	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**

Note:

1. The disclosure on net receivables is conducted for assets exposure on the balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures
2. Economic sector refers to economic sector used in the Commercial Bank Monthly Report (Laporan Bulanan Bank Umum - LBU).
   Net Receivables to a 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)
	-	-	-	1,653,473	1,944,106	54,329	-	40,387
	-	-	-	74,962	14,499	3,229	-	0
	-	-	-	68,173	1,208,553	18,221	-	16,262
	-	-	-	1,797,614	15,283,947	269,905	-	55,350
	-	-	-	2,785	211,662	-	-	-
	-	533,658	-	183,030	736,897	19,822	-	78,734
	-	-	-	14,744,707	23,572,452	972,565	-	182,075
	-	-	-	979,819	918,674	43,943	-	211
	-	-	-	1,328,960	3,809,906	219,263	-	132,015
	-	-	-	18,768	1,607,818	263	-	2,599,433
	-	485,023	-	974,079	1,951,712	77,592	-	43,464
	-	-	-	1,533	-	-	-	-
	-	-	-	23,529	11,323	930	-	-
	-	-	-	175,665	10,718	4,048	-	-
	-	-	-	1,035,610	346,885	44,441	-	26,294
	-	-	-	4,487	-	-	-	345
	-	-	-	1,434	-	1	-	-
	-	-	-	-	-	-	-	-
	2,204,519	-	-	16,937,170	866,781	239,644	-	14,481
	-	-	-	943,929	8,879,395	339	6,244,420	425,809
	2,204,519	**1,018,681**	**-**	**40,949,727**	**61,375,328**	**1,968,535**	**6,244,420**	**3,614,860**
	-	-	-	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**

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

(Rp million)

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, 2015				
1	Agriculture, Hunting and Forestry	-	-	-	-
2	Fishery	-	-	-	-
3	Mining and Quarrying	-	-	-	-
4	Manufacturing	-	-	-	-
5	Electricity, Gas and Water	-	-	-	-
6	Construction	-	-	-	-
7	Wholesale and Retail Trading	-	13,281	-	-
8	Hotel and Food & Beverage	-	-	-	-
9	Transportation, Warehousing and Communications	-	-	-	-
10	Financial Intermediary	-	-	-	10,966,015
11	Real Estate, Rental and Business Services	-	-	-	-
12	Public Administration, Defense and Compulsory Social Security	752	1,299	-	-
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	16	141	-	-
20	Others	28,706,117	1,136,598	-	-
	Total	**28,706,885**	**1,151,319**	**-**	**10,966,015**
	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**	**-**	**12,108,253**

Note:
1. The disclosure on net receivables is conducted for assets exposure on the balance sheet, commitments/contingencies exposure for off balance sheet transactions and counterparty credit exposures
2. Economic sector refers to economic sector used in the Commercial Bank Monthly Report (Laporan Bulanan Bank Umum - LBU).
   Net Receivables to a 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)
-	-	-	1,852,844	1,944,106	56,517	-	40,387
-	-	-	80,929	14,499	3,238	-	-
-	-	-	100,620	1,208,694	18,509	-	16,262
-	-	-	1,985,213	15,283,947	271,593	-	55,350
-	-	-	2,785	211,662	-	-	-
-	533,658	-	262,336	741,204	20,412	-	78,734
-	-	-	16,648,107	23,572,452	988,491	-	182,075
-	-	-	1,006,449	918,674	44,248	-	211
-	-	-	1,833,116	3,810,761	227,353	-	132,015
-	-	-	28,644	1,607,818	362	-	2,599,433
-	485,023	-	1,126,974	1,951,712	79,187	-	43,464
-	-	-	1,589	-	-	-	-
-	-	-	27,285	11,323	946	-	-
-	-	-	176,706	10,718	4,048	-	-
-	-	-	1,093,137	346,885	44,618	-	26,294
-	-	-	5,288	-	-	-	345
-	-	-	1,434	-	1	-	-
-	-	-	216,717	243,912	9,378	-	-
2,204,519	-	-	38,680,287	892,325	552,266	-	14,481
-	-	-	943,929	8,809,173	339	7,300,596	425,809
2,204,519	**1,018,681**	**-**	**66,074,389**	**61,579,865**	**2,321,506**	**7,300,596**	**3,614,860**
-	-	-	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	-	-	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**

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

(Rp million)

No	Portfolio Category	December 31, 2015							
		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	102,932,714	6,909,281	13,140,509	8,630,245	6,507,661	15,442,990	7,665,800	161,229,200
2	Impaired Receivables								
	a. Non Past Due	2,677,772	133,127	243,475	223,382	289,463	400,537	211,918	4,179,674
	b. Past Due	502,930	138,166	330,228	313,794	200,372	459,375	199,681	2,144,546
3	Allowance for Impairment Losses-Individual	710,009	1,776	17,206	104	29,730	16,378	10,501	785,704
4	Allowance for Impairment Losses-Collective	871,075	197,114	331,001	291,744	165,594	480,812	245,968	2,583,308
5	Written-Off Receivables	1,167,530	253,810	400,427	366,682	247,796	626,781	383,272	3,446,298

1.4.b. Disclosure of Receivables and Provisioning Based on Region-Consolidated

(Rp million)

No	Portfolio Category	December 31, 2015							
		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	110,738,648	9,405,671	17,252,827	12,044,832	8,702,155	20,266,095	10,831,103	189,241,331
2	Impaired Receivables	-	-	-	-	-	-	-	
	a. Non Past Due	2,739,247	133,174	244,568	229,808	334,321	425,245	230,475	4,336,838
	b. Past Due	637,430	190,221	402,657	373,420	308,208	581,260	272,160	2,765,356
3	Allowance for Impairment Losses-Individual	710,009	1,776	17,206	104	29,730	16,378	10,501	785,704
4	Allowance for Impairment Losses-Collective	1,152,717	306,210	520,489	399,640	256,609	682,549	380,886	3,699,100
5	Written-Off Receivables	1,167,530	253,810	400,427	366,682	247,796	626,781	383,272	3,446,298

* restated

	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
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	103,199,336	7,010,578	13,485,087	9,219,221	7,450,247	17,126,773	8,695,419	166,186,661
	1,549,275	114,476	209,369	232,891	228,021	385,247	186,357	2,905,636
	412,325	145,536	251,227	291,972	168,082	348,003	212,141	1,829,286
	521,129	-	10,091	5,959	40,562	9,599	6,196	593,536
	823,806	165,399	276,899	232,554	120,999	385,894	230,936	2,236,487
	631,265	218,046	358,394	256,279	154,201	510,771	302,322	2,431,278

	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
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	111,252,603	9,724,508	18,106,516	12,740,519	10,099,906	22,389,213	12,166,308	196,479,573
	-	-	-	-	-	-	-	
	1,554,335	114,774	210,394	245,831	270,376	408,606	202,473	3,006,789
	562,655	212,413	327,572	349,302	266,919	464,052	301,196	2,484,109
	521,129	-	10,091	5,959	40,562	9,599	6,196	593,536
	1,117,793	284,981	468,560	328,840	220,065	596,234	366,404	3,382,877
	631,265	218,046	358,394	256,279	154,201	510,771	302,322	2,431,278

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

December 31, 2015 (Rp million)

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	3,760,772	99,779	96,546	4,253	94,848	119,021
2	Fishery	98,311	5,622	7,617	-	6,269	10,845
3	Mining and Quarrying	1,639,703	1,106,762	2,949	468,862	9,345	252,944
4	Manufacturing	17,620,477	281,217	167,594	110,076	220,979	221,344
5	Electricity, Gas and Water	214,446	1,577	-	-	1,553	1
6	Construction	1,559,872	24,518	5,107	-	17,790	32,549
7	Wholesale and Retail Trading	40,327,659	1,040,735	937,764	31,452	1,071,294	1,260,816
8	Hotel and Food & Beverage	2,002,172	95,866	75,439	99	70,942	85,135
9	Transportation, Warehousing and Communications	5,618,078	873,865	272,608	116,916	70,452	135,452
10	Financial Intermediary	13,848,764	49,865	2,256	-	51,123	368
11	Real Estate, Rental and Business Services	3,599,722	450,280	66,561	53,967	75,081	109,582
12	Public Administration, Defense and Compulsory Social Security	2,942	-	-	-	41	-
13	Education Services	36,998	1,486	2,042	-	1,753	953
14	Health Services and Social Activity	195,199	9,514	6,712	-	5,643	7,375
15	Public, Socio-Culture, Entertainment and Other Personal Services	1,510,982	87,157	76,785	79	67,141	81,718
16	Personal Services Serving Households	4,864	1,135	1	-	89	506
17	International Institution and Other Extra International Agencies	2,132	1,432	682	-	715	704
18	Undefined Activities	60,002	-	-	-	1,636	-
19	Non Business Field	20,607,511	48,864	423,384	-	807,534	1,123,458
20	Others	48,518,594	-	499	-	9,080	3,527
	Total	**161,229,200**	**4,179,674**	**2,144,546**	**785,704**	**2,583,308**	**3,446,298**

December 31, 2014* (Rp million)

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	45,584,826	-	20,499	-	29,105	7,477
	Total	**166,186,661**	**2,905,636**	**1,829,286**	**593,536**	**2,236,487**	**2,431,278**

* restated

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

December 31, 2015 (Rp million)

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	3,964,462	107,368	108,665	4,253	99,652	119,021
2	Fishery	104,314	5,622	7,848	-	6,388	10,845
3	Mining and Quarrying	1,672,934	1,107,102	4,282	468,862	10,139	252,944
4	Manufacturing	17,810,906	283,398	172,760	110,076	224,877	221,344
5	Electricity, Gas and Water	214,446	1,577	-	-	1,553	1
6	Construction	1,645,240	26,122	8,208	-	20,015	32,549
7	Wholesale and Retail Trading	42,261,370	1,068,837	992,950	31,452	1,113,656	1,260,816
8	Hotel and Food & Beverage	2,029,282	96,200	76,407	99	71,516	85,135
9	Transportation, Warehousing and Communications	6,136,101	891,252	307,601	116,916	81,923	135,452
10	Financial Intermediary	14,791,398	49,865	2,591	-	51,337	368
11	Real Estate, Rental and Business Services	3,755,064	453,715	71,579	53,967	78,232	109,582
12	Public Administration, Defense and Compulsory Social Security	3,642	-	-	-	55	-
13	Education Services	40,782	1,486	2,059	-	1,827	953
14	Health Services and Social Activity	196,244	9,585	6,712	-	5,665	7,375
15	Public, Socio-Culture, Entertainment and Other Personal Services	1,569,143	88,464	78,273	79	68,440	81,718
16	Personal Services Serving Households	5,671	1,135	1	-	104	506
17	International Institution and Other Extra International Agencies	2,132	1,432	682	-	715	704
18	Undefined Activities	537,222	3,595	20,300	-	14,658	-
19	Non Business Field	43,032,316	140,083	903,939	-	1,839,268	1,123,458
20	Others	49,468,662	-	499	-	9,080	3,527
	Total	**189,241,331**	**4,336,838**	**2,765,356**	**785,704**	**3,699,100**	**3,446,298**

December 31, 2014 (Rp million)

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**

* restated

1.6.a. Disclosure of Movements Details of losses on asset impairment-Bank Standalone

(Rp million)

No	Description	December 31, 2015		December 31, 2014	
		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	593,536	2,236,487	333,993	2,027,775
2	Additional/reversal allowance for impairment losses during the year (net)	928,393	2,543,119	381,476	1,936,351
3	Allowance for impairment losses used to cover written off receivables during the year	(649,605)	(2,796,693)	(108,870)	(2,322,408)
4	Others additional allowance during the year	(86,620)	600,395	(13,063)	594,769
Ending Balance of Allowance for Impairment Losses		**785,704**	**2,583,308**	**593,536**	**2,236,487**

1.6.b. Disclosure of Movements Details of losses on asset impairment-Consolidated

(Rp million)

No	Description	December 31, 2015		December 31, 2014	
		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	593,536	3,382,877	333,993	2,955,726
2	Additional/reversal allowance for impairment losses during the year (net)	928,393	4,336,085	381,476	3,760,378
3	Allowance for impairment losses used to cover written off receivables during the year	(649,605)	(4,620,257)	(108,870)	(3,927,996)
4	Others additional allowance during the year	(86,620)	600,395	(13,063)	594,769
Ending Balance of Allowance for Impairment Losses		**785,704**	**3,699,100**	**593,536**	**3,382,877**

6. Measurement of Credit Risks Through Standardized Approach

In calculating the Risk Weighted Average (RWA) for credit risk, Danamon applies the standardized approach which meets prevailing regulations of Bank Indonesia, specifically Bank Indonesia Regulation No. 10/18/2008 as well as Circular Letter of Bank Indonesia No. 13/6/DPNP on Calculation Guideline of Risk Weighted Average Based on Credit Risk Using the Standardized Approach. Calculation of Credit Risk RWA using standardized approach applied by Danamon in general is based on the calculation in accordance with the latest rank issued by credit rating companies acknowledged by Bank Indonesia, specifically Pefindo, Moody's, and Standard & Poor's.

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

December 31, 2015 (Rp 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		-	-	-	7,291,569
2	Receivables on Public Sector Entities		-	149,836	-	555,986
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		732,519	111,509	-	387,414
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		632,695	564,345	566,195	-
10	Past Due Receivables					
11	Other Assets					
12	Exposures at Syariah Based Business Activity Unit (if any)		50,778	-	-	-
	TOTAL		**1,415,992**	**825,690**	**566,195**	**8,234,969**

December 31, 2014 (Rp 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		-	-	-	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**

Note:
The disclosure on net receivables is conducted for assets exposure on the balance sheet, commitments/contingencies 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-	Less than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less 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-	Less 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-	Less than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	-	21,415,193	28,706,762
	-	-	-	-	-	-	-	444,926	1,150,748
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	8,573,632	9,805,074
								2,204,519	2,204,519
								1,018,681	1,018,681
								-	-
								40,949,727	40,949,727
	60,626	-	-	-	-	-	-	59,551,467	61,375,328
								1,968,535	1,968,535
								6,244,420	6,244,420
	-	-	-	-	-	-	-	3,564,082	3,614,860
	60,626	**-**	**-**	**-**	**-**	**-**	**-**	**145,935,182**	**157,038,654**

	Net Receivables								
				Short Term Rating				Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Less than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less 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-	Less 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-	Less 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**

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

December 31, 2015 (Rp 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		-	-	-	7,291,569
2	Receivables on Public Sector Entities		-	149,836	-	555,986
3	Receivables on Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables on Banks		732,519	111,509	-	387,414
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		632,695	564,345	566,195	-
10	Past Due Receivables					
11	Other Assets					
12	Exposures at Syariah Based Business Activity Unit (if any)		50,778	-	-	-
	TOTAL		**1,415,992**	**825,690**	**566,195**	**8,234,969**

December 31, 2014 (Rp 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		-	-	-	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**

Note:
The disclosure on net receivables is conducted for assets exposure on the balance sheet, commitments/contingencies 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-	Less than B-	A-1	A-2	A-3	Lower than A-3		
BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Lower than F3		
Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Lower than P-3		
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less 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-	Less 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-	Less than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4		
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	-	21,415,316	28,706,885
-	-	-	-	-	-	-	445,497	1,151,319
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,734,573	10,966,015
							2,204,519	2,204,519
							1,018,681	1,018,681
							-	-
							66,074,389	66,074,389
60,626	-	-	-	-	-	-	59,756,004	61,579,865
							2,321,506	2,321,506
							7,300,596	7,300,596
-	-	-	-	-	-	-	3,564,082	3,614,860
60,626	**-**	**-**	**-**	**-**	**-**	**-**	**173,835,163**	**184,938,635**

Net Receivables								
			Short Term Rating				Unrated	Total
BB+ s.d BB-	B+ s.d B-	Less than B-	A-1	A-2	A-3	Lower than A-3		
BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Lower than F3		
Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Lower than P-3		
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less 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-	Less 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-	Less 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**

7. Credit Risks 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 which may incite credit risk due to the counterparty failure are derivatives over the counter transactions and repo/reverse repo transactions, for both the position of Trading Book or Banking Book.

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

The following tables detail the disclosure of counterparty credit risk.

2.2.a. Disclosure of counterparty credit risk: Derivative Transactions

(Rp million)

No	Underlying Variables	December 31, 2015							
		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	900,075	1,470,170	-	642	6	7,993	-	7,993
2	Exchange Rate	5,183,799	1,430,653	-	334,445	123,985	457,816	-	457,816
3	Others								
	TOTAL	**6,083,874**	**2,900,823**	**-**	**335,087**	**123,991**	**465,808**	**-**	**465,808**
CONSOLIDATED									
1	Interest Rate	1,681,225	5,479,307	-	642	6	28,039	-	28,039
2	Exchange Rate	5,964,949	5,439,790	-	992,079	123,985	1,323,718	-	1,323,718
3	Shares								
4	Gold								
5	Metal other than Gold								
6	Others								
	TOTAL	**7,646,174**	**10,919,097**	**-**	**992,721**	**123,991**	**1,351,757**	**-**	**1,351,757**

(in Rp million)

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 STANDALONE									
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	Metals other than Gold								
6	Others								
	TOTAL	**10,223,748**	**14,893,423**	**-**	**461,291**	**129,261**	**954,163**	**-**	**954,163**

2.2.b.1. Disclosure of counterparty credit risk: Repo transactions-Bank Standalone

(Rp million)

No	Portfolio Category	December 31, 2015				December 31, 2014			
		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	-
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**	**-**

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

(Rp million)

No	Portfolio Category	December 31, 2015				December 31, 2014			
		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	-
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**	**-**

2.2.c.1. Disclosure of counterparty credit risk: Reverse Repo transactions-Bank Standalone

(Rp million)

No	Portfolio Category	December 31, 2015				December 31, 2014			
		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**	**-**

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

(Rp million)

No	Portfolio Category	December 31, 2015				December 31, 2014			
		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**	**-**

8. Credit Risks Mitigation Disclosure

Danamon takes into consideration the collateral availability as one of the credit mitigation techniques. The main purpose of the collateral is to limit the risk of loss if the 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 acceptable collateral, as follows:

Movable Assets	Immovable Assets	Guarantee
a. Cash and cash equivalent collateral b. Government and Bank Indonesia securities c. Standby L/C of prime bank	a. Land and building b. Plant & machinery	a. Personal Guarantee b. Corporate Guarantee

Collateral assessment can be done by internal or external appraisers. For assessments, Danamon will always ensure appraisers have the knowledge, education, and experience in the field of collateral. The Bank's external appraisers 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. Assessment results are documented in the Credit Archives.

If there is a change of collateral, the Bank reassesses the collateral. Depending on the type of changes, the appraisers need to adjust the parts relevant to the changes, and perform adjustments and update assessment reports. The absence of changes in collateral value is 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 Rp5 billion is done by an independent external appraiser.

Credit Risk Mitigation Methods for Standardized Approach

To calculate credit risk mitigation as a deduction to Risk Weighted Assets (Credit Risk), the Bank uses MRK-Collateral techniques. The eligible type of collateral is the type of financial collateral which complies with Bank Indonesia regulation; 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.

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

(Rp million)

No.	Portfolio Category	December 31, 2015										RWA
		Net Receivables After Calculating Credit Risk Mitigation Impacts										
		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	28,693,263										-
2	Receivables on Public Sector Entities	158	149,835	-	-	-	940,054	-	-	-		499,994
3	Receivables on Multilateral Development Banks and International Institutions	-										-
4	Receivables on Banks	402	5,703,752	-	-	-	3,749,087	-	-	-		3,015,294
5	Loans Secured by Residential Property	-	-	1,990,869	211,990	-	-	-	-	-		781,600
6	Loans Secured by Commercial Real Estate	93,829	-	-	-	-	-	-	924,844	-		924,844
7	Employee/Pensioner Loans	-										-
8	Receivables on Micro, Small Business & Retail Portfolio	99,858	-	-	-	-	-	40,025,972	-	-		30,019,479
9	Receivables on Corporate	2,349,103	1,197,040	-	-	-	566,195	-	54,612,419	-		55,134,924
10	Past Due Receivables	-	-	-	-	-	-	-	38,614	1,929,921		2,933,496
11	Other Assets	2,559,237							3,680,804	4,379		3,687,373
12	Exposures at Syariah Business Unit (if any)	358,593	50,778	5,121	-	-	303,723	75,783	2,803,595	15,282	-	3,047,165
	Total Exposure on Balance Sheet	**34,154,443**	**7,101,405**	**1,995,990**	**211,990**	**-**	**5,559,059**	**40,101,755**	**62,060,276**	**1,949,582**	**-**	**100,044,169**
B	**Commitments/Contingencies Exposure for Off Balance Sheet Transactions**											
1	Receivables on Sovereigns	-										-
2	Receivables on Public Sector Entities	571	-	-	-	-	60,130	-	-	-		30,065
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-		-
4	Receivables on Banks	-	1,776	-	-	-	5,042	-	-	-		2,876
5	Loans Secured by Residential Property	-	-	1,600	60	-	-	-	-	-		584
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	8	-		8
7	Employee/Pensioner Loans	-										-
8	Receivables on Micro, Small Business & Retail Portfolio	23,118	-	-	-	-	-	787,358	-	-		590,519
9	Receivables on Corporate	120,800	-	-	-	-	-	-	2,435,897	-		2,435,896
10	Past Due Receivables	-	-	-	-	-	-	-	-	-		-
11	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-	-	1,984	-	-	1,984
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	**144,489**	**1,776**	**1,600**	**60**	**-**	**65,172**	**787,358**	**2,437,889**	**-**	**-**	**3,061,932**
C	**Exposure on Counterparty Credit Risk**											
1	Receivables on Sovereigns	13,499										-
2	Receivables on Public Sector Entities	-	-	-	-	-	-	-	-	-		-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-		-
4	Receivables on Banks	-	38,073	-	-	-	306,942	-	-	-		161,087
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	13,421	-	-		10,066
6	Receivables on Corporate	-	-	-	-	-	-	-	93,874	-		93,874
7	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	**13,499**	**38,073**	**-**	**-**	**-**	**306,942**	**13,421**	**93,874**	**-**	**-**	**265,027**

Capital Charge (9% x RWA)	December 31, 2014										RWA	Capital Charge (9% x RWA)
	Net Receivables After Calculating 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)
-	23,742,503										-	-
44,999	-	310,747	-	-	-	258,458	-	-	-		191,378	17,224
-	-										-	-
271,376	19,125	8,073,751	-	-	-	2,728,117	-	89,675	-		3,068,484	276,164
70,344	-	-	1,781,276	167,953	-	-	-	-	-		690,628	62,157
83,236	131,880	-	-	-	-	-	-	725,022	-		725,021	65,252
-	-										-	-
2,701,753	117,316	-	-	-	-	-	46,811,657	-	-		35,108,742	3,159,787
4,962,143	2,125,388	1,043,233	-	-	-	679,484	-	59,352,561	-		59,900,949	5,391,085
264,015	-	-	-	-	-	-	-	23,584	1,410,358		2,139,121	192,521
331,864	2,712,740							3,697,243	4,379		3,703,812	333,343
274,245	390,504	240,607	16,213	-	-	75,000	-	2,139,106	-	60,387	2,281,730	205,356
9,003,975	**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**	**9,702,889**
-	-										-	-
2,706	64	-	-	-	-	17,899	-	-	-		8,949	805
-	-	-	-	-	-	-	-	-	-		-	-
259	-	7,242	-	-	-	7,218	-	-	-		5,057	455
53	-	-	3,211	-	-	-	-	-	-		1,124	101
1	-	-	-	-	-	-	-	-	-		-	-
-	-										-	-
53,147	69,110	-	-	-	-	-	1,219,429	-	-		914,572	82,311
219,231	610,086	-	-	-	-	-	-	1,827,130	-		1,827,131	164,442
-	-	-	-	-	-	-	-	-	-		-	-
179	-	-	-	-	-	-	-	-	-	-	-	-
275,576	**679,260**	**7,242**	**3,211**	**-**	**-**	**25,117**	**1,219,429**	**1,827,130**	**-**	**-**	**2,756,833**	**248,114**
-	768,509										-	-
-	-	-	-	-	-	1,883	-	-	-		941	85
-	-	-	-	-	-	-	-	-	-		-	-
14,498	-	26,879	-	-	-	305,932	-	-	-		158,343	14,251
906	-	-	-	-	-	-	4,225	-	-		3,169	285
8,449	-	-	-	-	-	-	-	30,184	-		30,184	2,717
-	-										-	-
23,853	**768,509**	**26,879**	**-**	**-**	**-**	**307,815**	**4,225**	**30,184**	**-**	**-**	**192,637**	**17,338**

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

(Rp million)

No.	Portfolio Category	December 31, 2015										RWA
		Net Receivables After Calculating Credit Risk Mitigation Impacts										
		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	28,693,386	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	158	149,835	-	-	-	940,625	-	-	-	-	500,279
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	402	5,978,745	-	-	-	3,749,087	-	-	-	-	3,070,292
5	Loans Secured by Residential Property	-	-	1,990,869	211,990	-	-	-	-	-	-	781,600
6	Loans Secured by Commercial Real Estate	93,829	-	-	-	-	-	-	924,844	-	-	924,844
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	99,858	-	-	-	-	-	65,150,634	-	-	-	48,862,976
9	Receivables on Corporate	2,349,103	1,126,818	-	-	-	566,195	-	54,887,178	-	-	55,395,640
10	Past Due Receivables	-	-	-	-	-	-	-	38,614	2,282,892	-	3,462,952
11	Other Assets	2,717,547	-	-	-	-	-	-	4,578,670	4,379	-	4,585,239
12	Exposures at Syariah Business Unit (if any)	358,593	50,778	5,121	-	-	303,723	75,783	2,803,595	15,282	-	3,047,165
	Total Exposure on Balance Sheet	**34,312,876**	**7,306,176**	**1,995,990**	**211,990**	**-**	**5,559,630**	**65,226,417**	**63,232,901**	**2,302,553**	**-**	**120,630,987**
B	**Commitments/Contingencies Exposure for Off Balance Sheet Transactions**											
1	Receivables on Sovereigns	-	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	571	-	-	-	-	60,130	-	-	-	-	30,065
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	1,776	-	-	-	5,042	-	-	-	-	2,876
5	Loans Secured by Residential Property	-	-	1,600	60	-	-	-	-	-	-	584
6	Loans Secured by Commercial Real Estate	-	-	-	-	-	-	-	8	-	-	8
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	23,118	-	-	-	-	-	787,358	-	-	-	590,519
9	Receivables on Corporate	120,800	-	-	-	-	-	-	2,435,897	-	-	2,435,896
10	Past Due Receivables	-	-	-	-	-	-	-	-	-	-	-
11	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-	-	1,984	-	-	1,984
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	**144,489**	**1,776**	**1,600**	**60**	**-**	**65,172**	**787,358**	**2,437,889**	**-**	**-**	**3,061,932**
C	**Exposure on Counterparty Credit Risk**											
1	Receivables on Sovereigns	13,499	-	-	-	-	-	-	-	-	-	-
2	Receivables on Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-	-	-	-	-	-
4	Receivables on Banks	-	38,073	-	-	-	1,192,890	-	-	-	-	604,061
5	Receivables on Micro, Small Business & Retail Portfolio	-	-	-	-	-	-	13,421	-	-	-	10,066
6	Receivables on Corporate	-	-	-	-	-	-	-	93,874	-	-	93,874
7	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-	-	-	-	-	-
Total Counterparty Credit Risk Exposures		**13,499**	**38,073**	**-**	**-**	**-**	**1,192,890**	**13,421**	**93,874**	**-**	**-**	**708,001**

Capital Charge (9% x RWA)	December 31, 2014										RWA	Capital Charge (9% x RWA)
	Net Receivables After Calculating 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)
-	23,742,503	-	-	-	-	-	-	-	-	-	-	-
45,025	-	310,747	-	-	-	258,458	-	-	-	-	191,378	17,224
-	-	-	-	-	-	-	-	-	-	-	-	-
276,326	19,125	8,381,586	-	-	-	2,728,117	-	89,675	-	-	3,130,051	281,705
70,344	-	-	1,781,276	167,953	-	-	-	-	-	-	690,628	62,157
83,236	131,880	-	-	-	-	-	-	725,022	-	-	725,021	65,252
-	-	-	-	-	-	-	-	-	-	-	-	-
4,397,668	117,316	-	-	-	-	-	75,340,480	-	-	-	56,505,360	5,085,482
4,985,607	2,125,388	973,010	-	-	-	679,484	-	59,352,561	-	-	59,886,905	5,389,821
311,666	-	-	-	-	-	-	-	23,584	1,791,190	-	2,710,369	243,934
412,672	2,840,688	-	-	-	-	-	-	4,503,257	4,379	-	4,509,825	405,884
274,245	390,504	240,607	16,213	-	-	75,000	-	2,139,106	-	60,387	2,281,730	205,356
10,856,789	**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**	**11,756,815**
-	-	-	-	-	-	-	-	-	-	-	-	-
2,706	442	-	-	-	-	40,568	-	-	-	-	20,284	805
-	-	-	-	-	-	-	-	-	-	-	-	-
259	-	7,888	-	-	-	11,578	-	-	-	-	7,366	455
53	-	-	2,255	10	-	-	-	-	-	-	793	101
1	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
53,147	56,352	-	-	-	-	-	1,142,116	-	-	-	856,587	82,311
219,231	334,298	-	-	-	-	-	-	2,017,452	-	-	2,017,452	164,442
-	-	-	-	-	-	-	-	-	-	-	-	-
179	-	1,242	-	-	-	-	-	-	-	-	248	-
275,576	**391,092**	**9,130**	**2,255**	**10**	**-**	**52,146**	**1,142,116**	**2,017,452**	**-**	**-**	**2,902,730**	**248,114**
-	665,512	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	85
-	-	-	-	-	-	-	-	-	-	-	-	-
54,366	-	6,197	-	-	-	899,205	-	-	-	-	450,842	38,663
906	-	-	-	-	-	-	3,010	-	-	-	2,257	285
8,449	-	-	-	-	-	-	-	42,161	-	-	42,161	2,717
-	-	-	-	-	-	-	-	-	-	-	-	-
63,721	**665,512**	**6,197**	**-**	**-**	**-**	**899,205**	**3,010**	**42,161**	**-**	**-**	**495,260**	**41,750**

3.2.a. Disclosure of Net Receivables and Credit Risk Mitigation Techniques-Bank Standalone

(Rp million)

No.	Portfolio Category	December 31, 2015					
		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	28,693,263	-				28,693,263
2	Receivables on Public Sector Entities	1,090,047	158				1,089,889
3	Receivables on Multilateral Development Banks and International Institutions	-	-				-
4	Receivables on Banks	9,453,241	402				9,452,839
5	Loans Secured by Residential Property	2,202,859	-				2,202,859
6	Loans Secured by Commercial Real Estate	1,018,673	93,829				924,844
7	Employee/Pensioner Loans	-	-				-
8	Receivables on Micro, Small Business & Retail Portfolio	40,125,830	99,858				40,025,972
9	Receivables on Corporate	58,724,757	2,349,103				56,375,654
10	Past Due Receivables	1,968,535	-				1,968,535
11	Other Assets	6,244,420					6,244,420
12	Exposures at Syariah Business Unit (if any)	3,612,875	130	-	-	-	3,612,745
	Total Exposure on Balance sheet	**153,134,500**	**2,543,480**	**-**	**-**	**-**	**150,591,020**
B	**Commitments/Contingencies Exposure for Off Balance Sheet Transactions**						
1	Receivables on Sovereigns	-	-				-
2	Receivables on Public Sector Entities	60,701	571				60,130
3	Receivables on Multilateral Development Banks and International Institutions	-	-				-
4	Receivables on Banks	6,818	-				6,818
5	Loans Secured by Residential Property	1,660	-				1,660
6	Loans Secured by Commercial Real Estate	8	-				8
7	Employee/Pensioner Loans	-	-				-
8	Receivables on Micro, Small Business & Retail Portfolio	810,476	23,118				787,358
9	Receivables on Corporate	2,556,697	120,800				2,435,897
10	Past Due Receivables	-	-				-
11	Exposures at Syariah Business Unit (if any)	1,984	-	-	-	-	1,984
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	**3,438,344**	**144,489**	**-**	**-**	**-**	**3,293,855**
C	**Counterparty Credit Risk Exposures**						
1	Receivables on Sovereigns	13,499					13,499
2	Receivables on Public Sector Entities	-					-
3	Receivables on Multilateral Development Banks and International Institutions	-					-
4	Receivables on Banks	345,015					345,015
5	Receivables on Micro, Small Business & Retail Portfolio	13,421					13,421
6	Receivables on Corporate	93,874					93,874
7	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	**465,809**	**-**	**-**	**-**	**-**	**465,809**
Total (A+B+C)		**157,038,653**	**2,687,969**	**-**	**-**	**-**	**154,350,684**

	December 31, 2014					
	Net Receivables	Secured Portion				Unsecured Portion
		Collateral	Guarantee	Credit Insurance	Others	
	(8)	(9)	(10)	(11)	(12)	(13) = (8)-[(9)+(10)+(11)+(12)]
	23,742,503	-				23,742,503
	569,205	-				569,205
	-	-				-
	10,910,668	19,125				10,891,543
	1,949,229	-				1,949,229
	856,902	131,880				725,022
	-	-				-
	46,928,973	117,316				46,811,657
	63,200,666	2,125,388				61,075,278
	1,433,942	-				1,433,942
	6,414,362					6,414,362
	2,921,817	49,829	-	-	-	2,871,988
	158,928,267	**2,443,538**	**-**	**-**	**-**	**156,484,729**
	-	-				-
	17,963	64				17,899
	-	-				-
	14,460	-				14,460
	3,211	-				3,211
	-	-				-
	-	-				-
	1,288,539	69,110				1,219,429
	2,437,216	610,086				1,827,130
	-	-				-
	-	-	-	-	-	-
	3,761,389	**679,260**	**-**	**-**	**-**	**3,082,129**
	768,509					768,509
	1,883					1,883
	-					-
	332,811					332,811
	4,225					4,225
	30,184					30,184
						-
	1,137,612	**-**	**-**	**-**	**-**	**1,137,612**
	163,827,268	**3,122,798**	**-**	**-**	**-**	**160,704,470**

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

(Rp million)

No.	Portfolio Category	December 31, 2015					
		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	28,693,386	-	-	-	-	28,693,386
2	Receivables on Public Sector Entities	1,090,618	158	-	-	-	1,090,460
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,728,234	402	-	-	-	9,727,832
5	Loans Secured by Residential Property	2,202,859	-	-	-	-	2,202,859
6	Loans Secured by Commercial Real Estate	1,018,673	93,829	-	-	-	924,844
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	65,250,492	99,858	-	-	-	65,150,634
9	Receivables on Corporate	58,929,294	2,349,103	-	-	-	56,580,191
10	Past Due Receivables	2,321,506	-	-	-	-	2,321,506
11	Other Assets	7,300,596	-	-	-	-	7,300,596
12	Exposures at Syariah Business Unit (if any)	3,612,875	130	-	-	-	3,612,745
	Total Exposure on Balance sheet	**180,148,533**	**2,543,480**	**-**	**-**	**-**	**177,605,053**
B	**Commitments/Contingencies Exposure for Off Balance Sheet Transactions**						
1	Receivables on Sovereigns	-	-	-	-	-	-
2	Receivables on Public Sector Entities	60,701	571	-	-	-	60,130
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,818	-	-	-	-	6,818
5	Loans Secured by Residential Property	1,660	-	-	-	-	1,660
6	Loans Secured by Commercial Real Estate	8	-	-	-	-	8
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	810,476	23,118	-	-	-	787,358
9	Receivables on Corporate	2,556,697	120,800	-	-	-	2,435,897
10	Past Due Receivables	-	-	-	-	-	-
11	Exposures at Syariah Business Unit (if any)	1,984	-	-	-	-	1,984
	Total Commitments/Contingencies Exposure for Off Balance Sheet Transactions	**3,438,344**	**144,489**	**-**	**-**	**-**	**3,293,855**
C	**Counterparty Credit Risk Exposures**						
1	Receivables on Sovereigns	13,499	-	-	-	-	13,499
2	Receivables on Public Sector Entities	-	-	-	-	-	-
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	1,230,963	-	-	-	-	1,230,963
5	Receivables on Micro, Small Business & Retail Portfolio	13,421	-	-	-	-	13,421
6	Receivables on Corporate	93,874	-	-	-	-	93,874
7	Exposures at Syariah Business Unit (if any)	-	-	-	-	-	-
	Total Counterparty Credit Risk Exposures	**1,351,757**	**-**	**-**	**-**	**-**	**1,351,757**
Total (A+B+C)		**184,938,634**	**2,687,969**	**-**	**-**	**-**	**182,250,665**

	December 31, 2014					
	Net Receivables	Secured Portion				Unsecured Portion
		Collateral	Guarantee	Credit Insurance	Others	
	(8)	(9)	(10)	(11)	(12)	(13) = (8)-[(9)+(10)+(11)+(12)]
	23,742,503	-	-	-	-	23,742,503
	569,205	-	-	-	-	569,205
	-	-	-	-	-	-
	11,218,503	19,125	-	-	-	11,199,378
	1,949,229	-	-	-	-	1,949,229
	856,902	131,880	-	-	-	725,022
	-	-	-	-	-	-
	75,457,796	117,316	-	-	-	75,340,480
	63,130,443	2,125,388	-	-	-	61,005,055
	1,814,774	-	-	-	-	1,814,774
	7,348,324	-	-	-	-	7,348,324
	2,921,817	49,829	-	-	-	2,871,988
	189,009,496	**2,443,538**	**-**	**-**	**-**	**186,565,958**
	-	-	-	-	-	-
	17,963	64	-	-	-	17,899
	-	-	-	-	-	-
	14,460	-	-	-	-	14,460
	3,211	-	-	-	-	3,211
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,288,539	69,110	-	-	-	1,219,429
	2,437,216	610,086	-	-	-	1,827,130
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,761,389	**679,260**	**-**	**-**	**-**	**3,082,129**
	768,509	-	-	-	-	768,509
	1,883	-	-	-	-	1,883
	-	-	-	-	-	-
	875,290	-	-	-	-	875,290
	4,225	-	-	-	-	4,225
	30,184	-	-	-	-	30,184
	-	-	-	-	-	-
	1,680,091	**-**	**-**	**-**	**-**	**1,680,091**
	194,450,976	**3,122,798**	**-**	**-**	**-**	**191,328,178**

9. 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.

4.1.a. Disclosure of Securitization Transactions-Bank Standalone

(Rp million)

No.	Securitization Exposure	December 31, 2015					
		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					2,041	
	Exposure Types: Asset Backed Securities						
	b. Junior Tranche						

4.1.b. Disclosure of Securitization Transactions-Consolidated

(Rp million)

No.	Securitization Exposure	December 31, 2015					
		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					2,041	
	Exposure Types: Asset Backed Securities						
	b. Junior Tranche						

	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			
	(9)	(10)	(11)	(12)	(13)	(14)
					9,550	

	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			
	(9)	(10)	(11)	(12)	(13)	(14)
					9,550	

Calculation of the Standardized Approach of Credit Risk Weighted Assets-Bank Standalone

5.1.1. Disclosure of Asset Exposures in the Balance Sheet

(Rp million)

No.	Portfolio Category	December 31, 2015			December 31, 2014		
		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	28,693,263	-	-	23,742,503	-	-
2	Receivables on Public Sector Entities	1,090,047	500,073	499,994	569,205	191,378	191,378
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,453,241	3,015,495	3,015,294	10,910,668	3,078,046	3,068,484
5	Loans Secured by Residential Property	2,202,859	781,600	781,600	1,949,229	690,628	690,628
6	Loans Secured by Commercial Real Estate	1,018,673	1,018,673	924,844	856,902	856,902	725,021
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	40,125,830	30,094,372	30,019,479	46,928,973	35,196,730	35,108,742
9	Receivables on Corporate	58,724,757	57,484,027	55,134,924	63,200,666	62,026,337	59,900,949
10	Past Due Receivables	1,968,535	2,933,496	2,933,496	1,433,942	2,139,121	2,139,121
11	Other Assets	6,244,420	-	3,687,373	6,414,362	-	3,703,812
TOTAL		**149,521,625**	**95,827,736**	**96,997,004**	**156,006,450**	**104,179,142**	**105,528,135**

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

(Rp million)

No.	Portfolio Category	December 31, 2015			December 31, 2014		
		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	60,701	30,351	30,065	17,963	8,982	8,949
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,818	2,876	2,876	14,460	5,057	5,057
5	Loans Secured by Residential Property	1,660	584	584	3,211	1,124	1,124
6	Loans Secured by Commercial Real Estate	8	8	8	-	-	-
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	810,476	607,857	590,519	1,288,539	966,404	914,572
9	Receivables on Corporate	2,556,697	2,556,697	2,435,896	2,437,216	2,437,216	1,827,131
10	Past Due Receivables	-	-	-	-	-	-
TOTAL		**3,436,360**	**3,198,373**	**3,059,948**	**3,761,389**	**3,418,783**	**2,756,833**

5.1.3. Disclosure of Exposures causing Counterparty Credit Risk

(Counterparty Credit Risk)

(Rp million)

No.	Portfolio Category	December 31, 2015			December 31, 2014		
		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	13,499	-	-	768,509	-	-
2	Receivables on Public Sector Entities	-	-	-	1,883	941	941
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	345,015	161,087	161,087	332,811	158,343	158,343
5	Receivables on Micro, Small Business & Retail Portfolio	13,421	10,066	10,066	4,225	3,169	3,169
6	Receivables on Corporate	93,874	93,874	93,874	30,184	30,184	30,184
TOTAL		**465,809**	**265,027**	**265,027**	**1,137,612**	**192,637**	**192,637**

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

(Settlement Risk)

(Rp million)

No.	Portfolio Category	December 31, 2015			December 31, 2014		
		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		**-**	**-**	**-**	**-**	**-**	**-**

5.1.5. Disclosure of Securitization Exposures

(Rp million)

No.	Portfolio Category	December 31, 2015		December 31, 2014	
		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	-	2,041	-	9,550
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		**-**	**2,041**	**-**	**9,550**

5.1.6. Disclosure of Exposures in Syariah Business Unit

(Rp million)

No.	Portfolio Category	December 31, 2015		December 31, 2014	
		Capital Deduction Factor	RWA after CRM	Capital Deduction Factor	RWA after CRM
(1)	(2)	(3)	(4)	(3)	(4)
1	Total Exposure	-	3,049,149	-	2,281,730
TOTAL		**-**	**3,049,149**	**-**	**2,281,730**

5.1.7. Disclosure of Total Credit Risks Measurement

(Rp million)

	December 31, 2015	December 31, 2014
Total Credit Risk RWA	**103,373,168**	**110,768,885**
Total Capital Deduction Factor	**-**	**-**

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

5.2.1. Disclosure of Assets Exposures in the Balance Sheet

(Rp million)

No.	Portfolio Category	December 31, 2015			December 31, 2014		
		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	28,693,386	-	-	23,742,503	-	-
2	Receivables on Public Sector Entities	1,090,618	500,358	500,279	569,205	191,378	191,378
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	9,728,234	3,070,493	3,070,292	11,218,503	3,139,613	3,130,051
5	Loans Secured by Residential Property	2,202,859	781,600	781,600	1,949,229	690,628	690,628
6	Loans Secured by Commercial Real Estate	1,018,673	1,018,673	924,844	856,902	856,902	725,021
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	65,250,492	48,937,869	48,862,976	75,457,796	56,593,347	56,505,360
9	Receivables on Corporate Portfolio	58,929,294	57,744,743	55,395,640	63,130,443	62,012,293	59,886,905
10	Past Due Receivables	2,321,506	3,462,952	3,462,952	1,814,774	2,710,369	2,710,369
11	Other Assets	7,300,596	-	4,585,239	7,348,324	-	4,509,825
TOTAL		**176,535,658**	**115,516,688**	**117,583,822**	**186,087,679**	**126,194,530**	**128,349,537**

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

(Rp million)

No.	Portfolio Category	December 31, 2015			December 31, 2014		
		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	60,701	30,351	30,065	17,963	8,982	8,949
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	6,818	2,876	2,876	14,460	5,057	5,057
5	Loans Secured by Residential Property	1,660	584	584	3,211	1,124	1,124
6	Loans Secured by Commercial Real Estate	8	8	8	-	-	-
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables on Micro, Small Business & Retail Portfolio	810,476	607,857	590,519	1,288,539	966,404	914,572
9	Receivables on Corporate	2,556,697	2,556,697	2,435,896	2,437,216	2,437,216	1,827,131
10	Past Due Receivables	-	-	-	-	-	-
TOTAL		**3,436,360**	**3,198,373**	**3,059,948**	**3,761,389**	**3,418,783**	**2,756,833**

5.2.3. Disclosure of Exposures causing Counterparty Credit Risk

(Counterparty Credit Risk)

(Rp million)

No.	Portfolio Category	December 31, 2015			December 31, 2014		
		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	13,499	-	-	768,509	-	-
2	Receivables on Public Sector Entities	-	-	-	1,883	941	941
3	Receivables on Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables on Banks	1,230,963	604,060	604,060	875,290	429,582	429,582
5	Receivables on Micro, Small Business & Retail Portfolio	13,421	10,066	10,066	4,225	3,169	3,169
6	Receivables on Corporate	93,874	93,874	93,874	30,184	30,184	30,184
TOTAL		**1,351,757**	**708,000**	**708,000**	**1,680,091**	**463,876**	**463,876**

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

(Settlement Risk)

(Rp million)

No.	Portfolio Category	December 31, 2015			December 31, 2014		
		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		**-**	**-**	**-**	**-**	**-**	**-**

5.2.5. Disclosure of Securitization Exposures

(Rp million)

No.	Portfolio Category	December 31, 2015		December 31, 2014	
		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	-	2,041	-	9,550
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		**-**	**2,041**	**-**	**9,550**

5.2.6. Disclosure of Exposures in Syariah Business Unit

(Rp million)

No.	Portfolio Category	December 31, 2015		December 31, 2014	
		Capital Deduction Factor	RWA after CRM	Capital Deduction Factor	RWA after CRM
(1)	(2)	(3)	(4)	(3)	(4)
1	Total Exposure	-	3,049,149	-	2,281,730
TOTAL		**-**	**3,049,149**	**-**	**2,281,730**

5.2.7. Disclosure of Total Credit Risks Measurement

(Rp million)

	December 31, 2015	December 31, 2014
Total RWA for Credit Risk	**124,402,960**	**133,861,526**
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 market factors. Market factors include (but are not limited to) interest rate, FX, interest rate movement and FX movement risks.

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 rates 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, the 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 a bank's income and capital of the bank. Monitoring of interest rate risk on the banking book is carried out daily by the Market and Liquidity Risk Division.

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. Options.

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 market risk management in Indonesian banking is limited to interest rate and FX risk.

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 are based on regulatory requirements and general banking standards of market risk management. The monitoring and controlling processes are carried out by applying a market limit mechanism as well as a limit on the trading and banking books which includes the monitoring on the utilization of Treasury limits. MLR independently conducts monitoring on the limits related to market risk on a daily basis and refers to the 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 the trading book. On the other hand, FX exposure is targeted at foreign exchange risk on trading book and banking book.

Quantitative Disclosure of Market Risk

6.1. Disclosure of Market Risks by Using Standardized Approach

(Rp million)

No.	Type of Risk	December 31, 2015				31 December 2014			
		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		345,338		345,338		104,213		104,213
	a. Specific Risk	-	-	-	-	-	-	-	-
	b. General Risk	27,627	345,338	27,627	345,338	8,337	104,213	8,337	104,213
2	Foreign Exchange Risk	7,491	93,634	7,536	94,200	21,331	266,643	21,438	267,975
3	Equity Risk *)	-	-	-	-	-	-	-	-
4	Commodity Risk *)	-	-	-	-	-	-	-	-
5	Option Risk	-	-	-	-	-	-	-	-
	Total	**35,118**	**438,972**	**35,163**	**439,538**	**29,668**	**370,855**	**29,775**	**372,188**

C. LIQUIDITY RISKS

A bank is exposed to liquidity risks arising from various business aspects. Liquidity risk arises due to the gaps between assets and liabilities of the Bank. Liquidity risk Management is one of the Bank's Key Success Factors in managing its business.

In general, liquidity risk in Danamon is managed based on the following:

- The difference of liquidity risk characteristics and sources.
- Funding strategy (including source varieties).
- Infrastructure readiness to ensure alignment with Basel III Liquidity Risk.

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

Liquidity Risk Management Organization

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

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

- To understand the various liquidity risk sources and integrate the characteristics and risks of various liquidity sources especially under stress conditions.
- To develop a comprehensive risk approach to ensure compliance with the overall risk appetite.
- To determine relevant funding strategies to meet liquidity requirements (including consolidating all funding sources).
- To develop effective contingency plans.
- 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 by ensuring funding can be generated through a variety of funding sources.

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

Liquidity Risk Indicator

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

Internal Indicators	Market Indicators
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. A sudden increase of assets through unstable wholesale funding. 6. A decrease in cash flow position indicated by the widening of a negative position on maturity disparity especially in the short term.	1. Credit rating downgrade. 2. Ongoing decline of Bank stock prices. 3. Widening spread on senior loans and subordinated loans of banks. 4. 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 deposit withdrawals from Bank. 7. External financial crisis. 8. Prolonged tight liquidity conditions.

Liquidity Risk Measurement

In general, liquidity risk control measurement may be grouped into regulatory measurement and internal, or non-regulatory, measurement.

Currently, the Bank has conducted regulatory liquidity risk measurement, which includes:

1. Loan to Funding Ratio (LFR)

   Loan to Funding Ratio or LFR is a credit ratio provided to a third party in Rupiah and foreign currencies, excluding credit to other banks, against:

- third party covering current account, savings account, and time deposit both in Rupiah and foreign currencies, excluding interbank funds; and
- Securities both in Rupiah and foreign currencies which meet certain requirements issued by the Bank to secure funding sources.

2. Primary Reserve Requirements
   Primary Reserve Requirements are minimum deposits in Rupiah which have to be maintained by the Bank in the form of Current Account balance at Bank Indonesia in which the amount is set by Bank Indonesia at a certain percentage of Third Party Funds.

3. Secondary Reserve Requirements
   Secondary Reserve Requirements are minimum reserves which have to be maintained by the Bank in the form of Bank Indonesia certificates, Government Securities and/or Excess Reserve, in which the amount is set by Bank Indonesia at a certain percentage of Third Party Funds.

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

Other than regulatory liquidity risk measurement, the Bank may implement other internal measurements which are normally used by liquidity risk management.

Currently, the Bank has also conducted Basel III Liquidity Risk standard measurements, specifically:

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

b. Net Stable Funding Ratio (NSFR)
   The purpose of this liquidity standard is to enhance resilience within a longer time span (1 year) by setting additional incentives to the Bank to fund Bank operations through more stable and sustainable funding.

   The implementation of LCR and NSFR in Indonesia complies to the regulations and guidelines issued by the Financial Services Authority. Thus, the Bank will be able to meet LCR and NSFR standards when such standards have officially been implemented by the Financial Services Authority.

Monitoring and Mitigation of Liquidity Risks

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

Targets and indicators consist of balance sheet ratios and analyses which provide illustrations at various liquidity profiles. The Bank uses various types of target and third party indicators. Studies on stress conditions have been conducted periodically to ensure funds availability at the time of stress conditions.

Contingency Funding Plan

An event of liquidity stress is an emergency situation with the potential to affect a bank's liquidity position substantially. To anticipate liquidity crisis, the Bank maintains a Contingency Funding Plan (CFP) which formally establishes strategies in facing a liquidity crisis and procedures to compensate for cash flow deficits during such emergency situation.

CFP should comprehensively describe contingency management strategies, escalation procedures, and responsibilities in dealing with an event such as liquidity stress.

D. OPERATIONAL RISKS

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.

The Bank's approach to Operational Risk management is to define the best mitigation strategy to get optimum balance between operational risk exposure, effectiveness of control mechanism, and creating risk appetite as a Bank strategy by a consistent implementation of a comprehensive Operational Risk Management ("ORM").

Major components of Operational Risk Management Framework which are being consistently applied are: Three lines of defense in implementing ORM framework, The "Three Lines of Defense" concept has been implemented as follows:

Business and supporting units as the executor of the risk management process, the ORM at Line of Business and Support Function, and Internal Control functions in each Risk Taking Unit act as the first line of defense in day-to-day execution of implementation of operational risk management. They are responsible for identifying, managing, mitigating, and reporting on Operational Risk.

The ORM Division together with the Compliance and Legal Division act as the second line of defense which is responsible for overseeing operational risk management in the Bank.

The ORM Division is responsible for designing, interpreting, developing, and maintain the overall operational risk management framework, monitoring the RTU's adherence to the framework, ensuring the control adequacy of policies and procedures, and acting as the coordinator/facilitator of the overall operational risk management activities to ensure its effectiveness.

Meanwhile, the Internal Auditors independently perform the role as the third line of defense to identify any weaknesses that have been found in operational risk management and assess the implementation of operational risk management in line with governance.

The Board of Directors and Board of Commissioners are responsible for overseeing the effectiveness of the overall operational risk management framework as well as its execution.

Operational Risk Management

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

The process involves:

1) Risk identification is used to identify and analyze inherent risk in new products and/or changes to products, services and processes. The Risk identification also ensures adequate preventive control adequacy over all the processes.

2) Risk measurement at the operating unit level is supported by the Risk/Loss Event Database (R/LED), Risk Control Self Assessment (RCSA), Key Risk Indicator (KRI) and Capital Charge Calculation & Modeling to measure the Bank's risk profile quantitatively and be used to identify the effectiveness of operational risk management.

The measurement of operational risks maintains the use of the basic indicator approach based on the Circular Letter of Bank Indonesia No. 11/3/DPNP dated 27 January 2009. Based on this Circular Letter, the capital costs of operational risk were 15% of average gross income during the last three years.

Individual and consolidated Bank's quantitative operational risk disclosure are illustrated in the following tables.

7.1.a. Quantitative Exposure of Operational Risks-Bank Standalone
(Rp million)

No.	Indicator Approach	December 31, 2015			December 31, 2014		
		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	13,022,144	1,953,322	24,416,521	11,847,591	1,777,139	22,214,233
	Total	**13,022,144**	**1,953,322**	**24,416,521**	**11,847,591**	**1,777,139**	**22,214,233**

7.1.b. Quantitative Exposure of Operational Risks-Consolidated
(Rp million)

No.	Indicator Approach	December 31, 2015			December 31, 2014		
		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	18,092,372	2,713,856	33,923,198	17,099,050	2,564,858	32,060,719
	Total	**18,092,372**	**2,713,856**	**33,923,198**	**17,099,050**	**2,564,858**	**32,060,719**

3) Operational risk monitoring through regular reports to management to identify issues related to weakness or failure of control functions.

The establishment of the Operational Risk Management Committee is designed as a forum to discuss significant operational risk issues and to monitor the implementation of ORM.

Through the ORMC, the BoD can be informed of operational risk issues, and immediate action can be taken.

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

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.

Effectiveness of ORM tools such as Risk/Loss Event Database, Risk Control Self-Assessment and Key Risk Indicators used to identify the operational risk potential and enable preventive measures.

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

4). Risk controlling and mitigation is conducted amongst others through ensuring operational policy and control adequacy in all operational procedures.

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

Supporting infrastructure

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

- Risk Loss Event recording;
- Key Risk Indicator monitoring;
- Risk Control Self Assessment;
- Reporting.

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

The ORM also has an E-Learning feature, developed to increase awareness on the importance of operational risk. The E-learning has been and is implemented for all employees and management of the Bank.

Business Continuity Management (BCM)

BCM was created as the Bank's preventive measures in the event of worst case scenario that could affect the Bank's operational sustainability, and it also provides a framework to develop resilience and the ability to effectively guard against incidents severly affecting the Bank and its Subsidiaries in order to safeguard stakeholders' interests, reputation, brand, and essential business activities. This program and the BCM framework are designed for effective implementation down to the subsidiaries, in which the objectives are to ensure the sustainability of business processes and operations in times of crisis or disasters; hence, impacts on the Bank's services and reputational risks may be minimized and the Bank's recovery and resilience improved with the Bank's and its Subsidiaries ongoing operations accordingly maintained.

BCM-related programs in Danamon involve, and are fully supported by, all management in the planning, preparation, maintenance, supervision, testing stages, through to continuous improvement. With this solid support, Danamon has been able to protect and refine its sustainability in handling all incidents throughout 2015 and successfully retained ISO22301:2012-BCMS certification. As the chair of the BCM Forum Indonesia in which the members are BCM professionals across various industries in Indonesia, the 9th BCM Forum was successfully conducted in 2015.

Fraud &QA

The Bank mitigates and manages risks arising due to from fraud through the anti fraud strategy framework described in "Fraud Management Policies and Framework", which has been implemented in the Bank's branches and Subsidiaries. These policies and strategies are in line with the Circular Letter of Bank Indonesia No. 13/28/DPNP on the implementation of anti-fraud strategies for commercial banks on which Danamon has reported to the OJK every semester. In implementing policies, the Bank has consistently implemented the 4 pillar interrelated fraud control strategy, consisting of prevention; detection; investigation, reporting & sanctions; and monitoring, evaluation, and follow-up.

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

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

Implementation of Quality Assurance and Internal Control on each unit of the Bank refers to the general practices in the industry (COSO), application of quantitative measurement as well as bank wide control effectiveness, implementation of the Maturity Model approach for the QA Unit in addition to cross validation with a control mechanism conducted by independent parties (Internal Audit). The Focus of QA for this year and coming years is to develop an integrated, effective, measurable, and informative QA application system which will be implemented across the QA Unit in the Bank and subsidiaries.

8.1.a Disclosure of Maturity Profile for Rupiah-Bank Standalone

(Rp million)

No.	Items	December 31, 2015					
		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. Assets						
	1. Cash	2,428,659	2,428,659	-	-	-	-
	2. Placements with Bank Indonesia	8,661,508	7,241,898	842,196	242,628	334,786	-
	3. Placements with Other Banks	3,003,677	626,161	561,458	81,604	578,788	1,155,666
	4. Marketable Securities	7,301,345	485,634	836,443	703,097	910,907	4,365,264
	5. Loans	92,842,556	8,664,398	12,486,170	9,974,646	11,144,608	50,572,734
	6. Other Receivables	548,466	102,682	205,274	235,485	-	5,025
	7. Others	883,128	58,227	25,218	6,161	-	793,522
	Total Assets	**115,669,339**	**19,607,659**	**14,956,759**	**11,243,621**	**12,969,089**	**56,892,211**
	B. Liabilities						
	1. Deposits from Customers	86,309,735	10,287,746	5,982,820	2,918,659	1,807,881	65,312,629
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	2,402,148	1,896,528	246,789	249,696	9,135	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	7,130	-	-	-	-	7,130
	6. Other Liabilities	316,970	15,055	19,310	3,569	15,866	263,170
	7. Others	2,410,984	13,120	1,645	-	-	2,396,219
	Total Liabilities	**91,446,967**	**12,212,449**	**6,250,564**	**3,171,924**	**1,832,882**	**67,979,148**
	On Balance Sheet Assets and Liabilities Differences	**24,222,372**	**7,395,210**	**8,706,195**	**8,071,697**	**11,136,207**	**(11,086,937)**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitments	-	-	-	-	-	-
	2. Contingencies	-	-	-	-	-	-
	Total Off Balance Sheet Receivables	-	-	-	-	-	-
	B. Off Balance Sheet Liabilities						
	1. Commitments	556,905	100,475	123,335	31,496	250,437	51,162
	2. Contingencies	2,984,967	461,917	410,756	715,752	1,045,238	351,304
	Total Off Balance Sheet Receivables	3,541,872	562,392	534,091	747,248	1,295,675	402,466
	Off Balance Sheet Assets and Liabilities Differences	(3,541,872)	(562,392)	(534,091)	(747,248)	(1,295,675)	(402,466)
	Differences [(IA-IB)+(IIA-IIB)]	20,680,500	6,832,818	8,172,104	7,324,449	9,840,532	(11,489,403)
	Cumulative Differences	20,680,500	6,832,818	15,004,922	22,329,371	32,169,903	20,680,500

	December 31, 2014*					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,566,048	2,566,048	-	-	-	-
	12,173,212	7,564,121	1,608,894	1,170,530	1,829,667	-
	3,049,426	562,675	224,572	135,022	896,851	1,230,306
	8,449,716	138,265	359,229	2,877,396	1,706,462	3,368,364
	96,730,279	7,815,561	12,133,834	11,161,899	13,478,702	52,140,283
	582,023	377,662	19,782	179,211	-	5,368
	863,721	66,546	27,095	7,011	-	763,069
	124,414,425	**19,090,878**	**14,373,406**	**15,531,069**	**17,911,682**	**57,507,390**
	89,606,369	12,349,700	7,932,669	6,084,139	10,452,625	52,787,236
	-	-	-	-	-	-
	2,874,188	2,403,307	20,294	19,409	416,117	15,061
	529,972	-	-	-	529,972	-
	-	-	-	-	-	-
	1,017,997	56,389	4,482	750,000	-	207,126
	2,317,593	11,790	20	-	-	2,305,783
	96,792,868	**14,821,186**	**7,957,465**	**6,853,548**	**11,398,714**	**55,761,955**
	27,621,557	**4,269,692**	**6,415,941**	**8,677,521**	**6,512,968**	**1,745,435**
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	507,063	27,825	104,860	13,789	273,466	87,123
	2,910,891	377,701	552,469	640,041	1,144,562	196,118
	3,417,954	405,526	657,329	653,830	1,418,028	283,241
	(3,417,954)	(405,526)	(657,329)	(653,830)	(1,418,028)	(283,241)
	24,650,352	3,864,166	5,758,612	8,023,691	5,094,940	1,462,194
	24,203,603	3,864,166	9,622,778	17,646,469	22,741,409	24,203,603

8.1.b Disclosure of Maturity Profile for Rupiah-Consolidated

(Rp million)

No.	Items	December 31, 2015					
		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. Assets						
	1. Cash	2,586,969	2,586,969	-	-	-	-
	2. Placements with Bank Indonesia	8,661,508	7,241,898	842,196	242,628	334,786	-
	3. Placements with Other Banks	3,278,159	900,643	561,458	81,604	578,788	1,155,666
	4. Marketable Securities	7,232,291	485,634	836,443	703,097	910,907	4,296,210
	5. Loans	117,407,859	8,807,217	12,769,296	10,844,833	14,349,219	70,637,294
	6. Other Receivables	2,109,839	107,574	209,825	253,827	52,503	1,486,110
	7. Others	1,349,045	455,685	35,012	21,426	2,710	834,212
	Total Assets	**142,625,670**	**20,585,620**	**15,254,230**	**12,147,415**	**16,228,913**	**78,409,492**
	B. Liabilities						
	1. Deposits from Customers	85,562,425	9,540,436	5,982,820	2,918,659	1,807,881	65,312,629
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	2,402,148	1,896,528	246,789	249,696	9,135	-
	4. Securities issued	9,851,134	-	838,866	-	3,342,910	5,669,358
	5. Borrowings	6,622,878	1,550,000	1,790,486	1,652,693	1,629,646	53
	6. Other Liabilities	322,048	19,961	19,320	3,598	15,943	263,226
	7. Others	4,512,164	1,198,665	317,715	226,592	1,120	2,768,072
	Total Liabilities	**109,272,797**	**14,205,590**	**9,195,996**	**5,051,238**	**6,806,635**	**74,013,338**
	On Balance Sheet Assets and Liabilities Differences	**33,352,873**	**6,380,030**	**6,058,234**	**7,096,177**	**9,422,278**	**4,396,154**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitments	-	-	-	-	-	-
	2. Contingencies	-	-	-	-	-	-
	Total Off Balance Sheet Receivables	-	-	-	-	-	-
	B. Off Balance Sheet Liabilities						
	1. Commitments	556,905	100,475	123,335	31,496	250,437	51,162
	2. Contingencies	2,984,967	461,917	410,756	715,752	1,045,238	351,304
	Total Off Balance Sheet Receivables	3,541,872	562,392	534,091	747,248	1,295,675	402,466
	Off Balance Sheet Assets and Liabilities Differences	(3,541,872)	(562,392)	(534,091)	(747,248)	(1,295,675)	(402,466)
	Differences [(IA-IB)+(IIA-IIB)]	29,811,001	5,817,638	5,524,143	6,348,929	8,126,603	3,993,688
	Cumulative Differences	29,811,001	5,817,638	11,341,781	17,690,710	25,817,313	29,811,001

	December 31, 2014*					
	Balance	Maturity				
		≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
	(9)	(10)	(11)	(12)	(13)	(14)
	2,693,996	2,693,996	-	-	-	-
	12,173,212	7,564,121	1,608,894	1,170,530	1,829,667	-
	3,355,985	869,234	224,572	135,022	896,851	1,230,306
	8,380,662	138,265	359,229	2,877,396	1,706,462	3,299,310
	124,057,309	7,929,186	12,384,943	11,967,222	16,068,958	75,707,000
	2,533,846	385,336	22,325	188,554	12,540	1,925,091
	1,020,921	145,307	44,286	7,911	2,685	820,732
	154,215,931	**19,725,445**	**14,644,249**	**16,346,635**	**20,517,163**	**82,982,439**
	89,038,227	11,781,558	7,932,669	6,084,139	10,452,625	52,787,236
	-	-	-	-	-	-
	2,874,188	2,403,307	20,294	19,409	416,117	15,061
	11,632,630	-	183,946	2,710,408	1,800,831	6,937,445
	5,621,040	800,000	2,308,497	549,771	622,152	1,340,620
	1,060,239	68,577	6,866	753,191	9,027	222,578
	4,409,349	1,162,580	457,967	125,161	3,668	2,659,973
	114,635,673	**16,216,022**	**10,910,239**	**10,242,079**	**13,304,420**	**63,962,913**
	39,580,258	**3,509,423**	**3,734,010**	**6,104,556**	**7,212,743**	**19,019,526**
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	507,063	27,825	104,860	13,789	273,466	87,123
	2,910,891	377,701	552,469	640,041	1,144,562	196,118
	3,417,954	405,526	657,329	653,830	1,418,028	283,241
	(3,417,954)	(405,526)	(657,329)	(653,830)	(1,418,028)	(283,241)
	36,162.304	3,103,897	3,076,681	5,450,726	5,794,715	18,736,285
	36,162,304	3,103,897	6,180,578	11,631,304	17,426,019	36,162.304

8.2.a Disclosure of Maturity Profile for Foreign Currency-Bank Standalone

(Rp million)

No.	Items	December 31, 2015					
		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. Assets						
	1. Cash	140,704	140,704	-	-	-	-
	2. Placements with Bank Indonesia	14,605,877	12,331,352	2,274,525	-	-	-
	3. Placements with Other Banks	6,621,224	4,635,092	1,599,010	2,325	128	384,669
	4. Marketable Securities	2,565,712	709,211	3,373	-	446,824	1,406,304
	5. Loans	9,093,499	2,473,727	1,860,788	1,243,001	624,655	2,891,328
	6. Other Receivables	4,531,880	790,717	2,112,158	1,600,087	28,404	514
	7. Others	83,734	26,530	4,322	11,589	-	41,293
	Total Assets	**37,642,630**	**21,107,333**	**7,854,176**	**2,857,002**	**1,100,011**	**4,724,108**
	B. Liabilities						
	1. Deposits from Customers	29,723,795	5,809,810	3,396,406	2,071,675	1,199,785	17,246,119
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	5,516,970	870,779	2,768,795	1,600,041	277,355	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	682,804	-	-	-	-	682,804
	6. Other Liabilities	71,624	30,963	270	351	-	40,040
	7. Others	139,314	1,352	5,202	2,176	-	130,584
	Total Liabilities	**36,134,507**	**6,712,904**	**6,170,673**	**3,674,243**	**1,477,140**	**18,099,547**
	On Balance Sheet Assets and Liabilities Differences	**1,508,123**	**14,394,429**	**1,683,503**	**(817,241)**	**(377,129)**	**(13,375,439)**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitments	3,187,821	1,957,289	703,358	5,181	68,925	453,068
	2. Contingencies	130,296	53,086	-	-	77,210	-
	Total Off Balance Sheet Receivables	3,318,117	2,010,375	703,358	5,181	146,135	453,068
	B. Off Balance Sheet Liabilities						
	1. Commitments	5,488,560	2,725,485	1,073,634	152,569	451,365	1,085,507
	2. Contingencies	457,797	34,218	14,971	81,327	219,685	107,596
	Total Off Balance Sheet Receivables	5,946,357	2,759,703	1,088,605	233,896	671,050	1,193,103
	Off Balance Sheet Assets and Liabilities Differences	(2,628,240)	(749,328)	(385,247)	(228,715)	(524,915)	(740,035)
	Differences [(IA-IB)+(IIA-IIB)]	(1,120,117)	13,645,101	1,298,256	(1,045,956)	(902,044)	(14,115,474)
	Cumulative Differences	(1,120,117)	13,645,101	14,943,357	13,897,401	12,995,357	(1,120,117)

December 31, 2014					
Balance	Maturity				
	≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(9)	(10)	(11)	(12)	(13)	(14)
162,092	162,092	-	-	-	-
5,930,558	5,930,558	-	-	-	-
8,011,051	7,007,610	386,072	372,592	244,777	-
874,987	23,182	34,749	312,772	-	504,284
11,762,388	2,556,022	3,049,104	1,911,158	825,866	3,420,238
7,511,036	872,286	3,013,380	2,386,009	1,238,500	861
68,916	4,320	265	6,850	-	57,481
34,321,028	**16,556,070**	**6,483,570**	**4,989,381**	**2,309,143**	**3,982,864**
27,559,342	4,404,415	5,109,685	4,817,760	6,278,119	6,949,363
-	-	-	-	-	-
8,725,197	1,221,951	3,011,803	2,385,971	1,238,500	866,972
13	13	-	-	-	-
816,155	-	-	-	-	816,155
38,781	14,110	7,840	1,345	-	15,486
160,861	-	5,626	3,139	-	152,096
37,300,349	**5,640,489**	**8,134,954**	**7,208,215**	**7,516,619**	**8,800,072**
(2,979,321)	**10,915,581**	**(1,651,384)**	**(2,218,834)**	**(5,207,476)**	**(4,817,208)**
6,939,126	3,955,820	1,263,648	374,646	1,239	1,343,773
130,105	-	2,254	32,028	95,823	-
7,069,231	3,955,820	1,265,902	406,674	97,062	1,343,773
5,618,599	2,617,643	2,261,620	126,424	20,718	592,194
708,112	69,618	106,732	142,523	307,575	81,664
6,326,711	2,687,261	2,368,352	268,947	328,293	673,858
742,520	1,268,559	(1,102,450)	137,727	(231,231)	669,915
(2,236,801)	12,184,140	(2,753,834)	(2,081,107)	(5,438,707)	(4,147,293)
(2,236,801)	12,184,140	9,430,306	7,349,199	1,910,492	(2,236,801)

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

(Rp million)

No.	Items	December 31, 2015					
		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. Assets						
	1. Cash	140,704	140,704	-	-	-	-
	2. Placements with Bank Indonesia	14,605,877	12,331,352	2,274,525	-	-	-
	3. Placements with Other Banks	6,621,735	4,635,603	1,599,010	2,325	128	384,669
	4. Marketable Securities	2,565,712	709,211	3,373	-	446,824	1,406,304
	5. Loans	9,093,499	2,473,727	1,860,788	1,243,001	624,655	2,891,328
	6. Other Receivables	5,189,514	790,717	2,112,158	1,666,988	79,744	539,907
	7. Others	83,734	26,530	4,322	11,589	-	41,293
	Total Assets	**38,300,775**	**21,107,844**	**7,854,176**	**2,923,903**	**1,151,351**	**5,263,501**
	B. Liabilities						
	1. Deposits from Customers	29,723,738	5,809,753	3,396,406	2,071,675	1,199,785	17,246,119
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with Other Banks	5,516,970	870,779	2,768,795	1,600,041	277,355	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	5,448,412	-	-	412,696	365,985	4,669,731
	6. Other Liabilities	71,624	30,963	270	351	-	40,040
	7. Others	204,841	38,890	33,191	2,176	-	130,584
	Total Liabilities	**40,965,585**	**6,750,385**	**6,198,662**	**4,086,939**	**1,843,125**	**22,086,474**
	On Balance Sheet Assets and Liabilities Differences	**(2,664,810)**	**14,357,459**	**1,655,514**	**(1,163,036)**	**(691,774)**	**(16,822,973)**
II	**OFF BALANCE SHEET**						
	A. Off Balance Sheet Receivables						
	1. Commitments	3,187,821	1,957,289	703,358	5,181	68,925	453,068
	2. Contingencies	130,296	53,086	-	-	77,210	-
	Total Off Balance Sheet Receivables	3,318,117	2,010,375	703,358	5,181	146,135	453,068
	B. Off Balance Sheet Liabilities						
	1. Commitments	5,488,560	2,725,485	1,073,634	152,569	451,365	1,085,507
	2. Contingencies	457,797	34,218	14,971	81,327	219,685	107,596
	Total Off Balance Sheet Receivables	5,946,357	2,759,703	1,088,605	233,896	671,050	1,193,103
	Off Balance Sheet Assets and Liabilities Differences	(2,628,240)	(749,328)	(385,247)	(228,715)	(524,915)	(740,035)
	Differences [(IA-IB)+(IIA-IIB)]	(5,293,050)	13,608,131	1,270,267	(1,391,751)	(1,216,689)	(17,563,008)
	Cumulative Differences	(5,293,050)	13,608,131	14,878,398	13,486,647	12,269,958	(5,293,050)

December 31, 2014						
Balance	Maturity					
	≤1 month	>1-3 months	>3-6 months	>6-12 months	>12 months
(9)	(10)	(11)	(12)	(13)	(14)
162,092	162,092	-	-	-	-
5,930,558	5,930,558	-	-	-	-
8,012,325	7,008,884	386,072	372,592	244,777	-
874,987	23,182	34,749	312,772	-	504,284
11,762,388	2,556,022	3,049,104	1,911,158	825,866	3,420,238
7,730,060	872,286	3,013,380	2,386,009	1,259,481	198,904
68,916	4,320	265	6,850	-	57,481
34,541,326	**16,557,344**	**6,483,570**	**4,989,381**	**2,330,124**	**4,180,907**
27,559,288	4,404,361	5,109,685	4,817,760	6,278,119	6,949,363
-	-	-	-	-	-
8,725,197	1,221,951	3,011,803	2,385,971	1,238,500	866,972
13	13	-	-	-	-
7,649,226	-	-	-	1,238,278	6,410,948
38,781	14,110	7,840	1,345	-	15,486
256,397	35,456	45,745	23,100	-	152,096
44,228,902	**5,675,891**	**8,175,073**	**7,228,176**	**8,754,897**	**14,394,865**
(9,687,576)	**10,881,453**	**(1,691,503)**	**(2,238,795)**	**(6,424,773)**	**(10,213,958)**
6,939,126	3,955,820	1,263,648	374,646	1,239	1,343,773
130,105	-	2,254	32,028	95,823	-
7,069,231	3,955,820	1,265,902	406,674	97,062	1,343,773
5,618,599	2,617,643	2,261,620	126,424	20,718	592,194
708,112	69,618	106,732	142,523	307,575	81,664
6,326,711	2,687,261	2,368,352	268,947	328,293	673,858
742,520	1,268,559	(1,102,450)	137,727	(231,231)	669,915
(8,945,056)	12,150,012	(2,793,953)	(2,101,068)	(6,656,004)	(9,544,043)
(8,945,056)	12,150,012	9,356,059	7,254,991	598,987	(8,945,056)

E. LEGAL RISKS

Legal risk is a risk arising from lawsuits (taken either by internal or external parties) and/or from weakness of juridical aspects (the absence of legal documents and regulations or weaknesses in the legally binding documents). In the risk management framework and in accordance with the prevailing regulations, legal risk importantly and essentially aims to anticipate future risks.

Along with the increasing the scope of Danamon's business and dynamic product development as 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 impacts of juridical weakness, the absence and/or amendments of legislation and litigation processes of 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 the General Legal Counsel. The implementation of such legal risk, The Legal Risk Management Team cooperates with the relevant working unit namely: The Litigation Unit and Hello Danamon.

Meanwhile, in line with consolidated Danamon Legal Risk management, the Legal Risk Management Team cooperates with its counterpart in legal risk management teams in PT Adira Dinamika Multi Finance Tbk and PT Adira Quantum Multifinance.

Legal Risk Management Policy and Procedure

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

The Legal Handbook and SOP Manual of Legal Assistance can be accessed through the portal.

Legal Risk Management and Control Mechanism

Legal Risk Management is conducted through a process of identification, measurement, monitoring, and risk control as well as through a management system. In the identification process, all business lines, support functions, and 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 and which have an impact on the Bank's financial position and 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 and indicators used are:

- Litigation factor
- Weaknesses of Binding Commitments
- Elimination or changes in regulations or legislation.

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

- Implementation of legal risks by Danamon Senior Management (especially legal cases);
- Realization of "Legal Policy & Documentation" and SOP Manual of legal risk management, as mentioned above, which among others regulates the identification and mapping of legal risks including the mitigations, and matrix parameters,

for the inherent risk and quality of legal risk management implementation;
- The establishment of working units designated by management to monitor and manage the inherent legal risk in a product and Danamon's or subsidiary's activity so that the evaluation of existing legal risk has impact as a trigger for other risks.

The implementation of a comprehensive legal risk management process with monitoring of legal risk is targeted to be have active participation of all concerned parties. Through joint endeavors, with Legal and Litigation Division as the division in charge, existing risk is expected not to exceed the risk appetite determined by Danamon management, and on-going legal cases decrease. To assure the improvement of legal risk management, Danamon regularly provides legal training/socialization to 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 weakness or inaccuracy of strategic formulations, or failure to anticipate the changes of business environment.

Strategic Risk Management Organization

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

Strategic Risk Management

The implementation of Strategic risk management is carried out through active supervision by the Boards of Commissioners and Directors. In terms of strategic risk management, the Board of Commissioners is responsible for directing and approving the Bank's business and strategic plans. While the Board of Directors is responsible for:
- Formulating the Bank's strategic business and strategic business plans.
- Ensuring that the strategic objectives are set in line with the Bank's mission, vision, culture, business direction and risk tolerance.
- Approving changes of strategic plans and periodically reviewing alignment of strategic plans.
- Ensuring managerial competence, conditions, systems and control in the Bank and its Subsidiaries are adequate to support the established strategic implementation.
- Monitoring developments of internal and external conditions that affect the Bank's business strategy.
- Establishing working units/functions to be responsible and authorized to formulate and oversee strategy implementation including business and strategic plans.
- Ensuring that risk management for strategic risk has been implemented effectively and consistently.

Danamon and its subsidiaries manage 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 and financial services 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 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 considered:
- Risk Governance, including risk preference, risk tolerance, and active supervision by the Board of Commissioners and Board of Directors.
- Risk management framework, including the adequacy of organizational structure and organizational policy and procedure.
- Risk management process, 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 reviews by an independent party.

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 in line with the business structure and processes. 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 and its subsidiaries anticipate the intense business competition by creating better service to attract new customers and maintain existing customers.

Danamon and its subsidiaries also understand 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 changes in Rupiah exchange rate. The Bank and its subsidiaries actively adapt some of its activities, such as lending, by anticipating macroeconomic movements. Danamon and its subsidiaries also seek 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 occurrence of vacant positions in divisions and subsidiaries, as well as an amount of employee performance management has become a concern of management. To that end, Danamon optimizes a recruitment system to support business requirements and to conduct analysis/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 adequate in terms of limits, policy and procedures. Risk managers in their respective divisions and subsidiaries have also been positioned to support the implementation of the business strategy determined by senior management.

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

G. COMPLIANCE RISKS

Compliance risk may arise from a bank's activities which do not meet requirements, regulations or generally prevailing laws and regulations. Effective management of Compliance Risk is essential to minimize the impact of this risk as quickly as possible. To that end, a comprehensive study was conducted on 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 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 a Compliance Culture at all levels of the organization and in all activities. The Board of Directors is supported by the Compliance Committee which evaluates and reviews the implementation of the Bank's compliance and activities with potential compliance risk.

One of the members of the Board of Directors is appointed as the Compliance Director, whose duties are to exercise and assume responsibilities in formulating strategies to encourage a culture of compliance, establish policy, systems, and procedures of compliance, ensuring that compliance fits the Bank's activities, minimizes compliance risk and prevents managment decisions 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 was formed to support implementation of the Compliance Director's duties and responsibilities. The Compliance Working Unit is independent and free of influence from other working units. The 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.

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.

Strategy & Effectiveness of Compliance Risk Management

Compliance risks are managed by the compliance function as one of the components in the Integrated Risk Bank Management and Control Framework. The strategies of compliance risk management are implemented through the 3 lines of defence scheme starting from the first line of defense (business, operational, and support units), to the second line of defense (Risk Management and Compliance Work Unit), and the third line of defense (Internal Audit). Thus each line assumes roles and responsibilities in managing compliance risks.

Implementation of compliance risk is achieved through the process of identifying and measuring, monitoring and controlling risk and a management information system. The process of risk identification and measurement of compliance is achieved through a review of the policy, provision and collection of funds, as well as other Danamon activities. This process is intended to detect any potential non-compliance with Bank Indonesia and Financial Services Authority 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 to either penalties or reputation.

Sound Implementation of consistent compliance risk management strategies is supported by all components within the organization; thus, compliance risks may be managed in effective and controlled manners.

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 and the Financial Services Authority regulation by the Bank and its subsidiaries. The Bank as the main entity also monitors and evaluates the implementation of compliance functions on Child Entities through coordination with compliance functions on each Child Entity.

In compliance with risk management, Integrated Risk Management coordinates periodically with the Internal Audit Unit. Integrated risk management and the Internal Audit Unit ensure the adequacy of the 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 internally.

Implementation of Regulatory Provisions

Danamon always strives to comply with provisions set by the Regulators including Implementation of Integrated Governance, as well as Bank and Child Entity Integrated Risk Management. In line with fulfilling such regulations, the Bank has prepared structure and infrastructure which include policy establishment, committee establishment, and other necessary adjustments.

H. REPUTATION RISKS

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

Reputation Risk Management Organization

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

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

Policy and Mechanism of Reputation Risk Management

The policy and mechanisms of reputation risk management are aligned with regulations and focus 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 usage of Danamon's complex products and the amount and materiality of Danamon's cooperation with its business partners.

4. Frequency, types of media, and materiality of negative publicity of Danamon, including its officials.
5. Frequency and materiality of customer complaints.

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

Risk Management During A Crisis Situation

Danamon has a separate policy and procedure that governs the handling of Danamon activities during a crisis and management of reputation risk during a crisis to be in accord with the intended policies and procedures.

I. INVESTMENT RISKS

Investment Risk (Equity Investment Risk) arises because the Bank also bears a loss of business of its financing customers, under a profit-loss sharing basis agreement. This risk arises from the 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 contract agreement, while the loss will be fully borne by the Bank unless the customers are proven to have committed willful misconduct, are negligent or have violated the agreement.

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

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 financing covering criteria for accepting customers, financing approvals, monitoring, managing financing problems and portfolio management where financing in this case is financing based on profit and loss sharing. The risk control is conducted independently and carried out by the Integrated risk working unit.

The Danamon Syariah Business Unit has a working unit empowered and responsible for analyzing reports containing actual realization against the business target. The Bank maintains adequate infrastructure to monitor business performance and operations of those financed by the Bank or are 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 mistake, be negligent or violate an agreement, the Bank requests collateral from customers who are financed. Collateral type and collateral assessment follow prevailing collateral policies, applied in the financing business in general.

J. RATE OF RETURN RISK

Rate of Return Risk is risk arising from changes in the 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. The process of Return of Risk Management refers to provisions 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.

K. INTRAGROUP TRANSACTION RISKS

Intragroup Transaction Risks are risks arising due to an entity's dependence either directly or indirectly on another entity within one Financial Group in line with fulfilling its obligation in written agreements as well as non-written agreements whether followed by a transfer of funds or not. Management of these intragroup transaction risks are stipulated within Integrated Risk Management Policies and are periodically monitored.

Organization and Policies of Intragroup Transaction Risk Management

As the Main Entity, the Bank involves its subsidiaries as members of the Financial Group in managing intragroup risks. Implementation of Intragroup Transaction Risk Management is conducted by taking into account cross entity transaction activities within the Financial Group.

The Bank as the Main Entity governs the implementation of intragroup transaction risk management through Integrated Risk Management Policies. These policies are periodically monitored. The implementation of Intragroup Transaction Risk Management is conducted through identification, measurement, monitoring, and risk control in addition to the Management Information System.

Management of Intragroup Transaction Risks

As the Main Entity, the Bank involves its subsidiaries as members of the Financial Group Conglomeration in identifying types of intragroup transactions which may expose the Financial Group to risks as well as assuming responsibilities in conducting measurement of intragroup transaction risks in an integrated manner within the Financial Group. Monitoring of intragroup transactions among entities in the Financial Group is performed periodically.

The Bank along with its subsidiaries as members of the Financial Group are committed to control intragroup transactions which may expose the Financial Group to risk. Risk control is performed based on the outcome of monitoring on intergroup transactions among entities within the Financial Group. Intragroup transactions among entities in the Financial Group are monitored with the support of the existing Management Information Systems in each entity within the Financial Group.

The Bank has started to implement intragroup transaction risk profiles for the Financial Group as integrated with the subsidiaries. A report on intragroup transaction risks management will be prepared comprehensively and periodically for management and regulators to monitor, assess, and evaluate the risks in a sustainable manner.

L. INSURANCE RISKS

Insurance Risks are associated with insurance business practices which may lead to financial loss. Implementation of Insurance Risk Management of the Financial Group in an integrated manner is conducted by Insurance Company Subsidiaries under the Bank's supervision as the Main Entity.

Organization and Policies of Insurance Risk Management

Insurance Risks are managed by the Insurance Company Subsidiaries under supervision of the Bank as the Main Entity. Insurance Company Subsidiaries maintain Policies on Insurance Company Risk Management which help organize the Risk Management Framework as well as Risk Management Process on Insurance Companies, and which are periodically reviewed.

Management of Insurance Risks

Implementation of Insurance Risk Management is accomplished through identification, measurement, monitoring, and risk control as well as the Management Information System. Subsidiary Insurance Companies are responsible for identifying and measuring insurance risks which may arise in each product as well as in various insurance activities.

Subsidiary Insurance Companies are also responsible for monitoring and controlling inherent insurance risks. Implementation of Insurance Risk Management is supported by accurate and adequate Management Information Systems as well as being capable of delivering necessary data required in each process of risk management.

The Bank and its Insurance Company Subsidiaries implement insurance risks profiles for the Financial Group. Reports on insurance risk management are prepared comprehensively and periodically and submitted to the management and regulator to sustainably monitor, assess, and evaluate the risks.

DESCRIPTION OF BASEL III

Learning from the economic crisis of 2008, which resulted in the decline of the banking sector in a number of countries, the banking industry requires an instrument to refine the capital framework, namely Basel II. Through various discussions held at the global level, Basel II has been further refined into Basel III.

In principle, the purpose of Basel III is to address banking issues to:

- Improve the capacity of the banking sector to absorb risk that may arise from financial and economic crisis and to prevent crisis from breaking out from the financial to the economic sectors;
- Improve the quality of risk management, governance, transparency, and disclosure; and
- Provide the best resolution for systemically important cross border banking.

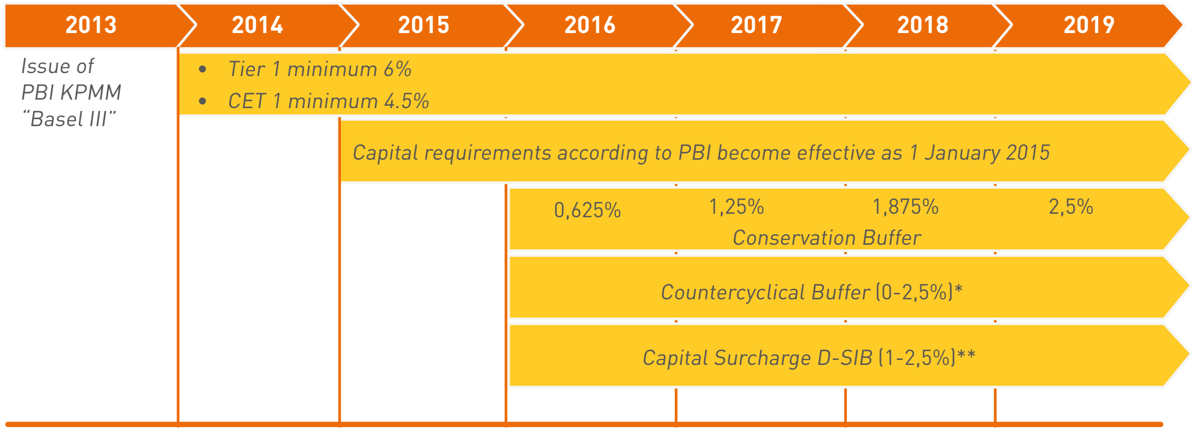
Basel III is expected to strengthen micro prudential management, in order to increase the robustness and resiliency of a bank during a crisis.

In the context of micro-prudence, the Basel III framework requires higher standards and levels of capital quality, focusing mainly on common equity and adequacy of capital buffers managed by individual banks by requiring allowance for a reserve buffer.

Basel III also covers the macro-prudential aspect by developing indicators to monitor the level of pro-cyclicality of financial systems and requires banks, especially systemically important banks and financial institutions, to prepare capital buffers during boom periods of the economy in order to absorb losses during a crisis (bust period), namely countercyclical capital buffer and capital surcharge for the systemically important financial institutions. The micro and macro aspects are very closely interrelated and require sustainable monitoring.

To prepare for Basel III implementation, regulators have issued regulation concerning Minimum Capital Adequacy Requirement for Commercial Banks. Danamon supports the preparation process towards Basel III implementation, considering that the framework is vital in ensuring robust development of the national banking industry and will enable Indonesia's banking industry to take part at a global level of banking.

Following is the illustration of Danamon's phases in preparation of Basel III in conjunction with the management of Capital:



In terms of the management of banking liquidity, the Basel Committee on Banking Supervision (BCBS) in January 2013 published the final document of the calculation framework for Liquidity Coverage Ratio (LCR) as part of Basel III. The purpose of this such LCR calculation framework is to enforce short term security based on the risk profile of the bank by ensuring that a bank hold adequate HQLA (High Quality Liquid Assets) in order to survive under a significant crisis within a 30-calendar day period.

Indonesia is committed to adopt the Basel III framework, including LCR framework, while still considering the impacts toward national banking industry. Hence, the implementation of LCR in Indonesia will be carried out cautiously by making several adjustments in order to adapt to domestic conditions. In terms of supporting the preparation of Indonesian banking in implementing the framework of the such Liquidity Coverage ratio calculation, the Financial Services Authority issued a Consultative Paper (OJK CP) on the Basel III Framework Liquidity Coverage Ratio (LCR) in 2014, and proceeded with the issuance of the Draft Regulation of the Financial Services Authority (OJK RP) on the Fulfilment of Liquidity Coverage Ratio for commercial banks in August 2015.

Referring to the Financial Services Authority CP, the implementation of the LCR framework will be implemented gradually. As a Bank which belongs to BOOK 3 Group, Danamon is included in the Second Phase scheme period. The trial period will commence on July 2015 by using the data of June 2015 on a quarterly basis in which the minimum LCR ratio is 60%. The effective implementation period is 30 June 2016 with the initial ratio of 70% and consistently rising at year end to 100% starting 31 December 2018. Nevertheless, considering discussion on LCR is limited to Financial Services Authority CP, LCR aspects related to the calculation, implementation period, reporting, publication, and others are pending on final arrangements by the regulator.

In addition to the LCR, BASEL III will also introduce an additional ratio which is the leverage ratio, as a supplement to the capital ratio. Introduction of the leverage ratio is provided as a capital ratio backstop in accordance with risk profiles in order to avoid a deleveraging process which may undermine finance and economic systems.

Danamon supports the preparation of LCR implementation and leverage ratio by participating in the Basel III Working Group by carrying out calculations and reporting the LCR calculation and leverage ratio to the regulator. The LCR calculation and leverage ratio performed refers to Basel III as well as to the OJK CP.

EVALUATION ON RISK MANAGEMENT EFFECTIVENESS

In line with the evaluation of risk management effectiveness, the Board of Commissioners and the Board of Directors actively supervise the implementation of risk management through relevant rosk management committees. To support the implementation of Board of Commissioners duties, the Risk Monitoring Committee monitors the implementation of strategies and risk management policies, as well as risk exposures used as the basis for evaluating the Board of Directors' accountability.

To obtain sufficient data and illustration regarding the measures taken in managing risks, the Risk Monitoring Committee organizes meetings on monthly basis to discuss issues relevant with the risks.

As follow-up actions on the recommendation of the Risk Monitoring Committee, the Risk Management Committee supervises the development of risk strategies, policies, and evaluation of significant risk issues. Through risk profile reports which the Bank submits each quarter, the Bank assesses the risk management effectiveness of the Bank's and its subsidiaries' risk management at a rating of 2 (low to moderate).

Below is the Bank's consolidated risk profile as of 31 December 2015:

Risk Profile	Consolidated Assessment as of 31 Dec 2015		
	Inherent Risks	Implementation Quality of Risk Management	Risk Level Rating
Credit Risk	Low to Moderate	Satisfactory	Low to Moderate
Market Risks	Low to Moderate	Satisfactory	Low to Moderate
Liquidity Risks	Low to Moderate	Satisfactory	Low to Moderate
Operational Risks	Low to Moderate	Satisfactory	Low to Moderate
Legal Risks	Low to Moderate	Satisfactory	Low to Moderate
Strategic Risks	Low to Moderate	Satisfactory	Low to Moderate
Compliance Risks	Low to Moderate	Satisfactory	Low to Moderate
Reputation Risks	Low to Moderate	Satisfactory	Low to Moderate
Rate of Return Risks	Low to Moderate	Satisfactory	Low to Moderate
Investment Risks	Low to Moderate	Satisfactory	Low to Moderate
COMPOSITE RATING	Low to Moderate	Satisfactory	Low to Moderate

In addition to the evaluation on risk management and the risk profile, evaluation/review is also performed on the methodology of risk assessment, adequacy of system implementation, management information system, as well as appropriateness of the policies, procedures, and limits. As an outcome of this review process, Danamon further organizes Portfolio Meetings to evaluate the portfolio risk conditions on the Bank and its subsidiaries.

RISK MANAGEMENT ACTIVITIES PLAN IN 2016

As presented on the description of Economic Prospects for 2016, the Indonesian economy is predicted to rebound in 2016, despite future challenges. This is especially due to the impact of the global economic slowdown (especially China) and volatility of global financial markets. Following are several challenges which will be encountered in 2016:

- Rupiah exchange rate against US Dollar remains under pressure due to negative sentiment in domestic financial market as an impact of increased reference interest rate in the United States.
- Inflation rate which is expected to increase to 5 percent in comparison to the rate in 2015 thus it is expected that Bank Indonesia will cut its reference rate to a minimum of 0.25 per cent to 7.25 per cent.
- Manufacturing and commodity exports are becoming increasingly less reliable as they are susceptible to price volatilities.
- Implementation of government policies on fiscal stimulus will possibly provide positive impact on the economy.

In anticipating various external conditions, Danamon has prepared a number of initiatives in conjunction with the risk management in 2016, including:

1. Management of Integrated Risk.
   a. Improve monitoring and risk control functions in line with Integrated Risk Management Implementation for the Financial Group.
   b. Review monitoring process and integrated risk measurement.
   c. Validate methodology of integrated risk measurement.
   d. Maintain Bank's business growth at an acceptable level while keeping prudence;
   e. Maintain optimum implementation of Bank activities at "anticipated" liquidity risk, and minimize "unanticipated" liquidity risk level in securing the funding sources or cash flow.
2. Credit Risk Management.
   a. Continue the development of internal rating model for credit risks in all business lines gradually within 3 to 5 years into the future as preparation measures for Internal Rating Based (IRB) phase.
   b. Implement ICAAP framework.
   c. Use Standardized Approach for credit risk RWA calculation.
   d. Periodic validation for existing rating model.
   e. Stress testing carried out at a minimum once a year at bankwide level. Stress testing is also carried out in case of changes in industrial sectors and economy and when there is a request for a special stress testing from regulators.
   f. Implement IAS 39 or PSAK 50/55 for provisions for impairment especially for loans.
   g. Annual validation on Impairment Provision calculation process.
   h. Perform trimonthly back testing for Impairment Provision adequacy for the entire Business Line.

3. Management of Operational Risks and Fraud.
   a. Implementation of ORM cycle has and will consistently continue, including identification, measurement, supervision, and operational risk control both at the Bank and its Subsidiaries.
   b. Continuous improvement and adjustment on anti-fraud implementation strategy to keep up with the latest developments and the latest trends on fraud. The scope includes system implementation and technology to support detection pillar and reporting and sanction pillar covering credit and non-credit areas.
   c. Risk identification process performed through the implementation of registration risk and risk assessments on products, process, and existing systems as well as new systems to identify inherent risks as well as necessary mitigation measures.

d. Documentation of risky events (risk/loss event data) and triggering factors will continue on a centralized database, perform RSCA activities on a trimonthly basis, report relevant risks and monitor operational risks through Key Risk Indicator (KRI).
e. Operational Risk Management System (ORMS) application development with the purpose of maintaining effectiveness in ORM cycle implementation in all the Bank's and Subsidiaries' working units at a more optimum level.
f. Assets and financial insurance (money insurance property, all risks, bankers' blanket bonds/electronic computer crime and directors & officers, as well as Electronic Equipment Insurance) as one of the forms in essential operational risk mitigation as coordinated by insurance coordinator in ORM Division.
g. ORM workshop/socialization and business trips to RTU as well as training (Risk School and E-learning) to new employees will be periodically and consistently organized to ensure the sustainability and uniformity of awareness of operational risks as well as for a risk identification culture in the Bank.
h. The Bank and its Subsidiaries have implemented comprehensive Business Continuity Management (BCM) to ensure business sustainability from such disruptions as disasters or crises.

4. Management of Market and Liquidity Risks.
   a. Consistently perform Stress Testing relevant to ICAAP to ensure that the Bank has the capacity to survive under liquidity stress conditions.
   b. Implement Liquidity Regulatory Requirement (Basel III – BIS Framework) measurements through ALM system in line with the regulations of Financial Services Authority and Bank Indonesia.
   c. Perform studies and preparation on Internal Model Approach (IMA) in line with Financial Services Authority and Bank Indonesia Regulations.

Human Resources

In 2015, Human Resources held 2,580 training programs involving 64,216 participants totalling 157,056 man-days of training.

Human Resources Vision And Mission

Human Resources is committed to support the Danamon vision of "We care and enable millions to prosper", aligning human resources with business objectives, while supporting organizational development with the ultimate aim of contributing to society.

To support Danamon's mission to become "an Employer of Choice," Human Resources (HR) is committed to developing the skills, capabilities, and confidence of Danamon employees, who will in turn provide better service to customers.

Human Resources Management

In 2015, Danamon implemented a new Target Operating Model (TOM) for HR to function as a Shared Service Organization, which simply means facilitating HR services through four main functions:

1. **Center of Expertise**
   Functions as the 'architect' in designing various HR programs and initiatives, and playing the role of the "expert" in numerous HR work areas.
2. **Business HR**
   The strategic partner of business leaders, to interpret business needs, and make recommendations in HR areas.
3. **Shared Service**
   Integrated HR Service Center facilitates numerous HR operational transactions from payroll administration, help desk to program roll outs at head office and regional offices.

4. **HR Leadership**
   Provides strategic guidance and ensures the above three functions are professionally coordinated.

Human Resources Roadmap

Danamon recognizes that each employee is unique, which is an advantage for each to compete effectively. This becomes a basis for managing human resources so that each employee's potential is continuously being developed and supported as part of the Bank sustainable growth.

The 2015 and 2016 Roadmap for human resources development strategy is explained in the diagram below.

This roadmap supports the Bank's initiative in implementing change to the business model, ensuring clear accountability within each function in organization, and development of employee competency.

	2015	2016
Alignment of Organization Function	Organization function alignment specificaly in Micro business. Consumer and SME sales force consolidation under one leadership.	Alignment of the sales force supporting functions
Talent Placement	Leaders mapping and placement in Sales and Distribution Prioritize the placement of vacant position by Management Trainees	Placement of position vacancy by quality talent
Talent Management	Preparation for digital learning implementation. Senior Level Management Assessment	Build an organization learning culture through digital learning Employee competency development
Internalization Of Company's Value	Introduction of the Merit SIPASTI program (Reward system based on contribution) Management Performance evaluation to include Core Values as well as KPI	Developing Employer Value Proposition in becoming the Employer of Choice
Employee Engagement	Employee Engagement survey to improve human resouces productivity	Employee Engagement corrective program implementation

HR Development Strategy

- **Organization Development Alignment**
  Continue implementing the sales force consolidation initiative under Sales and Distribution. The alignment of other supporting functions continues in 2016.

- **Talent Placement**
  Supporting development of the business model, HR implemented people mapping by placing the right staff in positions in line with their respective potentials through a comprehensive assessment process.

  The Management Trainee (MT) initiative as per Line of Business will be implemented Bankwide to fill vacant managerial positions with quality talent. Apart from external placements, HR is offering existing talent the chance to advance their careers through this assessment process especially for critical positions.

- **Talent Management**
  In the future, HR aims to improve employee competencies through the Danamon Corporate Academy (DCU) by formulating a curriculum in implementing the training roadmap and developing organization learning with the support of digital learning. For Leaders, HR will provide the foundation skills through training and learning programs such as the People Management Series, the Senior Leadership Program, and the Danamon High Potential Program.

- **Internalization of the Company's Value**
  HR supports internalization of the Company's value Bankwide using SIPASTI (Contribution based reward system). This program focuses on upholding meritocracy and encourages employees to contribute more to the Company's growth as well as to the employee's professional career. This merit program correlates positively with Danamon's values, while practicing these values, the employee's contribution is recognized and rewarded accordingly. These values also form the basis in formulating the Employee Value Proposition with the goal of enhancing the working experience at Danamon.

- **Employee Engagement**
  Danamon understands that productivity is strongly linked with employee engagement. Accordingly, as the Bank's commitment is to support and facilitate human resource development, Danamon decided to participate in the Employee Engagement Survey. This survey is included in Danamon's business plan for next year to ensure that improvement plans set forth to boost employee engagement are effective and efficient.

Career Development

Career Development is an essential part of improving employee performance and acts as one of the means of retaining employees. HR supports the PUK (Work Unit Head) to improve its teams' competency by providing training programs featuring both soft and technical skills. Also, for employees with new postings requiring enhanced roles and responsibilities, HR will conduct the appropriate assessment process to ensure employees placed in those positions are the right persons with the right qualifications. HR assessment is conducted by evaluating the scope of work and the competency required with the needs of the position.

HR Governance Policy

In formulating and determining HR strategy policy, all policy proposals are submitted to the Board of Directors and, if needed, can be elevated to the appropriate Committee at the Directors and Commissioners level for recommendations and support followed by approval and effective implementation of the proposed policy as well as securing the Senior Management's commitment.

HR Recruitment Policy

Danamon's HR recruitment policy offers the opportunity for employees to grow and develop their careers. If there are vacant positions, HR will coordinate with PUK (Work Unit Head) to search for available internal talent or through internal job posting. If internal talent is not available, the Bank will conduct external job posting.

Compensation and Competition Levels

Danamon's Compensation System is based on three criteria, which is Pay for Position, Person and Performance. To measure the level of competition with other banks, the Bank benchmarks compensation and compares it with Danamon's internal policy. Accordingly, the Bank is able to justifiy employee retention according to the employee's contribution to the Bank.

2015 Performance

In 2015,there were several notable achievements in the Bank's business:

- **Organization Function Alignment**
  HR performed alignment of functions in the organization in effort to meet the demand for business development. In 2015 many changes were made, especially in the micro business which caused a reduction of 2000 employees. In second semester of 2015, HR also began to consolidate sales functions from Consumer and SMEs into Sales and Distribution function as "single-captain". The objective was to provide better services to customers. The process was supported by a comprehensive assessment process to ensure critical positions were filled by the right people. The implementation will continue until 2016. HR started transformation process in several business lines so that matters related to employees may run properly according to the business needs.

- **Talent Placement**
  Alignment of functions in the organization was conducted and strengthened by efficient recruitment process with extensive sourcing for the fulfillment of competent workers and in accordance with the business needs.

- **Talent Management**
  In their employee development efforts, DCU successfully held 2,580 training programs in 2015 and involved 64,216 employees with total man-days reaching 157,056. Through these training programs, Rp182.17 billion of training investment was realized. With regards to learning, DCU had also added features and menus for online learning (digital e-learning) to enable learning activities to take place anywhere and anytime.

  In managing the top talents, assessment was conducted for senior management as part of the Leadership Development Program, followed by a comprehensive training program to improve competencies.

Training Program Statistics

Training Program	2015	2014	2013	2012	2011
Number of Training Programs	2,580	2,948	3,329	4,230	6,237
Number of Participants	64,216	70,278	90,864	83,277	67,632
Total Man-days	157,056	175,059	237,446	203,397	218,480
Total Investment on Training (Rp million)	182,170	225,942	261,079	265,705	285,673
Average Investment per Employee (Rp million)	2.84	3.21	2.87	3.19	4.22

*Training data does not include Adira Quantum (in 2015 Adira Quantum did not conduct any training)

- **Internalization of Company Values**
  To build and improve a positive work attitude, HR, working with each division, has conducted several campaigns and programs to ensure internalization of Danamon's Corporate Values in every employee. This year HR also succeeded in introducing the Meritocracy concept (SIPASTI) to support future internalization of Corporate Values.

- **Employee Engagement**
  In 2015 HR held an Employee Engagement Survey (EES) which was participated in by 38,748 employees with a respondent ratio reaching 97%. The EES was held to measure employee engagement levels and probe aspects influencing the engagement level. Based on this survey, Danamon engagement score reached 69% or 6% higher than companies in general in Indonesia. Based on this result, a conclusion can be drawn that Danamon has a strong foundation to improve their human resources to become Employer of Choice in the future.

HR Turnover Supervision

Reducing HR turnover is the duty of HR and all line managers, especially retaining top talents and employees who are in critical roles positions. The Bank carried out a number of intiatives to manage employee turnover, such as:

- Improving several systems in HR, including Performance Management System which was held through training to around 1,700 line managers and to improve leadership capability of work unit leaders to prepare them to become coaches. This activity is believed to help reduce atrition levels.

- The Employee Engagement Survey initiative also played a big part in turnover management. By measuring and understanding the important aspects that influence employee engagement levels, the Bank can come up with the correct strategy to manage the turnover rates.

- HR also reviewed the compensation policy and the compensation and reward system, and, in doing so achieved satisfactory implementation of the SIPASTI principle.

Industrial Relations

Danamon's management and the Labor Union have always supported the negotiations of the Joint Work Agreement (JWA) as a guideline addressing the rights and obligations of the employees and management. Both parties understand the importance of the JWA in creating a rewarding climate based on trust, unity, partnership and mutual respect.

Meetings between the Bank's Directors and the Labor Union's Central Leadership Council are conducted regularly every quarter resulting in an open two-way communication to discuss issues relating to industrial relations. Also, there are monthly meetings between the Head Office and regional offices attended by representatives of HR divisions and the Labor Union. HR also offers a live chat facility between Directors and employees.

Throughout 2015, the complaint and industrial issue resolution process ran smoothly and according to prevailing regulation, whether between employee and direct supervisor or mediation by HR Division and/or Labor Union.

HR Profile

Employee Composition Based on Gender (Consolidated)

Gender	%	2015	2014	2013	2012	2011
Male	72.98	36,653	47,547	48,862	47,258	44,897
Female	27.02	13,573	13,071	18,865	18,080	17,369
Total	100	50,226	60,618	67,727	65,338	62,266

Data Headcount Danamon Per December 2015 (Consolidated)

Company	%	2015	2014	2013	2012	2011
Danamon	54.20	27,223	31,660	35,423	33,939	30,736
Adira Finance	42.50	21,351	26,098	28,519	28,093	28,272
Adira Quantum	2.25	524	1,691	2,863	2,439	2,417
Adira Insurance	1.05	1,128	1,169	922	867	841
Jumlah	100	50,226	60,618	67,727	65,338	62,266

The number of Bank and subsidiary employees as per December 2015 was 50,226. Employee data included permanent, on trial, contract, trainee and expratriat employees. Data above does not include outsourced staff.

Employee Composition Based on Position (Consolidated)

Grade	%	2015	2014	2013	2012	2011
Top Management & Technical Advisor	0.05	23	39	49	45	38
Senior Manager	0.76	384	422	407	362	336
Manager	6.43	3,229	4,045	3,495	2,909	2,586
Officer	27.38	13,751	16,818	16,894	15,618	13,903
Staff	65.38	32,839	39,294	46,882	46,404	45,403
Total	100	50,226	60,618	67,727	65,338	62,266

Based on employee grade, the HR profile is dominated by the staff category with 32,839 personnel or 65.38%, followed next by personnel in the Officer, Manager, Senior Manager and Top Management & Technical Advisor grades.

Employee Composition Based on Employement Status (Consolidated)

Employement Status	%	2015	2014	2013	2012	2011
Permanent [1)]	70.89	35,606	42,476	47,075	47,186	45,265
Non Permanent [2)]	29.11	14,620	18,142	20,652	18,152	17,001
Total	100	50,226	60,618	67,727	65,338	62,266

Employee Composition Based on Education (Consolidated)

Education	%	2015	2014	2013	2012	2011
Post Graduate	0.89	445	542	573	577	579
Bachelor	63.64	31,963	37,834	42,361	41,162	40,256
Diploma	19.35	9,719	11,982	14,007	13,678	13,297
Senior High School	16.06	8,065	10,161	10,671	9,789	7,986
Junior High School/Elementary School	0.07	34	99	115	132	148
Total	100	50,226	60,618	67,727	65,338	62,266

The HR Profile based on education levels was dominated by Undergraduates numbering 31,963 employees or 63.64%. This was followed in consecutive order by Diploma, High School, Graduate studies and Primary/Junior high school.

Employee Composition Based on Employment Period (Consolidated)

Year of Service	%	2015	2014	2013	2012	2011
0-3 years	36.59	18,380	25,128	36,053	39,385	38,040
3-5 years	20.69	10,391	14,555	11,676	8,066	7,661
5-10 years	25.04	12,576	10,896	11,479	10,311	9,259
10-20 years	14.83	7,450	8,774	7,354	6,534	6,344
>20 years	2.85	1,429	1,265	1,165	1,042	962
Total	100	50,226	60,618	67,727	65,338	62,266

HR profile based on years of service is dominated by 0-3 year period totalling 18,380 employees or 36.59%. This is followed, in consecutive order, by 5-10 years, 3-5 years, 10-20 years and above 20 years.

Employee Composition Based on Age (Consolidated)

Age	%	2015	2014	2013	2012	2011
<25 years	9.27	4,655	6,343	9,066	9,364	9,676
25-34 years	58.97	29,616	36,584	41,983	40,960	39,484
35-44 years	25.88	12,996	14,520	13,966	12,764	11,297
>45 years	5.89	2,959	3,171	2,712	2,250	1,809
Total	100	50,226	60,618	67,727	65,338	62,266

The HR profile based on age is dominated by the 25 to 34 years age group totalling 29,616 employees or 58.97%. Followed in consecutive order by 35-44 years, < 25 years, and > 45 years.

2016 Business Plan and Strategy

In 2016 HR will continue its organization alignment initiative, especially continuing the implementation of revised business model for a new organization and its effects on other supporting functions within the organization. To fill a new position or positions with added new responsibilities, HR made assessments to ensure the "right man on the right place". Employee development remains as one of HR's main focuses in years ahead.

After the introduction of the meritocracy concept this year, the alignment process and transforming SIPASTI as a culture in the Performance Management System, were carried out through training programs and are set as mandatory training for managerial level employees.

In 2016, the Bank will focus on fostering a coaching culture and promoting one-on-one discussions concerning work performance management, considering that both of these means of engagement are able to provide positive reinforcement to achieve work targets. This culture is also supported by implementing an Individual Development Plan as the benchmark to achieve individual targets supported by the Work Unit Head (PUK) and to meet individual career aspirations in Danamon.

A learning plan/roadmap is embedded in a curriculum concept which is in accordance with the needs of each position and function in each business line by considering individual potential talent and employee career aspiration. A number of academies that will be launched in 2016, include: Risk Academy, HR Academy, Microbanking Academy (SEMM), Consumer Banking (Retail Banking) Academy, Sales & Distribution Academy and other LoB Academies.

In 2016, HR will facilitate the formulation of an action plan based on the results of the 2015 Employee Engagement Survey. The Bank expects the action plan to be implemented on a disciplined and continuous basis.

In addition to the strategic initiatives set, HR will continuously optimize its day-to-day operations:

- Improving SLA recruitment for existing positions, especially critical positions as supported by implementation of e-recruitment.
- Establish a career development committee to standarize processes and transparency, and ensure quality leadership.
- Adopt an integrated approach on employee development based on the 3E (education, experience and exposure) principle.
- Revamp the leadership training curriculum aligning it according to levels, covering junior, middle and senior levels.
- Create a certification program for critical processes at the Bank.
- Improve digital HR applications such as e-learning including the online Learning Performance Management-SIPASTI system.

Information Technology

In line with technological advances, Danamon implemented the Agile software development methodology to accelerate business systems development.

Danamon's Information Technology (IT) initiatives are aimed towards efficiency, with initiatives related to infrastructure technology such as server consolidation, and server and storage virtualization, to reduce cost and improve availability. Meanwhile, to simplify Danamon customers' transactions, IT has innovated features of the electronic channels such as D-mobile and Internet Banking.

To ensure the Bank's uninterrupted operations, the IT department is upgrading its Data Center by building a new Disaster Recovery Center, at international standards. In addition, Data Center key operations such as data backup routines have been automated.

Bank Danamon's IT department has also upgraded its system implementation process by using the Agile software development methodology, accelerating system development for Danamon's business requirements and to be more adaptive to technology innovations.

Throughout 2015, IT applied numerous strategies and key initiatives to support the growth of the banking business and its subsidiaries as well as to ensure smooth running of operations by implementing the following:

1. Business Systems and Applications
   The Wholesale Internet Banking System - to deliver comprehensive internet banking services to the Bank's corporate customers.

   The SMEC Credit Processing System (CPS) - to improve the credit approval process, adjustments to business models, and better risk control in the SMEC line of business.

   Mobile Branches in March 2015 - to support SEMM business, and the Mobile Sales Prospecting Application with the ability to open new savings accounts in June 2015.

   The New Trade Finance System - to support Trade Finance & Transaction Banking business growth, equipped with features such as SWIFT interface which was not supported by the previous system.

2. Bankwide Systems and Applications
   The SOA Middleware System in October 2015 - to enhance Danamon's payment transaction services.

The 6-digit PIN and NSICCS standard for ATM terminals on Danamon Debit Cards in June 2015.

The Centralized Limit System in February 2015, capable of monitoring debtor groups, and Omnibus - to comply with reporting requirements.

Data Protection in November 2015 - to maintain the security of the Bank's data stored on local desktops.

Dukcapil host-to-host interface in August 2015 - to improve data quality in " know your customer" (KYC) especially e-KTP.

3. Hardware and Communication Network
   A project to upgrade the hardware of core banking applications has been initiated and will be implemented in phases starting first quarter 2016.

   An ATM renewal project for aging units - to enhance performance of Danamon ATMs, starting in December 2015.

   Server upgrade on ATM switching applications - to enhance the capacity of ATM/CDMs to support customer transactions.

   The branch PABX refurbishment project - to provide branch offices with reliable communications in June 2015.

4. Regulatory and Compliance
   The Danamon Anti-Money Laundering System in June 2015 - to be capable of identifying, analyzing, monitoring, and providing reports on suspicious transactions.

   The New Generation SKN in June 2015 and RTGS in November 2015, in line with Bank Indonesia's 2015 plan. The New Generation MPN in line with the Tax Office plan in June 2015.

In June 2015, all credit card acquirers were required to replace the application and firmware of EDCs to become capable of processing transactions based on a 6 digit PIN.

IT organized an ITSC (Information Technology Steering Committee) meeting July 2015 to discuss and secure Board of Director approval for implementing strategic Information Technology projects namely:
- Core Banking hardware upgrade project.
- ATM Switching hardware upgrade project.
- Card System hardware upgrade project.

IT development and activities affecting human resources

In 2015, IT developed its human resources, providing them with numerous training workshops and certifications.

The training provided was technical in nature, directly relevant to the staff's current job. In addition, IT staff were given new knowledge, soft skills and leadership training to enhance their potential to be future leaders. Risk management certification in accordance with the rules of the regulator was also given.

Some of the training and certifications provided included:
- Technical Skills: IT Project Management, Disaster Recovery Professional, SAFe Agilist, VMWare, Hadoop, Oracle Database.
- Soft Skills: Unleashing Your Supervisory Potential, Effective Negotiation Skills, 7 Habits, Power Presentations, Communication Skills, and the Danamon Leadership Academy.
- Regulatory Training: BSMR

2016 Strategy and Work Plan

The future of Danamon's Information Technology development is aimed at further digitalization and implementing a number of new systems to support banking business requirements. Development plans for 2016 will include:

- Enterprise CIF will be implemented, to integrate customer information within a single screen and CRM to enable effective management of customer relations.
- Digital Innovation through sustainable Electronic Channel products including Mobile Banking and Internet Banking.
- Digital services in branch offices using the latest technology. Holistic Reward Points & Online Redemption Channels will be implemented to facilitate customers in redeeming their reward points through existing channels in Bank Danamon. Branchless banking (Laku Pandai) is also being planned to serve segments and communities presently beyond reach.
- In order to support SEMM business, the IT department will implement payment methods through third parties, facilitating customer loan repayments.
- The Rule Based Engine will be implemented to facilitate and accelerate SLA in decision making for loan approvals, incorporating policies and bank processes into the system.
- IT will implement the Fraud Transaction Detection System to assist the Bank in monitoring inbound transactions to detect fraud and minimize potential loss.
- Integrate payment systems currently using several applications, and develop a Payment Hub system in the second quarter of 2016.
- Continue implementing server virtualization project by adding capacity in 2016 and replacing the Virtual Tape Library and storage media for critical applications.
- As a monitoring tool, detection, and escalation on Data Center servers, IT will implement Server Performance Monitoring and Problem Detection. The switch in systems from production to DRC will be simplified by implementing Swing Over Tools.
- As an Anti Malware and Anti Phishing solution to protect its customers from fraud, IT will implement a Fraud Detection System for its Online Banking.
- To protect IT infrastructure, the Vulnerability Scanner Security Center will be established to detect any weakness or susceptibility in the IT infrastructure.
- To initiate the Virtual Desktop Project, physical desktops will be transformed into virtual ones whereby applications and data are centrally stored, thus improving security and productivity while supporting the flexible office concept.
- During 2016, the New Trade Finance System Phase 2 will be implemented covering Trade Portal for customers (Client Trade) to provide access for customers in Trade Finance transactions (L/C Issuance, L/C Collection, and Trade Finance Lending); as well as additional features in the Trade Finance Back Office system.
- The Electronic Wallet Community will be developed to support banking services of small to medium corporate customers with bank transaction facilities to meet customers' business needs.
- To improve the Bank's capacity to store and support data analysis, an Enterprise Data Lake system will be implemented.
- The Bank also plans to review the transfer pricing system being used today in order to support the Bank's future plans.
- To comply with BI/OJK regulations, the Bank will continue to enhance its regulatory applications.

In addition, the IT Directorate will continue to be vigilant and attend to IT related risks and misuse by irresponsible parties, originating both internally and externally.

Operations

Numerous efforts have been made to improve process efficiency and productivity, enabling Danamon to provide fast, convenient and flexible services - accessible anytime and anywhere.

Danamon operations has developed a strategic framework based on the Bank's vision, mission, and values, whose aim is to make Danamon a bank that provides fast, easy, flexible, and accesible services to customers.

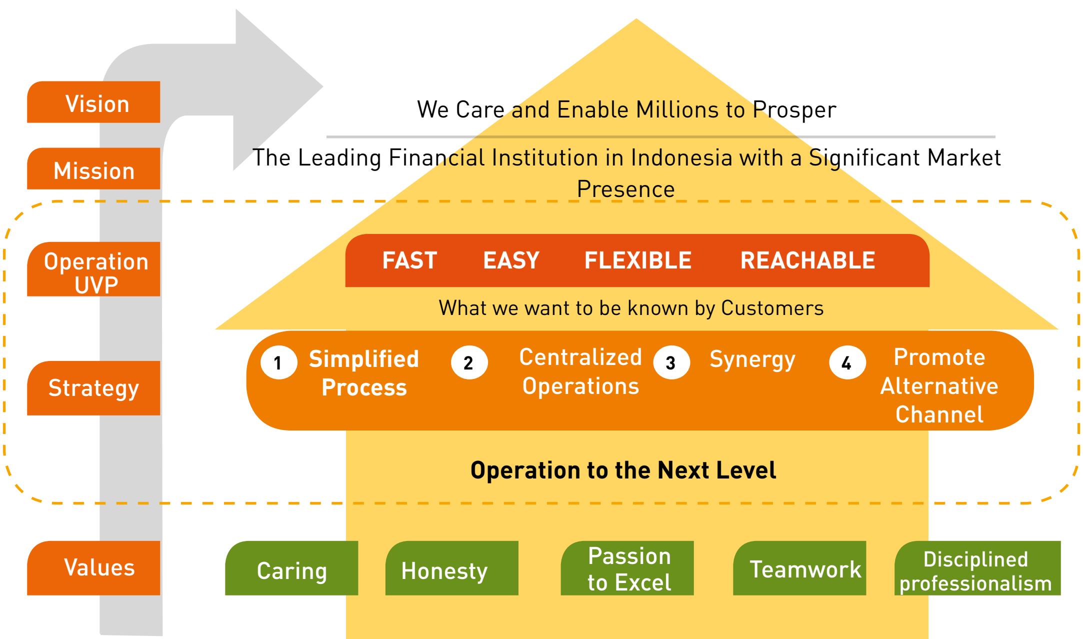
Four basic strategies are being applied by Danamon's Operations teams to support sustainable business development:

- Concentrate on simplification of banking processes throughout the Bank's network to enable customers to experience fast and easy-to-use services.
- Centralize banking processes in order to achieve greater efficiency and streamline branch organization structures.
- Enhance synergy throughout lines of business and subsidiaries and build an agile organization.
- Promote and support the use of alternative channels.

2015 Performance

Our commitment to continuously provide service excellence in the branches is proven by a number of recognitions from external parties:

- Fourth Rank in Banking Service Excellence Monitoring based on Market Research Indonesia (MRI) surveys.



- WOW Service Excellence (Markplus):
  - Champion for Jakarta, Surabaya, Bali, Balikpapan, and Banjarmasin.
  - Champion for Manado, Pekanbaru, Semarang, Bandung, Padang, Medan, Banda Aceh, Pontianak, Makassar, and Jayapura
- Customer Satisfaction Award (Roy Morgan).
- Customer Satisfaction Award (ISMS Trisakti).
- STP (Straight Through Processing) Excellence Award from Deutsche Bank and Citibank.
- Appreciation for the General Daily Bank Report (LHBU): Award for offsite review, February 2015 (Bank Indonesia).
- Awarded ISO 22301:2012 Business Continuity Management System Certification.

Numerous efforts have been made to improve the Bank's process efficiency and productivity:

- Branch optimization to enhance branch network usage between the Bank and Danamon Simpan Pinjam, to increase efficiency and service quality to customers.
- Implement Shared Service initiatives consolidating all existing operational processes to enable the Bank to operate optimally.
- Consolidate organization structure at the regional level to provide greater empowerment to operations officers in the Centralized Processing Centre to enable operational processes to proceed efficiently, faster, and with control.
- New system implementation:
  - Danamon Digital Form in conjunction with account opening through Danamon Web (Danamon Online Banking).
  - New Trade Finance System.
  - Fixed Asset System.
  - 2nd Generation MPN (State Revenue Module), SKN (National Clearing System), RTGS (Real Time Gross Settlement), and SSSS (Scripless Securities Settlement System) in accordance with Bank Indonesia and the Directorate General of Treasury at the national level.
  - Continue to increase utilization of e-statements, which have increased by 41% up to the present, so that the ratio to the number of statements delivered reaches 60%.

During the year, a corporate governance related initiative was launched in the form of systems implementation under joint cooperation between Danamon and the Directorate General of Population and Civil Registration for detecting and validating electronic identity cards. This joint undertaking was aimed at preventing account opening using fraudulent identities and to support the strategy of making the banking industry process safe and efficient.

2016 Outlook

As a support unit providing robust business processes, Operations in 2016 will continue focusing on improving productivity, process improvement and efficiency at all levels, remaining oriented toward the four service attributes or FEFR, which stands for Fast, Easy, Flexible and Accessible.

1. Continue initiatives on shared services to optimize operational processes throughout Danamon.
2. Continue regional consolidation and provide added authority to the regions for improved effectiveness, speed on decision-making, and control.
3. Highlight the Operation Initiative Award (OIA) to generate creative ideas from within and drive the spirit for innovating throughout the businesses.
4. Highlight the Branch Control and Head Office Control Award to drive awareness on the importance of control in each work unit.
5. Continue producing video control for divisions not covered under previous video control.

6. Frontliner training covering among others:
   - Conduct Branch Service Manager Development Program (BSMDP) to prepare supervisors in branches to be leaders thus enabling delivery of improved services and establishing optimum control.
   - The Branch Mentoring Program involving Board of Management and Senior Management to serve as mentors in branch offices. Mentors will prepare Action Plans together with branch staff to improve services.

New initiatives planned to be carried out in 2016 as listed in the Bank Business Plan include:

1. Support business strategy by carrying out transformation of operational organization at the branch level, regional level, and head office level, in addition to branch network optimization.
2. System implementation for improvements in operational processes are:
   - E-CIF for integrated Customer Information File (CIF) management.
   - Client Trade and Open Trade as Front End System of Bank Trade as a continuation of New Trade Finance System.
   - User ID registration in the form of workflow to accelerate User ID Management.
   - Document Management System to increase efficiency and speed up servicing time in branches and at head office.